



Audit, Finance & Administration Committee

Open Meeting

Friday, October 14, 2022 immediately following Operations Committee Meeting

Virtual Meeting

211 North Broadway, 6th Floor

St. Louis, MO, 63102



Audit, Finance & Administration Committee, Open Meeting - October 14, 2022

Notice of Meeting and Agenda

1. Call to Order	Approval	Chair Beach
2. Roll Call		M. Bennett
3. Public Comment	Information	Chair Beach
4. Approval of Minutes of the August 19, 2022 - Audit, Finance & Administration Committee, Open Meeting	Approval	Chair Beach
A. Draft Minutes - Audit, Finance & Administration Committee, Open Meeting - August 19, 2022 - 4		
5. Sole Source - Hardware and Software Maintenance	Approval	T. Curran / K. Kinkade
A. Briefing Paper - 11		
6. Contract Modification - Talent Management Solution	Approval	T. Curran / D. Bentz
A. Briefing Paper - 13		
7. IAD Audit Follow-Up Summary - 1st Quarter FY 2023	Information	C. Messner
A. Briefing Paper - 15		
8. IAD Status Report - 1st Quarter FY 2023	Information	C. Messner
A. Briefing Paper - 18		
B. IAD Status Report-1st Quarter FY2023 - 19		
9. IAD SSO Status Report - 3rd Quarter CY 2022	Information	C. Messner
A. Briefing Paper - 23		
B. SSO Status Report-3rd Quarter CY2022 - 25		
10. Treasurer's Report	Information	T. Fulbright
A. Treasurer's Report - 26		
11. Quarterly Treasury Safekeeping Accounts Audit, ending June 30, 2022	Information	C. Messner
A. Briefing Paper - 35		
B. Summary of Cash Verification and Safe Kept Balances - 37		
C. Treasury Safekeeping Quarterly Accounts Verification - 38		
D. Fuel Hedge Program Actual Results - 39		
12. Procurement Report	Information	T. Curran
A. Procurement Report 10-2022 - 40		
13. Update on Risk Management Insurance Program	Information	K. Brittin
A. Briefing Paper - 45		

14. Unscheduled Business	Approval	Chair Beach
15. President/CEO Report	Information	T. Roach
16. Call for the Dates of Future Board & Committee Meetings	Information	M. Bennett
17. Adjournment to Executive Session If such action is approved by a majority vote, the Committee may go into closed session to discuss legal, confidential, or privileged matters pursuant to Bi-State Development Board Policy Chapter 10, Section 10.080 (D) Closed Records: Legal under §10.080(D)(1); Personnel under §10.080(D)(3); and Auditors under §10.080(D)(10).	Approval	Chair Beach
18. Reconvene to Open Session	Approval	Chair Beach
19. Adjournment	Approval	Chair Beach

**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 4th 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

**Bi-State Development Agency
Audit, Finance, & Administration Committee
Open Session Agenda Item
October 14, 2022**

From: Thomas Curran, Executive Vice President, Administration
Subject: **Sole Source Contracts for Hardware and Software Maintenance**
Disposition: Approval
Presentation: Thomas Curran, Executive Vice President, Administration

Objective:

To present to the Audit, Finance & Administration Committee for discussion and referral to the Board of Commissioners for approval, a request for sole source contracts for Hardware and Software Maintenance as budgeted for FY 2023.

Background:

Bi-State Development (**BSD**) has made significant investment in its technology platforms, to enhance all aspects of our businesses. Each of these systems requires continued support from the manufacturer/developer, to ensure the software functions as expected and remains current with technology updates. When software products are initially licensed and deployed, BSD enters into software maintenance agreements with the manufacturer/developer that ensure the necessary support is available. These software maintenance agreements provide for:

- 1) Correction of “bugs” discovered after software delivery;
- 2) Enhancement of the software to improve performance and maintainability;
- 3) Adaptive maintenance to ensure continued efficient operation in changing operational environments; and
- 4) Emergency support to correct issues that may interfere with the efficient operation of the software.

Contracts for technology hardware and software maintenance have historically been submitted to the Board individually as needed. During the October 2013 Operations Committee meeting, it was suggested that BSD consider revising this approach in favor of an annual approval of the required contracts. This has since become our adopted standard approach.

Analysis:

BSD’s FY 2023 Operating Budget allocates approximately \$3,598,000 for costs associated with hardware and software maintenance contracts. Most of the contracts are less than \$100,000 per year, and therefore, do not require approval by the Board of Commissioners. The following providers’ annual costs are anticipated to exceed the \$100,000 threshold, which require Board approval.

<u>Supplier</u>	<u>Product Description</u>	<u>Annual Cost</u>
Giro	Operator Dispatch System	\$ 181,000
Indra	Fare Collection System	\$ 165,000
Kronos	Employee Timekeeping System	\$ 124,000
Oracle	Financial/ERP System	\$ 126,000
Scheidt and Bachmann	Farebox Management System	\$ 328,000
Trapeze	Operations & Customer Service Systems	\$ 1,202,000

The sum of these FY 2023 annual contracts over \$100,000 is \$2,126,000, an -18% decrease from the FY 2022 large contract total of \$2,604,000. BSD staff shall analyze each situation, prior to entering into any contracts, to verify the continued need and appropriate level of support. Negotiations will be conducted with the contractor to ensure reasonableness of cost.

Committee Action Requested:

It is requested that the Audit, Finance and Administration Committee approve and forward to the Board of Commissioners this request for FY 2023 funding of Sole Source Contracts for Hardware and Software Maintenance.

Funding Source:

Hardware and software maintenance is budgeted in the annual operating budget and funded through local sales tax appropriations.

**Bi-State Development Agency
Audit, Finance & Administration Committee
Open Session Agenda Item
October 14, 2022**

From: Charles Stewart, Executive Director – Metro Transit
Subject: **Contract Modification: Talent Management Solution**
Disposition: Approval
Presentation: Diana Bentz, Vice President – Talent Management;
Thomas Curran, Executive Vice President – Administration

Objective:

To present to the Audit Finance & Administration Committee, for discussion and referral to the Board of Commissioners for approval, a request to authorize the President & CEO to execute a contract modification with SABA Halogen Software, Inc.

Background:

During FY17, Bi-State Development (BSD) was in the process of obtaining a system that would support talent management functions around recruitment, performance management including goal setting and tracking, learning, compensation, and recruiting. This would allow for some automation and digitalization of processes, improving efficiencies and having better tracking and reporting functions.

Analysis:

BSD issued Solicitation 17-RFP-104440-DGR–Talent Management Solution seeking qualified firms to implement a talent management solution to allow BSD in its effort to move toward a unified and strategic support model for Human Resources. As a result of the procurement process, a total of two proposals were submitted:

Firm	Five Year Cost	Technical Score	Cost Score	Overall Score	Independent Cost Estimate
SABA Halogen Software Inc.	\$521,457.00	59.4	25	84.4.	---
GNC Consulting Inc.	\$683,133.00	56.9	17.25	74.15	---
Highest Possible Score 100					\$822,000.00

Following standard BSD procurement procedures, the contract was awarded to SABA Halogen Software Inc. at a firm fixed cost of \$342,537.00 for the three base years per SABA Halogen Software Inc. Best and Final Offer dated October 23, 2017. During the course of the contract, the contract cost increased due to additional implementation fees including consultant and training and added features to the applicant tracking system, Jobvite. The contract consisted of three base years and two option years. Currently, the contract is in Option Year 2; which is scheduled to expire November 30, 2022.

The SABA Halogen system was the first Talent Management system BSD had ever implemented. Before issuing another solicitation, we have decided it would be best to explore other options and functionality which might meet our needs more effectively. This research is underway, but not yet completed. The current system mostly meets our needs for today; therefore, another year will not create any issues. However, the concern is whether or not it will meet the needs for tomorrow.

A new solicitation will be issued; therefore the contract extension will allow BSD to maintain the SABA Halogen software until a new contract is awarded and implementation completed.

Committee Action Requested:

Management recommends that the Audit, Finance & Administration Committee accept, and forward to the Board of Commissioners for approval, this request to authorize the President & CEO to approve a contract modification with SABA Halogen Software Inc. to extend the contract period of performance from November 30, 2022 to November 30, 2023. An additional cost of \$185,544.44 to cover the extended timeframe will be incorporated into the contract, increasing the contract amount from \$785,446.60 to **\$970,991.04.**

Funding Source:

This project is funded through operating funding.

**Bi-State Development Agency
Audit, Finance, and Administration Committee
Open Session Agenda Item
October 14, 2022**

From: Crystal M. Messner, CIA, CFE, CISA
Chief Audit Executive
Subject: **Internal Audit Follow-Up Summary – 1st Quarter FY2023**
Briefing Paper No. 23-05
Disposition: Information
Presentation: Crystal M. Messner, Chief Audit Executive

Objective:

To present to the Committee the Internal Audit Department's (**IAD's**) Follow-Up Summary Findings regarding the status of prior Recommendations during the 1st Quarter Fiscal Year (**FY**) 2023 for informational purposes.

Background:

The Standards for the Professional Practice of Internal Auditing, Standard 2500 – Monitoring Process, states that, “The Chief Audit Executive should establish and maintain a system to monitor the disposition of audit results communicated to management.” To ensure compliance with this standard, the IAD regularly monitors the status of recommendations.

The Audit Follow-Up Executive Summary Report, on the following page, is a comprehensive overview highlighting the current implementation status of recommendations issued in prior audit reports. Each Recommendation has been reviewed and its status has been classified as follows:

- **Closed** – The recommendation has been implemented.
- **Open** – The recommendation has not yet been implemented, and/or the implementation date has not occurred yet.
- **Overdue** – The recommendation remains outstanding past the established implementation date.

The report should be used to determine the timeliness and the completeness of the implementation of corrective action. Management should place specific focus on those Recommendations that are determined to be overdue.

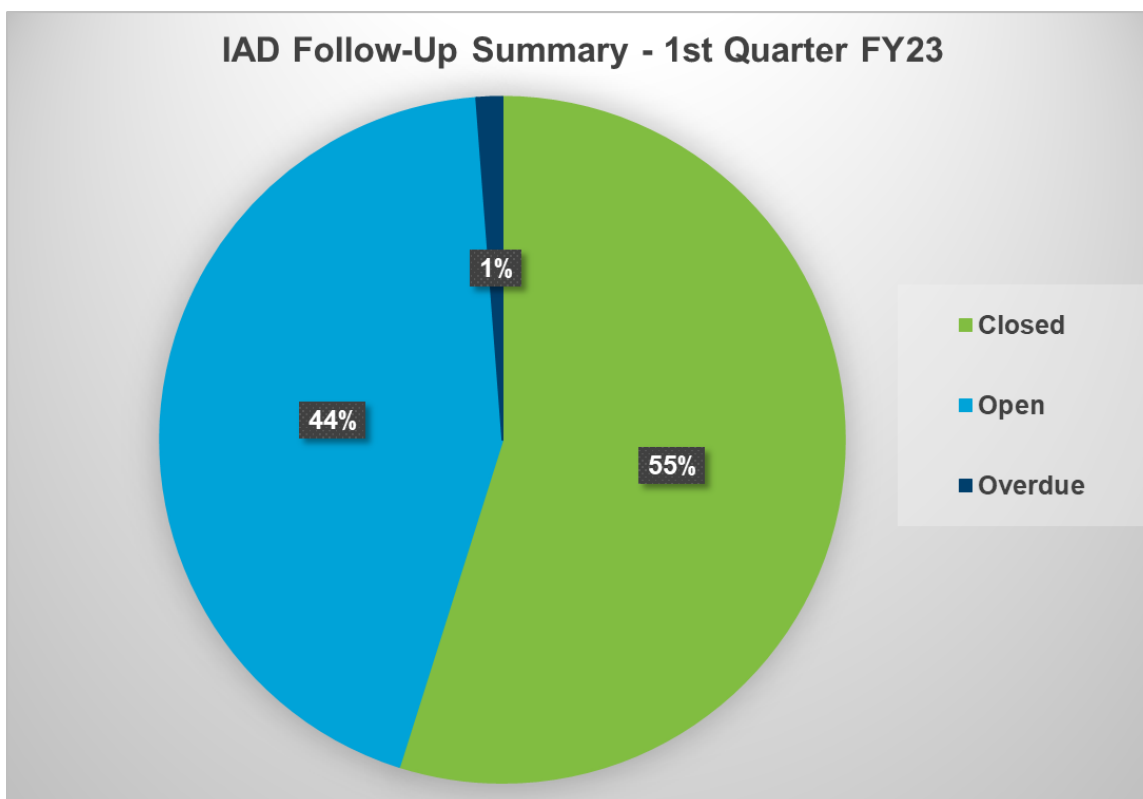
Funding Source:

Funding is provided through the IAD Operating Budget.

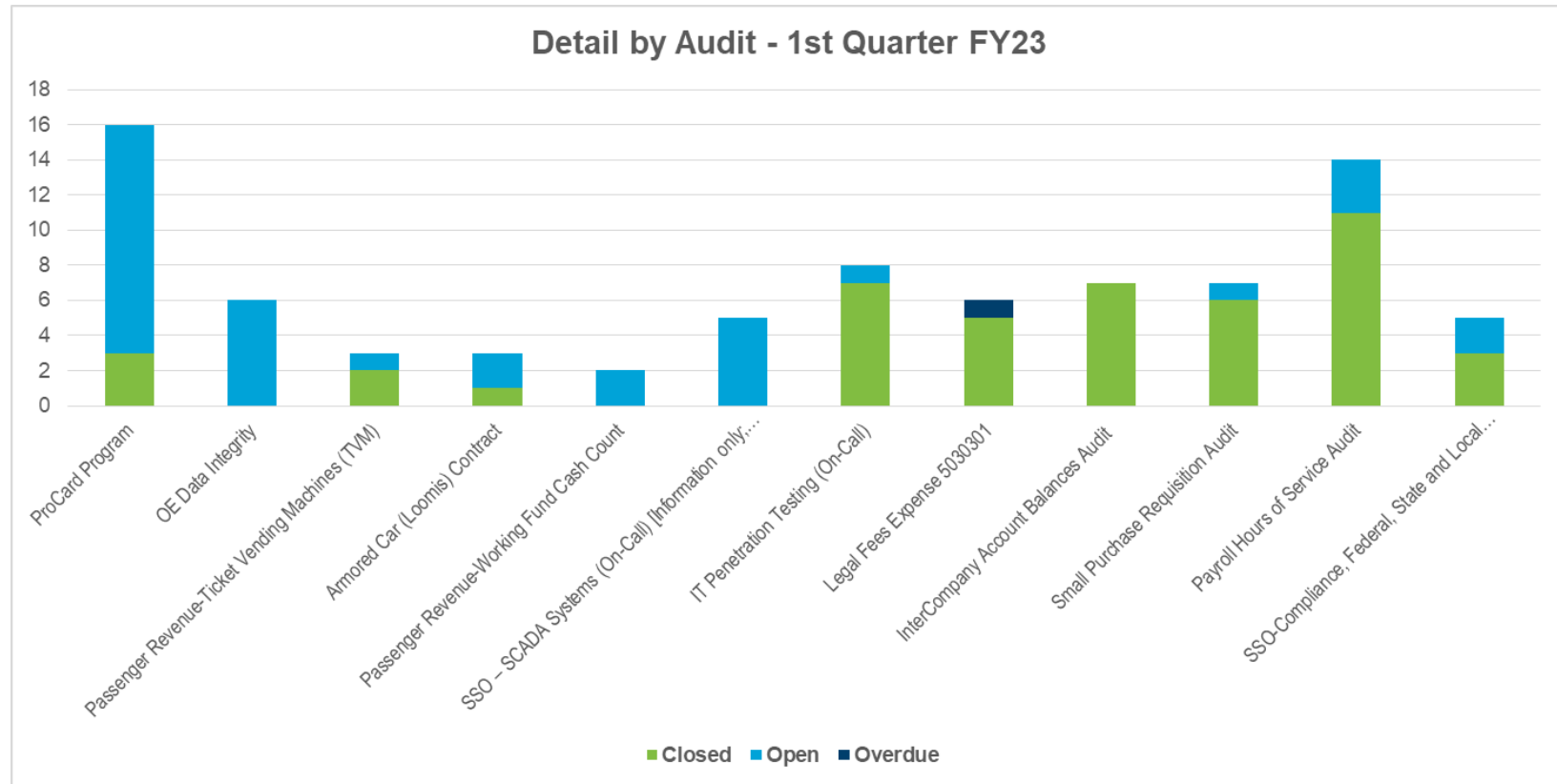
Committee Action Requested:

This material is presented for information only; therefore, no action is required of the Committee.

**First Quarter-FY2023 Audit Follow-Up
Executive Summary
By Percentages**



**First Quarter-FY2023 Audit Follow-Up
Executive Summary
Detail by Audit**



Board Policy Chapter 30 Audit, Finance and Budget, Section 30.005 Audit Committee Charter, A. GENERAL (3); and IAD Policies and Procedures Manual: Section 2.9

**Bi-State Development Agency
Audit, Finance, and Administration Committee
Open Session Agenda Item
October 14, 2022**

From: Crystal M. Messner, CIA, CFE, CISA
Chief Audit Executive
Subject: **Internal Audit Status Report – 1st Quarter FY2023**
Briefing Paper No. 23-06
Disposition: Information
Presentation: Crystal M. Messner, Chief Audit Executive

Objective:

To present to the Committee the Internal Audit Department's (IAD's) Status Report for the 1st Quarter Fiscal Year (FY) 2023 for informational purposes.

Background:

The Internal Audit Status Report provides the Board of Commissioners, the Audit, Finance and Administration Committee members and Senior Management with a summary of the IAD's quarterly activity pertaining to the Annual Audit Plan.

IAD began the System Access Review and Physical Access Review audits in April 2022. During fieldwork, the System Access audit scope expanded but the audit has recently been completed along with the Physical Access Audit. Additionally, the Executive Card Program audit has concluded. Lastly, the on-call Healthcare Claims audit that began in October 2021 has reached completion. Each of these audit reports are being presented during Executive Session for approval.

The Arch and Riverboats Ticket Sales audit is progressing as expected. IAD is also in the planning stages of a special project regarding the Metro Pass Unit to review the various divisions of the program including the MetroStore, Pass Unit, U-Pass/Marketing, and the Transit Cell Phone App.

IAD has begun the requisition process for the Quality Audit Review (QAR), or peer review, of the IAD department as required to be performed every five (5) years per the IIA. We are working with The Institute of Internal Auditors Quality Services team who has provided a proposal for its services. The review is tentatively scheduled to begin in January 2023.

In addition to tracking the status of current audits and special projects, this report also highlights the follow-up activity related to the implementation of recommendations from prior audits.

Committee Action Requested:

This material is presented for information only; therefore, no action is required of the Committee.

Funding Source:

Funding is provided through the Internal Audit Operating Budget.

Attachments:

1. Internal Audit Status Report – 1st Quarter FY2023

Fiscal Year 2023 Special Projects	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
Audit Follow-Up & Surveys	July 2022		Ongoing	25.00%	400.00	0.00	100.00	100.00	300.00
Quarterly IAD Status Report	July 2022		Ongoing	28.00%	200.00	0.00	56.00	56.00	144.00
Board Meeting / AFA Committee Preparations	July 2022		Ongoing	30.63%	320.00	0.00	98.00	98.00	222.00
Training & Professional Development	July 2022		Ongoing	29.33%	600.00	0.00	176.00	176.00	424.00
Administration	July 2022		Ongoing	41.17%	1,200.00	0.00	494.00	494.00	706.00
Staff / 1:1 Meetings	July 2022		Ongoing	40.90%	360.00	0.00	147.25	147.25	212.75
Other Special Projects	July 2022		Ongoing	12.18%	1,000.00	0.00	121.75	121.75	878.25
Quarterly Treasury Safekeeping Audit	July 2022		Ongoing	34.50%	200.00	0.00	69.00	69.00	131.00
FY 2024 Annual Audit Work Plan				0.00%	40.00	0.00	0.00	0.00	40.00
Consulting Services for Finance Department	March 2021		Ongoing	75.75%	1,200.00	672.50	236.50	909.00	291.00
Total Special Projects Hours					5,520.00	672.50	1,498.50	2,171.00	3,349.00

Fiscal Year 2022 - Audit Plan	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
Healthcare Claims Audit - IAD Hours	October 2021		In Progress	31.46%	240.00	63.50	12.00	75.50	164.50
Procurement Card Audit	September 2021	August 2022	Complete	97.81%	640.00	626.00	0.00	626.00	14.00
Arch and Riverboat Ticket Sales Audit	December 2021		In Progress	12.08%	360.00	40.50	3.00	43.50	316.50
Audit Software	July 2022		Planning	5.63%	160.00	0.00	9.00	9.00	151.00
IT Systems Access Audit	April 2022		In Progress	96.54%	520.00	287.50	214.50	502.00	18.00
Physical Access Audit	April 2022		In Progress	82.34%	320.00	182.00	81.50	263.50	56.50
Executive Card Audit	June 2022		In Progress	95.00%	480.00	116.00	340.00	456.00	24.00
Payroll Audit	October 2021		Planning	1.25%	320.00	4.00	0.00	4.00	316.00
Subtotal Audit Hours					3,040.00	1,319.50	660.00	1,979.50	1,060.50

Fiscal Year 2022 - Audit Plan	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
Inventory Audit				0.00%	320.00	0.00	0.00	0.00	320.00
Shaw Park Garage Statement Consultation				0.00%	320.00	0.00	0.00	0.00	320.00
Non-Revenue Vehicles Audit				0.00%	320.00	0.00	0.00	0.00	320.00
Quality Audit Review (QAR) of BSD Internal Audit Department	August 2022		Planning	2.34%	320.00	0.00	7.50	7.50	312.50
FY 2023 Annual Risk Assessment	July 2022			1.56%	320.00	0.00	5.00	5.00	315.00
Advertising Revenue Audit				0.00%	320.00	0.00	0.00	0.00	320.00
Authenticated Information Systems Penetration Audit				0.00%	320.00	0.00	0.00	0.00	320.00
Metro Pass Audit	July 2022		Planning	27.66%	320.00	0.00	88.50	88.50	231.50
MetroBus Payroll Codes	September 2022		Planning	2.19%	320.00	0.00	7.00	7.00	313.00
Grand Total Annual Audit Plan					5,920.00	1,319.50	768.00	2,087.50	3,832.50

Fiscal Year 2022 - Audit Plan Summary On-Call Contract Audit Hours	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
On-call Healthcare Claims Audit	October 2021		Planning	42.22%	1,125.00	444.50	30.50	475.00	650.00
Total On-Call Contract Audit Hours					1,125.00	444.50	30.50	475.00	650.00

**Bi-State Development Agency
Audit, Finance, and Administration Committee
Open Session Agenda Item
October 14, 2022**

From: Crystal M. Messner, CIA, CFE, CISA
Chief Audit Executive
Subject: **Internal Audit State Safety Oversight Status Report
3rd Quarter Calendar Year 2022**
Briefing Paper No. 23-07
Disposition: Information
Presentation: Crystal M. Messner, Chief Audit Executive

Objective:

To present to the Committee the Internal Audit Department's (**IAD's**) State Safety Oversight (**SSO**) Status Report for the 3rd Quarter of Calendar Year 2022.

Background:

The Internal Audit Status Report provides the Board of Commissioners, the Audit, Finance and Administration Committee members and Senior Management with a summary of the IAD's quarterly activity pertaining to the Federal Transit Administration (**FTA**) Required Rail Security and Safety.

This status report tracks all current SSO internal audits and special projects completed each quarter.

The following audit activities were proposed by Internal Audit during the 3rd Quarter:

1. Conduct follow-ups on open Internal SSO Audits' Corrective Action Plans (**CAPs**) that are ready for closure;
2. 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;
3. Collaborate with Kensington Consulting's audit team on scheduled 2022 Internal Safety and Security Audits; and,
4. Participate in other audit activities for the Bi-State Safety Oversight (**BSSO**).

Conclusion:

Third quarter proposed activities were accomplished.

IAD is currently continuing collaboration with Safety and management to monitor the progress monthly for all open SSO and SCADA CAPs. Management successfully closed two (2) more CAPs.

The 2022 IAD SSO Internal Audit schedule is currently on target. External and internal audit customers, including the BSSO, participated in the onsite 2022 SSO Audit Fieldwork and Interview Meetings September 13-15, 2022. Supplemental audit document requests were sent out after conclusion of fieldwork. The draft audit report is expected mid-November.

Due to excessively low staffing within all BSD departments involved, there are expected delays for the supplemental documentation requests and draft audit reports.

Committee Action Requested:

This material is presented for information only; therefore, no action is required of the Committee.

Funding Source:

Funding is provided through the Internal Audit Operating Budget.

Attachment:

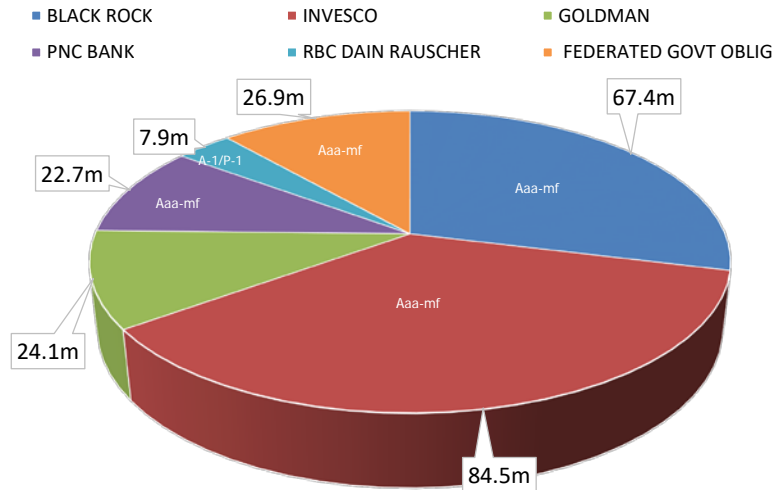
1. CY 2022 - SSO Quarterly Status Report – 3rd Quarter

Calendar Year 2022 - Audit Plan	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
PTASP/Audit Plan	January 2022		Ongoing	5.00%	240.00	12.00	0.00	12.00	228.00
Quarterly SSO Status Report	January 2022		Ongoing	25.00%	80.00	18.00	2.00	20.00	60.00
SSO Administrative Activities	January 2022		Ongoing	69.38%	160.00	58.00	53.00	111.00	49.00
21-11A - Outsourcing Activities	January 2021		Ongoing	74.67%	150.00	55.00	57.00	112.00	38.00
21-11B - CAP Preparation/Follow-Up/Meetings	January 2021		Ongoing	40.33%	300.00	110.00	11.00	121.00	179.00
21-11C - SSO-ESSC-BSSO Meetings	January 2021		Ongoing	70.00%	150.00	33.00	72.00	105.00	45.00
CAPs for 2020 SSO Audits	January 2021		Ongoing	28.75%	80.00	13.00	10.00	23.00	57.00
CAPs for 2021 SSO Audits	January 2021		Ongoing	13.33%	120.00	9.00	7.00	16.00	104.00
CAPs for 2022 SSO Audits	January 2021		Ongoing	0.00%	80.00	0.00	0.00	0.00	80.00
Loop Trolley - SSO Activities	February 2022		In Progress	14.00%	832.00	92.50	24.00	116.50	715.50
Subtotal Audit Hours					2,192.00	400.50	236.00	636.50	1,555.50

Treasury Snapshot: August 2022

All balances shown in millions

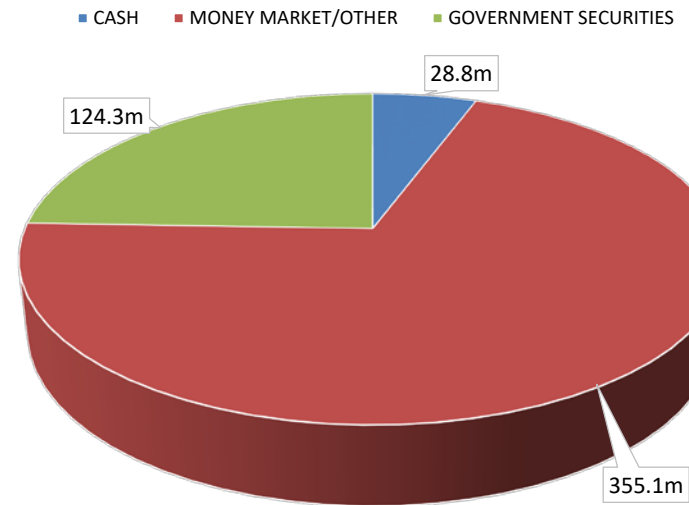
Cash/Equivalents by Bank



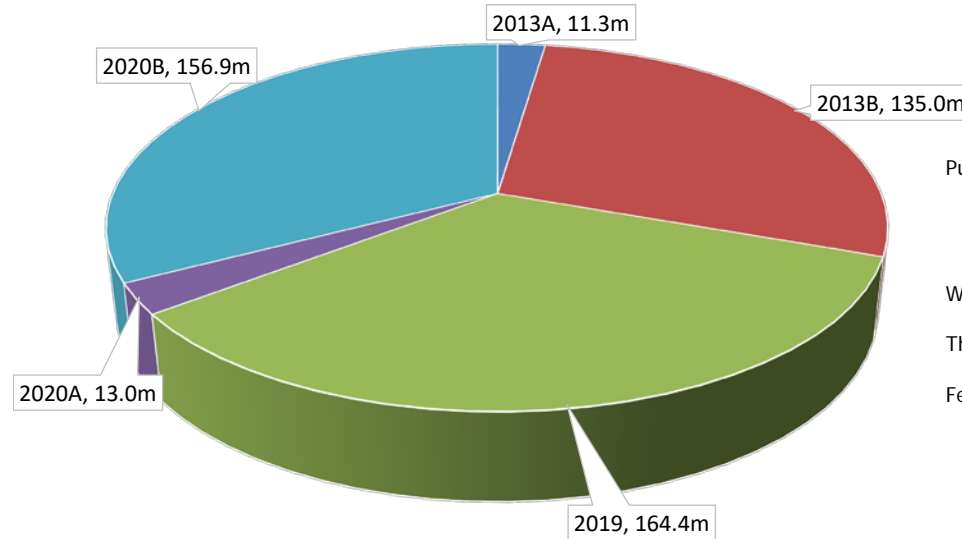
*Includes accounts with balance over \$250k

**Credit Ratings: S&P/Moody's

Cash & Investments by Type



Outstanding Cross County Debt



Agency Credit Ratings

S&P	AA	High investment-grade
Moody's	Aa2	High investment-grade
Kroll	AA+	High investment-grade

Short Term Debt Expense

Principal: \$11.27
Interest: \$12.58

Investment Summary

Purchases Jul-Aug 2022:

Amount: \$4m

Average Term: 731 Days

Average Rate: 3.38%

Weighted Average Rate on All Investments: 1.86%

Three Month Treasury at 08/31: 2.96%

Fed Funds Rate

Rate increased to 2.5% in Jul, 3.25% in September

**BI-STATE DEVELOPMENT
TREASURER'S REPORT
Month Ended August 31, 2022**

INVESTMENTS

Current Yields:

Bi-State investments had an average yield of 1.90% for the month of August, up from 1.67% in July. The Federal Reserve raised rates at the July and September meetings, taking the rate to 3.25% as of the end of August. Federal Reserve officials indicated they would continue to raise rates as necessary to reduce inflation. Forecasts show rates may rise another 1.25 percentage points by the end of the year.

Invested Funds:

In August, Bi-State directed approximately \$287.3 million of cash and investments. Approximately 27.6% of the invested funds were invested in U.S. Treasury or U.S. Government Agency securities, and none were invested in collateralized Certificates of Deposit (CDs). The balance was invested in AAA rated money market funds. The average maturity of Bi-State investments was approximately 75 days.

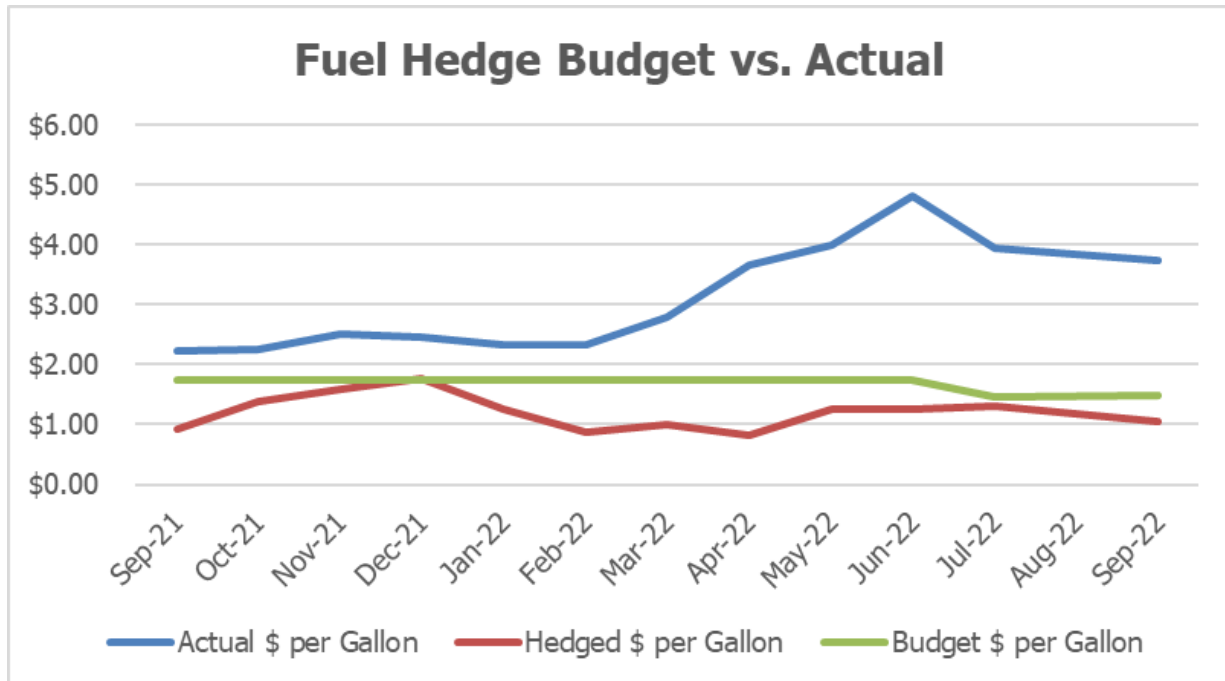
Investment Purchases:

As of August 31, Bi-State purchased \$4 million in investments during the quarter ending September 30. The average term of new investments was 731 days, and the average yield was 3.38%.

Investment:	Par Amount	Term(days)	Yield	Purchased From	Fund
FHLB Bond	\$ 2,000,000	731	3.38%	Fifth Third	Transit Prop M City
FHLB Bond	\$ 2,000,000	731	3.38%	Fifth Third	Transit Sales Tax

FUEL HEDGING

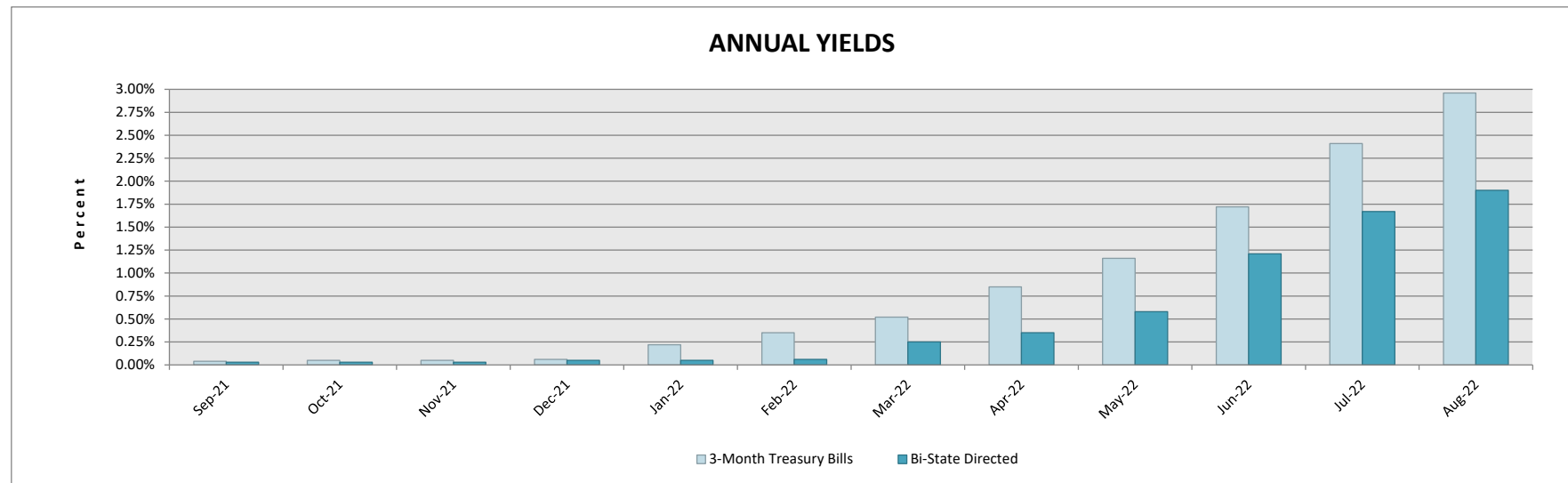
In August, in conjunction with its diesel fuel hedging program, Bi-State had a *realized gain* of approximately \$825.7 thousand and an *unrealized gain* of approximately \$7.12 million on the sale of Home Heating Oil #2 futures contracts. August oil prices ended the month at \$89.55 a barrel, a 9.2% decrease since the end of July. Generally, as the price of oil increases, the value of Bi-State's future positions also increases. A gain in the futures partially offsets the actual increase in the cost of diesel fuel. If oil prices drop, the value of the futures decline. An increase in unrealized gains generally indicates that the price of fuel is rising, and losses generally indicate oil prices are falling.



**BI-STATE DEVELOPMENT
ANNUAL INVESTMENT REPORT
FOR MOST CURRENT 12 MONTHS**

Funds (ooo's omitted)	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22
Bi-State Investments	225,655	258,181	268,804	277,839	300,350	288,174	304,580	294,295	292,487	309,282	307,225	287,335
Trustee Investments	58,418	50,008	50,469	46,874	47,097	47,097	47,878	55,694	55,259	54,318	53,322	71,775

Yields\Rates Information	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22
Bi-State Directed	0.03%	0.03%	0.03%	0.05%	0.05%	0.06%	0.25%	0.35%	0.58%	1.21%	1.67%	1.90%
Trustee Directed	0.88%	1.03%	1.02%	0.95%	0.97%	0.97%	0.94%	0.81%	0.73%	1.36%	1.54%	1.70%
3-Month Treasury Bills	0.04%	0.05%	0.05%	0.06%	0.22%	0.35%	0.52%	0.85%	1.16%	1.72%	2.41%	2.96%
1 Year Treasury	0.09%	0.15%	0.24%	0.39%	0.78%	1.01%	1.63%	2.10%	2.08%	2.80%	2.98%	3.50%
Fed Funds (target)	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	1.00%	1.75%	2.50%	2.50%
20-Year Municipals	2.26%	2.25%	2.11%	2.06%	2.33%	2.51%	2.73%	3.21%	3.16%	3.54%	3.27%	3.59%
SIFMA (BMA) Index (month end)	0.05%	0.05%	0.05%	0.10%	0.11%	0.20%	0.51%	0.44%	0.79%	0.91%	1.33%	1.50%



BI-STATE DEVELOPMENT - QUARTERLY TREASURER'S REPORT SUMMARY



AS OF:

31-Aug-2022

31-Jul-2022

30-Jun-2022

BI-STATE DIRECTED:	Wt. Avg. Maturity (1)	Dollars (,000 omitted)	Percentage Of Total	Rate	Market Value (2)	Wt. Avg. Maturity (1)	Dollars (,000 omitted)	Percentage Of Total	Rate	Market Value (2)	Wt. Avg. Maturity (1)	Dollars (,000 omitted)	Percentage Of Total	Rate	Market Value (2)
Cash	0	\$24,105	8.4%	0.00%	\$24,105	0	\$14,032	4.6%	0.00%	\$14,032	0	\$14,153	4.6%	0.00%	\$14,153
Certificates of Deposit	0	0	0.0%	0.00%	0	0	0	0.0%	0.00%	0	0	0	0.0%	0.00%	0
U.S. Agencies (discounted)	35	2,498	0.9%	0.11%	2,494	66	2,498	0.8%	0.11%	2,489	97	2,498	0.8%	0.11%	2,486
U.S. Agencies (coupon)	316	49,498	17.2%	1.60%	48,883	347	49,498	16.1%	1.60%	49,120	346	45,498	14.8%	1.44%	45,123
U.S. Treasury Securities	209	27,423	9.5%	1.10%	27,210	188	36,088	11.7%	0.87%	35,611	219	36,088	11.7%	0.87%	35,585
Other Investments (3)	1	183,811	64.0%	2.12%	183,811	1	205,109	66.8%	1.84%	205,109	1	211,045	68.7%	1.23%	211,045
TOTAL BI-STATE DIRECTED	75	\$287,335	100.0%	1.90%	\$286,503	79	\$307,225	100.0%	1.67%	\$306,361	78	\$309,282	100.7%	1.21%	\$308,392
TRUSTEE DIRECTED:															
Cash	0	\$0	0.0%	0.00%	\$0	0	\$0	0.0%	0.00%	\$0	0	\$0	0.0%	0.00%	\$0
Municipal Bonds	30	797	1.1%	2.80%	800	62	797	1.5%	2.80%	800	56	1,331	2.5%	3.68%	1,266
U.S. Agencies (coupon)	125	44,104	61.4%	1.70%	44,091	200	44,519	83.5%	1.52%	44,056	180	41,543	77.9%	1.42%	41,053
U.S. Treasury Securities	0	0	0.0%	0.00%	0	0	0	0.0%	0.00%	0	0	0	0.0%	0.00%	0
Other Investments (3)	1	26,874	37.4%	1.66%	26,874	1	8,006	15.0%	1.55%	8,006	1	11,445	21.5%	0.88%	11,445
SUB-TOTAL TRUSTEE	78	\$71,775	100.0%	1.70%	\$71,765	168	\$53,322	100.0%	1.54%	\$52,862	139	\$54,319	101.9%	1.36%	\$53,764
TOTAL BI-STATE & TRUSTEE	76	\$359,110		1.86%	\$358,268	92	\$360,547		1.65%	\$359,223	87	\$363,601		1.23%	\$362,156
LRV LEASE:															
Cash	0	4,718	3.2%	0.00%	4,718	0	4,713	3.2%	0.00%	4,713	0	4,711	3.2%	0.00%	4,711
US Treasury Securities	0	0	0.0%	0.00%	0	0	0	0.0%	0.00%	0	0	0	0.0%	0.00%	0
Other Investments (4)	1	144,382	96.8%	5.80%	144,382	1	143,621	96.8%	5.80%	143,621	1	142,861	96.8%	5.80%	142,861
SUB-TOTAL LRV		\$149,100	100.0%	5.62%	\$149,100		\$148,334	100.0%	5.62%	\$148,334		\$147,572	100.0%	5.61%	\$147,572
Grand Total (5)		\$508,210			\$507,368		\$508,881			\$507,557		\$511,173			\$509,728

Explanatory Notes:

- (1) Approximate weighted average of days to effective maturity, from last business day of the month.
- (2) Market value of government securities provided by safekeeping agent. Cost equals market for other investments.
- (3) Includes money market funds and fuel hedging accounts.
- (4) Investment Contracts (leases). Values of investment contracts adjusted to conform to lease payment schedules.
- (5) All amounts preliminary and subject to audit and adjustment.

Prepared by:

Terri Gudowicz Green, Dir. Of Treasury

Date

Reviewed by:

Tammy Fulbright, EVP & CFO

Date



**BI-STATE DEVELOPMENT
MONTHLY TREASURER'S REPORT- ALL COMPANIES
BANK / ISSUER SUMMARY as of: 8/31/2022**

Section 1 Bank/Issuer Summary

BI-STATE DIRECTED * all non debt/lease assets, Inc. Prop M:	CASH	CERTIFICATES OF DEPOSIT	REPURCHASE AGREEMENTS	OTHER	GOVERNMENT SECURITIES	COMMERCIAL PAPER\ BA's	TOTAL	MARKET VALUE	NOTES
BANK OF AMERICA MERRILL LYNCH	536,689	0	0	0	0	0	536,689	536,689	FDIC\tri-party collateral(deposits).
BLACK ROCK	0	0	0	67,365,685	0	0	67,365,685	67,365,685	Money Market Fund (Govt. Securities).
COMMERCE BANK	0	0	0	0	0	0	0	0	FDIC\FRB collateral.
INVESCO	0	0	0	84,502,711	0	0	84,502,711	84,502,711	Money Market Fund (Govt. Securities).
GOLDMAN FSQ GOVT	0	0	0	24,121,314	0	0	24,121,314	24,121,314	Money Market Fund (Govt. Securities).
FIRST MID BANK & TRUST	97,133	0	0	0	0	0	97,133	97,133	FDIC: repo collateral held at JBT.
JP MORGAN CHASE	189,654	0	0	0	0	0	189,654	189,654	FDIC (bank acct.)MMKT (First Tier\Prime)
BENEFLEX	4,307	0	0	0	0	0	4,307	4,307	FDIC\FRB collateral.
HEALTHSCOPE	50,370	0	0	0	0	0	50,370	50,370	FDIC\FRB collateral.
PNC BANK	22,680,013	0	0	0	0	0	22,680,013	22,680,013	FDIC\FRB collateral.
RBC DAIN RAUSCHER	0	0	0	7,936,397	0	0	7,936,397	7,936,397	Commodities Margin Acct. (fuel hedging)
RJ O'BRIEN	0	0	0	(114,952)	1,177,425	0	1,062,473	1,025,048	Commodities Trading Acct. (fuel hedging)
U.S. BANK	(18,836)	0	0	0	0	0	(18,836)	(18,836)	FDIC\FRB Collateral.
FARM CREDIT BANK	0	0	0	0	7,500,000	0	7,500,000	7,445,298	Safekept at Bank of America (BOA).
FEDERAL HOME LOAN BANK	0	0	0	0	44,496,097	0	44,496,097	43,931,266	Safekept at Bank of America (BOA).
U.S. TREASURY	0	0	0	0	26,245,629	0	26,245,629	26,070,019	Safekept by BOA or designated agent.
OTHER	565,922	0	0	0	0	0	565,922	565,922	
sub-total BI-State directed	24,105,252	0	0	183,811,155	79,419,151	0	287,335,558	286,502,990	
TRUSTEE DIRECTED DEBT ISSUES									
<u>BOK FINANCIAL</u>									
FEDERATED GOVT OBLIG	0	0	0	26,874,388	0	0	26,874,388	26,874,388	Money Market Fund (First Tier\Prime).
GOVERNMENT AGENCIES	0	0	0	0	44,103,777	0	44,103,777	44,090,761	Safekept at BOK Financial
MUNICIPAL BONDS	0	0	0	0	796,464	0	796,464	799,736	Safekept at BOK Financial
U.S. TREASURY	0	0	0	0	0	0	0	0	Safekept at BOK Financial
<i>sub-total</i>	0	0	0	26,874,388	44,900,241	0	71,774,629	71,764,885	
SUB-TOTAL TRUSTEE (BONDS)	0	0	0	26,874,388	44,900,241	0	71,774,629	71,764,885	
SUB-TOTAL BI-STATE AND TRUSTEE	24,105,252	0	0	210,685,543	124,319,392	0	359,110,187	358,267,875	
LRV Lease\Leaseback 2001 C1 C2									
FSA\AIG	0	0	0	144,381,830	0	0	144,381,830	144,381,830	Guaranteed Investment Contract (GIC).
US TREASURY	4,718,087	0	0	0	0	0	4,718,087	4,718,087	Safekept by Lease Trustee.
<i>sub-total</i>	4,718,087	0	0	144,381,830	0	0	149,099,917	149,099,917	
sub-total leases	4,718,087	0	0	144,381,830	0	0	149,099,917	149,099,917	
GRAND TOTAL	28,823,339	0	0	355,067,373	124,319,392	0	508,210,104	507,367,792	

* Please refer to Pages 5 and 10 for explanatory notes and credit ratings.

+ ABBREVIATIONS (above):
FDIC - Federal Deposit Insurance Corp.
FRB - Federal Reserve Bank

Diesel Fuel Hedging Program - FY 2022						
	Diesel Fuel Budget \ Actual Comparison:	Jun-22	Jul-22	Aug-22	Year to Date	Life to Date
a	Gallons consumed-actual	298,289	295,803	308,063	603,866	103,522,167
b=(c/a)	Average cost per gallon-actual	\$ 4.81	\$ 3.93	\$ 3.74	\$ 3.83	\$ 2.10
c	Total Diesel Fuel Cost-Actual	\$ 1,436,142	\$ 1,162,121	\$ 1,152,063	\$ 2,314,184	\$ 217,372,152
d	Gallons consumed- budget	349,242	474,325	457,444	931,769	110,492,917
e=(f/d)	Average cost per gallon- budget	\$ 1.74	\$ 1.46	\$ 1.48	\$ 1.47	\$ 2.24
f	Total Diesel Fuel Cost- Budget	\$ 607,087	\$ 691,993	\$ 676,239	\$ 1,368,232	\$ 247,482,143
g=(f-c)	Budget Variance (Unfavorable)	\$ (829,055)	\$ (470,128)	\$ (475,824)	\$ (945,952)	\$ 30,109,991
h	Realized Futures Gains (Losses)	\$ 1,065,410	\$ 777,798	\$ 825,682	\$ 1,603,480	\$ 5,667,761
i=(c-h)	Net Cost of Fuel	\$ 370,732	\$ 384,323	\$ 326,381	\$ 710,704	\$ 211,704,391
j=(i-f)	Net Budget Variance (Unfavorable)	\$ 236,355	\$ 307,670	\$ 349,858	\$ 657,528	\$ 35,777,752
j=(i/f)	Net Cost of Fuel, Per Gallon, inc. Hedge	\$ 1.24	\$ 1.30	\$ 1.06	\$ 1.18	\$ 2.05
k=(e-i)	Net Budget Variance Per Gallon	\$ 0.50	\$ 0.16	\$ 0.42	\$ 0.29	\$ 0.19
Futures Activity:				Price of Barrel of Oil:		
	Futures Contracts Purchased	9	8	9	Date	Price
	Futures Contracts Sold	18	16	18	04/30/2022	\$ 104.69
	Futures Contracts Net Change at month end	(9)	(8)	(9)	05/31/2022	\$ 114.67
	Total Open Futures Contracts, at month end	111	103	94	06/30/2022	\$ 105.76
	Futures Contracts Unrealized Gain/(Loss) *	\$8,982,448	\$7,662,194	\$7,122,528	07/31/2022	\$ 98.62
	(% of Estimated Future Consumption)	87%	64%	63%	08/31/2022	\$ 89.55
<p>* = At month end</p> <p>Explanatory Notes:</p> <p>Consumption budgeted at approximately 100,000 gallons per week.</p> <p>A futures contract equals 42,000 gallons.</p> <p>Numbers above rounded.</p> <p>Amounts do not include transaction or consulting costs.</p> <p>Futures Contracts are purchased from Oct 2022 through Sep 2023 (12 months).</p> <p>Background:</p> <p>Linwood Capital is a consultant retained by Bi-State since April 2004 to assist with its energy price risk management program.</p> <p>Bi-State manages the cost of fuel by utilizing purchase of exchange traded futures, specifically NYMEX Heating Oil#2 (HO#2) futures.</p> <p>Generally, as oil prices increase, the value of the futures goes up, and acts to partially offset the actual increase in the price of fuel.</p>						

Bi-State Development						
Mass Transit Sales Tax Appropriation Cross-County Bonds & St Louis County Loan						
Series	2013		2019	2020A	2020B	Total Cross County
	2013A Bonds	2013B Loan	Refunding	Refunding	Refunding	
Issue date	1-Aug-13	1-Aug-13	26-Sep-19	21-Jul-20	21-Jul-20	
Principal (original)	\$381,225,000	\$75,000,000	\$164,430,000	\$12,950,000	\$158,225,000	
Principal (currently outstanding)	\$11,270,000	\$135,000,000	\$164,430,000	\$12,950,000	\$156,880	\$323,806,880
Lien on 1\4 cent Prop M, Prop M2, Prop A tax	Senior	Subordinate	Senior	Senior	Senior	
Stand alone credit rating (S&P\Moody's\Kroll)	AA\Aa2\AA+	NA	AA\Aa2\AA+	AA\Aa2\AA+	AA\Aa2\AA+	
Maturity date(s)	2,048	2,053	2,048	2,045	2,043	
Optional Call Date	Various	Anytime	2,029	2,030	2,030	
Optional Put Date	NA	2,018	NA	NA	NA	
Interest rate mode	Fixed	1% + SIFMA	Fixed	Fixed	Fixed	
Rate	3.00%-5.00%	1.02%-1.06%	3.00%-5.00%	4.00%	0.75%- 3.00%	
Interest pmt. Dates (4/1 & 10/1)	April, October	April, October	April, October	April, October	April, October	
Annual debt service:						
Interest - FY 2022	\$834,875	\$1,413,000	\$7,086,500	\$518,000	\$3,295,432	\$13,147,807
Principal - (Previous payment 10/1/21 - \$12,230,000) (next payment 10/1/22 - \$14,145,000)	\$11,270,000	\$0	\$0	\$0	\$2,875,000	\$14,145,000
total princ.&int.	\$12,104,875	\$1,413,000	\$7,086,500	\$518,000	\$6,170,432	\$27,292,807
Debt Service Reserve Fund (DSRF)	\$12.5 million in DSRF with bond trustee, Bank of Oklahoma Financial.	NA	NA	Common DSRF with 2013A	Common DSRF with 2013A	
Other	Refunded Series 2002A,B,C, 2007, and Series 2010B.	Refunded Series 2010A Bonds	Refunded Balance of 2009, and 2013A Bonds Maturing in 2019, 2028, 2046 and 2048	Refunded Balance of 2013A Bonds Maturing in 2020		

Arch Tram Refunding Bonds, 2021:

On August 26, 2021, Bi-State closed on the Series 2021 Taxable Arch Tram Refunding Bonds, which refunded the Arch Series 2014 Revenue Bonds. The bonds have a par value of \$7,483,283 and a 23-year term, maturing in December 2044. The 2021 refunding allowed for debt service savings of over \$753,000 over the life of the bond. The annual debt service requirement is approximately \$421,000 per year.

Debt Restructuring, 2020:

On July 21, 2020, the Agency issued its tax-exempt \$12.5 million par Series 2020A Bonds, and taxable \$158.3 million par Series 2020B Bonds, in order to generate debt service savings. Together, the 2020 Bonds refunded \$160 million of the Series 2013A, and generated savings of \$36.4 million over the life of the bonds, and allowed Bi-State to reduce the required reserve fund by \$6.7 million.

Debt Restructuring, 2019:

On September 12, 2019, Bi-State successfully sold its \$164,430,000 Series 2019 Bonds. The deal closed on September 26, 2019, and a true interest cost of 2.87% was achieved. The bond restructuring refunded all \$97 million of the Series 2009 and \$90 million of the Series 2013A Cross County Bonds, and generated \$49.1 million in debt service savings (in 2019 dollars), of which \$19.9 million was set aside for public safety infrastructure.

Series 2013A and 2013B Bonds:

On July 1, 2013, Bi-State successfully sold its \$381,225,000 Series 2013A Bonds at a rate of 4.75%. Between 2013 and 2015, St Louis County approved three loan advances using the Prop A Capital Reserve to reduce borrowing costs. The first loan for \$75 million was granted in 2013, with an interest rate of 1.06%. St Louis County approved the second loan in 2014 for \$30 million at 1.04%, and the third loan in 2015 for \$30,000 at 1.02%, allowing Bi-State to refund a portion of the 2013A debt. As of December 2021, \$22.1 million of the 2013A and \$75 million of the 2013B Bonds are still outstanding.

Bi-State Development/St. Clair County Transit District Revenue Bonds Refunding, 2014:

On December 4, 2014, Bi-State and St Clair County Transit District closed on the \$4,160,000 issuance of the Series 2014 Bi-State Development/St Clair County Metrolink Extension Project Refunding Revenue Bonds. The bonds mature in 2027, and \$2,155,000 in principal is still outstanding.

Capital Leases:

Bi-State has one remaining capital lease, its 2001 LRV Lease (C1, C2 Tranches). In February 2011, staff negotiated a default cure agreement with the 2001 C1 C2 lease investor. The agreement provided that Bi-State deposit additional collateral with the lease trustee, of which the St. Clair County Transit District (SCCTD) provided 70%. Our current collateral requirement is approximately \$10.6 million.

Bi-State Development Agency dba Metro
Credit Ratings of Financial Institutions (see also page 5)

Depository Banks:	Long-Term Debt Rating			Short-Term Debt Rating		
	S&P	Moody's	Fitch	S&P	Moody's	Fitch
Bank of America, N.A.	A+	Aa2	AA	A-1	P-1	F1+
PNC Bank	A	Aa3	AA-	A-1	P-1	F1+
Trust Companies:						
BOK Financial	A-	A3	A	A-2	P-1	F1
Money Market Funds:						
	S&P			Moody's		
Black Rock Fed Trust	AAAm			Aaa-mf		
Black Rock Fed Fund	AAAm			Aaa-mf		
Black Rock T Fund	AAAm			Aaa-mf		
Federated Govt Oblig Fund	AAAm			Aaa-mf		
Invesco Government and Agency	AAAm			Aaa-mf		
Invesco Treasury	AAAm			Aaa-mf		
Wells Fargo Treasury	AAAm			Aaa-mf		
Other:	Long-Term Debt Rating					
	S&P	Moody's	Fitch			
AIG (2001 LRV Lease)	A+	A2	A+			
U.S. Treasury	AA+	Aaa	AAA			
Federal Home Loan Bank (FHLB)	AA+	Aaa				
Federal Farm Credit Bank (FCB)	AA+	Aaa	AAA			

**Bi-State Development
Audit, Finance, and Administration Committee
Open Session Agenda Item
October 14, 2022**

From: Crystal M. Messner, CIA, CFE, CISA
Chief Audit Executive
Subject: **Treasury Safekeeping Quarterly Accounts Ending June 30, 2022**
Briefing Paper No. 23-08
Disposition: Information
Presentation: Crystal M. Messner, Chief Audit Executive

Objective:

To provide the Committee with the results of the Treasury - Safekeeping Quarterly Accounts Audit, ending June 30, 2022.

Background:

In accordance with the FY2022 Internal Audit Plan and the requirements of the Board Policy, the Internal Audit Department (**IAD**) performed a quarterly audit of the Treasury Safekeeping Accounts.

IAD reviewed the Treasurer's Report, as of June 30, 2022, to identify the Securities classified under the Safekeeping Accounts criteria. Each bank custodian, where the Safekeeping Accounts are maintained, provided a statement of items held in safekeeping, along with their fair value as of June 30, 2022. This information provided the basis to verify the existence of the Securities and to confirm the account balances.

IAD also reviewed the reasonableness of information provided in the Treasurer's Report related to the Diesel Fuel Hedging Program, Attachment 3. The review of this program activity is new to this report and is a part of IAD's effort to provide enhanced audit services. This review focused on the reported results of the Fuel Hedging Program for the current year and the life of the program since its inception on April 1, 2004.

For financial statements issued after June 15, 2015, the Government Accounting Standards Board (**GASB**) Statement No. 72 *Fair Value Measurement and Application* requires investments to be measured at fair value. GASB defines fair value to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Analysis:

In applying the GASB Statement No. 72 *Fair Value Measurement and Application*, IAD performed an examination of each bank/safekeeping custodian's account confirmations as compared with the fair values for each investment presented in the Treasurer's Report dated June 30, 2022.

Conclusion:

IAD has determined that the Safekeeping Accounts exist, and the respective balances and credit ratings reported in the Treasurer's Report as of June 30, 2022 are fairly presented. A series of schedules that supports our finding is included in the attached tables.

IAD noted that several accounting adjustments with a net total of \$448,233 were recorded after the preparation of the Quarterly Treasury Safekeeping Report, but are reflected in the IAD values. These adjustment are self-correcting in future accounting periods.

IAD also determined, based on agreement of values to BSD's Accounting Records, that the monthly and fiscal year-to-date information provided was fairly stated. IAD noted that adjustments were made to the accounting and fuel inventory records by the Accounting Department after the preparation of the Quarterly Treasurer's Reports. This resulted in the difference between the Treasurer's Report and the IAD Year-to-Date Fuel Cost information. One of the true-up adjustments was made in June 2022 which consisted of a 105,000 increase in Biodiesel gallons consumed at a cost of \$516,768. IAD observed that this adjustment seemed higher than would have been expected given monthly Biodiesel consumption, and is especially apparent for the Illinois Bus Garage Facility. This is the first full fiscal year in which a new information flow process to track fuel inventory values was used, and the effectiveness of the fuel information flow process should be reviewed in the future.

The reported Fuel Hedge Program life-to-date information was also fairly stated, attachment three (3). IAD worked with Treasury Staff to identify any prior reported differences in the life-to-date information which primarily stemmed from the inception of the program in 2004.

Committee Action Requested:

This material is presented for information only; therefore, no action is required of the Committee.

Funding Source:

Funding is provided through the Internal Audit Operating Budget.

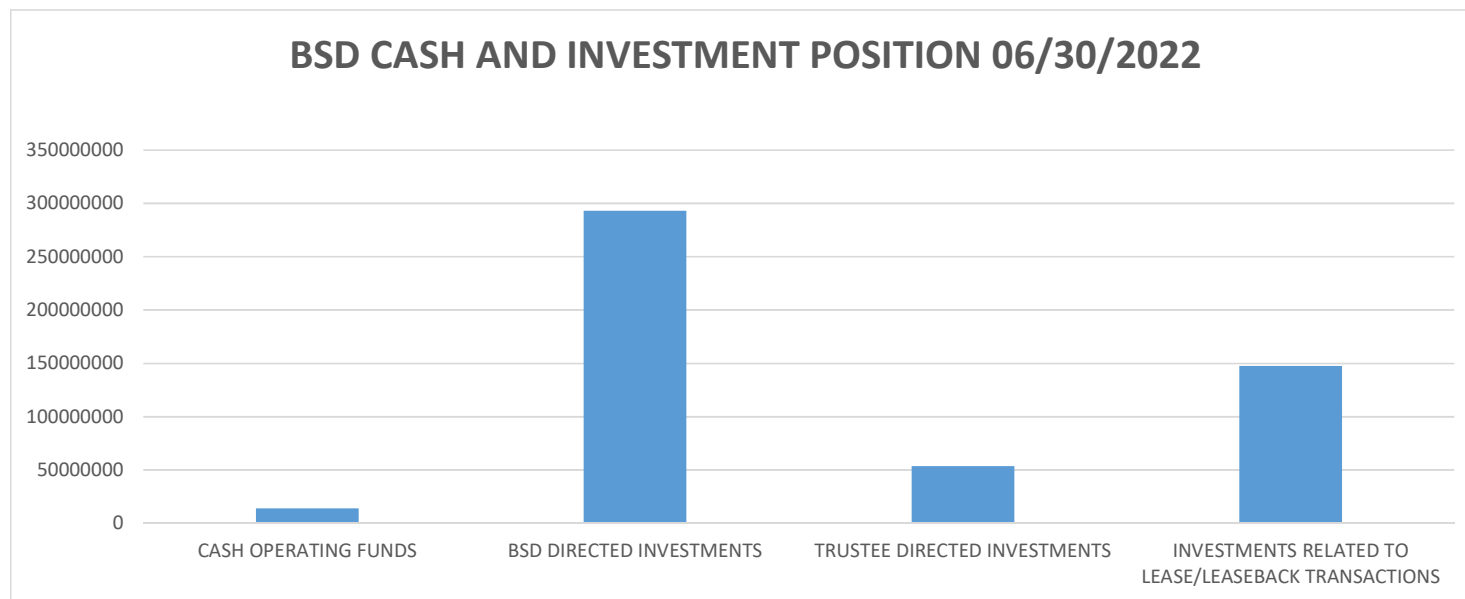
Attachment:

1. Summary of Cash Verification and Safe Kept Balances – Ending June 30, 2022
2. Treasury Safekeeping Quarterly Accounts Verification – Ending June 30, 2022
3. Fuel Hedge Program Actual Results – Ending June 30, 2022

INTERNAL AUDIT DEPARTMENT
INDEPENDENT VERIFICATION OF TREASURER'S REPORT CASH AND SAFE KEPT INVESTMENT BALANCES
REPORT SUMMARY AS OF June 30, 2022

ATTACHMENT-1

ACCOUNT TYPE	Treasurer's Report Balance Stated At Fair Value	Confirmed Balance Per Bank Stated At Fair Value	Variance	Description/Disposition
CASH OPERATING FUNDS	\$ 14,153,484	\$ 13,739,541	\$ (413,943)	Corrected to reconciled balance Value changed to Fair Market Value versus Amortized Cost Basis
BSD DIRECTED INVESTMENTS	293,098,380	293,064,090	\$ (34,290)	
TRUSTEE DIRECTED INVESTMENTS	53,764,009	53,764,009	\$ -	
INVESTMENTS RELATED TO LEASE/LEASEBACK TRANSACTIONS	147,571,990	147,571,990	\$ -	
GRAND TOTAL	\$ 508,587,862	\$ 508,139,629	\$ (448,233)	



INTERNAL AUDIT DEPARTMENT
INDEPENDENT VERIFICATION for SAFEKEEPING ACCOUNTS
AS OF JUNE 30, 2022

ATTACHMENT-2

Issuer-Investment (Bank Safekeeping Agent)	Investment Type	Credit Rating (S&P/Moodys/Fitch)	Treasurer's Report Balance Stated At Fair Value	Confirmed Balance Per Bank Stated At Fair Value	Variance	Description/Disposition
Bi-State Directed Investments (Investment Accounts)			(Note-2)			
BANK OF AMERICA (Safekeeping Agent)	Black Rock Money Market Fund (Gov't Securities)	AAAm / Aaa-mf / not rated	\$ 69,658,146	\$ 69,658,145		
BANK OF AMERICA (Safekeeping Agent)	Invesco Money Market Fund (First Tier/ Prime)	AAAm / Aaa-mf / not rated	85,265,147	85,265,147		
BANK OF AMERICA (Safekeeping Agent)	Federated Govt Oblig Fund	AAAm / Aaa-mf / not rated	48,060,989	48,060,989		
RBC DAIN RAUSCHER	Commodities Margin Acct. (fuel hedging)	AA- / Aa2 / AA-	8,385,418	8,385,418		
RJ O'BRIEN	Commodities Trading Acct. (fuel hedging)	Not Available	(324,965)	(324,965)		
BANK OF AMERICA (Safekeeping Agent)	Securities of the Federal Farm Credit Bank	AA+ / Aaa / AAA	7,430,134	7,432,414	\$ (2,280)	
BANK OF AMERICA (Safekeeping Agent)	Securities of the Federal Home Loan Bank	AA+ / Aaa / not rated	40,178,578	40,142,741	\$ 35,837	
BANK OF AMERICA (Safekeeping Agent)	US Treasury Securities Safekept at Bank of America	AAA / Aaa / AAA	34,444,933	34,444,199	\$ 733	
sub-total Bi-State directed			\$ 293,098,380	\$ 293,064,089	\$ 34,290	
Trustee Directed Investments (Investment Accounts)						
BANK OF OKLAHOMA (Safekeeping Agent)	Federated Money Market Fund (First Tier/ Prime)	AAAm / Aaa-mf / not rated (FFCB) AA+ / Aaa / AAA	\$ 11,444,775	\$ 11,444,775		
BANK OF OKLAHOMA (Safekeeping Agent)	Government Agency Securities	(FHLB) AA+ / Aaa / not rated (PEFC) not rated / Aaa / AAA	41,052,762	41,052,762	-	
BANK OF OKLAHOMA (Safekeeping Agent)	Municipal Securities	(Illinois GO) BBB / Baa2 / BBB- (Nevada GO) AA+ / Aaa2 / AA+	1,266,472	1,266,472	-	
BANK OF OKLAHOMA (Safekeeping Agent)	US Treasury Securities	AAA / Aaa / AAA			-	
sub-total Trustee directed			\$ 53,764,009	\$ 53,764,009	\$ -	
LRV Lease/ Leaseback C-1 and C-2						
Wells Fargo (Safekeeping Agent)	Wells Fargo Money Market (US Treasuries)	AAAm / Aaa-mf / not rated	\$ 4,710,892	\$ 4,710,892		
American International Group (AIG)	Guaranteed Investment Contract	A+ / A2 / A+	142,861,097	142,861,097	(0)	
sub-total leases			\$ 147,571,990	\$ 147,571,990	(0)	
Grand Total-Safe kept Investments			\$ 494,434,378	\$ 494,400,088	\$ 34,290	
Note-2 Verification of the safe kept investment balances consisted of agreement of the Fair Value amount to the statement provided by the Safekeeping Agent, or for the Guaranteed Investment Contract verification consisted of agreement to the amount to the predetermined amortization schedule.						

INTERNAL AUDIT DEPARTMENT
INDEPENDENT VERIFICATION OF TREASURER'S REPORT FUEL HEDGE PROGRAM ACTUAL RESULTS
REPORT SUMMARY AS OF June 30, 2022

ATTACHMENT-3

Treasurer's Report Values

	<i>Diesel Fuel Budget \ Actual Comparison:</i>	<i>Apr-22</i>	<i>May-22</i>	<i>Jun-22</i>	<i>Year to Date</i>	<i>Life to Date</i>
a	Gallons consumed-actual	266,974	282,692	298,289	3,552,734	102,918,301
b=(c/a)	Average cost per gallon-actual	\$ 3.65	\$ 3.99	\$ 4.81	\$ 2.79	\$ 2.09
c	<i>Total Diesel Fuel Cost-Actual</i>	\$ 974,989	\$ 1,128,902	\$ 1,436,142	\$ 9,917,293	\$ 215,057,968
d	Realized Futures Gains (Losses)	\$ 756,143	\$ 776,210	\$ 1,065,410	\$ 5,479,475	\$ 4,064,281
e=(c-d)	Net Cost of Fuel	\$ 218,846	\$ 352,692	\$ 370,732	\$ 4,437,818	\$ 210,993,687
f=(e/a)	Net Cost of Fuel, Per Gallon, inc. Hedge	\$ 0.82	\$ 1.25	\$ 1.24	\$ 1.25	\$ 2.05

IAD Verification Values

	<i>Diesel Fuel Budget \ Actual Comparison:</i>	<i>Apr-22</i>	<i>May-22</i>	<i>Jun-22</i>	<i>Year to Date</i>	<i>Life to Date</i>
a	Gallons consumed-actual	266,974	282,692	403,378	3,657,823	102,918,301
b=(c/a)	Average cost per gallon-actual	\$ 3.65	\$ 3.99	\$ 4.81	\$ 2.80	\$ 2.09
c	<i>Total Diesel Fuel Cost-Actual</i>	\$ 974,989	\$ 1,128,902	\$ 1,941,927	\$ 10,255,226	\$ 215,140,177
d	Realized Futures Gains (Losses)	\$ 756,143	\$ 776,210	\$ 1,065,410	\$ 5,479,475	\$ 4,064,272
e=(c-d)	Net Cost of Fuel	\$ 218,846	\$ 352,692	\$ 876,517	\$ 4,775,750	\$ 211,075,905
f=(e/a)	Net Cost of Fuel, Per Gallon, inc. Hedge	\$ 0.82	\$ 1.25	\$ 2.17	\$ 1.31	\$ 2.05

MEMORANDUM

TO: Audit, Finance and Administration Committee

FROM: Thomas P. Curran
Executive Vice President, Administration

DATE: October 14, 2022

SUBJECT: Quarterly Procurement Activity Report

Attached for your review are the following reports for the First Quarter of Fiscal Year 2023.

Procurement Activity Report - Non-Competitive Procurement Trend. Federal regulations and Board Policy require that procurements be conducted in a manner which fosters full and open competition. In certain instances, however, competition may not be feasible or practical. This section of the report summarizes the relationship of non-competitive spending compared to total spending. All individual non-competitive contract awards exceeding \$100,000 are presented to the Board of Commissioners for approval prior to award.

Procurement Card Transactions Report. Bi-State's Procurement Department administers a Procurement Card Program that provides a means for cardholders to procure low-cost goods and services independently. This report details the overall volume of transactions as well as information related to procedural violations.

Contract Awards Over \$100,000 Report. This report lists the highest value contracts that have been approved during the First Quarter of Fiscal Year 2023.

Contract Modifications Report. The Contract Modifications Report lists contracts that have been modified for pricing or period of performance.

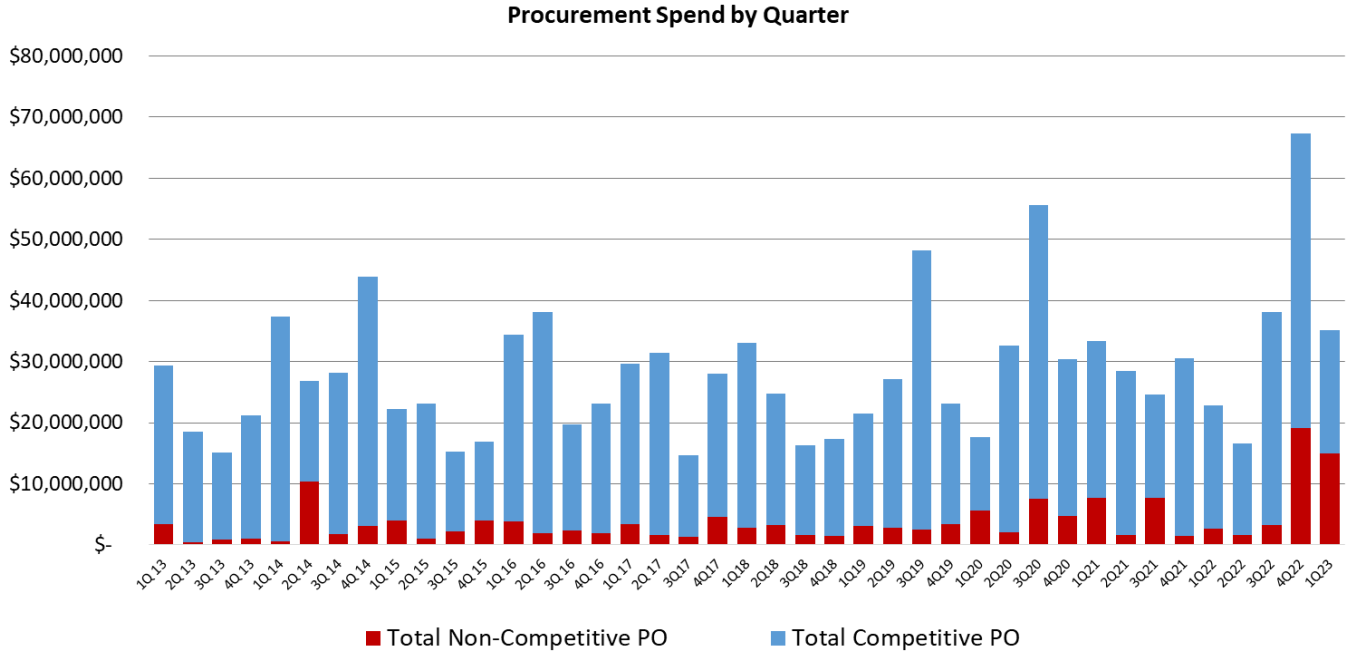
Attachments

Procurement Activity Report

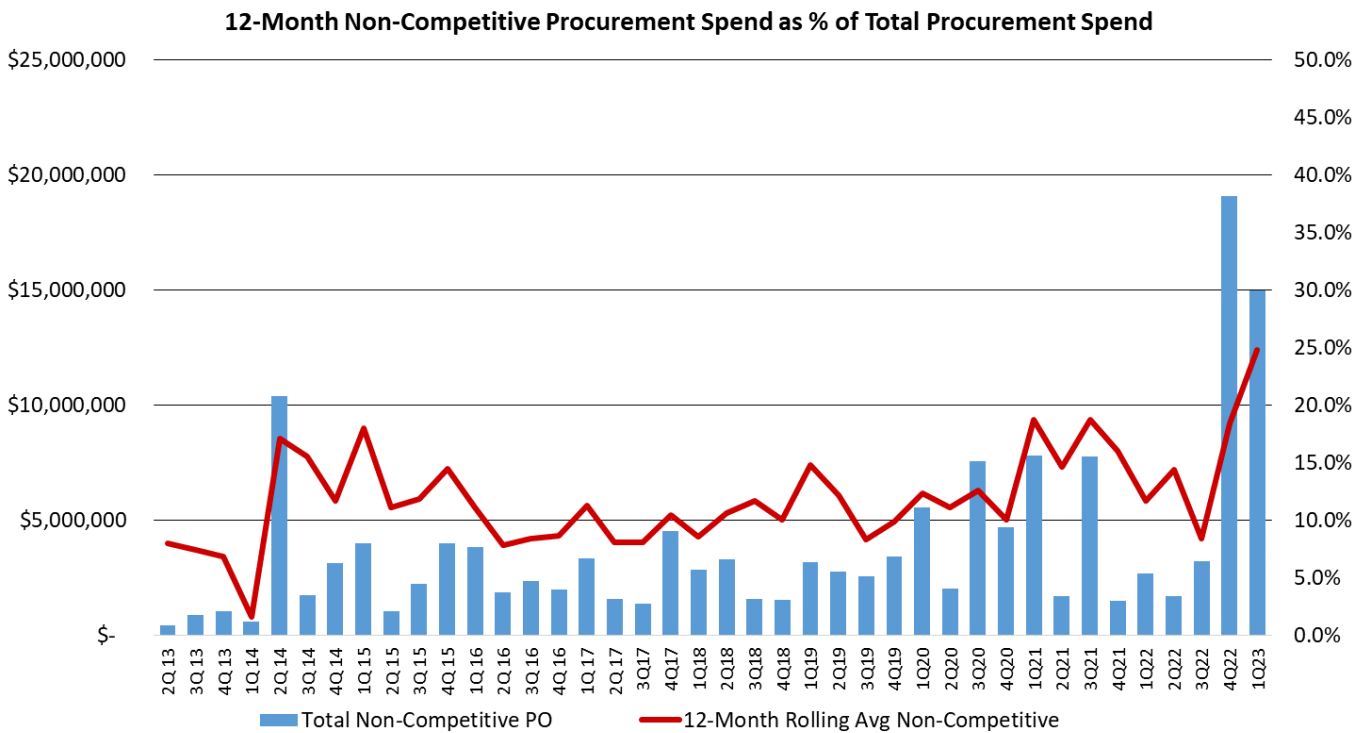
Non-Competitive Procurement Trend

FY 2023 – First Quarter

First Quarter FY 2023 Non-Competitive Procurements total \$14,955,188 or 42.5% of the total Purchase Order Commitment volume of \$35,205,540.



Non-Competitive Procurements total \$38,922,730 or 24.8% of the total Procurement Spend of \$157,179,412 during the last twelve months.



PROCUREMENT CARD TRANSACTIONS REPORT - FIRST QUARTER FY 2023

	1st QUARTER FY 23		YEAR-TO-DATE FY 23	
	TRANSACTION COUNT	TRANSACTION AMOUNT	TRANSACTION COUNT	TRANSACTION AMOUNT
TOTAL TRANSACTIONS	6,078	\$1,585,653	6,078	\$1,585,653
TRANSACTIONS INVESTIGATED	607	\$1,024,085	607	\$1,024,085
PERCENTAGE OF TOTAL INVESTIGATED	10.0%	64.6%	10.0%	64.6%
CONFIRMED PROCEDURAL VIOLATIONS	0 TRANSACTIONS	\$0	0 TRANSACTIONS	\$0
CONFIRMED VIOLATION PERCENTAGE OF TOTAL	0.0%	0.0%	0.0%	0.0%

CONTRACT AWARDS OVER \$100,000 FOR FY 2023 - 1ST QUARTER

Solicitation	Date	DBE	Funding	Amount	Modification / Change Order	Contract Not-to- Exceed Amount	Period of Performance
22-RFP-327128-CG - MetroLink Stations Secure Platform Design Services - HNTB	9/16/2022	7%	Private sector & local funding	\$6,948,587.09	NO	\$6,948,587.09	August 11, 2022 - December 11, 2023 - five percent contingency allowed
22-SB/RFP-277987-DGR - Downtown Tunnel Repairs - Kozeny Wagner, Inc.	7/20/2022	6%	Federal grants and Prop M	\$3,979,690.00	NO	\$3,979,690.00	Two years from Notice to Proceed
18-RFP-104788-DGR - MetroLink Structures Inspection - Juneau Associates	9/6/2022	16%	Operations	\$1,188,389.62	YES	\$5,070,542.72	Contract Modification #3 extending contract to June 30, 2023
22-SB-238986-FP - Fairview Heights Parking Lot Resurfacing - Gleeson Asphalt	7/8/2022	20%	Federal and local	\$1,021,867.83	NO	\$1,021,867.83	July 5, 2022 - October 31, 2022
20-RFP-106717-FP/CG - Paratransit Certification Services - MTM, Inc.	8/11/2022	NA	Operations	\$715,631.00	YES	\$2,084,452.00	Executing Option Year 1 - September 2022 to August 2023
22-RFP-244988-MD - On Call GEC Services Signals - Rio Grande Pacific Technology, Inc.	7/28/2022	0%	TBD	\$500,000.00	NO	\$500,000.00	July 2, 2022 - July 1, 2027
22-RFP-314060-CG - Bond Counsel Services - Gilmore & Bell	8/25/2022	NA	TBD	\$500,000.00	NO	\$500,000.00	August 29, 2022 - August 28, 2027
22-RFP-324142-CG - Banking Services - PNC Bank	9/7/2022	NA	TBD	\$500,000.00	NO	\$500,000.00	September 1, 2022 - August 31, 2027
23-SS-359180-TJL - Annual TransitMaster Software/Equip. Maint. - Trapeze Software	8/19/2022	NA	Operations	\$401,893.00	NO	\$401,893.00	July 1, 2022 - June 30, 2023
22-SB-344125-KM - Safety Footwear Services - Fastenal Company	7/19/2022	NA	Operations	\$382,579.10	NO	\$382,579.10	August 15, 2022-August 14, 2023
22-RFP-342190-TL - Fare Collection Program Consultant - Consult Hyperion/CHYP USA	9/2/2022	NA	III. Allocation, Prop M & federal grant	\$343,690.00	NO	\$343,690.00	August 31, 2022 - August 30, 2024
22-SB-305074-CG - Audit Services Pension & 401(k) - UHY LLP	7/4/2022	NA	Pension plans and 401(k)	\$302,445.00	NO	\$302,445.00	July 1, 2022-June 30, 2027
19-RFP-105970-MD - Gateway Arch Marketing - Paradigm, Inc.	7/20/2022	0%	Operations	\$300,000.00	YES	\$1,117,000.00	Exercise Option Year 2 from July 17, 2022 - July 16, 2023
23-SB-350140-MD - Genetec Storage Controller & Server - Dynamic Control, Inc.	8/15/2022	0%	Federal grant, SCCTD & Prop M	\$203,261.00	NO	\$203,261.00	Will continue until all parts are delivered
22-SB-312103-DGR - Downtown Airport Painting - Hi-Lite Airfield Services	8/8/2022	0%	Operations	\$109,557.48	NO	\$109,557.48	Two months from Notice to Proceed

CONTRACT MODIFICATIONS FOR FY 2023 - 1ST QUARTER

Solicitation	Date	DBE	Funding	Amount	Modification / Change Order	Contract Not-to- Exceed Amount	Period of Performance
21-SB-198998-DGR - Skinker Bridge Rehabilitation - KCI Construction Co.	7/4/2022	22%	Federal Grant and Prop M	\$92,444.66	YES	\$2,075,127.66	Contract modification to add painting, fencing & grading; two years from Notice to Proceed
17-SB-103545-CB - Elevator Rehab for 8 Units in MO - The Harland Company	7/12/2022	NA	TBD	\$11,906.40	YES	\$4,040,841.87	Contract Modification No. 5
21-SB-191975-MD - Refuse Removal Services - Waste Management of Missouri	7/19/2022	0%	Operations	\$840.96	YES	\$267,578.34	April 1, 2021 - March 31, 2023 - adding Swansea Maintenance Shop
19-RFP-105970-MD - Gateway Arch Marketing - Paradigm, Inc.	7/20/2022	0%	Operations	\$300,000.00	YES	\$1,117,000.00	Exercise Option Year 1 from July 17, 2022 - July 16, 2023
19-SB-104566-TJ - ATS Van Cleaning - World Management	7/25/2022	10%	Operations	\$65,000.00	YES	\$406,826.00	Exercise Option Year 3 from May 1, 2022 - April 30, 2023
22-RFP-340139-DRH - Facilities Vending Machines - Dynamic Vending	8/2/2022	NA	Revenue/Commissions from Sales	\$0.00	YES	\$0.00	Time extension only - July 10, 2022 - January 9, 2023 - Revenue Contract (no cost to BSD)
17-SB-104019-TJ - Illinois Facility Cleaning - MERS Goodwill	8/4/2022	10%	Operations	\$22,400.00	YES	\$1,596,000.00	180-day extension through March 29, 2023
20-RFP-106717-FP/CG - Paratransit Certification Services - MTM, Inc.	8/11/2022	NA	Operations	\$715,631.00	YES	\$2,084,452.00	Executing Option Year 1 - September 2022 to August 2023
21-RFQ-236986-TJ/KM - First Aid Kits & Supplies - Larson's Medical Supply	8/15/2022	NA	Operations	\$11,000.00	YES	\$61,949.00	September 27, 2021 - September 26, 2026 - adding services for eye wash stations AEDs
19-RFP-106243-MD - Project Management Service for Graphics/Marketing & Communication - Aquent LLC	8/19/2022	0%	Operations	\$10,152.00	YES	\$38,736.00	Exercise Option Year 2 from September 1, 2019 - August 31, 2023
22-SB-241986-FP - Metro Operator Restroom Design & Const - Interface Construction	8/25/2022	NA	Operations	\$30,542.00	YES	\$131,017.00	April 15, 2022 - August 31, 2022 - modification for Airport and County required changes
22-RFQ0267986-GH - St. Louis Lambert Turnout - Kozeny Wagner, Inc.	8/26/2022	0%	Operations	\$0.00	YES	\$55,500.69	Time extension only through September 5, 2022
18-RFP-104788-DGR - MetroLink Structures Inspection - Juneau Associates	9/6/2022	16%	Operations	\$1,188,389.62	YES	\$5,070,542.72	Contract Modification #3 extending contract to June 30, 2023
20-SB-106981-DGR - MetroLink Communication System Upgrades - TGB, Inc.	9/21/2022	0%	Federal Grant and Prop M	\$4,283.67	YES	\$1,956,963.26	Modification to cover APC fiber termination cost

**Bi-State Development Agency
Audit, Finance & Administration Committee
Open Session Agenda Item
October 14, 2022**

From: Charles A. Stewart, Jr., Executive Vice President Organizational Effectiveness
Subject: **Update on Risk Management Insurance Program**
Disposition: Information
Presentation: Kathy Brittin, Director Risk & Absence Management

Objective:

To inform and update the Audit, Finance & Administration Committee on the FY2023 Risk Management Insurance Program.

Background:

Since 1978, Bi-State Development (**BSD**) has self-insured a substantial portion of the risk of its transit operations, including: vehicle liability, rail liability, general liability and workers' compensation. Excess insurance coverage is purchased for all insured and above self-insured risk exposures. Property insurance is purchased for its buildings, physical assets and rolling stock. Primary liability insurance is purchased for the Airport and the Riverboats.

The Risk Management Department is responsible for the design, implementation and monitoring of the self-insurance and insurance programs. BSD currently has a contract with an insurance broker, Alliant Insurance Services, Inc., to provide insurance marketing services, claims and loss control consulting and risk financing recommendations. This presentation provides an overview of the FY2023 Insurance Program.

Analysis:

Insurance Program - BSD annually reviews and renews coverage on July 1st of each fiscal year. In consultation with Alliant, we market some lines depending on market conditions and changes in operating exposures.

The market conditions continue to be difficult but are lightening up slightly. Most lines of coverage are seeing slight to moderate premium increases (8% - 15%).

The coverage lines for FY23 that were a challenge were Cyber and the Riverboats Marine program.

- Cyber
 - Cyber continues to be extremely challenging. Last year we had to switch carriers and went with Crum & Forester with a \$5MM limit, \$100K deductible and includes ransomware and Lloyds of London with a \$5MM x \$5MM layer which excludes ransomware.
 - This year FY2023 overall cyber premium increased 30% compared to last year's 125% increase. Market conditions and global losses continue to be the reason. Also, ransomware continues to be a loss driver for insurers.

- Marine Program
 - Overall, the premium increase for all of the Marine coverages was 31% over last year.
 - Alliant marketed this program heavily due to incumbent carriers limiting capacity and needing premium increases. BSD carriers \$50MM in liability insurance for the Riverboats.
 - Endurance remained the lead carrier on the primary liability policy along with Great American and added Atlantic Specialty. Overall increase on the primary liability policy was 11%.
 - The \$4MM x \$1MM saw the largest increase in premium at 54%. Markets feel that this layer is a primary layer now due to the large industry losses.
 - The next two layers, \$10MM x \$5MM and \$10MM x \$15MM, had a 33% premium increase.
 - For the \$25MM x \$25MM layer, Alliant replaced Atlantic Specialty with StarStone to keep the premium increase down to 28%.
 - USL&H (United States Longshore & Harbor Workers' Compensation) premium increased 25%, primarily due to increase in payroll.
 - Liquor liability increased the most with a 105% premium increase, \$3,339 to \$6,857. Scottsdale is one of the few carriers that will write this coverage. All other markets that were approached had similar increases.
- Excess Liability
 - For the last two years, BSD saw the excess liability program increase over 100% each year. In addition to premium increases last year, the primary insurer, Arch, withdrew from the public entity and transit business, which had a dramatic increase on the excess liability premium. The only market that would consider the primary layer last year was Lloyds of London. To lower the premium increase by \$1MM BSD increased the SIR (self-insured retention) from \$5,000,000 to \$10,000,000. Which also resulted in the need for a buffer layer policy to bridge other liability policies to the \$10MM limit.
 - For FY2023, Risk Management met with current and potential underwriters and were successful in bringing on Munich Re to write the primary liability layer for a substantial decrease in premium and also reduced the SIR back down to \$5MM which eliminated the need for the buffer layer policy.
 - Overall, the premium decreased 10%, just under \$423,000.

The total insurance program for FY23, came in below last year and below budget. The premium decreased by just under \$10,000 and was 19% below the budget forecast.

Committee Action Requested:

None - for informational purposes only.

Attachments:

Premium Summary Report

Funding Source:

Risk Management Insurance Program is funded through the operating budget.

Coverage	FY22 Limits of Liability Values	FY22 Expiring Premium	FY23 Limits of Liability Values	FY23 Renewal Premium	Premium Difference	Budget Change	Budget Allocation	Notes
AD&D (3 year pre-paid)		Berkley		Berkley				
Limit of Liability	\$175,000 Class I/II	\$9,296	\$175,000 Class I/II	\$7,650	-18%	10%	\$ 10,225.96	
Aviation		Starr		Starr				
Limit of Liability	\$50,000,000	\$28,965	\$50,000,000	\$31,981	10%	10%	\$ 31,861.50	
Drones	\$10,000,000	Global Aerospace \$8,150	\$10,000,000	Global Aerospace \$9,350	15%	10%	\$ 8,965.17	Blanket policy for up to 10 drones
Aviation Workers Comp	\$613,477	Starr \$24,465	\$697,449	Starr \$23,380	-4%	10%	\$ 26,911.50	14% increase in estimated payroll
Package		Hudson *		Hudson *				
Limit of Liability (MetroStore & Enterprises Autos)	\$1,000,000	\$18,629	\$1,000,000	\$20,865	12%	10%	\$ 20,491.90	
Package Excess Coverage		Navigators *		Navigators *				
Excess coverage/Navigators	\$4,000,000	\$35,750	\$4,000,000	\$39,160	10%	10%	\$ 39,325.00	
Crime		Hartford		Hartford				
Limit of Liability	\$2,500,000	\$21,263	\$2,500,000	\$20,251	-5%	10%	\$ 23,389.30	
Cyber Liability		Crum & Forster/Lloyds		Crum & Forster/Houston				
Limit of Liability (\$100k Ded)	\$10,000,000	\$157,695	\$10,000,000	\$204,968	30%	25%	\$ 197,118.75	Crum & Forster \$5M Houston Casualty \$5M x \$5M
Environmental Liability		Allianz		Allianz				
Limit of Liability	\$3,000,000	\$20,577	\$3,000,000	\$20,577	0%	0%	\$ 20,577.33	3 year policy, expires FY24
Excess Workers' Compensation		Star		Star				
Total Estimated Payroll	\$128,195,345	\$234,979	\$134,742,887	\$254,664	8%	10%	\$ 258,476.90	

Coverage	FY22 Limits of Liability Values	FY22 Expiring Premium	FY23 Limits of Liability Values	FY23 Renewal Premium	Premium Difference	Budget Change	Budget Allocation	Notes
Excess Liability	\$10MM SIR		\$5MM SIR					
Primary Layer	\$10MM xs \$10MM SIR	Lloyd's of London \$1,381,250	\$5MM xs \$5MM SIR	Munich Re \$930,200				
1st Excess Layer	\$5MM xs \$20MM	Lexington \$525,000	\$5MM xs \$10MM	AWAC \$495,000				
2nd Excess Layer	\$5MM xs \$25MM	Hallmark \$357,000	\$5MM xs \$15MM	Berkley \$374,000				
3rd Excess Layer	\$10MM xs \$30MM	Great American \$550,000	\$5MM xs \$20MM	Upland \$255,000				
4th Excess Layer	\$10MM xs \$40MM	AWAC \$399,455	\$5MM xs \$25MM	Hallmark \$202,000				
5th Excess Layer	\$10MM xs \$50MM	Lloyd's of London \$335,000	\$45MM xs \$30MM	Lloyd's of London \$1,350,000				
6th Excess Layer	\$15MM xs \$60MM	Lloyd's of London \$402,000						
Terrorism	Included Above	Included above	\$50,000,000	Munich Re / \$50,000				
Excess Total		\$3,949,705		\$3,656,200	-7%	25%	\$ 4,937,131.25	
Excess Buffer Management Liability / Law Enforcement		Kinsale						
Limit of Liability	\$5,000,000	\$129,447	N/A	\$0	-100%	25%	\$ 161,808.75	
Management Liability		ACE/Chubb		ACE/Chubb				
Limit of Liability	\$5,000,000	\$61,150	\$5,000,000	\$67,224	10%	10%	\$ 67,265.00	
Law Enforcement Liability		Indian Harbor (XL)		Indian Harbor (XL)				
Limit of Liability	\$5,000,000	\$75,296	\$5,000,000	\$82,429	9%	15%	\$ 86,590.40	

Coverage	FY22 Limits of Liability Values	FY22 Expiring Premium	FY23 Limits of Liability Values	FY23 Renewal Premium	Premium Difference	Budget Change	Budget Allocation	Notes
Marine Program		Endurance Lead		Endurance Lead				
Primary Liability, Hull & TRIA	\$1,000,000	\$70,051		\$77,780	11%	20%	\$ 84,061.20	
\$4M - 1st Layer Excess	\$4,000,000	\$27,300		\$42,000	54%	20%	\$ 32,760.00	
\$10M - 2nd Layer Excess	\$10,000,000	\$14,700		\$19,500	33%	20%	\$ 17,640.00	
\$10M - 3rd Layer Excess	\$10,000,000	\$12,600		\$16,600	32%	20%	\$ 15,120.00	
\$25M - 4th Layer Excess	\$25,000,000	\$28,500		\$35,000	23%	20%	\$ 34,200.00	
TRIA	Primary & Excess	Included above	Primary & Excess	\$9,544				
Pollution	\$5,000,000	\$3,341	\$5,000,000	\$3,341	0%	5%	\$ 3,508.05	Same as expiring
Liquor Liability	\$1,000,000 / \$195,675	\$3,339	\$1,000,000 / \$122,493	\$6,857	105%	10%	\$ 3,672.90	
USL&H **	\$1,000,000 / \$253,484	\$12,001	\$1,000,000 / \$316,638	\$14,990	25%	20%	\$ 14,401.20	24% increase in estimated payroll
Marine Total		\$171,832		\$225,612	31%		\$ 205,363.35	
Property		Lloyds		Various				
Values at Risk / loss limit (\$500k Coll/Derail; \$100k All other Ded)	\$1,414,323,976 \$250,000,000	\$2,196,878	\$1,446,374,008 \$250,000,000	\$2,468,554	12%	10%	\$ 2,416,565.43	Property values increased 2.2%
Equipment Breakdown	\$100,000,000	\$38,206	\$100,000,000	\$38,473	1%	10%	\$ 42,026.60	HDI 20% of primary \$25MM has \$500k ded for downtown tunnel until repairs are completed
Terrorism	\$250,000,000	\$52,500	\$250,000,000	\$56,322	7%	5%	\$ 55,125.00	
Inland Marine (Airport)	\$1,829,689	\$10,497	\$1,871,489	\$7,986	-24%	10%	\$ 11,546.70	Top layer with Chubb has \$40k credit for 3yr prepaid in 1st year.
Property Total		\$2,298,081		\$2,571,335	12%		\$ 2,525,263.73	
July 1, 2021 Renewal Total		\$7,245,280		\$7,235,647	0%	19%	\$8,620,765.79	
*Package policy with Hudson does not include GL for the Arch Tram Operations as well as Navigators for excess								
**USL&H has 3 year rate guarantee beginning 7/1/21								