

**BI-STATE DEVELOPMENT
AUDIT, FINANCE & ADMINISTRATION COMMITTEE MEETING
OPEN SESSION MINUTES
(Virtual Meeting)
March 18, 2022**

Immediately following Operations Committee Meeting

Audit, Finance & Administration Committee Members participating via Zoom

Terry Beach, Chair
Herbert Simmons
Fred Pestello
Nate Johnson
Sam Gladney – Absent

Other Commissioners participating via Zoom

Rose Windmiller
Derrick Cox – Absent
Irma Golliday
Vernal Brown
Debra Moore

Staff participating via Zoom

Taulby Roach, President and Chief Executive Officer
Brenda Deertz, Director of Executive Services
Barbara Enneking, General Counsel
Myra Bennett, Manager of Board Administration
Thomas Curran, Executive Vice President – Administration
Tammy Fulbright, Executive Vice President and Chief Financial Officer
Mary Lamie, Executive Vice President of Multi Modal Enterprises
Crystal Messner, Chief Audit Executive
Chris Poehler, Assistant Executive Director Engineering Systems
Charles Stewart, Executive Vice President Organizational Effectiveness

Others participating via Zoom

Brett Runge, ASL Interpreter
Erin Stumpf, ASL Interpreter

1. **Open Session Call to Order**
9:07 a.m. Chair Beach called the Open Session of the Audit, Finance & Administration Committee Meeting to order at 9:07 a.m.
2. **Roll Call**
9:07 a.m. Roll call was taken, as noted above.

3. Public Comment

9:08 a.m. Chair Beach asked Myra Bennett, Manager of Board Administration, if any public comment cards were received for today's meeting. Ms. Bennett noted that no public comments were submitted.

4. Minutes of the January 28, 2022 Audit, Finance & Administration Committee, Open Meeting

9:08 a.m. Chair Beach noted that the minutes of the January 28, 2022 Audit, Finance & Administration Committee, Open Meeting were provided in the Committee packet for review. Being no revisions, a motion to approve the minutes, as presented, was made by Commissioner Windmiller and seconded by Commissioner Johnson. **The motion passed unanimously.**

5. Contract Authorization – Third Party Oracle Support

9:09 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, authorization to pursue and sign a competitively bid contract for Oracle Support that does not exceed \$325,000 per year, and \$1,625,000 in total over 5 years. Tom Curran, Executive Vice President Administration, gave an overview of this item, noting that Bi-State Development operates a substantial footprint of Oracle software, databases, and tools. He stated that the primary back office business systems run as part of the Oracle E-Business Suite, and the Agency has many Oracle databases, used by other applications. He reported that the Agency has used Oracle Corporation for maintenance and support of our Oracle environment for many years; however, beginning in 2005, firms began working to provide Oracle support, outside of the Oracle Corporation. This was to fulfill the need of companies who felt paying Oracle was no longer in their best interest. Mr. Curran stated that in February, an RFP was issued to obtain proposals for third party, Oracle support services, and vendors are currently preparing proposals. He stated that staff feels that third party support services will result in substantial savings for the Agency; however, there will be a six to eight week time period needed for the changeover. Chair Beach stated that Oracle has been going through a significant period of growth, and has experienced "growing pains". Commissioner Windmiller asked if there is a significant third party vendors providing this type of support service. Mr. Curran stated that the Agency received interest from four vendors, and anticipates that he will receive at least two proposals. Commissioner Moore asked if other transit agencies use this provider, and if they are having similar concerns regarding service. Mr. Curran stated that our organization has been having issues with support services for some time, and has discussed the situation with Jacksonville Transit, who recently moved to a third party vendor, and has had a positive experience with the change. Commissioner Windmiller asked if the Agency has communicated their dissatisfaction to Oracle. Mr. Curran stated that our concerns have been communicated, and they are aware that the Agency is very unhappy with their response time.

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 Moore.

The motion passed unanimously.

6. 2022–2025 EEO/AA Program Submission

9:16 a.m. A briefing paper was included in the meeting materials regarding a request that the Committee accept, and forward to the Board of Commissioners for approval, the EEO/Affirmative Action (EEO/AA) Program Submission. Tom Curran, Executive Vice President of Administration, gave an overview of this item, noting that as a direct recipient of FTA funding, the Agency is required to submit an EEO/AA Program to the FTA Office of Civil Rights every four (4) years. He noted that an EEO/AA Program is a detailed set of procedures and employment information designed to ensure entities meet the EEO requirements set forth in FTA Circular 4704.1A Equal Employment Opportunity (EEO) Requirements and Guidelines for Federal Transit Administration Recipients. Mr. Curran stated that, according to the Program itself, the Board of Commissioners has the responsibility for reviewing the contents of the EEO/Affirmative Action Program, prior to submission to the FTA.

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 Golliday.

The motion passed unanimously.

7. Bi-State Development FY2023 Operating Budget and FY2023-2025 Capital Budget

9:18 a.m. A briefing paper was included in the meeting materials regarding a request that the Committee accept, and forward to the Board of Commissioners for approval, the Bi-State Development FY 2023 Operating Budget; the Bi-State Development FY 2023 – FY 2025 Capital Budget; the three-year Transportation Improvement Plan; grant resolutions required to apply for federal and state funding necessary to support the Bi-State Development’s projects and programs; and authorization of management to seek grants and/or appropriations from federal programs, the City of St. Louis, St. Louis County, and the states of Missouri and Illinois.

President and CEO, Taulby Roach, referenced slide 2 of the presentation, contained in the packet, noting the trend lines related to Transit System Cost Stabilization. He stated that the flattening of this line is essential to the sustainability of the organization, and he noted the flattening of the line that has occurred over the past 4 years, under his leadership. He stated that he is very happy with the progress that has been made. Tammy Fulbright, Executive Vice President/Chief Financial Officer, noted that previously, the organization was operating at a 3% growth rate, which was not sustainable. She stated that it is important to maintain the current trend, in order to maintain funding. Ms. Fulbright reviewed the Metro Transit Statement of activities, including projected revenues and expenses, as well as funding partners, revenue sources, and the Capital Budget. Ms. Fulbright gave an overview of projected revenues and expenses for the Gateway Arch, Riverfront Attractions, Downtown Airport, St. Louis Regional Freightway, and Executive Services. She also provided an overview of Internal Service Funds including Health Self-Insurance, Casualty Self-Insurance, and Workers Compensation Self-Insurance.

Commissioner Moore posed questions as to why the revenues from St. Clair County are high, however, ridership is not as high, compared to St. Louis City. Ms. Fulbright invited Commissioner Moore to contact her to discuss the allocation process in greater detail. President & CEO Roach stated that he would be glad to present the model for review. Commissioner Beach asked if the proposed budget will be presented to the full Board in April for approval. Mr.

Roach confirmed that this is correct. He added that the budget would then be presented to all of the Agency's partners individually, for approval.

A motion to accept this agenda item, as presented, and recommend it to the Board of Commissioners for approval, was made by Commissioner Johnson and seconded by Commissioner Pestello. (Commissioner Simmons and Commissioner Moore abstained from the vote.)

The motion passed.

8. FY 2022 External Audit – Client Service Plan from Rubin Brown

9:34 a.m. A briefing paper was included in the meeting materials regarding the FY2022 External Audit, Client Service Plan from Rubin Brown for Bi-State Development (BSD). Tammy Fulbright, Executive Vice President and Chief Financial Officer, gave an overview of this item, noting the scope of work included in the plan.

This item was presented for information only.

9. Treasurer's Report

9:35 a.m. A Treasurer's Report was included in the meeting materials. Tammy Fulbright, Executive Vice President and Chief Financial Officer, gave an overview of this item, noting that the Feds recently raised rates, which should increase interest income on investments. In addition, she reviewed figures regarding the fuel hedge, noting that this process is working to control fuel costs for the Agency. Commissioner Windmiller thanked Ms. Fulbright for her update on the fuel hedge.

This item was presented as information only.

10. Treasury Safekeeping Accounts Audit, Ending December 31, 2021

9:36 a.m. A briefing paper was included in the meeting materials regarding this item. Crystal Messner, Chief Audit Executive, gave an overview of this item, noting that this audit serves as checks and balances for the Treasurer's Report. Ms. Messner stated that IAD has determined that the Safekeeping Accounts exist, and the respective balances and credit ratings reported in the Treasurer's Report as of December 31, 2021 are fairly presented. She stated that IAD also reviewed the reasonableness of information provided in the Treasurer's Report related to the Diesel Fuel Hedging Program. She noted that the review of this program activity is new to this report and is a part of IAD's effort to provide enhanced audit services. She reported that this review focused on the reported results of the Fuel Hedging Program for the current year and the life of the program, April 1, 2004. Ms. Messner reported that the reported Fuel Hedge Program life-to-date information was also fairly stated, given the dollar volume involved; however, the life-to-date Total Fuel Cost information was understated and the Realized Gain information was overstated, as noted in Attachment 3.

This item was presented for information only.

11. Quarterly Financial Statements

9:38 a.m. Quarterly Financial Statements were included in the meeting materials. Tammy Fulbright, Executive Vice President and Chief Financial Officer, gave an overview of this item,

reviewing revenues and expenses for each of the Agency's Enterprises. Commissioner Moore posed questions regarding the bond refunding, asking if those are taxable bonds. Ms. Fulbright stated that they are taxable bonds; however, the refunding saved approximately \$30,000 to \$32,000 per year. Commissioner Simmons posed questions regarding CARES funding, noting that this funding will not be available in the future, and asking if this future impact has been taken into consideration. Ms. Fulbright stated that this issue has been taken into consideration, and that is where fiscal responsibility for each department comes into the planning process. Commissioner Simmons thanked Ms. Fulbright for her work.

This item was presented as information only.

12. Procurement Report

9:42 a.m. A Procurement Report was included in the meeting materials. Thomas Curran, Executive Vice President Administration, gave an overview of this item, noting that relative to the total spend, the percentage of non-competitive procurements declined from 10.2% of overall spending in the second quarter to 7.4% in the third quarter. He reported that the reduction in the ratio of non-competitive to competitive spending has also reduced the twelve-month rolling average of non-competitive spending compared to total procurement spending, dropping from 14.4% in the second quarter of FY 2022 to 8.0% in the third quarter. Mr. Curran noted that he expects that due to the recent approval of several significant sole source contracts that there will be a change to this pattern in the near future. Commissioner Simmons posed questions regarding recent purchasing issues. Mr. Curran stated that the Agency has encountered issues related to workforce issues, as well as supply chain issues; however, the Agency has tried to alleviate some of these issues by ordering materials and supplies sooner.

This item was presented as information only.

13. Pension Plans, 401(k) Retirement Savings Program and OPEB Trust Investment Performance Update as of December 31, 2021

9:44 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, Interim Executive Director Metro Transit / Executive Vice President Organizational Effectiveness, gave an overview of this item. He noted that, with regard to the BSD 401(k) Retirement Savings Program, the total assets were \$87.5M, as of the end of calendar year 2021, which is up \$10.3M in combined contributions and investment earnings from calendar year end 2020, which was \$77.2M. He added that allocations to individual funds and asset types remain relatively unchanged over the last year. The Vanguard Index Fund has significant participation with ~\$16.7M in participant money, or 19% of total assets. The T. Rowe Price Stable Value Fund (7%) and Dodge & Cox Balanced Fund (8%) both also have significant participation. Fixed income manager, MetWest Total Return, has seen positive inflows and has current participant exposure of ~\$1.2M. He stated that the T. Rowe Price Lifecycle Funds continue to grow in popularity, and approximately 39% of participant money is now held in these funds.

Mr. Stewart stated that as of December 31, with regard to the Salaried Pension Plan, total Plan assets were \$102.3M, up by \$7.7M since the beginning of the calendar year. Cash flows were slightly negative in the fourth quarter at -\$0.8M, and year-to-date cash flows were negative at -\$2.7M. He stated that this Portfolio gained +2.2% during the calendar year 2021, bringing the performance for the full year to +11.1%. Since inception dating back to 1988, the Total Portfolio

has gained +7.9%, outpacing its benchmark by 40 basis points, and the Portfolio also outperformed its current actuarial return target of 6.0%. He stated that the Portfolio was rebalanced earlier this year, and it is in line with target asset allocations.

With regard to the IBEW Pension Plan, Mr. Stewart reported that as of December 31, total Plan assets were \$8.0M, an increase of \$0.06M since the beginning of the calendar year. He noted that, with the exception of 2018, 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. He stated that now that the Plan is fully-funded, the cash flows into the Plan have moderated.

Mr. Stewart reported that as of December 31, total Plan assets for the ATU 788 Pension Plan, were \$191.0M – an increase of \$16.9M since the beginning of the calendar year. He noted that fund flows over the past few years have been consistently negative, and 2021 continued this trend. The Portfolio experienced investment gains of \$23.2M for the calendar year.

Mr. Stewart stated that the OPEB Retirement Trust ended the quarter with a total Portfolio market value of \$57.5M. The Portfolio gained +3.6%, during the fourth quarter of 2021. Through December 31, the total Portfolio gained 14.1%, equating to \$6.9M in investment earnings since the beginning of the year.

This item was presented as information only.

14. Unscheduled Business

9:49 a.m. There was no unscheduled business.

15. President/CEO Report

9:49 a.m. Bi-State Development President/CEO Taulby Roach stated that he has no report at this time.

16. Call of Dates for Future Board and Committee Meetings

9:49 a.m. Myra Bennett, Manager of Board Administration, advised the Committee of the upcoming meeting, as follows:

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| Board of Commissioners Meeting: | Friday, April 22, 2022 | 8:30 AM |
| Safety & Security Meeting: | Thursday, May 5, 2022 | 8:30 AM |
| Operations/Audit, Finance, Administration: | Friday, June 10, 2022 | 8:30 AM |

17. 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).

9:50 a.m. Chair Beach noted that the only item of business on the Executive Session agenda, is the approval of the January 28, 2022 Executive Session minutes; therefore, if there is no discussion needed regarding these minutes, the Board could choose to approve the minutes in Open Session, and the Executive Session will not be needed.

Commissioner Windmiller made a motion to approve the minutes of the January 28, 2022, Audit, Finance & Administration Committee, Executive Session, as presented, as a closed record. The motion was seconded by Commissioner Brown.

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

Terry Beach – Yea
Debra Moore – Yea
Irma Golliday – Yea
Herbert Simmons – Yea

The motion passed unanimously.

18. Adjournment

9:51 a.m. Chair Beach asked if there was any further business, and being none, Commissioner Moore made a motion to adjourn the meeting. The motion was seconded by Commissioner Windmiller. Unanimous vote in favor taken. The motion passed, and the meeting was adjourned at approximately 9:52 a.m.



Deputy Secretary to the Board of Commissioners
Bi-State Development

