

**BI-STATE DEVELOPMENT
AUDIT, FINANCE & ADMINISTRATION COMMITTEE MEETING
OPEN SESSION MINUTES
(Virtual Meeting)
August 20, 2021**

**Immediately following
Special Meeting of Board of Commissioners at 8:30 AM**

Audit, Finance & Administration Committee Members participating via Zoom

Justin Zimmerman, Chair
Herbert Simmons
Fred Pestello
Nate Johnson
Sam Gladney

Other Commissioners participating via Zoom

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

Staff participating via Zoom

Taulby Roach, President and Chief Executive Officer
Brenda Deertz, Director of Executive Services
Barbara Enneking, General Counsel and Deputy Secretary
Myra Bennett, Manager of Board Administration
Thomas Curran, Executive Vice President – Administration
Kerry Kinkade, Vice President – Chief Information Officer
Jessica Mefford-Miller, Executive Director Metro Transit
Tammy Fulbright, Executive Vice President Chief Financial Officer
Mary Lamie, Executive Vice President of Multi Modal Enterprises
Crystal Messner, Chief Audit Executive
Angela Staicoff, Senior Internal Auditor
Charles Stewart, Executive Vice President Organizational Effectiveness
Andrew Ghiassi, General Manager Safety/Chief Safety Officer

Others participating via Zoom

Chelsea Niezwaag, ASL Interpreter
Jenni Beverly, ASL Interpreter

1. **Open Session Call to Order**
8:45 a.m. Chair Zimmerman called the Open Session of the Audit, Finance & Administration Committee Meeting to order at 8:45 a.m.
2. **Roll Call**
8:45 a.m. Roll call was taken, as noted above.
3. **Public Comment**
8:45 a.m. Chair Zimmerman asked Myra Bennett, Manager of Board Administration, if any public comment cards were received for today's meeting. Ms. Bennett indicated that none were submitted.
4. **Minutes of the May 21, 2021 Audit, Finance & Administration Committee, Open Meeting**
8:46 a.m. The minutes of the May 21, 2021 Audit, Finance & Administration Committee, Open Meeting were provided in the Committee packet. A motion to approve the minutes, as presented, was made by Commissioner Brown and seconded by Commissioner Cox. **The motion passed unanimously.**
5. **IAD Audit Follow-Up Summary – 4th Qtr. - FY2021**
6. **IAD Status Report – 4th Qtr. - FY2021**
7. **IAD SSO-Status Report – 2nd Qtr. - Calendar Year 2021**
8. **Treasury-Safekeeping Accounts Audit, Ending March 30, 2021**
9. **Treasury-Safekeeping Accounts Audit, Ending June 30, 2021**

8:47 a.m. Individual briefing papers were included in the meeting materials regarding Item #5 – Item #9. Crystal Messner, Chief Audit Executive, gave a combined report of these items. She reported that, for the Follow-Up Summary for the 4th Quarter of FY2021, there were 11 completed, outstanding findings, which have been closed out. She reported that the Agency is on target for its quarterly statuses, and would like to focus on SSO and internal audits. Ms. Messner stated that for SSO, for the second quarter, the following audit activities were proposed by Internal Audit: 1) Fully outsource the Internal Safety Audit Process for auditing the Public Transportation Agency Safety Plan (PTASP) and System Security Plan (SSP); and 2) Expand outsourced Audits to include Call-A-Ride and Metro-Bus. She stated that the second quarter proposed activities were accomplished. The Internal Audit Department (IAD) contracted with Kensington Consulting on July 12, 2021 to outsource the Internal Safety Audit Process, which will incorporate MetroBus and Call-A-Ride Audits. Ms. Messner noted that, for Treasury-Safekeeping Accounts Audit, Ending March 30, 2021 and for Treasury-Safekeeping Accounts Audit, Ending June 30, 2021, the IAD concluded that all material items were stated and were present. Chair Zimmerman credited Ms. Messner and her staff for the SSO Audit, and their identification of a risk that required additional outsourcing and expertise to address. President & CEO Roach noted that the State Safety Oversight (SSO) includes both Missouri and Illinois, and under the leadership of Ms. Messner and Andrew Ghiassi, General Manager Safety/Chief Safety Officer, they have done a great job at stewarding that process. Mr. Roach stated that recently, FTA conducted their triannual review, and the Agency received many comments on the positivity of the Agency's safety structure. (These items were presented for information only, and no action by the Committee is required.)

10. Quarterly Financial Statements

11. Treasurer's Report

8:51 a.m. Quarterly Financial Statements for the fourth quarter, as well as the Treasurer's Report, were included in the meeting materials. Tammy Fulbright, Executive Vice President and Chief Financial Officer, asked to give a combined report of these two items. Ms. Fulbright noted that the Financial Statements for the fourth quarter represent preliminary numbers. She stated that she will be providing additional information shortly, which will assist in identifying trends, as requested by the Commissioners. Ms. Fulbright stated that the external auditors are in the process of performing their review currently, so yearend numbers could change slightly. She reviewed the current financial status of the various BSD enterprises.

Ms. Fulbright gave an overview of the Treasurer's Report, noting that amount of funds that the Agency currently directs, and the average rate of return. She stated that, although the Agency is somewhat limited, staff is looking at opportunities for investing a little differently, in order to increase that rate of return. It was noted that this item was presented as information only.

12. Procurement Report

8:55 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 for the fourth quarter, Non-Competitive Procurements totaled approximately \$1.48 million, or 4.9% of the total Purchase Order Commitment volume. He reported that this is a significant drop from the past 12 months, as Non-Competitive Procurements for that period totaled \$18.7 million, or 16% of the total Purchase Order Commitment. Mr. Curran also noted that, included in the packed as information only, are the Contract Modifications and Procurement Card Program Administrative Review Statistics for the third quarter, FY2021.

13. Pension Plans, 401(k) Retirement Savings Program and OPEB Trust Investment Performance Update as of June 30, 2021

8:57 a.m. Pension Plans, 401(k) Retirement Savings Program and OPEB Trust Investment Performance updates were included in the meeting materials regarding this item. Charles Stewart, Executive Vice President Organizational Effectiveness, gave an overview of performance for each of the plans, as of June 30, 2021. Commissioner Gladney asked if employees working, but not making it to retirement, is having any impact on the status of the 788 pension plan. Mr. Stewart noted that the ratio of retirees to active participants is having a tremendous impact to the plan, and it has increased the burden for active employees. He noted that the status of this plan, and its performance, are discussed every year during collective bargaining. (It was noted that this item was presented as information only.)

14. Update on Risk Management Insurance Program

9:04 a.m. A briefing paper regarding this item was included in the meeting materials. Kathy Brittin, Director of Risk and Absence Management, gave an overview of this item. She noted that FY2022 will be the last year with the current insurance broker, McGriff, Seibels & Williams of Missouri, Inc. She stated that they have done an excellent job in marketing the Agency's insurance programs this year. She noted that market conditions continue to be extremely difficult for Excess Liability, and global losses have affected everyone. Ms. Brittin noted that a summary of all of the BSD insurance programs has been provided in the meeting materials. She stated that premiums for two of the programs have actually decreased this year, and all but 4 policies came

in under the budgeted amounts. Ms. Brittin stated that she has outlined in the summary, the four policies that exceeded the budget, and the reasons behind the increases. She pointed out that the Excess Liability policy, last year and this year, has increased substantially, and to keep the premium lower, management has agreed to increase BSD self-insured retention from \$5 million to \$10 million. She noted that the Agency's loss history has never exceeded \$5 million, primary due to the sovereign immunity in Missouri. Ms. Brittin stated that this does not mean that a significant loss could not happen; however, management feels that the premium savings of \$1 million would out way the risk. Chair Zimmerman noted that the Agency experienced a shocking increase last year, and asked if we are still dealing with these challenges, primarily on the high end policies. Ms. Brittin stated that last year, the secondary insurance layer of Agency coverage went up substantially. She explained that this year, due to the primary insurer withdrawing from the public entity and transit markets, the primary insurance layer had to be replaced, which resulted in a substantial increase. The increase over the FY2022 budget is 24%. (This item was presented as information only.)

15. President & CEO Report

9:09 a.m. Bi-State Development President & CEO Taulby Roach addressed the Committee noting that a very positive meeting was held with the National Park Service. He noted that there were two issues discussed at that meeting, including the employment crisis and the Park bonds. Mr. Roach stated that the Agency delivered the positive news regarding the refunding of the Park bonds. He stated that Tammy Fulbright and her team did an excellent job regarding the refunding of these bonds, which will result in a \$32,000 savings annually for the Gateway Arch.

16. Unscheduled Business

9:10 a.m. There was no unscheduled business.

17. Call of Dates for Future Board and Committee Meetings

9:10 a.m. Myra Bennett, Manager of Board Administration, advised the Committee of the upcoming meeting, as follows:

Board of Commissioners Meeting	Friday, September 24, 2021	8:30 AM
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18. 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)

9:11 a.m. Committee Chair Zimmerman 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; and (D) (10) – Audit.

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

Vernal Brown – Yea
Fred Pestello – Yea
Nate Johnson – Yea

Derrick Cox – Yea
Irma Golliday – Yea
Herbert Simmons – Yea

Sam Gladney – Yea

Justin Zimmerman – Yea
Terry Beach – Yea

The motion passed unanimously, and the Committee moved into Executive Session at approximately 9:12 a.m.

19. Reconvene to Open Meeting

9:49 a.m. The Committee reconvened to the Open Meeting at approximately 9:49 a.m.

Commissioner Cox made a motion to approve the Minutes from the May 21, 2021, Executive Session of the combined meeting of the Audit, Finance, & Administration Committee, as presented, as a closed record. The motion was seconded by Commissioner Golliday.

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

Derrick Cox – Yea
Irma Golliday – Yea
Herbert Simmons – Yea
Justin Zimmerman – Yea
Terry Beach – Yea

The motion passed.

Commissioner Golliday made a motion to accept and forward to the Board of Commissioners for approval, the following items, as presented: 1) Draft Management and Performance Audit by Infrastructure Management Group, Inc. - St. Louis Metro Transit, 2) Draft Office Supply Account Audit Report, 3) Draft Accounts Payable DataServ Audit Report, 4) Draft Ticket Vending Machine (TVM) Audit Report, 5) Draft - TrueNorth IT Penetration Report, and 6) Draft - TrueNorth SCADA Assessment Report. The motion was seconded by Commissioner Beach.

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

Derrick Cox – Yea
Irma Golliday – Yea
Herbert Simmons – Yea
Justin Zimmerman – Yea
Terry Beach – Yea

The motion passed.

20. Adjournment

9:51 a.m. Chair Zimmerman asked if there was any further business, and being none, Commissioner Simmons made a motion to adjourn the meeting. The motion was seconded by Commissioner Golliday. Unanimous vote in favor was taken. The motion passed, and the meeting was adjourned at approximately 9:51 a.m.


Deputy Secretary to the Board of Commissioners
Bi-State Development