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Public notice was given to *The Register-Guard* for publication on January 21, 2006.

**LANE TRANSIT DISTRICT
BOARD OF DIRECTORS
HUMAN RESOURCES COMMITTEE**

**January 24, 2006
4 p.m.**

**LTD CONFERENCE ROOM
3500 E. 17th Avenue, Eugene
(off Glenwood Blvd.)**

Public testimony will not be heard at this meeting

AGENDA

Page

- I. CALL TO ORDER
- II. ROLL CALL
- III. Gaydos (Chair) _____ Ban _____ Eyster _____
- IV. LTD PENSION PLANS
- V. EXECUTIVE SEARCH PROCESS
- VI. ADJOURNMENT

MINUTES OF HUMAN RESOURCES COMMITTEE MEETING
LANE TRANSIT DISTRICT BOARD OF DIRECTORS

January 17, 2006

Pursuant to notice given to *The Register-Guard* for publication on January 13, 2006, and distributed to persons on the mailing list of the District, a meeting of the Lane Transit District Board of Directors Human Resources Committee was held at 7:30 a.m. on January 17, 2006, in the District's conference room at 3500 E. 17th Avenue, Eugene.

Present:

Gerry Gaydos, Chair
Susan Ban
Mike Eyster
Ken Hamm, General Manager
Mark Pangborn, Assistant General Manager
Mary Neidig, Director of Human Resources and Risk Management
Andy Vobora, Director of Marketing and Communications
Jo Sullivan, Clerk of the Board/Minutes Recorder

CALL TO ORDER: The meeting was called to order at 7:35 a.m. by Committee Chair Gerry Gaydos. All were present.

EXECUTIVE SESSION PURSUANT TO ORS 192.660(2)(d): Mr. Eyster moved and Ms. Ban seconded that the Board move into executive session pursuant to ORS 192.660(2)(d), to conduct deliberations with persons designated by the governing body to carry on labor negotiations. The motion carried unanimously and the executive session began at 7:37 a.m. Labor attorney and designated negotiator Jackie Damm was present for this discussion with the Board. Matt Cooper of *The Register-Guard* was allowed to remain for this discussion and was reminded not to report on anything he heard during the executive session.

RETURN TO REGULAR SESSION: The Committee returned to open session at 8:40 a.m.

EXECUTIVE SEARCH PROCESS: The Committee briefly discussed the draft search process as discussed at the Board's December strategic planning work session. Ms. Neidig reported that she had researched some executive recruitment firms and that there were four or five firms with extensive experience in executive searches for transit, with good contacts in the industry. She said that if the Board proceeded at that time with the search, there could be a limited request for proposals (RFP). If the process were delayed, the RFP process did not have to begin yet. Mr. Gaydos thought that the current timeline, with the RFP process in January, was unrealistic. Ms. Neidig asked what piece of the search process she should begin working on. Mr. Gaydos said that the Committee should talk with the full Board and suggested doing so at the February Board meeting. The Committee agreed to give a brief report at the January 18 meeting.

NEXT MEETING: Mr. Gaydos suggested that at the next HR Committee meeting, the Committee could discuss the next steps, including a longer-term versus short-term interim general manager, or whether to recruit externally or internally. Ms. Neidig also

placed the LTD pension plan costs on the agenda for the next meeting. The Board Finance Committee was discussing the costs for the FY 2006-07 budget, and was looking to the HR Committee regarding policy questions. Briefly, Mr. Pangborn explained that this discussion would include what the pension issues were and how that fit with what was happening with the budget. The Finance Committee would be discussing different financial scenarios for the unfunded liability in the pension plans. Ultimately, any decision would be made by the full Board.

ADJOURNMENT: The meeting was adjourned at 8:55 a.m.

Approved January 24, 2006

/s/ Jo Sullivan
Recording Secretary

**Lane Transit District Board of Directors
Human Resource Committee
January 24, 2006**

Executive Search Decisions

1. Desired length of interim period
 - As short as possible (Fall 2006)
 - Through July 1, 2007 (New labor contract)
 - Other designated target

2. General Manager Staffing.
 - Appoint Interim General Manager to fill entire interim period.
 - Appoint Interim General Manager as permanent General Manager during interim.

3. Target hire date for new General Manager.
 - As soon as possible
 - After July 1, 2007
 - Other designated date

4. Executive Search Process
 - Determine who conducts search
 - Hire external firm
 - Conduct with internal staff
 - Determine scope of search
 - Conduct full, open search.
 - Conduct limited search.
 - Conduct no search, hire from known pool.

**LTD Board of Directors
Human Resources Committee
Meeting Minutes**

December 2, 2005

10:00 a.m.

LTD Conference Room

3500 East 17th Avenue, Eugene, Oregon

Pursuant to notice given to *The Register-Guard* for publication on November 30, 2005, and distributed to persons on the mailing list of the District, a meeting of the Lane Transit District Board of Directors Human Resources Committee was held at 10 a.m. on December 2, 2005, in the District's conference room at 3500 E. 17th Avenue, Eugene.

Present: Gerry Gaydos, Chair
Susan Ban
Michael Eyster
Ken Hamm, General Manager
Jo Sullivan, Clerk of the Board/Minutes Recorder
Mary Neidig, Human Resources Director
Roger Saydack, LTD Attorney

- I. CALL TO ORDER: The meeting was called to order at 10:02 a.m. by Committee Chair Gaydos.
- II. ROLL CALL: All Committee members were present.
- III. LTD STAFFING: Mr. Hamm presented the Committee with a written letter of resignation. He read the letter aloud. Mr. Hamm's letter outlined his pleasure having worked with the Board and staff as well as several accomplishments and projects that took place during his tenure at LTD. He further stated in his letter that it had become apparent through conversations with the Board Human Resources Committee that it might be in the best interest of the Board and himself to effect a change in leadership at LTD. He stated his willingness to resign his position as the LTD General Manager, effective March 3, 2006. He requested eight months' salary, inclusive of any wage and COLA increases; eight months' health insurance and his annual deposit into his HRA account; eight months' car allowance; work credit through March 3, 2006, in order for him to obtain a full service retirement credit; continued Consolidated Annual Leave (CAL) during the 60-day notice period or until March 3; the normal 6 percent contribution toward his retirement; and payments of his attorney fees up to an amount not to exceed \$3,000. He asked LTD to honor all aspects of the terms and agreements, including in the event that he found replacement employment, and he agreed to provide a written severance agreement, which would include an appropriate mutual release. He added that if this was the direction the Board wanted to take, he felt that he had been blessed to have been given the opportunity at LTD, and he wished the District continued success in the future. He promised he would do everything he could do to work toward that success.

Mr. Hamm presented his written letter to Mr. Gaydos, who presented it to Ms. Sullivan. Mr. Gaydos asked for Committee discussion. There being none, he asked Mr. Saydack to comment.

Mr. Saydack said that he thought it would be appropriate for the Committee to act on the letter that Mr. Hamm had submitted. At Mr. Gaydos' direction, District counsel had held discussions with Mr. Hamm's attorney regarding the terms of the resignation. Counsel was prepared to complete a severance agreement that included the terms of the resignation if that was the Committee's recommendation and the Board's direction.

Mr. Eyster asked Mr. Saydack how the severance terms varied from the conditions in the Board's contract with Mr. Hamm should the Board have taken action to sever Mr. Hamm's employment with the District. Mr. Saydack said that Mr. Hamm's employment contract provided that in the event that the Board were to terminate his employment without cause, he would have a six-month severance payment of salary and benefits. The severance pay would not include retirement plan accrual benefits, and it would be due and payable during the pay periods that occurred during the six-month period following the termination. There was a 60-day notice requirement before that severance obligation would begin. Mr. Saydack added that Mr. Hamm's request closely paralleled what would be available under the employment agreement. It included the mutual benefit of a release of claims, and it resolved the issue in a more cooperative manner than what otherwise would be entailed with a termination action on the Board's part.

Mr. Eyster asked Mr. Saydack or Ms. Neidig to provide the financial difference between the two agreements. Mr. Saydack said that he had asked Ms. Neidig to analyze the financial implications of termination under Mr. Hamm's proposal and termination by Board proceeding under the contract.

Ms. Neidig said that the estimated cost of Mr. Hamm's proposed severance terms would be about \$117,000. The estimated cost of termination under the contract would be about \$109,000. She reiterated that those were estimations based on various assumptions.

Mr. Eyster said that as he understood it, the Board should assume that there was considerable value to the District in having this be a mutually agreed upon arrangement, although, it may be difficult to put a dollar figure on it. Mr. Saydack concurred and added that it would create a sense of finality on the District's part, which had value, and it was up to the Board to assess the other benefits of carrying out this severance of employment in a cooperative manner, and whether the Board would have taken the action if it weren't for Mr. Hamm's resignation.

Mr. Hamm added that if it was not apparent in the letter he presented, he felt that this approach was in the best interest of the District and in his best interest as well. He believed that presenting his resignation created an opportunity for both the organization and himself to move forward in a positive way. Mr. Eyster said that was clear to him as well, and he appreciated it.

Mr. Gaydos said that this was a sad time for the District, but it was a time to look forward to as well, both for Mr. Hamm individually and for the District. He stated that Mr. Hamm's list of accomplishments was shorter than his actual accomplishments. The Board recognized that Mr. Hamm truly had been committed to the District and to the community. The Board truly appreciated Mr. Hamm's efforts. He believed that Mr. Hamm would move on successfully. He stated that Mr. Hamm had great talents and had fostered great relationships throughout this particular business.

Mr. Hamm said that he would encourage the employees of LTD to move beyond the things of the past and to look forward to the future. During the time that Mr. Hamm remained at the District, he said, the Board could be assured of 110 percent in his every effort to leave

the District in a position to succeed and move forward. He remained committed to the employees, the organization, and the community. He believed that was part of the responsibility if not part of the legacy that one left behind when leaving an organization for whatever reason.

MOTION Mr. Gaydos called for a motion. Ms. Ban moved to approve the resignation. Mr. Eyster seconded the motion. There being no further discussion, the Committee voted

VOTE unanimously in favor of the motion.

Prior to adjourning the meeting, Mr. Gaydos opened the meeting to discussion of any topics of interest to the Committee members. He said that there was much to think about, and at this point, there was time to make the transition and to make decisions regarding the interim and hiring process for a new general manager.

Ms. Ban thought it would be helpful to have some conversation, even on a global level, about where the Board could be helpful and responsible to Mr. Hamm, the District, and the community, not only in planning for the future, but also for the transition period. She also thought some discussion should happen with regard to communicating these changes to the community and connecting with people both internally and externally.

Mr. Hamm said that he had not given it much thought, but he had discussed with his attorney how best to communicate appropriately with the Board and with the community. From his perspective, that dialogue probably was one that would best be accomplished within the next few weeks. He said that he had not really thought much beyond this initial communication with the Board and the community, but he committed himself to doing whatever he could to help. He was not planning to be involved in the recruitment process, but to continue to be actively involved with the District in such efforts as the strategic planning effort currently underway, which was critical to future success.

Mr. Gaydos mentioned that the two-day Board work session would be held on December 9 and 10, and he thought the Board could spend some time at the workshop talking about the transition. Mr. Gaydos asked that staff produce information regarding the last general manager recruitment process for Board consideration. He also asked Ms. Neidig to research recruitment models and to make a recommendation on a timeline for the recruitment process. He also asked about the timeline and how it would relate to the next union contract negotiation.

Ms. Neidig said that the union contract negotiations would begin with preliminary discussions in about 15 to 18 months. Mr. Gaydos said the Board would want to keep that in mind.

Ms. Neidig said that the Board could estimate six to nine months for a national recruitment process. If that process began at the first of the year, it was likely to be concluded sometime in the fall of 2006. Mr. Gaydos asked for an overview of what would take place during that process.

Ms. Neidig said that she previously had been involved in three large recruitment processes at the public agency level. They all had a similar pattern. Typically, it took some time to determine whether or not to use a recruiting agency and then to define the scope of work and prepare a public Request for Proposal (RFP). She thought it might take one to two months to complete the agency selection process. The Board would have to determine what selection criteria it would be seeking in a new general manager. She thought the HR Committee would lead that discussion resulting in a proposal to the Board.

Mr. Hamm excused himself and left the meeting at 10:30 a.m.

Ms. Neidig added that it would take some time to set up the process as outlined above. Then, it would take six to eight weeks for the actual recruitment process of getting advertisements out and receiving completed applications back. The Board also would want to talk about how it would go about the interview process; i.e., who would be involved, etc. She thought the critical issue for the Board would be to develop that full interview strategy at the beginning. There would be blocks of time where the Board would not be involved at all, but there would be a large time commitment for the Board members.

Ms. Ban said that she had appreciated the Assessment Center model that was used when Ms. Neidig was recruited as the HR director. She thought it allowed for many people to be involved at several different levels.

Mr. Gaydos said that he was very interested in the initial part of the process in developing the selection criteria. Ms. Neidig thought that the sooner those criteria were established, the sooner the recruitment process design could begin. Mr. Gaydos thought it would be important to include input from employees in that development process. He thought the discussion should begin fairly soon and suggested that some time be devoted to the topic at the December work session.

Mr. Gaydos said that he assumed there was good work done in preparation for the recruitment of Mr. Hamm, and he wanted to revisit that history, as it could be worthwhile to look at in terms of building this new process.

Ms. Neidig reiterated that at the work session, Mr. Gaydos was interested in having the Board review proposed steps and timelines for the process. Ms. Ban added that it might be a good time to schedule some meetings in the near future and to spend some time talking about what kind of information gathering the Board would be interested in to develop the selection criteria. It would be important to ensure that enough meetings were scheduled between then and the end of January.

Mr. Gaydos asked if there was a sense of what the recruitment search would cost. Ms. Neidig thought it would cost between \$25,000 and \$30,000. Ms. Sullivan said that the recruitment process for Ms. Neidig's position had been developed in house, and it was refined and used again for the recruitment of the Director of Maintenance. Ms. Sullivan added that a very similar process was used when Mr. Hamm was hired, although, a national recruiting agency was used for that search.

Mr. Gaydos asked who set up the assessment center. Ms. Sullivan said that it had been a joint effort, but mostly HR staff. Ms. Neidig said that those were good examples to work from. Mr. Gaydos said that it would be nice to have the model showing the timelines at the work session as well as the projected expense scenarios. He also asked staff to critique the past models and prepare recommendations for Board consideration.

Mr. Eyster said that he would like to see more time added to the process for the general manager search. He wanted the assessment participants to have a lot of exposure to the candidates and the candidates to have a lot of exposure to LTD.

Ms. Ban said it would be important to invite members of the community who had recruitment experience to participate. Ms. Sullivan said that when Mr. Hamm was hired, members of the community were brought in early in the process to help formulate the

selection criteria. Mr. Gaydos thought that once that historic model was brought forth, the Board would have an opportunity to review it. He agreed that a longer opportunity for interaction with the candidates would be important.

Mr. Gaydos thought it also important that the Board prepare for the phasing in of the interim appointment, as it appeared that the recruitment process would take longer than three months. Mr. Saydack added that the arrangements for an interim general manager would be important to work out as the Board went through this process in order to build flexibility into the severance arrangement with Mr. Hamm. Ms. Ban asked about the timeline for working on the severance arrangement, and Mr. Saydack responded that it would have to be soon. He thought the severance arrangement could be completed within the next few weeks, but it could take longer if the Board needed more time in order to develop the criteria for interim management. Mr. Gaydos thought that Mr. Hamm wanted to be involved with the Strategic Plan at the Board work session, but was not sure about activities from January through March.

Mr. Eyster said that he had a sense that it probably was in the best interest of the organization to select an interim general manager as early as possible, even while Mr. Hamm remained an employee of the District. Mr. Gaydos said that he did not know what criteria the Board would consider to make that decision. He thought it would be worthwhile for HR to discuss the issue with the Leadership Council. Mr. Saydack thought that was a good idea because there would be differences of opinion about how the interim issue should be approached. Mr. Gaydos suggested that the Board HR Committee schedule a meeting with the Leadership Council in the near future.

Dave Barton, an LTD bus operator, was a member of the public present at this meeting. He stated that he had some questions for the Committee. Ms. Sullivan said no public testimony was scheduled at this meeting. Mr. Gaydos, with concurrence by Committee members, allowed Mr. Barton to ask his questions.

Mr. Barton asked for clarity of the motion that had passed the Committee earlier in the meeting. He asked if the motion that has passed was to accept Mr. Hamm's resignation, but not to determine the severance package. Mr. Saydack said that Mr. Hamm's resignation was subject to working out a severance agreement with him based on the conditions that were presented in Mr. Hamm's letter of resignation.

Mr. Barton said that assuming that *The Register-Guard* would print an article announcing Mr. Hamm's resignation, he asked Ms. Neidig how and when notice would be provided to the employees about the resignation. Ms. Neidig said that an e-mail message was being prepared that would be distributed immediately following the full Board's acceptance of the resignation. Mr. Gaydos added that the full Board would not act on the resignation until its meeting, which was scheduled immediately following this HR Committee meeting. Ms. Neidig said that for those who were not on the e-mail system, information would be posted on all employee bulletin boards. She added that the important thing was to wait until the Board had the opportunity to take formal action on the resignation.

Mr. Barton further asked, if the HR Committee was planning to have future meetings with the Leadership Council or other groups as a Board, if those meetings would allow for employee input for consideration regarding the interim general manager appointment. Mr. Gaydos said that employee input would be gathered by the Board, but probably not specifically at a meeting with the Leadership Council.

Mr. Gaydos added that the motion that was passed by the HR Committee was a motion to recommend acceptance of the resignation to the full Board. The HR Committee did not have authority actually to accept the resignation.

Mr. Gaydos thought the meeting with the Leadership Council should be scheduled fairly quickly, and then the Committee could move into the design phase of the interim and recruitment processes to select the criteria for both the interim appointment and the replacement hiring.

Mr. Eyster said that it occurred to him that this resignation and transition planning would be a hard thing for the Leadership Council because they all were affected by it personally, and some maybe more than others. They all would have a direct interest in the outcome.

Ms. Ban agreed, and added that the same applied to the entire organization.

Mr. Gaydos acknowledged that LTD had a great team in place in the leadership of the organization. Most had been in their positions for a long time and had a strong interest in the health of the organization.

Mr. Saydack asked Ms. Sullivan to read back the motion that had passed earlier in the meeting to make sure it was clear on the point that this Committee was recommending to the Board. Ms. Sullivan said that Ms. Ban had made the motion to "approve the resignation." Mr. Saydack thought the motion should be restated to indicate that the committee would recommend that the Board accept the resignation.

MOTION

Ms. Ban said that she wished to amend her original motion to say, "Move to recommend the acceptance of Mr. Hamm's resignation and the terms stated in his letter of resignation to the LTD Board." Mr. Eyster accepted the amendment and seconded the motion, which passed by unanimous vote.

VOTE

Mr. Gaydos said that he believed the Board and the HR Committee had a lot of work to do in the coming months. He thanked everyone for attending and adjourned the meeting at 10:55 a.m.

Transcribed by Susan Hekimoglu

Approved January 24, 2006

/s/ Jo Sullivan

Clerk of the Board