

COLLECTED BOARD POLICIES
OF THE
BI-STATE DEVELOPMENT AGENCY
OF THE
MISSOURI-ILLINOIS METROPOLITAN DISTRICT

Chapter 70 Personnel

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Section 70.010 Personnel Decisions Review

A. Policy. It is the policy of the Agency to create and sustain the most effective and efficient work environment in the region. As a further way to ensure fairness and equity in personnel actions, it is the policy of the Agency to provide a one-level review and approval of all actions affecting the hiring, evaluation, issuance of raises, promotion, transfer and termination of individual Agency employees.

B. Termination Appeal. The Agency offers a termination appeal process for any disciplinary action resulting in a preliminary decision to terminate an employee. To exercise this option, the employee must request an appeal hearing in writing. A hearing official is then selected and reviews any written or oral information presented by the employee at the hearing. The hearing official may also conduct interviews with other Agency employees prior to rendering a final decision in the matter.

Section 70.020 Compensation *(Amended 9/26/08 and 11/21/08)*

A. Policy. *(Revised 9/26/08)* It is the policy of the Agency to maintain a compensation package, including both salary and benefits, to attract and retain outstanding employees. As a matter of routine, on an annual basis, the Human Resource Department will monitor, review and make recommendations concerning the Agency's compensation package. At least once every three years, the Human Resource Department will conduct a formal study, utilizing professional services as required, and prepare recommendations for Board approval. The recommended

compensation structure will be based upon industry and applicable labor market comparisons, as well as the Agency's financial condition. Management must use qualifications and performance as the basis for compensation decisions related to hiring, promotion, transfer, demotion, advancement within the range or other internal personnel movements. In addition, the Board establishes the contractual and compensation arrangements for the President & CEO, and Director of Internal Audit.

B. Additional Compensation.(revised 9/26/08 and 11/21/08) Any bonuses, stipends, severance payments that are above and beyond the standard practices set forth in Metro's Human Resources Policies & Procedures Layoff and Recall Policy, or incentive compensation for any employee shall be approved by the Board of Commissioners. The Board shall approve any such payment only upon an opinion of the General Counsel that such payment is authorized under the Agency's Compact and in accordance with applicable law.

Section 70.030 Drug and Alcohol (Approved at February, 1999 Board Meeting & amended September 2001 and February 2006)

A. General. Metro is committed to preserving the highest possible safety standards both in the quality of its services and the safety of its passengers, employees, the general public and property. In support of this commitment and its commitment to a drug-free workplace, Metro has adopted the following policy to prohibit the illegal or inappropriate use, possession, manufacture or distribution of drugs and alcohol by Agency employees. Metro employees and employees of a transit contractor who hold a position that would be defined as safety-sensitive (covered employee) are subject to regulations issued pursuant to:

1. Federal Register 49 CFR Part 40: Procedures for Transportation Workplace Drug and Alcohol Testing Programs.
2. Federal Register 49 CFR Part 655: Prevention of Alcohol Misuse and Prohibited Drug Use in Transit Operations.
3. Coast Guard 46 CFR Part 4: Marine Casualties & Investigations.
4. Coast Guard 46 CFR Part 16: Chemical Testing.

B. Covered Employee: All covered employees are:

1. prohibited from being present on Metro property, reporting to work or performing work while that employee is under the influence of alcohol or has any controlled substance or other performance-impairing substance in his/her system;
2. prohibited from the consumption of alcohol within four (4) hours of the employees scheduled time to report to work, or within eight (8) hours following an accident or until the employee takes a post-accident alcohol and/or drug test, whichever occurs first;
3. required to submit to an alcohol and/or drug test when directed by Metro; and, prohibited from tampering or attempting to tamper with such alcohol and/or drug test; and,

4. required (49 CFR Part 655.21) to submit to drug testing for Marijuana, Cocaine, Opiates, Amphetamines and Phencyclidine. Use of these drugs is prohibited at all times. Therefore employees may be tested at any time while on duty, and within thirty-two (32) hours following an accident.

C. Responsibility Covered employees, under Federal Register 49 CFR Part 655.71 Controlled Substance Testing: Record keeping and Reporting Requirements and Metro's own authority are:

1. responsible for informing his/her physician when being prescribed medication(s) that is covered under the terms of this policy. The employee shall use medically authorized drugs or over the counter medications in a manner which will not impair on-the-job performance, and;
2. responsible to promptly report to his/her supervisor any observance or knowledge of another employee who poses a hazard to the safety and welfare of others, and;
3. required to notify his/her supervisor, within five (5) calendar days of any arrest or conviction for driving under the influence of alcohol or while intoxicated, or for the use possession, selling, purchase, manufacturing, distribution or transfer of a controlled substance or other performance impairing substance, and;
4. prohibited from using, possessing, selling, purchasing, manufacturing, distributing, or transferring alcoholic beverages or controlled substances or other performance-impairing substances while on duty or on Metro property.

D. Policy: It is the policy of the Agency that:

1. every covered employee complies with the Prohibited Drug and Alcohol Abuse Education and Testing Program which details Metro's program;
2. employees' understand that strict compliance with Metro's Alcohol and Drug Policy and Education and Testing Program is a condition of employment;
3. any violation will result in discipline in accordance with the applicable provision of Metro's Drug and Alcohol Policies and Procedures.

E. Management shall establish policies and procedures to fully comply with the letter and spirit of the applicable laws and regulations.

F. In adopting this policy, the Board of Commissioners recognizes that the Agency's workforce is a reflection of our society with all of its strengths and weaknesses. The abuse of drugs and alcohol is one of society's greatest problems. This policy is designed to provide an opportunity for our employees to resolve chemical dependency problems voluntarily through Agency-sponsored programs while assuring the highest possible safety standards in all of the Agency's operations.

This policy is regulated by the Federal Register 49 CFR Part 40; Procedures for Transportation Workplace Drug and Alcohol Testing Programs, Federal Register 49 CFR 655; Prevention of Alcohol Misuse and Prohibited Drug use in Transit Operations; Coast Guard 46 CFR Part 4: Marine Casualties and Investigations and Coast Guard 46 CFR Part 16: Chemical Testing. In all instances Federal Register 49 CFR Parts 40 & 655 take precedent over the policies established by metro. Federal Register 49 CFR Part 40: Procedures For Transportation Workplace Drug and Alcohol Testing Programs, and Federal Highway Administration, Federal Register 49 CFR Part 655.71 Controlled Substance Testing; Recordkeeping and Reporting Requirements.

Section 70.040 Labor Relations

A. Policy. It is the policy of the Board of Commissioners to provide management with broad goals for collective bargaining, taking into consideration the Agency's financial condition, future Agency financial viability, market forces, operating funds and capital resources. Management then establishes specific objectives, strategies and the framework for negotiations.

B. Responsibility. The responsibility for conducting labor negotiations rests with management. All information is kept strictly confidential during actual negotiations.

C. Approval. The Board approves all collective bargaining agreements negotiated by management. The Board also approves any new labor protective agreements required by funding sources.

Section 70.050 Employee's Pension & 401(k) Retirement Savings Plans

A. General (revised 6/26/09) and 07/29/11. The Bi-State Development Agency sponsors four defined benefit pension plans and one defined contribution, 401(k) Retirement Savings Plan for employees of the Agency. It is the responsibility of the Board of Commissioners to:

1. Appoint the Chairperson of the Salaried Administrative Pension Committee and authorize the Vice President of Human Resources, with the concurrence of the President, to appoint non-standing Trustees from the Agency's management staff;
2. Oversee the funded status of the Plans;
3. Oversee Trustee Administration;
4. Approve Plan amendments, benefit formulas, and funding;
5. Review Plan investment policies, procedures and provisions;
6. Approve investment policy for the Salaried Employees' Pension Plan.

B. Appointment of Trustees. (Revised 12/15/06, 6/26/09 and 01/29/10 and 07/29/11) Trustees of Salaried Administrative Pension and 401(k) Plan Committee shall consist of four (4) standing Trustees – the Chief Operating Officer, the Vice President of Human Resources, the Chief

Financial Officer and the General Counsel; and up to five (5) non-standing Trustees with expiring terms. The Board of Commissioners authorizes the Chairperson of that Committee, with the concurrence of the President and CEO, to appoint the Trustees from among the Agency's salaried employees. The General Counsel shall serve as Secretary to the Trustees for the Salaried Administrative Pension and 401(k) Plan Committee. The Director of Benefits shall serve as Assistant Secretary to the Trustees for the Salaried Administrative Pension and 401(k) Plan Committee, but shall not be a voting member of the Committee.

The Trustees for the two Amalgamated Transit Union ("ATU") Employees' Administrative Pension Plan Committees shall consist of one (1) standing Trustee, the Vice President of Human Resources, and two (2) non-standing Trustees with expiring terms. The Trustees for the International Brotherhood of Electrical Workers ("IBEW") Administrative Pension Plan Committee shall consist of one (1) standing Trustee; the Vice President of Human Resources and three (3) non-standing Trustees with expiring terms. The Board of Commissioners authorizes the Vice President of Human Resources, with the concurrence of the President and CEO, to appoint the three (3) non-standing Trustees from the Agency's management staff.

In addition, the Chairman of the Board of Commissioners shall appoint a Board Pension Committee from the Board of Commissioners.

The Board Pension Committee shall receive quarterly investment reports and, an annual briefing summary of the Administrative Pension Committee's activity for all Plans.

The Trustees shall administer the employees' pension & 401(k) Plans on the Board's behalf. The Board Pension Committee shall meet on an as needed basis and shall annually receive a report on the financial condition of the Plans and any other issues it deems appropriate to the full Board. The annual meeting of the Board Pension Committee shall be held during the fourth quarter of the calendar year, and a report on the financial condition of each Plan shall be made to the full Board at the following regularly scheduled Board of Commissioners meeting.

C. Investment Objectives. It is the policy of the Board of Commissioners to see that the sponsored pension plans are managed in a manner designed to fund each plan to the fullest extent feasible, consistent with the Board's other fiscal responsibilities. The Board adopts a goal to achieve and maintain a funded status at a minimum of 100% of each plan's Pension Benefit Obligation, through contributions and investments. Contributions to the plans will be based on the recommendation of the annual actuary as a result of the actuarial valuation conducted for each plan.

This policy shall be carried out through investment policies, administered by Plan Trustees consistent with Board Policy or the requirements of the applicable labor agreement.

D. Investment Return Objectives. The investment return objective for each plan's total portfolio should be a real (inflation adjusted) annual rate of return as measured over a planning horizon that will meet the plan actuarial assumption. The real rate of return may deviate from this expected level of return during any single measurement period.

E. Monitoring and Control Procedures. The Administrative Pension Committee for each plan will meet at least once each quarter to receive reports on each plan's performance, including:

1. Quarterly changes in the equity portfolio (composite characteristics) of each equity manager relative to historic pattern, volatility and style.
2. The quarterly investment performance of each equity portfolio manager compared to the performance of a broad universe of equity managers as well as a group of other managers following the same investment style.
3. Evaluate and determine whether the managers continue to satisfy the evaluation criteria as outlined in the Plan's Investment Policy.

F. Duties of each Administrative Pension Committee Trustees. The Administrative Pension Committee Trustees shall retain the services of an:

1. Actuary through a competitive bid or request for proposal process every three years. The actuary retained shall be enrolled as a Fellow in the Society of Actuaries, with a minimum five years consulting experience with Public Retirement Systems.
2. Auditor to conduct an annual audit of the plan at the end of the plan year. The auditing firm shall be secured through a competitive bid process every three years. The Auditing firm retained shall be a Certified Public Accountant and have a minimum of five years experience in public accounting.
3. Investment Advisor to regularly review the performance of each plan's investment portfolio to:
 - a. Recommend an investment policy for each plan designed to freely fund the plan.
 - b. Establish an asset allocation to provide adequate returns at an acceptable level of volatility, and, meet the liquidity needs of the plan, i.e., expenses and retirement benefits payments.
 - c. Provide Trustees objective performance information on investment managers to enable Trustees to make informed decisions on the selection and retention of investment managers.

The Administrative Pension Trustees may from time to time change the investment objective of the plans based on the recommendation of the Investment Advisor.

Investment Advisor Selection Criteria shall be:

- a. a minimum of ten years of investment consulting experience,

- b. a \$10 billion client base;
 - c. no conflict of interest with brokerage firms or investment management products; and
 - d. a client base of public pension funds and, for the union plans, Taft-Hartley plan clients.
4. Attorney to provide legal advice to Administrative Pension Committee Trustees to ensure plan compliance with state and federal mandated laws and regulations. Due to the complexity of the tax laws applicable to pension plans and the rules relating to governmental plans, the attorney retained shall have a practice limited to pension and employee benefit law and a minimum of ten years experience in the specialty.
 5. Custodian and Recordkeeper to maintain the assets of the plans.
 6. Investment Managers The Administrative Pension Board will select Investment Managers based upon the following general selection criteria for prospective equity and fixed income managers.
 - a. Audited or otherwise verifiable performance and portfolio data.
 - b. Performance records of a sufficient duration to include a variety of economic and market environments, specifically 5-8 years for equity and 3-5 years for fixed income managers.
 - c. Demonstration of a long-term record of performance superiority over other managers of the same style.

The Administrative Pension Committee shall approve all disbursements from plan funds, and oversee all administrative actions in accordance with the plan document and applicable law and regulations (including, but not limited to, the provisions of the United States Internal Revenue Code applicable to qualified retirement plans).

G. Plan Structure *(revised 6/26/09 and 01/29/10)*:

1. The Three Pension Plans for Hourly Employees' cover full-time employees of Division 788, the Amalgamated Transit Union, Operations and Maintenance Unit; Division 788, the Amalgamated Transit Union, Clerical Unit; and the International Brotherhood of Electrical Workers, Local 2 and Local 309.

The Hourly Employees' Pension Plans are collectively bargained and jointly trusted by an equal number of union and management representatives. The collective bargaining agreements govern the benefit formulas, plan amendments and Agency/employee funding levels. The Hourly Employees' Pension Plans require mandatory participation. Employees contribute a contractually negotiated portion of the actuarially recommended funding. All amendments to the Hourly Plans are

submitted to the Board of Commissioners and approval is granted through the ratification of the collective bargaining agreements.

2. The Pension Plan for Salaried Employees is a defined benefit plan covering all full-time salaried employees.

The 401(k) Retirement Savings Plan is a voluntary defined contribution plan for full-time salaried employees, and full-time Paratransit Van Operators in the Division 788, Amalgamated Transit Union Call-A-Ride Unit.

The Board of Commissioners shall approve plan amendments, which change Agency contributions to individual employee accounts.

H. Review and Revision of this Statement of Policy. The Board Pension Committee will periodically review these policies to ensure that they are still reflective of the Agency's retirement plans.