

Washington Metropolitan Area Transit Authority  
**Board Action/Information Summary**

Action  Information

MEAD Number:  
200922

Resolution:  
 Yes  No

**TITLE:**

Update on FMO Report

**PRESENTATION SUMMARY:**

Update the Committee on the status of WMATA's Corrective Action Plan (CAP) responses to the Federal Transit Administration's (FTA's) Financial Management Oversight (FMO) report, including required changes to the Board's Bylaws.

**PURPOSE:**

Provide a progress report on the status of FMO CAPs, seek Board amendments to Board's Bylaws regarding Audits and Investigations Committee to comply with two FMO CAPs, and discuss monitoring proposals for procurement and grants management.

**DESCRIPTION:**

**Key Highlights:**

- With Board approval to amend the Bylaws and update the responsibilities of the Audits and Investigations Committee regarding oversight and guidance of WMATA's Office of Inspector General and external auditor, this will complete the Board's actions addressing Significant Deficiency III.1 "Audit Committee Oversight of Compliance and Internal Controls" in the 2014 FMO report
- As of July 10, WMATA will have submitted documentation to FTA for closure of 20 CAP items. Of the remaining 45 CAP items, 22 are significantly complete and 13 are in progress.

**Background and History:**

The Financial Management Oversight (FMO) report of June 10, 2014, identified fourteen separate findings: three material weaknesses, six significant deficiencies, and five advisory comments. A total of 45 recommendations for addressing the findings were also included in the report.

Metro officially responded to the draft report within the requested 30-day response timeframe. Metro agreed with the findings and proposed 65 Corrective Action Plan (CAP) items to address the various findings and recommendations. Metro committed to implementing 100 percent of the CAP items for the more substantial findings (material weaknesses and significant deficiencies) within 90 days of the final FMO report. Metro also committed to completing all CAP items for the advisory comments within one year,

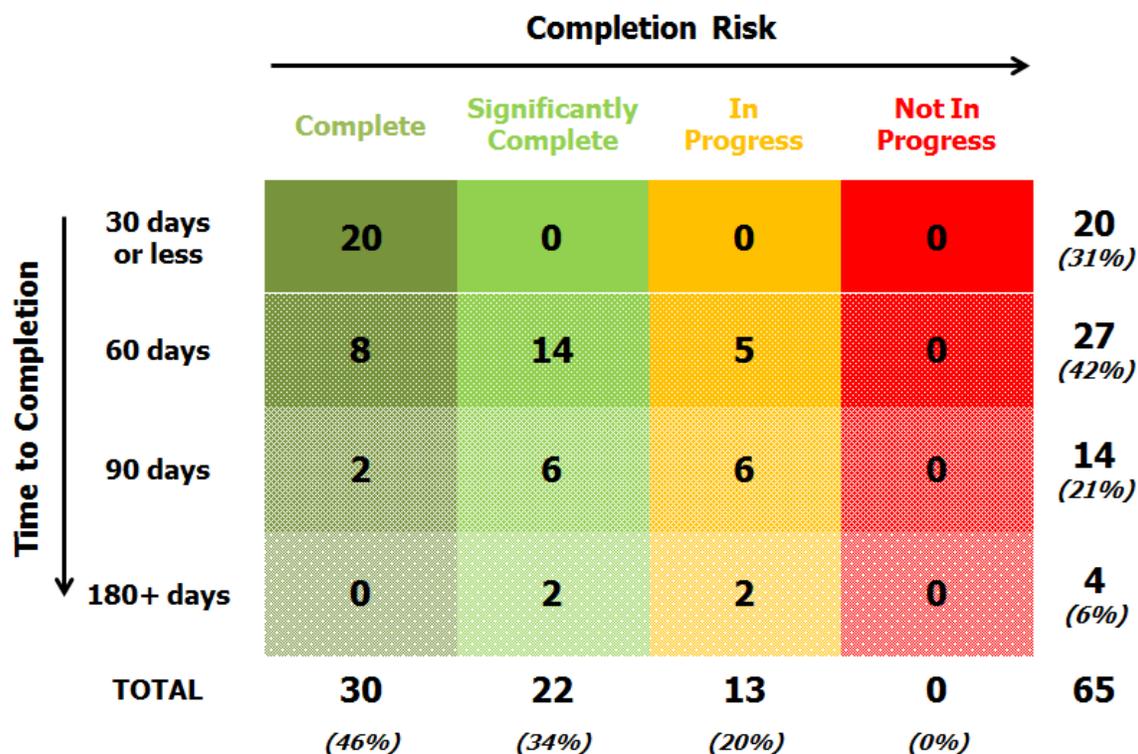
even though responding to advisory comments is optional.

FTA did not take exception to any of Metro’s responses or CAP items, and the release of the final report “started the clock” on Metro’s commitment to complete the 30-, 60-, and 90-day items.

**Discussion:**

The 30-day submission deadline is July 10, 2014. As of that day, Metro will have completed and submitted documentation on 20 CAP items to FTA for review and approval. All CAP items committed to a shorter than 30-day deadline were submitted on June 30, 2014. Of the remaining 45 CAP items, work has been started on all items, none of which are currently at risk of missing their submission deadlines. Metro remains committed to meeting the remaining deadlines and closing out all of the findings from the FMO report. The two tables below summarize the status as of July 10 of the 65 CAP items by finding level and by submission deadline.

		Completion Risk				
		Complete	Significantly Complete	In Progress	Not In Progress	
Financial Controls Risk ↑	Material Weaknesses (MW)	11	9	5	0	25 <i>(38%)</i>
	Significant Deficiencies (SD)	16	9	6	0	31 <i>(48%)</i>
	Advisory Comments (AC)	3	4	2	0	9 <i>(14%)</i>
	<b>TOTAL</b>	<b>30</b> <i>(46%)</i>	<b>22</b> <i>(34%)</i>	<b>13</b> <i>(20%)</i>	<b>0</b> <i>(0%)</i>	<b>65</b>



In order to address specific FMO findings regarding the Audits and Investigations Committee (see Significant Deficiency III.1 “Audit Committee Oversight of Compliance and Internal Controls”), a change to WMATA’s Board Bylaws is required. Following the adoption of the proposed changes, the Audits and Investigations Committee will: set expectations for the external auditor; review a risk analysis of external auditor findings; resolve disagreements regarding audit findings; and ensure audit awareness training for Board members. The proposed changes to the relevant section of the Bylaws (in Section XII.C, “Board Committee Responsibilities”) are underlined in the excerpted section of the Bylaws below:

"The **AUDITS AND INVESTIGATIONS COMMITTEE** provides oversight of the quality and integrity of the Authority’s internal controls, compliance systems and accounting, auditing, financial reporting processes, and investigation processes. The Committee provides policy direction and guidance to the Inspector General. The Committee receives and reviews significant audit and investigative findings and corrective actions; establishes criteria and mechanisms for forwarding those findings to the Board; receives and reviews the recommendation of the Inspector General on the selection of the external auditor and recommends appropriate action to the Board; sets expectations for the due diligence of the external (financial statement) auditor, reviews the reports of the external auditor and reviews a staff-provided risk analysis of each finding of the external auditor. The Committee resolves disagreements between external auditors, WMATA’s Office of Inspector General and WMATA management. The Committee ensures that each Board Member receives audit awareness training within one year of becoming a Member of the Board. The Committee will meet in public session at least two times annually, at least two times annually with the Inspector General, and meet with the external auditor once before and once after conducting the annual audited financial statements of the Authority."

In addition, in separate Board memoranda dated June 30, 2014, the GM/CEO outlined initial plans for monitoring WMATA's compliance with the new procurement and grants management policies that were adopted by the Board in April in response to the draft FMO report. Key sections of the memoranda are excerpted below for reference, and staff will update the proposed plans following discussion with the Board members at the July 10 Finance and Administration Committee meeting.

Monitoring Plan for Procurement

It is recommended that the Chief Procurement Officer present separate quarterly and annual reports to the Board of Directors that display compliance with the adopted policies via performance measures and supporting detail. The Board policy areas and proposed performance measures include:

<b>Board Policy</b>	<b>Performance Measure</b>
Full and open competition	% of new quarterly actions: competitive, sole source, modifications, options
Full and open competition	Summary of IDIQ activity
Prohibit practices that restrict competition	% participation by required staff at Procurement Planning Forums
Identify/prohibit organizational conflicts of interest	% of procurements for which identification of organizational conflict performed
Prohibit personal conflicts of interest	% of procurements for which identification of personal conflict performed
Detail requirements for independent cost estimates (ICE)	% of procurements with ICE performed
Provide annual training for procurement personnel and attorneys	% of required staff completing planned NTI training on a 3-year basis
Controls over JOC	Distribution of JOC contracts among contractors to achieve parity (+/-10%) on percentage of work and total spend

Monitoring Plan for Grants Management

In order to ensure that WMATA achieves and sustains the necessary improvements in grants management, particularly in the areas emphasized by the Board, staff proposes the following indicators that can be tracked on a quarterly basis.

1. *Grant Applications*: By maintaining accurate project scopes, schedules, and budgets in a grant-ready state, WMATA will improve the linkage between the annual CIP and the grant applications, which will reduce the time needed to execute annual formula and PRIIA grants. Management's goal is to execute all grants within 120 days of the notice of final apportionment (federal funding availability).
2. *Federal Reporting*: A key focus in improving grants management will be on submitting timely, accurate, and complete FFRs and Milestone Progress Reports (MPRs). Management will provide quarterly updates to the Board to confirm that complete and accurate FFRs and MPRs were filed timely.
3. *Grant Revisions and Amendments*: WMATA should be revising and/or amending

every open grant on a quarterly basis to align with updated project budgets and force account plans. Management will provide quarterly updates to the Board on the revision/amendment status of each open grant.

4. *Grant Reimbursements*: WMATA should drawdown grant reimbursements in a consistent and timely manner to minimize the balance of unreimbursed expenses and reduce available balances on older grants. Management will provide quarterly updates on the number and amount of drawdowns, the amount of unreimbursed eligible expenses, and the date of the most recent drawdown for each open grant.
5. *Timely Grant Closeouts*: WMATA must eliminate the backlog of prior year grants that currently meet FTA's closeout criteria and continue to close grants in a timely manner. Management will provide quarterly updates on the status of grants that are in closeout status.

**FUNDING IMPACT:**

No funding impact – only action item is change to Board Bylaws.	
Project Manager:	Thomas J. Webster
Project Department/Office:	CFO/OMBS

**TIMELINE:**

<b>Previous Actions</b>	June 2014 – Submission of monitoring plans for procurement and grants management.
<b>Anticipated actions after presentation</b>	September 2014 – Next FMO status update to Committee

**RECOMMENDATION:**

Approve proposed changes to Bylaws regarding responsibilities of Audits & Investigations Committee.

**PRESENTED AND ADOPTED: July 24, 2014**

**SUBJECT: APPROVAL OF REVISED BYLAWS TO UPDATE AUDITS AND INVESTIGATIONS COMMITTEE RESPONSIBILITIES**

**2014-38**

**RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

WHEREAS, The Washington Metropolitan Area Transit Authority (WMATA) Board of Directors is committed to continuing to improve WMATA's finance and administration functions, including procurement, grants management, budgeting, reporting and risk assessment; and

WHEREAS, Staff will provide the Board of Directors with publicly-available quarterly financial reports on the status of all open and pending Federal Transit Administration (FTA) grants; and

WHEREAS, Staff will perform risk analyses and update a matrix of the Corrective Action Plans agreed to under the FTA's Financial Management Oversight Audit (FMO) and report to the Board of Directors; and

WHEREAS, Staff will provide the Audits and Investigations Committee with access to the services of at least one on-call financial expert; and

WHEREAS, Pursuant to Resolution 2014-18, the Board of Directors directed the General Manager/Chief Executive Officer (GM/CEO) to present a plan to monitor the Grant Management Policy, so that key performance measures can be adopted and monitored by the Board; and

WHEREAS, Pursuant to Resolution 2014-19, the Board of Directors directed the GM/CEO to present a plan to monitor compliance with procurement policies, so that key performance measures can be adopted and monitored by the Board; and

WHEREAS, In order to further improve WMATA's finance and administrative functions and to complete the Board of Directors' actions with regard to the FMO, the Bylaws of the WMATA Board of Directors must be amended to state that the Audits and Investigations Committee will set expectations for the external auditor, review a risk analysis of external auditor findings, resolve disagreements regarding audit findings and ensure audit awareness training, as follows:

**Motioned by Mr. Acosta, seconded by Mr. Nichols**

**Ayes: 8 – Mr. Downs, Mr. Downey, Mr. Nichols, Mrs. Hudgins, Mr. Dyke, Ms. Bowser, Mr. Acosta and Mr. Goldman**

The **AUDITS AND INVESTIGATIONS COMMITTEE** provides oversight of the quality and integrity of the Authority's internal controls, compliance systems and accounting, auditing, financial reporting processes, and investigations processes. The Committee provides policy direction and guidance to the Inspector General. The Committee receives and reviews significant audit and investigative findings and corrective actions; establishes criteria and mechanisms for forwarding those findings to the Board; reviews the reports of the external (financial statement) auditor; receives and reviews the recommendation of the Inspector General on the selection of the external auditor and recommends appropriate action to the Board; sets expectations for the due diligence of the external (financial statement) auditor, reviews the reports of the external auditor and reviews a staff-provided risk analysis of each finding of the external auditor. The Committee resolves disagreements between external auditors, WMATA's Office of Inspector General and WMATA management. The Committee ensures that each Board Member receives audit awareness training within one year of becoming a Member of the Board. The Committee provides policy direction and guidance to the Inspector General. The Committee will meet in public session at least two times annually, at least two times annually with the Inspector General, and meet with the external auditor once before and once after conducting the annual audited financial statements of the Authority.

Now, therefore be it

*RESOLVED*, That the Board of Directors approves the attached revised Bylaws of the Washington Metropolitan Area Transit Authority Board of Directors to update the responsibilities of the Audits and Investigations Committee, which Bylaws supersede all prior Bylaws of the Board of Directors; and be it further

*RESOLVED*, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Kathryn H.S. Pett  
General Counsel

# **Bylaws of the Washington Metropolitan Area Transit Authority Board of Directors**

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# Washington Metropolitan Area Transit Authority Board of Directors

## BYLAWS

### Article I - MISSION

The WMATA Board of Directors, all Directors and their alternates (hereinafter "Board" or "Board Members"), furthers the mission of the Washington Metropolitan Area Transit Authority (WMATA) to operate and maintain a safe, reliable and effective transit system that enhances mobility, improves the quality of life, and stimulates economic development in the Washington metropolitan area.

### Article II - BOARD RESPONSIBILITIES

The Board governs through policies and exercises oversight over policy compliance and results. Active healthy debate is encouraged; once a decision is made, the Board speaks with one voice. The Board ensures regular reporting to the public related to Board and Authority priorities and targets.

The Board is primarily responsible for policy, financial direction, oversight and WMATA's relationships with its customers, jurisdictional partners and signatories.<sup>1</sup> See Article IV.

Board Members place the public interest of the Authority and the people of the region foremost while ensuring that the Authority provides safe, reliable customer-friendly transit services across the entire Washington DC metropolitan region. The key Board responsibilities are to:

A. Ensure a Safe & Reliable System

1. Develop Board policies and encourage Authority practices that ensure safety, transparency, accountability, customer service, regular communication practices and prudent financial decision-making.

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<sup>1</sup> "Signatories" is a Compact term meaning the State of Maryland, the Commonwealth of Virginia and the District of Columbia. Compact § 1(d). By "jurisdictions," "jurisdictional partners" and similar terms, these Bylaws mean the jurisdictions encompassed by the Transit Zone as defined in Compact § 3: "the District of Columbia, the cities of Alexandria, Falls Church and Fairfax and the counties of Arlington, Fairfax and Loudoun and political subdivisions of the Commonwealth of Virginia located within those counties, and the counties of Montgomery and Prince George's in the State of Maryland and political subdivisions of the State of Maryland located in said counties," and any jurisdictions that may be added by enlarging the Transit Zone per Compact § 83.

2. Following public hearings, adopt rules and regulations and provide oversight for the safe, convenient, and orderly use of the transit facilities owned, controlled, or operated by the Authority, including the payment and the manner of the payment of fares or fees, the protection of the transit facilities, the control of traffic and parking upon the transit facilities, and the safety and protection of the riding public.

**B. Exercise Fiduciary Responsibility**

1. Promote and support adequate resources to ensure a state of good repair for the Adopted Regional System and the overall fiscal health of WMATA.
2. Provide opportunities for customer and stakeholder input.
3. Assure transparency in reports on priorities and targets.
4. Maintain clear lines of communication between the Board, the General Manager and Chief Executive Officer (CEO), the public and all stakeholders, and oversee WMATA's relationships with local, state and federal governments.
5. Develop state and federal legislative strategies and coordinated transit advocacy programs.

**C. Engage in Strategic Regional Leadership**

1. Create and adopt a budget, the fare structure, service levels, and a business plan, which shall be regularly updated.
2. Develop, adopt and monitor a Strategic Plan whose priorities and targets are linked to performance measures, with consideration of stakeholder input and organizational assessments, and include them in an annual report to customers and stakeholders.
3. Provide for a structured budget process developed in consultation with jurisdictional funding partners, including key milestones in the process for coordination and input.
4. Adopt and review key performance and service standards to provide policy guidance regarding the quantity and quality of service.
5. Convene, as needed from time to time, a meeting with regional leaders to discuss transportation matters of regional significance.

**D. Oversee Planning, Operations and Customer Service**

1. Determine Authority policy and provide oversight for the funding, operation and expansion of safe, reliable, and effective transit service within the Transit Zone.
2. Regulate the use of facilities owned or controlled by the Authority, the service to be rendered, including specific service standards, and the fares and charges to be made therefore.

3. Hold public hearings and conduct investigations relating to any matter affecting transportation in the Zone with which the Authority is concerned and, in connection therewith, subpoena witnesses, papers, records and documents; or delegate such authority to any officer.
4. Hold public hearings prior to raising any fare or rate or implementing a major service reduction.
5. Develop and adopt, and from time to time review and revise, a mass transit plan.
6. Prepare and adopt a plan for financing the construction, acquisition, and operation of facilities specified in a mass transit plan.
7. Annually adopt a capital budget, including all capital projects the Board proposes to undertake or continue during the budget period, containing a statement of the estimated costs of each project and the method of financing thereof.
8. Upon such terms and conditions as it may deem appropriate, enlarge the Transit Zone to embrace any additional area when advised by the Northern Virginia Transportation Commission or the Washington Suburban Transit Commission that the geographical area embraced therein has been enlarged.

E. Exercise Individual Responsibility as a Member of the Board

1. Act in a manner that enhances and promotes WMATA's mission.
2. Regularly attend and participate in Board and Committee meetings and Authority activities that build knowledge, awareness and support for WMATA, including personal use of WMATA bus, rail or MetroAccess services.
3. Execute and adhere to the Code of Ethics for Members of the WMATA Board of Directors.
4. Help build good working relationships among Board Members.
5. Facilitate stakeholder input and feedback in ways that assure all Board Members have access to the same information.
6. Participate in open healthy debate on issues; after a decision is made, speak with one voice.

F. Evaluate CEO, Board Secretary, and Inspector General

Appoint, remove, determine the compensation and specify the duties and functions of the CEO, Board Secretary, and Inspector General, and provide comments to the CEO in establishing performance goals and assessing the performance of the General Counsel.

## Article III - BOARD OFFICERS

The Board annually elects a Chair, a First Vice-Chair and a Second Vice-Chair. The election is held at the January Board meeting each year. These Officers shall be elected without regard to jurisdiction of residence or representation.

The Chair is first among equals and is dedicated to facilitating the work of the Board and encouraging the creation of common ground and consensus that moves the Board's work forward in a manner that promotes and enhances WMATA's overall mission. The Chair is accountable to the Board, and:

### A. Facilitates Work of Board

1. Leads the development of Board policies and encourages Authority practices that ensure transparency, accountability, customer service, regular communication practices and prudent financial decision-making.
2. Chairs all Board meetings, and sets the Board meeting schedule (including Executive Sessions and any Special or Emergency meetings, *see* Articles X, VIII.C and XI, respectively); works with the General Manager and Chief Executive Officer (CEO) on agenda development for Board meetings, including waiving Committee review of particular items jointly with the applicable Committee Chair.
3. Recommends Board Committee chairs and members to the Board; appoints any special or ad hoc committees that may be needed, and resolves any questions of Committee jurisdiction over issues. *See* Article XII.A.
4. Maintains communication with Board Committee chairs and members to ensure awareness and understanding of important issues.
5. Builds strong relationships among Board Members.
6. Facilitates annual self-evaluation of the Board and its Committees.
7. Limits use of the "jurisdictional veto" by facilitating the resolution of disputes between Board Members representing different signatories. *See* Article VIII.H.
8. Initiates the hiring process for the CEO, Board Secretary and Inspector General.
9. Initiates the annual performance review of the CEO, Board Secretary and Inspector General.

### B. Establishes Strong Board and CEO Relationship

1. Serves as a liaison between the CEO and the Board to help build a strong partnership with the Board.
2. Works with the CEO in developing CEO performance measurements for review and agreement by the full Board.

C. Fosters Board Communication with External Stakeholders

1. Represents the Board as the primary spokesperson to the media, customers and external stakeholders (on behalf of the Board not the Authority).
2. Acts in a manner that enhances and promotes WMATA's mission.
3. Exercises leadership by moving the Board toward consensus.
4. Ensures regular reporting of the Board and the Authority's priorities and targets.

In the absence or inability of the Chair to serve, the First Vice-Chair shall have all of the powers and shall perform all of the duties of the Chair in an acting capacity. The same applies to the Second Vice-Chair in the absence or inability of the Chair and First Vice-Chair to serve.

## Article IV - BOARD-CEO RELATIONSHIP

The Board and General Manager and Chief Executive Officer (CEO) are guided by mutual respect and confidence in each other's role. The Board has confidence that the CEO shall build and manage a high-performing organization. The CEO has confidence that the Board shall focus its efforts and attention on policy matters. The Board is primarily responsible for policy, financial direction, oversight and WMATA's relationships with its customers, jurisdictional partners and signatories. No Board Member individually shall direct or supervise the CEO or any WMATA employee or contractor. The CEO is primarily responsible and delegated the authority for the overall administration and operations of WMATA, subject to policy direction and oversight from the Board, in order to achieve the Authority's mission to operate a safe, reliable and effective transit system that enhances mobility, improves the quality of life, and stimulates economic development in the Washington metropolitan area. The CEO may establish appropriate public and stakeholder involvement processes that allow for early and proactive engagement to inform Board policymaking.

## Article V - BOARD COMMUNICATION WITH CEO AND OTHER OFFICERS

All requests to staff by Board Members are directed to the General Manager and Chief Executive Officer (CEO), General Counsel, Inspector General or Board Secretary. Copies of requests shall be provided to the Board Secretary who shall inform all Board Members of the requests. All responses to Board Member requests are distributed to all Board Members, as are pertinent inquiries from jurisdictions and the corresponding responses.

Any request for a study that contemplates a change in the Adopted Regional System or other Board-approved plan or which affects more than one signatory, is

referred to the Board for discussion and appropriate action before any staff resources are authorized by the CEO.

## Article VI - JURISDICTIONAL COORDINATING COMMITTEE

The Jurisdictional Coordinating Committee (JCC) was established by the Board to facilitate the exchange of information and viewpoints between jurisdictional and WMATA staff on all substantive issues coming before the Board, and to improve the quality of information for Board decisions. Issues will be presented to the JCC sufficiently prior to any required Board action to ensure time for staff review, analysis and discussion. The agenda for meetings is established by WMATA staff in coordination with the annually elected Chair of the JCC. JCC meetings are open to participating jurisdictional and WMATA staff and invitees. Board Members are provided copies of the agenda and meeting summaries.

## Article VII - COMMUNICATION WITH PUBLIC

The Board is committed to the broadest possible communication with customers, jurisdictional partners, signatories, the federal government, stakeholders, funding partners, transportation agencies, Board-established advisory bodies, other transportation service providers, and oversight agencies including the Tri-State Oversight Committee, and will provide regular opportunities to receive and respond to comments. Board and Committee meetings (other than executive sessions) will be publicly broadcast to the extent feasible.

## Article VIII - BOARD MEETINGS

### A. Schedule

The Board normally meets on the fourth Thursday of each month at a time specified by the Chair.

### B. Quorum

A quorum requires the presence of four voting Board Members, including one from each signatory. In the absence of a principal Board Member, the alternate for that Member shall be considered to be a voting Member except that either alternate from the District of Columbia is considered to be a voting Member if either Principal Director from the District of Columbia is absent.

C. Special Meetings

The Board may vote to hold, or the Board Chair may call, a special meeting of the Board. Except in emergencies, 48 hours advance notification is required to hold a special meeting.

D. Public Notice

Notifications for the public concerning Board and Board Committee Meetings shall be posted on the WMATA Internet site ("WMATA website").

E. Public Comment

The Board shall provide an opportunity for members of the community to provide comments during its monthly Board meetings. From time to time the Chair may invite jurisdictional staff members, consultants, members of the Accessibility Advisory Committee, Riders' Advisory Council, or Tri-State Oversight Committee, or other parties to make a presentation or comment on a particular issue.

F. Actions

The actions of the Board shall be expressed by motion or resolution. The authority of the Board of Directors is vested in the collective body and not in its individual Members. Accordingly, the Board, in establishing or providing any policies, orders, guidance, or instructions to the CEO, General Counsel, Inspector General or Board Secretary, shall act as a body.

G. Voting

If a Principal Director is absent, his or her alternate Director may vote, except that either alternate from the District of Columbia may vote if either Principal Director from the District of Columbia is absent. No action of the Board shall be effective unless a quorum is present and a majority of the voting Board Members vote affirmatively, which majority shall include at least one principal or eligible alternate from each signatory, provided, however, that a plan of financing may be adopted or a mass transit plan adopted, altered, revised or amended by the unanimous vote of the voting Board Members from two signatories.

H. Limiting Jurisdictional Vetoes

The Compact voting requirements establish what is commonly referred to as the "jurisdictional veto," because, for other than a plan of financing or a mass transit plan, one signatory can block the proposed action of the Board. Board Members are responsive to their jurisdictional concerns, yet also have responsibilities to WMATA and the region as a whole. All Board Members will provide advance notice of the intent to

invoke a jurisdictional veto, and will attempt to resolve disputes over proposed actions prior to invoking a jurisdictional veto. The Chair shall facilitate the resolution of disputes that may lead to a jurisdictional veto.

## Article IX - AGENDA, MINUTES AND PARLIAMENTARY AUTHORITY

### A. Agenda Development and Distribution

The final Board agenda and the supporting documents for the Board meetings shall be published in advance, except where unavoidable circumstances prevent advance publication or where the subject of the documents requires discussion in executive (closed) session, as provided in Article X.

### B. Record of Board and Committee Meetings

There shall be a recording of every Board and Committee meeting, except for executive (closed) sessions pursuant to Article X, to be available for public review at the Office of the Board Secretary and on the WMATA website.

The written records of Board meetings shall be prepared by the Secretary, approved by the Board and made available to the public.

### C. Parliamentary Authority

Except where inconsistent with the provisions of the Compact or these Bylaws, *Robert's Rules of Order Newly Revised*, as may be revised from time to time, shall be the Parliamentary authority at all meetings of the Board and of Board Committees.

## Article X - EXECUTIVE (CLOSED) SESSIONS

### A. Matters Appropriate for Executive Session

The Board, and Committees as provided in this Article, the Board's Code of Ethics or the Board's Procedures, may meet in executive session only to discuss critical, sensitive matters, and confidential or proprietary matters, the untimely disclosure of which may be detrimental to the Authority. Such topics include, but are not limited to, the following:

1. Budgetary matters that may affect legal positions, Authority contracts, or sensitive relationships with local jurisdictions or the federal government.

2. Litigation, investigations and other legal matters requiring the provision of legal advice or consultation with counsel and staff members.
3. Personnel or labor issues including discussions of labor contracts and labor negotiations, consideration or interviews of candidates for employment, and the assignment, appointment, promotion, performance, demotion, or resignation of individuals.
4. Contractual or other matters involving confidential or proprietary concerns, or the investment of public funds where discussion in public would adversely affect the financial interests of the Authority.
5. Audit matters and investigations to include, for example, audits of IT security matters and investigations to be referred for further criminal investigation or prosecution.
6. Safety and security matters when premature release would compromise public safety.
7. Disposition of Authority property or acquisition of real property for Authority purposes where discussion in public would adversely affect the Authority's negotiating or bargaining position.
8. Pending or proposed legislation.

B. Procedures for Executive Session

An executive session of the Board shall be regularly scheduled, subject to cancellation by the Chair should there be no need for such a session. The agenda for each session shall be made available to the public prior to the meeting and shall include the title of each topic to be discussed, reasonably identified without violating confidentiality. Executive sessions may also be authorized by a public action of the Board in which the purposes of the session are reasonably identified. If the Board is not in session, the Chair may convene an executive session, which shall be announced immediately. Committees shall only meet in executive session when authorized by the Board's vote in a meeting consistent with Compact § 8(a),<sup>2</sup> or as provided in the Procedures or Code of Ethics.

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<sup>2</sup> Compact § 8(a) provides, in pertinent part, "[N]o action by the Board shall be effective unless a majority of the Board present and voting, which majority shall include at least one Director or alternate from each Signatory, concur therein; provided, however, that a plan of financing may be adopted or a mass transit plan adopted, altered, revised or amended by the unanimous vote of the Directors representing any two Signatories."

The Board will not take formal action in executive session. Actions resulting from discussion in executive session must be taken at an open meeting of the Board. At the conclusion of each executive session, the Board or Committee shall reconvene in an open meeting to certify by an affirmative vote that only those matters identified prior to convening the executive session and only matters authorized by this Article were heard, considered or discussed in the preceding executive session.

Minutes of executive sessions will not be kept. Attendance at executive sessions of the Board is limited to Board Members, the CEO, the Board Secretary, the General Counsel, and other staff and persons deemed by the CEO and the Board to be necessary for the discussion.

## Article XI - EMERGENCY SESSIONS OF THE BOARD

The Board and any Committee may meet by telephonic, video or other electronic communication means in either open or executive session with or without a quorum when the Chair (or First Vice Chair, if the Chair is unavailable) determines that there is an immediate need to provide Board Members with information regarding significant events that require their immediate notification and/or advice, or when Board action or Committee consideration is critically required on an issue that could not reasonably have been foreseen, and that cannot wait until the next meeting, provided:

1. The purpose of the emergency session is to address the emergency situation.
2. Public notice of the emergency session is given using the best available method given the nature of the emergency situation.
3. Procedures governing voting in an emergency Board session are as provided in Compact § 8(a).
4. Actions taken at an emergency Board session may take effect upon approval, but must be ratified at the next available open Board meeting.
5. To the extent feasible in the circumstances of the emergency situation, the proceedings of an emergency session will be broadcast to the public, and recorded for later posting on the WMATA website.

## Article XII - COMMITTEES

### A. Committee Structure

Board Committees are as follows:

1. Safety and Security Committee

2. Finance and Administration Committee
3. Audits and Investigations Committee
4. Customer Service and Operations Committee
5. Planning, Program Development and Real Estate Committee
6. Governance Committee
7. Executive Committee

Committees will consist of a minimum of four members up to committees-of-the-whole, as provided in the Procedures. Any question of Committee jurisdiction over an issue is resolved by the Board Chair.

## B. Committee Chairs and Membership

### 1. Committee Chairs

Committee Chairs are responsible for scheduling Committee meetings and setting agendas. Occasionally, an item that would normally be reviewed and forwarded to the Board of Directors by the appropriate Committee may be presented directly to the Board, with the concurrence of the Board Chair and the relevant Committee Chair.

The Board Chair may establish special or ad hoc committees as needed, with Board concurrence. Any Committee Chair may establish a special, ad hoc or subcommittee consistent with the Committee's responsibilities.

From time to time the Committee Chairs may invite jurisdictional staff members; consultants; members of the Accessibility Advisory Committee, Riders' Advisory Council, or Tri-State Oversight Committee or other parties to make a presentation or comment on a particular issue.

### 2. Committee Membership and Meetings

Any Board Member may attend and participate in Committee meetings, unless expressly provided otherwise in these Bylaws, the Procedures or the Code of Ethics. Only Committee members can vote in Committee. A majority of any Committee's membership constitutes a quorum provided it includes at least one member from each signatory and a federal member. Committee actions are recommendations to the Board of Directors, to be placed on a Board agenda for consideration and action.

Committees may meet in executive session only as provided in Article X, in the Board Procedures or in the Code of Ethics.

### C. Board Committee Responsibilities

The **SAFETY AND SECURITY COMMITTEE** provides continual oversight to assure that all facilities, equipment, and operations of the transit system are safe and secure for passengers, employees, and the public affected by Metro services, and recommends for Board adoption Authority safety and security policy direction as well as safety and security goals for the CEO and for the Authority. In doing so the Committee reviews the WMATA System Safety Program Plan for consistency with safety goals, receives and responds to periodic reports and communications from the Tri-State Oversight Committee (TOC), which is recognized by WMATA and designated by the Commonwealth of Virginia, the State of Maryland and the District of Columbia as the state safety oversight agency for WMATA's rail fixed guideway system, and works with the TOC, the Federal Transit Administration and the National Transportation Safety Board, as appropriate, to review the status of Authority safety and to assure that all safety recommendations from any internal or external safety review or investigation are handled expeditiously and effectively. The Committee receives regular reports from the Chief Safety Officer and Chief of Police on the status of safety and security, on any significant accidents or incidents, on safety and security metrics, and on the responsiveness of the Authority to any safety findings, both internal and external, including the status of corrective action plans. The Committee assures that both employees and the public have accessible channels for reporting safety and security concerns, that such reports are taken seriously, evaluated, and acted upon as appropriate, and that persons reporting such information are protected from reprisals.

The **FINANCE AND ADMINISTRATION COMMITTEE** monitors the financial integrity and viability of the Authority and its programs and services. The Committee develops budget preparation guidance; recommends capital and operating budget approval to the Board; monitors capital and operating budget implementation and management; reviews the business plan; and recommends proposed budgetary changes to the Board. The Committee recommends policies and programs for setting fares and fees and creating fare structures, oversees operation and development of fare media and fare collection mechanisms, and explores enhanced and expanded techniques for generating revenue. The development of guidance for administrative matters, including procurement/contracting issues and programs; human resources, compensation and benefits issues; civil rights programs; insurance coverages; and WMATA's business systems implementation also fall within the purview of this Committee.

The **AUDITS AND INVESTIGATIONS COMMITTEE** provides oversight of the quality and integrity of the Authority's internal controls, compliance systems and accounting, auditing, financial reporting processes, and investigation processes. The Committee provides policy direction and guidance to the Inspector General. The Committee receives and reviews significant audit and investigative findings and corrective actions; establishes criteria and mechanisms for forwarding those findings to the Board;; receives and reviews the recommendation of the Inspector General on the

selection of the external auditor and recommends appropriate action to the Board; sets expectations for the due diligence of the external (financial statement) auditor, reviews the reports of the external auditor and reviews a staff-provided risk analysis of each finding of the external auditor. The Committee resolves disagreements between external auditors, WMATA's Office of Inspector General and WMATA management. The Committee ensures that each Board Member receives audit awareness training within one year of becoming a Member of the Board. The Committee will meet in public session at least two times annually, at least two times annually with the Inspector General, and meet with the external auditor once before and once after conducting the annual audited financial statements of the Authority.

The **CUSTOMER SERVICE AND OPERATIONS COMMITTEE** ensures that WMATA operational activities and programs are designed to provide reliable, effective and clean transit service, responsive to customer needs. The Committee oversees transit system performance and service standards; the quality of operations programs and procedures; technology initiatives; and customer service, communication and outreach activities, including public and media relations and input from the Accessibility Advisory Committee and the Riders Advisory Council.

The **PLANNING, PROGRAM DEVELOPMENT AND REAL ESTATE COMMITTEE** is responsible for capital program planning and oversight; regional corridor development and system expansion planning; coordination of regional planning issues through the Transportation Planning Board and other state, local and subregional agencies; regional transit service planning and coordination with other transportation service providers; project development; and transit access planning. The Committee is also responsible for coordinating the community development and smart growth aspects of the Authority's system and service development, and overseeing the Joint Development Program, including the Transit Infrastructure Investment Fund (TIIF) and other Real Estate matters. The Committee specifically reviews and recommends to the Board actions on Real Estate acquisitions and Real Estate dispositions in accordance with Chapter 1 of WMATA's Procurement Procedures Manual, adopted by the Board of Directors pursuant to Resolution 2011-30, as may be revised from time to time.

The **GOVERNANCE COMMITTEE** is responsible for maintaining all Board governing documents—Strategic Plan, Bylaws, Procedures and Code of Ethics—in order to improve effective policymaking, oversight, communications and outcomes. The Committee shall develop revisions and enhancements to these documents using a process of open discussions with stakeholders and other interested parties, ensuring any recommended actions are consistent with Compact requirements. The Committee shall implement an orientation program to assist all Board Members in understanding the transit system and their individual and Board roles and responsibilities, while building cohesion among the Members. The Committee is also responsible for nominating candidates for Board Chair, First Vice-Chair and Second Vice-Chair. The Committee shall ensure the timely and regular completion of Board self-evaluation, and

shall also oversee the hiring process and annual performance review of the CEO, Board Secretary and Inspector General.

The **EXECUTIVE COMMITTEE** is responsible for sound Board processes; acting as liaison to the Board-Established Advisory Bodies; serving as the Board's Ethics Committee pursuant to the Board's Code of Ethics; and additional responsibilities assigned by the Chair. The Chair, First Vice-Chair, Second Vice-Chair and immediate past Chair shall form the Executive Committee. The Chair will appoint any additional members necessary for the Executive Committee to include one representative from each signatory and one from the federal government.

## Article XIII - PUBLIC HEARINGS

As required by Compact sections 15 and 62, the Board authorizes the conduct of public hearings to adopt a mass transit plan, to raise any fare or rate, and for major service reductions. The Board may also authorize public hearings and meetings on other matters as it deems appropriate. The hearings will be advertised to the general public, and staff will coordinate with local officials and other interested parties in order to ensure adequate notice.

## Article XIV - BOARD-ESTABLISHED ADVISORY BODIES

### A. Accessibility Advisory Committee<sup>3</sup>

The Accessibility Advisory Committee (AAC) was established to provide recommendations on accessibility related items. The AAC actively seeks input from a broad range of seniors and persons with disabilities and organizations with an expressed interest in public transportation for seniors and persons with disabilities on operational issues that affect the accessibility of Metrorail, Metrobus and MetroAccess services; promote WMATA responsiveness to riders who are seniors and persons with disabilities; advise the WMATA Board on ways to resolve such issues in order to improve these services; and promote WMATA responsiveness to riders who are seniors and persons with disabilities.

For matters coming before the Board that are of significant interest to seniors and persons with disabilities, the Board shall, to the extent reasonably possible, provide time for AAC consideration or evaluation before the Board takes action. The AAC, acting as a body, may make requests for information from WMATA staff through the Department of Access Services (or successor). The Board recognizes the value of the AAC having access to WMATA information and encourages WMATA staff to assist the

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<sup>3</sup> The Accessibility Advisory Committee (AAC) was created in 1979. The ACC Bylaws were adopted on February 21, 2011, through Resolution 2011-09.

AAC by providing such information, unless to do so would impose an undue burden, or the information involves a matter that would be considered by the Board in executive session or otherwise be exempt from disclosure under the Public Access to Records Policy.

The AAC periodically makes reports and recommendations to the Board, based on public input, so that WMATA can effectively address the diverse concerns of seniors and persons with disabilities who use WMATA services.

B. Riders' Advisory Council<sup>4</sup>

The Riders' Advisory Council (RAC) was established to actively seek input from a broad range of riders on operational and budgetary issues that affect Metrorail, Metrobus and MetroAccess riders and organizations with an expressed interest in public transit; advise the Board on ways to resolve such issues in order to improve Metrorail, Metrobus and MetroAccess; promote WMATA responsiveness to riders; and recommend possible solutions to the Board and staff, based on public input, so that WMATA can effectively address the diverse concerns of the riding public.

For matters coming before the Board that are of significant rider interest, the Board shall, to the extent reasonably possible, provide time for RAC consideration or evaluation before the Board takes action. The RAC, acting as a body, may make requests for information from WMATA staff through the Office of the Board Secretary. The Board recognizes the value of the RAC having access to WMATA information and encourages WMATA staff to assist the RAC by providing such information, unless to do so would impose an undue burden, or the information involves a matter that would be considered by the Board in executive session or otherwise be exempt from disclosure under the Public Access to Records Policy.

The RAC provides monthly reports to the Board concerning its activities and recommendations, and may send additional reports or recommendations.

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<sup>4</sup> The Riders' Advisory Council (RAC) was created by the Board through Resolution 2005-44, which also adopted the RAC Bylaws. The RAC Bylaws were revised on January 28, 2010, through Resolution 2010-01.

## **Article XV - CODE OF ETHICS FOR MEMBERS OF THE BOARD**

The Board will maintain and periodically update a code of ethics for its Members. The Code of Ethics for Members of the WMATA Board of Directors, adopted by the Board of Directors is attached to and is incorporated by reference into these Bylaws.

## **Article XVI – TRAVEL POLICY FOR MEMBERS OF THE BOARD**

The Board will maintain and periodically update a travel policy for its Members. The Travel Policy for Members of the WMATA Board of Directors, adopted by the Board of Directors is attached to and is incorporated by reference into these Bylaws.

## **Article XVII - BYLAW AMENDMENTS**

A majority vote of the Board, consistent with Compact § 8(a), in a meeting for which advance notice has been given as a regularly-scheduled agenda item, can amend these Bylaws. The Board's intent is that these Bylaws remain as stable as possible to further the Board's mission and promote good working relationships with the CEO, the public and all other stakeholders. The Board shall also adopt, maintain and periodically update procedures to address more detailed and flexible matters of governance.