

TheRide

## 2.11 Communication and Support to the Board

Monitoring Report for the Period: June 1, 2017 to May 31, 2018

Date of Report: Thursday, May 31, 2018

Board Survey due: ----

Board Meeting: Thursday, June 21, 2018

TheRide board;

In accordance with the Board's Policy Manual; I present the June Monitoring report on **Executive Limitation Policy 2.11 Communication and Support to the Board**. I certify that the information is true.

This report is an incomplete initial draft and consists, where possible, of internal report information from staff. Though these policies were not all in affect during the previous year, I have assembled this report as if they were where feasible. Because it is incomplete, I will not be asking the Board to accept this report, however your feedback is desired.

Because this report pertains to the Board itself as internal customers, it would be very helpful to know if there are any aspects of this Monitoring Report that can be improved, or if there are any nuances of providing the Board with information and support that could be improved.

Matt Carpenter,  
CEO  
Ann Arbor Area Transportation Authority

<b>POLICY TITLE: <i>Communication and Support to the Board</i></b>	
2.11 The CEO will not permit the Board to be uninformed or unsupported in its work. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:	
2.11.1	Withhold, impede, or confound information relevant to the Board’s informed accomplishment of its job.
2.11.1.1	Neglect to submit monitoring data required by the Board in Board-Management Delegation policy “Monitoring CEO Performance” in a timely, accurate and understandable fashion, directly addressing provisions of Board policies being monitored, and including CEO interpretations consistent with Board-Management Delegation policy “Delegation to the CEO,” as well as relevant data.
2.11.1.2	Allow the Board to be unaware of any actual or anticipated noncompliance with any Ends or Executive Limitations policy, regardless of the Board’s monitoring schedule.
2.11.1.3	Allow the Board to be without decision information required periodically by the Board, including the agency and situational context and implications for a decision.
2.11.1.4	Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.
2.11.1.5	Let the Board be unaware of material internal changes, including changes in policy interpretation, significant reputational, legal, political, or financial risks, developments that have significant negative implications for the budget, threatened or pending lawsuits, relevant trends and any other incidental information requested by the Board. Incidental information includes: <ul style="list-style-type: none"> <li>• operational and financial performance metrics</li> <li>• customer satisfaction metrics,</li> <li>• updates on capital improvement projects,</li> <li>• quarterly budget to actual financial reports,</li> <li>• timely notification of execution of budgeted items over \$250,000 and grant requests or awards over \$100,000.</li> <li>• unbiased information on industry norms for CEO compensation at least every two years.</li> <li>• advance notification of intended changes to staff rules (unionized or non-unionized), procurement manual, benefits, or compensation structure.</li> <li>• CEO’s personal expense report to the Governance Committee of the Board at least quarterly, with explicit notation of the expenses of any other employee which benefited the CEO, aside from group expenses where the CEO’s participation was incidental.</li> </ul>

2.11.1.6	Fail to provide Board education on the business of the agency relevant to the public at the request of the Board or in anticipation of the Board’s need to be responsive to community concerns.
	2.11.1.6.1 - Fail to periodically update the Board regarding the longer-term strategic context in which delegated decisions are being made.
2.11.1.7	Let the Board be unaware if, in the CEO's professional opinion, the Board or individual Board members may not be in compliance with the Board’s own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that could be detrimental to the agency’s reputation or the working relationship between the Board and the CEO.
2.11.2	Withhold from the Board and its processes logistical and clerical assistance.
2.11.2.1	Allow the Board to be deprived of a legal, workable, user-friendly mechanism for official Board, officer, or committee communications.
2.11.2.2	Allow the Board to be deprived of pleasant, productive and efficient settings and arrangements for Board and committee meetings.
2.11.2.3	Hinder access to the Board for any person who alleges unethical or unlawful action or circumstance in the organization or by its representatives.
2.11.2.4	Neglect to transfer policy updates to the official record of the Board’s Policy Manual in a timely manner.

## **Executive Limitations Policy 2.11**

*The CEO will not permit the Board to be uninformed or unsupported in its work.*

### **Current Interpretation & Rationale:**

I interpret this policy to mean that I am to proactively help the Board be successful, and that the Board must have whatever information, context, background, or assistance it may need from the CEO in order to meet its duties as identified in section 3.0 and 4.0 of the Board's Policy Manual. This includes whatever information or support the *full Board* requests or requires and whatever information or support I perceive would be helpful to them in their work. I further interpret this policy to refer to the *full Board*, rather than individual board members, although staff can and will assist individual Board members, officers and committees as much as possible (see policy 4.1.2).

Although the CEO's obligations are to the *full Board*, the Board has delegated certain responsibilities to the Chairperson (see policy 3.5, and bylaws), and the the Governance Committee (policy 3.7.1, and bylaws Article V, page 5). I interpret these intentional delegations to mean that certain information or support should first be provided to the Chair or Governance Committee who then is responsible for how that information is disseminated to the full Board. At the same time, the CEO should work to ensure that as much as practical important information is available to all Board members equally.

Additional interpretation of this policy is comprehensively covered in interpretations of the following sub-policies.

### **Evidence:**

Evidence of compliance with sub policies below provides evidence of compliance with this policy.

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### **Executive Limitations Policy 2.11.1**

*...The CEO shall not...Withhold, impede, or confound information relevant to the Board's informed accomplishment of its job.*

#### **Compliance:**

TBD

#### **Current Interpretation & Rationale:**

I interpret this policy to mean that the CEO and staff are to provide accurate, clear, timely, and contextualized information to the Board that supports the Board in fulfillment of the roles and duties it has assigned to itself via its Policy Manual, and specifically policy sections 3.0 and 4.0.

Furthermore, I interpret this policy to require the CEO and staff to always provide accurate, honest, timely information that provides the context necessary for the Board to understand the issues at hand. The CEO is not to allow omission or obstruction of relevant information. The CEO is not to allow information that is, in their opinion, irrelevant, distracting, or misleading.

Should the Board wish to directly gather information itself, for example by direct inspection, the CEO will ensure complete support for the Board.

#### **Evidence:**

TBD

I worked to ensure that the Governance Committee had a stronger role in the annual Board Retreat, in selecting the facilitator, and helping to design the agenda.

I worked to recruit Board members who will help to select the next general counsel, as part of a natural purchasing effort.

### **Executive Limitations Policy 2.11.1.1**

*...The CEO shall not...Neglect to submit monitoring data required by the Board in Board-Management Delegation policy "Monitoring CEO Performance" in a timely, accurate and understandable fashion, directly addressing provisions of Board policies being monitored, and including CEO interpretations consistent with Board-Management Delegation policy "Delegation to the CEO," as well as relevant data.*

#### **Compliance:**

TBD

#### **Current Interpretation & Rationale:**

I interpret this policy to mean that draft monitoring reports will

- Be provided to the board and/or committee by the due dates established in the Policy Manual's Appendix A,
- Be complete (eg Have an operational interpretation and evidence for each policy), and
- Be judged as acceptable to the board using the "reasonable person" test.

#### **Evidence:**

In this first year of Policy Governance I have delivered a Monitoring Report before each pertinent committee date, but not by the stated due date (end of the previous month). We are not fully compliant in this area. Staff will work to improve consistent timeliness during 2018/2019.

About 60% of policies have had an operational interpretation and evidence. We are not fully compliant in this area. Staff will work to improve consistent timeliness during 2018/2019.

Of the XX monitoring reports submitted in this period, I have asked the Board to accept XX of them. Of those, the Board has deemed Y to be reasonable. We are not fully compliant in this area. Staff will work to improve consistent timeliness during 2018/2019.

<b>Monitoring Report</b>	<b>On Schedule?</b>	<b>Interpretation Accepted?</b>	<b>Evidence Accepted?</b>	<b>Board Conclusion</b>
2.1	TBD	TBD	TBD	TBD
2.2	TBD	TBD	TBD	TBD
2.3	TBD	TBD	TBD	TBD
2.4	TBD	TBD	TBD	TBD
2.5	TBD	TBD	TBD	TBD
2.6	TBD	TBD	TBD	TBD
2.7	TBD	TBD	TBD	TBD
2.8	TBD	TBD	TBD	TBD
2.9	TBD	TBD	TBD	TBD
2.10	TBD	TBD	TBD	TBD
2.11	TBD	TBD	TBD	TBD
2.0	TBD	TBD	TBD	TBD

In addition, staff developed a calendar for Board work, agendas, monitoring reports and other issues that attempts to comprehensively list all Board scheduled reports and activities.

### **Executive Limitations Policy 2.11.1.2**

*...The CEO shall not...Allow the Board to be unaware of any actual or anticipated noncompliance with any Ends or Executive Limitations policy, regardless of the Board's monitoring schedule.*

**Compliance:** in compliance

#### **Current Interpretation & Rationale:**

I interpret this policy to mean that once the CEO becomes aware that the agency is not, or likely will not, comply with an adopted Ends or Executive Limitation policy, they will make the Board or the Governance Committee aware in a timely manner (regardless of the schedule for Monitoring Reports). The CEO must demonstrate sound judgment in gauging urgency, and the speed with which they make the Board aware. This policy is limited to risks of non-compliance with existing policy.

#### **Evidence:**

During the monitoring period I submitted an initial compliance report to the board committees (March 2018) estimating compliance with each Executive Limitation policies. The estimates were based on my professional judgment and often in the absence of objective information.

**Executive Limitations Policy 2.11.1.3**

*...The CEO shall not...Allow the Board to be without decision information required periodically by the Board, including the agency and situational context and implications for a decision.*

**Compliance:**

**TBD**

**Current Interpretation & Rationale:**

**TBD**

**Evidence:**

Staff have provided quarterly Financial Statement and Service Performance Reports as scheduled throughout the monitoring period.

The CEO presented the Board with a 5-year labor contract, which the Board approved in July 2017.

Staff presented the Board with a recommended 2018 Budget in August 2017. The Budget was approved in September 2018.

The Board approved ballot language for a property tax millage in March 2018.

#### **Executive Limitations Policy 2.11.1.4**

*...The CEO shall not... Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.*

#### **Compliance:**

TBD

#### **Current Interpretation & Rationale:**

I interpret this policy to mean that all items on Board or committee agendas must be accompanied by an briefing that summarizes the issue at hand, the background and context, and that clearly identifies the issue/information as “monitoring” “decision preparation”, or “other” which includes “For Information”.

I further interpret this policy to mean that information presented to the Board in writing, spoken, or visually must be carefully presented so that it helps the Board to clearly and quickly see the relevant issues, and places details in a proper context.

#### **Evidence:**

Of all agenda items in the past year, I estimate that about 90% have included “Issues Briefs” summary tools that summarize matters coming before the Board in 1-3 pages. However, those Issue Briefs generally do not clearly indicate “monitoring” “decision preparation”, or “other” which includes “For Information”. This will be changed to be compliant by September 2018.

Throughout the year a large volume of information has been presented to the Board on many subjects. I have received no complaints or concerns about the quality of the communication provided by staff.

### **Executive Limitations Policy 2.11.1.5**

*...The CEO shall not... Let the Board be unaware of material internal changes, including changes in policy interpretation, significant reputational, legal, political, or financial risks, developments that have significant negative implications for the budget, threatened or pending lawsuits, relevant trends and any other incidental information requested by the Board. Incidental information includes:*

- *operational and financial performance metrics*
- *customer satisfaction metrics,*
- *updates on capital improvement projects,*
- *quarterly budget to actual financial reports,*
- *timely notification of execution of budgeted items over \$250,000 and grant requests or awards over \$100,000.*
- *unbiased information on industry norms for CEO compensation at least every two years.*
- *advance notification of intended changes to staff rules (unionized or non-unionized), procurement manual, benefits, or compensation structure.*
- *CEO's personal expense report to the Governance Committee of the Board at least quarterly, with explicit notation of the expenses of any other employee which benefited the CEO, aside from group expenses where the CEO's participation was incidental.*

### **Current Interpretation & Rationale:**

I interpret this policy to mean that the CEO must, in a timely manner, make the Board aware of significant changes, either internally or in the external environment, that can or may jeopardize the agency's ability to achieve the Board's Ends or comply with any Means policy. Examples of such changes include: threats to our reputation, financial stability, or political support. I further interpret this policy to mean that, even though the CEO may adjust their interpretation as circumstances warrant, they should communicate any significant changes to the Board in a timely manner. This policy is informally known as part of the "no surprises" clause.

I further interpret this policy to mean that the Board has already identified specific pieces of information that it would like to routinely receive.

### **Evidence:**

Throughout the past year I have brought information to the attention of the Board and/or Governance Committee.

Specifically requested information is provided via a set of regular reports:

- **Operational performance metrics** - Provided via quarterly Service Reports in FY 2017 Q4, FY 2018 Q1, FY 2018 Q2 (added Paratransit).
- **Quarterly budget to actual financial reports & financial performance metrics** – Provided via Quarterly Financial Reports in FY 2017 Q4, FY 2018 Q1, FY 2018 Q2
- **Customer satisfaction metrics** - biannual On-Board survey provided by Hugh Clark in FY 2018Q2.
- **Capital Project Updates** – The CEO may have failed to provide a scheduled update. There are no major capital project ongoing at this time. Non-Compliant.
- **Notification of budgeted items over \$250,000** ... -
- **Notification of Grant awards over \$100,000** ... –

- **CEO Compensation** – A report was provided to the Governance Committee by the HR Department in mid-2017.
- **Advance notice of intended changes** - As part of Monitoring Reports, I noted areas of non-compliance and my intention to update several key internal technical documents within the next year. Those updates and the dates the Board was informed were: Compensation Structure (January 2018), Procurement Manual (February 2018), and Staff Handbook (May 2018).
- **CEO Expenses** – Quarterly CEO expense reports provided to Governance Committee on following dates: March 2017, May 2017, September 2017, December 2017, and March 2018.

### **Executive Limitations Policy 2.11.1.6**

*...The CEO shall not... Fail to provide Board education on the business of the agency relevant to the public at the request of the Board or in anticipation of the Board's need to be responsive to community concerns.*

#### **Compliance:**

**TBD**

#### **Current Interpretation & Rationale**

I interpret this Policy to mean that, to the extent possible, the Board is made aware of questions regarding the agency's activities *before* those concerns are identified in public. For example, Board members should first learn about potential concerns from the CEO, rather than from the media or outside sources. However, it will not be possible to anticipate all questions or decisions of outside actors. Furthermore, the CEO should ensure that the Board is provided with background, context and other information so that they can effectively respond, should a response from the Board be necessary.

Further, the CEO will suggest items for the Board's Annual Plan of Work in part based on this charge.

#### **Evidence:**

Throughout the monitoring period, I have attempted to make the Board and/or Governance Committee aware of many issues in advance.

The Annual Plan of Work and Board Education included three items that have been presented during the monitoring period:

1. Bus Stop Program – April 2018
2. Ridership and Coverage – May 2018
3. Strategic Business Plan – A mock up was presented and discussed in March 2018.

In addition, several discussions of potential real estate transactions have been held in closed session.

In October 2018, the Michigan Department of Transportation and the CEO made a joint presentation to the Board regarding a proposal for express bus service on US-23.

### **Executive Limitations Policy 2.11.1.6.1**

*...The CEO shall not... Fail to periodically update the Board regarding the longer-term strategic context in which delegated decisions are being made.*

#### **Compliance:**

TBD

#### **Current Interpretation & Rationale**

I interpret this policy to mean that at a minimum on an annual basis, I will present a multi-year corporate planning document that describes the situational context of the agency (SWOT) and how the agency will pursue the Board's Ends. In addition, I will provide updates as circumstances evolve throughout the year.

#### **Evidence:**

In 2018, the FY 2018 Budget provided a rolling ten-year capital plan and rolling 5-year operating work plan.

In March 2018 the CEO presented the Board with a mockup of a Strategic Business Plan that, when completed, provided additional long-term context.

### **Executive Limitations Policy 2.11.1.7**

...*The CEO shall not*... Let the Board be unaware if, in the CEO's professional opinion, the Board or individual Board members may not be in compliance with the Board's own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that could be detrimental to the agency's reputation or the working relationship between the Board and the CEO.

#### **Compliance:**

TBD

#### **Current Interpretation & Rationale:**

I interpret this policy to mean that, since the CEO cannot hold Board members accountable for compliance with Board policies, the CEO is to consistently report incidents of likely non-compliance with sections 3.0 or 4.0 so that the Board may learn and improve. This should be done in a discrete but timely manner.

I further interpret "*...may not be in compliance...*" in this context to mean incidents of more than passing or inconsequential non-compliance. This also includes situations where the CEO is not certain, as these situations may help the Board address unforeseen circumstances.

I further interpret this policy, and the broader Policy Manual to imply a process for taking action under this policy. As the full Board has made delegations, the CEO should utilize those delegations. In these circumstances, it is the CEO's role to report, and the Board's role to take action. Concerns should first be brought to the Chief Governance Officer (Chair) as per Policy 3.5, and then the Governance Committee as per 3.7.1, and if necessary the full Board as per 3.1.7. If the CEO has concerns with the Chair or Governance committee themselves, under 3.1.7 they are to share those concerns with the full Board.

#### **Evidence:**

In November 2017 I brought one instance of non-compliance to the attention of the Chair and the Governance Committee.

**Executive Limitations Policy 2.11.2**

*...The CEO shall not... Withhold from the Board and its processes logistical and clerical assistance.*

**Compliance:**

TBD

**Current Interpretation & Rationale:**

TBD

**Evidence:**

TBD

### **Executive Limitations Policy 2.11.2.1**

*...The CEO shall not... Allow the Board to be deprived of a legal, workable, user-friendly mechanism for official Board, officer, or committee communications.*

#### **Compliance:**

**TBD**

#### **Current Interpretation & Rationale:**

I interpret this policy to mean that staff will administrative coordinate monthly board and committee meetings, including creating and disseminating agendas and information packets. Further, staff will ensure that all board meeting information meets the requirements of the Open Meetings Act: that agenda and packets are posted at least 18 hours before a meeting, are publicly available, and that minutes are kept. A similar process will be provided for committee meetings.

I further interpret this policy to mean that staff will assist the Board in arranging their annual Retreat.

#### **Evidence:**

During the monitoring period all public packets have been available at least 5 days before the meeting, most have been available seven days before the meeting.

The Board's annual Retreat was held successfully in January 2018.

All meeting locations were in locations accessible via public transit, and all public meetings complied with the Open Meetings Act.

### **Executive Limitations Policy 2.11.2.2**

*...The CEO shall not...Allow the Board to be deprived of pleasant, productive and efficient settings and arrangements for Board and committee meetings.*

#### **Compliance:**

TBD

#### **Current Interpretation & Rationale:**

I interpret this policy to mean that, subject to further Board requirements, monthly Board meetings will be held in a publicly accessible, centrally located facility that is accessible by public transit. Typically, this is the downtown Ann Arbor Library or the Dawn Gabay Operations Center (DGOC) at 2700 S. Industrial Highway.

Meeting spaces will be appointed appropriately for the relevant meeting. Meeting tables and chairs are required. Light refreshments may be provided.

#### **Evidence:**

All Board meetings during the last year were held at the downtown library and met the above criteria. I am not aware of any concerns with this space.

Committee meetings were held at the DGOC Board room which meets the set criteria. I am not aware of any concerns with this space.

The Board Retreat meeting was held off-site at a location that met the set criteria in addition to having work space. I am not aware of any significant concerns with this space.

### **Executive Limitations Policy 2.11.2.3**

*...The CEO shall not... Hinder access to the Board for any person who alleges unethical or unlawful action or circumstance in the organization or by its representatives.*

#### **Compliance:**

TBD

#### **Current Interpretation & Rationale:**

I interpret this policy to mean that I may not withhold public meeting time or Board member contact information when requested, or prevent a person from participating lawfully in public comment time.

#### **Evidence:**

TBD

#### **Executive Limitations Policy 2.11.2.4**

*...The CEO shall not... Neglect to transfer policy updates to the official record of the Board's Policy Manual in a timely manner.*

#### **Compliance:**

TBD

#### **Current Interpretation & Rationale:**

I interpret this policy to mean that staff will re-publish an updated Policy Manual on theride.org and send an electronic copy to board members after a Board motion amending the Policy Manual. Amendments will be recorded in Policy Manual Appendix E.

Paper copies will be available upon request.

#### **Evidence:**

The Board amended the Policy Manual in January, the new version with an updated Appendix E is on theride.org and was sent to board members at that time, albeit there was a minor delay.

(To be filled in based on Board action after submission)

**Policy: 2.11 Communication and Support**

**Date Submitted:** May 31, 2018

**Date of Board Response:** June 21, 2018

The Board has received and reviewed the CEO's Monitoring Report references above. Following the Board's review and discussion with the CEO, the Board makes the following conclusions:

**Executive Limitations Report (select one)**

The Board finds that the CEO:

- A. Is in compliance
- B. Is in compliance, except for item(s) noted.
- C. Is making reasonable progress toward compliance.
- D. Is **not** in compliance or is **not** making reasonable progress toward compliance
- E. Cannot be determined.

Board notes: