

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS – RAIL PASSENGERS ASSOCIATION  
BOARD POLICIES

**POLICY TYPE:** EXECUTIVE LIMITATIONS

**POLICY #:** EL-1

**POLICY TITLE:** *GLOBAL EXECUTIVE CONSTRAINT*

---

The CEO will not cause or allow any organizational practice, activity, decision, or circumstance which is either unlawful, imprudent or in violation of commonly accepted business and professional ethics and practices.

Initially Drafted:	July 13, 2016
Initially Adopted:	August 18, 2016
Policy Review Frequency:	Annual
Policy Review Month:	February
Policy Reviewed Date(s):	2/23/17; 2/22/18

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS – RAIL PASSENGERS ASSOCIATION  
BOARD POLICIES

**POLICY TYPE:** EXECUTIVE LIMITATIONS

**POLICY #:** EL-2

**POLICY TITLE:** *TREATMENT OF MEMBERS*

---

With respect to interactions with members or those applying to be members, the CEO will not cause or allow conditions, procedures, or decisions that are unsafe, undignified, or unnecessarily intrusive.

The CEO will not

1. Elicit information for which there is no clear necessity.
2. Use methods of collecting, reviewing, transmitting, or storing member information that fail to protect against improper access to the material elicited.
3. Operate facilities without appropriate accessibility.

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

Policy Review Frequency: Annual  
Policy Review Month: February  
Policy Reviewed Date(s): 2/23/17; 2/22/18

Monitoring Report Frequency: Annual  
Monitoring Report Type: Internal  
Monitoring Report Due Each: February  
Monitoring Report Responsibility Of: Vice-President Operations

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS – RAIL PASSENGERS ASSOCIATION  
BOARD POLICIES

**POLICY TYPE:** EXECUTIVE LIMITATIONS

**POLICY #:** EL-3

**POLICY TITLE:** *TREATMENT OF STAFF*

---

With respect to the treatment of paid and volunteer staff, the CEO will not cause or allow conditions that are unfair, undignified, disorganized, or unclear.

The CEO will not

1. Operate without sufficient, written personnel rules.
  - A. Subject staff to rules that are not clear and available.
  - B. Leave staff without an effective and unbiased method to deal with grievances
  - C. Subject staff to wrongful conditions, nepotism, or preferential treatment based on personal reasons
2. Retaliate against any staff member for non-disruptive expression of dissent.
3. Allow staff to be unprepared to deal with emergency situations.

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

Policy Review Frequency: Annual  
Policy Review Month: February  
Policy Reviewed Date(s): 2/23/17; 2/22/18

Monitoring Report Frequency: Annual  
Monitoring Report Type: Internal  
Monitoring Report Due Each: February  
Monitoring Report Responsibility Of: Vice-President Operations

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS – RAIL PASSENGERS ASSOCIATION  
BOARD POLICIES

**POLICY TYPE:** EXECUTIVE LIMITATIONS

**POLICY #:** EL-4

**POLICY TITLE:** *FINANCIAL PLANNING/BUDGETING*

---

Financial planning for any fiscal year or the remaining part of any fiscal year will not deviate materially from board's Ends priorities, risk fiscal jeopardy, or fail to be derived from a multi-year plan.

The CEO will not allow budgeting that:

1. Risks incurring those situations or conditions described as unacceptable in the board policy "Financial Condition and Activities."
2. Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
3. Provides less for board prerogatives during the year than is set forth in the Cost of Governance policy.

Initially Drafted:	July 13, 2016
Initially Adopted:	August 18, 2016
Policy Review Frequency:	Annual
Policy Review Month:	October
Policy Reviewed Date(s):	10/14/16; 10/26/17
Monitoring Report Frequency:	Annual
Monitoring Report Type:	Internal
Monitoring Report Due Each:	October
Monitoring Report Responsibility Of:	President/CEO

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS – RAIL PASSENGERS ASSOCIATION  
BOARD POLICIES

**POLICY TYPE:** EXECUTIVE LIMITATIONS

**POLICY #:** EL-5

**POLICY TITLE:** *FINANCIAL CONDITION AND ACTIVITIES*

---

With respect to the actual, ongoing financial condition and activities, the CEO will not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from board priorities established in Ends policies.

The CEO will not:

1. Expend more funds than have been received in the fiscal year to date unless the reserve fund guideline is met.
2. Incur debt in an amount greater than can be repaid by certain, otherwise unencumbered revenues within 90 days.
3. Use any **Strategic Investment Funds**.
4. Conduct inter-fund shifting without proper authorization.
5. Allow payroll and debts to be settled in an untimely manner.
6. Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.
7. Fail to comply with the NARP SPENDING LEVEL APPROVAL POLICY. Splitting contracts or orders to circumvent this policy is not acceptable.
8. Acquire, encumber or dispose of real estate.
9. Allow receivables to be unpursued after a reasonable grace period.

**Revised to 3/23/17**

Initially Drafted:	July 13, 2016
Initially Adopted:	August 18, 2016
Policy Review Frequency:	Annual
Policy Review Month:	November
Policy Reviewed Date(s):	11/17/16; 12/14/17
Monitoring Report Frequency:	Monthly
Monitoring Report Type:	Internal
Monitoring Report Due Each:	Month
Monitoring Report Responsibility Of:	President/CEO

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS – RAIL PASSENGERS ASSOCIATION  
BOARD POLICIES

**POLICY TYPE:** EXECUTIVE LIMITATIONS

**POLICY #:** EL-6

**POLICY TITLE:** *EMERGENCY CEO SUCCESSION*

---

In order to protect the board from sudden loss of CEO services, the CEO will have an executive sufficiently familiar with board and CEO issues and processes to enable this designated executive to take over with reasonable proficiency as an interim successor.

Initially Drafted:	July 13, 2016
Initially Adopted:	August 18, 2016
Policy Review Frequency:	Annual
Policy Review Month:	June
Policy Reviewed Date(s):	6/29/17; 6/28/18
Monitoring Report Frequency:	Annual
Monitoring Report Type:	Internal
Monitoring Report Due Each:	June
Monitoring Report Responsibility Of:	President/CEO

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS – RAIL PASSENGERS ASSOCIATION  
BOARD POLICIES

**POLICY TYPE:** EXECUTIVE LIMITATIONS

**POLICY #:** EL-7

**POLICY TITLE:** *ASSET PROTECTION*

---

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

The CEO will not

1. Allow board members, staff, and the organization itself to be inadequately insured against theft, casualty, and liability losses.
2. Subject plant and equipment to improper wear and tear or insufficient maintenance.
3. Unnecessarily expose the organization, its board or staff to claims of liability.
4. Make any purchase: (a) wherein normally prudent protection has not been given against conflict of interest; (b) without having obtained comparative prices and quality; (c) without a stringent method of assuring the balance of long term quality and cost.
5. Allow intellectual property, information and files to be exposed to loss or significant damage.
6. Receive, process or disperse funds under controls that are insufficient according to “Generally Accepted Auditing Standards” as established by the American Institute of Certified Public Accountants’
7. Compromise the independence of the board’s audit or other external monitoring or advice. Engage parties already chosen by the board as consultants or advisers.
8. Invest or hold operating capital in insecure instruments, including uninsured checking accounts and bonds of less than AA rating at any time, or in non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.
9. Endanger the organization's public image, credibility, or its ability to accomplish Ends.

(Continued on next page)

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS – RAIL PASSENGERS ASSOCIATION  
BOARD POLICIES

**POLICY TYPE:** EXECUTIVE LIMITATIONS

**POLICY #:** EL-7

**POLICY TITLE:** *ASSET PROTECTION*

---

(Continued from previous page)

10. Change the organization's name or substantially alter its identity in the community.
11. Create or purchase any subsidiary corporation.
12. Allow invested assets of the strategic investment, reserve and special projects funds to be accessed or transferred without industry accepted secure processes

Initially Drafted:	July 13, 2016
Initially Adopted:	August 18, 2016
Policy Review Frequency:	Annual
Policy Review Month:	November
Policy Reviewed Date(s):	11/17/16; 12/14/17
Monitoring Report Frequency:	Annual
Monitoring Report Type:	Internal
Monitoring Report Due Each:	November
Monitoring Report Responsibility Of:	President/CEO



NATIONAL ASSOCIATION OF RAILROAD PASSENGERS – RAIL PASSENGERS ASSOCIATION  
BOARD POLICIES

**POLICY TYPE:** EXECUTIVE LIMITATIONS

**POLICY #:** EL-8

**POLICY TITLE:** *COMPENSATION AND BENEFITS*

---

With respect to employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the CEO will not cause or allow jeopardy to fiscal integrity or to public image.

The CEO will not

1. Change the CEO's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.
2. Promise or imply permanent or guaranteed employment.
3. Establish current compensation and benefits that deviate materially from the geographic or professional market for the skills employed.
4. Create obligations over a longer term than revenues can be safely projected, in no event longer than one year and in all events subject to losses in revenue.
5. Establish or change pension benefits so as to cause unpredictable or inequitable situations, including those that:
  - A. Incur unfunded liabilities.
  - B. Provide less than some basic level of benefits to all full time employees, though differential benefits to encourage longevity are not prohibited.
  - C. Treat the CEO differently from other key employees.

Initially Drafted:	July 13, 2016
Initially Adopted:	August 18, 2016
Policy Review Frequency:	Annual
Policy Review Month:	November
Policy Reviewed Date(s):	11/17/16; 12/14/17
Monitoring Report Frequency:	Annual
Monitoring Report Type:	Internal
Monitoring Report Due Each:	November
Monitoring Report Responsibility Of:	President/CEO

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS – RAIL PASSENGERS ASSOCIATION  
BOARD POLICIES

**POLICY TYPE:** EXECUTIVE LIMITATIONS

**POLICY #:** EL-9

**POLICY TITLE:** *COMMUNICATION AND SUPPORT TO THE BOARD*

---

The CEO will not permit the board to be uninformed or unsupported in its work.

The CEO will not

1. Withhold, impede, or confound information relevant to the board's informed accomplishment of its job.
  - A. Neglect to submit monitoring data required by the board in Board-Management Delegation policy "Monitoring CEO Performance" in a timely, accurate and understandable fashion, directly addressing provisions of board policies being monitored, and including CEO interpretations consistent with Board-Management Delegation policy "Delegation to the CEO," as well as relevant data.
  - B. Allow the board to be unaware of any actual or anticipated noncompliance with any Ends or Executive Limitations policy, regardless of the board's monitoring schedule.
  - C. Allow the board to be without decision information required periodically by the board or let the board be unaware of relevant trends.
  - D. Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.
  - E. Let the board be unaware of any incidental information it requires including anticipated media coverage, threatened or pending lawsuits and material internal changes.
  - F. Let the board be unaware if, in the CEO's opinion, the board is not in compliance with its own policies on Governance Process and Board-CEO Linkage, particularly in the case of board behavior that is detrimental to the work relationship between the board and the CEO.

(Continued on next page)

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS – RAIL PASSENGERS ASSOCIATION  
BOARD POLICIES

**POLICY TYPE:** EXECUTIVE LIMITATIONS

**POLICY #:** EL-9

**POLICY TITLE:** *COMMUNICATION AND SUPPORT TO THE BOARD*

---

(Continued from previous page)

2. Withhold from the board and its processes logistical and clerical assistance.
  - A. Allow the board to be deprived of a workable, user-friendly mechanism for official board, officer, or committee communications.
  - B. Allow the board to be deprived of pleasant and efficient settings and arrangements for board and committee meetings.
3. Impede the board's holism, misrepresent its processes and role, or impede its lawful obligations.
  - A. Deal with the board in a way that favors or privileges certain board members over others except when
    - (i) fulfilling individual requests for information or
    - (ii) responding to officers or committees with respect to duties charged to them by the board.
  - B. Allow the board to do its work without the necessary items on its Required Approvals agenda. Necessary items are those decisions delegated to the CEO yet required by law, regulation, or contract to be Board-approved, along with applicable monitoring information.

Initially Drafted:	July 13, 2016
Initially Adopted:	August 18, 2016
Policy Review Frequency:	Revised to Annual Review on 9/28/17
Policy Review Months:	September
Policy Reviewed Date(s):	9/15/16; 3/23/17; 9/28/17;
Monitoring Report Frequency:	Revised to Annual Report on 9/28/17
Monitoring Report Type:	Internal
Monitoring Report Due Each:	September
Monitoring Report Responsibility Of:	Vice-President Operations