

## Board of Directors Meeting Agenda

**Meeting Date/Time:** June 18, 2026 - 6:00pm – 8:30pm

**Location:** Ann Arbor District Library (4<sup>th</sup> Floor) - Virtual via [Zoom](#) Passcode: 983308

**Members:** Kathleen Mozak (Chair), Mike Allemang (Treasurer), Jesse Miller (Secretary), Simi Barr, Rich Chang, Julie Grand, Susan Pollay, Praveena Ramaswami, Georgia Valentine

Agenda Item	Info Type	Start Time	Details	Page #
<b>1. OPENING ITEMS</b>				
1.1 Approve Agenda	D	6:00	Mozak	
1.2 Public Comment	O	6:05		
1.3 General Announcements	O	6:20		
<b>2. CONSENT AGENDA</b>				
2.1 Board Meeting Minutes: May 21, 2026	D			3
2.2 Committee Meeting Summaries	D			9
2.3 Monitoring: Treatment of Staff (2.2)	D			16
2.4 Monitoring: Asset Protection (2.7)	D			34
<b>3. EMERGENT ITEMS</b>				
3.1 Closed Session (Pursuant to 8(c), 8(d) of OMA)		6.20		
3.2 Strategic Land Purchase: YTC	D			56
<b>4. OWNERSHIP LINKAGE</b>				
4.1 OLTF: Task Force or Committee	D	7:10	Mozak	90
<b>5. MONITORING / DEVELOPMENT</b>				
5.1 Monitoring: Governance Process Policies (3.0-3.5)	M	7:20	Mozak	92
<b>6. POLICY</b>				
6.1 Policy Language Discussion (if needed)	D		Mozak	
<b>7. BOARD EDUCATION / DISCUSSION</b>				
7.1 Local Funding Presentation	O	7:25	Reed	115
<b>8. OPERATIONAL UPDATES</b>				
8.1 FY2027 Budget Introduction <span style="color: red;">pg. 133 PPT</span>	D	7:50	Reed	116
8.2 FY2026 Q2 Service Report	O	8:10	Brooks	123
8.3 Legislative Updates	O		Pfeifer	Verbal
8.4 CEO Report	O		Carpenter	128
<b>9. CLOSING ITEMS</b>				
9.1 Action Item Recap	O	8:25	Holt	
9.2 Topics for Next Meeting Draft Budget Preview Business Plan FY27 Committee/Board Meeting Dates FY27 Proposed dates for Alt. Meeting Location			July 16, 2026 6:00-8:30pm  <i>Riverside Arts Center (Ypsilanti)</i>	
9.3 Public Comment	O	8:25		
9.4 Adjournment		8:30		

\* 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 3.1.3 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?

**2026 Work Plan**

<b>Policy Topics or Decisions</b>	<b>Status</b>
1. Sustainability: Exec Limit or Ends?	In progress
2. OLTF	
3. <i>(FYI: Millage decision likely in FY2027)</i>	

**Topics of Board Education**

<b>Education Topics</b>
1. Local Funding: How it Works
2. <i>Millage Decision Prep</i> <ul style="list-style-type: none"> <li>○ <i>CEO Context (Timeline, LRP, recommendation)</i></li> <li>○ <i>Post Pandemic Ridership Trends &amp; Utilization of Services</i></li> <li>○ <i>Owner Preferences: Taxes &amp; Additional Services</i></li> </ul>
3. Fare Study Scope Presentation
4. Artificial Intelligence
5. Transit Service & Land Use Plan
6. Library of General Education Topics on Website
7. <i>CEO’s new Ends Interpretations</i>

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## Board of Director's Meeting Minutes

**Meeting Date/Time:** May 21, 2026 - 6:00pm – 8:30pm

**Location:** Ann Arbor District Library (4<sup>th</sup> Floor) - Virtual via Zoom

**Members Present:** Kathleen Mozak (Chair), Mike Allemang (Treasurer), Jesse Miller (Secretary), Simi Barr, Rich Chang, Julie Grand, Susan Pollay, Georgia Valentine

**Members Absent:** Praveena Ramaswami (Excused)

Chairwoman Mozak called the meeting to order at 6:01pm

### 1. OPENING ITEMS

#### 1.1 Approve Agenda

No additions or changes noted to the agenda.

Mr. Miller motioned to approve the agenda, seconded by Mr. Chang.

No discussion on the motion.

All in favor of approving the agenda:

Mr. Simi Barr: Yes  
Mr. Rich Chang: Yes  
Mr. Jesse Miller: Yes  
Ms. Susan Pollay: Yes  
Ms. Georgia Valentine: Yes  
Chairwoman Kathleen Mozak: Yes

The motion to approve the agenda passed unanimously.

#### 1.2 Public Comment

Ian Loo – Shared his parents recently had a bad experience with A-Ride services and requested rules for riders should be better communicated to those who are not familiar with the service.

Tim Hull – Spoke about Nixon Road detour challenges and requested better collaboration between the City of Ann Arbor and AAATA given the impacts to riders. He also noted that detour changes and route information do not adequately update online in transit apps and Google map.

Gaurav Kulkarni – Spoke about the need for more stops along State Street and the challenge of online data not updating to reflect detours and road closures that impact stops, etc. He encouraged the organization to continue to promote public transportation as a way for local residents to reduce their carbon footprint.

Jeremy Glover – Spoke in favor of TWU and negotiations for a fair wage for union members.  
Craig Kimball – AAATA MCO who spoke in favor of working with TWU to negotiate a fair

contract for the union workers.

Cam Finch – Spoke in support of the TWU as they work toward negotiating a fair contract and also is in support of a free fare program for riders.]

Rev. Sarah Rutherford – Pastor at First Presbyterian Ann Arbor and addressed the need for free bus fare, especially for the unhoused in the community as transportation is a vital necessity for those seeking shelter.

Sarah Bassiouni – Spoke in support of TWU and the need to negotiate a fair contract for workers. She also shared recent challenges with the many detours around the service area and the impacts to travel times.

Tim Burroughs – Spoke in support of TWU and the need to finish contract negotiations as drivers are currently working without a contract.

*\*\* Ms. Julie Grand joined the meeting at 6:05pm*

*\*\* Mr. Mike Allemang joined the meeting at 6:07pm*

### **1.3 General Announcements**

Chairwoman Mozak shared that Ms. Pollay had recently been reappointed for another 5 year term to the Board.

## **2. CONSENT AGENDA**

### **2.1 Board Meeting Minutes: April 16, 2026**

### **2.2 Committee Meeting Summaries**

Mr. Chang motioned to accept the Consent Agenda, seconded by Mr. Barr.

No discussion on the motion.

All in favor of accepting the Consent Agenda:

- Mr. Mike Allemang: Yes
- Mr. Simi Barr: Yes
- Mr. Rich Chang: Yes
- Ms. Julie Grand: Yes
- Mr. Jesse Miller: Yes
- Ms. Susan Pollay: Yes
- Ms. Georgia Valentine: Yes
- Chairwoman Kathleen Mozak: Yes

The motion to accept the Consent Agenda passed unanimously.

## **3. EMERGENT ITEMS**

### **3.1 Closed Session (Pursuant to 8(c) of OMA)**

Chairwoman Mozak took a roll call vote to go into Closed Session pursuant to 8(c) of the Open Meetings Act, the closed session is for strategy connected with the negotiation of a collective bargaining agreement.

Vote to go into closed session (Yes/No response):

Mr. Mike Allemang: Yes  
Mr. Simi Barr: Yes  
Mr. Rich Chang: Yes  
Ms. Julie Grand: Yes  
Mr. Jesse Miller: Yes  
Ms. Susan Pollay: Yes  
Ms. Georgia Valentine: Yes  
Chairwoman Kathleen Mozak: Yes

The Board unanimously voted to go into closed session at 6:31pm.

Vote to move out of closed session (Yes/No response):

Mr. Mike Allemang: Yes  
Mr. Simi Barr: Yes  
Mr. Rich Chang: Yes  
Ms. Julie Grand: Yes  
Mr. Jesse Miller: Yes  
Ms. Susan Pollay: Yes  
Ms. Georgia Valentine: Yes  
Chairwoman Kathleen Mozak: Yes

The Board unanimously voted to move out of closed session at 7:40 pm.

#### **4. OWNERSHIP LINKAGE**

##### **4.1 OLTF Committee or Task Force**

Chairwoman Mozak noted that the agenda topic had been deferred from the previous meeting, but an issue brief had not been included. Therefore, the topic will be added to the June Board meeting agenda.

#### **5. MONITORING / DEVELOPMENT**

##### **5.1 Monitoring: Governance Process Policies (3.5-3.9)**

The Board briefly discussed the recent Board self-assessment survey and there was no further input or discussion on the survey results or comments.

#### **6. POLICY**

##### **6.1 Policy Language Discussion (if needed)**

Chairwoman Mozak discussed the background of prior Board self-assessment survey options and the 2024 decision to pilot changing the response options to yes/no/no instances this monitoring period. After several self-assessment surveys, the Board discussed removing the “no instances this monitoring period” option altogether.

Mr. Chang motioned to remove “no instances this monitoring period” for 3.0 and 4.0 policy surveys, seconded by Mr. Mr. Miller.

No discussion on the motion.

All in favor of removing “no instances this monitoring period” for 3.0 and 4.0 policy surveys:

Mr. Mike Allemang: Yes  
Mr. Simi Barr: Yes  
Mr. Rich Chang: Yes  
Ms. Julie Grand: Yes  
Mr. Jesse Miller: Yes  
Ms. Susan Pollay: Yes  
Ms. Georgia Valentine: Yes  
Chairwoman Kathleen Mozak: Yes

The motion to remove “no instances this monitoring period” for 3.0 and 4.0 policy surveys passed unanimously.

After the vote, Mr. Allemang raised the discussion of reviewing policy language wording in policy 3.5.1.1 – Board members agreed, and the Governance Committee will review at their next meeting.

## **7. BOARD EDUCATION / DISCUSSION**

No Board Education / Discussion.

## **8. OPERATIONAL UPDATES**

### **8.1 BTC Relocation Update**

Mr. Yang provided the Board with updates on the BTC Relocation changes that were put into effect as of May 3rd. He answered questions from Board members related to the planned time for the BTC closure and detour impacts for customers.

### **8.2 FY2027 Business Plan / Budget Timeline**

Ms. Reed introduced the Board to the annual budget timeline and shared an overview of the budget process. She noted that budget development is informed by compliances with state and federal regulations, board policies and the FY2027 Business Plan. During the budget process the Board, staff and public have opportunities for engagement and input. Staff will begin introducing budget development updates throughout the summer with a draft budget presented in August and the final budget in September.

### **8.3 Business Plan Intro**

Ms. Kamau shared an overview of the draft FY2027 Corporate Business Plan. She provided information on the prioritization of the new Ends policies and status updates on FY2026 Business Plan projects. Feedback from the Board, staff and public is appreciated and will be incorporated into the June Business Plan draft. She also shared that many of the projects in the draft plan were multi-year projects so new projects were not added.

### **8.4 FY2026 Q2 Financial Report**

Ms. Reed shared the FY2026 Q2 Financial Report with highlights including favorable revenues and expenses due to favorable local property taxes and state operating assistance. The additional favorable revenues are offsetting increased fuel costs which are closely being monitored. Cash flow is sufficient and investments have remained stable.

She fielded several questions related to rising fuel costs and the potential for a budget

amendment should those costs exceed the original budget projections.

## 8.5 Legislative Updates

Mr. Pfeifer shared positive news related to a federal earmark request in progress and that the House Transportation and Infrastructure Committee has released their first iteration of the reauthorization plan (Build America 250 Act). Upon review, it is favorable long-term to public transportation. At the state level, the state budget process is in the early stages and MPTA has been working on continued engagement with elected officials promoting state-wide public transportation needs.

## 8.6 CEO Report

Mr. Carpenter shared that he recently met with Pittsfield Township leadership and also engaged in a productive conversation with local immigrant advocates. He also shared that Scio Township will be maintaining funding for Route 30.

## 9. CLOSING ITEMS

### 9.1 Action Item Recap

- Defer OLTF: Committee or Taskforce agenda item (along with issue brief) to June Board meeting
- Governance Committee will review policy 3.5.1.1 and discuss language revisions
- Update future surveys for policies 3.0-4.0 to include only yes / no answers.

### 9.2 Topics for Next Meeting

Budget Process Updates  
Governance Process Policies (3.0-3.4)  
Treatment of Staff (2.2)  
Asset Protection (2.7)  
FY26 Q2 Service Report  
Business Plan  
Negotiation Update

### 9.3 Public Comment

No public comment.

### 9.4 Adjournment

Mr. Chang motioned to adjourn the meeting, seconded by Mr. Allemang.

There was no discussion on the motion.

All in favor of adjourning the meeting:

Mr. Mike Allemang: Yes  
Mr. Simi Barr: Yes  
Mr. Rich Chang: Yes  
Ms. Julie Grand: Yes

Mr. Jesse Miller: Yes  
Ms. Susan Pollay: Yes  
Ms. Georgia Valentine: Yes  
Chairwoman Kathleen Mozak: Yes

Chairwoman Mozak adjourned the meeting at 8:35 pm.

*Respectfully Submitted by Deborah Holt*

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## Governance Committee Meeting Notes

**Meeting Date/Time:** Thursday, May 28, 2026, 3:00pm – 5:00pm

**Members:** Kathleen Mozak (Chair), Mike Allemang, Rich Chang

**Staff:** Matt Carpenter, Dina Reed, Forest Yang, George Brooks, Jeff Pfeifer, Rosa-Maria Kamau, Deb Holt

**Location:** REMOTE – Via Zoom

Chairwoman Mozak called the meeting to order at 3:02 pm

### 1. OPENING ITEMS

#### 1.1 Agenda (Additions, Approval)

No additions or changes noted to the agenda

#### 1.2 Communications

The Fleet Department received nationally recognized Service Award.

### 2. BOARD DEVELOPMENT

#### 2.1 Recruitment / Training / Attendance / Reference Sheet

Chairwoman Mozak shared a brief update on the current Board seat vacancy and upcoming training opportunities for Board members.

Mr. Chang shared a draft design for a Board meeting reference sheet for Board members. The committee discussed and determined staff will print copies for the next Board meeting.

#### 2.2 OLTF: Legal Owner Input Feedback

Mr. Chang shared an overview of legal owner input / feedback from meetings over the previous year. The committee discussed some of the concerns / priorities brought forth. Next steps will be looking at methods of gathering moral owners' feedback.

### 3. POLICY MONITORING & DEVELOPMENT

#### 3.1 Governance Process Policies

The committee reviewed and discussed Board members survey feedback for Governance Process Policies (3.0-3.4).

#### 3.2 Policy Manual Mock-Up

The committee reviewed a second draft policy manual provided by Mr. Carpenter with user-friendly guidance. The Governance Consultant had also provided input. The committee determined they would look ahead to future Board meeting agendas to share with the Board.

### 3.3 Policy Language Review 3.5.1.1

Mr. Allemang discussed his concerns with the use of the word “solely” within policy 3.5.1.1 and suggested using “primarily” as often the Board reviews agenda items that aren’t related to monitoring or decision making. The committee discussed how agenda topics are often operational updates, yet they are still pertinent as background for Board decision-making. Chairwoman Mozak will contact the Governance Consultant for further guidance and share at the June meeting.

## 4. EDUCATION

No education topics to discuss.

## 5. STRATEGY & OPERATIONAL UPDATES: CEO

### 5.1 YTC Updates

Ms. Reed provided an update about ongoing discussions with the City of Ypsilanti related to land acquisition for the YTC project. She shared that a tentative agreement will be brought forth to the Board in June or July for their approval.

### 5.2 Negotiation Updates

Mr. Carpenter and staff shared labor negotiation updates with the committee for discussion.

### 5.3 Legislative Updates

Mr. Pfeifer shared updates from the Detroit Regional Chamber Mackinac Policy Conference that is occurring this week. He also shared that staff are continuing to review the draft version of the federal 5-year reauthorization plan for transportation.

## 6. EMERGENT ITEMS

No emergent items.

## 7. CLOSING ITEMS

### 7.1 Committee Agendas

Service Committee - No changes noted to the agenda.

Finance Committee – No changes noted to the agenda.

Board Meeting – The committee discussed the robust agenda and determined they may need to defer several items the night of the meeting depending on the length of public comment and closed session. Add placeholder for YTC Land Acquisition Approval

### 7.2 Action Item Recap

- Mr. Chang will update the reference sheet / send to staff to be printed for the June Board Meeting.
- Mr. Chang will share a draft version of the legal owners’ input with the Board.
- Chairwoman Mozak will contact Sue Radwan for guidance on policy 3.5.1.1 language and the topic will be revisited at the June Governance Committee meeting.

### **7.3 Topics for Next Meeting**

CEO Expense Report  
Policy Language Review 3.5.1.1  
Board FY27 Budget Discussion

Future:  
Ownership Linkage Education  
Governance Training Options  
Vice Chair Succession Planning (Summer)

### **7.4 Adjournment**

Chairwoman Mozak thanked the committee and staff and adjourned the meeting at 4:53pm.

Respectfully Submitted by Deborah Holt

DRAFT

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## Finance Committee Meeting Notes

**Meeting Date/Time:** Tuesday, June 9, 2026, 3:00pm – 5:00pm

**Members:** Mike Allemang (Chair/Treasurer), Julie Grand, Georgia Valentine

**Staff:** Matt Carpenter, Dina Reed, Forest Yang, Jeff Pfeifer, Andy Huber, Deb Holt

**Location:** REMOTE – Via Zoom

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

### 1. OPENING ITEMS

#### 1.1 Agenda (Additions, Approval)

No changes or additions noted to the agenda.

#### 1.2 Communications

No new communications.

### 2. POLICY MONITORING & DEVELOPMENT

#### 2.1 Monitoring: Asset Protection (2.7)

Mr. Carpenter provided a brief overview of the Asset Protection (Policy 2.7) monitoring report and noted that the survey responses showed 100% agreement that interpretations were reasonable and evidence was verifiable. The Finance committee will recommend that the Board accept the monitoring report as (A).

### 3. EDUCATION

None.

### 4. STRATEGY & OPERATIONAL UPDATES: CEO

#### 4.1 Business Plan

Mr. Carpenter shared the latest questions / comments on the Business Plan from Board members and the committee discussed. Once all input has been received, the Business Plan will be updated and shared with the Board for approval.

#### 4.2 Millage Recommendation

Mr. Carpenter introduced information related to a preliminary millage recommendation. The current millage expires in 2029 with a proposal needing to go to voters by 2028. The committee discussed various aspects of the recommendation. Feedback will be shared with the Governance Committee, and they will determine next steps.

### 4.3 YTC Update

Ms. Reed provided updates on land acquisition with the City of Ypsilanti for the YTC project. If the City of Ypsilanti approves a purchase agreement at their next Board meeting, it may be brought before the Board for review / approval at the June 18<sup>th</sup> Board meeting.

### 4.4 Negotiation Update

Mr. Carpenter and Ms. Reed shared updates with the ongoing negotiation process.

### 4.5 Intro to Draft Budget

Ms. Reed provided an overview presentation introducing the budget development process and timeline. Staff are currently analyzing departmental budget requests, and high-level initial assumptions (property tax assumptions and state operating assistance) for the operating budget and capital budget. A presentation will be provided at the June Board meeting which will provide additional information on initial budget assumptions.

She fielded several committee questions related to a potential small surplus, initiative requests, and expense risks / trends.

### 4.6 Legislative Update

Mr. Pfeifer provided a brief update on the state budget process and LBO funding projections. At the federal level the reauthorization bill is still in progress with a final iteration of the bill possibly being sent to the Senate within the next few weeks.

## 5. EMERGENT ITEMS

None.

## 6. CLOSING ITEMS

### 6.1 Action Item Recap

- Finance Committee will recommend the Board accept Asset Protection monitoring report as (A).

### 6.2 Topics for Next Meeting

Draft Budget Preview  
Millage

### 6.3 Adjournment

Mr. Allemang thanked the committee and staff and adjourned the meeting at 4:31pm.

*Respectfully Submitted by Deborah Holt*

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## Service Committee Meeting Notes

**Meeting Date/Time:** Wednesday, June 10, 2026, 2:00pm – 4:00pm

**Members Present:** Simi Barr (Chair), Jesse Miller, Susan Pollay, Praveena Ramaswami

**Members Absent:** Rich Chang (Excused)

**Staff:** Matt Carpenter, Dina Reed, Forest Yang, George Brooks, Jeff Pfeifer, Deb Holt

**Location:** REMOTE – Via Zoom

Mr. Barr called the meeting to order at 2:05 pm

### 1. OPENING ITEMS

#### 1.1 Agenda (Additions, Approval)

No changes or additions noted to the agenda.

#### 1.2 Communications

No new communications.

### 2. POLICY MONITORING & DEVELOPMENT

#### 2.1 Monitoring: Treatment of Staff (2.2)

Mr. Barr shared a brief overview of the Treatment of Staff (Policy 2.2) monitoring report. After a brief discussion the Service Committee will recommend that the Board accepts the monitoring report as (B).

### 3. EDUCATION

None.

### 4. STRATEGY & OPERATIONAL UPDATES: CEO

#### 4.1 Business Plan

Mr. Carpenter shared input on several questions / comments from Board members on the draft version of the Business Plan. Once all input has been received and reviewed, updates will be made to the Business Plan and shared with the Board for final approval.

#### 4.2 YTC Update

Ms. Reed shared recent developments related to YTC project land acquisition with the City of Ypsilanti and discussed various questions with the committee. The City of Ypsilanti is considering a purchase agreement at their next Board meeting – if approved, it may be brought before the Board to review / approve at the June 18<sup>th</sup> Board meeting.

#### 4.3 Millage Recommendation

Mr. Carpenter provided introductory information related to a recommended millage. He noted that the current millage will expire in 2029 and a proposal will need to go before voters by 2028.

The committee discussed the recommendation and potential outcomes. Feedback on the proposal will be shared with the Governance Committee.

#### **4.4 Negotiation Update**

Staff shared updates related to the negotiation process.

#### **4.5 FY26 Q2 Service Report**

Mr. Brooks shared the FY26 Q3 Service Report – highlights included a slight decrease in boardings and on time-performance remained stable at 81%. FlexRide and GoldRide ridership increased, and continued significant increases to FlexRide requests remain a challenge. He and staff continue to review methods of improving efficiency with microtransit services.

#### **4.6 Legislative Update**

Mr. Pfeifer shared a brief update on monitoring the state budget process and LBO funding projections. The reauthorization bill is still in progress at the federal level,

### **5. EMERGENT ITEMS**

None.

### **6. CLOSING ITEMS**

#### **6.1 Action Item Recap**

- Finance committee will recommend the Board accept the Treatment of Staff (Policy 2.2) monitoring report as (B).

#### **6.2 Topics for the Next Meeting**

Environmental Sustainability: EL/Ends Millage

Future:

State Street Transit Signal Feedback

Fare Study

SMART free student ridership program

#### **6.3 Adjournment**

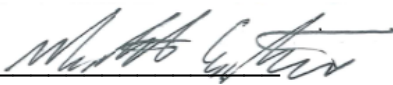
Mr. Barr thanked the committee and staff and adjourned the meeting at 4:03pm.

*Respectfully Submitted by Deborah Holt*

## Monitoring Report: Treatment of Staff (Policy 2.2)








**Service Committee Meeting Review Date: June 2<sup>nd</sup>, 2026**

**Board of Directors Meeting Review Date: June 18<sup>th</sup>, 2026**

INFORMATION TYPE
Monitoring
RECOMMENDED ACTION(S)
<p>After reviewing, the Service Committee recommends the Board review this monitoring report and consider accepting it as (B):</p> <ul style="list-style-type: none"> <li>(A) a reasonable interpretation for <b>all</b> policy items and that the evidence demonstrates compliance with the interpretations.</li> <li><b>(B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO’s stated non-compliance with item(s) 2.2.4, which the Board acknowledges and accepts the proposed dates for compliance.</b></li> <li>(C)               <ol style="list-style-type: none"> <li>1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation</li> <li>2. For policy items x.x.x – the interpretation is not reasonable</li> <li>3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance</li> <li>4. For policy items x.x.x – the Board acknowledges and accepts the CEO’s stated non-compliance and the proposed dates for compliance</li> </ol> </li> </ul>
ISSUE SUMMARY
<p>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.</p> <p>Per Appendix A of the Board Policy Manual, this report was scheduled for monitoring in June and was submitted in June.</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; margin-top: 20px;"> <div style="width: 45%;"> <p><b>CEO’s Signature</b></p>  </div> <div style="width: 45%;"> <p><b>Date</b></p> <p>5/20/26</p> </div> </div>
ATTACHMENTS

1. Monitoring report for Treatment of Staff (Policy 2.2)

**Table of Contents**

<b>POLICY TITLE: Treatment of Staff</b>	<b>Page#</b>	<b>Compliance</b>
2.2 The CEO will not cause or allow employment conditions that are inconsistent, discriminatory, unfair, unsafe, unhealthy, undignified, disorganized, or unclear.  Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:	3	
2.2.1. Operate in a manner that undermines the organization as a workplace of choice.	5	
2.2.1.1. Operate with a work environment that devalues the humanity, creativity and knowledgeable contribution of its workforce or inhibits the recruitment of highly qualified people.	6	
2.2.2. Operate without up-to-date, clear, available, written, and enforced personnel rules or contracts that clarify standards and expectations, provide for effective handling of grievances, and protect against wrongful conditions, such as nepotism and unfairly preferential treatment for personal reasons	8	
2.2.2.1 Fail to provide internal controls necessary to enforce such policies.	10	
2.2.3 Allow retaliation against any staff member for non-disruptive expression of dissent.	11	
2.2.4 Allow staff to be unprepared to deal with emergency situations.	12	



Compliant



Non-Compliant

## Preliminary CEO Interpretations and Evidence

### **POLICY 2.2**

The CEO will not cause or allow employment conditions that are inconsistent, discriminatory, unfair, unsafe, unhealthy, undignified, disorganized, or unclear.

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

### **Degree of Compliance**

 Not Compliant

### **Interpretation**

#### Operational definition

I interpret this policy to mean that the agency will provide all employees with a working environment that is physically and psychologically safe, well organized, and protects employee rights.

#### Measure/Standards & Achievement

Compliance will be achieved when

- A. The agency has a robust up to date workplace safety program that is compliant with all federal and state safety regulations and requirements.
- B. Total recordable incident rate is lower than the industry average
- C. There are no employee fatalities where anything reasonably under the control of the employer contributed to such a situation
- D. The agency is compliant with lower-level policies.

#### Rationale

This is reasonable because

- A. A comprehensive agency safety plan (Public Transportation Agency Safety Plan) ensures an agency has enforceable risk reduction programs, develops and monitors safety performance and provides adequate safety training and communication. All these pieces are critical to improving agency safety. This Plan requires annual certification by the Board of Directors and is reviewed every three years by the Federal Transit Administration as part of the Triennial review process.
- B. The Occupation Safety and Health Administration (OSHA) defines recordable incidents as those that meet a detailed criteria to include work-related injuries or illnesses that result to loss of workdays and require medical treatment beyond first aid. Our commitment to surpassing urban transit benchmarks reflects a deep-seated dedication to service excellence and safety. Comparison data is sourced from the Bureau of Labor Statistics which is a neutral and credible resource.
- C. Workplace fatalities are tragic and preventing them is inherently reasonable. From a strict business perspective, they impose enormous costs on the organization and are

worth investment to prevent. All other safety concerns are addressed in other aspects of this policy.

- D. Compliance with this policy is dependent on compliance with lower-level policies.

**Evidence**

**Source of Data:** Safety and Employment records

**Date of Data Review:** 04/27/2026 as verified by the Safety Officer and the Corporate Strategy and performance officer.

**Data:**

- A. A review of meeting minutes indicate that the TheRide Board of Directors reviewed and certified the PTASP on 10/21/2024

**B.**


TheRide's Performance	Urban Transit (BLS, 2024)	Lesser incident rate compared to benchmark? (Y/N)
4.59	6.17	Y

- C. There were no employee fatalities during the monitoring period
- D. All policies are compliant except 2.2.4. Hence this policy is not compliant. A compliance timeline is provided in the evidence section of Policy 2.2.4.

**POLICY 2.2.1**

Operate in a manner that undermines the organization as a workplace of choice.

**Degree of Compliance:**

 Compliant

**Interpretation**

Operational definition:

I interpret this policy to mean that the agency will provide a conducive working environment characterized by a reasonable number of employees choosing to continuously work for the agency.

Measure/Standards & Achievement

Compliance with this policy will be achieved when policy 2.2.1.1 is compliant

Rationale

To be a workplace of choice the agency must create a work environment where people stay and produce quality work. Staff retention is a key element of the interpretation of 2.2.1.1, which is synonymous with the intent of policy 2.2.1.

**Evidence**

**Source of Data:** Policy 2.2.1.1

**Date of Data Review:** 04/27/2026 as verified by the Corporate Strategy and Performance Officer.

Policy 2.2.1.1. is compliant.

**POLICY 2.2.1.1**

Operate with a work environment that devalues the humanity, creativity and knowledgeable contribution of its workforce or inhibits the recruitment of highly qualified people.

**Degree of Compliance:**

 Compliant

**Interpretation**

Operational Definition

I interpret this policy to mean that the agency will have a work environment that is able to retain employees that produce high-quality work product.

Measure/Standards & Achievement

Compliance will be demonstrated when

- A. The employee turnover rate is reasonable considering industry trends.
- B. There is no pattern in meeting minutes that the Board finds the agency’s work to be lacking in quality and/or being incomplete or inconsistent.

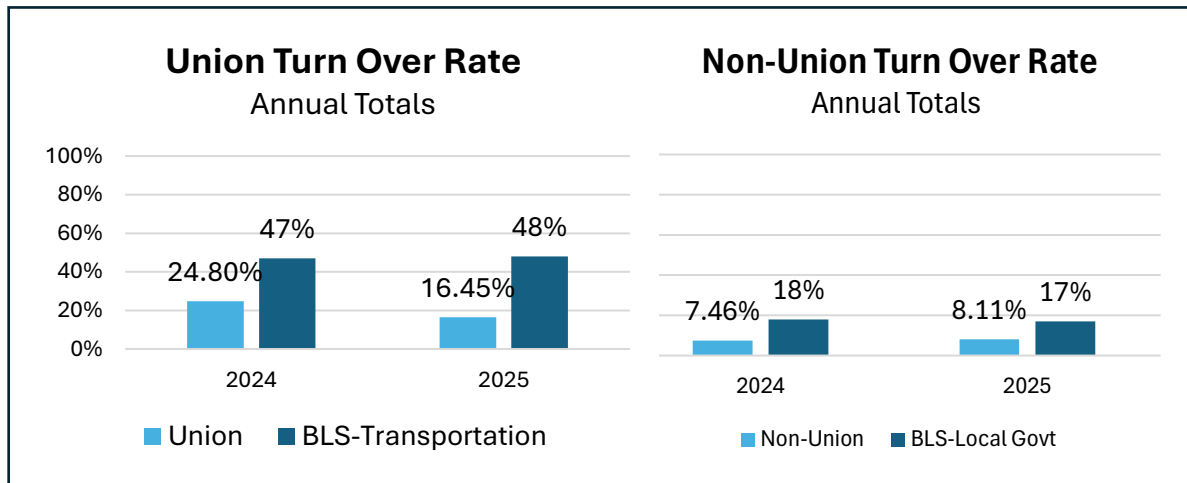
**Rationale**

- A. Turnover (i.e. staff retentions or attrition) is a reasonable indicator of a positive work environment. Some turnover is normal. If the work environment is poor, many employees may leave. Reasonable turnover is lower than the industry average. Using similar industry trends as a benchmark provides context while accounting for macroeconomic trends.
- B. It is difficult to define or measure creativity, knowledgeable contribution and high qualifications. However, the quality of the work products produced by staff are a quantifiable proxy indicator of the quality of the work environment. If the environment were poor, lower quality work would be more likely. Board meeting minutes are a reasonable measure as they are, after staff, the group most familiar with the agency's output. A pattern of Board concerns would indicate chronic issues.

**Evidence**

**Source of Data:** Employee records and Bureau of Labor Statistics and Board Meeting Minutes  
**Date of Data Review:** 04/27/2026 as verified by Manager of Human Resources, Corporate Strategy and Performance Officer and the Executive Administrative Assistant

- A. The graph below indicates that TheRide's annual total turnover was lower when compared to the transportation and local government industries.




- B. A review of Committee and Board meeting minutes indicates no instance of the Board noting that the quality of work provided by staff was wanting.

**POLICY 2.2.2**

Operate without up-to-date, clear, available, written, and enforced personnel rules or contracts that clarify standards and expectations, provide for effective handling of grievances, and protect against wrongful conditions, such as nepotism and unfairly preferential treatment for personal reasons

**Degree of Compliance:**

 Compliant

**Interpretation**

Operational definition

I interpret this policy to mean that the agency will have a signed employee- employer agreement that addresses all the aspects addressed in this policy.

Measure/Standards & Achievement

Compliance with this policy when

- A. The non-union handbook addresses the requirements of this policy, is signed by staff to acknowledge their understanding and acceptance to terms upon hire, and is available at any time upon request at the HR department,
- B. The union contract addresses these elements is in effect or being negotiated, signed by staff to acknowledge their understanding and acceptance of terms upon hire, and is easily accessible.
- C. The Authority's Anti-Harassment, Discrimination and Retaliation Policy addresses harassment and discrimination, and this policy is also reviewed, acknowledged, and signed by all staff upon hire and is easily accessible for reference thereafter.
- D. Policy 2.2.2.1 is compliant

Rationale

- A.-B. This is reasonable as all AAATA employees are either union or non-union staff and their employer-employee agreements are documented either in the non-union employee handbook or the union contract.
- C. The Authority's Anti-harassment, discrimination and retaliation policy provides details on what is considered unacceptable. Providing this information to staff upon hire ensures expectations are well known and understood from day 1 of work. Ease of document accessibility thereafter ensures that staff can reference the document as needed.
- D. Compliance with this policy is dependent on lower-level policies being compliant.

**Evidence**

**Source of Data:** Union Contract and Non-union handbook, Anti-Harassment, Discrimination and Retaliation Policy, and lower-level policy compliance.

**Date of Data Review:** 03/18/2026 as verified by Manager of Human Resources

A-C : A review of the Non-union handbook, union contract and the Anti-Harassment, Discrimination and Retaliation Policy indicate:

	Non-Union Employees Handbook	Union Contract
Up-to date	Yes, updated in <b>January 2021</b>	Yes, updated <b>April 2022</b> Covers the period of April 2022 to March 2026.
Clear	Written language is proofed for ease of readability before it is shared with staff	
Available	All non-union staff receive a copy and must sign an acknowledgement form.	All union staff receive a copy of the contract upon hire and must sign an acknowledgement form to confirm receipt.
Written	Yes	
Provision of standards and expectations	This document provides general employee standards and expectations. Further expectations based on role are provided upon new hire orientation by direct managers/supervisors	
Provisions for effective handling of grievances	The appeals process is documented in page 6 of the nonunion employee handbook. It provides several avenues to address complaints or concerns of harassment, discrimination, or retaliation.	The union contract has a whole section addressing parameters and procedures for addressing grievances. Similar to the Non- union handbook, several avenues of addressing grievances are provided. This gives the employees a chance to use the channel with which they are most comfortable.
Protections against wrongful conditions such as nepotism and unfair preferential treatment.	This provision is addressed in the Anti-Harassment, Discrimination and Retaliation Policy.	

D. Lower-level policy is compliant

**POLICY 2.2.2.1**

Fail to provide internal controls necessary to enforce such policies.

**Degree of Compliance:**

 Compliant

**Interpretation**

Operational definition

I interpret this policy to mean that there will be mechanisms, policies, and procedures in place to ensure the integrity of both union and non-union employee-employer agreements.

Measure/Standards & Achievement

Compliance will be demonstrated when mechanisms for holding staff accountable as described in Policy 2.2.2. exist.

Rationale

This is reasonable as that's what the policy asks for.

**Evidence**

**Source of Data:** Employee records

**Date of Data Review:** 03/18/2026 as verified by the Manager of Operations and the Manager of Human Resources

**Union:** The union contract addresses how infractions will be addressed on Page 19. Where disciplinary action was warranted, corrective action was initiated within seven working days. This is in line with the existing contract dated for the period of April 1<sup>st</sup>, 2022-March 31<sup>st</sup>, 2026.

**Non-Union:** Department managers addressed non-union employee performance and workplace conduct in light of set job expectations and guidance provided in the non-union handbook, 2022 (page 10)

Overall, management considered extenuating circumstances and where applicable recommended counselling or retraining to minimize recurrences.

**POLICY 2.2.3**

Allow retaliation against any staff member for non-disruptive expression of dissent.

**Degree of Compliance:**

 Compliant

**Interpretation**

Operational Definition

I interpret this policy to mean that the agency will provide avenues for staff to report any disagreement with a management action that is made in a respectful manner and is not a refusal or encouragement not to perform work (aside from immediate safety concerns). Additionally, these avenues will be easily accessible to staff and independent of the agency chain of leadership.

Measure/Standards & Achievement

Compliance will be achieved when a whistleblower policy is available and is easily accessible to staff.

Rationale

This is reasonable because a whistleblower policy encourages staff to come forward with credible information on illegal practices or violations of adopted policies and also specifies that the organization will protect the individual from retaliation. Such a policy would be overseen by the corporate counsel who functions independently from the chain of leadership.

**Evidence**

**Source of Data:** Whistleblower policy.


**Date of Data Review:** 04/27/2026 as verified by CEO

A whistleblower policy is available and remains accessible to staff.

**POLICY 2.2.4**

Allow staff to be unprepared to deal with emergency situations.

**Degree of Compliance:**

 Not Compliant

**Interpretation**Operational Definition

I interpret this policy to mean that the agency will proactively prepare staff to deal with emergency situations and provide adequate resources when such situations occur.

Measure/Standards & Achievement

Compliance will be demonstrated when

- A. The agency operates with an up-to-date Emergency Action Plan (EAP) that is readily available and accessible to all staff.
- B. All staff receive safety and emergency-related training as part of orientation and frequent refresher courses in line with their work requirements. Such training will include new hire orientation safety training, and successful completion of emergency drills , and enroute safety training for Motor Coach Operators
- C. All emergency situations that occur during the monitoring period are handled efficiently and safely.

Rationale

This is reasonable because

- A. An up-to-date Emergency Action Plan comprehensively addresses procedures to be undertaken during an emergency i.e., how to evacuate employees to safety, crowd management, emergency responses on site and when and how to hand over to other emergency support systems e.g., medical teams and law enforcement teams. The plan is based on Occupational Safety and Health Administration (OSHA) guidelines.
- B. Providing emergency training at orientation is reasonable as emergency situations can happen at any time. Successful completion of drills indicates that employees have constant refreshers on what to do in cases of emergency. Different roles have varying safety training requirements beyond the blanket drills and safety trainings and are provided as such. All trainings and drills are provided in line with existing regulations and OSHA work safety guidelines.
- C. The outcome of an actual event is the best indicator of how well employees are equipped to handle emergency situations. A successful event requires sufficient emergency training, an effective decision-making team, proper coordination of resources and information prior to such an event occurring.

**Evidence**

**Source of Data:** Emergency Plans, Operational records.

**Date of Data Review:** 04/06/2026 as verified by DCEO, Operations and Safety Officer .

- A. **The Emergency Action Plan** was provided to department managers for dissemination to staff and is also accessible in an electronic drive accessible to all employees.

**B. Drills and Trainings**

During the monitoring period, the following drills and safety trainings occurred.

	Period of performance	Target* achieved: Yes/No
New hire safety training	Upon employee hire	Yes
Fire Drills	07/08/2024, 07/15/2024, 9/23/2024, 3/24/2025, 8/28/2025	Yes
Severe Weather Drills	06/13/2024, 05/15/2025	Yes
Active Shooter Drills	3/24/2024, 10/01/2025	Yes
Enroute Emergency training (MCOs)	All MCOs attended the annual refresher course that includes enroute emergency in 2024 but not in 2025	No

\*- Safety targets are set based on safety guidelines provided by OSHA and the FTA.

**Compliance Timeline & Explanation:**

*Explanation:* In 2025, not all drivers received the annual refresher emergency training which includes enroute emergency training. For staff to attend training, extra personnel are required to cover their shifts. Due to labor shortages, all available staff focused on service delivery.

*Timeline:* We expect to be compliant by the next monitoring period. We are actively recruiting new drivers to ensure adequate shift coverage during ongoing training; however, the broader labor shortage continues to pose a challenge to our staffing efforts.

**C. Emergency incidents during the monitoring period.**

**Emergency Incident 1:**

Inclement weather on January 2024 caused safety concerns that led to TheRide making a decision to stop services at 9:30PM. Generally, services run until 12:30AM. Services resumed the following day as scheduled.

Preparation: Prior to the incident

- All drivers had received safety training which included guidance on how deal with inclement weather
- The maintenance department was well equipped to support operations with additional fleet as they helped snow-stuck fleet get back in service and
- Weather reports were consistently reviewed and used for contingency planning.

During the event:

Behind the scenes, an interdepartmental team continuously assessed the situation and with the safety of customers and drivers at the front line, a decision was made to halt services at 9:30PM. Focus shifted to getting staff and customers to safety and retrieving all stuck vehicles back to the garage. This was successfully done, and all vehicles were back in the garage by 11:00PM. Services picked up the following morning as scheduled.

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**Emergency Incident 2:**

There was a shooting at the YTC in November 2024

Preparation: Prior to the incident

All staff members had gone through active shooter training and knew how to respond in case of such incidents.

During the event:

Dispatch and the police were notified. No one was hurt.

**Emergency Incident 3:**

A threat was received against a contracted security guard

Preparation: Prior to the incident

All front-line staff had received emergency training in the previous year

During the event:

The guard was relieved off duty. Dispatch and local enforcement were notified. The threat did not materialize to any safety/security related actions.

**Additional protocols:**

In FY2025, we launched a comprehensive review of our security needs and resources. The results of this assessment will serve as a blueprint for enhancing actual safety and improving the perception of security for both our customers and staff.

**CEO NOTES**

The CEO is asking the Board to revisit the intent and wording of policies 2.2.1 and 2.2.1.1. We have struggled for years to define and measure workplace culture with no more success than anyone else. Further, these policies are likely ‘backdoor Means prescriptions’ as they really describe activities to occur rather than negative outcomes to be avoided. Neither are original Carver policies; both were created in 2017. He asks the Board to consider revisiting these policies to clarify their purpose and whether they are needed.

**POLICY TRENDLINES**

Policies	Jul '23	Oct '24	June '26 (2 years)
2.2	Yellow	Yellow	Red
2.2.1	Yellow	Green	Green
2.2.1.1	Green	Green	Green
2.2.2	Green	Green	Green
2.2.2.1	Green	Green	Green
2.2.3	Green	Red	Green
2.2.4	Green	Green	Red

LEGEND	
Red	Policy is not compliant
Yellow	Policy is partially compliant
Green	Policy is compliant

**Guidance on Determining “Reasonableness” of CEO Interpretations**

**Are the interpretations reasonable?**

An interpretation is reasonable if the following are provided,

1. a measure or standard,
2. a defensible rationale for the measure or standard,
3. a level of achievement necessary to achieve compliance and
4. a rationale for the level of achievement.

**Is evidence verifiable?**

Evidence is verifiable if there is

1. actual measurement/data,
2. the source of data and
3. the date when data was collected is provided.

**Board's conclusion after monitoring the report**

Following the Board's review and discussion with the CEO, the Board finds that the CEO:

- (A) a reasonable interpretation for **all** policy items and that the evidence demonstrates compliance with the interpretations.
- (B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO's stated non-compliance with item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.
- (C)
  1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation
  2. For policy items x.x.x – the interpretation is not reasonable
  3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance
  4. For policy items x.x.x – the Board acknowledges and accepts the CEO's stated non-compliance and the proposed dates for compliance

**Board Notes: (If Applicable)**

## WORKSHEET RESULTS

### Treatment of Staff (Policy 2.2)

**Participants: 9 Board Members**

Mike Allemang, Simi Barr, Rich Chang, Julie Grand, Jesse Miller,  
Kathleen Mozak, Susan Pollay, Praveena Ramaswami, Georgia Valentine

**Performance on reasonable interpretation and verifiable evidence**

**Policy 2.2**

The CEO will not cause or allow employment conditions that are inconsistent, discriminatory, unfair, unsafe, unhealthy, undignified, disorganized, or unclear.

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

Percent of Board members that find the interpretation reasonable	<b>89%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context:*

- There was no October 2024 board meeting. The safety plan was accepted in November. It doesn't seem to be present in the meeting packet to review.

I'm not sure if the fact the board approved the PTASP demonstrates that we are "compliant with all federal and state regulations and requirements". (answered "Yes")

- CEO recommends that policy 2.2 not be considered compliant because one of the lower level policies is not fully compliant. That said, I think that the policy could reasonably be considered compliant otherwise. (answered "No")

**Policy 2.2.1**

Operate in a manner that undermines the organization as a workplace of choice.

Percent of Board members that find the interpretation reasonable	<b>100%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context: N/A*

**Policy 2.2.1.1**

Operate with a work environment that devalues the humanity, creativity and knowledgeable contribution of its workforce or inhibits the recruitment of highly qualified people.

Percent of Board members that find the interpretation reasonable	<b>100%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context:*

- Comment: Interpretation does not address recruitment, just retention. (answered “Yes”)

**Policy 2.2.2**

Operate without up-to-date, clear, available, written, and enforced personnel rules or contracts that clarify standards and expectations, provide for effective handling of grievances, and protect against wrongful conditions, such as nepotism and unfairly preferential treatment for personal reasons

Percent of Board members that find the interpretation reasonable	<b>100%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context:*

- Comment: It can be argued that elements being negotiated in a union contract is not a employee-employer agreement. (answered “Yes”)

**Policy 2.2.2.1**

Fail to provide internal controls necessary to enforce such policies.

Percent of Board members that find the interpretation reasonable	<b>100%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context: N/A*

**Policy 2.2.3**

Allow retaliation against any staff member for non-disruptive expression of dissent.

Percent of Board members that find the interpretation reasonable	<b>100%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context: N/A*

**Policy 2.2.4**

Allow staff to be unprepared to deal with emergency situations.

Percent of Board members that find the interpretation reasonable	<b>89%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context:*

- The CEO recommends we consider this policy as not yet fully compliant. (answered “No”)

**Worksheet Results: Treatment of Staff (Policy 2.2)**

## Additional context questions

**1. Is there any reason to doubt the integrity of the information presented?**

No – 9

If you stated YES, kindly provide additional context:

N/A

**2. If the CEO has indicated NON-COMPLIANCE with any aspect of this policy, is there a commitment as to when the Board can expect to see compliance and is the proposed time-frame acceptable?**

Yes - 9

If you stated NO, kindly provide additional context:

N/A

**3. Having reviewed the monitoring report, does anything you have learned make you consider whether the POLICY ITSELF should be amended? (Policy amendment is not monitoring but should be addressed as a board decision.)**

No – 8

Yes - 1

If you stated YES, kindly provide additional context:

- I appreciated the CEO's interpretations (answered "No")
- If 2.2.1 is fully explained by its sole sub policy, then the board should consider whether both policies are necessary (answered "Yes")

**4. Approximately how many minutes did it take you to fill out this form?**

25, 19, 25, 25, 12, 5, 10, 15, 25

**Monitoring Report:  
Asset Protection (Policy 2.7)**

**Finance Committee Meeting Review Date: June 7<sup>th</sup>, 2026**

**Board of Directors Meeting Review Date: June 16<sup>th</sup>, 2026**


<b>INFORMATION TYPE</b>
Monitoring
<b>RECOMMENDED ACTION(S)</b>
<p>After reviewing, the Finance Committee recommends the Board review this monitoring report and consider accepting it as (A):</p> <p><b>(A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations.</b></p> <p>(B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO’s stated non-compliance with item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.</p> <p>(C) 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation          2. For policy items x.x.x – the interpretation is not reasonable          3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance          4. For policy items x.x.x – the Board acknowledges and accepts the CEO’s stated non-compliance and the proposed dates for compliance</p>
<b>PRIOR RELEVANT BOARD ACTIONS &amp; POLICIES</b>
<p>Monitoring Reports are a key Policy Governance tool to assess organizational/CEO performance in achieving Ends (1.0) within Executive Limitations (2.0). A Policy-Governance-consistent Monitoring Process is:</p> <ol style="list-style-type: none"> <li>1. CEO sends Monitoring Report to all board members</li> <li>2. At Board meeting, board accepts Monitoring Report through majority vote (or if not acceptable, determines next steps)</li> </ol>
<b>ISSUE SUMMARY</b>
<p>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</p>

written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.

Per Appendix A of the Board Policy Manual, this report was scheduled for monitoring in June and was submitted in June.

I certify that the information is true and complete, and I request that the Board accept this as indicating an acceptable level of compliance.

**CEO's Signature**















**Date**

5/27/2026


### **ATTACHMENTS**

1. Monitoring report for Asset Protection (Policy 2.7)

## Table of Contents

POLICY TITLE: ASSET PROTECTION	Page#	Compliance
2.7 The CEO shall not allow corporate assets to be unprotected, inadequately maintained or unnecessarily risked.  Further, without limiting the scope of the scope of the above by the following list, the CEO shall not:	4	
2.7.1. Allow Board members, staff, and the organization itself to be inadequately insured against theft, embezzlement, casualty, and liability losses.	4	
2.7.1.1 Unreasonably expose the organization, its Board or staff to claims of liability.	5	
2.7.2 Cause or allow buildings and equipment to be subjected to improper wear and tear or insufficient maintenance.	7	
2.7.3 Allow intellectual property, information, and files to be exposed to loss, significant damage or unauthorized access.	9	
2.7.4 Endanger the organization's public image, credibility, or its ability to accomplish Ends.	10	
2.7.4.1 Permit inconsistent, disrespectful or untimely response to stakeholder concerns.	11	
2.7.4.2 Allow third-party advertising that violates stated agency guidelines for community standards.	13	
2.7.4.3 Hire a former Board member as an agency employee or supplier within one year of that member's departure from the Board.	14	
2.7.4.4 Hire a sitting elected official or former elected official from any jurisdiction that appoints members to the AAATA Board who has not been out of office for at least one year.	14	
2.7.4.5 Proceed with material changes to services, programs or transit facilities that could be foreseen to create significant resistance from the traveling public and external stakeholders because they had not had the opportunity for consultation, or their input had been ignored.	15	
2.7.5. Authorize the use of vehicles and their operators to transport persons detained by law enforcement for participating in public demonstrations.	16	

 Fully Compliant

 Non-Compliant

## Preliminary CEO Interpretations and Evidence

### **POLICY 2.7**

The CEO shall not allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked.

Further, without limiting the scope of the above by the following list, the CEO shall not:

#### **Degree of Compliance**

 Compliant

#### **Interpretation**

##### Operational Definition:

I interpret this policy to address non-financial, non-liquid assets and property. This includes all physical equipment and structures as well as digital and intellectual property. Liquid financial assets are covered under policy 2.4, 2.5, and 2.6.

##### Measures/ Standards of Achievement

Compliance will be demonstrated when compliance for policies 2.7.1 to 2.7.5 are achieved.

##### Rationale

This policy is fully defined in lower-level policies


#### **Evidence**

All lower-level policies are compliant

### **POLICY 2.7.1**

Allow Board members, staff, and the organization itself to be inadequately insured against theft, embezzlement, casualty, and liability losses.

#### **Degree of Compliance**

 Compliant

#### **Interpretation**

##### Operational Definition:

I interpret this policy to mean that the agency will maintain comprehensive insurance that is sufficient to address unforeseen calamities, maintain service and sustain public trust.

##### Measure/Standards & Achievement

Compliance with this policy will be demonstrated when

- A. AAATA carries property and liability insurance (private or self-insured) sufficient to replace assets and restore services quickly while remaining affordable for the agency.

- B. For all board members and staff, adequate insurance means that they will be indemnified and free of personal liability for decisions made when pursuing their duties in good faith.
- C. Lower-level policies are compliant

**Rationale**


- A. Replacement is a reasonable standard and level of achievement because the goal is the restoration of services, not just financial compensation for loss of use. If a natural disaster destroyed the bus garage and a large proportion of the fleet (i.e., fire, tornado, train derailment), insurance that only covered the current value of the assets would likely not be sufficient to rebuild those assets. AAATA’s Risk Management Team meets with the broker annually during the budget preparation period to review claims and the adequacy of coverage.
- B. Indemnifying staff and board members acting in good faith is a standard industry practice because inadvertent harm can occur, lawsuits can be filed for many reasons (regardless of validity), and without indemnification the agency may not be able to attract staff or board members.
- C. Compliance with lower-level policies constitutes compliance with this policy.

**Evidence**

**Source of Data:** Insurance records and Budget documents  
**Date of Data Review:** 05/12/2026 as verified by DCEO, Finance and Administration  
**Data:** During the monitoring period,  
A. TheRide carried sufficient insurance to replace assets as required; available assets were available to maintain service operations as planned, and all costs for insurance were managed within the Board approved budget.  
B. TheRide carried sufficient insurance to protect staff and Board members from personal liability. There was no incidence leading to the need to indemnify a staff or board member.  
C. Policy 2.7.1.1 is compliant

**POLICY 2.7.1.1**  
Unreasonably expose the organization, its Board or staff to claims of liability.

**Degree of Compliance**

 Compliant

**Interpretation**

**Operational Definition:**

I interpret this (Asset protection) policy to mean the agency will manage non-financial assets in a manner that minimizes risk exposure and upholds a commitment to safe, reliable service. In this context, liability is defined as any negligence in equipment maintenance that results in unsafe operating conditions.

**Standard/Measure:** Compliance will be achieved when:

- A. All mechanical safety inspections of the bus fleet are done on time and as specified by the manufacturer and are passed prior to buses being released for use. More specifically, brakes, oil changes, steering columns, fire suppression systems, wheelchair ramps are reviewed for proper functionality.
- B. All buses are inspected at least once a day by a driver to ensure that their bus is in good working condition at the beginning of their shift.
- C. All facility safety inspections are passed.

### Rationale

This is reasonable because “liability” implies negligence that leads to harm, and this policy is focused on physical assets. In the context of a transportation agency safety risks from equipment failures can be serious, and are highest on buses and in maintenance workspaces, and to a lesser degree terminals. Although we cannot foresee all equipment failures, maintaining equipment is entirely within the control of the agency.

A is reasonable because it focuses on the vehicle elements most important to public safety, and safety inspections are a mature, documented process developed by the manufacturers who built the vehicles.

B is reasonable because pre-trip inspections are effective at identifying defects that may have emerged since a mechanical inspection and are required by law. These inspections check for the proper functionality of handrails, ramps emergency exits, steering wheels, horns, windshield wiper, fluid and air leaks, lights, suspension systems, mirrors, exhaust systems, driver’s seat/belt and interior conditions (lighting, climate control etc.,) Drivers are also required to notify management about any possible mechanical problem that may emerge after the pre-trip inspection.

C is reasonable because facility inspections are rigorous and well documented.

### **Evidence**

**Source of Data:** Fleet maintenance records and facility inspection records

**Date of Data Review:** 05/12/2026 as verified by Manager of Facilities, Manager of Operations, and Manager of Fleet

**Data:**

During the monitoring period,

- A. A review of fleet maintenance records confirms that all fleet safety inspections were done in line with the manufacturer’s requirements. These inspections included brakes, oil changes, steering column, wheelchair ramps and fire suppression systems. Inspections were done within acceptable time periods, and no bus was put in service until it was inspected.
- B. A review of pre-trip inspection reports found that bus drivers inspected all the buses that were sent out for service at least once a day and sometimes during shift changes. All safety defects reported were addressed prior to the bus being put back in service.
- C. A review of facility safety inspections indicates that all three facilities were assessed for potential hazards and passed all inspections. Additionally, as a safety precaution, all spills that occurred were cleaned as soon as possible to prevent falls.

**POLICY 2.7.2**

Cause or allow buildings and equipment to be subjected to improper wear and tear or insufficient maintenance.

**Degree of Compliance**

 Compliant

**Interpretation**Operational Definition:

I interpret this policy to mean that the agency will avoid excessive operational expenses or inconvenience to customers due to inadequate maintenance.

Measure/Standards & Achievement

Compliance will be achieved when

- A. **Fleet:** Preventative maintenance of 90% (or more) of fixed route buses is conducted in accordance with the manufacturer's standards.
- B. **Facility:** An architect conducts assessment of each of the three facilities (Ypsilanti Transit Center, Blake Transit Center and Dawn Gabay Operations Center) every four years and finds that they are adequately maintained.
- C. All inspections by the agency, city and state on **major equipment** are passed.
- D. Computer hardware is inventory controlled and maintained in accordance with Equipment Management Procedures

Rationale

This is reasonable because

- A. Aside from public safety (addressed in 2.7.1.1) the chief risks from inadequate maintenance are higher costs and breakdowns that inconvenience passengers. Preventative maintenance of the bus fleet happens every 6,000 miles and addresses various components to include transmission, farebox functionality, air conditioning, electronics system etc. FTA target for such maintenance is 80%. The agency aims to be better custodians of its resources and has its target of 90%.
- B. If preventative maintenance is not done properly and timely, it could result in unnecessary costs or loss of service. Building structures deteriorate slowly and hence they are inspected every four years per FTA requirements. Inspection by an architect provides an independent third-party perspective by a subject matter expert. Given that some of the buildings are older, for example, the DGOC was built in 1984, a target of adequately maintained (3, on a scale of 1 to 5) is reasonable. This facility assessment is scored based on extensive assessment of all rooms and major equipment therein. Older buildings score lower than newer buildings.
- C. Passing inspections indicates that major equipment has been maintained in accordance with agency, city and/or state requirements (Agency standards are only considered where city and state standards are not required). Since the agency has a lot of equipment, assets addressed here is only that which affects safety, accessibility and

functionality of fleet and facilities. Such equipment includes boilers, elevators, underground storage tanks, and fire alarm systems.

- D. The Equipment Management Procedures addresses inventory control, loss prevention and disposition. This process ensures that wear and tear is assessed and addressed accordingly, and maintenance is conducted timely.

**Evidence**

**Source of Data:** Preventative maintenance and Inspection reports

**Date of Data Review:** 05/12/2026 as verified by Manager of Fleet, Manager of Facilities, and Manager of IT

**Data:**

- A. 96% of fleet maintenance was conducted on time and in accordance with the manufacturer’s recommendations during the monitoring period.
- B. The agency achieved 100% pull out during the monitoring period
- C. No deficiencies were found during the facility condition assessment which was conducted October 2022. Next assessment will be conducted in 2026.

Below were the scores of the three facilities

	Score (on a scale of a 1-5) 1=Poor, 3=Adequate, 5=Excellent	Target achieved? Y/N
Ypsilanti Transit Center	3	Y
Blake Transit Center	5 (Newer building)	Y
Dawn Gabay Operations Center	3	Y

The following inspections were conducted during the monitoring period.

	Frequency of inspection	Passed/Failed?
Backflow Systems (plumbing)	Annually	Passed
Boilers Semi-Annual, (Spring-Fall)	Annually	Inspected semi-annually passed, Certified annually
Elevator	Annually	Passed
Fire Alarm System	Annually	Passed
Fire Extinguishers	Annually	Passed
Fire Suppression System	Annually	Passed
Overhead cranes	Annual	OSHA inspection passed
Underground Storage Tanks	Quarterly/Annual	Passed
Storm Water Prevention Plan	Quarterly	Passed

- D. All IT hardware was inventory controlled as stipulated in the Equipment Management Procedures.

**POLICY 2.7.3**

Allow intellectual property, information and files to be exposed to loss, significant damage or unauthorized access.

**Degree of Compliance**

 Compliant

**Interpretation**Operational Definition:

I interpret this policy to mean that all intangible assets, including digital and online resources, as well as any existing physical files and documents are managed in accordance with established standard operating procedures that can pass credible third-party audits.

Measure/Standards & Achievement

Compliance with this policy will be demonstrated when

- A. The agency has Cyber insurance, and passes any required Information Technology Controls Audit
- B. All physical files of employee and client records are stored, collected, and managed based on set standard operating procedures that appropriately secure documents and limit access. FTA Triennial Reviews indicate no significant findings related to the management of employee and client records. Any identified corrective actions are addressed promptly and closed out within the agreed-upon schedule to ensure continuous compliance.

Rationale

- A. The Cyber insurance company conducts a risk assessment of the agency prior to providing insurance. Part of the assessment includes reviewing internal risk controls. This assessment is done annually prior to the renewal of the insurance coverage. It is not possible to acquire Cyber insurance without having proper processes and procedures in place. This includes practices such multi-factor authentication. IT controls audits are conducted by external third parties and includes reviewing regulatory compliance
- B. Internal controls ensure the agency keeps personal information safe from unauthorized access and unreasonable exposure to damage or loss. The management of such information is reviewed every three years by the Federal Transit Authority

**Evidence**

**Source of Data:** Insurance documents, Audit reports, and Operational records.

**Date of Data Review:** 05/12/2026 as verified by DCEO, Finance and Administration, Manager of Mobility Services and Interim Manager of Human Resources


**Data:**

- A. The agency had cyber insurance throughout the monitoring period and passed the IT control audit.
- B. Employee and Paratransit service customer data is the only information stored in paper form. A review shows that this information was stored and managed within existing standard operating procedures. There were no findings related to the management of information in the most recent Triennial review.

#### **POLICY 2.7.4**

Endanger the organization's public image, credibility, or its ability to accomplish Ends.

#### **Degree of Compliance**

 Compliant

#### **Interpretation**

##### Operational Definition:

I interpret this policy to mean that the agency will be managed in a way that preserves public confidence and institutional integrity.

##### Measure/Standard

Compliance with this policy will be demonstrated when

- A. Agency ballot measures pass
- B. Agency Survey data (when available) suggests a high degree of confidence in the agency.
- C. A majority (50%+1 or more) of survey respondents in Community surveys (when available) conducted by local municipalities indicate that public transportation favorable.
- D. On time performance (fixed route) is above 80%
- E. Anecdotal review of local media and social media find no pattern of serious agency criticism.
- F. There are no *legitimate* public accusations suggesting significant mismanagement of the AAATA due to a factor over which the CEO has control and there are no *legitimate* public accusations suggesting the agency has broken a significant promise or failed to deliver on an important commitment.
- G. Compliance with policies 2.7.5.1 - 2.7.5.4 is achieved.

##### Rationale

These are reasonable because:

- A. Passing a millage indicates a broad degree of trust in agency management.
- B. Use of polling data provides public perception of the agency collected by an independent third party. It can provide direct measures of public perceptions in between ballot measures.
- C. Community surveys collected by local municipalities provide public perception data from residents. A majority of residents finding transit to be favorable may be indicative of a positive public image.
- D. On-time performance measures reliability of service and has an outsized impact on shaping the perception of passengers, who can influence the general public. It can influence public perception as a whole. Industry standard for on time performance is

70%. A target of 80% and better reflects TheRide’s commitment to a service of excellence.

- E. Anecdotal tracking of local media and social media is appropriate as professional tracking is very expensive, less formal tracking can suffice, and it is unclear how much either source can actually shape public opinion about transit.
- F. As a public body, there will always be some criticism of the agency. Limiting AAATA to decisions that contain no risk of raising objections would severely limit our ability to pursue Ends outcomes. The CEO can only be accountable for what they control, not what others may believe. Unfounded allegations of mismanagement can be weaponized in disagreements over decisions made by the agency. The CEO cannot stop someone from blowing a small issue out of proportion. Mismanagement implies a violation of Board policy, widespread concern, and/or negligence rather than an individual complaint or controversial decision. A legitimate case of mismanagement would likely involve decisions that were unlawful, imprudent, or in violation of commonly accepted business practices or professional ethics (policy 2.0).
- G. Lower-level policies details issues of specific concern to the Board.

**Evidence**

**Source of Data:** External input by members of the public, Operational records,  
**Date of data review:** 05/12/2026 as verified by the CEO, DCEO of Operations, and the Manager of Public Affairs and Community Engagement.


**Data:**

- A. There was no millage during the monitoring period.
- B. The last telephone survey was conducted in December 2021 and indicated that 81% of the public had a favorable opinion of the TheRide.
- C. In 2024, Ann Arbor conducted a community survey and 82% of respondents noted that the public transit was of high quality, 53% noted that public transportation was accessible. No similar surveys were conducted by other municipalities.
- D. During the monitoring period, on time performance was at an average of 83.5%
- E. A staff review of local newspaper articles and samples of social media posts found nothing that suggested agency actions or decisions led to the agency damaging its own credibility.
- F. There was no record of legitimate public accusations in the monitoring period.
- G. Lower-level policies are compliant

**POLICY 2.7.4.1**

Permit inconsistent, disrespectful or untimely response to stakeholder concerns.

**Degree of Compliance**

 Compliant

**Interpretation**

Operational Definition:

I interpret this policy to apply to agency responses to concerns/inquiries from outside the AAATA, primarily from other groups, institutions, or officials, but are not passenger concerns. I

define an inconsistent response as one that is different from how most are treated and out of line with existing policies, where applicable. I define disrespectful to mean rude, discourteous, or unprofessional. I define untimely to mean unreasonably late or delayed. All of these factors are dependent on context.

### Measure/Standards & Achievement

Compliance with this policy will be demonstrated when the CEO, in their professional judgment, finds no evidence of any *legitimate* criticism of the agency's communications from any outside group on grounds other than desiring a different conclusion.

### Rationale

This interpretation is reasonable because:

1. Customer concerns are addressed under policy 2.1.3.1.
2. It applies to the type of concern, not the individual raising the issue. Owners, customers, and others can all raise "stakeholder concerns" covered by this policy.
3. No instances of unprofessional responses are an appropriate target in line with the policy language
4. Criticisms that amount to wanting a different answer, rather than a criticism of the quality of the response, are common and are not inconsistent, disrespectful, or untimely. Limiting AAATA to only innocuously safe decisions, or choices that were popular with outspoken special interests, would severely limit our ability to pursue Ends outcomes.
5. The agency cannot control how responses are perceived, only the degree of professionalism with which they are crafted. People can feel disrespected even if the agency does nothing disrespectful. Trying to avoid all such criticisms would severely limit pursuit of the Ends.
6. Legitimate criticism is determined by the CEO's professional judgment because there is too much nuance to prescribe rules for all staff communications, and honest misunderstandings are common and often easily resolved.

### **Evidence**

**Source of Data:** Emails, meeting notes, and legal records.

**Date of Data Review:** 05/12/2026 as verified by Manager of Public Affairs and Community Engagement and CEO

**Data:**

During the monitoring period, there was no evidence of legitimate criticism of the agency's communications.

**POLICY 2.7.4.2**

Allow third-party advertising that violates stated agency guidelines for community standards

**Degree of Compliance**

 Compliant

**Interpretation**

Operational Definition:

I interpret this policy to mean that the agency must safeguard its public-facing image by strictly enforcing clear standards across all third-party content displayed on our assets.

Measure/Standards & Achievement

Compliance with this policy will be demonstrated when the agency consistently operates based on Advertising Policy, 2014 or an updated version. Updates to the policy should include clear expectations on content to safeguard TheRide’s image.

Rationale

The current Advertising Policy, 2014 provides for management of expectations and restricts inappropriate third-party advertising in order to protect AAATA’s image and reputation. It is also reasonable to allow for policy updates to improve clarity of expectations, comply with new regulations, be in line with industry’s best practices, address potential loopholes in order to safeguard TheRide’s image and reputation.

**Evidence**

**Source of Data:** Marketing and Operational records

**Date of Data Review:** 05/07/2026 as verified by Manager of Public Affairs and Community Engagement

**Data:**

During the monitoring period AAATA operated and enforced the AAATA’s Advertising Policy, 2014. There were no violations to the policy.

**POLICY 2.7.4.3**


Hire a former Board member as an agency employee or supplier within one year of that member's departure from the Board.

&

**POLICY 2.7.4.4**

Hire a sitting elected official or former elected official from any jurisdiction that appoints members to the AAATA Board who has not been out of office for at least one year.

**Degree of Compliance**

 Compliant

**Interpretation**

Operational Definition:

I interpret this policy to mean that all personnel and procurement decisions are made solely in the organization's best interest, and all actual or potential conflict of interest is avoided to the extent possible.

Measure/Standard

Compliance with this policy will be demonstrated when

- A. The agency confirms that during the monitoring period, AAATA did not hire a current or former Board member as an agency employee or supplier within one year of that member's departure from the Board.
- B. Additionally, AAATA did not hire a sitting elected official or former elected official that has not been out of office for at least one year from any jurisdiction that appoints members of the AAATA Board.
- C. 100% of bid submissions confirm that potential suppliers have no conflict of interest as defined in this policy.

Rationale

- A.-B. This is reasonable as that is what the policy calls for.
- C. Bids occur prior to contracting and the agency ensures that all potential contractors are aware of this expectation.

**Evidence**

**Source of Data:** Employment and procurement records

**Date of data review:** 05/07/2026 as verified by the Manager of Human Resources and the Manager of Procurement


**Data:**

- A. None of the employees hired during the monitoring period were current or previous suppliers or board members.
- B. No sitting elected official or former elected official was hired as an agency employee or supplier during the monitoring period.
- C. A review of bids and supplier contracts confirm that there was no elected official or board member currently serving or within one year of service that was hired as a supplier.

**POLICY 2.7.4.5**

Proceed with material changes to services, programs or transit facilities that could be foreseen to create significant resistance from the traveling public and external stakeholders because they had not had the opportunity for consultation, or their input had been ignored.

**Degree of Compliance**

 Compliant

**Interpretation**

Operational Definition:

I interpret this policy to mean that the agency will provide effective and accessible channels for public dialogue and feedback regarding operational changes that impact the community.

Measure/Standards & Achievement

Compliance will be demonstrated when all final decisions regarding services, programs, or transit facilities (fares are addressed in Policy 2.5.12) provide opportunities for public involvement in line with the AAATA's Public Input Policy (PIP) for Service and Fare Changes (Board Resolution May 2012).

Rationale

This is reasonable because the PIP is compliant with federal regulation regarding public involvement and describes levels, types and timing of engagement needed in relation to the degree of change being considered i.e., major, minor, or adjustment. It also emphasizes not only receiving comments but responding to all input and more so, having two-way conversations to better understand comments or suggestions. Hence preventing or reducing chances where a stakeholder(s) may feel ignored. Further, the Public Input Policy and related processes are reviewed every three years by the Federal Transit Administration as part of the Triennial Review.

**Evidence**

**Source of Data:** Planning and operational records

**Date of Data Review:** 05/06/2026 as verified by Manager of Public Affairs and Community Engagement

**Data:**

All service changes were conducted in accordance with the Public Input Policy. In April 22-May 22, 2024, public input was gathered for the Ypsilanti Transit Center project. Additionally, public input sessions were available during all Board meetings, Local Advisory Council meetings and August Service Updates. Minor service changes also occurred in line with the policy.

**POLICY 2.7.5**

Authorize the use of vehicles and their operators to transport persons detained by law enforcement for participating in public demonstrations.

**Degree of Compliance**

 Compliant

**Interpretation**

Operational Definition:

I interpret this policy to mean that agency support to law enforcement will be neutral, apolitical, and preserve the agency's reputation.

Measure/Standards & Achievement

Compliance will be demonstrated when no AAATA vehicles (owned or contracted) nor any AAATA staff (directly employed or contracted) are used to transport persons detained by law enforcement for participating in public demonstrations.

Rationale

This is reasonable because the policy is self-evidence in its intent.

**Evidence**

**Source of Data:** Operational records

**Date of Data Review:** 5/12/2026 as verified by the CEO

During the monitoring period, the CEO did not authorize the use of vehicles or operators to transport persons detained by law enforcement for participating in public demonstrations. No such requests were made to the agency.

**Policy Trendlines**

<b>Policy</b>	<b>2023 submission</b> (annual report)	<b>2024 submission</b> (annual report)	<b>2026 submission</b> (covers 2 years)
<b>2.7</b>	Compliant	Partially Compliant*	Compliant
<b>2.7.1 (Created FY22)</b>	Compliant	Compliant	Compliant
<b>2.7.1.1 (Created FY23)</b>	Compliant	Compliant	Compliant
<b>2.7.2 (Deleted in FY 24)</b>	Compliance cannot be determined*	Not Compliant	Compliant
<b>2.7.2.1 (Deleted in Fy 24)</b>	Compliance cannot be determined*	Compliant	Compliant
<b>2.7.3 (Became 2.7.2)</b>	Compliant	Compliant	Compliant
<b>2.7.4 (Became 2.7.3)</b>	Compliant	Compliant	Compliant
<b>2.7.5 (Became 2.7.4)</b>	Compliant	Compliant	Compliant
<b>2.7.5.1 (Became 2.7.4.1)</b>	Compliant	Compliant	Compliant
<b>2.7.5.2 (Became 2.7.4.2)</b>	Compliant	Compliant	Compliant
<b>2.7.5.3 (Became 2.7.4.3)</b>	Compliant	Compliant	Compliant
<b>2.7.5.4 (Became 2.7.4.4)</b>	Compliant	Compliant	Compliant
<b>2.7.5.5 (Became 2.7.4.5)</b>	Compliant	Compliant	Compliant
<b>2.7.6 (Became 2.7.5)</b>	Compliant	Compliant	Compliant

<b>Legend</b>	
Compliant	Compliant
Partially Compliant*	Partially Compliant*
Not Compliant	Not Compliant
Compliance cannot be determined*	Compliance cannot be determined*

\*- As of 2025, the CEO assesses all policies as either **compliant** or **non-compliant**. All policies whose compliance is "partial" or "cannot be determined" will now be assessed as **non-compliant**.

## Guidance on Determining “Reasonableness” of CEO Interpretations

### Are the interpretations reasonable?

An interpretation is reasonable if the following are provided,

1. a measure or standard,
2. a defensible rationale for the measure or standard,
3. a level of achievement necessary to achieve compliance and
4. a rationale for the level of achievement.

### Is evidence verifiable?

Evidence is verifiable if there is

1. actual measurement/data,
2. the source of data and
3. the date when data was collected is provided.

## Board’s Conclusion on Monitoring Report

### Board’s conclusion after monitoring the report.

Following the Board’s review and discussion with the CEO, the Board finds that the CEO:

- (A) a reasonable interpretation for **all** policy items and that the evidence demonstrates compliance with the interpretations.
- (B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO’s stated non-compliance with item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.
- (C)
  1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation
  2. For policy items x.x.x – the interpretation is not reasonable
  3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance
  4. For policy items x.x.x – the Board acknowledges and accepts the CEO’s stated non-compliance and the proposed dates for compliance

## Board Notes: (If Applicable)

## WORKSHEET RESULTS

### Asset Protection (Policy 2.7)

**Participants: (7) Board Members**

Mike Allemang, Rich Chang, Julie Grand, Jesse Miller,  
Kathleen Mozak, Susan Pollay, Georgia Valentine

**Performance on reasonable interpretation and verifiable evidence**

**Policy 2.7**

The CEO shall not allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked.

Further, without limiting the scope of the above by the following list, the CEO shall not:

Percent of Board members that find the interpretation reasonable	<b>100%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context: N/A*

**Policy 2.7.1**

Allow Board members, staff, and the organization itself to be inadequately insured against theft, embezzlement, casualty, and liability losses.

Percent of Board members that find the interpretation reasonable	<b>100%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context: N/A*

**Policy 2.7.1.1**

Unreasonably expose the organization, its Board or staff to claims of liability.

Percent of Board members that find the interpretation reasonable	<b>100%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context: N/A*

**Policy 2.7.2**

Cause or allow buildings and equipment to be subjected to improper wear and tear or insufficient maintenance.

Percent of Board members that find the interpretation reasonable	<b>100%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context: N/A*

**Policy 2.7.3**

Allow intellectual property, information and files to be exposed to loss, significant damage or unauthorized access.

Percent of Board members that find the interpretation reasonable	<b>100%</b>
Percent of Board members that find the evidence verifiable	

*If you stated NO, kindly provide additional context: N/A*

**Policy 2.7.4**

Endanger the organization's public image, credibility, or its ability to accomplish Ends.

Percent of Board members that find the interpretation reasonable	<b>100%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context: N/A*

**Policy 2.7.4.1**

Permit inconsistent, disrespectful or untimely response to stakeholder concerns.

Percent of Board members that find the interpretation reasonable	<b>100%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context: N/A*

**Policy 2.7.4.2**

Allow third-party advertising that violates stated agency guidelines for community standards.

Percent of Board members that find the interpretation reasonable	<b>100%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context: N/A*

**Policy 2.7.4.3**

Hire a former Board member as an agency employee or supplier within one year of that member’s departure from the Board.

Percent of Board members that find the interpretation reasonable	<b>100%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context: N/A*

**Policy 2.7.4.4**

Hire a sitting elected official or former elected official from any jurisdiction that appoints members to the AAATA Board who has not been out of office for at least one year.

Percent of Board members that find the interpretation reasonable	<b>100%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context: N/A*

**Policy 2.7.4.5**

Proceed with material changes to services, programs or transit facilities that could be foreseen to create significant resistance from the traveling public and external stakeholders because they had not had the opportunity for consultation or their input had been ignored.

Percent of Board members that find the interpretation reasonable	<b>100%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context: N/A*

**Policy 2.7.5**

Authorize the use of vehicles and their operators to transport persons detained by law enforcement for participating in public demonstrations.

Percent of Board members that find the interpretation reasonable	<b>100%</b>
Percent of Board members that find the evidence verifiable	<b>100%</b>

*If you stated NO, kindly provide additional context: N/A*

**Additional context questions**

**1. Is there any reason to doubt the integrity of the information presented?**

No - (7)

If you stated YES, kindly provide additional context: N/A

- 2. If the CEO has indicated NON-COMPLIANCE with any aspect of this policy, is there a commitment as to when the Board can expect to see compliance and is the proposed time-frame acceptable?**

N/A – (7)

If you stated NO, kindly provide additional context: N/A

- 3. Having reviewed the monitoring report, does anything you have learned make you consider whether the POLICY ITSELF should be amended? (Policy amendment is not monitoring but should be addressed as a board decision.)**

No - (7)

If you stated YES, kindly provide additional context: N/A

- 4. Approximately how many minutes did it take you to fill out this form?**

20, 20, 10, 25, 12, 8, 23

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## STRATEGIC LAND PURCHASE: YPSILANTI TRANSIT CENTER

**Meeting: Board of Directors**

**Meeting Date: June 18, 2026**

### INFORMATION TYPE

Decision

### RECOMMENDED ACTION(S)

That the Board authorizes the CEO to execute all documents required to purchase land from the City of Ypsilanti for the new Ypsilanti Transit Center Reconstruction Project (the YTC Project) for the amount of \$705,000.

### ISSUE SUMMARY

Staff are seeking Board authorization to purchase land from the City of Ypsilanti for \$705,000. The contractual stipulations are typical ([Attachment 3](#)). This land is necessary to the future of the development of a new Ypsilanti Transit Center. Purchase also allows us to proceed with confidence. Construction is planned to begin in the Spring of 2027. Failure to purchase these parcels will likely delay the project. The parcels in question are illustrated in [Attachment 1](#).

### BACKGROUND

Staff have completed negotiations with City of Ypsilanti staff to purchase the land for \$705,000. This amount is within the range of established fair market values of appraisals by both parties, which were reviewed and approved by the Federal Transit Administration (FTA). The NEPA phase of the project is complete with approval from the FTA.

Additionally, federal and state grant funding necessary to acquire the land and complete design and construction of the facility have been secured. The land acquisition price is within budgeted amounts for the project.

The City Council of Ypsilanti approved the sale of land to AAATA for that amount for the purpose of constructing a transit center on June 16, 2026, Council Meeting. The initial purchase agreement is contained in [Attachment 3](#). Additional routine closing documents are expected later.

The Board created policy 2.10 Construction to identify information it requires before agreeing to a real-estate transaction. The CEOs response to those requirements is contained in [Attachment 2](#).

### PRIOR RELEVANT BOARD ACTIONS & POLICIES

On June 19, 2025, the Board of Directors unanimously approved the following motion:

*“... to A) authorize the CEO to submit grant applications and funding requests as necessary to fund the project, B) authorize the CEO to begin detailed design/architecture and engineering, C) authorize the CEO to enter land acquisition*

discussions and negotiate the acquisition of real estate from the City of Ypsilanti  
(pending approval of Categorical Exclusion by FTA and final approval by the Board).”

The Ypsilanti Transit Center Project is included in TheRide 2045 Long-Range Plan, as well as numerous previous annual capital budgets approved by the Board.

On September 19, 2024, the Board of Directors approved a FY 2025 budget that includes \$1.24 million for the YTC planning, architecture, and engineering. On May 16, 2024, July 18, 2024, April 17, 2025, and May 15, 2025, staff provided updates on the YTC Project to the Board of Directors.

#### **IMPACTS OF RECOMMENDED ACTION(S)**

- Budgetary/Fiscal: The project is fully funded with Federal and State funding commitments for the land acquisition and the facility design and construction. The price is within the project budget and will not impact other capital projects.
- Social: The first public engagement period for the YTC project ran from April 22 – May 22, 2024. Another round of public engagement occurred from April 17 – May 23, 2025.
- Environmental: NEPA review is complete with FTA approval.
- Governance: Board authorization required by Policy 2.10 Construction (grant application, detailed design and engineering, real estate transactions).

#### **ALTERNATIVE OPTION(S)**

Withhold or defer authorization. Note: Withholding or deferring authorization may impact the continuity of the YTC Project construction timeline as indicated.

#### **ATTACHMENTS**

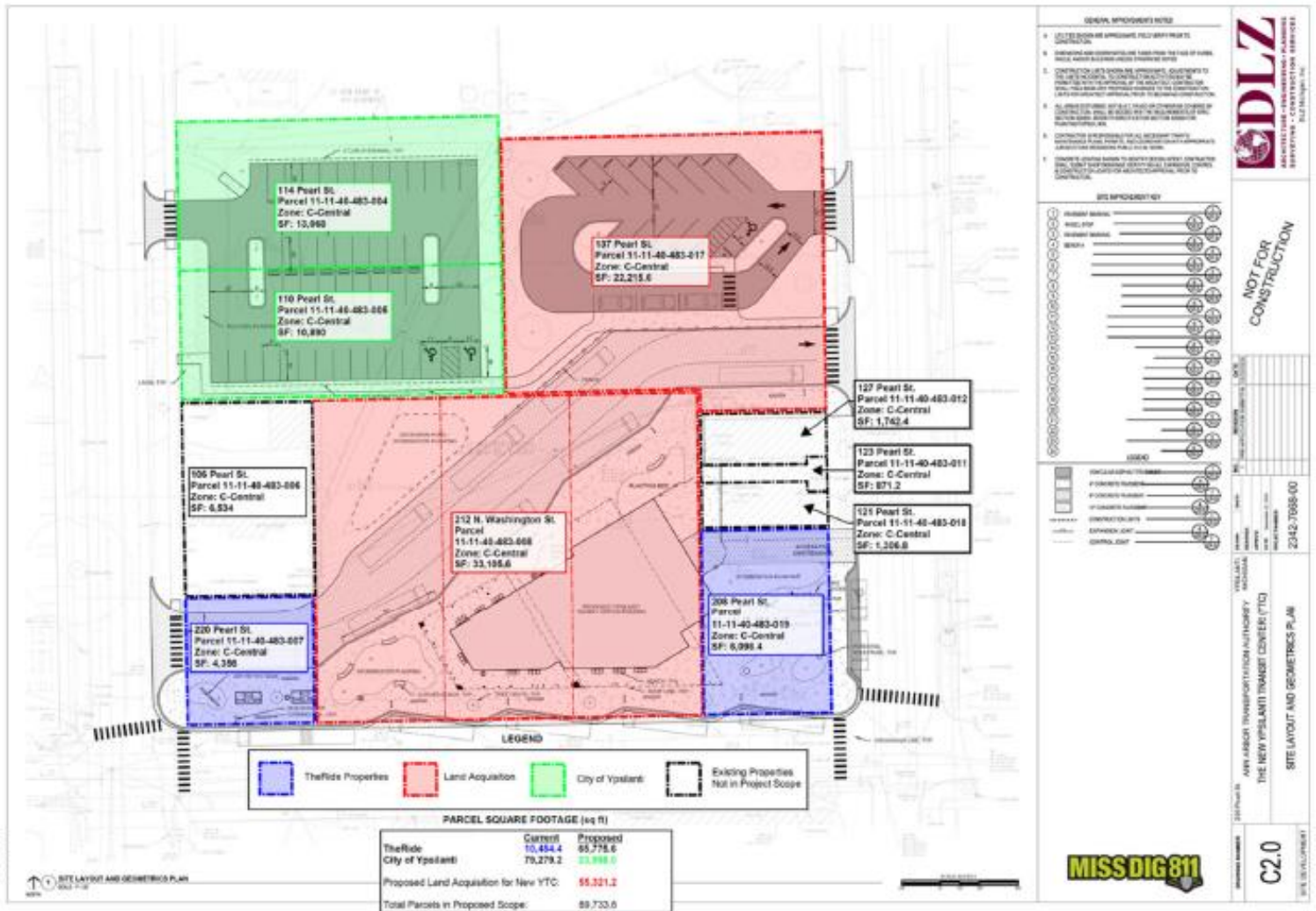
1. Attachment 1: Land Acquisition Map
2. Attachment 2: Policy 2.10 Construction – Policy Requirements and Responses
3. Attachment 3: Land Purchase Document

# ATTACHMENT 1: LAND ACQUISITION MAP

The drawing below is a color-coded diagram of the land acquisition parcels and adjacent land parcels.

The negotiated land acquisition is to purchase the two parcels highlighted in red. The purple highlighted parcels are land currently owned by AAATA. The layout of the YTC Project elements can be seen within the red and purple portions of the diagram.

The green highlighted parcel is land that will be retained by the City of Ypsilanti for parking. The white parcels will remain unchanged.



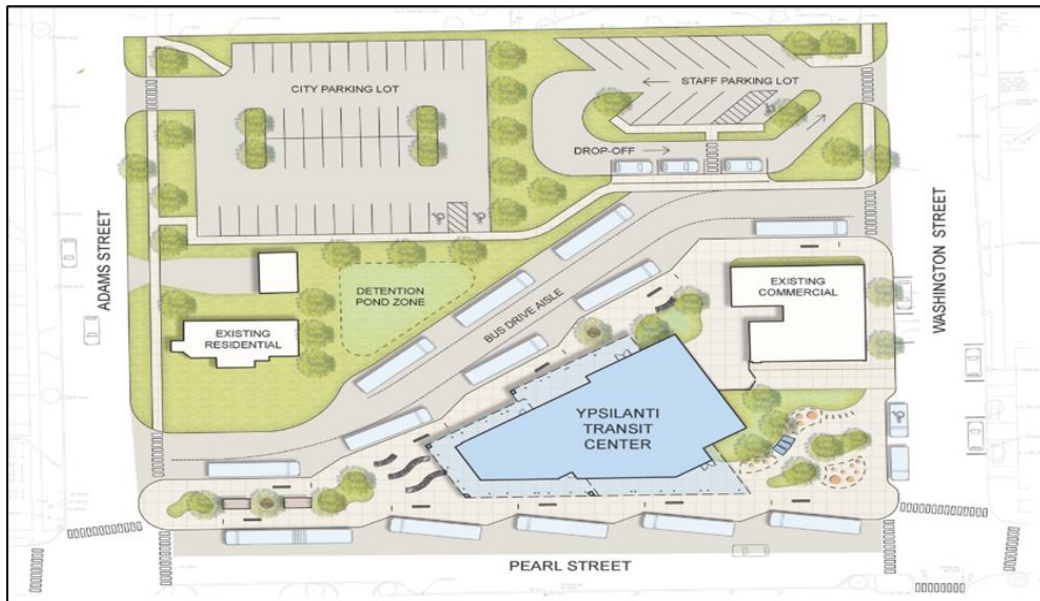
## ATTACHMENT 2: Policy 2.10 Construction – Policy Requirements and Responses

The Board's Construction policy (2.10) lays out the information the Board wants to see before authorizing grant applications, detailed design and engineering contracts, **and real estate transactions**. The CEO's interpretation then groups that information into categories. Those categories and the CEO's responses are seen below:

1. **Scope of project, Rationale, Alignment with Ends – What is the nature of the project? What are the most important elements? Description of how the project will advance specific goals identified by the Board.**

- a. **Scope:** A new Ypsilanti Transit Center, replacing the current inadequate 1990s facility with a modern transit building, utilizing the current location and portions of the adjacent City-owned parking lot. The facility will be reoriented towards the corner of Pearl and Washington Streets, and the platform will surround the new facility, utilizing a new diagonal bus drive aisle.

This land purchase is a necessary precursor to further development of the terminal. The project depends on having clear title to the land and federal rule prohibit us from building upon land we do not control. Once we own the land, we will be able to proceed with additional confidence.



b. **Key Elements:**

- i. New transit center building with a front entrance at Pearl/Washington corner, with the new facility over three times larger than the current one.
- ii. New bus drive aisle with rear facility entrance that will nearly double the number of bus bays.
- iii. Enhanced waiting areas and amenities for passengers, staff, and drivers.
- iv. Modern facility design to better serve current and future customers and expand and improve operations

- c. **Alignment with Ends:** This project advances the Board's Ends to provide accessible, reliable, and equitable public transportation (policy 1.1) by replacing an outdated facility that no longer meets current capacity and accessibility

standards. This larger terminal will allow future increases in frequency of bus service (1.0). The new facility will improve passenger experience (1.3) for all riders (1.3.1-1.3.3) and operational efficiency (1.0), supporting ridership growth (1.0) and community connectivity (1.1). A superior experience will help attract new passengers (1.0, 1.2.1), enhance the agency's public image, and will likely positively impact the downtown area (1.5). This project is one of the primary capital projects highlighted in TheRide 2045, the organization's long-range plan.

2. **Relative Priority** – *Why is this project being prioritized ahead of other projects? How would this project affect the 10-Year Capital Plan?*

- a. **Prioritization Rationale:** Replacing the YTC has been an organizational goal for over 10 years and has been highlighted as the top capital priority in AAATA's business plan, annual budget, and capital plan for the last several years. The current 1990s facility has significant capacity constraints that limit comfort, useability, and service effectiveness. This project builds on the 2018 Needs Assessment, suggesting a long-standing recognition of this need.
- b. **10-Year Capital Plan Impact:** This project is identified in the 10-Year Capital Plan (FY2026 Budget, page 44). Based on the current funding plan, this project would not jeopardize funding for any other capital projects such as the Blake Transit Center, which are budgeted for separately. There are outside grants intended for terminals such as this.

3. **Timeline** – *What are the expected dates of major milestones such as construction, opening/initials, operating lifespan, decommissioning?*

- a. **Major Milestones:**
  - i. Summer/Fall2026: Detailed design and engineering, site plan review, permitting
  - ii. Winter/Spring 2027: Final design and engineering, bidding, begin construction
  - iii. Summer/Fall 2028: Open new YTC
- b. **Operating Lifespan:** Typical 30-40 year lifespan for transit facilities.
- c. **Land Purchase:** Once authorized by the Board, the CEO will execute the contract as soon as possible.

4. **Fiscal Responsibility** - *What are the anticipated capital and operating costs during the life of the project? How will the capital and operating costs of the projects be paid for during the lifespan of the project? What assumptions are made regarding outside grant funding, funding from the Capital Reserve, or local millage funds? How would the approval of this project impact the agency's ability to maintain existing services and infrastructure, or afford other projects?*

- a. **Capital Costs:** The 10-Year Capital Plan currently identifies the Ypsilanti Transit Center project totaling \$23,390,025. The actions in this request do not change the total project costs.

- b. Funding Strategy:** The YTC project received \$7 million in congressionally directed spending from Rep. Debbie Dingell in 2023, along with MDOT provided capital state match. AAATA was also recently awarded an FTA 5339 Buses and Bus Facilities Grant in 2026 for an additional \$7.2 million in federal funding plus MDOT state match. Smaller discretionary awards total \$1.3 million. Staff will continue to seek additional funding opportunities for the remaining budgeted costs, with any remaining costs to be covered with either Federal Formula Funding or local Capital Reserve.
- c. Operating Costs:** Operating costs are driven by staffing, maintenance, and utilities. As this facility will replace the existing one, many costs will not be new. For example, staffing costs should remain about the same as staff transfer to the new building. We do anticipate higher costs for snow clearing and utilities. These costs should not be a significant increase. The new facility is expected to have higher operational efficiency compared to the ageing 1990s facility. Total maintenance costs for the new facility will be determined in later phases of the planning and design process. Lifecycle replacements of facilities are anticipated to be paid for with federal formula funds (capital) and included in the state of good repair capital budget. As cost estimates for maintenance and capital replacement become more defined, they will be presented in context of overall impacts to operating and capital cost projections during the annual budgeting process.
- d. Impact on Other Services:** No adverse impacts on other services are anticipated as part of this project. The project is expected to improve transit operations at the YTC and accommodate future growth.
- e. Land Purchase Costs:** The price of \$705,000 is within the approved project budget for this project. The price is reasonable based upon land assessments of value, and will not negatively impact any other part of the project or Capital Budget.

5. **Risks -What social, environmental, financial, operation, or other risks have been identified? Are there ways to mitigate risks?**

The NEPA Categorical Exclusion with Documentation report identifies mitigation measures if certain challenges are encountered on the project – for example how to handle or dispose of soils that may have naturally occurring heavy metals; or what procedures must be followed if archeological artifacts are found during site excavation. The detailed design and architecture phase of the project includes development and maintenance of a risk register. This document will continuously monitor potential risks and mitigation strategies as the design progresses.

Through ongoing discussions with the City and residents, we have not been made aware of any significant public or political reservations with the project. However, we can never say that all risks have been eliminated. Even with all reasonable due diligence, it is common for unexpected issues to emerge as a project becomes more serious. As this will be the first major construction project located in downtown for many years, there is little recent history to help identify unexpected developments.

6. **Public Involvement – How has the public been engaging in the development of the proposal thus far? How will the public be engaged going forward?**

Extensive public and stakeholder engagement has occurred throughout the course of the project. Public engagement conducted in April-May 2024 was focused on possible site layout and orientation. Feedback received during this engagement led to the current site programming and facility layout. Public engagement conducted in April-May 2025 was focused on updating the public and stakeholders on the latest concepts and demonstrate how past input influenced the current configuration. Each of these public engagement sessions included in-person public open house sessions, online surveys, social media posts, notices on buses and at the YTC, and presentations at public meetings including the AAATA Board of Directors, the City of Ypsilanti City Council, the City of Ypsilanti Planning Commission, the City of Ypsilanti Historic District Commission, and the Ypsilanti Downtown Development Authority. Additionally, countless staff meetings have been held with different departments of TheRide and the City of Ypsilanti.

### **Attachment 3: Land Purchase Document**

Below is the document that TheRide and City of Ypsilanti agreed upon. This is the initial document the CEO will sign to implement the land purchase. Other routine documents will follow.

Note: This document is *not* required by the Board per policy 2.10 Construction, nor are they intended for editing. The City has already approved this document. This is provided for general Board information only.

## AGREEMENT OF PURCHASE AND SALE

**THIS AGREEMENT OF PURCHASE AND SALE** (the “**Agreement**”) is made and entered into as of [\_\_\_], 2026 (the “**Effective Date**”), by and between the **CITY OF YPSILANTI**, a Michigan municipal corporation (“**Seller**”); and **ANN ARBOR AREA TRANSPORTATION AUTHORITY**, a legal authority created pursuant to Act 55 of 1963 (“**Purchaser**”). In consideration of the mutual promises, covenants and agreements hereinafter set forth and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree as follows:

### **ARTICLE I.**

#### **Sale of Property**

**1.1. Sale of Property.** Seller hereby agrees to sell and convey to Purchaser, and Purchaser agrees to purchase from Seller, all of Seller’s right, title and interest in and to the following:

**1.1.1. Land.** That certain real property located in the City of Ypsilanti, County of Washtenaw, Michigan legally described in Exhibit A attached hereto (collectively, the “**Land**”).

**1.1.2. Real Property.** All rights and privileges appurtenant to Seller’s interest in the Land, including, without limitation, all of Seller’s right, title and interest, if any, in and to all easements, licenses, permits, covenants, air and subsurface rights and other appurtenances in any way related to or used in connection with the ownership, occupancy, operation, maintenance, beneficial use and enjoyment of the Land (the Land and all such easements and appurtenances are collectively referred to herein as the “**Real Property**” or the “**Property**”).

### **ARTICLE II.**

#### **Purchase Price**

**2.1. Purchase Price.** The purchase price for the Property is Seven Hundred Five Thousand and 00/100 Dollars (\$705,000.00) (the “**Purchase Price**”). First American Title Insurance Company, National Commercial Services located at 5445 Corporate Drive, Suite 175, Troy, Michigan 48084, Attn.: Anthony Coratti (248.709.6508) (“**Escrow Agent**” or “**Title Company**”), will act as escrow agent and title agent for the Closing (defined below).

**2.2. Payment.** Provided that all conditions precedent have been satisfied and fulfilled, or waived in writing by Purchaser, the Purchase Price, as adjusted by all proration, credits, and debits as provided in this Agreement, will be paid to Seller by Purchaser at the Closing in immediately available funds.

### **ARTICLE III.**

#### **Deposit**

**3.1. Deposit.** Within five (5) business days after the Effective Date, Purchaser will deposit an amount equal to Twenty Thousand and 00/100 Dollars (\$20,000.00) (the “**Deposit**”) with the Title Company, in immediately available funds. The Deposit will be held by Escrow Agent and disbursed pursuant to the terms and conditions contained herein. The Escrow Agent will confirm and acknowledge receipt of the Deposit.

**3.2. Application of Deposit.** When the Closing occurs, the Deposit will be paid to Seller and credited against the Purchase Price at Closing. If the Closing does not occur in accordance with the terms hereof, the Deposit will be held and delivered as hereinafter provided. Unless Purchaser terminates this Agreement in accordance with the terms hereof to allow for a return of the Deposit to Purchaser, the Deposit shall remain with Escrow Agent as Seller’s security against Purchaser’s default until the Closing has occurred or this Agreement has been terminated.

## ARTICLE IV.

### Closing, Prorations and Closing Costs

**4.1. Closing Date.** The closing of the transactions contemplated by this Agreement (the “**Closing**”) will occur on a remote in-escrow basis with the Title Company or a location as otherwise agreed to by the parties. Provided all conditions precedent have been satisfied or waived by Purchaser and this Agreement remains in full force and effect, the Closing shall occur on or before 5:30 p.m. on a date that is the earlier of (i) thirty (30) days following the expiration or waiver by Purchaser of all contingencies contained herein or (ii) at such other time as the parties may mutually agree upon in writing (the “**Closing Date**”).

**4.2. Prorations.** All matters involving prorations or adjustments to be made in connection with Closing and not specifically provided for in some other provision of this Agreement shall be adjusted in accordance with this Section 4.2. Except as otherwise specifically set forth herein, all items to be prorated pursuant to this Section 4.2 shall be prorated as of 11:59 PM of the day immediately preceding the Closing Date, with Purchaser to be treated as the owner of the Property, for purposes of prorations of income and expenses, on and after the Closing Date. The provisions of this Section 4.2 will survive the Closing.

**4.2.1. Taxes.** Real estate and personal property taxes and special assessments, if any, shall be prorated as of the Closing Date. Seller shall pay all real estate and personal property taxes and special assessments attributable to the Property through the Closing Date. All current real estate taxes and installments of special assessments levied against the Property, including any such taxes prepaid by Seller, shall be prorated and adjusted between the parties as of the Closing Date based on local custom and on the basis of a three hundred sixty-five (365) day year. All taxes assessed on or after the Closing Date or otherwise imposed due to a change of use of the Property after the Closing Date shall be paid by Purchaser.

**4.2.2. Utilities.** Purchaser and Seller hereby acknowledge and agree that the amounts of all sewer, water and other utility bills, if any, and all other expenses relating to the Property, if any, allocable to the period prior to the Closing Date shall be determined and paid by Seller before Closing. Final readings and utility billings shall be made, if possible, as of the

Closing Date, in which event no proration shall be made. If such final readings are not done as of the Closing Date, then a proration of all utilities, or an escrow holdback of Seller's proceeds at Closing, shall be made based upon Seller's and Purchaser's mutually agreed upon reasonable good faith estimate of the same based upon the most recent bills, and a readjustment shall be made upon receipt of final bills within thirty (30) days after the Closing Date. Purchaser shall cause all utility services to be placed in Purchaser's name as of the Closing Date.

**4.2.3. Calculations.** For purposes of calculating prorations, Seller shall be responsible for the expenses for the entire Closing Date. All such prorations shall be made on the basis of the actual number of days of the year which shall have elapsed as of the Closing Date and a three hundred sixty five (365) day year.

**4.3. Closing and other Costs.** At the Closing, Seller and Purchaser will each pay the costs and fees enumerated in this Section.

**4.3.1.** Seller will pay:

- (i) one half (1/2) of the Escrow Agent's fees for its services,
- (ii) all transfer taxes associated with the sale of the Property,
- (iii) the cost of a standard ALTA owner's policy of title insurance, and all title investigation costs with respect to the Title Commitment (defined below);
- (iv) any recording fees and costs for documents necessary to remove Title Objections (defined below) and any Monetary Exceptions (defined below); and
- (v) any accrued but unpaid property taxes, incremental assessments, and utility charges (if any).

**4.3.2.** Purchaser will pay:

- (i) one half (1/2) of the Escrow Agent's fees for its services;
- (ii) any recording fees for the Deed;
- (iii) the incremental cost, if any, for title policy endorsements and extended coverage requested by Purchaser (but excluding endorsements obtained by Seller to affirmatively insure over Purchaser's Title Objections);
- (iv) the cost of any Survey, if any.

**4.3.3.** Purchaser and Seller will each pay their own respective legal and professional fees. Purchaser will pay One Hundred Percent (100%) of all costs of Purchaser's due diligence. All other costs and expenses will be paid by the parties in accordance with what is customary and usual in transactions similar to the transaction contemplated by this Agreement in the jurisdiction in which the Property is located.

## ARTICLE V.

### Purchaser's Contingencies

#### 5.1. Right to Evaluate.

5.1.1. For the period commencing on the Effective Date and ending on the date that is [forty-five (45)]<sup>1</sup> days after the Effective Date (the “**Feasibility Period**”), Purchaser and its agents shall have the right during normal business hours (with reasonable advance notice to Seller), at Purchaser's sole cost and expense and at Purchaser's and its agents' sole risk, to perform inspections and tests of the Property and to perform such other analyses, inquiries and investigations or testing as Purchaser shall deem necessary or appropriate. Purchaser shall have the right to extend the Feasibility Period for up to two (2) additional thirty (30) day periods by providing notice to the Seller prior to the end of the Feasibility Period, as the same may be extended.

5.1.2. Seller shall have the right, in its discretion, to accompany Purchaser and/or its agents during any such inspection and shall be entitled to receive advance notice. Seller and its agents shall fully cooperate, at Purchaser's sole cost and expense, with Purchaser in making such inspections and allow Purchaser full access to the Property for the purpose of such inspections during normal business hours, provided that Seller does not unreasonably interfere with Purchaser's operations at the Property.

5.1.3. Prior to Purchaser or its agents entering the Property to conduct any testing at the Property, Purchaser shall obtain and maintain during the term of this Agreement, at Purchaser's sole cost and expense, the following insurance coverage, and shall cause each of its agents and contractors to obtain and maintain, and, upon request of Seller, shall deliver to Seller evidence of, the following insurance coverage: general liability insurance in the amount of not less than One Million and No/100 Dollars (\$1,000,000.00) combined single limit for personal injury and property damage per occurrence, which insurance shall provide coverage against any claim for personal liability or property damage caused by Purchaser or its agents, employees or contractors in connection with such inspections and tests.

#### 5.2. Inspection Obligations and Indemnity.

5.2.1. In connection with Purchaser's inspection of the Property, Purchaser and its agents and representatives shall: (a) not damage any part of the Property; (b) not injure or otherwise cause bodily harm to Seller, its agents, contractors and employees; (c) promptly pay when due the costs of all tests, investigations and examinations done with regard to the Property; (d) not permit any liens to attach to the Property by reason of the exercise of its rights hereunder; (e) to the extent damaged by Purchaser's inspections, restore the Property to substantially the same condition in which the same was found before any such inspection or tests were undertaken; and (f) not reveal or disclose any information obtained during the Feasibility Period concerning the

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<sup>1</sup> NTD: AAATA and City to discuss timeframe.

Property to anyone outside the Purchaser's organization other than its agents, attorneys, lenders, consultants and representatives, except to the extent required by law or pursuant to judicial or administrative mandate, or otherwise in connection with any municipal, regulatory or governmental approvals. Notwithstanding the foregoing, Purchaser's obligation to restore the Property shall exclude restoration or repair of damages caused by or resulting from: (i) negligence or intentional acts or omissions of Seller or Seller's employees, agents, affiliates, representatives, consultants and contractors; or (ii) Pre-Existing Conditions (as defined below).

**5.2.2.** To the fullest extent permitted by law, Purchaser shall, and does hereby agree to indemnify, defend and hold Seller, its members, officers, directors, employees, agents, attorneys and their respective successors and assigns, harmless from and against any and all claims, demands, suits, obligations, payments, damages, losses, penalties, liabilities, costs and expenses that Seller suffers or incurs as a result of any injury to persons or property damage caused by or resulting from Purchaser's inspections, tests and/or assessments conducted by Purchaser. Purchaser's indemnification, defense and hold harmless obligations shall not apply to (A) any liabilities arising from any acts or omissions of Seller or Seller's employees, agents, affiliates, representatives, consultants; (B) Pre-Existing Conditions; or (C) any diminution in value in the Property arising from, or related to, matters discovered by Purchaser during its investigations of the Property. "**Pre-Existing Conditions**" means any and all (i) hazardous materials and contamination located at, on or beneath the Land, including without limitation contamination of soils, surface water and groundwater; and (ii) any dangerous, illegal or defective condition of the Property, existing at the time of inspection.

**5.2.3.** This Section 5.2 will survive the Closing or any earlier termination of this Agreement.

**5.3. Purchaser's Entitlements.** Purchaser's obligation to consummate the purchase of the Property is conditioned upon Purchaser's ability to obtain from the applicable governmental authorities on or before the expiration of the Feasibility Period, all necessary final and written permits, licenses, zoning, and approvals necessary for Purchaser to develop and operate the Property as a transit center ("Purchaser's Intended Use"), including, without limitation, all zoning changes, zoning variances, site plan approvals, curb cuts, use permits, special use permits, lot divisions, other land use entitlements and building permits, and approvals necessary for Purchaser's intended development of the Property, all in accordance with or as otherwise required by Purchaser and with the design, conditions, stipulations, costs and other matters as are acceptable to Purchaser in its sole and absolute discretion (collectively, the "**Entitlement Approvals**"). If Purchaser delivers notice to Seller on or before the expiration of the Feasibility Period, as may be extended by Purchaser, that Purchaser has been unable to obtain any of the Entitlement Approvals Purchaser desires or which may otherwise be required, then this Agreement will be immediately deemed cancelled. Seller will cooperate in all reasonable respects with Purchaser, including executing applications and other forms if necessary, in applying for and obtaining the Entitlement Approvals, but all costs for any applications will be solely those of Purchaser.

**5.4. Seller Deliveries.** Within five (5) days after the Effective Date, Seller will deliver to Purchaser copies of all existing surveys, leases, environmental reports, water reports, soil tests, topography studies, archaeological tests, engineering reports, traffic studies, maintenance records,

marketing studies, maintenance reports, appraisals, zoning reports, zoning stipulations, development agreements, cost estimates, infrastructure plans, licenses, tax abatement agreements, revenue sharing arrangements, and similar records relating to the Property that were delivered to or performed by or for Seller and/or that are in the possession of, or are readily available to, Seller, its agents, or its affiliates (collectively, the “**Documents**”). Seller makes no representations or warranties of any kind regarding the accuracy, thoroughness or completeness of, or conclusions drawn in, the information contained in such Documents, if any, relating to the Property. Seller is not obligated to deliver or make available to Purchaser any of Seller’s strictly internal memoranda, attorney-client privileged materials, internal appraisals and economic evaluations of the Property, reports regarding the Property prepared by Seller or its affiliates solely for internal use, any other item which does not exist, or any item which is not in Seller’s possession and cannot reasonably be obtained. If the transaction contemplated by this Agreement does not occur for any reason whatsoever, Purchaser shall promptly return to Seller all copies and originals of all Documents provided to Purchaser by Seller.

**5.5. Independent Examination.** Purchaser is relying upon its own independent examination of the Property and all matters relating thereto and not upon any statements of Seller or of any officer, director, employee, agent or attorney of Seller with respect to acquiring the Property. This Section 5.5 will survive Closing or any earlier termination of this Agreement.

**5.6. Survey.** Purchaser may order from a surveyor licensed in the State in which the Land is located (the “**Surveyor**”), an updated ALTA survey of the Property that includes Table A matters requested by Purchaser (the “**Survey**”). Following receipt, Purchaser will deliver a copy of the Survey to Seller.

**5.7. Termination Right.** If at any time prior to the expiration of the Feasibility Period, as may be extended, Purchaser determines that it does not desire to acquire the Property for any reason or no reason, Purchaser may provide written notice of such determination to Escrow Agent and Seller on or before the end of the Feasibility Period, as may be extended, upon which this Agreement shall immediately terminate, Purchaser will receive a return of the Deposit, and, subject to the Surviving Termination Obligations (defined below in Section 14.12), thereafter neither party will have any further rights or obligations to the other hereunder. Unless Purchaser terminates this Agreement prior to the expiration of the Feasibility Period or otherwise in accordance with the terms hereof so as to allow for a return of the Deposit, subject to the terms and provisions of this Agreement, the Deposit shall remain with Escrow Agent as Seller’s security against Purchaser’s default until the Closing has occurred or this Agreement is terminated.

## ARTICLE VI.

### Title Matters

**6.1. Title.** Following the Effective Date Purchaser will cause the Title Company to issue a title commitment for the Property, together with copies of all recorded items identified therein (collectively, the “**Title Commitment**”). Within thirty (30) days after Purchaser’s receipt of the Title Commitment, legible copies of the underlying exception documents and the Survey, Purchaser may give Seller written notice as to what exceptions to title or Survey matters, if any, to

which Purchaser objects (“**Title Objections**”). Seller shall have ten (10) days from its receipt of any such notice of Title Objections to respond to Purchaser in writing electing to either: (1) remedy or obtain affirmative title insurance acceptable to Purchaser over the Title Objections prior to Closing; or (2) indicate that Seller is unable or unwilling to remedy or obtain affirmative title insurance over acceptable to Purchaser over some or all of the Title Objections. If Seller fails to timely provide a response to Purchaser’s notice of Title Objections, Seller shall be deemed to have elected to proceed in accordance with clause (2) of the preceding sentence. If Seller responds (or is deemed to respond) that it is unable or unwilling to remedy or obtain affirmative title insurance over acceptable to Purchaser over the Title Objections prior to Closing, Purchaser may, within five (5) business days after receipt of Seller’s response or expiration of Seller’s foregoing ten (10) day response period, elect to terminate this Agreement upon written notice to Seller, following which Purchaser will receive a return of the Deposit, and, subject to the Surviving Termination Obligations, thereafter neither party will have any further rights or obligations to the other hereunder. If Purchaser does not so elect to terminate this Agreement, then Purchaser shall be deemed to have waived its objections to those Title Objections which Seller has indicated that it is unable or unwilling to remedy, and such Title Objections shall be deemed to be Permitted Exceptions (as defined below), and the parties shall proceed to Closing subject to the terms hereof. As to any Title Objection items which Seller agrees to remove in its response to Purchaser’s notice of Title Objections, but which Seller fails to remedy or obtain affirmative title insurance over acceptable to Purchaser prior to Closing, Purchaser may, as its exclusive remedy, have the right either (y) to waive such objections to said Title Objection items and proceed to take title to the Property subject to such matters, or (z) to terminate this Agreement by giving written notice of such termination to Seller and the Title Company, and thereupon the Deposit shall be immediately refunded to Purchaser, this Agreement shall be deemed terminated and of no further force or effect except for the Surviving Termination Obligations.

**6.2. Permitted Exceptions.** As used herein, “**Permitted Exceptions**” shall mean (i) the encumbrances or exceptions to title shown in the Title Commitment to which Purchaser does not object pursuant to the terms hereof, or which with Purchaser’s consent are deemed waived and accepted, (ii) any liens, encumbrances, or interests arising from the acts of Purchaser, (iii) taxes and assessments, whether general or special, which are not due and payable as of the date of Closing, and (iv) all zoning ordinances and applicable laws. Notwithstanding the foregoing, Purchaser shall not be required to object to any mortgage lien, construction lien or other lien or encumbrance created by, through, or under Seller that may be discharged by payment of a specified or ascertainable amount of money (collectively, the “**Monetary Exceptions**”); and in no event shall any such Monetary Exceptions be or become Permitted Exceptions, and each of the same shall be discharged by Seller at or before Closing.

## ARTICLE VII.

### Covenants, Representations, and Warranties

**7.1. Seller’s Acts.** During the period from the Effective Date until Closing or the earlier termination of this Agreement pursuant to its terms, Seller shall not (a) knowingly take any action that could adversely impact the condition of the Property or the existing zoning, permitting or other governmental approvals for the Property without the prior written consent of Purchaser, which

consent may be withheld in Purchaser's sole discretion, or (b) convey any interest in the Property to a third party. Between the Effective Date and Closing Seller covenants to observe and perform the following:

**7.1.1.** Keep the Property insured under its current policies of insurance.

**7.1.2.** Comply with applicable rules, laws, regulations and requirements imposed upon the Property by any applicable governing or administrative agency or entity and, further, to provide Purchaser with copies of all notices received by Seller of any violation of such rules, laws, regulations, and requirements received by any such governing or administrative agency or entity.

**7.1.3.** Upon Seller's knowledge of any event occurring or condition existing which renders any of the representations contained herein untrue or misleading in any respect, Seller shall promptly notify Purchaser.

**7.1.4.** Seller shall continue to maintain the Property in a manner consistent with its condition as of the Effective Date.

**7.2. Representations and Warranties.** Seller hereby represents and warrants to Purchaser that the following are true and correct as of the Effective Date and shall be true and correct as of the Closing:

**7.2.1.** Seller is a Michigan municipal corporation duly formed and in good standing under the laws of the State of Michigan and is authorized to consummate the transactions contemplated by this Agreement.

**7.2.2.** Seller is the sole owner of marketable fee simple title to the Property.

**7.2.3.** The execution of this Agreement and any closing documents to be executed and delivered to Purchaser at Closing pursuant to this Agreement by Seller, and Seller's performance of its obligations and the transactions contemplated under this Agreement have been duly authorized by all requisite action on the part of Seller.

**7.2.4.** Seller is not a "foreign person", "foreign partnership", "foreign trust" or "foreign estate" as those terms are defined in Section 1445 of the Internal Revenue Code.

**7.2.5.** Seller has not received notice of any action, litigation, investigation, condemnation or proceeding of any kind pending, or to Seller's knowledge threatened, against any portion of the Property that would prevent or prohibit the transaction contemplated herein or Seller's performance of its obligations hereunder.

**7.2.6.** There are no leases, licenses, occupancy or use agreements, nor any contracts for services, affecting the Property and which will be binding upon and affect Purchaser as of the Closing Date.

**7.2.7.** Seller has received no written notices regarding any continuing or ongoing violations of any laws, zoning ordinances, regulations, orders or requirements of departments of

housing, building, fire, labor, health, or other municipal departments or other governmental authorities having jurisdiction against or affecting the Property.

**7.2.8.** Seller has not entered into, and to Seller's knowledge is not subject to, any commitment, obligation, or agreement in favor of a third party with a right to purchase, lease or manage the Property or any part thereof, including, but not limited to, any right of first refusal, redemption rights, option to purchase, management or leasing agreements.

**7.2.9.** To Seller's knowledge, Seller has performed all obligations required to be performed under any covenant, condition, restriction, right-of-way, easement or other encumbrance affecting the Property or any portion thereof which will be binding upon the Property after Closing.

**7.3. Survival.** All representations and warranties made by Seller in this Agreement shall survive Closing for a period of twelve (12) months after Closing (the "**Survival Period**") and shall not merge into any conveyancing documentation delivered at Closing.

## ARTICLE VIII.

### Closing Conditions

**8.1. Conditions to Obligations of Seller.** The obligations of Seller under this Agreement to sell the Property contemplated hereby are subject to the satisfaction of the following conditions precedent on or before the Closing Date, except to the extent that any of such conditions may be waived by Seller in writing at Closing:

**8.1.1. No Orders.** No order or injunction has been entered and is in effect by any court of competent jurisdiction or any governmental authority, and no statute, rule, regulation or other requirement has been promulgated or enacted and is in effect, that restrains, enjoins or invalidates the transactions contemplated hereby.

**8.1.2. No Suits.** No suit or other proceeding is pending by any third party not affiliated with or acting at the request of Seller before any court or governmental authority seeking to restrain or prohibit or declare illegal, or seeking substantial damages against Seller or any of its affiliates in connection with the transactions contemplated by this Agreement.

**8.2. Conditions to Obligations of Purchaser.** The obligations of Purchaser under this Agreement to purchase the Property and consummate the other transactions contemplated hereby are subject to the satisfaction of the following conditions precedent on or before the applicable Closing Date, except to the extent that any of such conditions may be waived by Purchaser in writing at Closing:

**8.2.1. No Orders.** No order or injunction has been entered and is in effect by any court of competent jurisdiction or any governmental authority, and no statute, rule, regulation or other requirement has been promulgated or enacted and is in effect, that restrains, enjoins or invalidates the transactions contemplated hereby.

**8.2.2. No Suits.** No suit or other proceeding is pending by any third party not affiliated with or acting at the request of Purchaser before any court or governmental authority seeking to restrain or prohibit or declare illegal, or seeking substantial damages against Purchaser in connection with the transactions contemplated by this Agreement.

**8.2.3. Condition.** The physical condition of the Property shall be substantially the same on the Closing Date as on the Effective Date, reasonable wear and tear and damage caused by the acts of Purchaser or Purchaser's agents or affiliates excepted, unless alteration of said physical condition is the result of casualty or eminent domain (in which case the terms and provisions of Article X below shall control)

**8.2.4. Title Policy.** The Title Company shall be irrevocably obligated to issue the Owner's Policy (or a "marked-up" Title Commitment), dated as of the date of the recordation of the Deed, in the amount of the Purchase Price, subject only to the Permitted Exceptions, with the endorsements required by Purchaser.

**8.2.5. Possession of the Property.** Delivery by Seller of exclusive possession of the Property on the applicable Closing Date, subject only to the Permitted Exceptions.

## ARTICLE IX.

### Closing Obligations

**9.1. Closing.** The obligations of the Purchaser and the Seller with respect to the Closing are as follows.

**9.1.1. Purchaser's Closing Obligations.** Purchaser, at its sole cost and expense, will deliver or cause to be delivered to Seller at or prior to Closing the following:

(i) The Purchase Price, after all adjustments are made at the Closing as herein provided, by wire transfer or other immediately available funds, which amount shall be received in escrow by the Title Company on or before the day of the Closing.

(ii) Evidence reasonably satisfactory to Seller and the Title Company that the person executing the Closing documents on behalf of Purchaser has full right, power and authority to do so.

(iii) Such other documents as may be reasonably necessary or appropriate to affect the consummation of the Closing.

**9.1.2. Seller's Closing Obligations.** Seller, at its sole cost and expense, shall deliver or cause to be delivered to Purchaser at or prior to the Closing the following:

(i) A covenant deed in form and substance reasonably satisfactory to Purchaser, properly executed and acknowledged by Seller, conveying to Purchaser the Property in fee simple, subject only to the Permitted Exceptions (the "**Deed**").

(ii) A closing statement conforming to the proration and other relevant provisions of this Agreement.

(iii) A Temporary Construction Easement in form and substance attached hereto as Exhibit B (the “Temporary Construction Easement”).

(iv) Evidence reasonably satisfactory to Purchaser and the Title Company that the person executing the Closing documents on behalf of Seller has full right, power and authority to do so.

(v) An owner’s affidavit for the Property in a form reasonably acceptable to the Seller, but sufficient to provide Purchaser extended coverage with respect to Purchaser’s Owner’s Policy (defined below), and to allow for removal of all exceptions to title insurance therein other than the Permitted Exceptions (excepting, however, survey related items which Purchaser acknowledges and agrees that it shall be solely a Purchaser responsibility to obtain and provide to the Title Company the Survey so as to allow removal of any survey related items).

(vi) a policy of owner's title insurance (the “**Owner’s Policy**”) in the amount of the Purchase Price (or a mark-up of the Title Commitment for an Owner’s Policy issued by the Title Company, as applicable) made effective as of the date of recording of the Deed, together with endorsements reasonably requested by Purchaser, if any (which such endorsements shall be paid for by Purchaser, excepting the endorsements (if any) which Seller has elected to, in writing and in its sole discretion, purchase to cure or obtain affirmative insurance over a Title Objection raised by Purchaser), showing fee simple title to the Property vested in Purchaser, subject only to the Permitted Exceptions.

(vii) An entity Transfer Certification confirming that Seller is a “United States Person” within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended.

(viii) Such other documents as may be reasonably necessary or appropriate to affect the consummation of the Closing.

## ARTICLE X.

### Risk of Loss

**10.1. Condemnation and Casualty.** If, prior to the Closing Date, all or any portion of the Property is taken by condemnation or eminent domain, or is the subject of a pending taking which has not been consummated, or is materially destroyed or damaged by casualty, Seller shall notify Purchaser of such fact promptly after Seller obtains knowledge thereof. Upon receipt of such notice, Purchaser will have the option to terminate this Agreement upon written notice to Seller given not later than ten (10) days after receipt of Seller’s notice, or the Closing Date, whichever is earlier. If this Agreement is terminated, the Deposit shall be returned to Purchaser and thereafter neither Seller nor Purchaser shall have any further rights or obligations to the other hereunder except with respect to the Surviving Termination Obligations. If this Agreement is not

terminated, Seller shall assign, without recourse, and turn over to Purchaser all of the insurance proceeds or condemnation proceeds (or, if such have not been awarded, all of its right, title and interest therein), as applicable, payable with respect to such casualty or condemnation, and (y) the parties shall proceed to Closing pursuant to the terms hereof without abatement of the Purchase Price, except for a credit in the amount of the applicable insurance deductible if such deductible is actually paid by Seller prior to the Closing to allow for collection of insurance proceeds.

## ARTICLE XI.

### Default

**11.1. Default by Seller.** In the event of a Seller Default (defined below), as the sole and exclusive remedies of Purchaser, Purchaser may elect to either (i) terminate this Agreement by written notice to Seller, in which event Purchaser shall receive the Deposit from the Escrow Agent without further instruction, after which Seller shall not have any additional liability whatsoever to Purchaser hereunder other than with respect to the Surviving Termination Obligations; or (ii) bring an action for specific performance to enforce specific performance of Seller's obligations under this Agreement; provided, however, in the event specific performance is not available to Purchaser as a result of Seller's actions, Purchaser shall be permitted to pursue all remedies available to it at law or in equity.

**11.2. Default by Purchaser.** In the event of a Purchaser Default, as the sole and exclusive remedy of Seller, Seller may elect to either terminate this Agreement by written notice to Purchaser, in which event Seller shall receive the Deposit from the Escrow Agent without further instruction, after which Purchaser shall not have any additional liability whatsoever to Seller hereunder other than with respect to the Surviving Termination Obligations. Purchaser and Seller acknowledge and agree that the amount of the Deposit shall be and constitute valid liquidated damages.

**11.3. Default Cure Period.** Notwithstanding anything else contained herein, a party shall only be deemed to be in default under this Agreement (a "**Default**") when such party has failed to comply with any of the terms and/or conditions of this Agreement and has failed to cure such noncompliance within ten (10) days following written notice from the other party, which notice shall state the alleged noncompliance with reasonable specificity; provided, however, that no notice shall be required, and no such notice and cure period shall apply, with respect to either party's failure to timely close in accordance with the terms and conditions of this Agreement on the Closing Date.

## ARTICLE XII.

### Brokers

**12.1. Brokers.** Purchaser and Seller each represent and warrant to the other that it has not dealt with any person or entity entitled to a brokerage commission, finder's fee or other compensation with respect to the transaction contemplated hereby. Purchaser hereby agrees to indemnify, defend, and hold Seller harmless from and against any losses, damages, costs and

expenses (including, but not limited to, reasonable attorneys' fees and costs) incurred by Seller by reason of any breach or inaccuracy of Purchaser's representations and warranties contained in this Section. Seller hereby agrees to indemnify, defend, and hold Purchaser harmless from and against any losses, damages, costs and expenses (including, but not limited to, reasonable attorneys' fees and costs) incurred by Purchaser by reason of any breach or inaccuracy of Seller's representations and warranties contained in this Section. Seller and Purchaser agree that it is their specific intent that no broker shall be a party to or a third party beneficiary of this Agreement or the Deposit, that no broker shall have any rights or cause of action hereunder, and further that the consent of a broker shall not be necessary to any agreement, amendment, or document with respect to the transaction contemplated by this Agreement. The provisions of this Section shall survive the Closing or earlier termination of this Agreement.

**ARTICLE XIII.**

**Miscellaneous**

**13.1. Notices.** Any and all notices, requests, demands or other communications hereunder shall be deemed to have been duly given if in writing and if transmitted by hand delivery with receipt therefor, by e-mail delivery with confirmation of transmission, by overnight courier, or by registered or certified mail, return receipt requested, first class postage prepaid addressed as follows (or to such new address as the addressee of such a communication may have notified the sender thereof) (the date of such notice shall be the date of actual delivery to the recipient thereof):

To Purchaser: Ann Arbor Area Transportation Authority  
Dawn Gabay Operations Center  
2700 S. Industrial Hwy.  
Ann Arbor, MI 48104  
Attention: Dina Reed and Michelle Whitlow  
Email: Dreed@TheRide.org and MWhitlow@TheRide.org

With a copy to: Dykema Gossett PLLC  
E. Carolina Rodriguez-Hatt, Esq.  
2723 South State Street, Suite 400  
Ann Arbor, Michigan 48104  
Phone: 313-568-5327  
Email: crodriguez-hatt@dykema.com

To Seller: City of Ypsilanti  
1 South Huron Street  
Ypsilanti, Michigan 48197  
Attn: \_\_\_\_\_  
Email: \_\_\_\_\_

With a copy to: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_  
Email: \_\_\_\_\_

**13.2. Governing Law.** This Agreement shall be governed by and construed in accordance with the internal, substantive laws of the state in which the Land is located, without regard to the conflict of laws principles thereof.

**13.3. Headings.** The captions and headings herein are for convenience and reference only and in no way define or limit the scope or content of this Agreement or in any way affect its provisions.

**13.4. Effective Date.** This Agreement shall be deemed effective as of the Effective Date when fully executed by Seller and Purchaser.

**13.5. Business Days.** If any date herein set forth for the performance of any obligations of Seller or Purchaser or for the delivery of any instrument or notice as herein provided should be on a Saturday, Sunday or legal holiday, the compliance with such obligations or delivery shall be deemed acceptable on the next business day following such Saturday, Sunday or legal holiday. As used herein, the term “legal holiday” means any state or Federal holiday for which financial institutions or post offices are generally closed in the state where the Property is located. Any date or timeline set forth herein shall be a reference to calendar days unless specifically delineated that business days shall apply.

**13.6. Counterpart Copies.** This Agreement may be executed in two or more counterpart copies, including PDF or other electronic copies, all of which counterparts shall have the same force and effect as if all parties hereto had executed a single copy of this Agreement.

**13.7. Binding Effect.** This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

**13.8. Assignment.** Purchaser may assign this Agreement without Seller’s prior written consent to a related, affiliated or commonly controlled entity for the purpose of taking title to property. Whenever reference is made in this Agreement to Seller or Purchaser, such reference shall include the successors and assigns of such party under this Agreement.

**13.9. Interpretation.** This Agreement shall not be construed more strictly against one party than against the other merely by virtue of the fact that it may have been prepared by counsel for one of the parties, it being recognized that both Seller and Purchaser have contributed substantially and materially to the preparation of this Agreement.

**13.10. Entire Agreement.** This Agreement, the Exhibits attached hereto contain the final and entire agreement between the parties hereto with respect to the sale and purchase of the Property and are intended to be an integration of all prior negotiations and understandings. Purchaser, Seller and their agents shall not be bound by any terms, conditions, statements, warranties or representations, oral or written, not contained in this Agreement. No change or modifications to this Agreement shall be valid unless the same is in writing and signed by the

parties hereto. Each party reserves the right to waive any of the terms or conditions of this Agreement which are for their respective benefit and to consummate the transaction contemplated by this Agreement in accordance with the terms and conditions of this Agreement which have not been so waived. Any such waiver must be in writing signed by the party for whose benefit the provision is being waived.

**13.11. Severability.** If any one or more of the provisions hereof shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

**13.12. Survival.** Except as otherwise specifically provided for in this Agreement (collectively, the “**Surviving Termination Obligations**”), the provisions of this Agreement and the representations and warranties herein will not survive after the conveyance of title and payment of the Purchase Price but be merged therein.

**13.13. Exhibits and Schedules.** All Exhibits attached hereto are incorporated herein by reference.

**13.14. Time.** Time is of the essence in the performance of each of the parties’ respective obligations contained herein.

**13.15. Escrow Agreement.**

**13.15.1. Instructions.** Purchaser and Seller each shall promptly deposit a copy of this Agreement executed by such party (or either of them shall deposit a copy executed by both Purchaser and Seller) with Escrow Agent. This Agreement, together with such further instructions, if any, as the parties shall provide to Escrow Agent by written agreement, shall constitute the escrow instructions.

**13.15.2. Real Estate Reporting Person.** Escrow Agent is hereby designated the “real estate reporting person” for purposes of Section 6045 of Title 26 of the United States Code and Treasury Regulation 1.6045-4 and any instructions or settlement statement prepared by Escrow Agent shall so provide. Upon the consummation of the transaction contemplated by this Agreement, Escrow Agent shall file Form 1099 information return and send the statement to Seller as required under the aforementioned statute and regulation. Seller and Purchaser shall promptly furnish their federal tax identification numbers to Escrow Agent and shall otherwise reasonably cooperate with Escrow Agent in connection with Escrow Agent’s duties as real estate reporting person.

**13.15.3. Liability of Escrow Agent.** The parties acknowledge that the Escrow Agent shall be conclusively entitled to rely, except as hereinafter set forth, upon a certificate from Purchaser or Seller as to how any funds it holds should be disbursed. Any notice sent by Seller or Purchaser (the “**Notifying Party**”) to the Escrow Agent shall be sent simultaneously to the other noticed parties pursuant to Section 13.1 (the “**Notice Parties**”). The parties hereto hereby acknowledge that Escrow Agent shall have no liability to any party on

account of Escrow Agent's failure to disburse the funds if a dispute shall have arisen with respect to the propriety of such disbursement and, in the event of any dispute as to who is entitled to receive the funds, disburse them in accordance with the final order of a court of competent jurisdiction, or to deposit or interplead such funds into a court of competent jurisdiction pending a final decision of such controversy. The parties hereto further agree that Escrow Agent shall not be liable for failure of any depository and shall not be otherwise liable except in the event of Escrow Agent's gross negligence or willful misconduct. The Escrow Agent shall be reimbursed on an equal basis by Purchaser and Seller for any reasonable expenses incurred by the Escrow Agent arising from a dispute with respect to the funds to be disbursed. The obligations of Seller and/or Purchaser with respect to the Escrow Agent are intended to be binding only on Seller and Seller's assets and/or Purchaser and Purchaser's assets and shall not be personally binding upon, nor shall any resort be had to, the private properties of any of the partners, officers, directors, shareholders or beneficiaries of Seller or Purchaser, or of any partners, officers, directors, shareholders or beneficiaries of any partners of Seller or Purchaser, or of any of Seller's or Purchaser's employees or agents.

**13.16. No Recording.** Neither this Agreement nor any memorandum or short form hereof shall be recorded or filed in any public land or other public records of any jurisdiction by either party and any attempt to do so may be treated by the other party as a breach of this Agreement.

**13.17. Waiver of Trial by Jury.** The respective parties hereto shall and hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Agreement, or for the enforcement of any remedy under any statute, emergency or otherwise.

**13.18. Limitation on Liability.** Notwithstanding anything to the contrary provided in this Agreement, it is specifically understood and agreed, such agreement being a primary consideration for the execution of this Agreement by Seller, that there shall be absolutely no personal liability on the part of any partner, director, member, officer or shareholder of Seller, its successors or assigns with respect to any of the terms, covenants and conditions of this Agreement, and any liability on the part of Seller shall be limited solely to Seller's interest in the Property, such exculpation of liability to be absolute and without any exception whatsoever.

**13.19. Force Majeure.** Any prevention, delay or stoppage due to strike, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, failure of power, governmental restrictions, governmental approvals, judicial orders, riots, insurrection, enemy or hostile governmental action, terrorism, civil commotion, and other reason of a similar nature beyond the reasonable control of the party obligated to perform ("**Force Majeure**"), shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage and the period for the performance of any act, including, without limitation, the contingency periods set forth herein, shall be extended for the period of the delay, provided that no extension to any timeline in this Agreement under the terms of this Section will extend past the date that is thirty (30) days after the delay commences. Force Majeure shall excuse the performance by that party, as aforesaid, provided that the party prevented, delayed or stopped shall have given the other party written notice thereof within thirty (30) days of such event causing the prevention, delay or stoppage, together with a reasonable estimate of the time period of such delay.

Delays or failure to perform resulting from lack of funds or financial inability shall not be deemed delays beyond the reasonable control of a party. No extension of time will be granted for rain, snow, wind, cold temperatures, flood or other natural phenomena of normal intensity for the locality where the Property is located.

**13.20. Cooperation.** Each party agrees to execute any additional documents reasonably requested by the other to carry out the intent of this Agreement. The parties hereto agree to cooperate with each other in every reasonable way in carrying out the transaction contemplated hereby, in obtaining and delivering all required closing documents, and agree to use their best efforts to expeditiously accomplish same.

(Signatures on following pages)

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement to be effective as of the Effective Date.

**SELLER:**

**CITY OF YPSILANTI**, a Michigan  
municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PURCHASER:**

**ANN ARBOR AREA TRANSPORTATION AUTHORITY**,  
a legal authority created pursuant to Act 55 of 1963

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## LIST OF EXHIBITS AND SCHEDULES

- Exhibit A - Legal Descriptions of the Property
- Exhibit B - Form of Temporary Construction Easement

**EXHIBIT A**

**LAND**

Land located in the City of Ypsilanti, County of Washtenaw, and State of Michigan, described as follows:

[To be provided by Title Commitment]

Parcel ID Nos.: 11-11-40-483-017 and 11-11-40-483-008

Commonly Known As: 212 N. Washington Street, City of Ypsilanti, County of Washtenaw, Michigan 48197

**EXHIBIT B**

**FORM TEMPORARY CONSTRUCTION EASEMENT**

**TEMPORARY CONSTRUCTION EASEMENT**

THIS TEMPORARY CONSTRUCTION EASEMENT (“Agreement”) is made and entered into effective as of \_\_\_\_\_, 2026 (“Effective Date”), by and between **THE CITY OF YPSILANTI**, a Michigan municipal corporation, whose address 1 South Huron Street, Ypsilanti, Michigan 48197 (“Grantor”) and **ANN ARBOR AREA TRANSPORTATION AUTHORITY**, a legal authority created pursuant to Act 55 of 1963, whose address is 2700 S. Industrial Hwy, Ann Arbor, MI 48104 (“Grantee”).

**RECITALS**

A. Grantor is the owner of certain real property located in the City of Ypsilanti, Washtenaw County, Michigan, as described on **Exhibit “A”** (“Grantor’s Property”);

B. Grantee is the owner of certain real property located adjacent to Grantor’s Property in the City of Ypsilanti, Washtenaw County, Michigan, as described on **Exhibit “B”** (“Grantee’s Property”) (the Grantor’s Property and Grantee’s Property hereinafter are together referred to as the “Real Estate”);

C. Grantee wishes to construct a new transit center on Grantee’s Property (“Transit Center Construction”).

D. Grantor, subject to the terms and conditions of this Agreement, desires to grant to Grantee a temporary construction easement over and across the entirety of Grantor’s Property (“Easement Area”) for the purpose of completing the Transit Center Construction on Grantee’s Property.

D. The parties desire to enter into this Agreement to provide for the easement, construction, and other rights between the parties, all as hereinafter more specifically provided.

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00), the receipt and sufficiency of which are hereby acknowledged, Grantor and Grantee hereby agree as follows:

**AGREEMENT**

1. Grant of Easement. Grantor hereby grants to Grantee and its employees and contractors a temporary access and construction easement (the “Temporary Easement”) over and upon the Easement Area such that, at the sole cost and expense of Grantee, Grantee shall have the right to enter the Easement Area for the purpose of completing the Transit Center Construction, which shall include but not be limited to, staging of Grantee’s construction materials and

equipment on the Easement Area, ingress and egress across the Temporary Easement. Said Temporary Easement and this Agreement shall automatically terminate upon the later of (i) thirty (30) days following completion of the Transit Center Construction and (ii) [\_\_\_\_\_, 2031]<sup>2</sup>, Grantee shall provide written notice to Grantor promptly following completion of the Transit Center Construction, with termination of the Temporary Easement occurring immediately thereafter without need for further notice. Upon completion of the Transit Center Construction, Grantee shall restore all areas disturbed during construction to their condition prior to construction.

3. Insurance. Grantee shall obtain and maintain (or cause the contractor under its construction contract to obtain and maintain) a policy of commercial general liability insurance with respect to Grantee's use of the Easement Area hereunder in an amount not less than \$1,000,000 per occurrence.

5. Notices. All notices, requests, demands, consents and other communications required or permitted under this Agreement shall be in writing to the address in the first paragraph above and shall be deemed to have been duly and properly given on the date of service if delivered personally, or, if mailed, on the second business day after such notice is deposited in a receptacle of the United States Postal Service, registered or certified mail, first class postage prepaid, return receipt requested, or on the first business day following deposit with a nationally recognized overnight courier service (e.g., FedEx), postage prepaid.

6. Severability. The invalidity or unenforceability of any covenant, condition, term or provision in this Agreement shall not affect the validity and enforceability of any other covenant, condition, term or provision of this Agreement.

7. Counterparts. This Agreement may be executed in counterparts, and by each of the parties on separate counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same instrument.

8. Miscellaneous. This Agreement shall inure to the benefit of, and be binding upon, the heirs, personal representatives, successors and assigns of the parties hereto, and shall further be appurtenant to and run with the land. This Agreement shall be governed by the laws of the State of Michigan.

[REMAINDER OF PAGE INTENTIONALLY BLANK; SIGNATURES TO FOLLOW]

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<sup>2</sup> NTD: To be 5 years from date of closing.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

**GRANTOR:**

**CITY OF YPSILANTI,** a Michigan municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF MICHIGAN     )  
  ) ss.  
COUNTY OF \_\_\_\_\_)

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2026, by \_\_\_\_\_, who is the \_\_\_\_\_ of and authorized signatory for the City of Ypsilanti, a Michigan municipal corporation, on behalf of the City.

\_\_\_\_\_, Notary Public  
\_\_\_\_\_  
County, \_\_\_\_\_  
Acting in \_\_\_\_\_ County, Michigan  
My commission expires: \_\_\_\_\_



**Exhibit "A"**

Description of Grantor's Property

Land situated in the City of Ypsilanti, Washtenaw County, Michigan, and as more particularly described as follows:

Tax Parcel Nos.: 11-11-40-483-004 and 11-11-40-483-005

Commonly known as: \_\_\_\_\_

**Exhibit "B"**

Description of Grantee's Property

Land situated in the City of Ypsilanti, Washtenaw County, Michigan, and as more particularly described as follows:

Tax Parcel Nos.: 11-11-40-483-117 and 11-11-40-483-008

Commonly known as: \_\_\_\_\_

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## Ownership Linkage: Task Force or Committee

**Meeting: Board of Director's**

**Meeting Date: June 18, 2026**

### INFORMATION TYPE

Discussion and preparation for decision.

### RECOMMENDED ACTION(S)

That the Board consider approving a new policy (3.7.6) to create an Ownership Linkage Committee (replacing the current Task Force), or assign Ownership Linkage directly to the Service Committee.

### ISSUE SUMMARY

The Ownership Linkage Committee (or Service Committee) would be responsible for developing and recommending tactics for linking (i.e. building relationships) with Moral and Legal Owners, spearheading implementation of those tactics, advising the Board on changes to policy and reviewing monitoring reports.

### BACKGROUND

The Board currently has an Ownership Linkage *Task Force* (OLTF) that was formed in 2024 to begin the work of connecting the Board to both the Legal and Moral Owners of the AAATA. The OLTF has done a fine job in connecting with and creating a regular cadence with the Legal Owners and will be continuing it's work to assess how best to connect with the Moral Owners. Under Board Policy 3.7 Unless otherwise stated, a committee ceases to exist as soon as its task is complete.

The OLTF is not part of the permanent committee structure listed in Policy 3.7 which are as follows: Governance Committee, Service Committee, Finance Committee, Executive Committee and Audit Task Force. The importance of Board Linkage with Owners cannot be overstated. Understanding the needs of the people and the communities we serve is paramount to aiding the Board in matters involving our current and future policy decisions. The Chair is concerned that by not having a *permanent* Ownership Linkage Task Force or Committee, this important work may potentially be left unattended in the future.

### PRIOR RELEVANT BOARD ACTIONS & POLICIES

3.0 GLOBAL GOVERNANCE PROCESS: The purpose of the Board, on behalf of the residents and workers of the member jurisdictions and government jurisdictions with whom we have service agreements (Ownership), and as stewards of the future, is to see to it that the Ann Arbor Area Transportation Authority (AAATA) (a) achieves appropriate results for appropriate persons at an appropriate cost, and (b) avoids unacceptable actions and situations.

3.1 GOVERNING STYLE: The Board will govern lawfully, observing the principles of the policy governance, with an emphasis on (a) the best interests of the entirety of the ownership and stewardship of the agency, (b) outward vision rather than an internal preoccupation, (c) encouragement of diversity in viewpoints, (d) strategic leadership more

than administrative detail, (e) clear distinction of Board and chief executive roles, (f) collective rather than individual decisions, (g) future rather than past or present, and (h) proactivity rather than reactivity.

**3.2 BOARD JOB DESCRIPTION:** Specific job outputs of the Board, as an informed agent of the ownership, are those that ensure appropriate organizational performance. Accordingly, the Board has direct responsibility for: 3.2.1 The authoritative linkage between the ownership and the operational organization. 3.2.1.1 Members shall maintain effective ambassadorship and coordinated advocacy with member municipalities.

**3.7 BOARD COMMITTEE STRUCTURE** Committees are intended to expedite work of the Board so that monthly meetings can be efficient and as advisory bodies. The full Board retains all decision-making powers. Committees are, therefore, empowered to: • Conduct detailed reviews of monitoring reports, and recommend acceptance or rejection to the full Board, • Conduct reviews of policy language and make recommendations for changes to the full Board, • Receive preliminary Strategy Updates from the CEO, • Discuss Ends policies, and • Advise the Board. Standing committees are arranged by function and have formal responsibility for monitoring certain policies which have been grouped by theme (governance, financial, service) so the committees can emphasize those subjects.

Unless otherwise stated, a committee ceases to exist as soon as its task is complete.

#### **IMPACTS OF RECOMMENDED ACTION(S)**

- Budgetary/Fiscal: N/A
- Social: N/A
- Environmental: N/A
- Governance: Ensure that the task of Ownership Linkage continues to remain at the forefront of the Board's work.

#### **ATTACHMENTS**

Attachment 1. Proposed Policy 3.7.6 (New)

### **3.7.6 Ownership Linkage Committee**

#### **A. Products:**

*a. Develop strategies for the Board to increase connections with Moral and Legal Owners.*

*b. Spearheading implementation of approved linkage tactics (e.g. meetings with elected*

*leaders, surveying, public open houses, etc...)*

*c. Reporting on Ownership feedback to the Board.*

*d. Assists Board by pre-vetting monitoring reports, as assigned.*

*e. Advise on possible changes to policy.*

**B. Membership:** *Appointed by Chair of Board (as per Bylaws).*

**C. Term:** *One year.*

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## Governance Process Policies (Policies 3.0 - 3.4)

**Meeting: Board of Directors**

**Meeting Date: June 18, 2026**

<b>RECOMMENDED ACTION(S):</b>
Monitoring
<b>BACKGROUND:</b>
<ul style="list-style-type: none"><li>This survey provides a platform for Board self-assessment on Policies 3.0-3.4 of the Governance Process Policies – as such, it does not include a monitoring report from the CEO. Each Board member is invited to participate in a survey gauging how well the Board complied with its set policies.</li></ul>
<b>ATTACHMENTS:</b>
<ol style="list-style-type: none"><li>Governance Process Policies</li><li>Governance Process Policies (3.0-3.4) Worksheet Results</li></ol>

## 3: GOVERNANCE PROCESS

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*These policies define the Board's job and expectations for how the Board will function.*

### **3.0 GLOBAL GOVERNANCE PROCESS**

The purpose of the Board, on behalf of the residents and workers of the member jurisdictions and government jurisdictions with whom we have service agreements (Ownership), and as stewards of the future, is to see to it that the Ann Arbor Area Transportation Authority (AAATA)

- (a) achieves appropriate results for appropriate persons at an appropriate cost, and
- (b) avoids unacceptable actions and situations.

### **3.1 GOVERNING STYLE**

The Board will govern lawfully, observing the principles of the policy governance, with an emphasis on

- (a) the best interests of the entirety of the ownership and stewardship of the agency,
- (b) outward vision rather than an internal preoccupation,
- (c) encouragement of diversity in viewpoints,
- (d) strategic leadership more than administrative detail,
- (e) clear distinction of Board and chief executive roles,
- (f) collective rather than individual decisions,
- (g) future rather than past or present, and
- (h) proactivity rather than reactivity.

On any issue, the Board must insure that all divergent views are considered in making decisions, yet may not require the CEO to act without majority approval from a quorum of the Board.

Accordingly:

- 3.1.1 The Board will cultivate a sense of group responsibility. The Board, not the staff, will be responsible for excellence in governing. The Board will be the initiator of policy, not merely a reactor to staff initiatives.
- 3.1.2 The Board will encourage a diversity of viewpoints and work to ensure all views are heard. The Board may use the expertise of individual members to enhance the ability of the Board as a body. However, the Board will not allow dominant personalities or individual agendas to usurp the Board's broader perspective, collective responsibilities or values.
- 3.1.3 The Board will direct, control and inspire the organization through the careful establishment of broad written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.

3.1.3.1 The Board will only allow itself to address a topic after it has answered these questions:

1. What is the nature of the issue? Is the issue within the scope of the agency?
2. What is the value that drives the concern?
3. Whose issue is this? Is it the Board's or the CEO's?
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?

- 3.1.4 The Board must provide the strategic leadership for the AAATA and recognizes that its greatest contribution to long-range planning is an explication of its vision for the AAATA through creating ends policies with a long-range perspective. The Board also recognizes that the operational planning of the AAATA to meet Board end policies is a staff function, and organizational performance on ends will be closely monitored by the Board. Accordingly, the Board will periodically review its ends policies to ensure alignment with its owners and the long-range demands of the AAATA.
- 3.1.5 The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuance of governance capability. Although the Board can change its governance process policies at any time, it will observe them scrupulously while in force.
- 3.1.6 Continual Board development will include orientation of new Board members in the Board's governance process, periodic Board discussion of process improvement and timely identification of quality candidates to be recommended for appointment by our municipal partners.
- 3.1.7 The Board will allow no officer, individual or committee of the Board to hinder or be an excuse for not fulfilling its governance commitments.
- 3.1.8 The Board will monitor its process and performance according to its established schedule. Self-monitoring will include comparison of Board activity and discipline to policies in the Governance Process and Board-Management Delegation categories, following the monitoring schedule in Appendix A.

## **3.2 BOARD JOB DESCRIPTION**

Specific job outputs of the Board, as an informed agent of the ownership, are those that ensure appropriate organizational performance.

Accordingly, the Board has direct responsibility for:

- 3.2.1 The authoritative linkage between the ownership and the operational organization.
  - 3.2.1.1 Members shall maintain effective ambassadorship and coordinated advocacy with member municipalities.
- 3.2.2 Strategic leadership and vision of the organization through its policymaking.
- 3.2.3 Written governing policies that address the broadest levels of all organizational decisions and situations.
  - A. Ends: Organizational products, impacts, benefits, outcomes, recipients; and their relative worth in cost or priority (what good for which recipients at what cost).
  - B. Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
  - C. Governance Process: Specification of how the Board conceives, carries out and monitors its own task.
  - D. Board-Management Delegation: How power is delegated and its proper use monitored; the CEO role, authority and accountability.
- 3.2.4 Assurance of successful organizational performance on Ends and Executive Limitations
- 3.2.5 Assurance of CEO performance includes evaluation of organizational performance on Ends and Executive Limitations.
- 3.2.6 Annual performance review and appropriate adjustment of CEO salary.
- 3.2.7 Approval of the annual budget developed and recommended by the CEO.
- 3.2.8 A contract with the CEO that will stipulate compensation, benefits and other terms and conditions for the CEO.
- 3.2.9 Approval of rider fare increases and millage rates assessed by the Authority.
- 3.2.10 Approval of real estate acquisition, encumbrance, or disposal.
- 3.2.11 Approval of collective bargaining goals and tentative collective bargaining agreements.
- 3.2.12 Approval of the use of funds from the Capital Reserve.
- 3.2.13 Participate in the procurement process of both General Legal Counsel and Auditing firm alongside staff. Be the definitive decision maker in the procurement of a Governance consultant.

### **3.3 BOARD CODE OF CONDUCT**

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

3.3.1 Members must demonstrate loyalty to the ownership of the AAATA, unconflicted by loyalties to the CEO or staff, other organizations, or any personal interest as consumers.

3.3.2 Members must avoid conflicts of interest with respect to their legal duties of care and loyalty.

3.3.2.1 There will be no self-dealing or business by a member with the organization. Members will, each January, disclose in writing their involvements with other organizations, with vendors, or any associations which might be or might reasonably be seen as being a conflict.

3.3.2.2 When the Board is to decide upon an issue, about which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote, but also from the deliberation by leaving the room.

3.3.2.3. Board members will not use their Board position to obtain employment or financial benefit in the organization for themselves, family members, or close associates.

3.3.3 Board members may not attempt to exercise individual authority over the organization.

3.3.3.1 Members' interaction with the CEO or with staff must recognize the lack of authority vested in individual members except when explicitly authorized by the Board. While individual members should share their perspectives and advice with the CEO, they shall not give (or imply) direction to the CEO or any staff.

3.3.3.2 Members' interaction with public, press or other entities must recognize the same limitation and the inability of any Board member to speak for the Board except to repeat explicitly stated Board positions.

3.3.3.3 Except for participation in Board deliberation about whether reasonable interpretation of Board policy has been achieved by the CEO, members will not express individual judgments on performance of the CEO or other staff in an attempt to exert individual authority.

3.3.4 Members shall conduct themselves in a calm, professional and respectful manner. Members shall not intimidate or harass other Board members, staff or members of the public.

- 3.3.5 Members will respect the confidentiality appropriate to issues of a sensitive nature.
- 3.3.6 Members will be properly prepared for Board deliberation.
- 3.3.7 Members will support the legitimacy and authority of the final determination of the Board on any matter, without regard to the member's personal position on the issue.
- 3.3.8 Members will follow the rule of "no surprises" and shall keep the CGO and CEO informed in advance of intended actions that could be perceived as conflicting with current policy and direction of the organization.
- 3.3.9 When serving on other Boards, members remain accountable to the AAATA Board for their actions and statements regarding transit-related issues.

### **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.
  - 3.4.3 Throughout the year, the Board will attend to consent agenda items as expeditiously as possible.
  - 3.4.4 CEO monitoring will be on the agenda if reports have been received since the previous meeting, if plans must be made for direct inspection monitoring, or if arrangements for third-party monitoring must be prepared.

- 3.4.5 A Board member may recommend or request an item for Board discussion by submitting the item to the CGO no later than two days before the Board meeting.
- 3.4.6 Information that is neither for monitoring performance nor for Board decisions will be avoided or minimized and always noted as such
- 3.4.7 CEO remuneration will be decided during the month of June after a review of monitoring reports received in the last year.
- 3.4.8 Individual meeting agendas will generally follow the format below:

**1) Opening Items**

- a. Approve Agenda
- b. Public Comment
- c. General Announcements

**2) Consent Items**

- a. Approval of Minutes
- b. Mandatory Approvals

**3) Policy Monitoring and Development**

- a. Policy Monitoring
- b. Other Board Reports & Ownership Linkages
- c. Board's Annual Plan of Work Item & Ends Policies

**4) Strategy and Operational Updates**

**5) Board Development**

- a. Governance Policy Monitoring
- b. Board Education

**6) Emergent Business**

**7) Closing Items**

- a. Topics for Next Meetings
- b. Public Comment
- c. Board Assessment of Meeting
- d. Adjournment

## WORKSHEET RESULTS

### Governance Process (Policies 3.0-3.4)

**Participants: (8) Board Members**

Mike Allemang, Simi Barr, Rich Chang, Julie Grand,  
Jesse Miller, Kathleen Mozak, Susan Pollay, Georgia Valentine

<b>Performance on reasonable interpretation and verifiable evidence</b>
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**Policy 3.0 Global Governance Process**

The purpose of the Board, on behalf of the residents and workers of the member jurisdictions and government jurisdictions with whom we have service agreements (Ownership), and as stewards of the future, is to see to it that the Ann Arbor Area Transportation Authority (AAATA) (a) achieves appropriate results for appropriate persons at an appropriate cost, and (b) avoids unacceptable actions and situations.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period - 2
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*If you indicated YES, please provide examples: N/A*

**Policy 3.1**

The Board will govern lawfully, observing the principles of the policy governance, with an emphasis on

- (a) the best interests of the entirety of the ownership and stewardship of the agency,
- (b) outward vision rather than an internal preoccupation,
- (c) encouragement of diversity in viewpoints,
- (d) strategic leadership more than administrative detail,
- (e) clear distinction of Board and chief executive roles,
- (f) collective rather than individual decisions,
- (g) future rather than past or present, and
- (h) proactivity rather than reactivity.

On any issue, the Board must insure that all divergent views are considered in making decisions, yet may not require the CEO to act without majority approval from a quorum of the Board.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period - 2
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If you indicated YES, please provide examples:

- Comment: I believe we could be spending more time on the future rather than past/present.

**Policy 3.1.1**

The Board will cultivate a sense of group responsibility. The Board, not the staff, will be responsible for excellence in governing. The Board will be the initiator of policy, not merely a reactor to staff initiatives.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period - 2
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If you indicated YES, please provide examples: N/A

**Policy 3.1.2**

The Board will encourage a diversity of viewpoints and work to ensure all views are heard. The Board may use the expertise of individual members to enhance the ability of the Board as a body. However, the Board will not allow dominant personalities or individual agendas to usurp the Board's broader perspective, collective responsibilities or values.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period - 2
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If you indicated YES, please provide examples: N/A

**Policy 3.1.3**

The Board will direct, control and inspire the organization through the careful establishment of broad written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period - 2
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If you indicated YES, please provide examples:

- We do have challenges of what is considered "broad"

**Policy 3.1.3.1**

The Board will only allow itself to address a topic after it has answered these questions:

1. What is the nature of the issue? Is the issue within the scope of the agency?
2. What is the value that drives the concern?

- 3. Whose issue is this? Is it the Board's or the CEO's?
- 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?

Are you aware of any instances during this period when the Board did not adhere to this policy?	<p style="text-align: center;">No – 5</p> <p style="text-align: center;">No instances this monitoring period – 2</p> <p style="text-align: center;">Yes - 1</p>
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*If you indicated YES, please provide examples:*

- "Only" is a very powerful word. I believe #4 is not thought of very much.
- In general, we do our best to adhere to this rubric.

**Policy 3.1.4**

The Board must provide the strategic leadership for the AAATA and recognizes that its greatest contribution to long-range planning is an explication of its vision for the AAATA through creating ends policies with a long-range perspective. The Board also recognizes that the operational planning of the AAATA to meet Board end policies is a staff function, and organizational performance on ends will be closely monitored by the Board. Accordingly, the Board will periodically review its ends policies to ensure alignment with its owners and the long-range demands of the AAATA.

Are you aware of any instances during this period when the Board did not adhere to this policy?	<p style="text-align: center;">No – 6</p> <p style="text-align: center;">No instances this monitoring period – 2</p>
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*If you indicated YES, please provide examples:*

- The Board completed a thorough review of ENDS policies, with guidance from the governance consultant, earlier this year to ensure alignment with its owners and the long-range demands of the AAATA.

**Policy 3.1.5**

The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuance of governance capability. Although the Board can change its governance process policies at any time, it will observe them scrupulously while in force.

Are you aware of any instances during this period when the Board did not adhere to this policy?	<p style="text-align: center;">No – 5</p> <p style="text-align: center;">No instances this monitoring period – 2</p> <p style="text-align: center;">Yes - 1</p>
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*If you indicated YES, please provide examples:*

- This is a volunteer board with a lot of tasks/responsibilities/time commitment. As a result, board meetings/committee meeting/monitoring reports are going to be missed. Due to how board seats are assigned, there really isn't a way for us to "discipline." I think we should consider removing this policy?

**Policy 3.1.6**

Continual Board development will include orientation of new Board members in the Board's governance process, periodic Board discussion of process improvement and timely identification of quality candidates to be recommended for appointment by our municipal partners.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2
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*If you indicated YES, please provide examples: N/A*

**3.1.7**

The Board will allow no officer, individual or committee of the Board to hinder or be an excuse for not fulfilling its governance commitments.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2
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*If you indicated YES, please provide examples: N/A*

**Policy 3.1.8**

The Board will monitor its process and performance according to its established schedule. Self-monitoring will include comparison of Board activity and discipline to policies in the Governance Process and Board-Management Delegation categories, following the monitoring schedule in Appendix A.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2
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*If you indicated YES, please provide examples:*

- The Board monitors the 3.0 G.P.P.s and the 4.0 Board-Management Delegation policies once a year.

**Policy 3.2 Board Job Description**

Specific job outputs of the Board, as an informed agent of the ownership, are those that ensure appropriate organizational performance.

Accordingly, the Board has direct responsibility for:

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 1  Yes - 1
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*If you indicated YES, please provide examples:*

- Clicking 'yes' as a way of indicating this as an incomplete statement

**Policy 3.2.1**

The authoritative linkage between the ownership and the operational organization.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 1  Yes - 1
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*If you indicated YES, please provide examples:*

- The Board's Ownership Linkage Committee/Taskforce is still being developed. Initial meetings have been held with a couple elected ownership representatives, but the outcome of those meetings isn't clear. Plus, the role of Board members not on the committee hasn't been established.
- The Board has successfully created a working cadance of meetings with the 3 legal municipalities as defined in the Articles of Incorporation. Now, work is beginning on how to best understand moral ownership values beyond the Board interacting situationally with the public or at public comment during board meetings.

**Policy 3.2.1.1**

Members shall maintain effective ambassadorship and coordinated advocacy with member municipalities.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 1  Yes - 1
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*If you indicated YES, please provide examples:*

- See above. The board has not yet established "effective ambassadorship and coordinated advocacy" with member municipalities.

**Policy 3.2.2**

Strategic leadership and vision of the organization through its policymaking.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
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*If you indicated YES, please provide examples: N/A*

**Policy 3.2.3**

Written governing policies that address the broadest levels of all organizational decisions and situations.

- A. Ends: Organizational products, impacts, benefits, outcomes, recipients; and their relative worth in cost or priority (what good for which recipients at what cost).
- B. Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
- C. Governance Process: Specification of how the Board conceives, carries out and monitors its own task.
- D. Board-Management Delegation: How power is delegated and its proper use monitored; the CEO role, authority and accountability.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
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*If you indicated YES, please provide examples: N/A*

**Policy 3.2.4**

Assurance of successful organizational performance on Ends and Executive Limitations.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
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*If you indicated YES, please provide examples: N/A*

**Policy 3.2.5**

Assurance of CEO performance includes evaluation of organizational performance on Ends and Executive Limitations.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
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*If you indicated YES, please provide examples: N/A*

**Policy 3.2.6**

Annual performance review and appropriate adjustment of CEO salary.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
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*If you indicated YES, please provide examples: N/A*

**Policy 3.2.7**

Approval of the annual budget developed and recommended by the CEO.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
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*If you indicated YES, please provide examples:*

- AAATA's annual budget for FY2026 was successfully adopted last September.

**Policy 3.2.8**

A contract with the CEO that will stipulate compensation, benefits and other terms and conditions for the CEO.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
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*If you indicated YES, please provide examples:*

- A 5 year contract with the CEO was successfully negotiated and completed in the Spring of 2025.

**Policy 3.2.9**

Approval of rider fare increases and millage rates assessed by the Authority.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 4  No instances this monitoring period – 4
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*If you indicated YES, please provide examples: N/A***Policy 3.2.10**

Approval of real estate acquisition, encumbrance, or disposal.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 5  No instances this monitoring period – 3
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*If you indicated YES, please provide examples: N/A***Policy 3.2.11**

Approval of collective bargaining goals and tentative collective bargaining agreements.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
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*If you indicated YES, please provide examples: N/A***Policy 3.2.12**

Approval of the use of funds from the Capital Reserve.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 5  No instances this monitoring period – 3
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*If you indicated YES, please provide examples: N/A***Policy 3.2.13**

Participate in the procurement process of both General Legal Counsel and Auditing firm alongside staff. Be the definitive decision maker in the procurement of a Governance consultant.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
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*If you indicated YES, please provide examples: N/A***Worksheet Results: Governance Process (Policies 3.5-3.9)**

**Policy 3.3 Board Conduct**

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
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*If you indicated YES, please provide examples: N/A*

**Policy 3.3.1**

Members must demonstrate loyalty to the ownership of the AAATA, unconflicted by loyalties to the CEO or staff, other organizations, or any personal interest as consumers.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
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*If you indicated YES, please provide examples: N/A*

**Policy 3.3.2**

Members must avoid conflicts of interest with respect to their legal duties of care and loyalty.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
---	---

*If you indicated YES, please provide examples: N/A*

**Policy 3.3.2.1**

There will be no self-dealing or business by a member with the organization. Members will, each January, disclose in writing their involvements with other organizations, with vendors, or any associations which might be or might reasonably be seen as being a conflict.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
---	---

*If you indicated YES, please provide examples: N/A*

**Policy 3.3.2.2**

When the Board is to decide upon an issue, about which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote, but also from the deliberation by leaving the room.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 5  No instances this monitoring period – 3
---	---

*If you indicated YES, please provide examples: N/A*

**Policy 3.3.2.3**

Board members will not use their Board position to obtain employment or financial benefit in the organization for themselves, family members, or close associates.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
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*If you indicated YES, please provide examples: N/A*

**Policy 3.3.3**

Board members may not attempt to exercise individual authority over the organization.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
---	---

*If you indicated YES, please provide examples: N/A*

**Policy 3.3.3.1**

Members' interaction with the CEO or with staff must recognize the lack of authority vested in individual members except when explicitly authorized by the Board. While individual members should share their perspectives and advice with the CEO, they shall not give (or imply) direction to the CEO or any staff.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
---	---

*If you indicated YES, please provide examples: N/A*

**Policy 3.3.3.2**

Members' interaction with public, press or other entities must recognize the same limitation and the inability of any Board member to speak for the Board except to repeat explicitly stated Board positions.

Are you aware of any instances during this period when the Board did not adhere to this policy?	<p style="text-align: center;">No – 6</p> <p style="text-align: center;">No instances this monitoring period – 2</p>
---	--

*If you indicated YES, please provide examples: N/A*

**Policy 3.3.3.3**

Except for participation in Board deliberation about whether reasonable interpretation of Board policy has been achieved by the CEO, members will not express individual judgments on performance of the CEO or other staff in an attempt to exert individual authority.

Are you aware of any instances during this period when the Board did not adhere to this policy?	<p style="text-align: center;">No – 6</p> <p style="text-align: center;">No instances this monitoring period – 2</p>
---	--

*If you indicated YES, please provide examples: N/A*

**Policy 3.3.4**

Members shall conduct themselves in a calm, professional and respectful manner. Members shall not intimidate or harass other Board members, staff or members of the public.

Are you aware of any instances during this period when the Board did not adhere to this policy?	<p style="text-align: center;">No – 6</p> <p style="text-align: center;">No instances this monitoring period – 2</p>
---	--

*If you indicated YES, please provide examples: N/A*

**Policy 3.3.5**

Members will respect the confidentiality appropriate to issues of a sensitive nature.

Are you aware of any instances during this period when the Board did not adhere to this policy?	<p style="text-align: center;">No – 6</p> <p style="text-align: center;">No instances this monitoring period – 2</p>
---	--

*If you indicated YES, please provide examples: N/A*

**Policy 3.3.6**

Members will be properly prepared for Board deliberation.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
---	---

*If you indicated YES, please provide examples:*

- Comment: This is difficult to judge, especially if board members don't talk in meetings very much.
- This is a tough one. We are a volunteer board and there is a lot of info continually in motion with this organization, and well, "life." So, there are times when members are not able to prepare as much as we'd like to for meetings/decisions. Might be worthwhile to debate whether we should modify the wording to something like, "Members will apply best effort to be properly prepared for Board deliberation and decisions."

**Policy 3.3.7**

Members will support the legitimacy and authority of the final determination of the Board on any matter, without regard to the member's personal position on the issue.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
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*If you indicated YES, please provide examples: N/A*

**Policy 3.3.8**

Members will follow the rule of "no surprises" and shall keep the CGO and CEO informed in advance of intended actions that could be perceived as conflicting with current policy and direction of the organization.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
---	---

*If you indicated YES, please provide examples: N/A*

**Policy 3.3.9**

When serving on other Boards, members remain accountable to the AAATA Board for their actions and statements regarding transit-related issues.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
---	---

*If you indicated YES, please provide examples: N/A*

**Worksheet Results: Governance Process (Policies 3.5-3.9)**

### Policy 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.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 2
---	---

*If you indicated YES, please provide examples: N/A*

### 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.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 5  No instances this monitoring period – 2  Yes - 1
---	--

*If you indicated YES, please provide examples:*

- I don't recall that this has been formally done.

### Policy 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.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 5  No instances this monitoring period – 2  Yes - 1
---	--

*If you indicated YES, please provide examples:*

- I don't believe this was done in the first quarter.

**Policy 3.4.3**

Throughout the year, the Board will attend to consent agenda items as expeditiously as possible.

Are you aware of any instances during this period when the Board did not adhere to this policy?	<p style="text-align: center;">No – 6</p> <p style="text-align: center;">No instances this monitoring period – 2</p>
---	--

*If you indicated YES, please provide examples: N/A*

**Policy 3.4.4**

CEO monitoring will be on the agenda if reports have been received since the previous meeting, if plans must be made for direct inspection monitoring, or if arrangements for third-party monitoring must be prepared.

Are you aware of any instances during this period when the Board did not adhere to this policy?	<p style="text-align: center;">No – 6</p> <p style="text-align: center;">No instances this monitoring period – 2</p>
---	--

*If you indicated YES, please provide examples:*

- How would we know/decide if direct inspection monitoring or third party monitoring are required? We get the evidence and rationale as provided by the CEO. Would we decide that during policy development, or monitoring?

**Policy 3.4.5**

A Board member may recommend or request an item for Board discussion by submitting the item to the CGO no later than two days before the Board meeting.

Are you aware of any instances during this period when the Board did not adhere to this policy?	<p style="text-align: center;">No – 6</p> <p style="text-align: center;">No instances this monitoring period – 2</p>
---	--

*If you indicated YES, please provide examples:*

- I am sure we have submitted items at the time of the board meeting, however...

**Policy 3.4.6**

Information that is neither for monitoring performance nor for Board decisions will be avoided or minimized and always noted as such.

Are you aware of any instances during this period when the Board did not adhere to this policy?	<p style="text-align: center;">No – 6</p> <p style="text-align: center;">No instances this monitoring period – 2</p>
---	--

*If you indicated YES, please provide examples: N/A*

**Policy 3.4.7**

CEO remuneration will be decided during the month of June after a review of monitoring reports received in the last year.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 1  Yes - 1
---	--

*If you indicated YES, please provide examples:*

- We discussed CEO remuneration in May, not June. Perhaps the policy could be adjusted to allow some flexibility.

**Policy 3.4.8**

Individual meeting agendas will generally follow the format below:

- 1) Opening Items
  - a. Approve Agenda
  - b. Public Comment
  - c. General Announcements
- 2) Consent Items
  - a. Approval of Minutes
  - b. Mandatory Approvals
- 3) Policy Monitoring and Development
  - a. Policy Monitoring
  - b. Other Board Reports & Ownership Linkages
  - c. Board’s Annual Plan of Work Item & Ends Policies
- 4) Strategy and Operational Updates
- 5) Board Development
  - a. Governance Policy Monitoring
  - b. Board Education
- 6) Emergent Business
- 7) Closing Items
  - a. Topics for Next Meetings
  - b. Public Comment
  - c. Board Assessment of Meeting
  - d. Adjournment

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6  No instances this monitoring period – 1  Yes - 1
---	--

*If you indicated YES, please provide examples: N/A*

## Additional context questions

### 1. Additional context on overall policy (optional)

- Might be worthwhile to explore eliminating: 3.1.5  
and modifying: 3.3.6  
and being reminded of "broad" from: 3.1.3

### 2. Approximately how many minutes did it take you to fill out this form?

45, 20, 35, 25, 20, 45, 20, 30

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## Local Funding for Transit

Meeting: Board of Directors Meeting

Meeting Date: June 18, 2026

<b>INFORMATION TYPE</b>
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Other

<b>RECOMMENDED ACTION(S)</b>
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Receive for Information.

<b>ISSUE SUMMARY</b>
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Per the Board’s request, staff is presenting background information on transit funding. Staff is providing a series of educational discussions in Board meetings regarding Federal, State and Local funding that are critical to the financial stability of AAATA and to achieving the Board’s Ends.

The information is intended to provide context for the potential impacts of Federal, State and Local legislative and regulatory changes that are beyond the control of the agency but are likely to have financial impacts on the agency.

In April 2025 and November 2025, staff provided high-level information related to Federal and State funding, respectively. For this Board meeting, staff will provide a high-level overview of transit funding sources and provide information for a more detailed discussion related to Local funding sources. While transit funding discussions will continue through the normal course of discussions with the Board, the Local discussion is last portion of the planned transit funding background sessions. The presentation will include a brief closing summary of Federal, State and Local transit funding to close out the education series.

<b>PRIOR RELEVANT BOARD ACTIONS &amp; POLICIES</b>
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*2.5 Financial Conditions and Activities: With respect to the actual, ongoing financial condition and activities, the CEO will not cause, allow or fail to address the development of fiscal jeopardy... the CEO shall not:*

*2.5.2 Operate in a manner that would jeopardize federal and state funding...*

*2.7 Asset Protection: The CEO shall not allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked.*

<b>ATTACHMENTS</b>
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To be provided at the Board meeting.

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## FY2027 Budget Introduction

**Meeting: Board Meeting**

**Meeting Date: June 18, 2026**

### INFORMATION TYPE

Decision Preparation

### RECOMMENDED ACTION(S)

Receive for information an introduction to the operating and capital budget process for FY2027.

### ISSUE SUMMARY

This issue brief provides a primer to the FY2027 budget and the budget process. The Budget Introduction provides context for budget preparation and highlights initial assumptions for revenues and expenses with significant impacts on the budget. Further, it describes how the budget process ensures alignment with the Board's Ends, is compliant with state and federal requirements and provides general industry (national and local) conditions that may impact budget assumptions. Additional information presented in July and August will provide more budget detail and be presented in the context of multi-year projections and opportunities and risks in the budget. This information is provided to ensure Board support for the recommended budget, presented for Board adoption in September.

### BACKGROUND

AAATA staff develop annual operating and capital budgets that further Board Ends within Executive Limitations and provides multi-year context. The Michigan Uniform Budgeting and Accounting Act of 1968 requires the Board to adopt a balanced operating budget by Board Resolution for each fiscal year before the fiscal year begins, which is October 1, 2026. In addition, the Board needs to authorize a multi-year capital program for federal funding. A formal public hearing for the budget is required and will be held at the August 20<sup>th</sup> Board meeting. Final approval will be sought in September.

### PRIOR RELEVANT BOARD ACTIONS & POLICIES

- Governance Process: Policy 3.2.7 "...the Board has direct responsibility to create...approval of the annual budget developed and recommended by the CEO."
- Executive Limitation: Policy 2.4 Financial Planning/Budgeting.

### IMPACTS OF RECOMMENDED ACTION(S)

- Budgetary/Fiscal: Budget adoption is required by state law and Policies 2.4, 3.2.7.
- Social/Environmental: Provision of public transportation authorized by the budget is necessary to ensure achievement of social and environmental ends per Board policy.
- Governance: The Board is responsible for approving the annual budget (Policy 3.2.7)

### ALTERNATIVE OPTION(S)

Financial planning and budgeting are legally required, required by Board policy, and essential; there is no prudent alternative.

### ATTACHMENTS

1. FY2027 Budget Introduction
2. FY2027 Budget Timeline

## Attachment 1: FY2027 Budget Introduction

### Introduction

The FY2027 Operating and Capital Budget (the Budget) is the fiscal year's financial plan that supports activities to accomplish goals and objectives as defined in Board's Ends Policies and is aligned with TheRide's Corporate Business Plan. All policies and plans support the stated policy of providing public transportation options that contribute to the Ann Arbor-Ypsilanti Area's social, environmental, and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

The Board's Ends are what the organization is committed to achieving. Executive Limitations are the operational and risk boundaries provided to the CEO, within which staff methods, decisions, and activities can be responsibly left to professional staff to lead and manage.

The Business Plan clarifies the strategic goals (Ends policies) and outlines how it will achieve them within a 5-year operating plan and a 10-year capital plan. The operating workplan is shorter to allow a detailed focus on day-to-day operational aspects and more specifically new service improvements.

Aligned with the Business Plan, the Budget provides funding to maintain transportation services to the communities TheRide serves, expansion of services, execution of the long-range plan and continuous process improvement. The Budget is a balanced budget that provides a plan for execution of the Board's Ends and the organization's highest priorities. Development of the Budget is developed with consideration of impacts of economic and industry conditions on financial and operational plans. Financial assumptions are reasonably conservative and are provided in the context of TheRide's approach to addressing opportunities and risks for the current year and multi-year projections. The Budget supports the priorities and initiatives described in the Business Plan.

Budget drafts and reviews begin with assumptions of revenues and expenses needed to maintain current service levels (a base budget). The Budget Introduction does not include funding for new initiatives as decisions about priorities are still being evaluated. Approved initiatives will be recommended in the context of organizational priorities, available resources, and in the context of the Business Plan, as determined by staff evaluation and in consideration of Board discussions. Additional initiatives may be incorporated into future drafts of the budget, as funding allows.

### Budget Overview and Highlights

At this point in the budget development stage, staff are analyzing departmental budget requests and initial assumptions of revenues and expenses. This introduction centers on the operating budget and closes with an early look at the capital budget process. Capital budget development begins in earnest during mid-June, with more details to follow throughout the budget process.

The budget will be balanced and provide funding to execute TheRide's highest priorities. Direct funding for transportation makes up approximately 75 percent of total operating expenses.

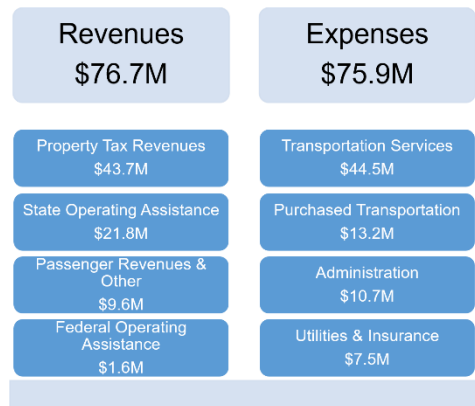
## Operating Budget

The operating budget includes reasonably conservative assumptions to maintain current services and incorporates funding for service expansions approved by voters on August 2, 2022. Updated assumptions and funding for additional initiatives will be incorporated as the budget process continues.

In the initial phases of the operating budget process, FY2026 initiatives are removed from initial projections, assuming those projects are completed by the end of the current fiscal year. The preliminary budget for FY2027 is referred to as the “baseline” budget. Throughout June, staff will engage with departments to collect information, perform analysis, and review updated budget needs for maintaining “current service levels.” These are defined as the expenses necessary to sustain existing, Board-approved services in a safe, efficient, and effective manner consistent with AAATA’s core values. Departmental budgets represent fact-based recommendations developed by the staff who directly manage each area of operations. Staff reviews and evaluates submissions to ensure that budgeted funds are allocated efficiently and aligned with organizational priorities.

The figure to the right provides an early glimpse of key revenues and expenses of the budget. Critical assumptions in the initial operating budget include:

- Operating full-service levels,
- Property Tax Revenues for approved millages
- State Operating Assistance provided by MDOT
- No fare changes
- No major changes in ridership
- No reliance on capital funding for operations

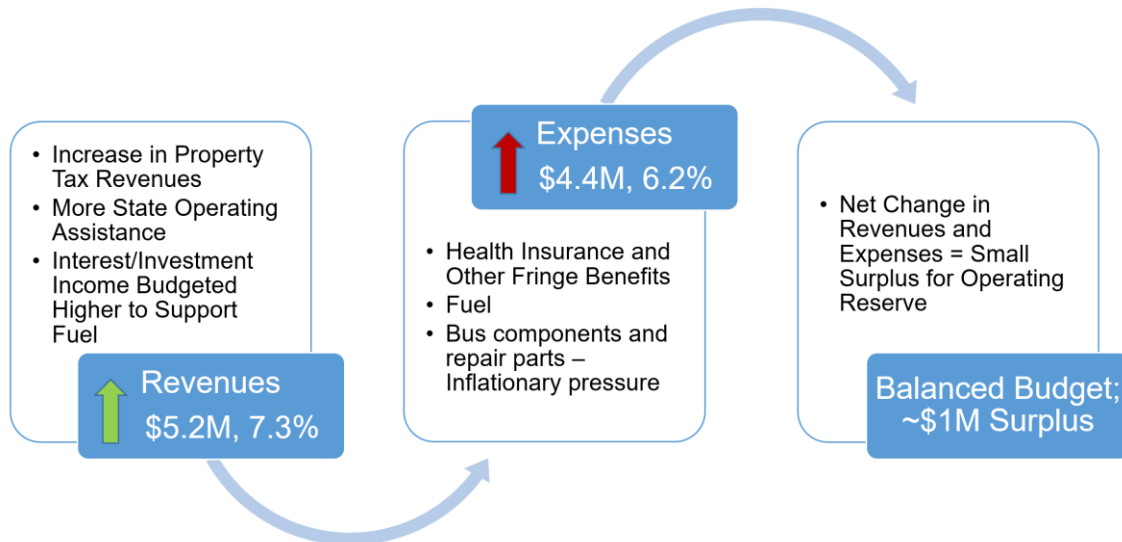


The budget is “balanced” if revenues are equal to or exceed expenses. For FY2027, initial projections show revenues modestly exceeding expenses. Holding a modest surplus is a prudent position at this stage of the process, before approved initiatives are evaluated and incorporated, and it reflects a conservative posture in the revenue forecast. Limited line-item contingencies are factored in for key expenses.

Property tax revenues are TheRide’s largest funding source. We have received two years of tax collections since the current AAATA millage (2.38 mills, August 2022) was approved. For both years revenues have been close to the projections used during the millage campaign, confirming the strength and stability of this revenue source. However, recent changes in external policies will have an impact on tax revenue growth in future years. Increases in Ann Arbor DDA captures, City of Ann Arbor Brownfield captures and the use of tax increment financings (TIFs) could slow the growth in this line in future years. The effect is negligible at first, but over time it could meaningfully reduce the growth rate of property tax receipts. Staff are analyzing these changes and will include potential impacts of these changes in multi-year projections to the extent possible.

Since 1998, Michigan’s State Operating Assistance program has reimbursed at or above 29% of eligible operating costs for local bus operations (called “LBO funding,” or “State Operating Assistance” in the budget). For FY2027 TheRide is currently budgeting MDOT’s recommended rate of 28.09%. Because nearly all expenses are eligible and the budget base is large, small movements in the rate are highly impactful. Staff will continue to monitor the state process over the summer and make adjustments as more information becomes available.

FY2027 expenses are projected to increase by approximately 6.2% than the approved FY2026 operating budget. Increases in expenses are driven primarily by inflationary impacts of healthcare, fuel prices, and vehicle parts. Union contract negotiations are ongoing, so assumptions related to wages and benefits for a large percent of the workforce will depend on the outcome of the negotiated agreement. While these are the main expense focal points now, it's still early in the budget process, and many assumptions are yet to be reviewed and finalized. The following graphic provides a high-level summary of changes in revenues and expenses incorporated at this stage of the budget process.



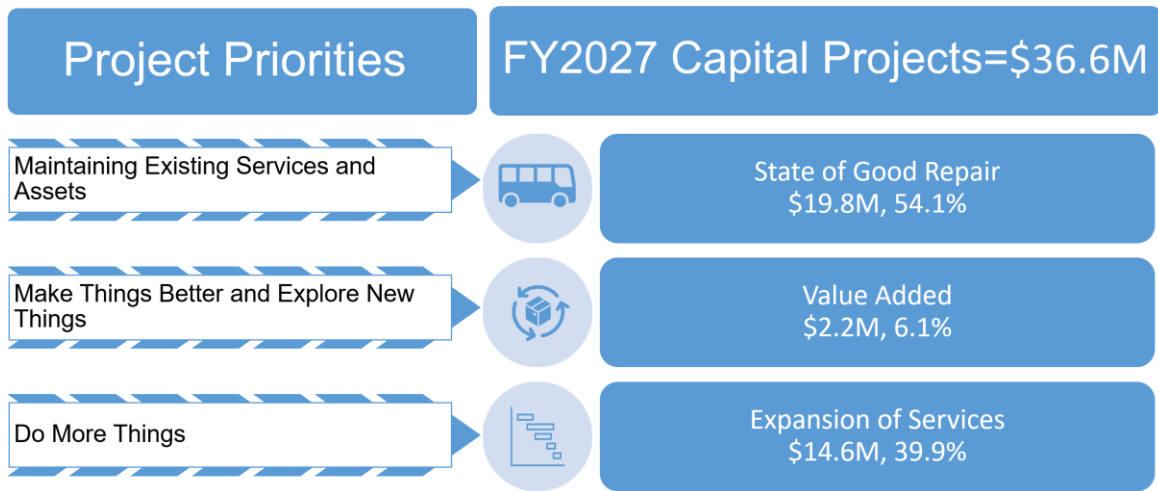
The operating budget will be updated as staff recommendations are finalized. It is expected that revenues and expenses will change as more information is collected and reviewed. Key changes to assumptions and the budget will be provided in accordance with the budget timeline. The outlook for the operating budget is stable, and is supported by the existing millage, in place through FY2028.

### Capital Budget

Work is underway on the capital budget as well. Every year, TheRide produces a rolling 10-year plan to prioritize and plan for anticipated major capital expenses. The Capital Budget is prepared and presented by categories and project level line item. The categories and relative funding priority are as follows:

- *State of Good Repair* projects generally receive the highest priority for funding because maintaining current assets is required to provide transportation services and FTA regulations require that federally funded agencies maintain physical assets at specific levels to continue to receive federal funding.
- *Value Added* projects are typically the second highest priority because enhancing current services and improving existing operations is necessary for maintaining existing ridership and increasing efficiencies to maintain fiscal responsibility.
- *Expansion* projects are often the third highest priority because expanding or increasing services typically requires significantly more funding than is available to the agency through traditional funding sources (such as formula funding).

The graphic below illustrates forecasted costs by category for FY2027, presented as part of the rolling 10-year plan last budget cycle. TheRide will use this as a starting point for crafting the recommended FY2027 capital budget. Projects are generally planned well in advance of purchase, so significant changes from this forecast to the eventual FY2027 recommended budget normally do not represent savings or unexpected costs, but changes in timing.



The capital budget will be updated as staff recommendations are finalized. It is expected that projects and associated costs will change as more information is collected and reviewed. Key changes to assumptions and the budget will be provided in accordance with the budget timeline. The outlook for the capital budget is stable, and is supported by formula fund grants, discretionary grants, and the capital reserve, if approved by the Board.

## Attachment 2: FY2027 Budget Timeline

Figure 1: Budget Timeline



1. Budget Introduction: Board of Directors Meeting, June 18, 2026

*An overview of the budget will be presented to introduce the strategic framework and key financial planning assumptions that guide its development. This introduction will also provide context on the external environment (political, economic, and intergovernmental) that is shaping the budget, and outline how these factors are being considered.*

2. Preliminary Budget: Board of Directors Meeting, July 16, 2026

*A more detailed draft of the budget, along with multi-year forecast, expanding on strategies and assumptions used in budgeting and financial planning to address the factors presented in the budget introduction.*

3. Public Input Period: July 31, 2026 to September 17, 2026

*Federal regulations require a 30-day review and public input period for AAATA’s capital program using Federal funds. Both the capital program and the operating budget will be available for public review and input starting July 31<sup>st</sup>, through budget adoption on September 17<sup>th</sup>.*

4. Draft Budget Presentation: Board of Directors Meeting, August 20, 2026

*The Board’s budget inputs continue, and discussion will commence upon introduction of a draft budget by staff at Board Committees and the monthly Board of Directors meeting.*

5. Public Hearing: Board of Directors Meeting, August 20, 2026

*As required by state law, meaningful public input to the budget will be obtained through an official public hearing to run concurrent with the Board of Directors meeting.*

6. Board Adoption:

Board of Directors Meeting, September 17, 2026

*Adoption of the FY2027 Operating and Capital Budget is required before any expenditures may be incurred on October 1, 2026, the first day of the new fiscal year.*

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## FY2026 Q2 Service Report

Meeting: Board Meeting

Meeting Date: June 18, 2026

<b>INFORMATION TYPE</b>
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Other

<b>RECOMMENDED ACTION(S)</b>
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Receive as CEO Operational Update.

<b>ISSUE SUMMARY</b>
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### Q2 Service Performance Highlights

- FlexRide requests **increased by 117%** from 10,362 last year to 22,513 this quarter. Fleet capacity was expanded to its maximum available level limited by budgetary constraints. However, significant unmet demand remained, as evidenced by total denials increasing from **287** to **1,795** year over year.
- FlexRide and GoldRide ridership increased, while Paratransit, Vanpool and Fixed Route services experienced declines in ridership.
- Both Fixed Route and Paratransit services achieved on-time performance that exceeded their respective targets of 80% and 95%.
- To maximize efficiency, the Veterans Administration is reorganizing the Vanpool program and implementing targeted promotional campaigns.

In accordance with the Board's Policy 2.9.1.5, I present this Quarterly Satisfaction and Service Performance Report for the second quarter of FY2026.

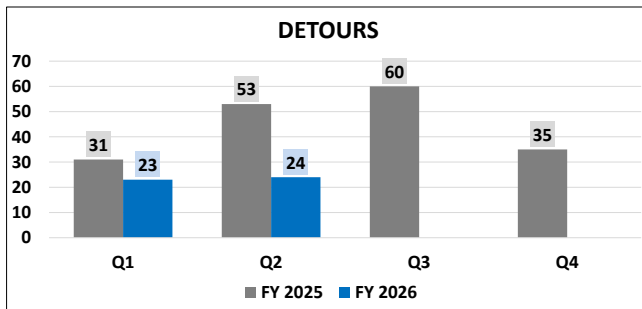
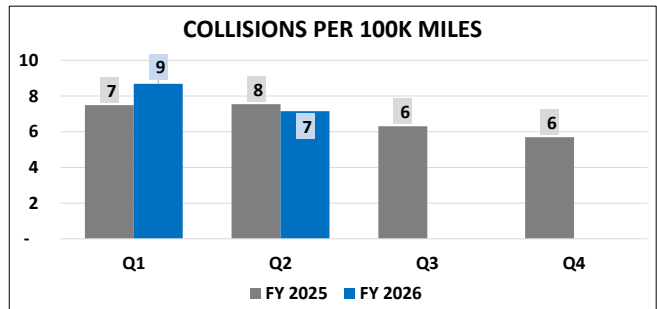
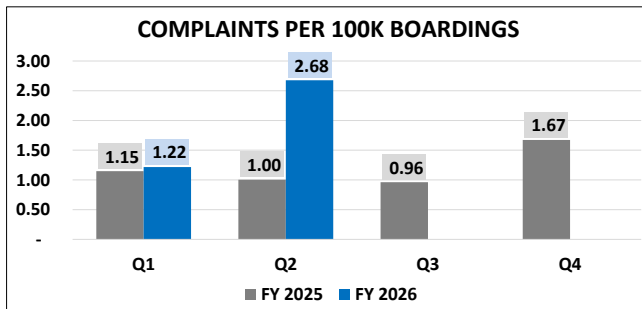
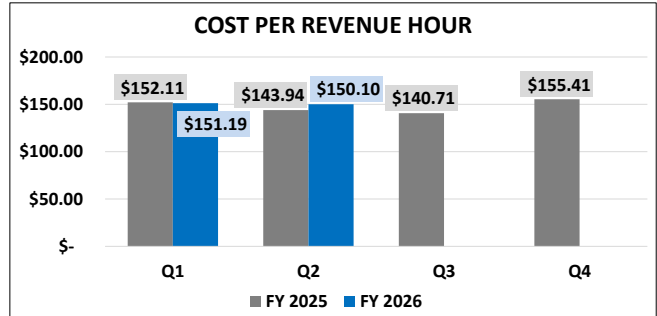
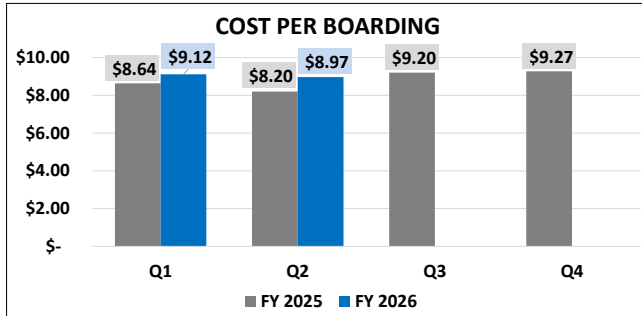
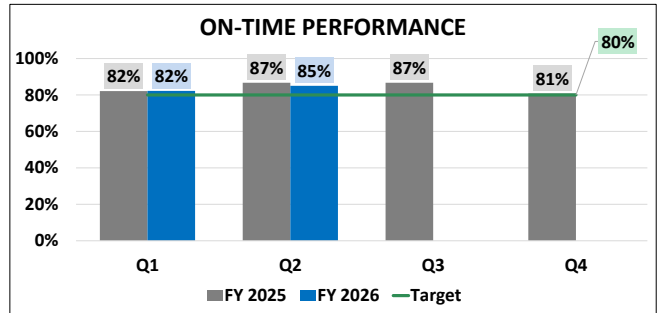
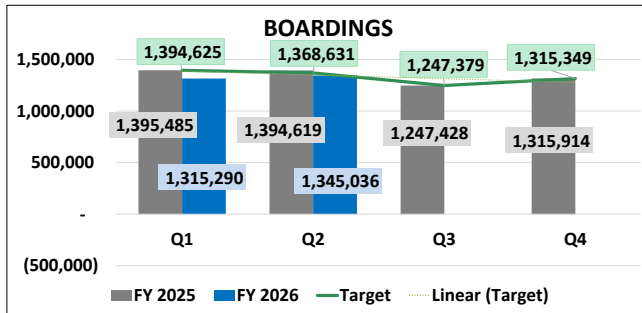
<b>ATTACHMENTS</b>
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1. FY2026 Q2 Service Report

**Fixed Route**

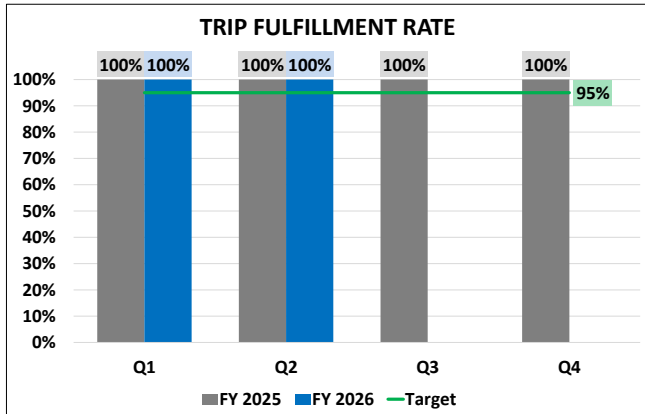
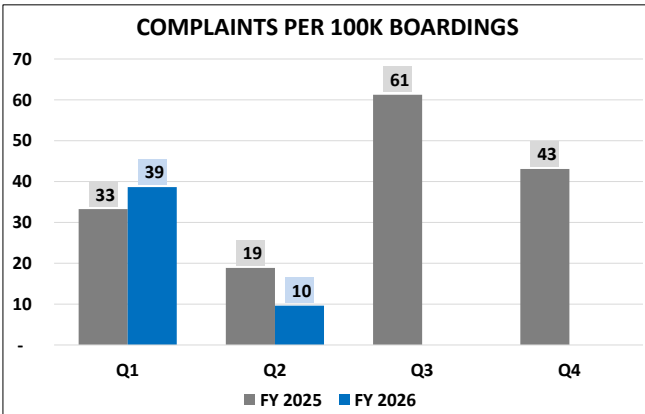
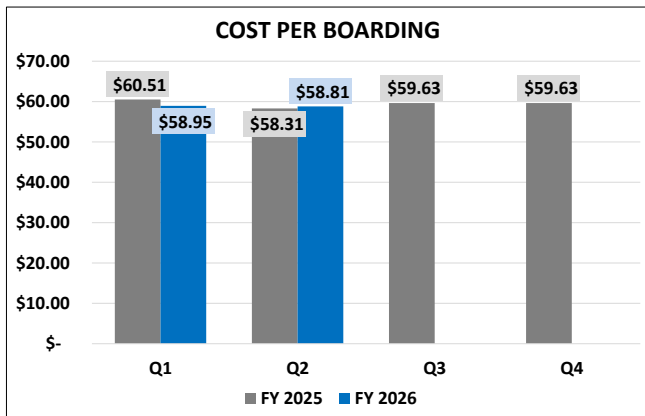
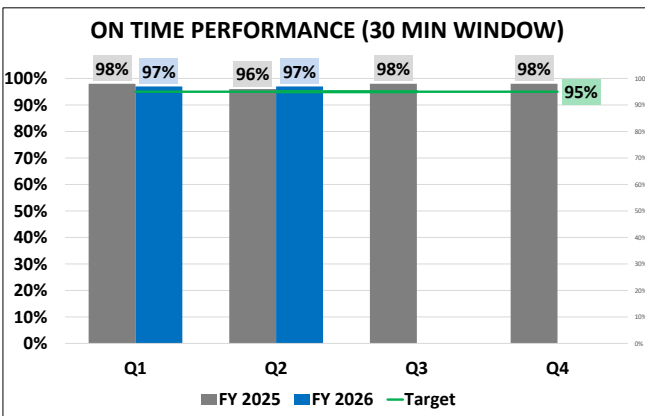
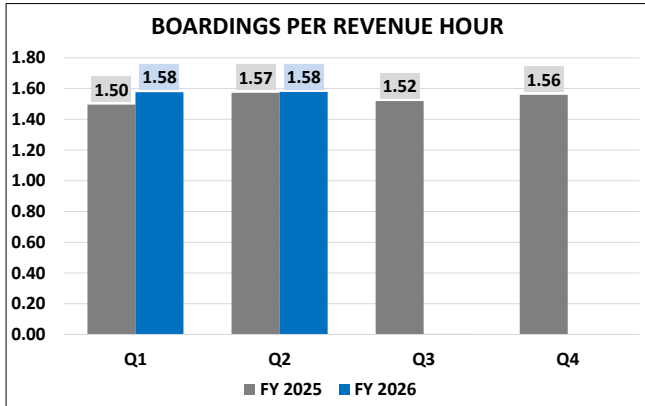
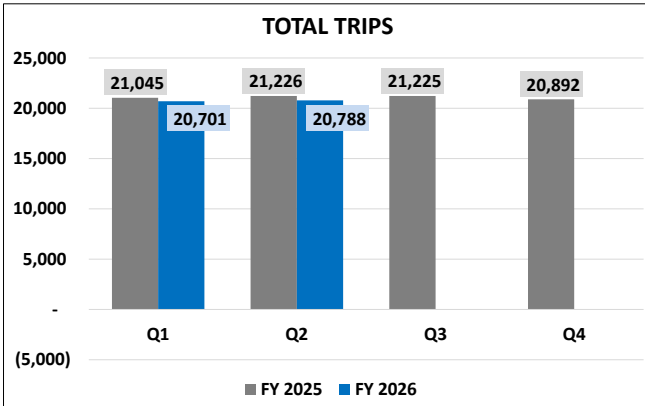
Ridership dropped by 3.5% year over year. Operational metrics remained stable as evidenced by on-time performance consistently surpassing the **80% benchmark**, and operating costs and collision rates **remaining within budgetary and safety thresholds**. Passenger complaints increased beyond established threshold.

Note: Operational costs and revenue hours targets are based on the FY 2026 Budget projections.



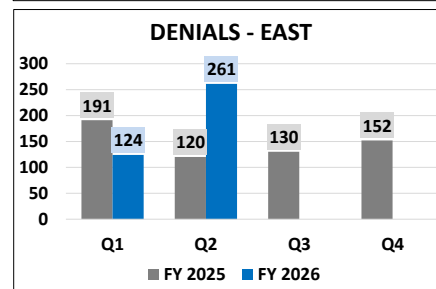
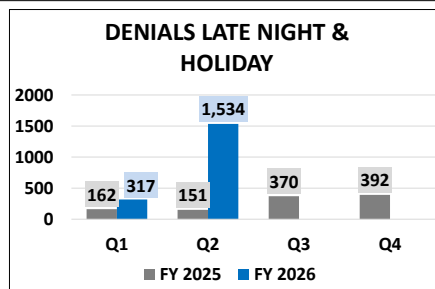
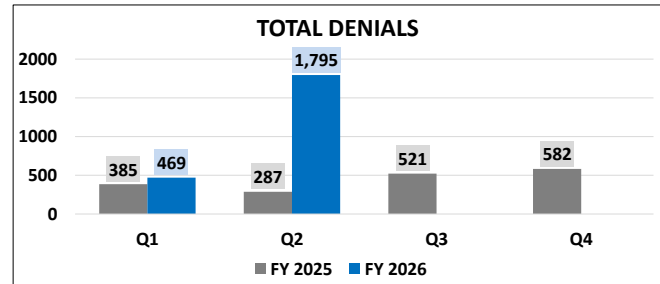
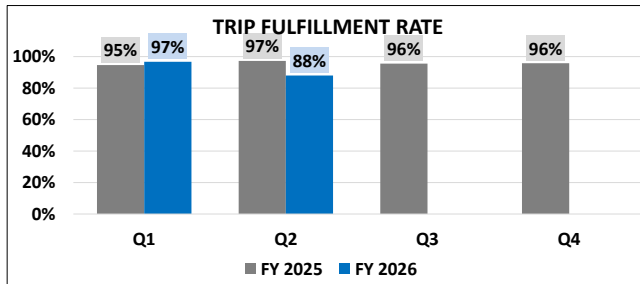
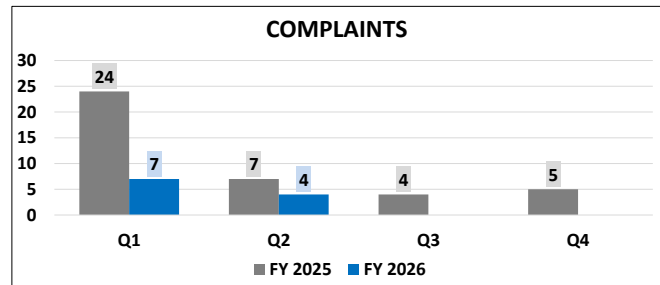
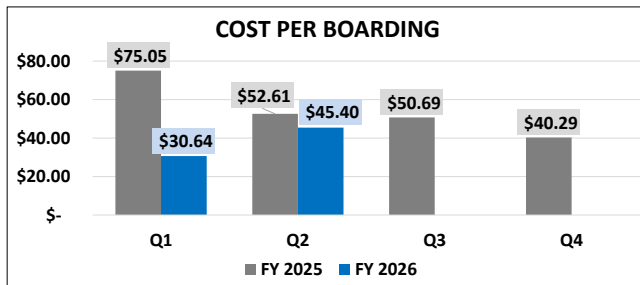
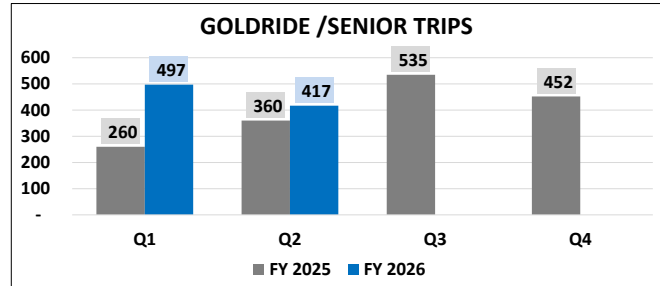
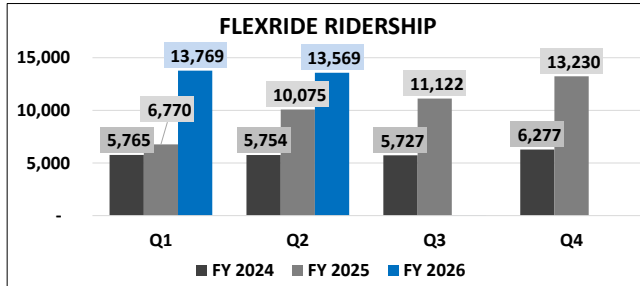
## ARide / Paratransit (MV)

Paratransit Ridership saw a marginal 2% decline. Operational efficiency improved as evidenced by the slight increase in boardings per revenue hour. On-time performance consistently exceeding the 95% target and the fulfillment of all requested trips.



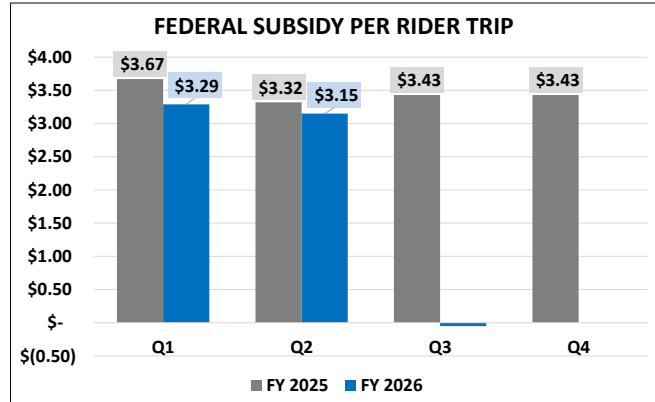
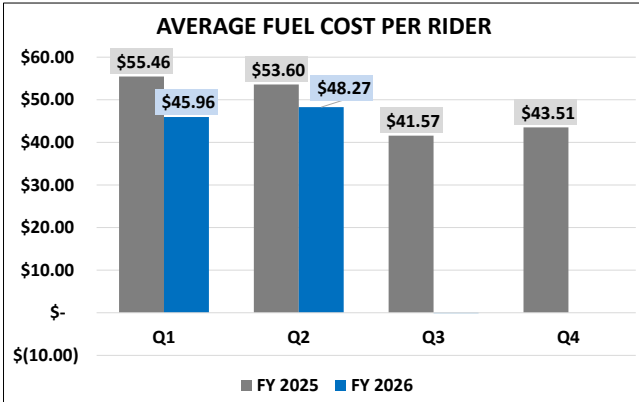
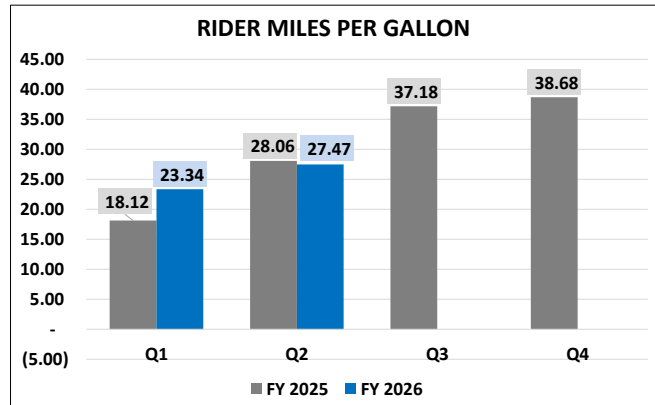
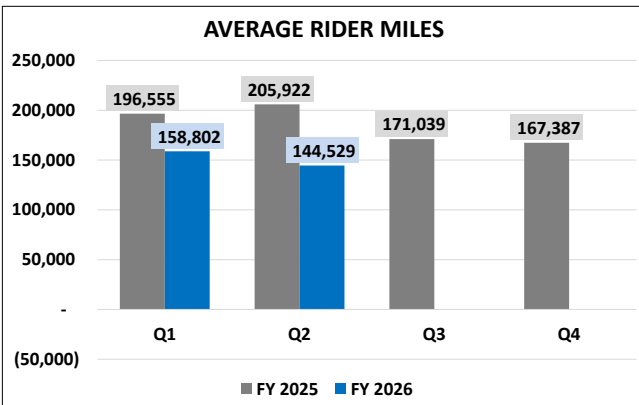
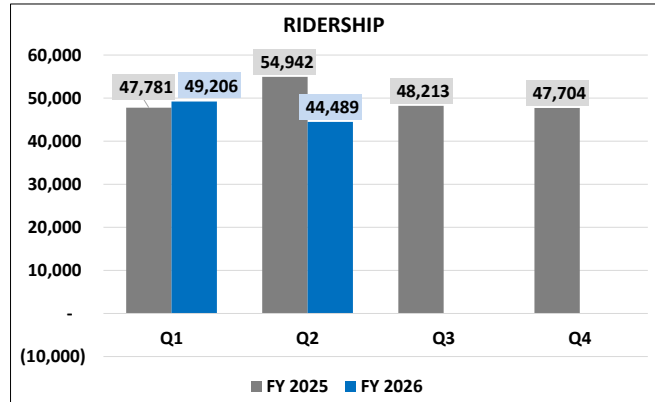
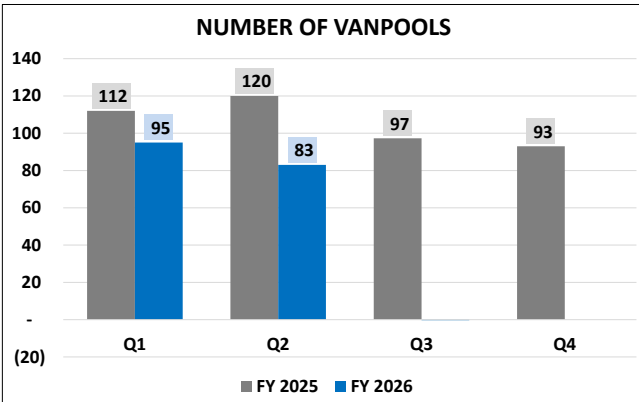
## FlexRide (Via)

The FlexRide App's intuitive scheduling process and low cost have resulted in a **35% increase in ridership year over year and ridership has reached 236% of its Q2 2024 level**. Trip requests increased by **117%**, and despite increasing vehicles from **8 to 12**, it is **becoming harder to meet demand, as evidenced by increased denials**. Trip cancellations negatively affect our ability to honor requests. Late Night/Holiday experiences a larger impact as it covers a larger area compared to FlexRide East. FlexRide West is no longer operational.



## Vanpool

The VA recently consolidated its vanpool operations to improve overall efficiency. While a slight decrease in ridership and total passenger miles was anticipated during this transition, the VA continues to promote demand to maximize service utility. It is still too early to fully analyze the impact of these changes; additional performance data and trends are required to provide a comprehensive evaluation.



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## CEO Report

**Meeting: Board of Director's**

**Meeting Date: June 18, 2026**

### INFORMATION TYPE

Other

### LONG-RANGE PLAN STATUS UPDATES

#### **BLAKE TRANSIT CENTER RELOCATION & EXPANSION**

The BTC is fully closed to the public and bus operations and will remain so for the duration of nearby road construction, which is ideally scheduled to end in November 2026. Staff look forward to installing shelters and benches along Washing Street for customers in late June or early July. Regional buses – namely, D2A2 and Michigan Flyer – moved to State and Washington on June 1. Overall, the response to being at 5th & Washington continues to be mostly positive, even though conditions are not ideal. We thank everyone for their hard work, dedication, and going above and beyond. We also appreciate the patience and understanding of our riders, downtown businesses, and the public during this time of disruption.

TheRide continues to work with the Ann Arbor Housing Commission (AAHC) and their codeveloper (Related Midwest) on the joint development of the old Y-Lot site adjacent to the BTC (350 S. Fifth). The development team is still tentatively preparing for construction of the housing tower to start in summer 2026, even though there have been some delays. Modifications to TheRide's existing BTC platform will be necessary to accommodate the housing development and approved concept of the new platform. The site plan for the existing platform and planned expansion will be submitted later this year, and an environmental review is underway. The transit elements of the development will not be under construction until FY2028 or later.

#### **YPSILANTI TRANSIT CENTER PLANNING**

Staff reviewed the first round of design development documents in May and early June, as well as continued negotiations on land acquisition with the City of Ypsilanti for the portions of the adjacent parking lot needed for the new YTC. The agency-wide engagement in this process has been phenomenal. Early work with the Historic District Commission to better understand the demolition and building permitting process within the historic district is underway. Staff continue work to bring a construction manager (CM) under contract. The construction timeline and costs will become clearer as these pieces of the project fall into place.

#### **BUS FACILITIES AND GARAGE STUDY**

Work continues with the effort to identify how to expand our garage and administrative office capacity to serve our needs today and into the future. Work is now underway on site-selection which factors in several technical data points to identify the sites which can most optimally serve

our needs. As a reminder, this effort will culminate in a preferred alternative which gains NEPA clearance from the federal government. The Board will have final approval for construction of any ultimate recommendation.

## **OPERATIONAL UPDATES**

### **FARE STUDY**

Staff work continues to develop the initial draft scope for the study of fares and fare collection technology. Once an initial draft is ready, it will be shared with the Board for feedback. After then, the scope will be finalized and a consultant hired. Once a final report is delivered, the CEO may need to make recommendations (if any) to the Board for their consideration, federal Title VI studies may need to be conducted, and a final decision made. We are still at a very early stage and far from making any recommendations to the Board.

### **ARIDE POLICIES**

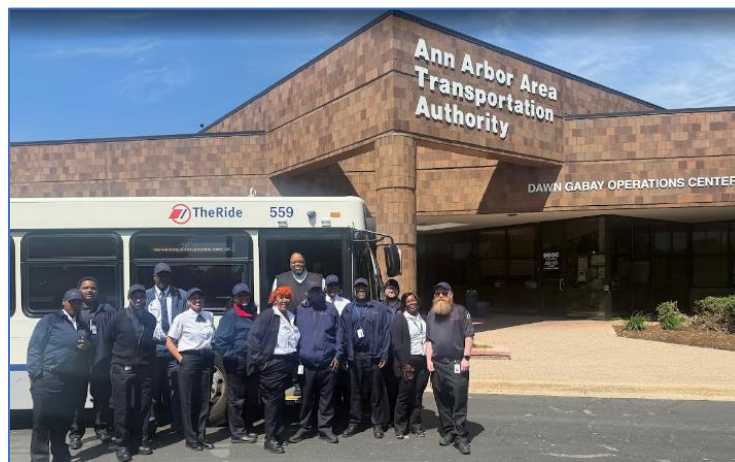
Staff will be working with our paratransit contractor, MV, to determine if and how we can allow more leniency regarding passenger rules without impacting on other passengers or budgets.

### **REAL-TIME PASSENGER INFORMATION AND DETOURS**

Staff are re-evaluating if and how existing technologies might be able to provide better real-time information that reflects long-term detours. It is still unclear whether the legacy technologies we use will be able to do this in a cost-effective manner.

### **OPERATOR COUNT/MCO CLASSES**

AAATA's current operator count is 205, with the most recent class graduating on May 29<sup>th</sup> (photo below). The next MCO class is set to begin on June 14<sup>th</sup>.



### **LOCAL ADVISORY COMMITTEE (LAC)**

The LAC met on May 12<sup>th</sup> and discussed: Board report, service updates, as well as updates on the Blake Transit Center relocation. The LAC also voted to cancel meetings for July and August. They will reconvene on September 8<sup>th</sup>, 2026.

### **ANN ARBOR CITY COUNCIL**

AAATA will be make a routine presentation to Ann Arbor City Council on Monday, June 15<sup>th</sup>.

### **YPSILANTI TOWNSHIP BOARD OF TRUSTEES**

AAATA will be presenting to Ypsilanti Board of Trustees on Tuesday, June 16<sup>th</sup>. This is in response to resident questions about the FlexRide service area.

### **TRANSPORTATION COMMISSION (ANN ARBOR)**

The Commission met on May 20<sup>th</sup> and received information on roadway rightsizing, traffic calming, sidewalk gap prioritization, and general updates.

### **WATS POLICY COMMITTEE UPDATE**

The May WATS Policy Committee meeting was cancelled.

## **EMPLOYEE RECOGNITION & COMMUNITY ENGAGEMENT**

### **EMPLOYEE ANNIVERSARIES**

Earlier this month, TheRide celebrated 35 years with Facilities Services Supervisor, Bill Fowler.



### **2026 INTERNATIONAL BUS ROADEO**

AAATA staff, including MCO Reggie and members of TheRide's Fleet team, Aaron, Travis, and Charles, competed in the APTA International Bus Rodeo that took place in Salt Lake City May 15-19, 2026.



## NAFA FLEET AWARD

TheRide's Fleet Services team was recently recognized by NAFA Fleet Management Association as the #1 public transportation fleet in the nation and named Top 40 public fleets in North America for 2026. The award highlights TheRide's commitment to safety, innovation, and operational excellence in maintaining a reliable fleet for the communities it serves. Read more on this achievement: <https://www.theride.org/about/news/therides-fleet-team-wins-national-recognition-excellence>

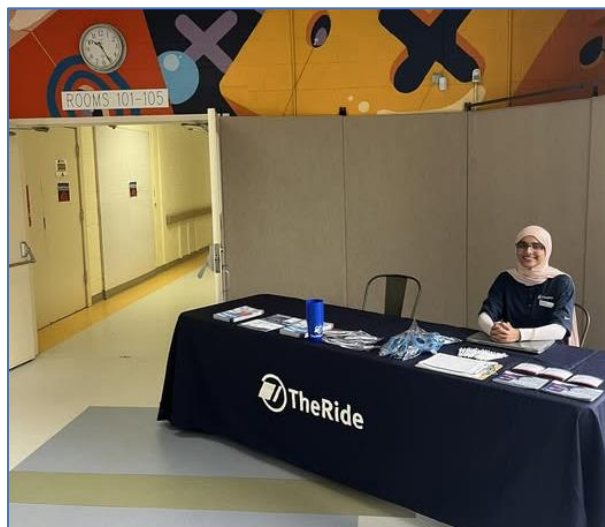


## AADL-YDL FREE RIDE WEEKENDS

Once again this year, TheRide is partnering with the Ann Arbor District Library and the Ypsilanti District Library to offer free rides every Saturday and Sunday during the summer from June 13 – August 30 with a valid library card. This is in coordination with the AADL Summer Game and the YDL Summer Challenge. Riders must show their valid library card when boarding to ride for free. AADL Summer Game codes can also be found on the exterior of TheRide buses and on TheRide.org for participants to earn more prizes.

## YPSILANTI TOWNSHIP TABLING EVENT

On Tuesday, June 9<sup>th</sup>, TheRide had a table at the Ypsilanti Township Community Center. Staff were able to engage with community members who were current, as well as perspective riders, on fixed-route, A-Ride, and GoldRide services.



### **AFC ANN ARBOR SPONSORSHIP & COLLABORATION VIDEO**

Once again this year, TheRide is a sponsor of AFC Ann Arbor. A collaboration video was filmed and executed showing club mascot, Nutmeg, taking TheRide to a game at Hollway Field. The video is posted on both AFC and TheRide's social channels:

<https://www.facebook.com/share/r/1EKp1Biggs/>

### **COMMUTER CHALLENGE**

609 people reported using green transportation for 11,570 commutes during this year's Commuter Challenge, which ran from May 1 – May 31. Participants' trips by bus, carpool, bike, and other green transportation options avoided more than 45 tons of CO<sub>2</sub>. The winning 2026 Commuter Challenge workplace teams are:

- 2-20 employees: **University of Michigan ADVANCE Program**
- 21-49 employees: **Workantile**
- 50-100 employees: **Atomic Object**
- 101+ employees: **U.S. Environmental Protection Agency**

### **UPCOMING TRU VISIT**

As part of their "Round-the-Mitten" statewide transit tour, a small contingency from Transportation Riders United (TRU) will be visiting the AAATA Main Office on Monday, June 15<sup>th</sup> in the evening for a tour of our facilities. Learn more about their tour here:

<https://www.detroittransit.org/transit-tour/>.

### **EXECUTION OF CONTRACTS OVER \$250K (Policy 2.9.1.5.D)**

There were no contracts over \$250k executed in May.

# Budget Introduction

## FY2027 Operating and Capital Budget

Dina Reed  
Deputy CEO, Finance and Administration  
[dreed@theride.org](mailto:dreed@theride.org)

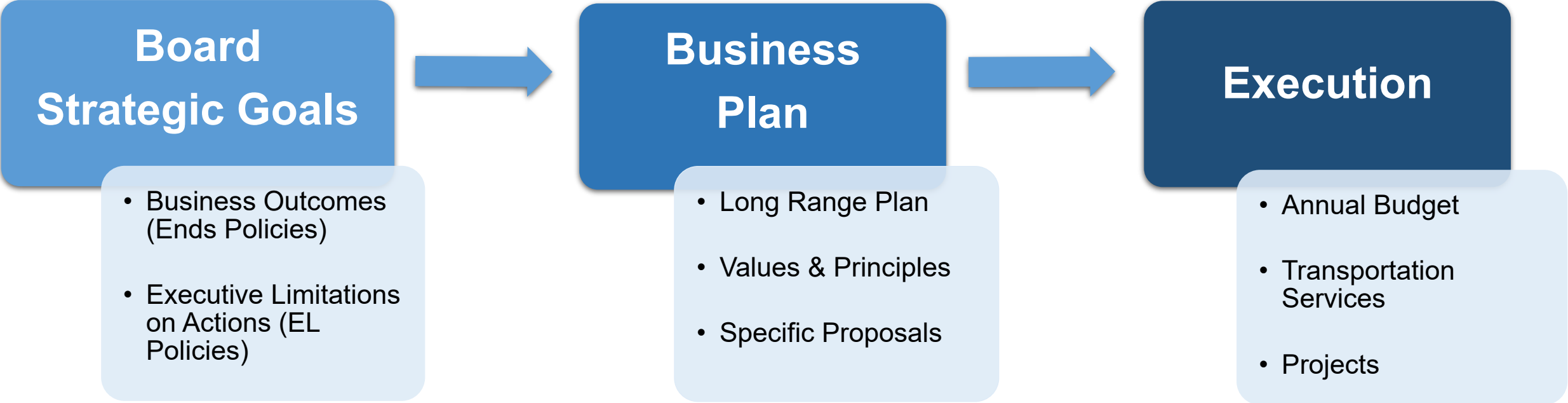


# Agenda

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- Budget Introduction
  - Alignment with Board's Ends
  - Budget Timeline
  - Budget Highlights
- FY2027 Operating Budget Preview
- Capital Budget Outlook

# Advancing the Board's Ends through Alignment



# The Budget Advances Board “Ends”

1.0 Provide public transportation for the Ann Arbor-Ypsilanti Area that contributes to:

1.1 Residents/  
1.4 Passengers



Equitable access and Passengers are Highly satisfied

1.2 Environment



Positively Impacts Environment

1.3 Economic  
Prosperity



Positively Impacts Economic Prosperity

1.5 Residents



Positively Impacts Area’s Quality of Life

1.0 Fiscal  
Responsibility



Efficient Stewardship and Value for Money



# The Budget is Aligned with Business Plan Priorities

The Corporate Business Plan provides an opportunity for the Board, staff, and the public to have a dialogue about *priorities* before a budget to fund projects is developed.

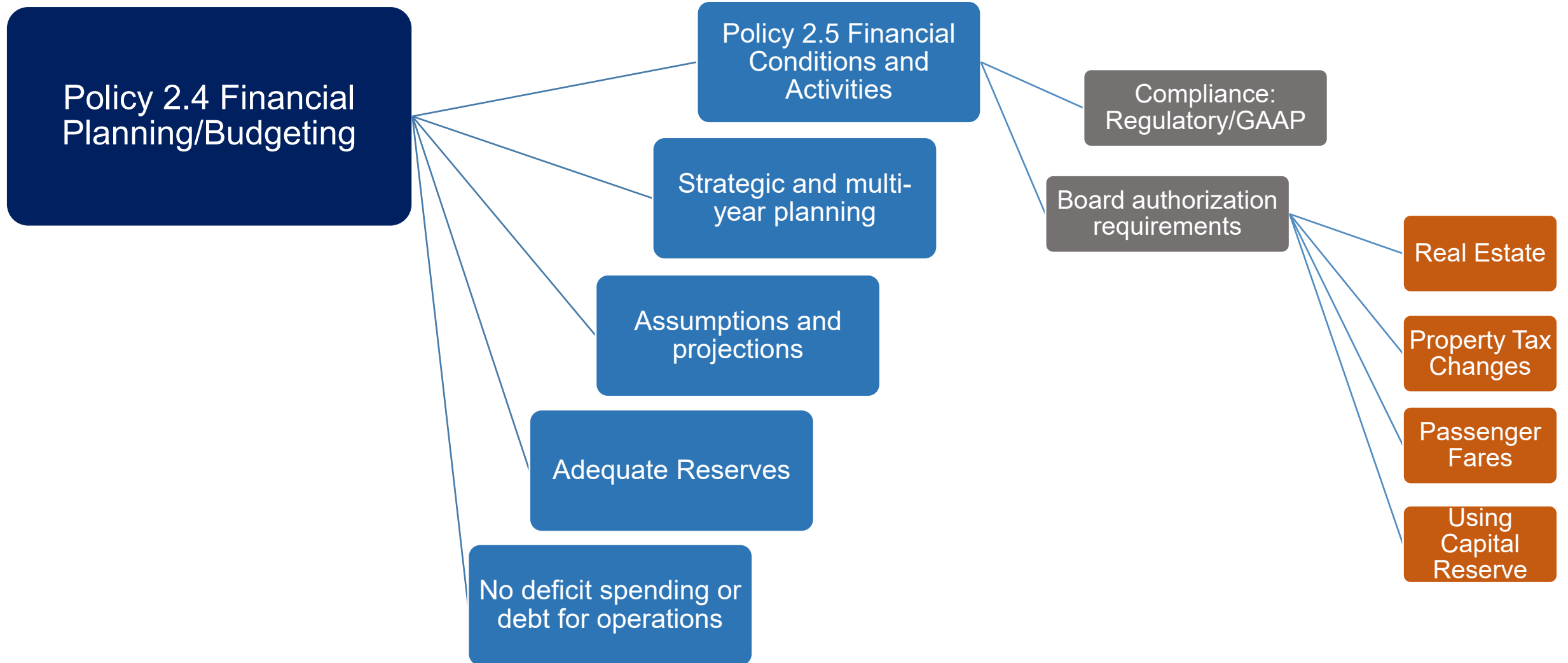


Excellence in Service Delivery & Customer Retention

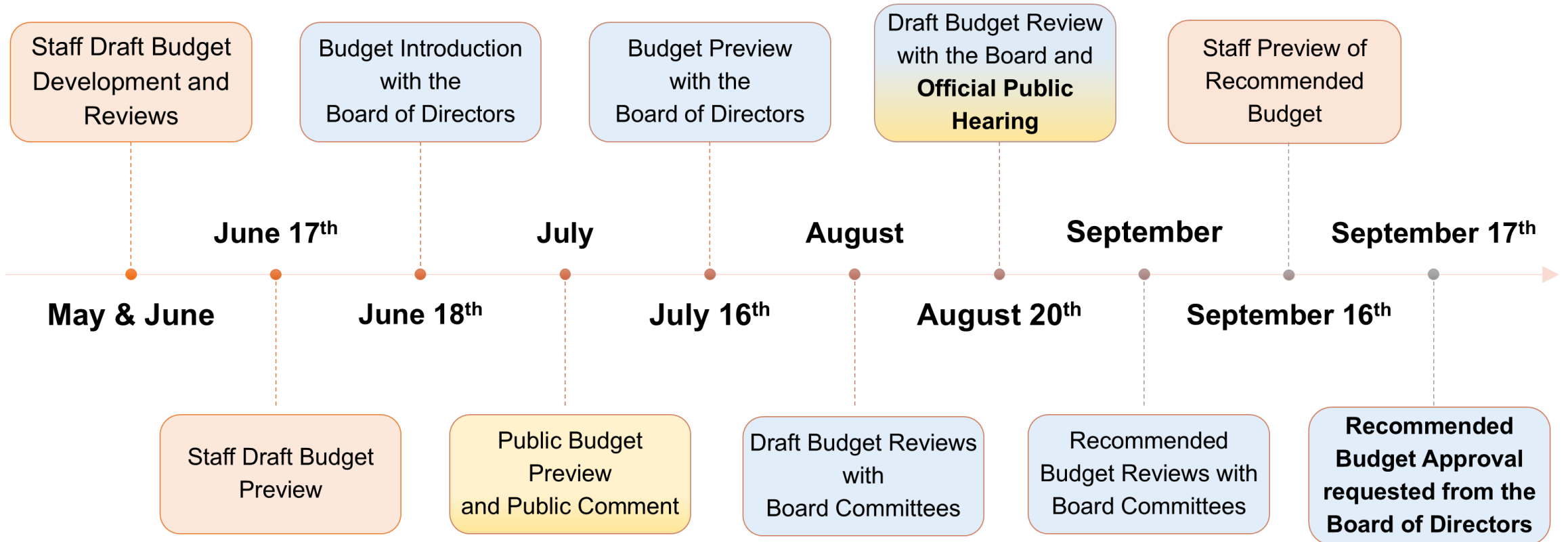
Attract New Riders & Increase Ridership

Agency-wide Continuous Improvement

# The Budget Follows Policies and Board's Ends



# FY2027 Budget Timeline

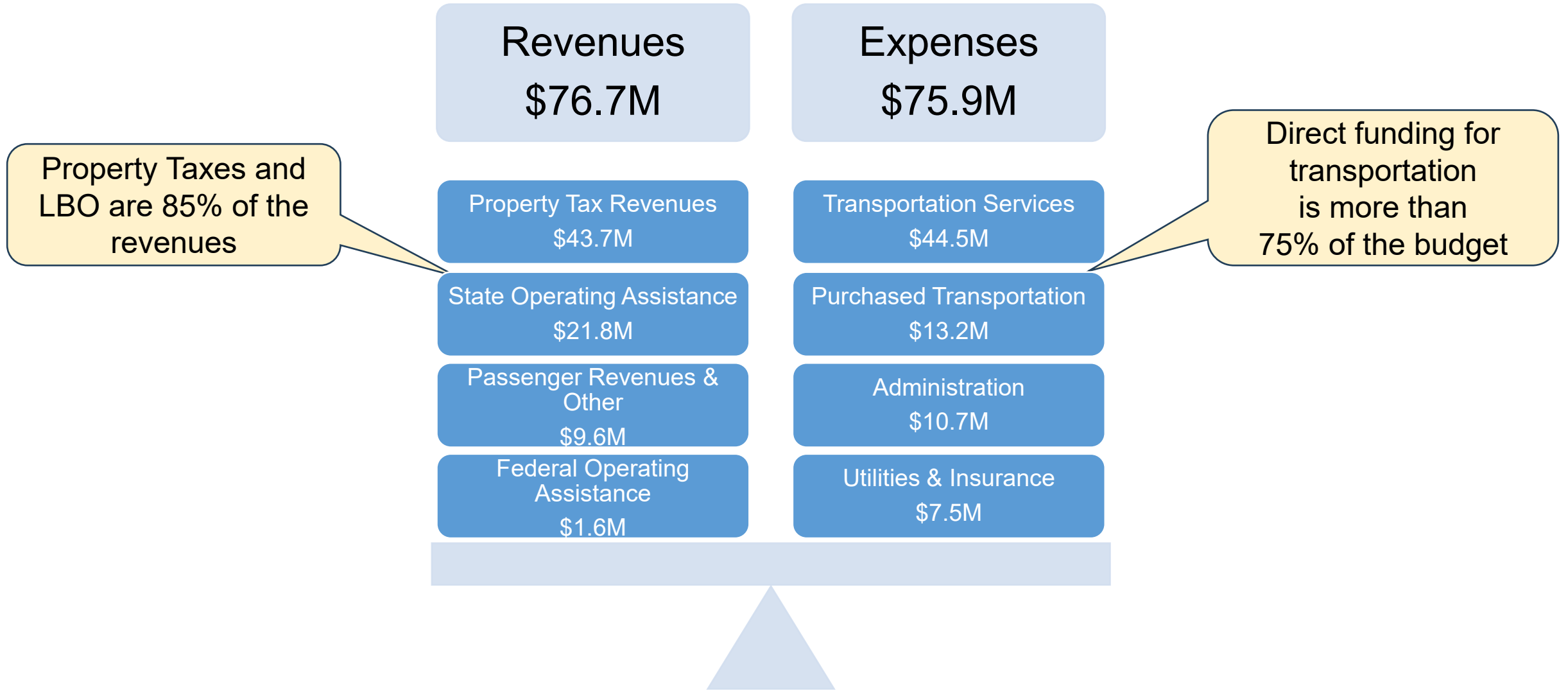


# Budget Introduction Highlights

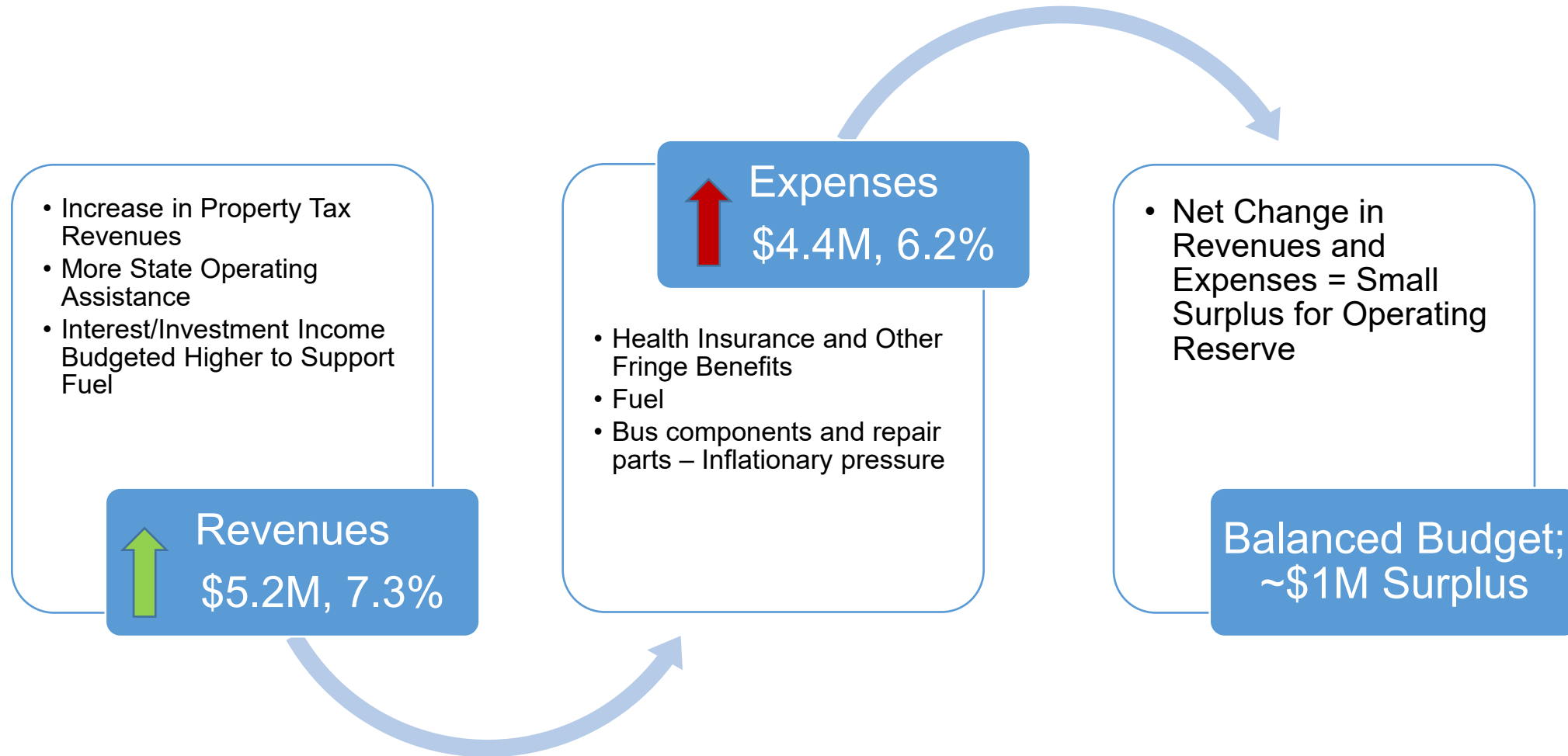
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# The FY2027 Operating Budget is Balanced



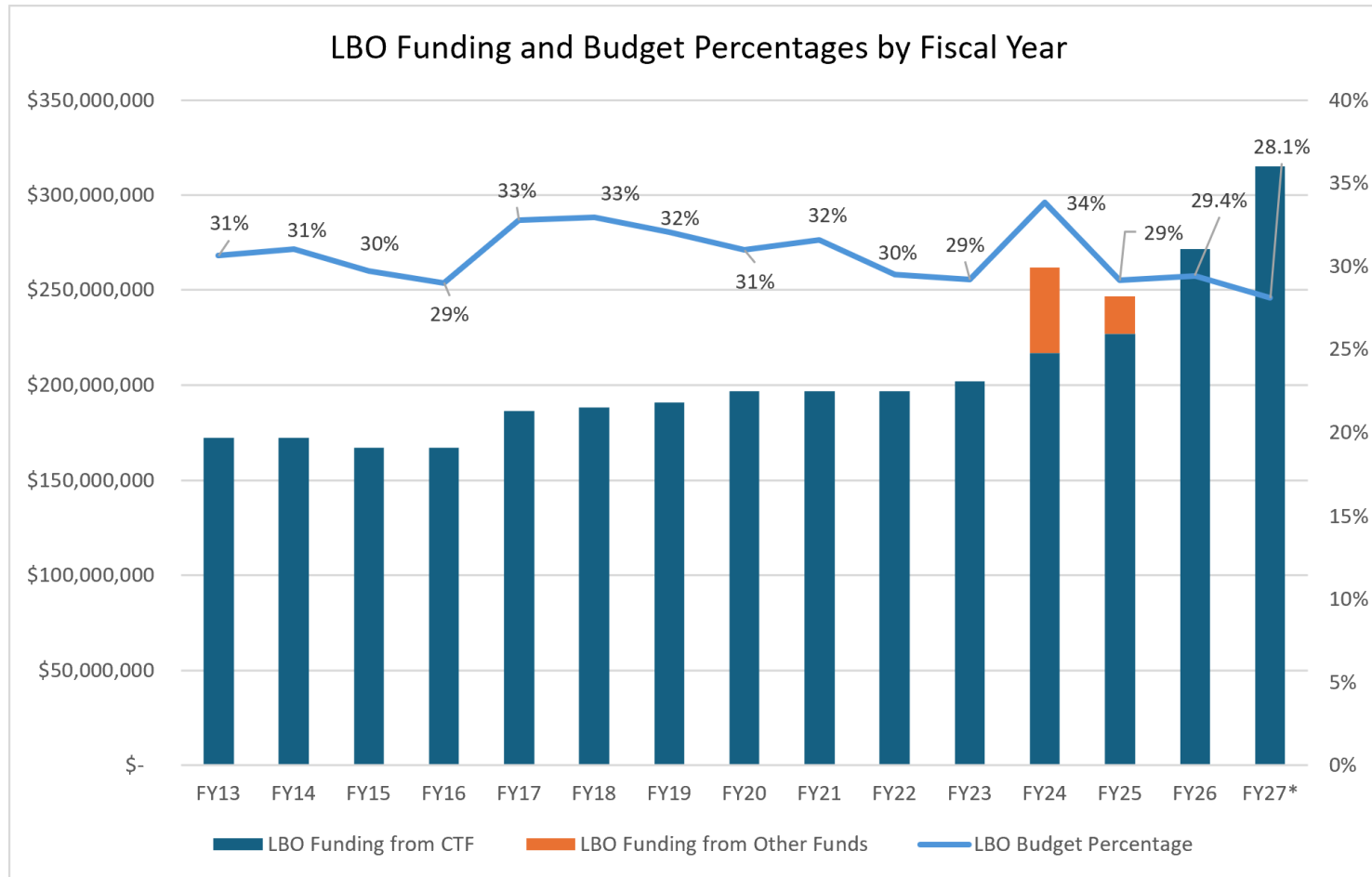
# Key Changes in the FY2027 Operating Budget





State Funding

# LBO Funding ~28% of Operating Budget

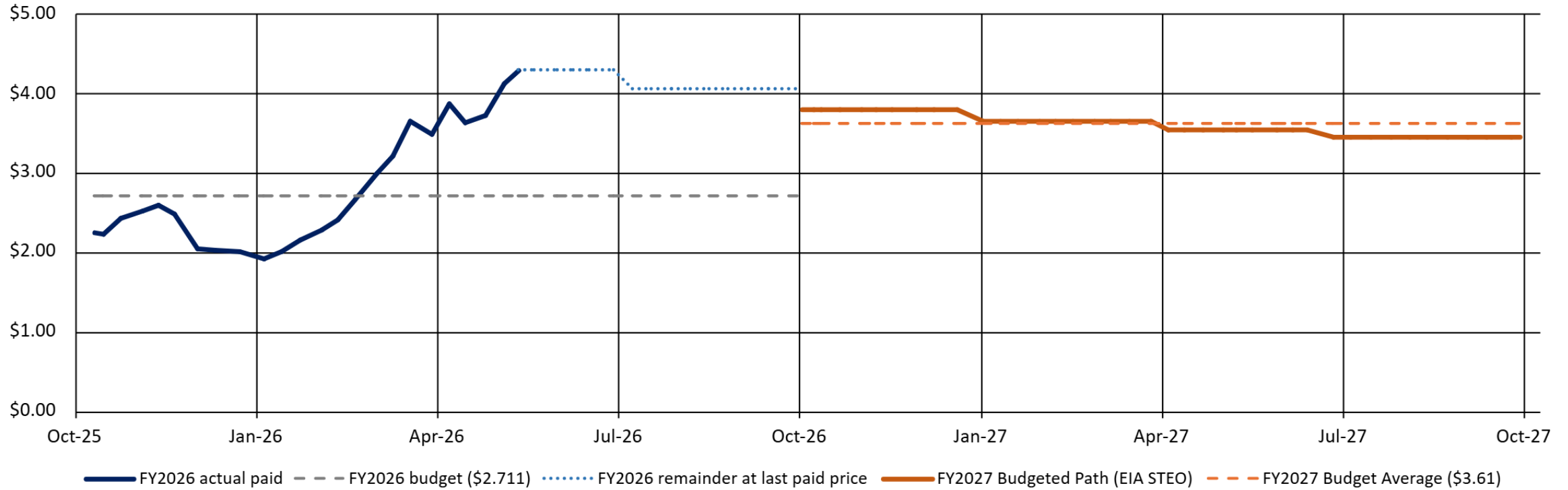


Note: LBO = Linehaul Bus Operating; CTF = Comprehensive Transportation Fund

FY2026 planning advice was 26%; the enacted rate came in at 29.43%. FY2027 is budgeted at MDOT's 28.09% planning rate. FY2027 CTF funding estimated based on governor and senate recommendations

# Fuel Prices and the FY2027 Budget

Diesel Price per Gallon: FY2026 Actual vs FY2027 Budget



**\$4.30**

last price paid per gallon (May 14, 2026)

**\$3.61**

FY2027 budgeted average per gallon

**\$91K**

annual cost impact of each \$0.10 per gallon

*Budgeted path follows the EIA Short-Term Energy Outlook (May 2026) from the last price paid; interest income is budgeted higher in FY2027 to help absorb fuel costs if prices stay elevated.*

# FY2027 Capital Budget: Project Priorities

## Project Priorities

FY2027 Capital Projects=\$36.6M

Maintaining Existing Services and Assets



State of Good Repair  
\$19.8M, 54.1%

Make Things Better and Explore New Things



Value Added  
\$2.2M, 6.1%

Do More Things



Expansion of Services  
\$14.6M, 39.9%

# Capital Budget: FY2026 Actuals and Timing



Type of Capital Project	FY2025 Actual Expenditures	FY2026 Approved Budget	FY2026 Year to Date - Actual Expenditures	FY2027 Draft Budget
State of Good Repair	16,370	13,681	7,963	19,792
Value Added	282	2,786	246	2,250
<b>Expansion</b>				
Blake Transit Center	64	455	22	562
Bus Maintenance and Storage Facility	131	1,368	308	1,306
Ypsilanti Transit Center	536	5,496	16	10,837
Other Expansion	-	1,126	-	1,859
<b>Total</b>	<b>\$ 17,383</b>	<b>\$ 24,912</b>	<b>\$ 8,555</b>	<b>\$ 36,606</b>

# Budget Opportunities and Risks

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## Opportunities

- Continuing Service to Communities
- Executing on the LRP
- Approved Millage through 2028
- Funded Reserves, No Debt

## Risks

- State LBO Rate Pending in Lansing
- Fuel Price Volatility and Economic Uncertainty
- Labor Negotiations Underway
- Cost Inflation and Tariffs (Parts, Capital)
- Federal Funding for Capital

# Conclusion

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# Thank You

## Questions/Discussion

For Additional Questions, please contact:

Dina Reed  
Deputy CEO, Finance and Administration  
[dreed@theride.org](mailto:dreed@theride.org)

