

RAIL PASSENGERS ASSOCIATION - NATIONAL ASSOCIATION OF RAILROAD PASSENGERS
BOARD POLICIES

POLICY TYPE: **BOARD - MANAGEMENT DELEGATION**

POLICY: **BMD-1**

POLICY TITLE: ***GLOBAL GOVERNANCE - MANAGEMENT CONNECTION***

The board's sole official connection to the operational organization, its achievements and conduct will be through a Chief Executive Officer, titled President and Chief Executive Officer.

Initially Drafted: July 13, 2016
Initially Adopted: August 18, 2016

Policy Review Period: Annual
Policy Review Month: August
Policy Reviewed Date(s): 8/24/17; 8/30/18

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POLICY TYPE: **BOARD - MANAGEMENT DELEGATION**

POLICY #: **BMD-2**

POLICY TITLE: ***UNITY OF CONTROL***

Only officially passed motions of the board are binding on the CEO.

Accordingly:

1. Decisions or instructions of individual board members, officers, or committees are not binding on the CEO except in rare instances when the board has specifically authorized such exercise of authority.
2. In the case of board members or committees requesting information or assistance without board authorization, the CEO can refuse such requests that require, in the CEO's opinion, a material amount of staff time or funds or is disruptive.

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POLICY TYPE: BOARD - MANAGEMENT DELEGATION

POLICY #: BMD-3

POLICY TITLE: *ACCOUNTABILITY OF THE CEO*

The CEO is the board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the board is concerned, is considered the authority and accountability of the CEO.

Accordingly:

1. The board will never give instructions to persons who report directly or indirectly to the CEO.
2. The board will not evaluate, either formally or informally, any staff other than the CEO. This shall not preclude the board or any of its members from communicating with the CEO through normal channels regarding experiences with employees or employee performance.
3. The board will view CEO performance as identical to organizational performance, so that organizational accomplishment of board stated Ends and avoidance of board proscribed means will be viewed as successful CEO performance.

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POLICY TYPE: BOARD - MANAGEMENT DELEGATION

POLICY #: BMD-4

POLICY TITLE: *DELEGATION TO THE CEO*

The board will instruct the CEO through written policies which prescribe the organizational Ends to be achieved, and describe organizational situations and actions to be avoided, allowing the CEO to use any reasonable interpretation of these policies.

Accordingly:

1. The board will develop policies instructing the CEO to achieve specified results, for specified recipients at a specified relationship between cost and results. These policies will be developed systematically from the broadest, most general level to more defined levels, and will be called Ends policies. All issues that are not Ends issues as defined above are Means issues.
2. The board will develop policies that limit the latitude the CEO may exercise in choosing the organizational means. These limiting policies will describe those practices, activities, decisions and circumstances that would be unacceptable to the board, even if they were to be effective. These policies will be developed systematically from the broadest, most general level to more defined levels; they will be called Executive Limitations policies. The board will never prescribe organizational means of the CEO.
 - A. Below the global level, a single limitation at any given level does not limit the scope of any foregoing level.
 - B. Below the global level, the aggregate of limitations on a given level may embrace the scope of the foregoing level, but only if justified by the CEO to the board's satisfaction.
3. As long as the CEO uses *any reasonable interpretation* of the board's Ends and Executive Limitations policies, the CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices and develop all activities. Such decisions of the CEO shall have full force and authority as if decided by the board.
4. The board may change its Ends and Executive Limitations policies, thereby shifting the boundary between board and CEO domains. By doing so, the board changes the latitude of choice given to the CEO. But as long as any particular delegation is in place, the board will respect and support the CEO's choices.

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POLICY TYPE: BOARD - MANAGEMENT DELEGATION

POLICY #: BMD-5

POLICY TITLE: *MONITORING CEO PERFORMANCE*

Systematic and rigorous monitoring of CEO performance will be solely against the only expected CEO job outputs: organizational accomplishment of any reasonable interpretation of board policies on Ends and organizational operation within the boundaries established in board policies on Executive Limitations, reasonably interpreted.

Accordingly:

1. Monitoring is simply to determine whether or not expectations expressed in board policies have been met. Information that does not disclose this will not be considered to be monitoring information.
2. The board will obtain disclosure about the CEO's interpretations of the board policy being monitored from the CEO himself or herself.
3. The board will obtain data disclosing whether or not the CEO's interpretations have been accomplished using one or more of three methods: (a) by internal report, in which the CEO discloses the data to the board; (b) by external report, in which an external, disinterested third party selected by the board collects the data; and (c) by direct inspection, in which data are collected by the board, a designated board member or by designated board members.
4. In every case, the board will determine: (a) the reasonableness of the CEO's interpretations, using a "reasonable person test" rather than with interpretations favored by board members or the board as a whole. The board is the final arbiter of reasonableness. The board will also assess: (b) whether data demonstrate the accomplishment of the interpretation.
5. All policies that instruct the CEO will be monitored at a frequency and by a method chosen by the board. The board can monitor any policy at any time by any method, but will normally use a routine schedule. The Annual Calendar represents the schedule for monitoring CEO performance.

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