## Board of Director’s Meeting Agenda

**Meeting Date/Time:** November 18, 2021, 6:30-9:00pm  
**Location:** REMOTE – Via Zoom  
**AAATA Board of Director's November Meeting**  
Passcode: 154529  
Or Telephone:  
+1 312 626 6799  
+1 929 205 6099  
+1 301 715 8592  
+1 346 248 7799  
+1 669 900 6833  
+1 253 215 8782  
Webinar ID: 817 4794 8200  
Passcode: 154529  
International numbers available: [https://therideorg.zoom.us/u/kbl6QMzzM](https://therideorg.zoom.us/u/kbl6QMzzM)  

**Chair:** Eric Mahler

### Agenda Item | Info Type | Details | Page #
--- | --- | --- | ---
**1. OPENING ITEMS**
1.1 Approve Agenda | D | Mahler |  
1.2 Public Comment | O | Mahler |  
1.3 General Announcements | O | Mahler |  
**2. CONSENT AGENDA**
2.1 Board Meeting Minutes October 21, 2021 | D | Carpenter | 2  
2.2 Committee Meeting Summaries | D | Carpenter | 6  
**3. POLICY MONITORING & DEVELOPMENT**
3.1 Monitoring Report Policy 2.3 Compensation & Benefits | O | Carpenter | 12  
**4. STRATEGY & OPERATIONAL UPDATES: CEO**
4.1 Long-Range Plan Update (verbal) | O | Yang |  
4.2 FY2021 Q4 Financial Report | O | Reed | 27  
4.4 CEO Report & Federal Updates | O | Carpenter | 31  
**5. EMERGENT ITEMS**
**6. CLOSING ITEMS**
6.1 Topics for Next Meetings  
Monitoring: 1.0 Board Ends & Treatment of Traveling Public (TBD) |  | Thursday, December 16, 2021 |  
6.2 Public Comment |  |  |  
6.3 Closed Session (pursuant to Section 8(h) of the OMA) |  |  |  
6.4 Adjournment |  |  |  

* M = Monitoring, D = Decision Preparation, O = Other
Board of Director’s Meeting Summary

Meeting Date/Time: October 21, 2021, 6:30-9:00pm

Location: REMOTE – Via Zoom

Board Attendance:
  - Kyra Sims
  - Ryan Hunter
  - Raymond Hess
  - Roger Hewitt

Chair, Eric Mahler

Staff Attendance:
  - Matt Carpenter
  - Bryan Smith
  - Forest Yang
  - Dina Reed
  - Don Bowlin
  - Gwyn Newsome
  - LaTasha Thompson
  - LaTonya
  - Sue Fickau
  - Michael Blackston

Guests/Public Attendance:
  - Rose Mercier, Consultant
  - Michelle Barney
  - Jim Mogensen
  - Robert Pawlawski
  - Winston Morris

Chairman Mahler called the meeting to order at 6:33

<table>
<thead>
<tr>
<th>Agenda Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. OPENING ITEMS</td>
</tr>
<tr>
<td>1.1 Approve Agenda</td>
</tr>
</tbody>
</table>

Mr. Rich Chang moved and Mr. Ryan Hunter seconded to approve the October 21, 2021 agenda as presented. The vote was recorded:

- Rich Chang, Cheboygan County Michigan, yes
- Raymond Hess, Ann Arbor, yes
- Roger Hewitt, Ann Arbor, yes
- Ryan Hunter, Ypsilanti Township Michigan, yes
- Kathleen Mozak, Ann Arbor, yes
- Kira Sims, Ann Arbor, yes
- Eric Mahler, Ann Arbor, yes
1.2 Public Comment
Robert Pawlawski, of Southgate Michigan noted difficulty signing into meeting from website. He thinks long-range plan public comment sessions should be held in-person as well as virtually. He suggested that space be used at Briarwood Mall.

Jim Mogensen provided historical background of millage funding at AAATA. He expressed his concern around long-range planning and its dependance on the success of the millage. He noted the complexity of the financial structure.

1.3 General Announcements
There were no general announcements

2. CONSENT AGENDA

2.1 Board Meeting Minutes September 23 and October 6
2.2 Committee Meeting Summaries
2.3 Monitoring Report Policy 2.11 Construction
2.4 Monitoring Report Policy 2.4 Change
2.5 Treatment of Staff Follow-up

Chairman Mahler introduced the Consent Agenda that included items 2.1 through 2.5. Ms. Mozak moved and Mr. Chang seconded, to approve the Consent Agenda as presented. The vote was recorded:

- Mr. Chang, yes
- Mr. Hess, yes
- Mr. Hewitt, yes
- Mr. Hunter, yes
- Ms. Mozak, yes
- Ms. Sims, yes
- Mr. Mahler, yes

The Consent Agenda was accepted as presented.

3. POLICY MONITORING & DEVELOPMENT

3.1 Committee Meeting Discussion
Mr. Hess thanked Mr. Carpenter and staff for response to the staff survey and follow-up action after the Treatment of Staff Monitoring Report.

3.2 Board Work Plan for 2022
Chairman Mahler introduced the Board Work Plan for 2022 and noted that it is heavy with efforts involving the Long-Range Plan, Contract Negotiation and Millage. The group agreed that education efforts should be related to the three major efforts at hand. Mr. Hewitt indicated his hope that past efforts to improve ownership linkage won’t be lost in the next year.

Mr. Hunter moved and Ms. Sims seconded to accept the FY2022 Work Plan as presented. The vote was recorded:

- Mr. Cheng, yes
- Mr. Hess, yes
- Mr. Hewitt, yes
- Mr. Hunter, yes
- Ms. Mozak, yes
- Ms. Sims, yes
- Mr. Mahler, yes

This document will be republished, and a Gantt chart will be included.
4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 Long-Range Plan Discussion
Mr. Yang explained the status of Long-range Planning Efforts. Stakeholder meetings are ongoing, public meetings and comment opportunities continue to mid-November. He explained the many efforts being used to reach the public.

Mr. Carpenter reinforced the importance of the board’s role to advocate for improvement in public transit.

4.2 CEO Report
Mr. Carpenter congratulated Michelle Whitlow and Miriam Flagler who have recently been awarded by the Public Purchasing Association for their exceptional performance.

He also noted vaccination clinic for staff and the restart of D2A2.

5. EMERGENT ITEMS
No emergent items were brought to the attention of the Chair.

6. CLOSING ITEMS

6.1 Topics for Next Meetings
Chairman Mahler listed the following items for the next board meeting: Policy Monitoring Treatment of Traveling Public (Policy 2.1), Q4 Service Report, and Q4 Finance Report. No members had additional topics for consideration on the November agenda.

6.2 Public Comment
Mr. Jim Mogensen suggested the new ride program started by the AARP and AAATA work together to source funding for GoldRide. He provided historical background for revenue sharing, funding, and purchase of service.

Mr. Pawlawski thanked Mr. Yang and Mr. Carpenter for the Long-range Plan. He made many suggestions for public outreach about the plan.

Ms. Michelle Barney said she received a card asking for feedback and wondered what kind of feedback the board is seeking. She also indicated that she has noticed improvement in A-Ride service.

6.3 Closed Session (pursuant to Section 8(c) of the OMA)
Mr. Hewitt moved and Mr. Hess provided a second to move to a closed session pursuant to the Open Meetings Act, Section 8. The vote was recorded:
Mr. Chang, yes
Mr. Hess, yes
Mr. Hewitt, yes
Mr. Hunter, yes
Ms. Mozak, yes
Ms. Sims, yes
Mr. Mahler, yes

The board adjourned to Closed Session.
6.4 Adjournment

The board reconvened following Closed Session to adjourn the meeting.
Mr. Chang moved and Mr. Hewitt seconded to adjourn the meeting of the AAATA Board of Directors. The vote was recorded:

- Mr. Chang, yes
- Mr. Hess, yes
- Mr. Hewitt, yes
- Mr. Hunter, yes
- Ms. Mozak, yes
- Ms. Sims, yes
- Mr. Mahler, yes

Respectfully Submitted, Kelly Reynolds
Governance Committee Meeting Summary

Meeting Date/Time: October 28, 2021, 9:00-10:30am
Location: Virtual via Zoom
Meeting Chair: Eric Mahler
Members: Jesse Miller, Mike Allemang, Roger Hewitt
Staff: Matt Carpenter, Bryan Smith, Dina Reed, Forest Yang, Michael Blackston

Mr. Mahler called the meeting to order at 9:00am

<table>
<thead>
<tr>
<th>Agenda Item</th>
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1. OPENING ITEMS

1.1 Agenda (Additions, Approval)
Mr. Allemang ask that the group discuss Policy Monitoring Reporting modification if time permits. Mr. Carpenter asked to discuss the recent cyber-attack as part of Agenda Item 1.2, Communications

1.2 Communications
Mr. Carpenter provided brief background and timeline on the recent and ongoing cyber-attack emergency. A press release was issued yesterday with the advice of the third-party consultants. Michael Blackston and Dina Reed fielded questions from the committee about disaster recovery with as much information as is available. Forensic investigation is ongoing. The Board will be kept updated. Ms. Reed indicated that members should know it may be a month or more before there is any more information to convey from the forensic investigation.

2. POLICY MONITORING & DEVELOPMENT

2.1 Board Work Plan for 2022
Mr. Mahler introduced work plan. The group discussed the value of board time spent on education additions to the workplan – equity, network system education. Understanding network planning. There was suggestion and some support for a high-level explanation of route planning theory, criteria, and fleet. Mr. Mahler will initiate conversation with Ms. Mozak about her goals for equity education.

2.2 Committee Agendas
All committee agendas were approved with the addition of an update on cyber-attack recovery. Mr. Smith noted that Q4 Finance and Service reports may be delayed in their delivery due to difficulty accessing the data and information required as well as staff currently deployed to recovery efforts.

The November board agenda was agreed on. There was discussion about the necessity of a closed meeting. There may be legal advice on the OMA and in-person meeting requirements. Also, if the is any new information that could be conveyed regarding the cyber-attack it could be handled in this closed session.

3. STRATEGY & OPERATIONAL UPDATES: CEO
3.1 Long-Range Plan Update (Verbal)
Mr. Yang updated the committee about the ongoing stakeholder meetings, in-person public meetings, city council meetings to garner feedback for the LRP.

3.2 2022 Millage Discussion
The group discussed timeline, content and strategy associated with the plan for a 2022 millage.

3.3 Policy Monitoring (Agenda Addition)
With time available the group discussed, at Mr. Allemang’s request, possible modification to the current structure of reporting. He thinks that it requires and occupies an inordinate amount of time on agendas and requires too much time of both staff to produce the reports and members to read and respond.

He and Mr. Carpenter met and came up with suggestions to lesson the burden. Suggested alterations to Policy Monitoring include:

- monitoring fares, labor, and construction policies on an “as needed” basis
- monitoring investments only once per year
- moving monitoring reports to appear on the consent agenda at Board Meetings to expedite their handling

The group agreed that discussion should continue in the Governance Committee and a recommendation should be advanced to the board in December.

4. CLOSING ITEMS

4.1 Topics for Next Meeting
- Equity in board education plan
- Additional discussion of monitoring report
- In-person meeting requirement and OMA

4.2 Adjournment
Chairman Mahler thanked the committee and staff and adjourned the meeting at 10:32am.

Respectfully Submitted: Kelly Reynolds
Service Committee Meeting Notes

Meeting Date/Time: November 3, 9:00-11:00am
Location: Remote
Chair: Roger Hewitt
Members: Kathleen Mozak, Susan Pollay, Jesse Miller
Staff: Matt Carpenter, Bryan Smith, Dina Reed, Michael Blackston

Mr. Hewitt convened the meeting at 9:01am

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<thead>
<tr>
<th>Agenda Item</th>
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<tbody>
<tr>
<td><strong>1. OPENING ITEMS</strong></td>
</tr>
<tr>
<td>1.1 Agenda</td>
</tr>
<tr>
<td>There were no additions or changes to the agenda as presented. The agenda was approved by voice vote.</td>
</tr>
<tr>
<td>1.2 Communications</td>
</tr>
<tr>
<td>1.2.1 Cyber-attack Update</td>
</tr>
<tr>
<td>Mr. Carpenter introduced Deputy Dina Reed and IT Manager Michael Blackston who updated the committee with the most recent developments. They answered questions of committee members.</td>
</tr>
<tr>
<td><strong>2. POLICY MONITORING &amp; DEVELOPMENT</strong></td>
</tr>
<tr>
<td>2.1 LAC Policy Feedback</td>
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<tr>
<td>Ms. Mozak, as the Board Representative to the LAC, reported that the LAC is currently working on reorganization and definition of its role in relationship to Board Policy.</td>
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<tr>
<td>Board Policy 3.9.2.1 The appointed representative shall provide quarterly reports to the Board of any ownership issues or Executive Limitations Policies identified by the LAC.</td>
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<tr>
<td>At this time the LAC believes the most appropriate policies upon which they should provide feedback are,</td>
</tr>
<tr>
<td>2.1 Treatment of the Traveling Public</td>
</tr>
<tr>
<td>2.5.12 Adjustment of Fares</td>
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<tr>
<td>2.2 Treatment of Staff</td>
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<tr>
<td>She asked for direction about how the Board Representative to LAC provide the quarterly report as none is dictated in the policy.</td>
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</tbody>
</table>
### 3. STRATEGY & OPERATIONAL UPDATES: CEO

#### 3.1 LRP Update
In the absence of Mr. Yang, Mr. Carpenter provided an update on the dissemination of LRP scenarios and public feedback process. Stakeholders have also been presented with the LRP information.

##### 3.1.1 Advocacy Discussion
Mr. Carpenter opened a conversation about increasing the profile of TheRide as advocates for public transit. Is the board interested in a more assertive role?

Ms. Pollay suggested that staff could provide education for the public and representation for TheRide in on the role of public transit in the community. She supported the idea of a funded staff position with exactly this purpose. Advocacy she believes to be the role of board members.

Mr. Miller and Mr. Hewitt also supported the idea of increased visibility and advocacy for public transit by The Ride in whatever roles are eventually defined.

#### 3.2 2022 Millage Discussion
Mr. Carpenter provided additional information in the consideration of the 2022 millage.

#### 3.3 FY2021 Q4 Service Report
Mr. Smith informed the committee that the Q4 Service Report is well underway and mostly complete. Recent technology issues have impaired the ability to collect final data points. The Q4 Service Report will be available at the next committee meeting.

### 4. CLOSING ITEMS

#### 4.1 Topics for Next Meeting
- Treatment of the Traveling Public
- Q4 Service Report

#### 4.2 Adjournment

The meeting was adjourned by voice vote at 10:23am.

Respectfully Submitted: Kelly Reynolds
Finance Committee Meeting Summary

Meeting Date/Time: November 9, 2021 3:00pm
Meeting Chair: Mike Allemang
Members: Richard Chang, Raymond Hess
Staff: Matt Carpenter, Dina Reed, Mike Blackston, LaTonya Hargrave, LaTasha Thompson, Rosa-Maria Njuki
Location: Remote
Chairman Allemang convened the meeting at 3:05pm

<table>
<thead>
<tr>
<th>Agenda Item</th>
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<tbody>
<tr>
<td><strong>1. OPENING ITEMS</strong></td>
</tr>
<tr>
<td>1.1 Agenda (Additions, Approval)</td>
</tr>
<tr>
<td>No additions to the agenda</td>
</tr>
<tr>
<td>1.2 Communications</td>
</tr>
<tr>
<td>1.2.1 Cyber-attack</td>
</tr>
<tr>
<td>Deputy CEO Dina Reed provided a timeline and overview for the committee on the cyber attack and agency response. IT Manager Michael Blackston was also available to answer questions. Investigations are continuing and restoration and recovery is happening in a careful and measured manner.</td>
</tr>
<tr>
<td><strong>2. POLICY MONITORING &amp; DEVELOPMENT</strong></td>
</tr>
<tr>
<td>2.1 Monitoring Report: Policy 2.3 Compensation &amp; Benefits</td>
</tr>
<tr>
<td>Mr. Carpenter introduced this monitoring report and provided background. Mr. Allemang stated his disappointment in the level of response to the survey. All three members present agreed to recommend that the Board accept the Monitoring Report as &quot;Compliant&quot;.</td>
</tr>
<tr>
<td><strong>3. STRATEGY &amp; OPERATIONAL UPDATES: CEO</strong></td>
</tr>
<tr>
<td>3.1 Long-range Plan Update (verbal)</td>
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<tr>
<td>Mr. Carpenter related the current public involvement activities of the LRP process. The process has revealed many different concerns and opinions. There has been a request and decision to extend the public input period until November 24.</td>
</tr>
<tr>
<td>3.1.1 Advocacy</td>
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<tr>
<td>Mr. Carpenter returned to the discussion of advocacy and the role of AAATA for public transit. The group had a rich discussion of the role to be played by staff and the board in transit related matters.</td>
</tr>
<tr>
<td>3.2 2022 Millage Discussion</td>
</tr>
<tr>
<td>Mr. Carpenter provided a brief update on millage timing and content.</td>
</tr>
<tr>
<td>3.3 FY 2021 Q4 Finance Report</td>
</tr>
<tr>
<td>Ms. LaTasha Thompson presented the Highlights of the Q4 Financial Report. The report has been attached. Q4 operating below budget and CARES spending is on track. Ms. Thompson and Deputy Reed fielded questions regarding the particulars of the report.</td>
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<tr>
<td><strong>4. CLOSING ITEMS</strong></td>
</tr>
<tr>
<td>4.1 Topics for Next Meetings</td>
</tr>
<tr>
<td>Several topics will reoccur on next month’s agenda including an update on the long-range planning process, millage discussion, and labor negotiations.</td>
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</tbody>
</table>
4.2 Adjournment
Chairman Allemang adjourned the meeting at 4:50pm.
Respectfully Submitted, Kelly Reynolds
ISSUE BRIEF: Monitoring Report for Policy 2.3 Compensation and Benefits (January 2020-August 2021)

Finance Committee Review Date: Nov 9, 2021
Board Meeting Review Date: Nov 18, 2021

<table>
<thead>
<tr>
<th>INFORMATION TYPE:</th>
<th>Decision</th>
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<table>
<thead>
<tr>
<th>RECOMMENDED ACTION(S):</th>
<th>Consider accepting Monitoring Report as level A – Compliant.</th>
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<tbody>
<tr>
<td></td>
<td>Complete the survey before EOB Monday, November 8th, 2021.</td>
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<table>
<thead>
<tr>
<th>ISSUE SUMMARY:</th>
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<tbody>
<tr>
<td>TheRide’s Board of Directors establish 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.</td>
</tr>
<tr>
<td>This report was due in October 2021 but was delayed until November. The CEO’s interpretations have been changed since the last monitoring of the policy.</td>
</tr>
<tr>
<td>I certify that the information is true and complete.</td>
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</table>

October 28, 2021

<table>
<thead>
<tr>
<th>BACKGROUND:</th>
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<tbody>
<tr>
<td>Monitoring Reports are a key Policy Governance tool to assess organizational/CEO performance in achieving Ends (1.0) within Executive Limitations (2.0).</td>
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<table>
<thead>
<tr>
<th>IMPACTS OF RECOMMENDED ACTION(S):</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Budgetary/Fiscal: Fiduciary Oversight</td>
</tr>
<tr>
<td>• Social: NA</td>
</tr>
<tr>
<td>• Environmental: NA</td>
</tr>
<tr>
<td>• Governance: Fiduciary Oversight</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>ATTACHMENTS:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Monitoring Report for Policy 2.3: Compensation and Benefits</td>
</tr>
<tr>
<td>POLICY TITLE: TREATMENT OF STAFF:</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>2.3 With respect to employment compensation and benefits, the CEO will not cause, allow or fail to respond to any situation which jeopardizes to the agency’s effectiveness, fiscal integrity, or public image. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:</td>
</tr>
<tr>
<td>2.3.1 Operate without a compensation and benefits program that attracts and retains highly qualified employees.</td>
</tr>
<tr>
<td>2.3.1.1 Offer a benefits program that does not include health insurance</td>
</tr>
<tr>
<td>2.3.2 Establish compensation and benefits that deviate materially from the geographic or professional market for the skills employed.</td>
</tr>
<tr>
<td>2.3.3 Change the CEO’s own paid compensation and benefits, except to make his or her benefits consistent with a package for all other non-unionized employees, without Board approval.</td>
</tr>
<tr>
<td>2.3.4 Operate without a robust, impartial, and transparent process for determining employee compensation.</td>
</tr>
<tr>
<td>2.3.4.1 Allow compensation for agency employees (union and non-union), suppliers, or contracted employees to be less than a “living wage”, as defined by ordinance of the City of Ann Arbor.</td>
</tr>
<tr>
<td>2.3.5 Establish or change retirement benefits so as to cause unpredictable or inequitable situations, including those that:</td>
</tr>
<tr>
<td>A. Incur unfunded liabilities.</td>
</tr>
<tr>
<td>B. Provide less than some basic level of benefits to all full-time employees.</td>
</tr>
<tr>
<td>C. Treat the CEO differently from other senior employees.</td>
</tr>
<tr>
<td>Fully Compliant</td>
</tr>
<tr>
<td>Partially Compliant</td>
</tr>
<tr>
<td>Non-Compliant</td>
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<tr>
<td>TBD</td>
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</table>
## CEO Interpretations and Evidence

**EXECUTIVE LIMITATIONS POLICY 2.3:**

With respect to employment compensation and benefits, the CEO will not cause, allow or fail to respond to any situation which jeopardizes to the agency’s effectiveness, fiscal integrity, or public image. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

| Degree of compliance: In Compliance |

**Interpretation**

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

**Evidence**

See below.
EXECUTIVE LIMITATIONS POLICY 2.3.1:
Operate without a compensation and benefits program that attracts and retains highly qualified employees.

Degree of Compliance: In Compliance

Interpretation

Compliance with this policy will be demonstrated when 1) the AAATA is in compliance with policy 2.3.2 (below), and 2) recruitment activities are reasonably successful and 3) attrition rates are relatively low.

While pay is just one factor in attracting highly qualified employees, I interpret this policy to mean that the pay and benefits offered must be an effective element of recruiting and retaining the desired workforce and helping the AAATA become a “workplace of choice” (policy 2.2.1).

Evidence

- Evidence of compliance with policy 2.3.2 is provided on the pages below.
- Recruitment Success: During the monitoring period, the AAATA recruited for 27 positions. Of those, 3 remain open.
- Retention Success: Through August 31, 2021, voluntary non-retirement turnover was 6.96% overall. The Bureau of Labor Statistics reports that the corresponding national rate for state/local government (excluding education) employees was 9.0%. Note that BLS statistics¹ were available through July 2021 at the writing of this document, and July numbers are preliminary.

¹ https://www.bls.gov/jlt/home.htm
EXECUTIVE LIMITATIONS POLICY 2.3.1.1
Offer a benefits program that does not include health insurance.

Degree of Compliance: In Compliance

**Interpretation**
Compliance with this policy will be demonstrated when all full and/or part-time employees (union and non-union) are offered benefits packages that include some level of health insurance coverage. This interpretation is reasonable because some employees decline health coverage since they are covered by other insurance (e.g. are covered by spouses insurance).

**Evidence**
Presently, all eligible employees (union, non-union, full-time, part-time) have affirmatively enrolled in one of the group health plans, are in a waiting period before becoming eligible for benefits or have waived the medical coverage option. To ensure all employees are medically insured, one must provide proof of other insurance to have AAATA’s medical insurance waived. The table below illustrates the enrollment/waver status of all employees as of August 31, 2021.

<table>
<thead>
<tr>
<th>Total Employees</th>
<th>Enrolled in a Health Plan</th>
<th>Voluntarily Waived Health Plan</th>
<th>In Waiting Period</th>
<th>Nonresponsive/No election made</th>
</tr>
</thead>
<tbody>
<tr>
<td>273</td>
<td>213</td>
<td>43</td>
<td>15</td>
<td>2</td>
</tr>
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Note: 2 employees who were rehired in 2021 were non-responsive to several communications regarding benefit elections and missed the eligibility enrollment period.

Detailed records are available for Board inspection upon request.
**EXECUTIVE LIMITATIONS POLICY 2.3.2:**
Establish compensation and benefits that deviate materially from the geographic or professional market for the skills employed.

**Degree of Compliance: In Compliance**

**Interpretation**

Compliance will be demonstrated when the salaries for non-union staff positions are benchmarked against similar positions in southeast Michigan and the public transit industry by an authoritative third-party source. The benchmarks will be updated at least every two years, or in the event of material changes in salary trends. This is reasonable because there are several outside suppliers of compensation structures that have methodologies capable of transparently and thoughtfully comparing one employer with their broader environment. It is more effective for the AAATA to purchase one of these processes than trying to develop our own.

**Evidence**

As of early 2021, utilizes a new outside process for assessing whether staff compensation is in line with geographic and transit-industry markets. This process was provided by Korn Ferry, a reputable outside firm specializing in compensation structures. The Korn Ferry process benchmarks AAATA staff positions and compares them to a cross-section of employers in the southeast Michigan region and the public transit industry (for certain positions). This process ensures internal equity (similar pay for similar roles) and allows an organization to transparently position its paid scale relative to the relevant labor markets (i.e. local labor market or national industry).

During the Korn Ferry work, AAATA jobs were mapped to levels based on measured job content, and external benchmarking was conducted utilizing Korn Ferry’s pay database and other regional surveys to determine appropriate salary grades. The salary grades and ranges were established by Korn Ferry utilizing a market blending approach for the transportation market where equal weightings are applied to the market data to create an aggregated point-based market value. Annually, Korn Ferry provides a report with market adjustments based on relevant data sources.

The Korn Ferry work found most AAATA positions were already paid correctly. There were a small number of employees that were underpaid compared to market comparisons, and those salaries have already been adjusted up to become competitive. It also found that some positions were overpaid, and those positions have been “red circled” and will not be provided with inflationary increases until they are back within the appropriate pay range. The study also found that AAATA non-union benefits are competitive compared to the market.
EXECUTIVE LIMITATIONS POLICY 2.3.3:
Change the CEO’s own paid compensation and benefits, except to make his or her benefits consistent with a package for all other non-unionized employees, without Board approval.

Degree of Compliance: In Compliance

Interpretation

Compliance with this policy will be demonstrated when compensation available only to the CEO (i.e. salary or benefits) is adjusted only by act of the Board of Directors. However, the CEO may decide to voluntarily reduce their own salary, for example during economic emergencies, or by a voluntary reduction in salary. This is reasonable because the CEO should not be able to increase their own compensation.

However, changes to benefits which apply to other non-unionized staff, and includes the CEO, can be approved by the CEO. For example, if a more advantageous company-wide dental plan is found. This is reasonable because it allows the CEO’s benefits to remain consistent with other employees.

Evidence

During the monitoring period, there was only one instance where the CEO’s compensation changed other than by an act of the Board. At the beginning of the pandemic (c. April 2020) the CEO voluntarily cut his pay by 10% for six months along with the rest of the Executive Team.

Records are available for the Board inspection upon request.
EXECUTIVE LIMITATIONS POLICY 2.3.4:
Operate without a robust, impartial, and transparent process for determining employee compensation.

Degree of Compliance: In Compliance

Interpretation

Compliance with this policy will be demonstrated when the AAATA uses an objective, transparent process from a third-party source for determining staff wages. The process must create *internal equity* between AAATA positions (impartial), is documented in advance and can be reasonably explained (transparent), and is used consistently (robust). Such a process determines the range of compensation for each role based on the value created by the position and ensures similar roles are treated in a similar fashion, regardless of the individual in the position. This is reasonable because such a process removes arbitrary considerations from the act of determining compensation for each position.

I interpret “compensation” to mean wages and salary; but not benefits which are addressed elsewhere.

Evidence

As of early 2021, utilizes a new outside process for assessing whether staff compensation is internally equitable. This process was provided by Korn Ferry, a reputable outside firm specializing in compensation structures. The Korn Ferry evaluation methodology evaluates positions (jobs) based on multiple factors of job content and establishes a consistent hierarchy of positions within the organization based on their relative value to the organization. Only the position is evaluated, not the employee. This resulted in a clear and consistent ranking of each position in the organization, with similar roles aligned on similar pay levels. When combined with labor market benchmarking (described above in 2.3.1) this resulted in pay scales for each level. In this way internal equity is achieved. Positions and benchmarks are updated as needed.

The Korn Ferry work found most AAATA positions were already paid correctly. There were a small number of employees that were underpaid compared to market comparisons, and those salaries have already been adjusted up to become competitive. It also found that some positions were overpaid, and those positions have been “red circled” and will not be provided with inflationary increases until they are back within the appropriate pay range. We believe that the presence and use of the Korn Ferry process demonstrates compliance with the policy, even if its use requires adjustments that may take a few years to be completed.

The AAATA’s new Korn Ferry-supplied process is documented (110 pages) and controlled by the Human Resources department. All positions at the AAATA are covered by this process, except for the CEO who’s compensation is determined by the Board of Directors.
EXECUTIVE LIMITATIONS POLICY 2.3.4.1:
Allow compensation for agency employees (union and non-union), suppliers, or contracted employees to be less than a “living wage”, as defined by ordinance of the City of Ann Arbor.

Degree of Compliance: In Compliance

<table>
<thead>
<tr>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>• During the monitoring period the lowest hourly rate paid to any AAATA staff was $17.74 per hour, well above the minimum. Detailed listing can be made available for the Board upon request but is not included here to maintain staff privacy.</td>
</tr>
<tr>
<td>• All AAATA contracts with suppliers require that they pay a rate at or above the threshold. A compliance audit of contractor payrolls was completed by the Purchasing Department and only the contract provider of armored car services was found to be non-compliant. Audit results can be made available to the Board upon request.</td>
</tr>
</tbody>
</table>

Interpretation

Compliance with this policy will be determined when all direct employees (full or part time) of the AAATA, and employees of our suppliers and contractors are paid an hourly wage at or above the living wage as defined by the City of Ann Arbor. Ann Arbor’s current living wage (2021) is a minimum of $14.05/hour with health care and $15.66/hour without health care. Suppliers with contracts under $10,000 annually, 5 employees (for-profit), or 20 employees (non-profit) are exempt (Source: Living Wage Declaration Poster for 2021-2020, available at www.a2gov.org)

This is reasonable because it is the only prevailing local definitely of living wage.

Finally, I interpret this policy does not apply to armored-car services for transporting cash. This is reasonable because this is the one service which neither the AAATA nor the City of Ann Arbor can obtain living wage compliance due to our small size.
EXECUTIVE LIMITATIONS POLICY 2.3.5:

Establish or change retirement benefits so as to cause unpredictable or inequitable situations, including those that:

A. Incur unfunded liabilities.
B. Provide less than some basic level of benefits to all full-time employees.
C. Treat the CEO differently from other senior employees.

Degree of Compliance: In Compliance

Interpretation

Compliance with this policy will be demonstrated when, if retirement benefits are created or altered, they must meet the following criteria:

- The AAATA will provide only a defined-contribution pension/retirement benefit program.
- Allow participation in the defined-contribution (pension program) program will be open to all employees working in full time positions.
- The CEO does not allow the creation of any post-employment benefit that applies only to themselves (aside from what the Board allows in the CEO’s contract).

This interpretation is reasonable because a define-contribution program facilitates an affordable organization contribution to employee benefits without incurring unaffordable future liabilities, and equity is achieved by being open to all full-time employees.

Evidence

Affordability

- All full-time permanent employees are required to participate in the AAATA’s defined-contribution pension program, after a waiting period. As of August 31, 2021, all employees were either enrolled, in a required waiting period pending enrollment, or not eligible due to part-time status. The table below illustrates the breakdown.

<table>
<thead>
<tr>
<th>Total Employees</th>
<th>Enrolled in Pension</th>
<th>Part-Time, non-eligible</th>
<th>In Waiting Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>273</td>
<td>252</td>
<td>1</td>
<td>20</td>
</tr>
</tbody>
</table>

This is the only pension program the AAATA offers.

- All full-time permanent employees are enrolled in the Michigan Employees Retirement System (MERS) Healthcare Savings Plan (HCSP). Many years ago, AAATA switched from providing retiree health benefits to funding a health care savings plan during the employee’s employment and administered by the MERS. Ten retirees who opted not to switch remain on a retiree Medicare Advantage health care plan. This is accounted for in the budget and is affordable. The table below illustrates the breakdown.

<table>
<thead>
<tr>
<th>Total Employees</th>
<th>Enrolled in MERS/HCSP</th>
<th>Part-Time, Non-eligible</th>
<th>In Waiting Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>273</td>
<td>257</td>
<td>1</td>
<td>15</td>
</tr>
</tbody>
</table>
CEO Benefits

- Other than provisions in the Board-approved 2020 CEO contract regarding a supplemental disability benefit and a separate deferred comp plan, the CEO only has the same benefits plans as all other non-unionized AAATA employees, including the Deputy CEOs. This has not changed in the monitoring period.

Detailed records regarding all above assertions are available for Board inspection upon Board request.

CEO Notes

Policy 2.3.4 is not a part of the general Policy Governance boilerplate policy template but was added by the AAATA board in 2017. The CEO wonders whether 2.3.4 and 2.3.4.1 might be better suited as separate sub-policies under 2.3.2, which is a boilerplate policy, as they all pertain to the same internal tool (compensation process).

Policy 2.3.1 continues to be a problematic policy. It is not a part of the original Policy Governance boilerplate policy template and was added by the AAATA Board in 2017. It seems redundant with policy 2.3.2, and requires a definition of “highly qualified” employees that the CEO has not been successful in developing to date. Developing a successful interpretation of this policy may require a considerable amount of staff time. Further, this policy may be inherently prescriptive. The CEO would ask that the Board review this policy, perhaps with Rose Mercier.
**Monitoring Policy 2.3 Compensation and Benefits**

### 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.


### 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)**
**SURVEY RESULTS:**
Compensation and Benefits  
(Policy 2.3)

Finance Committee Review Date: November 9, 2021  
Board Meeting Review Date: November 18, 2021

**Survey Participants:** 2 Board Member(s)

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

<table>
<thead>
<tr>
<th>Board Assessment of CEO/ Org Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Was this report submitted when due?</td>
</tr>
</tbody>
</table>

2 responses

![Pie Chart](#)

- Yes: 100%  
- No: 0%

---

Survey Results: Compensation and Benefits (Policy 2.3)
Board Assessment of CEO/ Org Performance

Do you find the CEO Interpretation for each policy/sub policy to be:

2 responses

- reasonable and complete: 2 (100%)
- not complete (please specify policy/subpolicy and provide explanation in the next question): 0 (0%)
- not reasonable (please specify policy/subpolicy and provide explanation in the next question): 0 (0%)

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

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

2 responses

- compliance with our policy: 2 (100%)
- compliance with our policy, except for item(s) noted below and is making reasonable prog...: 0 (0%)
- none compliance on item(s) noted below and is not making reasonable progress toward co...: 0 (0%)
- cannot be determined: 0 (0%)
<table>
<thead>
<tr>
<th><strong>Items not in compliance (if any):</strong></th>
</tr>
</thead>
</table>
| ...

<table>
<thead>
<tr>
<th><strong>Optional: Potential Policy Development</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>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?</strong></td>
</tr>
<tr>
<td>• No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>What policy language would you like to see incorporated to address your worry?</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• NA</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Optional: Comments for the CEO</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commendations on this topic:</strong></td>
</tr>
<tr>
<td>• It has been a challenge, due to COVID, to keep staff (let alone keep staff engaged) and also hire new staff. Hats off to the team to what they are doing in regards to culture, compensation and benefits.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Potential Improvement(s):</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• I agree with CEO’s recommendations putting 2.3.4 and 2.3.4.1 under 2.3 (not critical though). I also agree that virtually impossible to define &quot;highly qualified&quot;. Discussing with Rose is a good idea.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Comments on the report itself:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• A good, thoughtful report that perhaps doesn't need to be done every year.</td>
</tr>
</tbody>
</table>
ISSUE BRIEF: FY2021 Q4 Financial Statement (1st Close)

Finance Committee Review Date: November 9, 2021

Board Meeting Review Date: November 18, 2021

INFORMATION TYPE:
Receive as CEO operational update

RECOMMENDED ACTION(S):
Receive as CEO operational update

PRIOR RELEVANT BOARD ACTIONS & POLICIES
- 2.10.1.5 CEO shall not…Let the Board be unaware of… incidental information (including) quarterly budget to actual financial reports.
- Appendix A: Informational Reports schedule specifies quarterly Financial Statement reports in November, February, May, and August.
- Policy 2.6 Investments and Appendix F Investment Policy.

ISSUE SUMMARY:
Staff presents the First close or Preliminary Fourth Quarter Financial Statement with currently available and reportable financial information for the period ending September 30, 2021.

BACKGROUND:
Preliminary financial highlights from the fourth quarter (July, August, September 2021) include:

- TheRide operated within the budget for the fourth quarter of the year.
- There was a $14.4 million surplus of revenue over expense. As projected, $11.9 million of this surplus will be transferred to the capital reserve and $2.5 million to the operating reserve.
- Expenses were $2.1 million lower than budgeted primarily due to less than expected salaries, wages and benefits. This decrease is due to lower staffing needs for the majority of the year (low ridership) and workforce supply shortages for open or new positions.
- Revenues were $0.4 million higher than budgeted. This is a result of higher-than-expected local property tax revenue and state operating assistance. For state operating assistance, revenue for prior year state reconciliations were received causing the increase.
- The projected balances for the three board-approved reserves are as follows: operating reserve at $13.2 million or 3.7 months (based on the FY2021 budget), capital reserve of $11.9 million, and insurance reserve at $0.5 million.
- Considering the FY2022 budget, the projected operating reserve is 2.8 months.
- $18.5 million in CARES Act revenue has been used to date to support operations.
- Cash flow was adequate to cover expense; Q4 2021 ended at $35.5 million in cash and investments. Total cash was $23.6 million and about $15 million was placed into a new cash sweep account opened in September 2021.

**IMPACTS OF RECOMMENDED ACTION(S):**
- Budgetary/Fiscal: Demonstrates financial performance for the reporting period
- Governance: Supports Board in financial oversight/fiduciary responsibility

**ATTACHMENTS:**
- FY2021 Q4 Financial Statement (Income Statement and Balance Sheet)
### Revenue and Expense (Budget to Actual)

**In Thousands of Dollars (which means add a comma and three zeros):**

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>Actual Quarter 1</th>
<th>Actual Quarter 2</th>
<th>Actual Quarter 3</th>
<th>Actual Quarter 4</th>
<th>Actual YTD</th>
<th>Budgeted YTD</th>
<th>Variance</th>
<th>Variance (Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fares and Contracts</td>
<td>$ 652</td>
<td>$ 884</td>
<td>$ 730</td>
<td>$ 1,160</td>
<td>$ 3,427</td>
<td>$ 3,895</td>
<td>$ -12%</td>
<td></td>
</tr>
<tr>
<td>State Operating Assist.</td>
<td>$ 2,569</td>
<td>$ 3,327</td>
<td>$ 3,134</td>
<td>$ 4,379</td>
<td>$ 13,408</td>
<td>$ 12,063</td>
<td>$ 1,346</td>
<td></td>
</tr>
<tr>
<td>Federal Operating Assist.</td>
<td>$ 247</td>
<td>$ 136</td>
<td>$ 1,703</td>
<td>$ 673</td>
<td>$ 2,759</td>
<td>$ 5,076</td>
<td>$ (2,317)</td>
<td>$ -46%</td>
</tr>
<tr>
<td>CARES Act Operating</td>
<td>$ 1,599</td>
<td>$ 1,002</td>
<td>$ 10,224</td>
<td>$ 4,275</td>
<td>$ 17,100</td>
<td>$ 17,100</td>
<td>$ -</td>
<td>$ 0%</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>$ 76</td>
<td>$ 51</td>
<td>$ 49</td>
<td>$ 95</td>
<td>$ 270</td>
<td>$ 303</td>
<td>$ (33)</td>
<td>$ -11%</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>$ 9,209</td>
<td>$ 9,466</td>
<td>$ 19,906</td>
<td>$ 16,514</td>
<td>$ 55,096</td>
<td>$ 54,702</td>
<td>$ 394</td>
<td>$ 1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, Wages, Benefits</td>
<td>$ 5,937</td>
<td>$ 5,779</td>
<td>$ 6,956</td>
<td>$ 6,356</td>
<td>$ 25,028</td>
<td>$ 26,758</td>
<td>$ -170</td>
<td>$ 6%</td>
</tr>
<tr>
<td>Purchased Transportation</td>
<td>$ 1,146</td>
<td>$ 1,145</td>
<td>$ 1,111</td>
<td>$ 2,668</td>
<td>$ 6,096</td>
<td>$ 6,122</td>
<td>$ 14</td>
<td>$ 1%</td>
</tr>
<tr>
<td>Fuel, Material, Supplies</td>
<td>$ 247</td>
<td>$ 21</td>
<td>$ 1,703</td>
<td>$ 673</td>
<td>$ 2,759</td>
<td>$ 5,076</td>
<td>(2,317)</td>
<td>$ -46%</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>$ 1,146</td>
<td>$ 1,145</td>
<td>$ 1,111</td>
<td>$ 2,668</td>
<td>$ 6,096</td>
<td>$ 6,122</td>
<td>$ 14</td>
<td>$ 1%</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>$ 2,569</td>
<td>$ 3,327</td>
<td>$ 3,134</td>
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<td>$ 12,063</td>
<td>$ 1,346</td>
<td></td>
</tr>
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<td>$ 9,466</td>
<td>$ 19,906</td>
<td>$ 16,514</td>
<td>$ 55,096</td>
<td>$ 54,702</td>
<td>$ 394</td>
<td>$ 1%</td>
</tr>
</tbody>
</table>

The Ride had a $14,424,889 surplus at the end of the fourth quarter and operated within the budget.

Revenues were higher than budgeted by $394,185 due to higher local property taxes revenue and higher state operating assistance reimbursement than expected.

Expenses were $2,092,104 lower than budgeted primarily due to less than expected salaries, wages and benefits. This decrease is due to lower staffing needs for the majority of the year (low ridership) and workforce supply shortages for open or new positions.

### CARES Act Utilization

Expenditures from $20.7 million in Coronavirus Aid, Relief, and Economic Security Act funding as of September 30, 2021, for eligible COVID-19-related

- Operating Expenditures: $18,505,180
- Capital Expenditures: $-

**TOTAL EXPENDITURES:** $18,505,180

CARES Act Funds Remaining: $2,194,820

### YTD Revenue and Expense By Mode

**In Thousands of Dollars (which means add a comma and three zeros):**

<table>
<thead>
<tr>
<th>DIRECT REVENUE</th>
<th>Fixed Route</th>
<th>Demand Response</th>
<th>Other Demand Response</th>
<th>Non-Urban</th>
<th>Express Ride</th>
<th>AirRide D2A2</th>
<th>VanRide</th>
<th>TOTAL ACTUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fare Revenue</td>
<td>$ 1,268</td>
<td>$ 136</td>
<td>$ 46</td>
<td>$ 148</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$ 1,612</td>
</tr>
<tr>
<td>Contract Revenues</td>
<td>$ 86</td>
<td>-</td>
<td>699</td>
<td>331</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,816</td>
</tr>
<tr>
<td>Advertising, Interest, Other</td>
<td>$ 255</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>257</td>
</tr>
<tr>
<td>State Operating</td>
<td>$ 9,666</td>
<td>$ 1,882</td>
<td>$ 628</td>
<td>$ 1,032</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,408</td>
</tr>
<tr>
<td>Total Direct Revenue</td>
<td>$ 11,976</td>
<td>$ 2,016</td>
<td>$ 1,388</td>
<td>$ 1,511</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$ 17,106</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL EXPENSE</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, Wages, Benefits</td>
<td>$ 21,161</td>
<td>$ 3,616</td>
<td>$ 96</td>
<td>$ 77</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$ 25,028</td>
</tr>
<tr>
<td>Purchased Transportation</td>
<td>$ 141</td>
<td>$ 1,055</td>
<td>1,723</td>
<td>2,614</td>
<td>-</td>
<td>-</td>
<td>537</td>
<td>$ 6,069</td>
</tr>
<tr>
<td>Fuel, Materials, Supplies</td>
<td>$ 2,799</td>
<td>$ 540</td>
<td>$ 40</td>
<td>14</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,340</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>$ 2,446</td>
<td>$ 385</td>
<td>-</td>
<td>21</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,852</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>$ 2,818</td>
<td>$ 361</td>
<td>129</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Total Operating Expense</td>
<td>$ 29,366</td>
<td>$ 5,956</td>
<td>$ 1,988</td>
<td>$ 2,731</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$ 40,671</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SURPLUS (DEFICIT)</th>
<th>$ (17,389)</th>
<th>$ (3,940)</th>
<th>$ (599)</th>
<th>$ (1,220)</th>
<th>-</th>
<th>-</th>
<th>-</th>
<th>$ (23,565)</th>
</tr>
</thead>
</table>

### ALLOCATED REVENUE

| Local Property Taxes         | $ 18,131   | -        | -        | -         | - | - | - | 18,131      |
| Federal Operating & CARES    | $ 13,683   | $ 3,940  | $ 599    | $ 1,220   | - | - | - | 19,939      |

**SURPLUS (DEFICIT):** $14,425
Balance Sheet and Reserve

In Thousands of Dollars (which means add a comma and three zeros), With Prior Year Comparison.

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Q4 2020</th>
<th>Q3 2021</th>
<th>Q4 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$17,240</td>
<td>$7,576</td>
<td>$23,659</td>
</tr>
<tr>
<td>Investments</td>
<td>6,791</td>
<td>11,790</td>
<td>11,795</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>7,415</td>
<td>21,809</td>
<td>10,587</td>
</tr>
<tr>
<td>Capital Assets</td>
<td>46,999</td>
<td>44,079</td>
<td>46,285</td>
</tr>
<tr>
<td>Total Assets</td>
<td>78,445</td>
<td>83,395</td>
<td>92,325</td>
</tr>
</tbody>
</table>

LIABILITIES

| 7,225 |

| RESERVES: |
| Balances |
| Capital | $1,200 |
| Insurance | $500 |
| Operating | $11,536 |
| Months in Operating Reserve | 2.5 |

Statement of Cash Flows (in Thousands of Dollars)

In Thousands of Dollars (which means add a comma and three zeros).

<table>
<thead>
<tr>
<th>Fiscal Year 2019</th>
<th>Fiscal Year 2020</th>
<th>Fiscal Year 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance:</td>
<td>$13,612</td>
<td>$9,427</td>
</tr>
<tr>
<td>Cash from Operations</td>
<td>(3,040)</td>
<td>2,273</td>
</tr>
<tr>
<td>Cash from Capital</td>
<td>465</td>
<td>1,031</td>
</tr>
<tr>
<td>Cash from Investments</td>
<td>(1,610)</td>
<td>9,141</td>
</tr>
<tr>
<td>Cash Flow:</td>
<td>($4,185)</td>
<td>$12,445</td>
</tr>
<tr>
<td>Ending Balance:</td>
<td>$9,427</td>
<td>$21,872</td>
</tr>
</tbody>
</table>

Q4 cash flow was positive at $17.9 million

The Statement of Cash Flows summarizes the amount of cash and cash equivalents entering and leaving AAATA during the reporting period. It measures how AAATA generates cash to fund its operating, capital, and investing needs.

Typically negative cash flow is normal for all quarters except the 4th quarter, when property tax receipts generate positive cash flow.

Investments Summary

In Thousands of Dollars (which means add a comma and three zeros).

<table>
<thead>
<tr>
<th>Investment Instrument</th>
<th>Date of Maturity</th>
<th>Interest Rate</th>
<th>Total as of 6/30/2021</th>
<th>Transactions</th>
<th>Total as of 9/30/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of AA - CDARS</td>
<td>3/31/2022</td>
<td>0.15%</td>
<td>2,503</td>
<td>-</td>
<td>2,503</td>
</tr>
<tr>
<td>Bank of AA - CDARS</td>
<td>9/30/2021</td>
<td>0.25%</td>
<td>2,500</td>
<td>(2,500)</td>
<td>-</td>
</tr>
<tr>
<td>Bank of AA - CDARS</td>
<td>12/30/2021</td>
<td>0.05%</td>
<td>-</td>
<td>2,506</td>
<td>2,506</td>
</tr>
<tr>
<td>U.S. Agency Bond</td>
<td>11/6/2023</td>
<td>0.25%</td>
<td>2,000</td>
<td>-</td>
<td>2,000</td>
</tr>
<tr>
<td>U.S. Agency Bond</td>
<td>8/8/2024</td>
<td>0.38%</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
</tr>
<tr>
<td>U.S. Agency Bond</td>
<td>1/19/2024</td>
<td>0.23%</td>
<td>750</td>
<td>-</td>
<td>750</td>
</tr>
<tr>
<td>U.S. Treasury Notes</td>
<td>5/15/2023</td>
<td>0.13%</td>
<td>1,500</td>
<td>-</td>
<td>1,500</td>
</tr>
<tr>
<td>Money Market Funds</td>
<td>N/A</td>
<td>0.15%</td>
<td>40</td>
<td>(3)</td>
<td>37</td>
</tr>
<tr>
<td>Mark-to-Market Adjustment</td>
<td>(2)</td>
<td>1</td>
<td>(1)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Investments: $11,791

Q4 2021 Investment Income (year to date): $11,207

The majority of Operating Capital and Long Term Reserves are federally insured. CDARS (Certificate of Deposit Account Registry Service) allows AAATA funds to be distributed to various banks to ensure funds remain under the FDIC $250,000 limit. This is facilitated by Bank of Ann Arbor.

U.S. Treasury Bills, Notes, and Agency Bonds are short term bonds (several months to 10 years) backed by the Treasury Department of the U.S. Government. The rates shown for the current investments represent the gross yield-to-maturity rates (before the annual fee of .28%).

A FDIC-insured cash sweep account or accounts that have balances above the FDIC insurance threshold are used for day-to-day working capital.

Cash and Investments History

In Millions of Dollars.

Property tax revenues are posted in Q4 resulting in a

Total Cash and Investments by Month and Year (2017 to 2021 YTD)

<table>
<thead>
<tr>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>$11,791</td>
<td>$11,791</td>
<td>$11,791</td>
<td>$11,791</td>
<td>$11,791</td>
</tr>
</tbody>
</table>

AAATA Board of Directors November 18, 2021

Statement of Cash Flows (in Thousands of Dollars)

Typically negative cash flow is normal for all quarters except the 4th quarter, when property tax receipts generate positive cash flow.

Statement of Cash Flows (in Thousands of Dollars)

Total Cash and Investments by Month and Year (2017 to 2021 YTD)

Q4 Financial Statement
CEO Report

Meeting: Board of Directors

Meeting Date: November 18, 2021

INFORMATION TYPE

Other

OPERATIONAL AND PROJECT UPDATES

LONG-RANGE PLAN
The public engagement period for soliciting feedback and spurring discussion on long-range planning scenarios is ongoing. Meetings have been held with the public, staff, stakeholders, and elected officials. Numerous presentations have been made to various groups such as Ypsilanti City County, Washtenaw County BOC, Ann Arbor Transportation Commission and DDA. Pending presentations include Ypsilanti Twp Board of Trustees and WATS. The comment period is being extended from November 19 to November 24.

CYBER ATTACK
In early November, TheRide was a victim of a cyberattack that has disrupted passenger-facing and internal computer systems. Through diligent effort of staff, services are being safely restored.

COVID VACCINATION
Two on-site clinics administered COVID vaccines and boosters in October and November for employees and family members.

The federal government issued a mandate for all large employers to require employees to be vaccinated or show proof of a negative COVID test. Staff is working towards compliance with this mandate, and more information will be forthcoming.

FEDERAL FUNDING
The US Congress passed historical infrastructure funding bill. Staff will be learning and sharing more about the funding available for transit in the coming months.

REGIONAL TRANSIT AUTHORITY
TheRide provided feedback to the RTA on its pending regional plan update. The RTA has pushed back its timeline to allow more comment before approval in December. It is not clear whether the RTA intends to conduct a referendum in November 2022.

LOCAL ADVISORY COMMITTEE (LAC)
The Local Advisory Committee met on November 9. They continue to learn about Policy Governance in preparation of providing feedback to the Board.

TRANSPORTATION COMMISSION (ANN ARBOR)
Staff attended the City of Ann Arbor Transportation Commission meeting on October 20 and
made a well-received presentation on the long-range plan and had a robust discussion. The next meeting is on November 17.

WATS POLICY COMMITTEE UPDATE
The Washtenaw Area Transportation Study Policy Committee met on October 20. The committee approved amendments to the 2020-2023 Transportation Improvement Program (TIP) and adopted TheRide’s Public Transportation Agency Safety Plan (PTASP) and safety performance targets. The CEO will make a presentation on the long-range plan at the November 17 meeting.

POLICY GOVERNANCE WORKSHOP
The Chair and CEO participated in a Policy Governance Association webinar on writing Ends policies on October 26.

A2ZERO
The CEO participated in an evening training session for interested citizens as part of the City of Ann Arbor’s A2Zero process.

OPERATIONAL UPDATES
Fresh air retrofits to the bus fleet are 99% complete and will provide more ventilation as the weather cools.

The MCO (driver) shift selection process (the bid) will begin November 14 and staffing levels are adequate.

The daily sanitizing of high touch surfaces and weekly T360 treatments from janitorial service continue.

In the two-week period from October 25 to November 3, A-Ride completed over 1980 trips, and our contractor, MV Transit, continues to meet expectations. Since October 18, GoldRide Service has provided 7 full-fare trips and 13 discounted trips.