

**BI-STATE DEVELOPMENT
AUDIT, FINANCE & ADMINISTRATION COMMITTEE MEETING
OPEN SESSION MINUTES
(Virtual Meeting)
March 19, 2021**

**Immediately following
Special Meeting of Board of Commissioners at 8:30 AM**

Audit, Finance & Administration Committee Members participating via Zoom

Justin Zimmerman, Chair
Herbert Simmons
Fred Pestello
Nate Johnson

Other Commissioners participating via Zoom

Irma Golliday
Vernal Brown
Terry Beach
Sam Gladney

Rose Windmiller – Absent
Derrick Cox – Absent

Staff participating via Zoom

Taulby Roach, President and Chief Executive Officer
Barbara Enneking, General Counsel and Deputy Secretary
Myra Bennett, Manager of Board Administration
Brenda Deertz, Administrator/Executive Assistant to the President/CEO
Jessica Mefford-Miller, Executive Director Metro Transit
Tammy Fulbright, Interim Chief Financial Officer
John Langa, Vice President Economic Development
Mary Lamie, Executive Vice President of Multi Modal Enterprises
Crystal Messner, Chief Audit Executive
Chris Poehler, Assistant Executive Director Engineering Systems
Gregory Smith, Vice President – Purchasing, Materials Management, and Supplier Diversity
Charles Stewart, Executive Vice President Organizational Effectiveness
Andrew Ghiassi, Director of Safety/Chief Safety Officer
Kathy Brittin, Director of Risk and Absence Management

Others participating via Zoom

Lo Freeman, ASL Interpreter
Brett Runge, ASL Interpreter

1. Open Session Call to Order

8:46 a.m. Chair Zimmerman called the Open Session of the Audit, Finance & Administration Committee Meeting to order at 8:46 a.m.

2. Roll Call

8:46 a.m. Roll call was taken, as noted above.

3. Public Comment

8:46 a.m. Chair Zimmerman asked Ms. Bennett if any speaker cards were received for today's meeting. Ms. Bennett noted that no speaker cards were submitted.

4. Minutes of the January 22, 2021 Audit, Finance & Administration Committee, Open Meeting

8:47 a.m. The minutes of the January 22, 2021 Audit, Finance & Administration Committee, Open Meeting were provided in the Committee packet. A motion to approve the minutes was made by Commissioner Simmons and seconded by Commissioner Beach. **The motion passed unanimously.**

5. Bi-State Development Operating and Capital Budget

8:47 a.m. A briefing paper was included in the meeting materials regarding this item. President/CEO, Taulby Roach, & Tammy Fulbright, Interim Chief Financial Officer, gave a PowerPoint presentation regarding this item. Mr. Roach noted that meetings are being held with our funding partners regarding the budget projections. He noted that this is a complex budget, especially due to the fact that Federal funding has been inserted into the budget, and must be inserted differently between Missouri and Illinois, due to how the funding works. He stated that he is pleased with the proposed budget, and how the projectory has looked over time. Mr. Roach noted that the average growth rate for the past three years is approximately 1.5%. He stated that this type of trending is critical to the Agency to maintain stability and growth and to deliver service that is in line with funding.

Ms. Fulbright reviewed the statement of activity for the COVID Budget for 2021, noting a modest reduction in service for the FY2022 Budget. She gave an overview of transit operating expenses, and reviewed funding from our partners and other revenue sources. Ms. Fulbright gave an overview of projected capital expenses, and reviewed projections for each of the BSD enterprises. Commissioner Beach posed questions with regard to ARA funding. President/CEO Roach stated that this has been factored into the budget.

Commissioner Beach noted local funding sources, including St. Louis County, St. Clair County, and St. Louis City, and posed questions regarding reductions and redirection of services. President/CEO Roach noted that there has been some reduction in services with the current budget due to COVID. Mr. Roach noted that a primary goal with the Federal funding is to avoid layoffs to the greatest extent possible, and try to keep service levels consistent. He stated that, if the goal of the transit system is to save money, then we need to move our budgetary objectives to that, and it would inevitably mean some reductions. He stated that it is a complex situation, due to some fixed costs for the organization, and the effects that COVID has had. He stated that it is his goal to supply as much transit service as possible, as efficiently as possible. Mr. Roach noted that he will be speaking to Ken Sharkey, Managing Director, St. Clair Transit District, and is willing to speak to the entire transit board regarding these issues and their goals. Jessica

Mefford-Miller, Executive Director Metro Transit, addressed the Board regarding post pandemic service levels.

Commissioner Beach asked for an update regarding the HERO early retirement program. President/CEO Roach stated that the program is going well, and this can be discussed in greater detail in Executive Session. Mr. Roach stated that one of the objectives of the program is to make the organization as efficient as possible, and not have as much employment, but still deliver excellent service. Commissioner Beach asked if this program applies to non-union employees only. Mr. Roach stated that yes, it is management and executive oriented. Commissioner Pestello posed a question relating to the ratio of wages to benefits. Ms. Fulbright stated that this figure is typically around 40%, and will follow-up with additional information for the Board. Commissioner Simmons posed questions regarding the Riverboat enterprise. President/CEO Roach noted that staff will be coming forward with a cost/benefit analysis for the Board's review; however, this information will not be completed until after the budget cycle.

A motion to accept this item, including funding and grant resolutions, as presented, and recommend it to the Board of Commissioners for approval was made by Commissioner Pestello, and the motion was seconded by Commissioner Brown. **The motion passed.**

6. Sole Source – Stockless Office Supplies

9:21 a.m. A briefing paper was included in the meeting materials regarding this item. Gregory Smith, Vice President – Purchasing, Materials Management, and Supplier Diversity, reviewed the information contained in the briefing paper, and asked if there were any questions. Being no questions, a motion to accept this item, as presented, and recommend it to the Board of Commissioners for approval, was made by Commissioner Golliday, and the motion was seconded by Commissioner Pestello. **The motion passed.**

7. Contract Award - Third Party Administrator Claim Services

9:26 a.m. A briefing paper was included in the meeting materials regarding a recommendation that the Audit, Finance and Administration Committee accept, and forward to the Board of Commissioners for approval, the request that the President & CEO enter into a 5-year contract with the Thomas McGee Group, for third party administrator claim services, in the not to exceed amount of \$3,600,000. Charles Stewart, Executive Vice President Organizational Effectiveness, gave an overview of this item, noting that this outsourcing will provide a cost savings of \$181,000 in the first year, and a cost savings of approximately \$230,000 for each following year.

Commissioner Zimmerman noted the cost savings, and asked if there should be any concerns regarding the risks of outsourcing these services. Mr. Stewart stated that he believes this company could work more efficiently in the settlement of claims, and will be interfacing with our current outside legal counsel. President and CEO Roach noted that the Agency tends to carry claims over a long period of time currently, and he feels that this new contract would provide a more modern approach to this issue.

A motion to accept this item, as presented, and recommend it to the Board of Commissioners for approval, was made by Commissioner Golliday, and the motion was seconded by Commissioner Johnson. **The motion passed.**

8. Contract Award - Occupational Medicine

9:32 a.m. Chair Zimmerman noted that a briefing paper was included in the meeting materials recommending that the Audit, Finance and Administration Committee accept, and forward to the Board of Commissioners for approval, a request that the President & CEO enter into a 5-year contract with BarnesCare, to provide Occupational Medicine Services which include: Drug and Alcohol Testing; Urine Collection and Testing Services; Medical Review Officer Services; Essential Functions Testing; Workers' Compensation Services, and Wellness Services, in the not to exceed amount of \$1,513,655.00. Chair Zimmerman noted that Charles Stewart, Executive Vice President Organizational Effectiveness, and Andrew Ghiassi, Director of Safety/Chief Safety Officer, are in attendance, if there are any questions.

A motion to accept this item, as presented, and recommend it to the Board of Commissioners for approval was made by Commissioner Pestello, and the motion was seconded by Commissioner Golliday. **The motion passed.**

9. Board Policy, Section 70.050, Employee's Pension and 401(k) Retirement Savings Plan – Chairperson Appointment

9:34 a.m. A briefing paper was included in the meeting materials recommending that the Committee accept, and forward to the Board of Commissioners for approval, a request to appoint retiree, Charles Priscu, currently serving on the Committee, as the new Chairperson for the Salaried Pension and 401(k) Committee, for a term of two years. Charles Stewart, Executive Vice President Organizational Effectiveness, gave an overview of this item.

A motion to accept this item, as presented, and recommend it to the Board of Commissioners for approval was made by Commissioner Beach, and the motion was seconded by Commissioner Simmons. **The motion passed.**

10. Contract Awards for General Legal Counsel Services

9:35 a.m. A briefing paper was included in the meeting materials recommending that the Audit, Finance & Administration Committee accept, and refer to the Board of Commissioners for approval, authorization to award contracts with the recommended firms to provide General Legal Services under the supervision of BSD's General Counsel for an aggregate not exceed amount of \$9,000,000 over the next three years, and \$6,000,000 for the two option years. Barb Enneking, General Counsel, gave an overview of this item.

Commissioner Gladney asked if only one firm was chosen per practice area. Ms. Enneking indicated that there are multiple firms for each practice area. It was noted that the largest driver of outside legal expenses tend to be liability and workers' compensation issues. Commissioner Zimmerman noted that there had been an issue in the past with the Agency entering contracts with firms, then the attorneys who were working on the Agency's cases, would choose to leave the firm. He asked if a mechanism has been put in place to deal with this type of situation. Ms. Enneking indicated that the new contracts will address the issue.

A motion to accept this item, as presented, and recommend it to the Board of Commissioners for approval was made by Commissioner Beach, and the motion was seconded by Commissioner Brown. **The motion passed.**

11. Quarterly Financial Statement – Second Quarter

9:42 a.m. Quarterly Financial Statements for the second quarter were included in the meeting materials for Board review. Tammy Fulbright, Acting Chief Financial Officer, gave a brief overview of the financials for each of the Bi-State Development Enterprises. Chair Zimmerman noted that this item was presented as information only, and no action of the Committee is required.

12. Treasurer's Report

9:44 a.m. A Treasurer's Report was included in the meeting materials regarding this item. Tammy Fulbright, Acting Chief Financial Officer, gave an overview of this item, noting a fuel hedge savings of \$500,000. She also reported that the Agency's credit rating has improved from an AA- to an AA rating. It was noted that this item was presented as information only, and no action of the Committee is required.

13. Procurement Report

9:46 a.m. Chair Zimmerman noted that a Procurement Report was included in the meeting materials for Board review. He stated that Greg Smith, Vice President – Purchasing, Materials Management, and Supplier Diversity, is participating in today's meeting, if there are any questions from the Board. Being no questions from the Committee, Chair Zimmerman noted that this item was presented as information only, and no Committee action is required.

14. Pension Plans, 401(k) Retirement Savings Program and OPEB Trust Investment Performance Update as of 12-31-2020

9:47 a.m. A briefing paper was provided in the Committee packet, presenting to the Audit, Finance and Administration Committee, the Pension Plans, 401(k) Retirement Savings Program and OPEB Trust Investment Performance Update as of December 31, 2020. Charles Stewart, Executive Vice President Organizational Effectiveness, provided a brief overview of this issue. Chair Zimmerman noted that this item was presented as information only, and no action of the Committee is required.

15. Internal Audit Staffing Update

9:50 a.m. A briefing paper was provided in the Committee packet, informing the Audit, Finance & Administration Committee of the Internal Audit Department's (IAD's) current staff vacancy. Crystal Messner, Chief Audit Executive, provided a brief overview of this issue, noting that one of the full-time Senior Internal Auditors took a position outside of BSD, and the Department is currently in the process of filling that position. Ms. Messner also noted that the Department is working with a temporary agency to provide a full-time Administrative Assistant through September 2021, and the Administrative Assistant is to begin next Monday.

16. President/CEO Report

9:51 a.m. Bi-State Development President/CEO Taulby Roach addressed the Committee. He noted that staff is currently working on the ARP federal funding analysis, and is waiting for FTA's update.

Mr. Roach reported that he is also working to counter the proposed Missouri legislation regarding conceal carry on transit, and it is going well. He stated that he has spoken to several Missouri Senators. In conjunction with that, he stated that staff is working on an amendment process for the BSD Compact agreement, and will have that information to present to the full Board at the

next meeting. President/CEO Roach thanked Commissioner Simmons for his efforts in assisting with three vaccination events that were held for BSD employees in Illinois, and that a total of approximately 950 employees have been vaccinated. He noted that staff is working on holding another event for employees, in Missouri, in the near future.

17. Unscheduled Business

9:53 a.m. There was no unscheduled business.

18. Call of Dates for Future Board and Committee Meetings

9:53 a.m. Myra Bennett, Manager of Board Administration, advised the Committee of the upcoming meetings, as follows:

Safety & Security Committee Meeting	Thursday, April 8, 2021	8:30 AM
Operations Committee Meeting	Thursday, April 8, 2021	Following S&S meeting
Board of Commissioners Meeting	Friday, April 23, 2021	8:30 AM

19. Adjournment to Executive Session – If such action is approved by a majority vote of the Bi-State Development Agency’s Board of Commissioners who constitute a quorum, the Board may go into closed session to discuss legal, confidential, or privileged matters pursuant to Bi-State Development Board Policy Chapter 10, §10.080(D) Closed Records; Legal under §10.080(D)(1); Personnel under §10.080(D)(3); and Auditors under §10.080(D)(10)

9:54 a.m. Committee Chair Zimmerman requested a motion to allow the Committee to move into closed session as permitted under Bi-State Development Board Policy, Chapter 10, Section 10.080, (D) (1) – Legal; (D) (3) – Personnel; and (D) (10) – Audit.

A motion to move into Executive Session was made by Commissioner Simmons and seconded by Commissioner Brown. A roll call vote was taken as follows:

Vernal Brown – Yea	Justin Zimmerman – Yea
Fred Pestello – Yea	Herbert Simmons – Yea
Nate Johnson – Yea	Irma Golliday – Yea
Sam Gladney – Yea	Terry Beach – Yea

The motion passed unanimously, and the Committee moved into Executive Session at approximately 9:55 a.m.

20. Reconvene to Open Meeting

10:08 a.m. The Committee reconvened to the Open Meeting at approximately 9:08 a.m. Chair Zimmerman noted that, per Board Policy, no final action votes will be taken in a closed meeting or closed (executive) session. For items requiring final action, a roll call vote shall be taken in open session.

Commissioner Johnson made a motion to approve the Minutes from the January 22, 2021, Executive Session of the combined meeting of the Operations and Audit, Finance, & Administration Committee, as a closed record. The motion was seconded by Commissioner Brown.

A roll call vote was taken as follows:

Vernal Brown – Yea
Fred Pestello – Yea
Nate Johnson – Yea
Sam Gladney – Yea

Justin Zimmerman – Yea
Herbert Simmons – Yea
Irma Golliday – Yea
Terry Beach – Yea

The motion passed.

Commissioner Pestello made a motion to approve the Internal Audit Department FY2022 Budget, as presented. The motion was seconded by Commissioner Golliday.

A roll call vote was taken as follows:

Vernal Brown – Yea
Fred Pestello – Yea
Nate Johnson – Yea
Sam Gladney – Yea

Justin Zimmerman – Yea
Herbert Simmons – Yea
Irma Golliday – Yea
Terry Beach – Yea

The motion passed.

21. Adjournment

10:10 a.m. Chair Zimmerman asked if there was any further business, being none, Commissioner Brown made a motion to adjourn the meeting. The motion was seconded by Commissioner Zimmerman. Unanimous vote in favor taken. Motion passed, and the meeting was adjourned at approximately 10:11 a.m.


Deputy Secretary to the Board of Commissioners
Bi-State Development