

**BI-STATE DEVELOPMENT
COMBINED OPERATIONS / AUDIT, FINANCE & ADMINISTRATION
COMMITTEE MEETING
OPEN SESSION MINUTES
March 26, 2019**

Operations Committee Members in Attendance

Michael S. Buehlhorn, Chair
Derrick Cox
Irma Golliday
Vernal Brown
Rose Windmiller

Other Commissioners in Attendance

Herbert Simmons
Fred Pestello (absent)

Audit, Finance & Administration Committee Members in Attendance

Aliah Holman, Chair
Constance Gully (absent) – *Entered the meeting at 8:06 a.m.*
Justin Zimmerman (absent)

Staff in Attendance

Taulby Roach, President and Chief Executive Officer
Barbara Enneking, General Counsel and Deputy Secretary
Myra Bennett, Manager of Board Administration
Jim Cali, Director Internal Audit
Jessica Mefford-Miller, Executive Director Metro Transit
Larry Jackson, Executive Vice President Administration
John Langa, Vice President Economic Development
Patti Beck, Director Communications
Mary Lamie, Executive Director St. Louis Regional Freightway
Scott Grott, General Manager MetroLink
Kathy Brittin, Director Risk Management Safety & Claims
Mark Vago, Sr. VP Chief Financial Officer
Chris Poehler, Assistant Executive Director Engineering Systems
Matthew Hibbard, Social Media Communications Manager
Charles Stewart, Executive Vice President, Organizational Effectiveness
Diana Wagner-Hilliard, Director Workforce Diversity/EEO
Kent Swagler, Director Corporate Compliance & Ethics
Tamara Fulbright, Sr. Director Financial Planning & Treasury
Kelli Fitzpatrick, Sr. Internal Auditor/PT
David Toben, Director of Benefits
Amy Krekeler-Weber, EEO Specialist
Brenda Krieger, Executive Assistant to President and Chief Executive Officer
Cynthia Davis, Director Program Development & Grants

Jerry Vallely, External Communications Manager
Michael Gibbs, Manager of Financial Operation, Admin & Business Operations
Sally Bender, Internal Auditor
Jeff Braun, Director of Real Estate
Larry Rusbarsky, Director of Financial Planning and Budget
Carmen Brothers, Retirement Plan Manager
Tim Nittler, Director of Capital Projects
Vernice Kelly, Director of Human Resources
Ted Zimmerman, Vice President Marketing & Communications
Darren Curry, Chief Mechanical Officer
Greg Smith, Vice President Procurement & Inventory Management
Lisa Burke, Executive Assistant
Virgie Chaffen, Director of Labor Relations

Others in Attendance

Maggie Nothnagel, Ready by 21
Kaleb Lilly, RubinBrown LLP
Renita Duncan, RubinBrown LLP
Kate Poldumis, Ready by 21
Katie Kaufmann, Regional Youth Employment Coalition

1. Open Session Call to Order

8:00 a.m. Chairman Buehlhorn called the Open Session of the Combined Operations / Audit, Finance & Administration Committee Meeting to order at 8:00 a.m. in the Bi-State Development Board Meeting Room, located on the 6th Floor of the Corporate Headquarters, at 211 N. Broadway in St. Louis, Missouri.

2. Roll Call

8:00 a.m. Roll call was taken, as noted above.

3. Public Comment

8:01 a.m. Chair Buehlhorn asked if any speaker cards had been submitted.

Katie Kaufmann, Regional Youth Employment Coalition, addressed the Committee, thanking Bi-State Development for its past partnership with the Coalition, and asking for continuing support and partnership, with regard to discounted Metro passes during the summer to assist youth with transportation for summer employment. Ms. Kaufmann noted over 20,000 uses of the passes in last year's program. She noted that Mayor Krewson has called for the creation of 1000 jobs for youth for this summer. Commissioner Windmiller asked if Ms. Kaufmann had an estimated cost for the program, and Ms. Kaufmann stated approximately \$100,000.

Commissioner Gully entered the meeting at approximately 8:06 a.m.

4. **Minutes of January 15, 2019, Open Session of the Operations Committee Meeting**
8:06 a.m. The minutes of the January 15, 2019, Open Session of the Operations Committee Meeting were provided in the Committee packet. A motion to approve the minutes was made by Commissioner Cox and seconded by Commissioner Golliday.

Motion passed with a majority vote, with 1 abstention, by Commissioner Windmiller.

5. **Minutes of January 25, 2019, Open Session of the Audit, Finance & Administration Committee Meeting**
8:07 a.m. The minutes of the January 25, 2019, Open Session of the Audit, Finance & Administration Committee Meeting were provided in the Committee packet. A motion to approve the minutes was made by Commissioner Holman and seconded by Commissioner Brown.

Motion passed unanimously.

6. **Contract Award: Modjeski and Masters – MetroLink – Downtown Tunnel Repairs and Standpipe Replacement Design**
8:07 a.m. A briefing paper was provided in the Committee packet, regarding a request to refer to the Board of Commissioners, an authorization to allow Bi-State Development (BSD) to award design and construction phase services for the Downtown Tunnel Repairs and Standpipe Replacement Project to Modjeski and Masters, based on the negotiated cost proposal submitted on October 12, 2018, totaling \$869,767.62. Chris Poehler, Assistant Executive Director of Engineering Systems, provided an overview of this issue, noting that on April 19, 2018, BSD issued Solicitation 18-RFP-105125-CB – Downtown Tunnel Repairs Standpipe Replacement Design, requesting proposals from qualified firms to provide the required design and construction phase services. He stated that the proposed work will require a Categorical Exclusion, as the Downtown Tunnel is included with the Eads Bridge on the National Register of Historic Places. Mr. Poehler stated that on October 12, 2018, Modjeski and Masters submitted a revised cost proposal of \$869,767.62, which is \$29,988.38 less than BSD’s independent cost estimate of \$899,756.00. In addition, he noted that a Disadvantage Business Enterprises (DBE) goal of 8% was recommended for this project, and Modjeski and Masters’ cost proposal provides for 34.7% DBE participation. Mr. Poehler stated that Modjeski and Masters will be responsible for designing the recommended short-term and long-term repairs described in the most recent tunnel inspection report, and they will also be responsible for the design of the replacement dry standpipe system of the Downtown Tunnel. Commissioner Holman asked if there is any information regarding other goals, such as for women owned businesses, etc. It was noted that, for use of Federal Funding, only the DBE is used. Commissioner Buehlhorn asked if an explanation could be given, regarding the definition of a “standpipe”. Mr. Poehler noted that this is a device used for fighting fires, should one occur.

A motion to approve this agenda item, as presented, was made by Commissioner Golliday and seconded by Commissioner Brown.

Motion passed unanimously.

7. Contract Modification: Jacobs Engineering-General On-Call (GEC) Design and Engineering Consultant Services – Jacobs Engineering, Discipline Number 1 – Project No. 16-RFP-102111-CG

8:11 a.m. A briefing paper was provided in the Committee packet, regarding a request to refer to the Board of Commissioners, approval to authorize the President/CEO to modify the Jacobs Engineering contract for Architectural & Engineering Services, in a not-to-exceed amount of \$2,500,000, and award option years if the following criteria are met:

- Funding is available;
- The performance of the contract is satisfactory;
- The exercise of the option is in accordance with the terms and conditions of the option stated in the initial contract awarded; and
- The option price is determined to be better than prices available in the market or that the option is more advantageous offer at the time the option is exercised.

Chris Poehler, Assistant Executive Director of Engineering Systems, gave a brief overview of this issue, noting that, In April 2016, Bi-State Development (BSD) awarded contracts to qualified engineering firms for on-call services. BSD has many different types of projects from construction to maintenance, to casualty repair. The nature of the BSD system requires a diverse range of skills sets. Having access to these firms allows faster response to issues than seeking proposals from multiple firms for each small project as they develop. Jacobs Engineering was awarded the contract for “Discipline I”, which consists of: Architectural Engineering, Civil and Structural Engineering and Surveying, Environmental/Geotechnical Services and Materials Testing, and Mechanical Engineering. The Board of Commissioners’ approval was granted April 28, 2017, for Contract Modification One with Jacobs Engineering for General On-Call (GEC) Design and Engineering Consultant Services, increasing the contract amount from \$500,000 to \$1,500,000, with a \$150,000 limit for each individual task order. Twenty-four (24) task orders for “Discipline I” have been awarded or are pending award, and the Jacobs Engineering contract is expected to exceed the current \$1,500,000 limit, within the first option year, and Management believes that a contract increase in the engineering support provided by the Jacobs Engineering GEC contract is needed to ensure timely completion and quality outcomes for small projects of this type, over the remaining option years. The annual, total commitment to projects has increased each year, without changes to the scope of work, and it is believed that the contract not-to-exceed amount should be increased to \$2,500,000.

A motion to approve this agenda item, as presented, was made by Commissioner Golliday and seconded by Commissioner Cox.

Motion passed unanimously.

8. Metro Transit Operations Report

8:14 a.m. Jessica Mefford-Miller, Executive Director Metro Transit, presented a Metro Transit Operations Report to the Committees. She noted that system ridership remains down; however, the rate of loss seems to be leveling off. She added that the decline in ridership is similar to those of our peers in the transit industry.

Ms. Mefford-Miller reported that Metro will end FY2019 within its budget goals; with wages and benefits remaining favorable, primarily due to vacancies. She stated that service productivity is declining; however, the rate of decline is slowing, and looking ahead, she is hopeful that the Metro ReImagined service plan will more closely match service level to market demand, driving an increase in productivity beyond FY2020. Ms. Mefford-Miller reported that preventable accidents increased in YTD FY2019, due to an increase in new operator hires. She stated that, in recent months, Metro has introduced enhanced training initiatives to reduce the rise of preventable accidents. She noted that absenteeism is a critical challenge for Metro Transit, and management and labor continue to work to evaluate trends in absenteeism, as well as policies, contracts, and management strategies that can be applied to reduce overall absenteeism, specially unauthorized absences.

Ms. Mefford-Miller reported that Metro and its partners continue to improve security across the transit system. Increased personnel presence and communication regarding security are resulting in notable reductions in security-related, negative customer contacts. She also gave a brief overview of upcoming service and maintenance projects. This report was submitted for information only, and no Committee action is required.

At this point in the meeting, Commissioner Buehlhorn asked that Commissioner Holman Chair the meeting, to address the items that pertain to the Audit, Finance, and Administration Committee. Commission Holman then proceeded to Chair the meeting.

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

8:29 a.m. A briefing paper was provided in the Committee packet, regarding a request to refer to the Board of Commissioners, approval to appoint Mark Vago, Chief Financial Officer, as the new Chairperson for the Salaried Pension Committee, for a term of two years. Charles A. Stewart, Executive Vice President - Organizational Effectiveness, and Diana Bentz, Vice President - Talent Management, provided an overview of this item. He noted that a vacancy was left with the retirement of Jenny Nixon, and this vacancy on the Committee has been filled by the appointment of Shawn Murray. He also noted that, on April 27, 2018, the Board of Commissioners had appointed Jenny Nixon to continue to serve as Chairperson of the Salaried Administrative Pension Committee, until April 2019. It is now time to appoint a new Chairperson, with an effective date of April 26, 2019. Mr. Stewart noted that the Salaried Administrative Pension Committee Chair should be filled by a current, non-retired, member of the committee, and staff is recommending that Mark Vago, Chief Financial Officer, be appointed to serve as the Chairperson of this committee. This recommendation is based on Mark's experience serving on pension committees and his experience in Finance. Commissioner Gully asked if Mark Vago currently serves on this Committee, and Mr. Stewart indicated that he does.

A motion to approve this agenda item, as presented, was made by Commissioner Simmons and seconded by Commissioner Brown.

Motion passed unanimously.

- 10. FY 2019 External Audit – Client Service Plan from RubinBrown**
8:31 a.m. Mark Vago, Chief Financial Officer, provided the FY 2019 External Audit, Client Service Plan from RubinBrown for Bi-State Development (BSD) to the Committee. A brief summary was provided by Kaleb Lilly and Renita Duncan, RubinBrown. Ms. Duncan thanked the Board of Commissioners for the opportunity to perform the audit. She reviewed page 6 of the report, clarifying the various areas of risk, and identifying those areas of greatest risk. Mr. Lilly reviewed page 7 of the report, which notes the preliminary, significant risks that have been identified. He asked for Committee input on any other items that the Committee would like to see incorporated into the audit plan. He noted that if any complex financial issues arise in the near future, to please let the auditors know. Mr. Lilly also reviewed the Committee’s role in oversight and fraud considerations. Discussion was held. Mr. Vago noted that a timeline has been provided, regarding the audit process. This report was submitted for information only, and no Committee action is needed at this time.
- 11. 2019 Quarterly Financial Statements – Second Quarter Ending December 31, 2018**
8:42 a.m. Mark Vago, Senior Vice-President and Chief Financial Officer, provided an overview of the 2019 quarterly financial statements for the second quarter, period ending December 31, 2018, including performance indicators, for all Bi-State business divisions including: Executive Services, Gateway Arch Tram, Riverfront Attractions, St. Louis Downtown Airport, Metro Transit, St. Louis Regional Freightway, Bi-State Development Research Institute, and Arts in Transit.
- 12. 2019 Performance Indicators – Second Quarter Ending December 31, 2018**
8:52 a.m. Mark Vago, Senior Vice-President and Chief Financial Officer, noted that an overview of the 2019 performance indicators for the second quarter, ending December 31, 2018, was presented along with the previous agenda item. He stated that he would like to address the Committee and ask if the reports being provided contain the information they need. He said if too much, or too little, information is being provided, he would appreciate input from the Board of Commissioners, so that adjustments can be made to the reports. Chair Holman stated that she feels that the Board should have a discussion regarding this issue. The Commissioners agreed.
- 13. Quarterly Procurement Report – Second Quarter Fiscal Year 2019**
8:54 a.m. A memorandum was provided in the Committee packet, to provide a summary of the quarterly procurement activity for the second quarter of fiscal year 2019. Gregory Smith, Vice President – Purchasing, Materials Management, and Supplier Diversity, provided an overview of this report, noting that Second Quarter, 2019 Non-Competitive Procurements totaled \$2,749,639, or 10.1% of total Purchase Order Commitment volume of \$27,175,396. Chairman Holman noted that this information was presented for information only, and no action of the Committee is required.
- 14. Treasurer’s Report – Quarter Ended December 31, 2018**
8:55 a.m. Tammy Fulbright, Senior Director of Financial Planning and Treasury, provided an overview of the Treasurer’s Report for the Second Quarter, ended December 31, 2018, as provided in the Committee packet, including rates of return, trustee directed funds, debt service payments, and bond payments. This report was submitted for information only, and no Committee action is required.

15. Pension Plans, 401(k) Retirement Savings Program & OPEB Trust Investment Performance Update as of December 31, 2018

8:58 a.m. A briefing paper was included in the Committee packet, to provide the Committee the Pension Plans, 401(k) Retirement Savings Program and OPEB Trust Investment Performance Update as of December 31, 2018. Charles Stewart, Executive Vice-President, Organizational Effectiveness, gave a brief overview of this issue, noting that 2018 was not a good year for pension investments; however, the first two months of 2019 have indicated a turnaround in the market, reflecting gains. This report was submitted for information only, and no Committee action is required.

16. President/CEO Report

9:03 a.m. Bi-State Development President/CEO Taulby Roach addressed the Committees, noting that work continues on the FY2020 budget. He commended staff for their work in bringing the budget in line with BSD goals. Mr. Roach stated that he will speak to Mayor Krewson tomorrow with regard to the “Go Card” presentation, and possibility to partner with the Regional Youth Employment Coalition.

Mr. Roach stated that, as noted by Mr. Vago, it is important that staff know what information the Commissioners would like to see included in reports and packets, so that they are well informed on the decisions that BSD asks them to make. He stated that staff understands that the Commissioners volunteer their time to serve BSD, and the Commissioners’ time is valuable to us.

17. Unscheduled Business

9:06 a.m. There was no unscheduled business.

18. Call of Dates for Future Board and Committee Meetings

9:06 a.m. Myra Bennett, Manager of Board Administration, advised the Committee of the upcoming meetings, as follows:

Board of Commissioners Meeting:	Friday	April 26, 2019	8:00 AM
Operations Committee:	Tuesday	May 14, 2019	8:00 AM
Audit, Finance & Administration:	Friday	May 17, 2019	8:00 AM

19. Adjournment to Executive Session – If such action is approved by a majority vote of the Bi-State Development Agency’s Board of Commissioners who constitute a quorum, the Board may go into closed session to discuss legal, confidential, or privileged matters pursuant to Bi-State Development Board Policy Chapter 10, §10.080(D) Closed Records; Legal under §10.080(D)(1); Real Estate under §10.080(D)(2); Personnel under §10.080(D)(3); Health Proceedings under §10.080(D)(4); Employee Negotiations under §10.080(D)(5); Data Processing under §10.080(D)(6); Purchasing and Contracts under §10.080(D)(7); Proprietary Interest under §10.080(D)(8); Hotlines under §10.080(D)(9); Auditors under §10.080(D)(10); Security under §10.080(D)(11); Computers under §10.080(D)(12); Personal Access Codes under §10.080(D)(13); Personal Information under §10.080(D)(14); Insurance Information under §10.080(D)(15); Rail, Bus, or Facilities Safety and Accidents under §10.080(D)(16) or Protected By Law under §10.080(D)(17).

9:06 a.m. Pursuant to the requirements of Chapter 10, Section 10.080 (D) (1); (2); (3); (7); (10); (11); (16); and (17) of the Bi-State Development Agency's Board Policy, Committee Chair Holman requested a motion to allow the Committee to move into closed session.

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

Aliah Holman – Yea
Constance Gully – Yea
Vernal Brown – Yea
Rose Windmiller – Yea

Michael S. Buehlhorn – Yea
Derrick Cox – Yea
Irma Golliday – Yea
Herbert Simmons – Yea

Motion passed unanimously, and the Open Session meeting was adjourned at 9:07 a.m.



Deputy Secretary to the Board of Commissioners
Bi-State Development