

**BI-STATE DEVELOPMENT
AUDIT, FINANCE & ADMINISTRATION COMMITTEE MEETING
OPEN SESSION MINUTES
(Virtual Meeting)
October 15, 2021 at 8:30 AM**

Audit, Finance & Administration Committee Members participating via Zoom

Justin Zimmerman, Chair – Absent
Herbert Simmons
Fred Pestello – Joined the meeting at 8:38 a.m.
Nate Johnson
Sam Gladney

Other Commissioners participating via Zoom

Rose Windmiller – Acting Chair, in Commissioner Zimmerman’s absence

Derrick Cox
Irma Golliday – Absent
Vernal Brown
Terry Beach

Staff participating via Zoom

Taulby Roach, President and Chief Executive Officer
Brenda Deertz, Director of Executive Services
Myra Bennett, Manager of Board Administration
Thomas Curran, Executive Vice President – Administration
Jessica Mefford-Miller, Executive Director Metro Transit
Tammy Fulbright, Executive Vice President, Chief Financial Officer
Crystal Messner, Chief Audit Executive
Charles Stewart, Executive Vice President Organizational Effectiveness

Others participating via Zoom

Amy Athy, ASL Interpreter
Loretto Freeman, ASL Interpreter
Lisa Stump, Lashly & Baer

1. **Open Session Call to Order**
8:30 a.m. Chair Windmiller called the Open Session of the Audit, Finance & Administration Committee Meeting to order at 8:30 a.m.
2. **Roll Call**
8:30 a.m. Roll call was taken, as noted above.

3. Public Comment

8:31 a.m. Myra Bennett, Manager of Board Administration noted that no comment cards were received for the meeting.

4. Minutes of the August 20, 2021 Audit, Finance & Administration Committee, Open Meeting

8:32 a.m. The minutes of the August 20, 2021 Audit, Finance & Administration Committee, Open Meeting were provided in the Committee packet. A motion to approve the minutes was made by Commissioner Brown and seconded by Commissioner Cox. **The motion passed unanimously.**

5. 23rd Amendment to the Bi-State Development Agency of the Missouri-Illinois District and Local 788 Amalgamated Transit Union, AFL-CIO, Employees' Pension Plan

8:32 a.m. A briefing paper was included in the meeting materials, presenting to the Operations Committee, for discussion, acceptance, and referral to the Board of Commissioners for approval, the 23rd Amendment to the Bi-State Development Agency of the Missouri-Illinois District and Local 788 Amalgamated Transit Union, AFL-CIO, Employees' Pension Plan. Charles Stewart, Executive Vice President – Organizational Effectiveness, gave an overview of this item, noting the proposed changes to the Plan:

- The benefit multiplier increases from \$55 to \$60 per year of service, for active plan participants who retire with 25 or more years of credited service for service earned after the effective date of the change (non-retroactive) which was April 1, 2020.
- The Participant contribution increases by five dollars (\$5.00) per week, in addition to the normal cost sharing arrangements provided under both the Plan and the Collective Bargaining Agreement. This increase remains in effect until such time that the Plan reaches an 85% over-all funding level, at which time the Participant contribution decreases to \$1.50, with the Agency then contributing \$3.50 per week per participant, of the required \$5.00 funding amount.

Mr. Stewart noted that the plan is currently 65% funded.

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

6. IAD Audit Follow-Up Summary – 1st Quarter - FY2022

7. IAD Status Report – 1st Quarter - FY2022

8. IAD SSO-Status Report – 3rd Quarter - Calendar Year 2021

8: 35 a.m. Briefing papers were included in the meeting materials regarding each of these items. Crystal Messner, Chief Audit Executive, asked that Items 6, 7, and 8 be addressed together. Ms. Messner stated that, regarding the follow-ups, Internal Audit Department (IAD) staff was able to work with management to complete two audits. She stated that seven (7) new audits have taken place during the last 2 quarters; therefore, currently there are 66 completed items and 59 items that are still open. Ms. Messner reported that, with regard to the 2022 Internal Audit Plan, IAD

staff is on point with that process. She stated that, for next quarter, IAD is actively conducting its risk assessment, as part of the Audit Plan, and stated that she is hoping to begin updating this plan by January 2022. Ms. Messner reported that, for the IAD SSO report, 3rd Quarter, Calendar Year 2021, status report, IAD has successfully completed all of the outsourcing for Kensington Consulting, and they were on-site October 6th through the 8th, performing fieldwork and initial interviews. They completed the exit conference on October 8th. Ms. Messner reported that the seven (7) audits they conducted this year included the following:

- Safety and Public Safety
- Emergency Management
- Security: Administrative
- Procurement and Inventory Management
- Information Technology
- Rail Planning and Scheduling
- Public Information

Ms. Messner reported that SSO Audits from last calendar year resulted in twelve (12) corrective action plans (CAPs). Current status of CAPs are as follows:

- Seven (7) CAPs remain open, yet are actively in process of improvements.
- Two (2) CAPs are closed.
- Three (3) CAPs were submitted to the Bi-State Safety Oversight for closure.

Ms. Messner noted that Andrew Ghiassi, General Manager, Safety, has assisted her in the formation of a CAP Advisory Committee, which will meet monthly to address the Safety and Security CAP's that remain open. These items were presented for information only.

****Commissioner Fred Pestello joined the meeting at approximately 8:38 a.m.**

9. Pension Audits - Update

8:38 a.m. Pension Plans, 401(k) Retirement Savings Program and OPEB Trust Investment Performance updates were included in the meeting materials. Charles Stewart, Executive Vice President Organizational Effectiveness, gave an overview of this item, noting that unmodified opinions were submitted regarding each of these audits. This item was presented as information only.

10. Treasurer's Report

8:39 a.m. A Treasurer's Report was included in the meeting materials. Tammy Fulbright, Executive Vice President, Chief Financial Officer, gave an overview of this item. She reported that, due to labor market conditions, she expects rates to remain low until 2022. She noted that, in late August, the Agency refunded the Arch Tram Bonds, which reduced the rate from 4% to 2.5%, without extending the maturity date. She reported that this saves approximately \$30,000 annually in debt service expense. Ms. Fulbright noted that, with regard to the fuel hedge, realized gains to date are approximately \$310,000. She noted that continued, increased prices will continue to increase the Agency's realized gains. Commissioner Cox asked if additional funds have been budgeted for next year. Ms. Fulbright noted that that Agency has locked in the fuel pricing at approximately 95% - 100% hedged, for approximately three (3) years, and are somewhat backing off at this time, and are expecting to stay in line with the budget.

President/CEO Roach noted that this is the exact purpose of the hedge, to help reduce the oscillation in price. He noted that the price of fuel continues to rise; however, with fuel already purchased, the Agency can continue to operate on a level playing field. Chair Windmiller asked if the Agency has considered buses that are fueled by natural gas. President/CEO Roach stated that this is not being considered at this time. He reported that this was attempted several years ago, out of the Brentwood location; however, it did not work well. He noted that the shift to battery electric buses, however, is working well, and stated that Jessica Mefford-Miller, Executive Director Metro Transit, will have more to report on this issue at the Operations Committee meeting today. This item was presented as information only.

11. Procurement Report

8:43 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 non-competitive procurements totaled approximately \$2.7 million, or 11.7% of the total purchase order commitment volume for first quarter, FY 2022. He noted that, for the past 12 months, non-competitive procurements totaled \$13.6 million, or 12.8% of the total. Mr. Curran stated that the rolling average continues to decline. He also noted that the average purchase for individual purchases in 2021 was \$361.00. This item was presented as information only.

12. Unscheduled Business

8:45 a.m. There was no unscheduled business.

13. President/CEO Report

8:45 a.m. Bi-State Development President/CEO Taulby Roach noted that the Agency has entered into a new budget cycle. He reported that the Audit is not complete at this time; however, staff anticipates that the Audit will be presented to the Board of Commissioners at its November meeting.

14. Call of Dates for Future Board and Committee Meetings

8:47 a.m. Myra Bennett, Manager of Board Administration, advised the Committee of the upcoming meetings, as follows:

Board of Commissioners Meeting:	Friday, November 19, 2021	8:30 AM
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15. 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); and Auditors under §10.080(D)(10)

8:47 a.m. Chair Windmiller stated that the only item for consideration on the Executive Session agenda is the Approval of the Minutes of the August 20, 2021, Audit, Finance and Administration Committee, Executive Session Meeting. She noted that, if there are no corrections to the minutes and no discussion is necessary, the Committee could proceed to a motion and vote, without going into Executive Session. The Committee agreed.

Chair Windmiller asked for a motion to approve the minutes of the August 20, 2021, Audit, Finance and Administration Committee Meeting, Executive Session, as presented, as a closed

record. The motion was made by Commissioner Brown and was seconded by Commissioner Gladney. The poll of the Committee being:

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

Terry Beach – Yea
Derrick Cox – Yea
Herbert Simmons – Yea

The motion passed unanimously.

17. Adjournment

8:48 a.m. Chair Windmiller asked if there was any further business, being none, Commissioner Simmons made a motion to adjourn the meeting. The motion was seconded by Commissioner Cox. Unanimous vote in favor was taken. The motion passed, and the meeting was adjourned at approximately 8:49 a.m.



Deputy Secretary to the Board of Commissioners
Bi-State Development