

Board of Director's Meeting Agenda

Meeting Date/Time: October 22, 2020, 6:30-9:00pm

Location: REMOTE – Via Zoom

To join by computer: (You will be able to use your computer audio.)

1. Click on this link: [Zoom](#) (If you are using an Ipad, you must download Zoom first.)
2. You will be prompted to register with your name and e-mail address, then go directly into the meeting.

To join by phone:

1. Dial any of these numbers: (For higher quality, dial a number based on your current location): 301-715-8592 or 312-626-6799 or 929-205-6099 or 253-215-8782 or 346-248-7799 or 669-900-6833. International numbers available: <https://zoom.us/j/96056733874>
2. Enter the Webinar ID: 960 5673 3874

Meeting Chair: Eric Mahler

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| 6.4 Board Assessment of Meeting (Electronic) | | | Link Here |
| 6.5 Adjournment | | | |

* M = Monitoring, D = Decision Preparation, O = Other

If additional policy development is desired:

Discuss in Board Agenda Item 3.0 Policy Monitoring and Development. It may be appropriate to assign a committee or task force to develop policy language options for board to consider at a later date.

Emergent Topics

Policy 3.13 places an emphasis on distinguishing Board and Staff roles, with the Board focusing on “long term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.” Policy 3.1.3.1 specifies that that Board use a structured conversation before addressing a topic, to ensure that the discussion is appropriately framed:

1. What is the nature of the issue? Is the issue within the scope of the agency?
2. What is the value [principle] that drives the concern?
3. Whose issue is this? Is it the Board’s [Policy, 3.0 and 4.0] or the CEO’s [running the organization, 1.0 and 2.0]?
4. Is there already a Board policy that adequately covers the issue? If so, what has the Board already said on this subject and how is this issue related? Does the Board wish to change what it has already said?

Board of Director’s Meeting Summary
Meeting Date/Time: September 24, 2020, 6:30-9:00pm

Location: Remote

Board Member Attendees: Raymond Hess, Jesse Miller, Kyra Sims, Roger Hewitt, Kathleen Mozak-Betts, Richard Chang, Mike Allemang, Ryan Hunter, Eric Mahler (Chair)

AAATA Staff Attendees: Matt Carpenter (CEO), Bryan Smith, John Metzinger, Forest Yang, LaTasha Thompson

Meeting Chair: Eric Mahler

Chairman Eric Mahler called the meeting to order at 6:31 pm.

| Discussion Items | |
|-------------------------|--|
| 1. OPENING ITEMS | |
| 1.1 | <p>Approve Agenda Mr. Raymond Hess moved to approve the agenda, seconded by Mr. Roger Hewitt. In support of the motion: Mr. Mike Allemang: Yes Mr. Rich Chang: Yes Mr. Hess: Yes Mr. Hewitt: Yes Mr. Ryan Hunter: Yes Mr. Jesse Miller: Yes Ms. Kathleen Mozak-Betts: Yes Ms. Kyra Sims: Yes Chairman Mahler: Yes</p> <p>The motion passed unanimously.</p> |
| 1.2 | <p>Public Comment Jim Mogensen described why AAATA has a Local Advisory Committee (LAC). He also reported receiving the following comment: “When I first came to Ann Arbor, I could get around. They have changed it. Next time if they have something where I can vote for it, I’m not going to do that.” He expressed his concern and asked the Board to keep this in mind as they move forward.</p> |
| 1.3 | <p>General Announcements None.</p> |
| 1.4 | <p>Board Officer Elections Mr. Hewitt nominated Mr. Mahler for Chairman, seconded by Ms. Sims. In support of the motion: Mr. Allemang: Yes Mr. Chang: Yes Mr. Hess: Yes Mr. Hewitt: Yes</p> |

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Mr. Hunter: Yes
Mr. Miller: Yes
Ms. Mozak-Betts: Yes
Ms. Sims: Yes
Chairman Mahler: Yes

The motion passed unanimously.

Mr. Allemang nominated Ms. Sims for Recording Secretary, seconded by Mr. Chang and Mr. Hewitt.

In support of the motion:

Mr. Allemang: Yes
Mr. Chang: Yes
Mr. Hess: Yes
Mr. Hewitt: Yes
Mr. Hunter: Yes
Mr. Miller: Yes
Ms. Mozak-Betts: Yes
Ms. Sims: Yes
Chairman Mahler: Yes

The motion passed unanimously.

There were no nominations for Treasurer. Chairman Mahler reminded the Board that last year it was discussed that the Treasurer position is problematic for this Board as all of the Treasurer duties are now done by staff. The role will go unfilled and the Board will work to resolve this issue.

2. CONSENT AGENDA

2.1 Minutes, FY 2021 Board Meeting Dates, and Committee Meeting Reports

Ms. Mozak-Betts moved to approve the Consent Agenda, supported by Mr. Allemang.

In support of the motion:

Mr. Allemang: Yes
Mr. Chang: Yes
Mr. Hess: Yes
Mr. Hewitt: Yes
Mr. Hunter: Yes
Mr. Miller: Yes
Ms. Mozak-Betts: Yes
Ms. Sims: Yes
Chairman Mahler: Yes

The motion passed unanimously.

3. 2021 Budget

3.1 Financial Planning / Budgeting (Policy 2.4) (Approval)

Mr. John Metzinger reviewed Policy 2.4 compliance with the Board as a step toward adopting the annual budget. Policy 2.4 lists parameters and expectations for the recommended annual budget. It also addresses the need to make financial plans for the future. Mr. Metzinger explained that the report was presented to the Finance

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Committee. As stated in their meeting minutes, the Committee recommends the Board accept the monitoring report as compliant.

Mr. Metzinger went on to describe that Policy 2.4.1 reinforces the importance of policy 2.5, which addresses financial conditions and activities. That policy is monitored at a separate time, to coincide with the presentation of the annual audit. Therefore, the Board's policies bookend the fiscal year; they describe how to budget and plan for the year in advance, how financial activities should be handled during the year, and how they should be reported in the year end audited financials.

Policy 2.4.2, 2.4.3, and 2.4.4 emphasize the requirement for a multi-year plan that considers how the one-year budget fits into the bigger picture. Therefore, the discussion this month is not just about the annual budget itself, but about the context of strategy and planning assumptions that show the operating budget, capital budget, and their impacts within a longer-range budget forecast.

The remaining sub policies set important limitations that require the budget to be balanced, to provide a cushion of reserve funding as a safety net, to fund the Board's work in governing the AAATA, and to prohibit debt and other unfunded obligations.

Board members completing a survey indicated they believe the report to demonstrate compliance. Interesting feedback was provided suggesting that some members would like to see more frequent monitoring of financial policy compliance during times of economic uncertainty. The Finance Committee discussed this, and staff are certainly willing to provide additional reports beyond quarterly financial reporting.

Mr. Chang discussed potential policy to consider around the frequency of reporting and possibly what triggers that frequency. He suggested the following language:

During times of economic uncertainty, such as a pandemic, where daily ridership has fallen below [x% of normal levels], the CEO shall provide a monitoring report every [some time period cadence].

Chairman Mahler discussed the types of reports that the Board might be requiring staff to produce. Mr. Chang expressed liking the format that Mr. Metzinger has been presenting. He suggested that there might be some subset in there though. He noted that the graph showing the effects of different scenarios over time is particularly helpful. He also recommended including the cash flow table. Mr. Metzinger pointed out that there will be a lag in the Finance team's ability and timeliness to be able to close out a month. It is usually about as much as 60 days after the month closes before there is financial clarity due to lagging invoices and other transactions that occur late.

Mr. Chang suggested that the reports could be determined on a case by case basis. Chairman Mahler described a recession scenario where the Board would require ridership data and supplementary budget requests on a weekly or bi-weekly bases for the entire next quarter if there are two consecutive quarters of a 10% dip.

Mr. Hess suggested that AAATA's reserve dipping below two months could be used as a mechanism, at which point the Board would expect monthly reports on the financial situation with balance sheets and cash flow. Mr. Chang warned that financials could be manipulated so that the reserve is not dipped into by taking actions of cuts on the operational side.

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Chairman Mahler asked the Board to consider if the proper trigger is financial or a dip in ridership. He described that if AAATA saw two months in a row of consecutive 10% dip in ridership year over year compared to February and March of last year, for example, the Board would require some financial reporting.

Mr. Allemang pointed out that there are policies in place about no surprises to the Board. Chairman Mahler described a surprise scenario to be a situation where staff was making material cutbacks in staff and service, or something that materially affected the level of service before notifying the Board. CEO Carpenter described policy 2.11.1.2. If it comes to his attention that there is any anticipated non-compliance with a policy, he is obligated to inform the Board, regardless of what time it is in the monitoring schedule. He expressed that the policy is a little vague on the trigger.

CEO Carpenter also noted that the Board does not need to rationalize why they want to monitor something more frequently. They can just vote to do so at any time.

Mr. Hewitt suggested the trigger of a 20% or 25% dip in ridership to require reporting (at least to the Finance Committee) of the impact caused to the adopted budget.

Ms. Mozak-Betts expressed support for Mr. Chang's proposal. In terms of creating a sustaining structure, Mr. Hunter asked what that would look like. Mr. Chang agreed with Chairman Mahler's suggestion of having the Finance Committee discuss this and then present it to the Service Committee for the wording. Mr. Allemang agreed to add it to the next Finance Committee meeting.

Mr. Allemang motioned to approve the CEO as in compliance with Policy 2.4, seconded by Ms. Sims.

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak-Betts: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion was passed unanimously.

3.2 FY 2021 Budget Approval

Mr. Metzinger presented the recommended budget for adoption at this Board meeting as follows:

State law requires adoption of a budget before expenditure in the new fiscal year, which begins October 1st. Staff ask the board to adopt a 12-month budget, recognizing that it is likely to change after the implications from the state budget are fully known. The state budget was adopted late September 23rd.

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The pandemic has brought a great time of great uncertainty and chaotic change, in particular with uncertain revenues. In this context, it has been a struggle for TheRide to find the right balance between competing priorities: a strong desire to restore services as quickly and prudently as possible and serving essential needs while avoiding crowding on transit vehicles for public health and safety, all while ensuring the financial solvency so TheRide can continue to provide service today and tomorrow.

In spite of the struggles it took for all to get to this point, the recommended budget has sought to find the right balance. Tonight, staff are presenting a balanced budget that:

- Allows for gradual restoration of services over the next year
- Is sustainable
- Offers flexibility in its capacity to expand or contract as needed
- Offers greater confidence about the path forward

2021 Operating and Capital Budget Overview:

Several revisions have been made since last month.

- \$43.2 million in operating expenses (\$2M higher than the first draft budget) allows for a higher level of service
- \$6.5 million in capital projects (focused primarily upon state of good repair for vehicles, facilities, equipment)
- Uses CARES Act funding to support service recovery during and after the pandemic
- Provides a 7-year operating budget forecast and 10-year plan for capital investments.

Below are the revisions made since the draft budget was presented in August:

- Additional expense of \$2.6 million
- Additional \$955K in funding for a new paratransit contract, necessary to open capacity for fixed route expansion
- Additional \$869K in salaries and wages by adding drivers for service recovery, and staff to support additional vehicle/facility cleaning
- Recall of 13 drivers needed to restore fixed route level of service to 2/3 of regular service level. More drivers are needed to restore greater fixed route coverage across the service area
- Addition of 6 service crew positions
- \$629K in federal non-urban pass through funding has been added due to late-arriving budget requests from WAVE in Chelsea, and People's Express. Both operate rural transit in Washtenaw County
- Additional \$132K expense for contracted services and insurance premiums
- Costs are offset by \$1.96 million in additional CARES Act funding and state assistance plus \$629K additional pass through revenue.

Below are the revisions to the draft capital budget (since August):

- Decreased capital budget by \$4.2 million since the August draft. Due to lower mileage, with some fleet going unused, and manufacturing delays due to the pandemic, AAATA has a one-time opportunity to defer the purchase of 8 buses. Typically, they replace 8 old buses each year.
- The new plan is to carryover \$4.2 million in 2021 funding for use in the next five years for another purpose. Staff would like to consider using those funds for a future facility investment such as the YTC, BTC, or garage expansion. It will be

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required by policy to have further Board authorizations later on for any facility investments.

- Deferral is a one-time opportunity; AAATA will need to return to investing in the fleet in FY2022.

2021 Operation Revenues: \$43,150,941

The budget relies upon local property taxes (38%) and state operating assistance (25%) to support operations. CARES Act funding is the next highest source at 15%. Passenger fares are budgeted at about half regular fare revenue due to lower demand, covering 8% of costs. As discussed, state operating assistance has been the greatest uncertainty during budget planning. The state budget was adopted yesterday, but details are still to be made clear by MDOT. It looks like operating assistance was cut slightly and capital matching budget maintained. Funding challenges are longer term. The state revenues have been better than expected for 2020. Staff will have more details to share with the Board in the next month or two.

2021 Operating expenses: \$43,150,941

Employee pay and benefits is the greatest expense – 56% of the budget at \$24.3M. Purchased transportation is the second highest expense, at \$7.5 million or 19% of total expenses, but down 34% from the current budget due to operating ARide in-house for most of the new budget year. Other costs include fuel and supplies (11%), contractual services including janitorial and snow removal (8%), and other costs.

2021 Capital Budget:

The capital budget funds investments in capital assets including land, buildings, vehicles, and equipment. It is \$4.2 million lower than the first draft due to deferral of buses.

Staff are often asked by Board members and stakeholders “what is the priority for capital investment?” There are four priorities, listed here in order of importance.

| Priority | FY2021 |
|-----------------------------|--------------------|
| State of Good Repair | \$4,826,000 |
| Expansion | \$1,271,000 |
| Value Added | \$327,880 |
| Research & Development | \$25,000 |
| Total Capital Budget | \$6,449,880 |

The highest priority is to maintain vehicles, facilities, and equipment in a state of good repair. This is required by Board Policy, specifically 2.8 Asset Protection, and also by FTA and MDOT as a requirement of using grant funding. Secondary priorities are more flexible. Currently, the next highest priority is for expansion of facilities. For FY2021, staff have budgeted funding for the possible acquisition of additional land and to study the need for a new garage, given that the current garage is at its limit and hinders service expansion. Additional priorities are for increasing value, such as improvements to bus stops, and for R&D projects that can bring about innovation. An important note: Capital funding is not available to support operating expenses.

Budgeting Capacity for Service Recovery:

TheRide was at 100% level of service (LOS) in February 2020, before the pandemic onset. It declined to 30% by April before gradually restored to 62% in August, with the ability to expand to 66% (2/3 regular LOS) by November. Before nearly full-service

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restoration in August 2021, the key milestone is to onboard an ARide contractor. This will allow the redeployment of 50 bus operators to restored fixed route service, an additional 30% of service level restored.

CARES Act (Coronavirus Aid, Relief, Economic Security Act)

Many have asked about CARES Act funds and why AAATA is not spending more quickly. This has been somewhat controversial because this decision-making has been financially conservative, and AAATA is not spending as fast as some may expect them to. The budget document has been revised to provide greater detail on how CARES Act funding is being utilized. CARES Act funding is key to TheRide's service recovery.

In April, TheRide received a \$20.7 million grant award through the CARES Act. Federal funds are available to reimburse eligible expenses (safety barriers on buses, inside facilities; Personal Protective Equipment; additional cleaning and sanitation; mobile ticketing pilot project). AAATA's approach has been to use funding to meet immediate needs, such as those listed, and to support restoration of services through the pandemic and through its economic aftershocks. They have been careful to pay attention to both short- and long-term needs.

The planned timing for use of funds has been added to the budget book on page 23. This will change; AAATA is likely to use funding more quickly than predicted. \$2.5 million will be used this fiscal year, 12% of the CARES Act funds. Half of the funding will be fully utilized by the end of 2021. 83% of funding will be used by the end of 2022. It was decided quite consciously to conserve resources to preserve the organization from great economic uncertainty. AAATA is now in a position because of these decisions to discuss restoring service with the funding they know they have.

If you want to see what the alternative might have looked like, you can look at transit agencies like New York, Denver, and Washington D.C. These agencies did not make difficult decisions early on; they did not reduce spending to meet lower demand. The result is they have burned through all their CARES Act funding and are now facing dire financial consequences. They are predicting catastrophic service cuts, severe layoffs, and facing major risks of financial insolvency. They are waiting for additional federal bail outs which have not materialized.

National benchmarking on CARES Act funding is not available from FTA. However, RTA will be collecting data on funding use in SE Michigan, and staff can share that later on. What staff are hearing in talking directly to industry colleagues is that most peer agencies are following a similar conservative path as AAATA. That is certainly the case in this region. DTC, M1Rail, and RTA are not operating and are still executing grant awards for CARES Act funding. SMART and DDOT are operating reduced schedules and using CARES Act funds to support a longer-term approach. These are entirely local decisions; there is no right or wrong way to go.

As has been mentioned previously, staff are likely to continue work on the budget into next year, especially after gaining greater clarity from the state budget, and can come back with amendments, as necessary.

Mr. Metzinger assured the Board and our community that AAATA has done the very best it can do with their pandemic recovery plan, focusing upon public health and safety, service recovery, and long-term sustainability.

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Considering the state budget adopted earlier this week, Chairman Mahler asked at to what level of service this budget might allow AAATA to restore service, and how soon it could do so. CEO Carpenter responded that the transit operating cuts of the state budget are about 1.5% – 2%, which gives AAATA more confidence going forward that an amendment can be presented in the next couple of months to begin accelerating service restoration. He did note that it appears the state used its own CARES Act funding and drew down several of its reserves to back fill any other parts of their budget; they used one-time money to maintain operating spending. Whether or not they can continue to do that in FY2022 and FY2023 remains to be seen. Staff wants to fully unpack what is actually in the state budget before beginning to answer the questions of how much and how fast service can be restored, but it looks promising.

Mr. Mozak-Betts asked for further explanation of D2A2 and AirRide included in the budget. Mr. Metzinger explained that D2A2 is a service that is funding entirely from pass through funding by RTA. AAATA is not using local dollars for that project, so that has no bearing upon the fixed route service. AirRide is similar in the sense that it is a public/private partnership with Michigan Flyer. Generally speaking, before the pandemic, it was a profit generating operation for AAATA, so they did not lose money on that service. It is hard to know what would happen with ridership on that route where there may be some costs related to that.

CEO Carpenter noted that RTA will make the decision about when and whether to restart funding for the D2A2 service. AAATA has expressed to RTA that they are ready to start it now. The RTA Board has asked their staff to conduct some additional survey work. With AirRide, it is a private service in a lot of ways upon which AAATA piggy backs. As air traffic has collapsed, the market for AirRide service has also. Like many things, air traffic is very contingent on how safe people feel flying. Generally, AAATA's budget is budget neutral to those two services as they kind of pay for themselves and are mostly paid for by others.

Mr. Hess thanked staff for the preparation of this budget in these unprecedented times. He noted that he has been lovingly nudging staff to figure out ways to restore service as soon as possible. He expressed seeing a lot of positive signs from tonight's report – the addition of going from 60% to 66% and that the news coming from the state is not quite as dire as had been anticipated allowing for further restoration of service. He shared that he is happy to support this budget tonight but will continue to beat the drum for additional service restoration where possible.

Ms. Mozak-Betts motioned to move Resolution 7/2020 into the record, supported by Mr. Allemang.

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak-Betts: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion passed unanimously.

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4. POLICY MONITORING & DEVELOPMENT

4.1 Committee Meeting Discussion
None.

4.2 Monitoring Reports

4.2.1 Policy 3.0 and 4.0

Chairman Mahler shared that the feedback on the Board's performance was positive.

Mr. Allemang noted that Policy 3.0 was discussed in particular by the Finance Committee. He expressed not seeing how purpose is a way to assess performance.

Chairman Mahler pointed out that Policies 3.0 and 4.0 are really general statements, like headlines for an article; compliance is more so determined via the sub policies that go a long with those.

Chairman Mahler suggested not needing to vote on the heading policies, but to otherwise vote on the sub policies, supported by Ms. Sims. Chairman Mahler made the executive decision not to vote on Policy 3.0 and 4.0 going forward.

4.3 LAC

Ms. Mozak-Betts reported that she, CEO Carpenter, and Rose Mercier have had a discussion centered on the function of the LAC and options for how to move forward. CEO Carpenter has a draft issue brief that will be solidified and then presented first to the Governance Committee, followed by the Finance and Service Committees before it goes to the full Board.

4.4 Board Retreat

Chairman Mahler asked the Board if there was an appetite for exploring a Board retreat and offered that the Governance Committee could do some benchmarking on other virtual retreats. In the past, the Board retreats have made progress on changing Ends, brainstorming, and strategic vision.

Mr. Hewitt offered support for a virtual retreat focusing on long-term strategic planning, especially in light of the pandemic. Mr. Allemang agreed and suggested doing a half day rather than a full day. Ms. Sims supported a retreat focused on the long-range plan and Board education. Mr. Miller supported having a retreat and suggested breaking it up over a couple of days. Mr. Hunter offered his support for a retreat and breaking it up over a couple of days, if need be. Ms. Mozak-Betts also shared her support of half day retreats.

The Governance Committee will discuss some ideas for the retreat and its timing at their next meeting.

5. STRATEGY & OPERATIONAL UPDATES: CEO

5.1 Covid-19 Recovery Plan Updates

CEO Carpenter expressed his hope to start bringing the Board some blueprints for faster service restoration. He noted that staff at the operational facilities are well settled into their new routines; the fleet will probably never be cleaner. He described going into the main office and being automatically scanned by an infrared thermometer. Staff and customers are safe, which is of great importance. He also announced that

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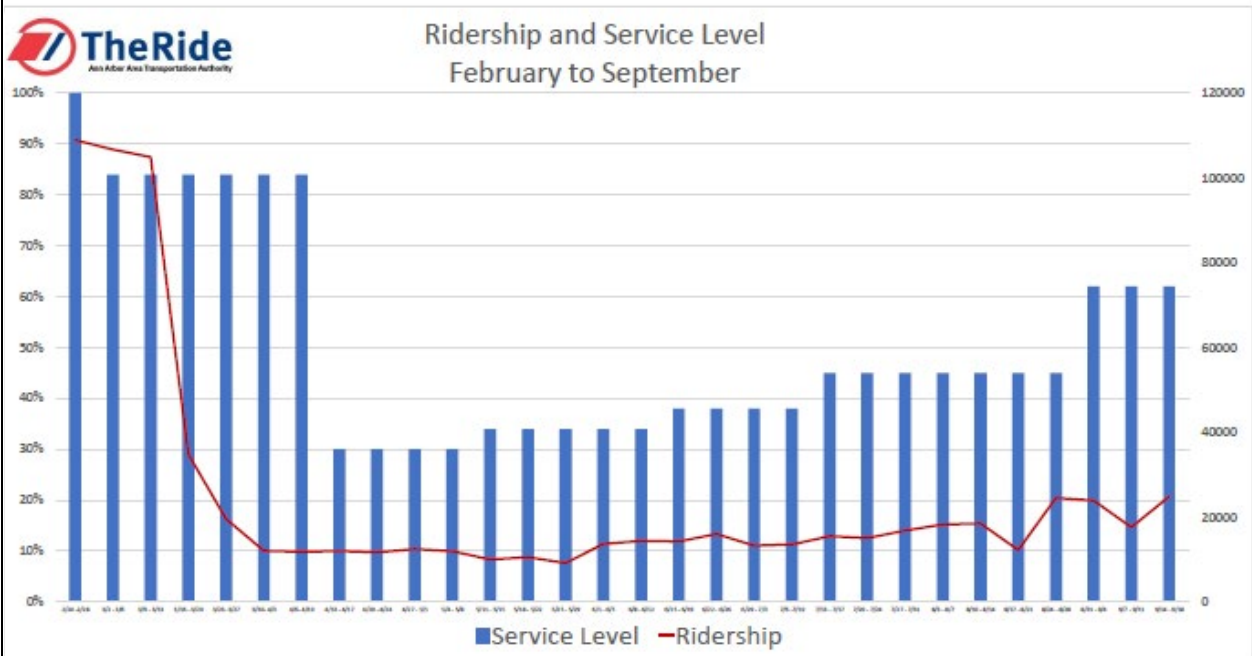
the permanent barriers for the bus driver areas have arrived with the first one being installed today.

5.2 August Service Restoration & Public Feedback

Mr. Smith introduced the newest member of the AAATA Senior Management Team, Mr. Brian Marshall, who has taken over from Mr. Reggie Whitlow who was the Acting Manager of Bus Operations. He thanked Mr. Whitlow for keeping everything flowing smoothly.

Mr. Marshall joins AAATA most recently from California where he was working in Stamford with their campus transit. Prior to that, he was in Baton Rouge and also spent many years with the CTA in Chicago. Mr. Marshall expressed being impressed by seeing bus drivers of 30 and 35 years with the organization. This gives him hope, a sense that employees are really committed, which is a big thing in the transit industry. He noted that Mr. Smith and CEO Carpenter exemplify and encourage a real commitment, which encourages him to make an even greater commitment to leverage all of the resources of the rest of the staff.

Mr. Smith shared the below chart comparing the ridership numbers with the levels of service over the course of February to September 2020.



AAATA initially dropped down to about 84% of service and then in April dropped down to Sunday Plus Service. It took several weeks of the pandemic (each blue bar in the chart is a week of time) to drop down to 30% of service, but ridership had dropped several weeks before that. AAATA had several bids during the summer; normally there are 4 bids a year, but there were 4 within a very short period of time during the onset of the pandemic. In May, some frequency was added. In June, some park-and-ride shuttles were added. In July, additional service of buses in between were added to avoid crowding. AAATA is now standing at 62% level of service. The ridership has slowly started to build back up as service has been added. There are plans for

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additional service restoration this November. Mr. Smith made note that AAATA did not just drop down to a 30% level of service and stayed there. AAATA was always adding and tweaking and trying to figure out what is the next thing, and they will continue to do that.

Mr. Forest Yang reported that right now planning is working on adding service in November 2020, continuing in January 2021 and April 2021. As soon as the state budget is clear, staff will start to communicate what services will be added back in.

Ms. Mozak-Betts asked where AAATA is at with paratransit in terms of level of service. She assumes that there was a giant dip in needs and requests. She asked if there is an increase now and what is that doing to the budget? Mr. Smith reported a similar drop off in ridership in paratransit. One of the items that AAATA did not change was the footprint of where they would go for paratransit. Even though the fixed route system had shrunk back, AAATA has kept the same geographic footprint for paratransit in order to make sure the riders with some of the greatest need are able to get where they need to go. There has been a slow increase in paratransit rides and requests for trips; however, this population tends to be some of the most vulnerable to COVID-19, so there has been a reluctance to ride in that regard. The number of people on the vehicles is still limited. Mr. Smith pointed out that the biggest change is when AAATA took the paratransit service in house August, they no longer did same-day paratransit. That is a big change, but it is temporary. The same-day paratransit was a large part of the expense because it is harder to plan for demand that is maybe not there or is there. For doctor's appointments only, there is a will call system; when patients are finished with their appointment, a vehicle is sent out for them. Mr. Smith also reminded the Board of the temporary suspension of GoldRide. Any senior that was in a situation where the fixed route does not run near their home anymore and is not within walking distance, AAATA has been able to grant those seniors as ADA eligible.

Mr. Allemang asked staff to describe the general process of how they decide what service and/or frequency is added. CEO Carpenter described that in the big picture, there is the budget envelope; what can AAATA afford? AAATA is lucky that they have most of their CARES Act funding still whole so there can be a conversation about restoring services just as people are starting to come back, but we are still not out of the public health crisis. AAATA has made several executive decisions about extending services to hospitals. Staff have never restored service from a pandemic before, but a lot of the process is driven by trying to get back the service coverage area that AAATA had before. At the same time, there is a need to maintain social distancing, which requires the addition of buses to try and reduce crowding as needed. What AAATA is trying to do is rebuild ridership and be there as people begin to travel again, to be available and an option that people are comfortable using. Staff will speak more about the logic behind how things are being restored in the next couple of months, but coverage, social distancing, and ridership are the key factors wrapped up in the budget envelope.

Mr. Hewitt pointed out that the number of university employees has been dramatically reduced and there are not many people going to work in central Ann Arbor right now. Mr. Smith noted that if people can work from home, they work from home. He does not see the ridership on the campus routes that one would expect given this time of year; travel patterns really may change substantially as remote work has proven to be possible and may become part of the new norm. He also mentioned that AAATA's trend line has followed the Governor's orders. Mr. Yang described using the

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information from both pre-pandemic and what is currently being observed. He indicated that during this pandemic there is a great opportunity for AAATA to understand the market and understand who really depends on transit. People who have other options are probably going to drive and may continue to drive for a while. Those who continue to use AAATA's service during the pandemic may not have other options. Observing all of this information will enable AAATA to make the most informed decisions.

Mr. Hess asked for periodic updates to the ridership / service level chart, possibly every other month or so. He expressed being surprised that there was no discernable uptick at the beginning of the school year for the university between faculty, staff, and students. He noted that in the traditional sense, the level of service provided really determines the ridership level, but in these times, that is not at all true as demonstrated by the chart. Even though AAATA has been stepping up service, there has only been marginal gains in ridership. He described that this underscores the need for the Board to have a retreat and start thinking about long-term planning and ask if there will be a new normal; if so, what does AAATA do as an agency to prepare for that? Graphs like this challenge the traditional formula.

Mr. Hewitt reported a similar pattern in his own business, hours of service verses patrons.

Chairman Mahler expressed that the chart results support AAATA's strategy of being very conservative with their CARES Act funding, spending incrementally and as needed.

Mr. Miller expressed his curiosity in if the ridership is system-wide or an average; are there certain routes experiencing a higher increase in ridership than others. He agreed that there is an opportunity here to see who really needs transit, and the numbers being received now have a potential to inform decisions for years to come.

5.3 CEO Report

CEO Carpenter reported on the Staff Survey which closed yesterday. He was happy to report that participation was at an all-time high with over 50% of the staff responding to that survey. The results will not be in for another few days, but he is very eager to see what staff have to say in this extraordinary year.

CEO Carpenter reported on an announcement recently made by the state pertaining to a corridor between Detroit & Ann Arbor for autonomous vehicles. This is an emerging project with which AAATA is involved. CEO Carpenter and Mr. Yang have attended a couple of briefings from the state personnel overseeing the project. There is another briefing coming up from the project company called Cavnue. They will learn more about it and report back to the Board what it looks like. CEO Carpenter shared that it is primarily focused between Detroit and the American Center for Mobility in Ypsilanti, but there is aspiration to continue into the northeast side of the City of Ann Arbor. It is unclear if it is infrastructure or a dedicated lane. Information can be found on the Cavnue [website](#). It appears to be a private company interested in monetizing the public rights of way, somehow turning it into a profit center for investors. That should raise some questions as to who is using the public rights of way and for what purpose

Mr. Metzinger announced the launch of the EZFare Mobile Ticketing project that will go live on September 30th. Mobile ticket fares will be available for fixed route and paratransit riders. They will be able to buy single rides, day passes, monthly passes,

Discussion Items

as well as single rides and companion fares for ARide. There will be some marketing and media coming out shortly after the September 30th launch, but this [introduction clip](#) was shared at the Board meeting.

6. EMERGENT BUSINESS

None

7. CLOSING ITEMS

7.1 Topics for Next Meeting:

Communications & Support to the Board

(Policy 2.11)

External Relationship (Policy 2.10)

Board Retreat

Recommendation from Finance Committee on adjusted language for Policy 2.4

Phoenix & Quantum Studies

7.2 Public Comment

Mr. Mogensen pointed out that when Winter comes, transit patterns can change for people who have difficulty getting to and using the fixed route service. He also shared his observation that buses are not set up to deal with walkers, and as the ADA restrictions change, it could leave a subset of the community in an odd and awkward situation. He expressed thinking he understands how AirRide works, thinking they perhaps use interurban subsidy to make that happen. He asks AAATA to make it as clear as possible about how these financing things work. He suggested that extending some of the financial statements would be helpful.

Ms. Michelle Barney asked if the LAC has begun meeting again. She expressed that the ramp that comes out on some of the new paratransit vehicles is extremely down; she has to ask the driver to hold it. She would also like to know what the AAATA policy is should there be protests in the streets along which buses or the ARides travel. Lastly, she described that the recent mailing that lists all the bus routes that are staying in place for now does not say which half hour the frequency is on. She asked for sheets to be put in the bus terminals, one route to a sheet, so that people can take the ones they need.

Ms. Althea McGlory wrote an e-mail received just after the Board had adjourned:

From: Althea McGlory

Sent: Thursday, September 24, 2020 8:39 PM

To: Keith Book <KBook@theride.org>

Subject: Call back

I would like to Thank the board for approving the budget to bring back 13 drivers at this point. I'm Also happy for AAATA Executive Board adding more service for the public. I too am hopeful to bring service back to full by the end of the year.

7.3 [Board Assessment of Meeting \(Electronic\)](#)

7.4 Adjournment

Mr. Hewitt moved to adjourn the meeting, seconded by Ms. Mozak-Betts.

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Discussion Items

Mr. Hunter: Yes
Mr. Miller: Yes
Ms. Mozak-Betts: Yes
Ms. Sims: Yes
Chairman Mahler: Yes

Chairman Mahler adjourned the meeting at 8:40pm.

Respectfully submitted by Keith Everett Book

DRAFT

Governance Committee Meeting Summary

Meeting Date/Time: October 1, 2020, 9:00-10:30am

Location: REMOTE – Via GoToMeeting

Meeting Chair: Eric Mahler

Committee Meeting Attendees: Mike Allemang, Roger Hewitt

AAATA Staff Attendees: Matt Carpenter, John Metzinger, Bryan Smith, Forest Yang

Chairman Eric Mahler called the meeting to order at 9:09 am.

| Discussion Items |
|--|
| 1. OPENING ITEMS |
| <p>1.1 Agenda (Additions, Approval) There were no additions.</p> |
| <p>1.2 Communications None.</p> |
| 2. POLICY MONITORING & DEVELOPMENT |
| <p>2.1 Board Work Plan for FY2021 Chairman Mahler expressed his concerns about the efficacy of a Board Work Plan when the Board does not have the ability to come together as a team in person; long-term strategy, planning, and visioning may be difficult to execute in this virtual environment. At the same time, he does not wish to suspend development of a work plan, noting that a lot of transit literature is describing the nature of transit as changing forever. He led a discussion with the Committee about some of these new topics and how to manage the Board Work Plan development process.</p> <p>Mr. Hewitt shared Chairman Mahler’s concerns. He expressed that at a time when transit is going to be changing in some manner both locally and nationally, taking time off from long-range planning is a bad idea. He also agreed that brainstorming via Zoom is very difficult. He suggested discussing the work plan at a live Board retreat in a large space with attendees spread out. Chairman Mahler described limiting the number of staff attending live and possibly opening it up to the public virtually.</p> <p>Chairman Mahler noted that the Board may not need to be as proactive on resource allocation (geographic equity) as they thought they would be in the past given the state of AAATA’s service and the world, but more thought should be given to Board member orientation and training, as well as Board education.</p> <p>In regard to ownership linkage, Mr. Hewitt suggested starting with a meeting with Christopher Taylor.</p> <p>Chairman Mahler suggested that a discussion of the Board Work Plan be added to the next Board meeting agenda. He expressed that the Board should discuss adjusting to the new reality for the foreseeable future of transit in general and then talk about what</p> |

Discussion Items

else they want to add on top of that to the topics of the Board retreat.

2.1.1 Bylaw Review, Ypsi Agreements, OMA

CEO Carpenter reported that legal counsel are reviewing all three of these items. Thus far, they have provided a proposal of how to conduct a review of the Bylaws and a good work around concerning the Treasurer position. The Bylaw review proposal was discussed for the Committees consideration.

Mr. Hewitt expressed that an update of the Bylaws would be a priority for him. Mr. Metzinger confirmed that there is adequate budget for legal services such as these. Chairman Mahler expressed being in favor of legal counsel moving forward with the Bylaws review, supported by Mr. Allemang and Mr. Hewitt. CEO Carpenter will communicate with legal counsel to proceed.

2.1.2 Retreat Planning

Mr. Hewitt suggested a live meeting with only Board and senior staff attending, with public joining virtually. Chairman Mahler expressed his preference to only do a live, social distancing retreat if every Board member would be in support of that and in actual attendance, not some joining in person and others joining virtually. If that cannot be accomplished, he would prefer to do the retreat on Zoom, which may affect which topics the Board will want to cover.

Potential Board Retreat topics discussed initially:

- Pandemic-related, long-term strategic planning – suggested by Chairman Mahler
- Longer-range service planning – suggested by Mr. Hewitt
- Post-Pandemic Predictions - -suggested by Mr. Hewitt

Mr. Hewitt suggested two half sessions, one mostly educational and then the other brainstorming on what the Board and staff think things might look like post pandemic.

Chairman Mahler expressed that he would like to start with the AAATA planning function: CEO Carpenter, Mr. Yang, and Mr. Smith. He would like to get their big picture read on where they see this going. He noted that external sources, interesting articles, and published papers could be pulled in too, but he would like the retreat to be more inwardly-focused in order for the staff to provide a high level of detail and be asked really detailed questions in terms of long range planning.

Mr. Allemang suggested being hyper-focused on local needs and working toward flexible scenarios for strategic planning. Chairman Mahler noted that displaying AAATA's ability to change, be flexible, and adapt to a new process could be a good topic for the AAATA planning function to deliver to the Board. He expressed that how AAATA goes about planning to plan is just as much a factor as the plan itself. Mr. Hewitt shared that an advantage that small businesses have at this time is the ability to be nimble, being able to make changes quickly and be flexible.

CEO Carpenter expressed his preference to meet uncertainty with rational thinking until the best way forward is found, not to just wait for circumstance to

Discussion Items

give us what we want; we need to go out and find what we want.

He made note of the following possible topics for the retreat and/or in preparation for the retreat:

- Education about post-pandemic policy implications - what policies might the Board want to change after experiencing an emergency crisis like this?
- Longer-range service planning
- Bylaws Review
- LAC Discussion
- Future Services

CEO Carpenter suggested that a virtual retreat spread over a couple of days might be best, perhaps using the Breakout Room function of Zoom.

Per Chairman Mahler, these ideas will be floated with the rest of the Committees and then taken to the full Board for consideration.

Timing-wise, Chairman Mahler shared his preference to have the retreat prior to the start of the budget cycle, giving as much direction on the use of the CARES Act funding as possible to the staff, for example. He suggested aiming between December and February.

Mr. Hewitt and Chairman Mahler discussed how the Board could give more specific direction policy-wise beyond “increase ridership”. Chairman Mahler posed the idea, for example, that if the Board thinks the nature of ridership is going to change dramatically (will not be as focused on fixed routes, will be more multimodal), they could adjust policy to request more diversification in the multimodal business model. In this sense, “increase ridership” could take a lot of forms. He noted that these are the brainstorming kinds of input needed in order to make some decisions going forward, before the Board can give further guidance.

CEO Carpenter noted that if the interest is discussing future services, he could commit to coming back to the Governance Committee next month with some sort of timeline within staff’s capacity to bring back a combination of education and special retreat meetings to get at the future service question and how that would be structured. Chairman Mahler agreed to that – the Committee could weigh in on that and see if they want to adjust any topics and move forward.

Mr. Allemang suggested that the first retreat meeting could be deciding if and what policies may need to be changed. And then the second meeting could address the actual changes.

Discussion Items

2.2 Committee Agendas

Service Committee:

No changes.

Finance Committee:

Mr. Metzinger suggested a discussion of policy 2.5 Financial Condition and Activities, rather than 2.4, because the topic was dealing more with financial reporting than budgeting. He also added an update concerning 2021 investments, basically having to do with changing interest rates and different opportunities.

Board of Directors:

A decision may be made by the Finance Committee to present policy language changes to Policy 2.5 to the Board, but only if they are ready.

2.3 Other Governance Issues (as assigned)

2.3.1 Meeting Assessment (9/24)

Chairman Mahler pointed out Mr. Jim Mogensen's comment about action items being included in the packet, which has been addressed.

2.3.2 Audit Task Force Membership

Chairman Mahler reported that he has two volunteers thus far and is seeking a third.

3. STRATEGY & OPERATIONAL UPDATES: CEO

3.1 Service Restoration and Millage Plan

CEO Carpenter began a discussion of a blueprint for the next 12-18 months that provides a timeline and a game plan for how AAATA is doing what and when. He expressed that he would like to eventually discuss this in Committees to start getting consensus on shifting some of the risks, considering that the updated financial forecasts are re-assuring and deficits may now not occur until 2023 or 2024, after the 2022 millage window.

Chairman Mahler suggested a follow-up Governance Committee meeting on this topic before moving forward, which was conducted on October 12, 2020.

3.2 Y Lot Update

CEO Carpenter shared that he intends to come to the Board in closed session (permissible for real estate discussions) at the next Board meeting with more information.

3.3 CEO Expenses

CEO Carpenter noted that the only expenses added were subscriptions to local on-line news publications.

Chairman Mahler asked how CEO Carpenter's involvement with the MPTA is proceeding. CEO Carpenter shared that he was re-elected as Chairman of their Board. He expressed that the organization is more focused and helpful as a state association. He noted that it has been a very valuable point of access to information on the developing state budget and that the main benefit of the association is a joint lobbying and advocacy mechanism to go to the state legislature and say all transit systems in every county need funding.

4. CLOSING ITEMS

| Discussion Items | |
|------------------|---|
| 4.1 | Topics for Next Meeting Board Retreat planning Service Restoration and Millage Legal counsel reports |
| 4.2 | Adjournment Chairman Mahler adjourned the meeting at 10:24am |

Respectfully submitted by: Keith Everett Book

DRAFT

Service Committee Meeting Summary

Meeting Date/Time: October 7, 2020, 3:00-5:00pm

Location: REMOTE – Via GoToMeeting

Meeting Chair: Roger Hewitt

Committee Meeting Attendees: Kathleen Mozak-Betts, Sue Gott, Ryan Hunter

AAATA Staff Attendees: Matt Carpenter, Bryan Smith, John Metzinger, Forest Yang, Rosa-Maria Njuki

Chairman Roger Hewitt called the meeting to order at 3:03 pm.

| Discussion Items |
|--|
| 1. OPENING ITEMS |
| 1.1 Agenda (Additions, Approval) At the request of Ms. Mozak-Betts, a discussion of proposed resolutions to dissolve the Downtown Development Authority (DDA) was added as agenda item 2.4. |
| 1.2 Communications None. |
| 2. POLICY MONITORING & DEVELOPMENT |
| 2.1 Board's Annual Work Plan Chairman Hewitt reported on the Governance Committee's discussion of a Board Retreat and their general consensus not to delay an annual retreat any longer. He described two half day meetings with the first being primarily informational from the AAATA staff without outside speakers in regard to what the future will look like for AAATA after the pandemic; the second meeting could focus primarily on policy governance and possible changes to the Ends. Ms. Gott expressed support for a virtual Board Retreat using Zoom breakout rooms, in order to have smaller, more interactive focuses. She also supported not having any guest speakers. Ms. Mozak-Betts supported a virtual retreat. She stated that her health would not allow for her to join an in-person meeting. She supported a couple of half day meetings using Zoom breakout rooms. Chairman Hewitt noted that the only way it would be possible to have an in-person Board Retreat would be if all of the Board members and senior staff could attend as such. Since that will not be possible, the Board Retreat will be virtual. CEO Carpenter shared that the Zoom breakout rooms are within the staff's technological capability. He noted that the Annual Work Plan encompasses potential policy areas that Board members may want to delve into, like policy for the LAC, along with Board Education. Chairman Hewitt suggested potentially furthering the Fare Policy discussion at a Board Retreat. Ms. Gott suggested aiming for not having a Board meeting in August 2021 to allow employees and Board members to plan vacations. Chairman Hewitt will bring that |

Discussion Items

suggestion back to the Governance Committee. He shared that his only concern with taking off August is that August is during the budget process. Ms. Mozak-Betts suggested making the month off July rather than August.

2.2 LAC Discussion

Ms. Mozak-Betts reported that the issue brief being worked on by she, CEO Carpenter, and Ms. Rose Mercier is in draft form and will be discussed further amongst them on October 13th. From there the issue brief will be completed and presented to the Governance Committee at the end of October.

2.3 Transportation Funding Agreements

CEO Carpenter reported that legal counsel has a memo coming together to present to the Service Committee next month in regard to the funding agreements between AAATA, the City of Ypsilanti, and Ypsilanti Township.

He shared that the agreements are still in effect until both parties agree to dissolve them and the areas of opportunity focus around defining the agreement language and managing communication expectations. He noted that a closed session with legal counsel is allowable for discussion of this topic according to the OMA in so much as the Board is receiving legal advice from their attorney.

2.4 Proposed Resolutions to Dissolve the DDA

Chairman Hewitt described that dissolving the DDA received a rapid and large negative response from the public. CEO Carpenter reported that strong political blowback seems to have nullified the push of the issue for now.

Ms. Mozak-Betts pointed out that there were 2 resolutions that were discussed, one to absolutely dissolve the DDA immediate (which they withdrew) and the second was to file a legal memo about dissolution and bring it to the public

Ms. Gott asked what the current DDA plan has as its schedule, what the end date currently is. Chairman Hewitt noted that the expiration is 2033 unless City Council chooses to extend it.

3. STRATEGY & OPERATIONAL UPDATES: CEO

3.1 Budget Update

CEO Carpenter reported speaking with State Transit Association individuals yesterday and the latest is that there is no impact to the local bus operating subsidy. He pointed out that transit capital has been cut, but it is not fully understood what that means for AAATA. He also shared that the Governance Committee is having a follow-up meeting next week about the timing of service restoration. Though this may require a budget amendment for the Board to consider in the future, he reported that there are none currently for them to consider. He expressed the expectation to have more information for the Service Committee in a month or so.

Mr. Metzinger shared that staff are beginning to model what the future will look like in terms of the financial and budget impacts.

3.2 Y Lot Update

CEO Carpenter shared that he intends to come to the Board in closed session (permissible for real estate discussions) at the next Board meeting with more information.

3.3 New Mobility Project Updates

Quantum Project – Automated Wheelchair Securement:

Discussion Items

CEO Carpenter reported that this pilot is still going, part of which was to get through a winter, which is coming. To date, the reception by the public has been on the negative side anecdotally; many people do not like facing backwards, but the pilot will continue. Mr. Smith reported that there may have been a change in attitudes given the pandemic and a desire to have touchless items. The current struggle is trying to nail down when and how often they were used versus how often they could have been used. There is still the intent to collect some hard data on its use rather than just the anecdotal data that facing backwards was the major hurdle.

Mr. Metzinger reported on additional projects funded by special MDOT Mobility Challenge Grants awarded to TheRide.

Transit Signal Priority Project:

Mr. Metzinger described that advancing transit through traffic signals has been deferred due to lack of bandwidth within AAATA, the city or the county for this project.

Phoenix Mobility Rising App:

Mr. Metzinger described that this project is nearly completed in terms of filing a final report with MDOT. He shared that AAATA is not in the business of developing software but rather in making connections with the private sector and helping the developers connect with other app developers who can then bring a solution to the marketplace. He noted that work is being transferred back to the private sector.

Mobile Ticketing Project:

EZFares was launched on September 30th. Mr. Metzinger shared that to date, \$27 of mobile tickets have been sold with 11 riders using them, which is not too bad given that most of the press and marketing just went out on October 6th (yesterday).

CEO Carpenter reported that there is a proposal by a private company, backed by the State Economic Development Department, for an automated vehicle corridor between Ann Arbor and Detroit; there is going to be a 2-year feasibility study launched soon. AAATA's role is as a stakeholder in the area; all of the other transit agencies are also involved. Mr. Forest Yang is leading AAATA's connections with that.

Ms. Mozak-Betts expressed being glad that the Phoenix Mobility Rising project is going to the private sector. She asked if there could be another push to the community for the Quantum project through promotion or adds to encourage use of the automated wheelchair securements in order to collect the best data. CEO Carpenter described just allowing the project to continue until enough information has been received. If it takes having them for 2 more years in order to get community feedback, CEO Carpenter is willing to do so. He described using the LAC as a focus group for the project.

Ms. Mozak-Betts, Ms. Gott, and Mr. Hunter expressed enthusiasm for the EZFare project and looking forward to more marketing to inform riders of it.

Discussion Items

4. CLOSING ITEMS

4.1 Topics for Next Meeting Transportation Funding Agreements

Ms. Gott and Chairman Hewitt expressed sincere gratitude from the Board to the entire AAATA staff for working under the conditions of this unprecedented time.

Chairman Hewitt will bring Ms. Gott's suggestion to the Governance Committee of the Board helping staff to manage the workload involved in the planning of a Board Retreat.

4.2 Adjournment Chairman Hewitt adjourned the meeting at 4:07pm.

Respectfully submitted by: Keith Everett Book

Finance Committee Meeting Summary

Meeting Date/Time: October 13, 2020, 3:00-5:00pm

Location: REMOTE – Via GoToMeeting

Meeting Chair: Mike Allemang

Committee Meeting Attendees: Raymond Hess, Kyra Sims, Rich Chang

AAATA Staff Attendees: Matt Carpenter, Bryan Smith, John Metzinger, Rosa-Maria Njuki, LaTasha Thompson

Chairman Mike Allemang called the meeting to order at 3:01pm.

| Discussion Items |
|---|
| 1. OPENING ITEMS |
| 1.1 Agenda (Additions, Approval) Approved. |
| 1.2 Communications None. |
| 2. POLICY MONITORING & DEVELOPMENT |
| <p>2.1 Board’s Annual Work Plan CEO Carpenter noted that part of policy governance is thinking ahead, being future-oriented rather than reactive. He suggested that the Board might consider subject matters about which to write or amend policies?</p> <p>Chairman Allemang asked if the Ends need to be revisited considering the pandemic. He suggested that the Ends actually could be reviewed every year. Ms. Sims agreed that reviewing the Ends annually could be a best practice. She also cautioned against making too many reactionary policy changes.</p> <p>CEO Carpenter suggested allowing the current experiences to inspire policy development for situations that have not occurred yet but could.</p> <p>Ms. Sims suggested paying attention to resource allocation and AAATA’s legal owners. Chairman Allemang expressed it may be helpful to have some assistance with this issue in order to come to some decisions. CEO Carpenter pointed out that there is a spectrum of different ways that this can be dealt with. He suggested bringing back the briefing on resource allocation that outlines how an executive limitation might look.</p> <p>Mr. Chang suggested having some discussion and training specifically on how to better serve areas of need, as well as how to find a balance / understanding amongst the legal owners in regard to equity. CEO Carpenter suggested education on service standards that could include equity issues and how services are provided.</p> <p>Mr. Chang suggested education on how similar agencies are run, how the industry in this area conducts business, to include the differences amongst agencies, the good and</p> |

Discussion Items

the bad, for comparison. CEO Carpenter suggested Jerrick Walker as a resource for operational education.

Chairman Allemang suggested education on technology and discussing the future of public transit under different assumptions.

Mr. Hess shared support for revisiting the Ends, as well as the need for long-range planning.

Chairman Allemang also suggested education on how to work with multi-jurisdictions.

CEO Carpenter noted that there are no policies that speak to what to do during a prolonged crisis and there might be value in reviewing policies from a crisis management point of view.

Chairman Allemang suggested revisiting the ridership versus coverage issue. He pointed out that some of the public have gotten used to using their car more and working remotely has become more practiced; the mix of the ridership could be changing. He asked how AAATA might adjust their business model under different scenarios and how the teaching model at UofM might change as well.

CEO Carpenter suggested that a good education topic might be attempting to get a handle on how post-pandemic public transit might look. Chairman Allemang suggested thinking about different scenarios for the future. CEO Carpenter pointed out that the challenge is that scenarios can be speculative.

Staff will set up a Google Doc for the Board members to populate with the Board Annual Plan of Work.

2.2 Financial Conditions & Activities During an Emergency (Policy 2.5)

CEO Carpenter suggested the Finance Committee and staff agree to reporting monthly on cashflow and CARES Act funding drawdown.

Mr. Chang expressed his preference for a policy to ensure continued excellence in monthly reporting during times of crisis.

Mr. Hess expressed trying to strike the balance between too much reporting and not enough. He suggested a trigger for when monthly reporting should come into effect.

Mr. Chang will draft some policy language for discussion at the next Finance Committee. Chairman Allemang suggested at this point the Committee might want to focus on the trigger for reporting followed by a broader definition of what nature of reporting is required.

3. STRATEGY & OPERATIONAL UPDATES: CEO

3.1 Budget Update

Mr. Metzinger shared that staff are in the process of learning more about the state funding as laid out by the state budget and that it is likely that staff will be coming to the Board with a budget amendment. Staff have been coordinating a service recovery plan and will bring forth more information once the state budget is more clearly understood. Mr. Metzinger shared that state revenue is an example of something that may change.

Discussion Items

CEO Carpenter pointed out that the presidential election and congressional makeup will dictate what might be coming next. He reported that there is a continuing resolution that keeps the federal government open through December. Beyond that, there is more pandemic relief that could possibly happen, the reauthorization of the routine 6-year transportation funding bill that needs to occur, and then there is the idea of an economic stimulus package in the shape of infrastructure investment, which could possibly be used by AAATA to fund major capital projects.

3.2 2021 Investments

Mr. Metzinger summarized the issue brief. He reported that the federal reserve has lowered interest rates on U.S. government securities to rates so low that after fees, continuing to invest in Treasury bills will result in negative yield. For this reason, staff have decided to use the Certificate of Deposit Account Registry Service (CDARS) for FY2021 investments rather than U.S. government securities. The investment income will be lower this year, but the overall impact across the whole budget is pretty minimal.

Chairman Allemang asked how many dollars are interest-bearing. Mr. Metzinger shared that current investments held for longer term uses (unlike cash) are about \$11.7M in Treasury bonds and bills, still at the FY2020.94% yield. One of these government agency bonds expires at the end of October 2020, one in April 2021, and then two in August 2021. There are also two CDs held through the trust division of the bank that expire in January 2021. \$5M is now invested in CDARS with interest rates around .25% annual yield. Rate forecasts are taken into consideration as provided by the Bank of Ann Arbor.

Mr. Hess asked about the limitations in AAATA's investments and if there are any other investments that should be explored considering the low interest rate return currently. A discussion ensued. Via e-mail following the meeting, Mr. Metzinger outlined the types of investments that are authorized by Michigan law (Public Act 20 of 1943). They are:

- Bonds, securities, other obligations of the United States
- CDs, savings accounts, deposit accounts of financial institutions that meet certain requirements described in the law
- Commercial paper top rated by at least two of three rating agencies, maturing not more than 270 days after purchase
- Mutual funds legal for direct investment by a public corporation
- Other options include cooperative investments with other public entities and investment pools within limits

In the same e-mail, Mr. Metzinger described that the Board's investment policy (appendix F) authorizes CDs, bonds and direct obligations of the U.S., and mutual funds invested in US obligations. The policy may certainly be revisited if the Board would like to consider any of these other options permissible by law. If the Finance Committee would like, staff can investigate current yields for future investment consideration.

During the meeting, Mr. Metzinger pointed out that the Board's investment policy's priorities are first to ensure the safety of the principle, followed by retaining liquidity, and lastly the yield.

Chairman Allemang suggested that inflation could cause loss of money on investments (in real terms).

| Discussion Items | |
|-------------------------|---|
| | Ms. Sims asked if Treasury Inflation Protected Bonds (TIPS) are permitted for AAATA's use. Mr. Metzinger will look into those, noting that there is a limitation in the policy on the length of investment terms that are permissible; TIPS may be too long-term. |
| 3.3 | Y Lot Update CEO Carpenter shared that he intends to come to the Board in closed session (permissible for real estate discussions) at the next Board meeting with more information. |
| 4. CLOSING ITEMS | |
| 4.1 | Topics for Next Meeting Draft Language for Policy 2.5 Amendments Board Annual Plan of Work – Google Doc Q4 Financial Report Service Restoration Plan & Reserve Purpose |
| 4.2 | Adjournment Chairman Allemang adjourned the meeting at 4:52pm. |

Respectfully submitted by: Keith Everett Book

DRAFT

ISSUE BRIEF: Board’s Annual Work Plan

Meeting: Board Meeting Date:

Meeting Date: October 22, 2020

| |
|---|
| INFORMATION TYPE: |
| Decision Preparation |
| RECOMMENDED ACTION(S): |
| Options include: Receive for Information, Discuss |
| ALTERNATIVE OPTION(S): |
| Optional |
| PRIOR RELEVANT BOARD ACTIONS & POLICIES |
| Board policy 3.4, below. |
| ISSUE SUMMARY: |
| At the beginning of every fiscal year the Board decides what proactive issues it wants to spend time on. This is a key mechanism for ensuring the Board is driving its own agenda and not only reactive to staff issues. |
| BACKGROUND: |
| The Board’s annual work plan (aka plan of work) is an inherent part of Policy Governance. Policy 3.4 is entirely about how the board sets its agenda. An excerpt of the relevant passages are provided in Attachment 1. Earlier discussions are summarized in Attachment 2. |
| IMPACTS OF RECOMMENDED ACTION(S): |
| <ul style="list-style-type: none"> • Budgetary/Fiscal: NA • Social: NA • Environmental: NA • Governance: The annual work plan is how the Board sets the direction for the organization. |
| ATTACHMENTS: |
| <ol style="list-style-type: none"> 1. Excerpt Policy 3.4 – Agenda Planning 2. Draft Work Plan & Education (2021) |

Attachment 1: Board Policy 3.4: Agenda Planning (Excerpt v2.13)

(Emphasis added)

3.4 AGENDA PLANNING

To accomplish its job products with a governance style consistent with Board policies, the Board will follow an annual agenda cycle which:

- (a) completes a re-exploration of Ends Policies annually,*
- (b) continually improves Board performance through Board education and enriched input and deliberation, and*
- (c) re-examines for relevance the underlying values that support existing policy.*

3.4.1 The cycle will conclude each year so that administrative planning, strategic planning and budgeting can be based on accomplishing a one-year segment of the Board's most recent statement of long term Ends.

3.4.2 The cycle will start with the Board's development of its agenda for the next year.

A. Consultations with selected groups in the ownership, or other methods of gaining ownership input will be determined and arranged in the first quarter, to be held during the balance of the year.

B. Governance education, and education related to Ends determination, (e.g. presentations by researchers, demographers, advocacy groups, staff, etc.) will be arranged in the first quarter, to be held during the balance of the year...

Attachment 2: Previous Board Work Plan & Education (2020/2021)

FY 2021 Board Work Plan Development

Possible work plan topics suggested by Board members or staff are:

| Suggested Policy Development Topics |
|---|
| <ul style="list-style-type: none"> • Emergency crisis policies (lessons learnt from the pandemic) <ul style="list-style-type: none"> ○ Review frequency of monitoring reports in a crisis (what would be considered) • Ends review (considering pandemic implications and lessons learnt) • By-laws (ongoing) • Resource Allocation • Union Contract Negotiations Policy • LAC discussion (ongoing) • Ownership Linkage • Procurement |

The Board also identifies the general education items it wishes to receive, on developing trends of the business of the agency:

| Education Topics |
|---|
| Ridership and Coverage |
| Long Range Planning Process |
| Future of Public Transportation (Post-pandemic) |
| Future of Public Transportation (Technology) options) |
| Social Equity in Public Transit |
| How bus networks are organized |
| Multi-jurisdictional consideration |

Based on earlier discussions, Board Retreat items may include:

| Suggested Board Retreat Topics |
|--|
| <ul style="list-style-type: none"> • Policy updates based on lessons learnt from the pandemic and future predictions • Scenario-based service planning |

Previous Board Work Plan Items

For reference, previous work plan items are outlined below:

| Agenda Item | Status |
|--------------------------------------|---|
| Ownership Linkage | Task Force created |
| Board member orientation/training | In place. New members were oriented. Two members attended a conference. |
| Resource Allocation | Task force met and all board members briefed. Next steps unclear. |
| Review of Bylaws & Role of Treasurer | Dykema developing scope of work |
| Role of LAC | Delegated to Mozak-Betts & Carpenter to develop recommendation |
| Education Topics | Status |
| Techniques for Ownership Linkage | Task force discussed. Plan developed but not implemented. |
| Transit-Supportive Land Development | Outside speaker. |
| New Mobility | Two outside speakers |
| Transit and Community Affordability | No progress |
| Techniques for Ownership Linkage | Task force discussed. Plan developed but not implemented. |
| Transit-Supportive Land Development | Outside speaker. |
| New Mobility | Two outside speakers |
| Transit and Community Affordability | No progress |

Although not work plan items, the Board did create new policies for construction projects, transport of detainees, and fares in a pro-active mode.

Monitoring Report: 2.11 Communication and Support to the Board

Monitored Period: April 2019 – August 2020

Meeting: Board of Directors

Meeting Date: October 22, 2020

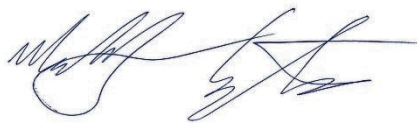















| INFORMATION TYPE |
|--|
| Decision |
| RECOMMENDED ACTION(S): |
| Board consider accepting the Monitoring Report as level B – Compliant except for items noted. |
| ISSUE BRIEF |
| <p>In accordance with the Board’s Policy Manual, I present the Monitoring report on Executive Limitation Policy 2.11 Communication and Support to the Board. This report consists of internal report information from staff. This report covers the period of April 2019 until the end of August 2020. This includes the first six months of the COVID-19 global pandemic. This report is scheduled to go directly to the Board without first going through a committee.</p> <p>I certify that the information is true and complete, and I request that the Board accept this as indicating an acceptable level of compliance.</p> <div style="display: flex; justify-content: space-between; align-items: flex-end; margin-top: 20px;"> <div style="text-align: center;">  _____ </div> <div style="text-align: center;"> October 1, 2020 _____ </div> </div> <p>New Addition: The Governance Coach has reviewed this report and provided feedback on the policies at the end of this document.</p> |
| BACKGROUND: |
| <p>TheRide’s Board of Directors establishes policies that define what methods are unacceptable to use to achieve expected results, called Executive Limitations. This monitoring report provides the CEO’s interpretations of those policies, evidence of achievement, and an assertion on compliance with the Board’s written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.</p> |
| ATTACHMENTS: |
| <ol style="list-style-type: none"> Monitoring report for Policy 2.11 Communication and Support to the Board. |

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| POLICIES: | Page # | Compliance |
|--|--------|---|
| 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: | 4 |  |
| 2.11.1 Withhold, impede, or confound information relevant to the Board's informed accomplishment of its job. | 4 |  |
| 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. | 5 |  |
| 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. | 6 |  |
| 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. | 7 |  |
| 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. | 8 |  |
| 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: A. operational and financial performance metrics B. customer satisfaction metrics, C. updates on capital improvement projects, D. quarterly budget to actual financial reports, E. timely notification of execution of budgeted items over \$250,000 and grant requests or awards over \$100,000. F. unbiased information on industry norms for CEO compensation at least every two years. G. advance notification of intended changes to staff rules (unionized or non-unionized), procurement manual, benefits, or compensation structure. H. 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. | 9 |  |

| POLICIES: | Page # | Compliance |
|---|--------|---|
| 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. | 11 |  |
| 2.11.1.6.1 Fail to periodically update the Board regarding the longer-term strategic context in which delegated decisions are being made. | 12 |  |
| 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. | 13 |  |
| 2.11.2 Withhold from the Board and its processes logistical and clerical assistance. | 13 |  |
| 2.11.2.1 Allow the Board to be deprived of a legal, workable, user-friendly mechanism for official Board, officer, or committee communications. | 14 |  |
| 2.11.2.2 Allow the Board to be deprived of pleasant, productive and efficient settings and arrangements for Board and committee meetings. | 14 |  |
| 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. | 15 |  |
| 2.11.2.4 Neglect to transfer policy updates to the official record of the Board's Policy Manual in a timely manner. | 16 |  |

 Fully Compliant
  Partially Compliant

POLICY 2.11. The CEO will not permit the Board to be uninformed or unsupported in its work

Degree of Compliance: Partial Compliance

Interpretation

The Board has fully interpreted this policy in the policies below. Compliance with those policies will constitute compliance with this policy.

POLICY 2.11.1 The CEO shall not...Withhold, impede, or confound information relevant to the Board's informed accomplishment of its job.

Degree of Compliance: Partial Compliance

Interpretation

Since the board has comprehensively addressed the three types of information it requires for the informed accomplishment of its job – decision information, monitoring information, and incidental information – in the lower levels of this policy, compliance with them collectively will demonstrate compliance with this policy statement.

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.

Degree of Compliance: Partial Compliance

Interpretation

Timeliness with this policy will be demonstrated when complete Monitoring Reports are submitted for the Board’s consideration on the schedule determined by the Board in appendix A of the Policy Manual. Accuracy and comprehensibility will be determined by the Board acceptance of the CEO’s interpretation and evidence.

Evidence

During the monitoring period, the submission of monitoring reports has been disrupted. Prior to January 2020, reports were on schedule. Since then more urgent work for staff has created deferrals and a backlog of monitoring reports. While reports continue to come through to the Board, they are off schedule. One report has been effectively skipped (Policy 2.3: Compensation and Benefits). All monitoring reports submitted during this monitoring period were as shown below. The table below illustrates the scoring for each monitoring reports required during the monitoring period up to date.

| Report Number | Scheduled Monitoring Date | Actual Monitoring Date | Board Conclusion |
|---------------|---------------------------|------------------------|--|
| 1.0 | December, 2019 | April, 2020 | C. Is making reasonable progress towards compliance. |
| 2.1 | January, 2020 | February, 2020 | B. Is in compliance, except for items noted. |
| 2.2 | November, 2019 | November, 2019 | B. Is in compliance, except for items noted. |
| 2.3 | March, 2020 | July, 2020 | Unreviewed. |
| 2.4 | September, 2020 | September, 2020 | To be reviewed as scheduled. |
| 2.5 | February, 2020 | April, 2020 | B. Is in compliance, except for items noted. |
| 2.6 | April, 2020 | May, 2020 | A. Is in Compliance |
| 2.7 | December, 2019 | December, 2019 | A. Is in Compliance |
| 2.8 | March, 2020 | June, 2020 | B. Is in compliance, except for items noted. |
| 2.9 | June, 2020 | June, 2020 | A. Is in Compliance |
| 2.10 | June, 2020 | October, 2020 | To be reviewed in October 2020. |
| 2.11 | April, 2020 | October, 2020 | To be reviewed in October 2020. |

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.

Degree of Compliance: In Compliance

Interpretation

Compliance with this policy will be demonstrated when there is a record of written notice or a record in board minutes of verbal notice provided to the Board or Governance Committee of policy non-compliance of which they become aware done at the soonest practical time.

Evidence

During the monitoring period the CEO has noted several minor instances of non-compliance in written monitoring reports. The table below shows instances where the CEO has reported non-compliance with Executive Limitations or Ends during the monitoring period.

| Non-Compliant item | Date of Board report | Manner of report | Audience |
|----------------------------|-----------------------------|-------------------------|-----------------|
| Ends Policy 1.1, 1.2 & 1.3 | April 16, 2020 | Monitoring report | Full board |
| Policy 2.1.3 and 2.1.5 | February 20, 2020 | Monitoring report | Full board |
| Policy 2.2.2 and 2.2.4 | November 21, 2019 | Monitoring report | Full board |
| Policy 2.5.7 | April 16, 2020 | Monitoring report | Full board |
| Policy 2.8.5.6 | June 18, 2020 | Monitoring report | Full board |

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.

Degree of Compliance: In Compliance

Interpretation

Compliance with this policy will be demonstrated when staff provide adequate information for Board members when the Board is making a decision it has reserved for itself via policy (as opposed to staff decisions). Those Board decisions are changes to policy, millage (tax) rate, or fares; and approval of annual budgets, meeting schedules, CEO compensation and employment contract, real estate transactions, and Costs of Governance (3.8.3).

The presence of information is determined by the inclusion of information in Board meeting packets, and via the verbal discussions surrounding those decisions. The adequacy of the information, including context and implications, is determined by 1) whether the Board suggests that its decisions were impaired by the lack of adequate information and 2) by whether a decision was successfully made. This is reasonable because, while staff can provide what we believe to be adequate information, only the Board will know if it is sufficient to aid in decisions. While individual board members may want more information, adequacy is determined by the full Board (4.1.2).

Evidence

During the monitoring period, a review of minutes indicates that there are no instances where the Board has delayed a decision because of inadequate information and/or recorded request for further information.

The following information was provided in Board meeting packets and the following decisions made.

| Board Decision | Date | Was information included in the Board Packet? (Y/N) | Was a Decision Made? |
|-------------------------------------|------------|---|----------------------|
| New ends policy | 12/19/2019 | Y | Y |
| Construction Policy added | 5/21/2020 | Y | Y |
| Budget Approval | 9/19/2019 | Y | Y |
| Meeting Schedule | 9/19/2019 | Y | Y |
| Millage Rate (No Changes Discussed) | NA | NA | NA |
| Fares (No Changes Discussed) | NA | NA | NA |
| CEO Contract & Compensation | 5/21/2020 | Y | Y |

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.

Degree of Compliance: In Compliance

Interpretation

Compliance with this policy will be demonstrated when

- A. Concise, effective briefing summaries accompany most agenda items in meeting packets,
- B. Agenda items are labeled as M, D or O; and
- C. Information presented for discussion is effectively communicated with the proper level of context, emphasis, and detail.

Evidence

Evidence is contained in the committee and board meeting packets that have been sent during the monitoring period. Board packets are available on-line. In reviewing the packets, the CEO submits the following conclusions for the Board's judgment:

- A. The Board and the committees have not requested information be resubmitted in a shorter or less complex form,
- B. Review of meeting agendas on date confirmed that all items are classified as M, D or O; and
- C. Background information in packets is always as brief as possible and, in the CEO's estimation reasonably well presented. A review of minutes and meeting videos confirms that the Board did not indicate the need for improvement in information packages.

The CEO has received no complaints from Board members suggesting the presented information was unclear, inadequately contextualized or otherwise ineffective.

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:

- A. operational and financial performance metrics
- B. customer satisfaction metrics,
- C. updates on capital improvement projects,
- D. quarterly budget to actual financial reports,
- E. timely notification of execution of budgeted items over \$250,000 and grant requests or awards over \$100,000.
- F. unbiased information on industry norms for CEO compensation at least every two years.
- G. advance notification of intended changes to staff rules (unionized or non-unionized), procurement manual, benefits, or compensation structure.
- H. 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.

Degree of Compliance: In compliance

Interpretation

(This policy is informally known as the "No Surprises" clause.)

Compliance with this policy will be demonstrated when the CEO makes the Board aware of important developments, whether internal or external. My interpretation is that important developments include significant updates, unusual risks, or issues that could be significantly controversial. This is reasonable as daily operations require numerous minute changes which will not have significant implications. The following information is reported as scheduled:

- A. Service performance and financial metrics are submitted quarterly.
- B. Customer satisfaction metrics are shared quarterly and any other emergent risks to the public perception of the agency, political support, possible lawsuits, or changes to legislation.
- C. Updates on capital improvement projects are shared under CEO report. Information on construction projects is provided at least once a year.
- D. Budget to actual financial reports are provided quarterly. Significant financial impacts that could cause the annual budget to go into deficit or draw down the reserve in an unanticipated manner are reported as soon as they are realized.
- E. Notification within two months of execution of a budgeted of single purchases over \$250,000
- F. Information on CEO compensation from an independent and reliable source at least every two years.
- G. Advance notice to staff rules or compensation changes, as necessary.
- H. CEO Expenses are provided quarterly.

Evidence

Throughout the past year staff has brought to the attention of the Board or committees' information about important developments as follows:

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

- A. **Operational performance metrics** - Provided via quarterly Service Reports to the Board in August 2019 (FY 2019 Q3), November 2019 (FY 2019 Q4), February 2020 (FY 2020 Q1), May 2020 (FY 2020 Q2)
- B. **Customer satisfaction metrics** - Provided via quarterly Service Reports to the Board in August 2019 (FY 2019 Q3), November 2019 (FY 2019 Q4), February 2020 (FY 2020 Q1), May 2020 (FY 2020 Q2)
- C. **Capital Project Updates** – There were no construction projects in progress during the period.
- D. **Quarterly budget to actual financial reports & financial performance metrics** – Provided via Quarterly Financial Reports to the Board in August 2019 (FY 2019 Q3), November 2019 (FY 2019 Q4), February 2020 (FY 2020 Q1), May 2020 (FY2020 Q2).
- E. **Notification of award for budgeted items over \$250,000** – Provided via the CEO's Report to the Board monthly. Awards over that threshold were to NOVA Bus, Michigan Flyer for D2A2, paratransit vans, and the control center remodel. A fuel purchase in late 2019 exceeded the \$250,000 threshold when conducted through multiple orders. To ensure compliance with this policy, it was corrected by calling out the contract award specifically in the 2020 budget contract list.
- F. **CEO Compensation** – During the monitoring period, the Governance Committee worked with Korn Ferry to receive information on executive compensation. This work was facilitated by the Human Resources department. The CEO was not personally involved and did not see the resulting information.
- G. **Advance notice to staff rules or compensation changes** - There were no significant changes to staff rules, compensation or benefits during the monitoring period. However, as noted in monitoring reports on the Treatment of Staff, the CEO has already given notice of his intent update the compensation and benefits structures and non-union rules. Implementation has been delayed by the pandemic. The Board was also informed in advance of the 2020 layoffs resulting from the pandemic following existing staff rules.
- H. **CEO Expenses-** During the monitoring period, three Quarterly CEO expense reports were scheduled for July 2019, October 2019, and January 2020. These were provided to Governance Committee on the following dates: June 27, 2019, October 28, 2019, and January 23, 2020.
- I. **Others**
 - A. **Pandemic-Drive Decisions:** Review of board documents in April, confirmation that in early 2020 the CEO updated the Board and committees on his decision to reduce transit service due to the pandemic and economic uncertainty. It was acknowledged that this step could hurt TheRide's reputation or affect political support, impact agency finances, and forced a greater emphasis on staff and passenger safety. While rushed, most of these decisions were shared with the Board prior to implementation via emails or committees.
 - B. **Lawsuit:** The Governance Committee was updated a few times about one possible lawsuit during the period. The suit was ultimately settled by insurance companies with no negative impacts to TheRide.

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.

Degree of Compliance: In Compliance

Interpretation

The Board has partially interpreted "education in the business of the agency" in 2.11.1.6.1. Compliance with

Compliance with this policy will be demonstrated when

- A. regular formal education on relevant topics identified by the Board or the CEO is scheduled. Such education can be on policy-related matter or on Means/optional matters.
- B. the CEO provides regular updates on more routine matters and seek to answer any question from the Board, committees, or individual board members.
- C. Board members have necessary information in advance to respond to questions from the public

I interpret this Policy to mean that staff is to assist the Board in being knowledgeable about how the agency works (management, operations, and administrative practices) and pursues its goals, either by request of the Board or because staff believes the knowledge will aid the Board in being prepared for public questions. While there may be overlap with education related to the Board's policy-development work, this policy is specific to a perceived need to be prepared for public questions regarding Means issues that have been delegated.

Evidence

- A. **Formal Education** – During the monitoring period, the Board identified several topics it wished to learn more about. The following formal education opportunities were provided:

| Topic | Speaker(s) | Date |
|--|------------------------|-------------------|
| Funding Options | John Metzinger | January 16, 2020 |
| U-M Land Use Planning and Transportation System. | Sue Gott & Steve Dolen | January 16, 2020 |
| Y Lot update | Smith Group | February 20, 2020 |
| Policy Governance | Govern for impact | June 18, 2020 |

- B. **CEO Report** – Every monthly board packet has included a written CEO Report that provides brief updates on routine operational matters or initiatives.
- C. **Responses to Questions** – The CEO does not attempt to keep a record of every question asked of staff. However, at the end of every meeting, there is a Board self-assessment questionnaire that asks the question, "Did the materials you received prior to the meeting adequately prepare you to participate in the discussion? Yes or no? If no, please explain." Based on returned questionnaires during the monitoring period, participating board members have answered yes to this question.

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.

Degree of Compliance: In Compliance

Interpretation

Compliance with this policy will be demonstrated when the CEO 1) seeks Board feedback on an annual Corporate Business Plan which included a multi-year perspective, and 2) submits an annual budget which includes a multi-year capital plan and forecast of operating expenses and revenues.

I further interpret this policy to mean that the CEO will help the Board to understand why and how staff decisions are being made by providing a transparent context that helps to illustrate how delegated decisions advance compliance with Board policies. As evidence, I will present a multi-year corporate planning document annually that describes the situational context of the agency, relevant background, and considerations, and provides a broad explanation for how the agency will pursue compliance with the Board's policies.

Evidence

The first FY2020 Corporate Business Plan was presented in mid-2019, and formally presented to the Board for discussion at the September 2019 Board meeting. That document contained the elements outlined above.

The FY2020 Budget, including a rolling 10-year capital plan and operating forecasts, was presented to the Board on July 18, 2019, and approved by the Board on September 19, 2019.

After the emergence of the COVID-19 pandemic, the CEO updated the Business Plan to reflect the new reality. The COVID-19 Recovery Plan developed in April 2020 and presented to the Board on May 21, 2020. It remains on TheRide's website. This updated business plan included a shorter timeframe suited to the immediate challenge of managing resources and decisions through the pandemic.

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.

Degree of Compliance: In Compliance

Interpretation

Compliance with this policy will be demonstrated when the CEO reports any perceived non-compliance with policies 3.0 or 4.0 on the part of board members to the Chair (3.5.1) or Governance Committee (3.7.1). If the CEO has concerns with the Chair or Governance committee themselves, the CEO will report those concerns with the full Board (3.1.7). I further interpret this policy to be referring to incidents of more than passing or inconsequential non-compliance.

Evidence

The CEO did not report any perceived non-compliance to the policies.

POLICY 2.11.2 The CEO shall not... Withhold from the Board and its processes logistical and clerical assistance.

Degree of Compliance: In Compliance

Interpretation

The Board has partially interpreted “logical and clerical assistance” in its policies 2.11.2.1 to 2.11.2.4. Compliance with these policies along with the following will constitute compliance with this policy. when the Board has 1) administrative staff support necessary to conduct its business, 2) has necessary governance coaching support, and 3) has unfettered access to legal counsel.

Evidence

1. **Administrative Assistance:** During the monitoring period the CEO’s own Administrative Assistant has been available to provide whatever assistance the Board requires. This is a part of the job description for this position
2. **Governance Support:** A contract for board training and facilitations services (Rose Mercier) was renewed in 2018 and continued during 2019/2020. Ms. Mercier has been utilized on several occasions during this period.
3. **Legal Counsel:** Board members were involved in the selection of the corporate general counsel (i.e.a lawyer) in 2018 and a contract with Dykema continued in 2019/2020. The Board Chair has occasionally contacted our counsel without the involvement of the CEO or staff.

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.

Degree of Compliance: In Compliance

Interpretation

Compliance with this policy will be demonstrated when staff effectively arrange Board and committee meetings, including scheduling, location/virtual location, well-organized advance reading material (minimum 5 days in advance). Further, staff will ensure that all board meeting information meets the requirements of the Open Meetings Act: that agenda, time date, and location are posted at least 18 hours before a meeting, are publicly available, and that minutes are kept. A similar process will be provided for confidential committee meetings.

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

As evidence, I will provide information on how staff has administratively supported the Board and committee meetings. Additionally, I will present the average time provided between when the agendas were sent out to when the meeting occurred.

Evidence

During the monitoring period all scheduled Board meetings occurred, and all agenda packets have been publicly available at least three days before the meeting. In all committee and board meetings in the monitoring period, staff supported the board by taking meeting minutes, disseminating agendas, and uploading public packets on the website in a timely manner.

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.

Degree of Compliance: In Compliance

Interpretation

Compliance with this policy will be demonstrated when

- A. Monthly board/committee meetings and retreats are held in a publicly accessible facility that is accessible by public transit.
- B. Other locations are used for off-site retreats are publicly accessible and accessible by public transport.
- C. Meeting spaces will be conducive to a productive meeting and will include whatever furniture and Audio/Visual and presentation equipment is needed.
- D. Light refreshments may be provided.

Due to the pandemic and in compliance with the state mandate on social distancing and the need to limit large group gatherings, Committee and Board meetings currently, occur virtually.

Evidence

- A. During this monitoring period Board and committee meetings were held at the downtown library or Blake Transit Center in Ann Arbor, until March when all meeting switch in virtual settings due to the pandemic. Members of the public are notified in advance on how to participate in virtual Board meetings and allowed time to make comments at the beginning and end of all board meetings
- B. Off-site retreats were easily accessible.
- C. Furniture, lighting, audio and visual devices were all functional and conducive for in person meetings. Audio-visual capabilities during the current virtual platforms have also been accessible.
- D. Light refreshments were served when meetings were in person.

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.

Degree of Compliance: In Compliance

Interpretation

Compliance with this policy will be demonstrated when the CEO does not limit speakers during public comment periods and takes reasonable steps to create official channels for whistleblower actions.

- A. All Board meetings during the monitoring period allow for public comments at beginning and closing.
- B. Speakers are not required to identify themselves or their comments in advance.
- C. The Board Chair’s information is available to the public
- D. There is a formal whistleblower policy that is publicly available

Evidence

During the monitoring period,

- A. All Board meetings during the monitoring period have allowed for public comments at beginning and closing.
- B. Speakers do not identify themselves or their comments in advance unless they wish to do so.
- C. There is an on-line form where anyone can contact the Chairperson directly via email
- D. CEO has been working with Human Resources and corporate counsel to develop a formal whistleblower procedure.

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.

Degree of Compliance: In Compliance

Interpretation

Compliance with this policy will be demonstrated when, within two months, any official changes to the Policy Manual are made to the document, posted on TheRide's website, and circulated electronically to Board members. Amendments will be recorded in Policy Manual Appendix E.

Evidence

During the monitoring period, the Board updated its Ends policies. This change was documented on Appendix E: History of Policy Changes of the Policy Manual. The website was also updated to include this revision and electronic copies sent to out to the Board

| Update | Date of Change | Posted on the website and circulated to the Board within two months |
|--|----------------|---|
| Ends policies | 12/19/2019 | Yes |
| Construction update (new policies) | 5/21/2019 | Yes |
| Former policy 3.6.4 eliminated and policy 3.6 renumbered | 7/23/2020 | Yes |
| Former policy 2.8.5.2 eliminated and policy 2.8.5 renumbered | 7/23/2020 | Yes |

All updates are reflected in Appendix E.

Monitoring Policy 2.11 Communication and Support to the Board.

Guidance on Determining “Reasonableness” of CEO Interpretations

The International Policy Governance Association has developed the following guidance for Board members to use in deciding whether a CEO’s interpretation is “reasonable”:

An interpretation is deemed to be reasonable when it provides an operational definition which includes defensible measures and standards against which policy achievement can be assessed...

Defensible measures and standards are those that:

- *Are objectively verifiable (e.g., through research, testing, and/or credible confirmation of observable phenomena.)*
- *Are relevant and conceptually aligned with the policy criteria and the board’s policy set.*
- *Represent an appropriate level of fulfillment within the scope of the policy.*

- “What makes an Interpretation Reasonable and What are the Expectations for the Operational Definition: Policy Governance Consistency Framework Report Number 2”. International Policy Governance Association. June 11, 2016. Available on the IPGA website.

Board’s conclusion on monitoring report

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: (If applicable)

Governance Coach Notes:

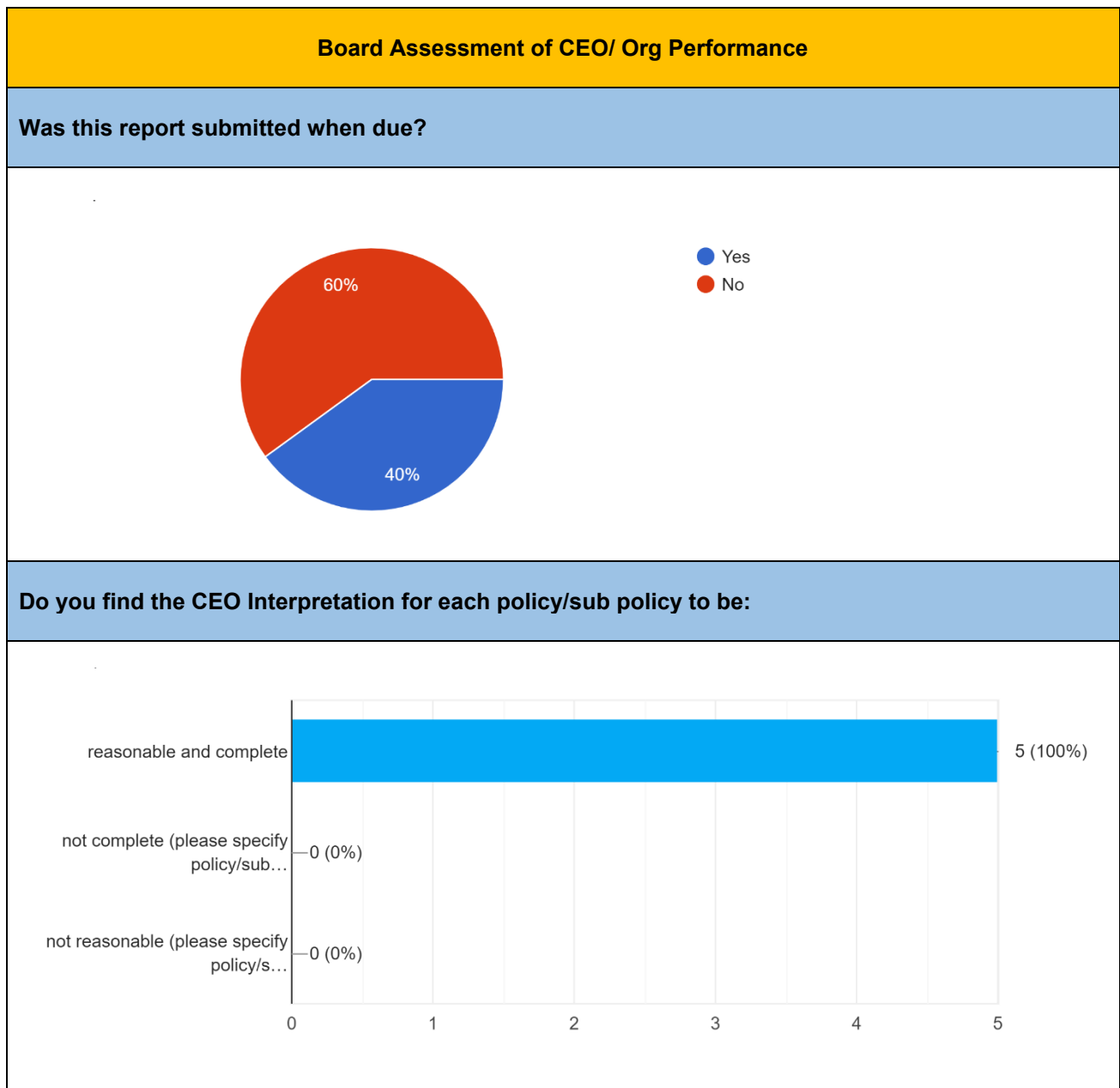
1. 2.11.1.6 feels a bit like it should be part of 2.11.1.5. it is also “means-y”. The unacceptable condition feels like it be [The CEO shall not} Allow the board to be unprepared to be responsive to community concerns or public questions. If it were written in this way, the interpretation could address board education, but it could address other ‘means’ than those prescribed in the policy.
2. 2.11.1.6.1 is not a further interpretation of 2.11.1.6. And it is a “prescription” – what is the unacceptable condition? “Allow the Board to be uninformed of the longer-term strategic context in which delegated decisions are made.” – but again this could be part of the incidental information which is required by the Board as part of 2.11.1.5. The interpretation could be part of the interpretation for 2.11.1 possibly for that which the board has not already fully interpreted below.
3. In Policy 2.11.2.1 you do not need to say “legal”. The CEO is prohibited from doing anything illegal.
4. Is there a reason why the following policies are not included in 2.11? This is a standard part of the Communication and Support to the Board policy. It would in some ways better contain some of the items in this policy.
 - 1.11.3 Impede the Board’s holism, misrepresent its processes and role, or impede its lawful obligations.
 - 1.11.3.1 Interact with the Board in a way that favors or privileges certain board members over others, except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the Board.
 - 1.11.3.2 Neglect to supply for the Required Approvals agenda all items delegated to the CEO, yet required by law, regulation, or contract to be Board-approved, along with the applicable monitoring information.

SURVEY RESULTS: Policy 2.11 Communication and Support to the Board

Board Meeting Review Date: October 22, 2020

Survey Participants: 5 Board Members

Note: Each bullet represents a comment by a different Board member.

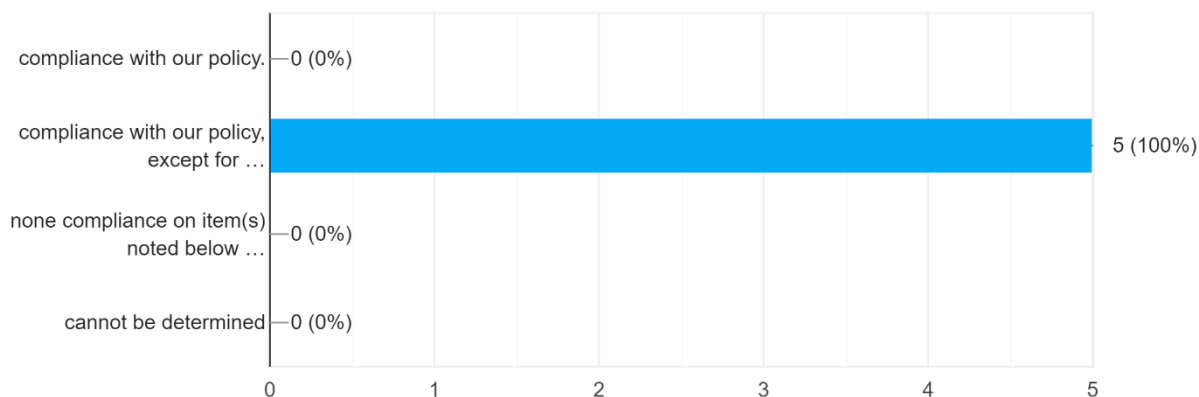


Board Assessment of CEO/ Org Performance

CEO Interpretations that were incomplete or unreasonable (if any):

None.

Do you find the CEO's evidence and data shows..?



Items not in compliance (if any):

- **As the report points out, the pandemic resulted in a major change to priorities. The Board directly encouraged the CEO to delay monitoring reports to address the impact of the pandemic.**
- **2.11 sub policies 2.11.1.1 and 2.11.1.2**
- **The items that the CEO identified in his report.**
- **2.11.1.1 as noted; 2.11.1.3 - I have concerns with regards to the discussion of the regional transit partnership proposed this past winter.**

Optional: Potential Policy Development

Is there any area associated with this policy that concerns you that is not clearly addressed in existing policy? What is the value that drives your concern?

- **No**
- **None in particular. There will always be some gray areas which, in hindsight, might have been handled a different way (e.g. communicating with owners over service restoration particularly the Parkridge decision)**
- **The Governance Coach has provided notes at the end of the report. I believe item 1 and 2 deserve discussion by the full Board. With regard to item 3, while it may not need to be said, as "the CEO is prohibited from doing anything illegal" I am for keeping the word legal as it fleshes out the policy. Finally, item 4, as I was not part of the original adoption of policy governance to the AAATA, I cannot surmise as to why this was not included. I look to other**

| |
|--|
| <p>Board members for clarification and believe that we should discuss the benefits of such a policy.</p> <ul style="list-style-type: none"> No |
| <p>What policy language would you like to see incorporated to address your worry?</p> |
| <p>None.</p> |
| <p>Optional: Comments for the CEO</p> |
| <ul style="list-style-type: none"> Overall, the monitoring reports are very good. CEO notice to the Board of emerging issues is very good and consistent. The CEO and his team have been extremely diligent with communication and support of the board. Keeping us all on target in regards to policy governance is not easy and the CEO and his team have done an amazing job at it. |
| <p>Potential Improvement(s):</p> |
| <ul style="list-style-type: none"> I struggle with the assessment form. It may be my lack of skills, but with such a long report it would be helpful to be able to have access to the form for editing. |
| <p>Comments on the report itself:</p> |
| <ul style="list-style-type: none"> Excellent and thorough. Very good report. |

ISSUE BRIEF: CEO Report

Meeting: Board of Directors

Meeting Date: October 22, 2020

INFORMATION TYPE:

Other

OPERATIONAL & PROJECT UPDATES

- **TEMPORARY SERVICE PLAN UPDATE**

TheRide is making some additions and minor adjustments to fixed-route services, to become effective in mid-November. State funding levels allow us to make this step toward our intent to resuming normal service. Since the Temporary Service Plan started on August 30th, we have recalled 13 motor coach operators. In addition to hosting four virtual town hall meetings in November to share the updated Temporary Service Plan, staff is preparing to update information at bus stops, transit centers, on TheRide.org and on buses. Staff will continue to review and respond to questions and comments received at town hall meetings, by email and by phone. As a reminder, the Temporary Service Plan started as 60% of the Pre-COVID level of service, with phased increases over the next year. It focuses on high ridership routes and high frequency service to allow for social distancing. FlexRide is being provided in place of fixed route service in low density areas and fixed routes are simplified to ease the coordination of adding overflow buses as ridership increases.

- **TRANSIT CENTERS TO REOPEN AT RESTRICTED CAPACITY**

TheRide is taking measures to reopen its Blake and Ypsilanti transit centers for restroom use and wait warming as the weather starts to get cooler. The tentative date to reopen is October 26. Occupancy will be limited and controlled. We will need to limit the maximum occupancy of the building. During a typical winter, the homeless population circulates to many facilities during the day but many of those other facilities will be closed this winter. In addition, there are far fewer public restroom facilities available this winter. The facilities will remain open as long as it is safe for customers and staff.

- **NO-CONTACT FARE PAYMENT PILOT**

EZFare mobile ticketing is now available for the purchase of fixed-route and A-Ride fares. Ticket sales and ticket activations are growing with greater public awareness. 46 tickets were sold in the first few days. We will continue to monitor and report on progress.

- **INSTALLATION OF BUS DRIVER SHEILDS**

Installation of permanent driver barriers is proceeding. Complete installation has been delayed due to a manufacturing error that will be corrected on-site. The error will be permanently corrected with no additional cost and no compromise to functionality.

- **TITLE VI UPDATE**

We continue to update our Title VI plan documents and AAATA's compliance as required by the Federal Transit Administration. In support of supporting non-discrimination and the Title VI Act of 1964, AAATA provides ongoing programs and services without regard to race, color, or national origin. A draft will be available for public review in October and November, in preparation for adoption at the November Board meeting.

- **ANN ARBOR-DETROIT COMMUTER RAIL COST UPDATE**

The RTA has publicly presented a draft report that updates the 2016 cost estimates for the commuter rail project. Capital cost estimates have increased significantly. In 2016 the overall capital cost estimate for the preferred option was \$148.8 million (2020 adjusted dollars). The draft 2020 cost updates to \$328.3 million, a \$179 million (120%) increase. Cost estimates for various options range from \$222.1 - \$364.1 million. Additional maintenance facilities and new rail vehicles account for much of the change. The update includes costs for new rail stations in Ypsilanti and Chelsea but only minor improvements to the existing Ann Arbor AMTRAK station. In 2007 and 2016, the project was not considered to be competitive for federal funding due to high costs and low benefits.

- **FEDERAL FUNDING LEGISLATION**

Several pieces of major federal transportation funding legislation are stalled until after the Presidential election. A continuing resolution has averted a federal government shut down until December 11, 2020. Discussions of additional pandemic relief funding was discontinued by the President on October 7, 2020. Similarly, a new infrastructure stimulus package has not gotten traction. A major reauthorization of a major multi-year transportation funding package has been under discussion and the package approved by the House is very favorable for transit. The corresponding Senate bill is much less so. No decisions are expected prior to the election.

- **FEDERAL TRANSIT ADMINISTRATION – TRIENNIAL REVIEW**

The Federal Transit Administration recently announced that our Triennial Review will be moved from 2021 to 2022, due to the COVID-19 pandemic. This is a welcome delay due to staff workload.

- **A2 TRANSPORTATION COMMISSION**

Staff attended the September Transportation Commission meeting. No transit-related items were raised. The City's capital improvement plan was discussed.

- **WATS POLICY COMMITTEE UPDATE**

The Washtenaw Area Transportation Study (WATS) Policy Committee did not meet in September.

- **NEW NOVA BUS EVALUATION**

The first Nova bus was delivered and is being reviewed by Fleet Maintenance and Operations for feedback. This first bus is a prototype intended to elicit feedback so that future buses can incorporate group consensus. Arrangements are being developed for riders and Board members to provide feedback. If Board members would like to tour the prototype, please let the CEO know.

