

**BEN FRANKLIN TRANSIT  
BOARD OF DIRECTORS  
SPECIAL MEETING NOTES  
Thursday, December 19, 2013/4:30 p.m.  
1000 Columbia Park Trail, Richland, WA**

1. Convene/Roll Call – MATT WATKINS, BOB OLSON, JEROME DELVIN, BOB KOCH, RICK MILLER, TERRY CHRISTENSEN, RICHARD BLOOM, STEVE BECKEN, LISA STADE, NORMA NELSON

CHAIRMAN WATKINS stated that we have a full Board of Directors - thank you to everyone for coming out for this Special Meeting. CHAIRMAN WATKINS confirmed with the Clerk of the Board and Legal Counsel that appropriate and sufficient notice was given to the public. Agreed.

Staff: Kathy McMullen, Barbara Hays, Katherine Ostrom, Terry DeJuan, Tony Kalmbach, Dan Sandmeier, Jim Thoeke, Debra Hughes, Jerry Otto, Gloria Boyce, Susan Snowdy, Patrick R. Roach, Legal Counsel

Visitors: Ed Frost, Goeff Folsom, Tri-City Herald Staff Writer

2. Pledge of Allegiance – CHAIRMAN WATKINS called on Ed Frost to lead the Pledge of Allegiance.

Executive Session – CHAIRMAN WATKINS stated that the Agenda indicates that an Executive Session will be held. He stated that we are not actually going to conduct an Executive Session. He further noted that we have the opportunity, if needed, to go into Executive Session. He believes that this meeting can be handled almost entirely in public.

CHAIRMAN WATKINS noted that he is adding an item (4.5) to the agenda to allow for a brief report from Staff regarding the Triennial Review Audit that was just recently completed.

3. Resolution 76-2013 – Approve Appointment of an Interim General Manager for Ben Franklin Transit

CHAIRMAN WATKINS stated that at the December 12, 2013 Board Meeting the Board asked that we consider some possible candidates as an Interim Manager. He had shared some information regarding some possible candidates, one of those being Mr. Ed Frost. CHAIRMAN WATKINS stated that he will recommend tonight that the Board consider bringing on Mr. Frost as an Interim General Manager. CHAIRMAN WATKINS noted that he anticipates this section of the meeting will include an introduction about Mr. Frost, information from Patrick T. Roach, BFT Legal Counsel, an opportunity for the Board to talk with Mr. Frost, then ultimately, hopefully ask Mr. Frost to be our Interim General Manager.

CHAIRMAN WATKINS called on Patrick T. Roach for comment. Pat Roach stated that members of the Board have spoken of different people as a proposed or possible interim manager. The interim manager position is anticipated to take a little shorter or little longer than a three-month process. In the meantime we need to have someone at the head of the organization.

There have been some discussions about good candidates possibly from internal that are in the management team today. There have been discussions about external people who have been in management at BFT before. Then there have been some comments with regard to bringing in someone from the outside that really doesn't have any knowledge of what the inner workings of BFT are.

One of the comments of bringing someone from the current management team to Interim General Manager is that it leaves a vacancy in the team and places extra burden on Staff. After some discussion, Ed Frost looked like a likely candidate. Ed Frost was one of the people who actually walked the streets of Pasco, Kennewick, and Richland drumming up supports for a public transportation agency. When BFT became a reality, Ed Frost was one of the first employees of the agency and worked for 25 plus years as a Manager before his retirement about 5 years ago. Ed Frost knows the majority of the people in this Board Room. It just made sense that Ed Frost be considered to serve as the Interim General Manager. Pat Roach stated that he has drafted a proposed Interim General Manager Employment Agreement to talk about later in the meeting.

CHAIRMAN WATKINS asked Ed Frost to address the Board and Staff.

Ed Frost stated that he prepared a Transportation Related Work History document that has been handed out to attendees.

Ed Frost stated that he would like to share some of the major principles of his management philosophy.

- In the context of a public agency he is a fiscal conservative. He is very sensitive to the fact that most of the money that Ben Franklin Transit

spends are tax-payer dollars. He thinks that every time we make a decision to spend a tax-payer dollar that decision should make as much sense to the tax-paying public as it does to Ben Franklin Board and Staff. He wants to be very careful with the money.

- Customer Service – He is a passionate advocate for outstanding Customer Service. Both the service that Ben Franklin Transit provides to external customers and the service that Ben Franklin Transit employees provide internally in the system. The communities make a tremendous investment in dollars to Ben Franklin Transit every year. One of the best returns on that investment that we can give the community is the very best service we can provide to our customers. That is also in line with the Ben Franklin Transit Mission Statement that talks about providing service that is better than what the customer expected and also the first Core Value in the set of Ben Franklin Transit Core Values.

Ed Frost stated that his management philosophy is pretty simple. Be real careful with the money and be real good to the customers.

As far as his initial plans in management first of all would be to sit down and listen very carefully to BFT Staff members in order to update information on how the system runs. He has a pretty good idea of how it operated up to about 5 years ago. He has used the services in the last 5 years, but he has not attended a Board meeting since he retired. He wants to use the expertise that Staff has, listen, take notes, and really understand how the system operates. He wants to work with the Board and Staff and all employees to be sure that Ben Franklin Transit is operating as well as it possibly can. First, this what the community expects. Second, when we are operating as well as we can we make this a very attractive position so that a lot of people would want to be the General Manager of Ben Franklin Transit. The more attractive the system is the better the candidate we're going to get. Finally, you will get the candidate that you want to be the permanent General Manager.

Ed Frost stated that the last thing he wants to do as far as regular management of the system – he wants to manage the system in a very flexible manner. What he means is he would love to defer, if at all possible, the major decisions on major service changes, major financial changes, or the hiring of senior management people to the new permanent General Manager. He would love to provide as much flexibility for that person as possible. That way they accept ownership and direction of the company as much as possible. The new General Manager can leave his or her imprint on the system.

As far as the job search for a permanent General Manager, he will work with Staff to develop a proper and complete job announcement and work with them developing a strategy for disbursement of that announcement. He will work with the Board and Staff in developing a process for selection of a General Manager. He

would like to bring back a proposal that is as inclusive as possible. He wants BFT employees, management Staff, the general public and the customers all get an opportunity to provide some input into the process of selecting the General Manager. Of course the Board or perhaps the Board's Administration and Finance Committee would be involved in the entire process. He wants something inclusive so everyone involved will have the opportunity to hear and talk with the final people being considered for the position.

CHAIRMAN WATKINS thanked Ed Frost for the excellent summary.

NORMA NELSON stated that Ed Frost forgot to put one item on his work history document and that is that he always took the bus to work. Ed Frost used public transit – he talks the talk and walks the walk.

CHAIRMAN WATKINS mentioned Ed Frost's philosophy and recalls from the past his use of the term Stakeholders in the Community. So, you want to reach out beyond just transit for potential candidates for the General Manger position. Ed Frost responded, yes. He recalled from being a member of the Kennewick School Board when they were looking for candidates in the more visible positions – they would invite the public in for an evening and the candidates would take questions from the audience. There wasn't a lot of attendance, but those interested would show up and participate.

JEROME DELVIN asked Ed Frost if he has any idea of how long he will serve as Interim General Manager – three, four months. Ed Frost stated that he hopes we can bring someone on in three months. There are factors to consider: The timeline of the job announcement preparation and disbursement; most likely the person chosen already has a job and there are timelines associated with their availability. Ed Frost stated that he is prepared to be here until the job gets done and he hopes that is as soon as possible. JEROME DELVIN mentioned that he knows Ed Frost has been retired for 5 years, but he asked him if he has kept up with transit at all – who is where, etc. Ed Frost responded, no. He doesn't know where good candidates are, but he is certain that BFT Staff and their professional networking probably know a great deal of people.

CHAIRMAN WATKINS mentioned that right after the press release of Tim Fredrickson's resignation he received a few emails from external firms wanting to help us with the search. He asked Ed Frost about his view in this regard. Ed Frost stated that he believes with BFT Staff and Legal Counsel we can do this. Ed Frost noted that he has worked with Debra Hughes, BFT Human Resources Manager, in the hiring of a number of professional positions. We ended up with good candidates. BFT Staff is very capable and Pat Roach has been with BFT from day one.

TERRY CHRISTENSEN asked how the position will be advertised. Will it be nationally i.e., the Wall Street Journal for instance or go through APTA and be very specific. Ed Frost stated he is sure the search will be nation-wide. He called on Debra Hughes to talk about how she normally advertises management positions. Debra Hughes stated that we all heavily network locally and nationally. We know of people out there who have done the job of General Manager. Debra Hughes noted that she belongs to two HR Roundtable groups, one national and one state-wide. These groups are very active. They will be great contacts for recommendations. BFT's recruiting efforts are very comprehensive so we would need to develop a strategic plan for this position.

CHAIRMAN WATKINS stated that obviously we have Human Resources involved in this process. Is there some sort of philosophy that is supplementary to that – any other audiences we should tap into? Ed Frost stated that the electronic audience and websites out there are available in order to cast a wide net. We will use all the devices at our disposal to get the very best person for BFT.

Pat Roach stated that the plan has not yet been developed as how to approach, advertise, and select a new General Manager. The Interim General Manager, HR, other Staff, and the Board will develop the plan. It is hard to have all the answers when the question has just been asked. Generally he believes that we have a good feel for how to approach the plan. The fully developed plan will come back to the Board with a recommendation from Staff.

TERRY CHRISTENSEN stated that as much as possible he would like to the entire Board informed on how the process is going rather than presume that the Admin & Finance Committee represents the entire Board. He means being kept in the loop about what is going on so the entire Board is on track with Staff and that we are in consensus. Pat Roach stated good point. After all it is the Board who will choose the new General Manager. The Board should be informed as time goes on.

CHAIRMAN WATKINS noted that the Board meets only once per month. We cannot take action other than when we are at a meeting. We can't discuss via email because we don't want to risk it being interpreted as a meeting. We would need to meet as often as the Board wants to. TERRY CHRISTENSEN stated that he would not anticipate more meetings. He will take his concerns to Mr. Frost or to the Board Chair.

JEROME DELVIN asked if Ed Frost sees the Administration & Finance Committee becoming more involved or does he foresee forming a Special Search Committee who would be willing to spend more time. CHAIRMAN WATKINS stated that Ed Frost touched on the concept of bringing final candidates here and introducing them to constituent community groups. Again, this goes back to the fact that we are just beginning the process of how we move forward. We can use the

community structure to our benefit, but the Board makes the ultimate decision. The point made by TERRY CHRISTENSEN about deciding who is going to be our manager not being put off on the Administration & Finance Committee is very knowledgeable.

RICHARD BLOOM stated that the next Board meeting is January 9, 2014. He would expect that if we don't have a finalized approach, there would be somewhat of an outline of the hiring process we will implement. Pat Roach agreed that there is no problem that at least an outline can be brought by January 9<sup>th</sup> and maybe even a developed plan be recommended to the Board. Ed Frost agreed that Staff can have a preliminary plan for the Board by January 9, 2014. It may not have the level of specificity in it yet, but would have the steps of the plan and the people recommended to be involved in each step. RICHARD BLOOM stated that the most recent addition to BFT's Senior Staff is Gloria Boyce who was brought to us from Texas is a great success. Just thought he would point that out to compliment the system.

NORMA NELSON stated that when she was hired John Olson was General Manager. NORMA NELSON asked Ed Frost if he was involved in the process of hiring Tim Fredrickson. Ed Frost responded, no. Pat Roach noted that Ed Frost was a candidate. NORMA NELSON noted that BFT has relatively new senior staff members. She asked Ed Frost if he was directly involved in hiring any of these staff members. Ed Frost stated that he was directly involved in the hiring of Kathy McMullen, Barbara Hays, Terry DeJuan, Dan Sandmeier, Debra Hughes, and Susan Snowdy.

CHAIRMAN WATKINS stated that if everyone agrees we should go ahead and discuss the next item for Board consideration which is the Interim General Manager Employment Agreement. Following that discussion the Board can vote on the two Resolutions sequentially. Everyone agreed.

4. Resolution 77-2013 – Authorizing Matt Watkins, Chairman of the Board of Directors, to sign a contract for services with the Interim Acting General Manager

CHAIRMAN WATKINS asked Pat Roach to present an outline of the proposed agreement.

Pat Roach stated that he took the bare bones of the agreement before you tonight out of the last General Manager's Contract. He did modify it to some extent to the current need. The duties and responsibilities are basically the same we had for the last General Manager. They are enumerated A through K.

The only additional item is J – Assist the Board in preparing criteria, advertising, reviewing submittals, communication with applicants, and recommending a selection process in recruiting applicants for the permanent General Manager position.

Pat Roach presented an overview of the Interim General Manager's Employment Agreement by Section. It is proposed that Ed Frost become an exempt employee of Ben Franklin Transit. This agreement is basically the same as was discussed at the last Administration & Finance Committee meeting. The agreement would become effective on December 30, 2013.

CHAIRMAN WATKINS stated that the agreement is consistent with previous contract as much as practical. This agreement does not have a severance pay clause. Pat Roach stated that is correct – no severance pay.

STEVE BECKEN stated that he has questions regarding Sections 6, 7, and 9. He stated that he has been involved over the years in the hiring of interim county engineers. For lack of a better term, an interim manager or county engineer is a temporary employee. At the County the temporaries or interims were never given health insurance, vacation time, sick time, or had contributions added to their retirement. Is this industry standard? And if so are we setting a precedent for other temporary employees we hire?

Pat Roach stated he thinks there is a real distinction between senior level management and somebody that is going to operate equipment. STEVE BECKEN asked if this is something that is required. Pat Roach stated that it is just negotiations back and forth. We have talked to Ed Frost and he is satisfied with the agreement. Pat Roach stated that the other way to go about it would be instead of giving a salary of \$10,000 per month you could say OK we will pay you \$16,000 per month to cover all the overhead expenditures. Pat Roach stated that he thinks in the big picture this agreement is probably most equitable to everybody. STEVE BECKEN noted that his last question concerns retirement. Will this agreement mess up Ed Frost's retirement? Pat Roach stated that the answer to that question is between Ed Frost and Human Resources.

Debra Hughes stated that Ed Frost is in Public Employee Retirement System I (PERS). After 30 years he is not going to get any more benefit. He can work 860 hours and continue to get his retirement. CHAIRMAN WATKINS asked Ed Frost if he has done his due diligence that this agreement is not going to interfere with his retirement. Ed Frost stated the agreement will not affect his retirement. He prefers to be an employee as opposed to a contractor.

RICHARD BLOOM stated because the employment is short term and effective December 30, 2013 how will the insurance work? Debra Hughes stated that it will work out.

TERRY CHRISTENSEN stated that he does have a hard time with this agreement as he reads through it. It is not like a contract employee, but it more like a temporary hire. Even a temporary hire has a benefit package. His experience was that you take an interim, temporary bring them in and they would (not their attorney) and HR would value benefits and instead of the \$10,000 per month it would be for instance \$15,000 or whatever the number. There would be no signup for health insurance, no dental, no retirement plan. This agreement is really unusual when he reads this while he envisions what we were going to do for a temporary CEO.

Pat Roach stated that different industries work different ways. Hanford contractors have a certain model they follow, hospitals have a model they follow, etc. There are probably 20 different choices on how to do this. This was quick, we could get somebody on board and it was agreeable to Ed Frost.

TERRY CHRISTENSEN mentioned the health insurance benefits. When you bring someone in for three or four months they have a lot of dental work to be done, or they have something they have put off having done, etc. They end up harming the rest of the employees. He isn't accusing anyone just saying that these kinds of things do happen. If we are going to be good stewards of the tax-payers dollars, we are going to look at every avenue. He is not really comfortable with this situation. Pat Roach stated that he understands and there are lots of options. He doesn't believe this is setting a precedent.

Debra Hughes stated that what TERRY CHRISTENSEN is describing is very common in self-insurance pools of which BFT is not. We are part of a very large State of Washington pool. The risk would be very minimal. Actually a lot of BFT employees have work done after they retire,

JEROME DELVIN mentioned Section 7 (3 & 4) cash out of general leave. Pat Roach explained that one is at the end of employment, whatever is banked up. The other is selling general leave before the termination date.

CHAIRMAN WATKINS noted that again this is an expeditious way to bring somebody in and essentially use the same terms of an agreement. JEROME DELVIN stated that he respects that, but we have an obligation to serve due diligence is needed. JEROME DELVIN asked Ed Frost to expound on something he said earlier about being a certain kind of employee. Ed Frost stated that his preference is to be an employee of BFT not a contractor. In addition, Ed Frost



stated that he is covered by his wife's insurance and probably wouldn't use the health coverage if he becomes an employee.

Pat Roach stated in regard to JEROME DELVIN's other question in Section 7, item 4 – General Manager may sell his General Leave. That really doesn't need to be in the agreement. There was a brief discussion about the vacation accrual rate. Ed Frost stated that he totally agrees with removing 7A, item 4 – The Interim General Manager may sell his General Leave.

RICHARD BLOOM stated that since he is now a contractor at Hanford rather than an employee. He appreciates Mr. Frost's feeling because it is very complicated to be a contractor. He believes this agreement overall is a good deal for BFT.

CHAIRMAN WATKINS stated that we have talked about Ed Frost's qualifications. We have an Interim General Manager Employment Agreement.

CHAIRMAN WATKINS entertained a motion to approve Resolution 76-2013.

ACTION: RICHARD BLOOM made and BOB OLSON seconded a motion to approve Resolution 76-2013 – Appointing an Interim General Manager of Ben Franklin Transit as presented. MOTION CARRIED UNANIMOUSLY.

CHAIRMAN WATKINS entertained a motion to approve Resolution 77-2013.

ACTION: JEROME DELVIN made and TERRY CHRISTENSEN seconded a motion to approve Resolution 77-2013 – Authorizing Matt Watkins, Chairman of the Board of Directors, to sign a Contract for Services with the Interim Acting General Manager with the stipulation that Section 7A, item 4 be deleted. Discussion.

CHAIRMAN WATKINS asked Mr. Frost if he is amenable to the motion as stated. Ed Frost responded, Yes.

CHAIRMAN WATKINS called the question as outlined in the aforementioned MOTION BY JEROME DELVIN and the MOTION CARRIED UNANIMOUSLY.

CHAIRMAN WATKINS stated that we have a new Interim General Manager. Ed Frost expressed his thanks to the Board for providing this opportunity. He will work as hard as he possibly can to ensure BFT has the best General Manager we can get. He will work as hard as he can to justify the consideration and the compliments you have shown by hiring me today.

A hearty round of applause was given to Ed Frost.

CHAIRMAN WATKINS asked that the applause be extended to Board and Staff by working through this quickly. We can now go into the holidays. The Board is going to hit the ground running January 9<sup>th</sup> with a report from Ed Frost in regard to the job announcement posting.

4.5 – CHAIRMAN WATKINS noted that he mentioned early in the meeting that we have a report from Staff tonight regarding a recently completed audit.

Kathy McMullen, Service Development Manager, stated that every three years the Federal Transit Administration comes in and performs an audit. Actually it is a review of all the processes and procedures. They make sure we are following all the federal guidelines. Staff sent answers to over 100 questions about six months ago along with all the back-up documentation to FTA and their consultants. The FTA team came in yesterday and spent the last day and a half looking through everything. They met with Staff. We had no deficiencies, no findings. In this past year there has been only one other agency that can say that and that was Sound Transit in Seattle, WA and they hired a consultant to handle their review.

Kathy McMullen stated that everyone did an excellent job. A lot of time was spent in preparation. In fact the FTA folks stated that BFT has an extremely capable and dedicated Staff. Another round of applause for BFT Staff.

5. Next Meeting Thursday, January 9, 2014, 7:00 p.m.  
1000 Columbia Park Trail, Richland, WA

CHAIRMAN WATKINS wished Happy Holidays to all.

6. Adjourn – The meeting was adjourned at 5:27 p.m.

Respectfully submitted by:  
Susan Snowdy, CMC / Exec. Assistant, Clerk of the Board  
December 19, 2013