

**BI-STATE DEVELOPMENT  
AUDIT, FINANCE & ADMINISTRATION COMMITTEE MEETING  
OPEN SESSION MINUTES  
(Virtual Meeting)  
August 19, 2022**

**Immediately following Operations Committee Meeting**

**Audit, Finance & Administration Committee Members participating via Zoom**

Terry Beach, Chair  
Sam Gladney  
Debra Moore  
Herbert Simmons – Absent  
Fred Pestello – Absent  
Nate Johnson – Absent

**Other Commissioners participating via Zoom**

Rose Windmiller  
Vernal Brown  
Derrick Cox – Absent  
Irma Golliday – Absent

**Staff participating via Zoom**

Taulby Roach, President and Chief Executive Officer  
Brenda Deertz, Director of Executive Services  
Lisa Stump, Lashly & Baer, Legal Counsel  
Myra Bennett, Manager of Board Administration  
Thomas Curran, Executive Vice President – Administration  
Tammy Fulbright, Executive Vice President, Chief Financial Officer  
Crystal Messner, Chief Audit Executive  
Charles Stewart, Executive Director Metro Transit  
Diana Bentz, Vice President – Talent Management  
Dave Toben, Director of Benefits

**Others participating via Zoom**

Erin Stumpf, ASL Interpreter  
Melony Self, ASL Interpreter

**1. Open Session Call to Order**

**9:35 a.m.** Chair Beach called the Open Session of the Audit, Finance & Administration Committee Meeting to order at 9:35 a.m.

**2. Roll Call**

**9:35 a.m.** Roll call was taken, as noted above.

**3. Public Comment**

**9:36 a.m.** Ms. Bennett, Manager of Board Administration, noted that no public comment cards were received for today's meeting.

**4. Minutes of the June 10, 2022, Audit, Finance & Administration Committee, Open Meeting**

**9:36 a.m.** The minutes of the June 10, 2022, Audit, Finance & Administration Committee, Open Meeting, were provided in the Committee packet. A motion to approve the minutes was made by Commissioner Moore and seconded by Commissioner Brown. **The motion passed unanimously.**

**5. Minutes of the June 10, 2022, Combined Audit, Finance & Administration and Operations Committee, Open Meeting**

**9:37 a.m.** The minutes of the June 10, 2022, Combined Audit, Finance & Administration and Operations Committee, Open Meeting, were provided in the Committee packet. A motion to approve the minutes was made by Commissioner Brown and seconded by Commissioner Gladney. **The motion passed unanimously.**

**6. Attracting and Retaining Talent**

**9:37 a.m.** A briefing paper was included in the meeting materials, presenting a request to invest \$2,654,426 in various tactics and programs to improve the Agency's ability to attract and retain talent. Diana Bentz, Vice President – Talent Management, gave a PowerPoint presentation and overview of this item. She noted that the significant staffing shortage, over the past several months, has been compounded by a higher than normal turnover rate, and in order to maintain levels of service, attracting and retaining talent is critical. She reported that the "quit rate" has been greater than the hiring rate for FY2022, through May.

Dave Toben, Director of Benefits, reviewed some of the tactics and programs that are being proposed, including: Paid Parental Leave; Child Care & Elder Support Programs; Tuition Reimbursement and Student Loan Subsidies, providing details for each program. Commissioner Gladney asked if the Tuition Reimbursement programs were primarily geared towards Salaried Employees. Mr. Toben stated that, although most participants would fall into that category, it would be inclusive of others, such as Operators, who have student loans. Commissioner Windmiller stated that she is happy to hear that the Agency is considering these programs, and posed specific questions related to the dollar amount being considered for Tuition Reimbursement, with regard to tax implications. She stated that she would recommend that the Agency consider increasing the benefit to the full \$5,250 non-taxable limit, instead of the proposed \$5,000 benefit.

Diana Bentz provided additional information regarding tactics to improve the Culture of the organization, to help employees feel more connected. These tactics and program include: Use of Bonfyre Communication & Engagement App; Management Development programs; Anti-Bias/Anti-Racism Training; Operator & Mechanic Amenities; and Transit Passes for Employees. She gave an overview of these tactics, noting the known challenges and proposed solutions. Commissioner Windmiller thanked the staff for their efforts on this project.

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

**7. Contract Award - Diversity, Equity & Inclusion Consulting and Training Services for Anti-Bias, Anti-Racism Training**

**10:02 a.m.** A briefing paper was included in the meeting materials regarding a request that the President & CEO enter into a seven-month contract for Diversity, Equity & Inclusion Consulting & Training Services for Anti-Bias, Anti-Racism Training with Diversity Works in the not-to-exceed amount of \$327,000. Tom Curran, Executive Vice President – Administration, gave an overview of this item. Mr. Curran noted that the Agency is committed to taking important steps to deepen our commitment to advance diversity, equity and inclusion in our internal culture, to include organizational structures, policies, and systems in our community engagement strategies. He stated that Solicitation 22-RFP-325160-TJL - Diversity, Equity & Inclusion Consulting & Training Services for Anti-Bias, Anti-Racism Training was issued on April 22, 2022, and in response to the solicitation, one (1) sealed proposal was received from Diversity Works. Mr. Curran reported that a review of the proposal submitted by Diversity Works affirmed that the technical proposal met the minimum requirements, qualifications and experience in accordance with the scope of work described within the solicitation, and management is recommending that the Committee accept, and forward to the Board of Commissioners for approval, a request that the President & CEO enter into a seven-month contract for Diversity, Equity & Inclusion Consulting & Training Services for Anti-Bias, Anti-Racism Training with Diversity Works in the not-to-exceed amount of \$327,000.

Commissioner Moore asked if this will be system-wide training, or focused towards specific employee groups. Ms. Bentz stated that, first and foremost, it will be directed at those in management positions. She stated that it will begin as a pilot program, focusing on Executives, then move forward with training for Managers.

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

**8. Board Policy Revisions, Chapter 30 – Audit, Finance, and Budget**

**10:07 a.m.** A briefing paper was included in the meeting materials regarding a request to incorporate revisions to the Collected Board Policies of the Bi-State Development Agency of the Missouri-Illinois Metropolitan District, Chapter 30, Audit, Finance, and Budget. Tammy Fulbright, Executive Vice President/Chief Financial Officer, gave an overview of this item, identifying the proposed changes for the various sections of the Board Policy, including:

- 30.030 Annual Budget
- 30.040 Banking and Investment
- 30.050 Financial Reporting
- 30.080 Debt Issuance and Administration

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

**9. Contract Award - Fare Collection Program Consultant**

**10:10 a.m.** A briefing paper was included in the meeting materials regarding an update on the Fare Collection Program (FCP) project and the hiring of a consultant to assist in this effort. Tom Curran, Executive Vice President - Administration, gave an overview of this item. Mr. Curran stated that, in order to update its aging fare collection system, Bi-State's Fare Collection Program project will revise our fare policy, structure and collection through development of a new electronic faring system, inclusive of validators and ticket vending machines for MetroLink and new fareboxes for MetroBus. He noted that the fare collection modernization project will tie into the new Secure Platforms Program (SPP), which is dependent upon updated fare media to open the planned gates at all MetroLink stations.

Mr. Curran stated that the FCP consultant will act as an extension of staff and assist in: 1) reviewing the previous RFP for a new electronic faring system; 2) affirming and refining project goals; 3) preparing a Request for Information (RFI) for new fare collection equipment; 4) development of an RFP for new ticket vending machines and fareboxes, including bid-ready specifications; 5) integrating and testing replacement equipment, 6) recommending business rules for FCP system security and reviewing electronic transaction security; and 7) project planning and management. Bi-State issued Solicitation 22-RFP-342190-TJL – Fare Collection Program Consultant on June 25, 2022, and three proposals were received. Mr. Curran reported that all three proposals were deemed to be responsive and were forwarded to an evaluation committee, composed of representatives from Administration, Grants, Revenue, and the St. Clair County Transit District. The proposals were scored in accordance with the evaluation requirements, specified in the solicitation package, and Consult Hyperion was deemed to be the highest ranking firm. Mr. Curran stated that the Agency will be negotiating a contract with Consult Hyperion for the provision of the services requested in the solicitation. It was noted that item was presented for information only, and no action by the Committee is needed.

**10. Internal Audit Follow-Up Summary – 4th Quarter FY2022**

**11. Internal Audit Status Report – 4th Quarter FY2022**

**12. Internal Audit State Safety Oversight Status Report - 2nd Quarter Calendar Year 2022**

**10:12 a.m.** Briefing papers were included in the meeting materials for each of the above noted items, and Crystal Messner, Chief Audit Executive, gave a brief overview for each item.

Ms. Messner stated that, with regard to the Internal Audit Follow-up Summary, 8% of recommendations remain outstanding, past the implementation date. She noted that staff shortages have contributed to this issue; however, she commended the Agency as a whole for addressing issues of concern. She noted that two significant areas were completed, pertaining to the Drug and Alcohol Policy and SSO.

Ms. Messner reported that, with regard to the Internal Audit Status Report for the 4<sup>th</sup> Quarter of FY2022, the Internal Audit Department began the System Access Review and Physical Access Review audits in April. The System Access audit scope expanded, while the Physical Access audit is reaching completion. The Arch and Riverboats' audit is progressing as expected. She noted that additionally, the Procurement Card audit is complete and was presented at the Special Board Meeting on August 11, 2022 for final approval.

Ms. Messner stated that, with regard to the Internal Audit State Safety Oversight Status Report, the following audit activities were proposed by Internal Audit during the 2nd Quarter:

- Conduct follow-ups on open Internal SSO Audits' CAPs that are ready for closure;
- Monitor the progress on the open CAPs from the 2021 non-compliance areas, including Supervisory Control and Data Acquisition (SCADA) Assessment CAPs by collaborating with Safety on the CAP Advisory Committee to ensure satisfactory progress is being made towards addressing risks properly;
- Collaborate with Kensington Consulting's audit team to plan and schedule the 2022 Internal Safety and Security Audits; and,
- Participate in other audit activities for Bi-State Safety Oversight (BSSO).

Ms. Messner stated that the second quarter proposed activities were accomplished. She reported that IAD is currently collaborating with Safety and management to monitor the progress monthly for all open SSO and SCADA CAPs. Management successfully closed five (5) CAPs, and noted that the 2022 IAD SSO Internal Audit planning process is on schedule. External and internal audit customers, including the Bi-State Safety Oversight (BSSO), participated in the 2022 SSO Pre-Audit Meeting on July 25, 2022. Audit document requests were sent to Safety August 1, 2022. Ms. Messner stated that IAD, along with Kensington Consulting's team, will be conducting onsite field work on September 13-15, 2022.

These items were presented as information only.

**13. Pension Plans, 401(k) Retirement Savings Program and OPEB Trust Investment Performance Update as of June 30, 2022**

**10:16 a.m.** Pension Plans, 401(k) Retirement Savings Program and OPEB Trust Investment Performance updates were included in the meeting materials. Charles Stewart, Executive Director Metro Transit, gave an overview of this item, noting that this has not been a good year for the pension plans. Mr. Stewart gave a summary of the accounts as follows:

BSD 401(k) Retirement Savings Program - Total 401(k) Program assets were \$71.6M as of the end of June 2022. This is down -\$15.9M in combined contributions and investment earnings from calendar year end 2021 which stood at \$87.5M.

Salaried Pension Plan - As of June 30, total Plan assets were \$90.1M. The plan experienced \$9.9 million in investment losses during the second quarter of 2022 and \$14.6 million in losses for the first half of the year. Cash flows were positive in the second quarter at \$3.2M.

IBEW Pension Plan - As of June 30, total Plan assets were \$6.6M. With the exception of 2018 and the first half of this year, Total Portfolio Market values have steadily increased over the past 11 years. In 2008 the market value fell to \$1.1M, but has quadrupled since reaching the market bottom. Now that the Plan is fully-funded the cash flows into the Plan have moderated.

ATU 788 Pension Plan - As of June 30, total Plan assets were \$156.60M. Fund flows over the past few years have been consistently negative and 2022 continued this trend. Second quarter cash flows totaled -\$1.6M, with year-to-date cash flows of -\$3.6M. The Portfolio experienced investment losses of \$20.5M for the quarter and \$30.8M for the first year of 2022.

OPEB Trust - The OPEB Retirement Trust ended the quarter with a total Portfolio market value of \$52.5M. The Portfolio declined -9.5% during the second quarter of 2022 bringing the year-to-date performance to -12.9%. This equates to -\$7.9M in investment losses for the year.

This item was presented as information only.

**14.-15. Quarterly Financial Statements and Treasurer's Report**

**10:19 a.m.** The Quarterly Financial Statements and a Treasurer's Report were included in the meeting materials. Tammy Fulbright, Executive Vice President & Chief Financial Officer, gave an overview of these items, noting that the Agency's combined total, as of the Quarterly Statement ended June 30, 2022, is \$1.4 billion. Ms. Fulbright also gave a summary of the Fuel Hedging Program status. This item was presented as information only.

**16. Procurement Report**

**10:22 a.m.** A Procurement Report was included in the meeting materials regarding this item. Thomas Curran, Executive Vice President Administration, gave an overview of this item. He noted that the Fourth Quarter FY 2022 Non-Competitive Procurements total was \$19,087,189, which is 28.3% of the total Purchase Order Commitment volume of \$67,356,341. During the last twelve months, the Non-Competitive Procurements total was \$26,626,631, which is 18.4% of the total Procurement spend of \$144,742,953. Mr. Curran noted that the Procurement Card YTD total is \$4,690,934.

**17. Unscheduled Business**

**10:24 a.m.** There was no unscheduled business.

**18. President/CEO Report**

**10:24 a.m.** Bi-State Development President/CEO Taulby Roach stated that he has no report at this time.

**19. Call of Dates for Future Board and Committee Meetings**

**10:24 a.m.** Myra Bennett, Manager of Board Administration, advised the Committee of the upcoming meeting, as follows:

Tentative schedule:

Board of Commissioners Meeting:	Friday, September 23, 2022	8:30 AM
Safety & Security Meeting:	Thursday, October 6, 2022	8:30 AM
Operations/Audit, Finance, Administration:	Friday, October 14, 2022	8:30 AM

**20. 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).**

**10:24 a.m.** Chair Beach 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) – Auditors.

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

Rose Windmiller – Yea  
Vernal Brown – Yea  
Sam Gladney – Yea

Terry Beach – Yea  
Debra Moore – Yea

**The motion passed unanimously, and the Committee moved into Executive Session at 10:25 a.m.**

**21. Reconvene to Open Meeting**

**10:30 a.m.** The Committee reconvened to the Open Meeting at approximately 10:30 a.m.

Commissioner Windmiller made a motion to approve the minutes from the June 10, 2022 - Combined Audit, Finance & Administration and Operations Committee, Executive Session, as a closed record. The motion was seconded by Commissioner Moore.

Rose Windmiller – Yea  
Vernal Brown – Yea  
Sam Gladney – Yea

Terry Beach – Yea  
Debra Moore – Yea

**The motion passed unanimously.**

**22. Adjournment**

**10:31 a.m.** Chair Beach asked if there was any further business, being none, Commissioner Moore made a motion to adjourn the meeting. The motion was seconded by Commissioner Windmiller. Unanimous vote in favor was taken. The motion passed, and the meeting was adjourned at approximately 10:31 a.m.

  
Deputy Secretary to the Board of Commissioners  
Bi-State Development