

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, 11/21/08, and 08/20/21)*

A. **Policy.** *(Revised 9/26/08 and 08/20/21)* 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 Talent Management Department will monitor, review and make recommendations concerning the Agency's compensation package. At least once every three years, the Talent Management 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 Chief Audit Executive.

B. Additional Compensation (revised 9/26/08, 11/21/08, and 08/20/21) The President & CEO shall inform the Board of Commissioners before implementation of any bonuses, stipends, severance payments or incentive compensation for any employee that are above and beyond the standard practices and policies of the Agency's Talent Management Department. Any such payment shall be made 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) (01/24/14 the Agency's Drug & Alcohol Policy & Plan, December 2013, Revision #8 was approved and the existing Section 70, Board Policy 70.030 was reaffirmed)

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 & 401k) Retirement Savings Plans (revised 04/27/18)

A. General (revised 6/26/09, 07/29/11, and 4/27/2018). The Bi-State Development Agency sponsors three defined benefit pension plans and one 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 Organizational Effectiveness, with the concurrence of the President and CEO, to appoint non-standing Trustees from the Agency's management employees and retirees;
2. Oversee the funded status of the Plans;
3. Oversee Trustee administration of the Plans;
4. Approve Plan amendments, benefit formulas, and funding;
5. Review Plan investment policies, procedures and provisions.

B. Appointment of Trustees *(Revised 12/15/06, 6/26/09, 01/29/10, 07/29/11 and 4/27/2018).*

1. The Salaried Administrative Pension and 401(k) Plan Committee.

The Salaried Administrative Pension and 401(k) Plan Committee shall consist of four (4) standing Trustees – the Executive Director Metro Transit, the Vice President of Organizational Effectiveness, the Sr. Vice President Chief Financial Officer, and the General Counsel; and up to five (5) non-standing Trustees with expiring terms. The Board of Commissioners authorizes the Vice President of Organizational Effectiveness, with the concurrence of the President and CEO, to appoint the non-standing Trustees from among the Agency’s Salaried Plan management employees and retirees.

In order to provide continuity for expiring terms, initially one of the current non-standing Trustees shall be appointed for a term of one year, two shall be appointed for a term of two years, and two shall be appointed for a term of three years. Thereafter non-standing Trustees shall be appointed for a term of three (3) years and shall be eligible for re-appointment. However, members shall not be eligible for re-appointment after serving two consecutive three (3) year terms. Then, if a period of one year has elapsed after the end of the second three (3) year term, an individual is again eligible for appointment as a non-standing Trustee. One half (1/2) or more of one term constitutes a full term for the purposes of this section.

The General Counsel shall serve as Secretary to the Committee. The Vice President of Pension & Insurance shall serve as Assistant Secretary to the Committee, but shall not be a voting member of the Committee.

2. Amalgamated Transit Union (“ATU”) Employees’ Administrative Pension Plan Committee.

The Agency Trustees for the Amalgamated Transit Union (“ATU”) Administrative Pension Plan Committee shall consist of two (2) standing Trustees, the Vice President of Organizational Effectiveness and the Director of Labor Relations and one (1) non-standing Trustee with an expiring term and one (1) Alternate Trustee with an expiring term.

The Board of Commissioners authorizes the Vice President of Organizational Effectiveness, with the concurrence of the President and CEO, to appoint the non-standing Trustees for the Committee from among the Agency’s management employees.

In order to provide continuity for expiring terms, initially the current non-standing Trustee shall be appointed for a term of two years. Thereafter the

non-standing Trustee shall be appointed for a term of three (3) years and shall be eligible for re-appointment. However, members shall not be eligible for re-appointment after serving two consecutive three (3) year terms. Then, if a period of one year has elapsed after the end of the second three (3) year term, an individual is again eligible for appointment as a non-standing Trustee. One half (1/2) or more of one term constitutes a full term for the purposes of this section.

3. The International Brotherhood of Electrical Workers (“IBEW”) Administrative Pension Plan Committee.

Agency Trustees for the International Brotherhood of Electrical Workers (“IBEW”) Administrative Pension Plan Committee shall consist of two (2) standing Trustees; the Vice President of Organizational Effectiveness and the Director of Labor Relations; two (2) non-standing Trustees with expiring terms.

The Board of Commissioners authorizes the Vice President of Organizational Effectiveness, with the concurrence of the President and CEO, to appoint the two (2) non-standing Trustees from the Agency’s management employees.

In order to provide continuity for expiring terms, initially one of the current non-standing Trustees shall be appointed for a term of one year, and one shall be appointed for a term of two years. Thereafter non-standing Trustees shall be appointed for a term of three (3) years and shall be eligible for re-appointment. However, members shall not be eligible for re-appointment after serving two consecutive three (3) year terms. Then, if a period of one year has elapsed after the end of the second three (3) year term, an individual is again eligible for appointment as a non-standing Trustee. One half (1/2) or more of one term constitutes a full term for the purposes of this section.

The Vice President of Pension and Insurance shall be the liaison between the three Administrative Pension Committees and the Board of Commissioners.

The Board Audit, Finance and Administration Committee shall receive semi-annual investment reports and an annual briefing summary of the activities of the Administrative Pension Committees for all Plans.

The Trustees shall administer the Employees’ Pension & 401(k) Plans on the Board’s behalf. Meetings of the Board Audit, Finance and Administration Committee shall be held regularly, 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 (*revised 4/27/2018*). 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 all Plan Trustees consistent with Board Policy or the requirements of the applicable collective bargaining 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 (*revised 4/27/2018*). The Administrative Pension Committee Trustees shall retain the services of an:

1. Actuarial Firm through a competitive bid or request for proposal process every five years. . The actuaries retained shall be Members of the Academy of Actuaries (MAAA), with a minimum five years consulting experience with Public Retirement Systems.
2. Auditing Firm 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 five 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 including pension and employee benefit law and a minimum of ten years' experience in the specialty.
 5. Custodian and Record-keeper to maintain the assets of the Plans.
 6. Investment Managers - The Administrative Pension Committee 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; this would generally require at least 5 years of verifiable performance data for each Investment Manager.
 - c. Demonstration of a long-term record of performance superiority over other managers of the same style.
 7. Third Party Administrator (TPA) to administer the daily operations of the plans, including:
 - a. Quarterly Reporting

- b. Communications to Participants and Committees
- c. Pension Calculations and Review, based on detailed plan provision complexities
- d. Pension Database Maintenance
- e. Participant and Plan Sponsor Website

Due to the complexity of the BSD pension plans, the TPA must have extensive experience in pension plan administration, sophisticated administration software and an emphasis on internal and external communications.

The Administrative Pension Committees 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, 01/29/10 and 4/27/2018):

1. The Two Pension Plans for Hourly Employees cover full-time employees of Division 788, the Amalgamated Transit Union, Operations, & Maintenance Unit and 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 for eligible employees. Employees contribute a contractually negotiated portion of the actuarially recommended funding. All amendments to the Hourly Employees' Pension 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 eligible full-time salaried employees.

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

The Board of Commissioners shall approve Plan amendments.

H. Review and Revision of this Statement of Policy (revised 4/27/2018). The Board Audit, Finance and Administration Committee will periodically review these policies to ensure that they are still reflective of the Agency's pension Plans.

Section 70.060 **457(f) Deferred Compensation Plan** *(Approved 10/14/22)*

A. General. The Bi-State Development Agency sponsors a 457(f) Plan (the “457(f) Plan” or “Plan”), a discretionary, nonqualified, deferred compensation arrangement, pursuant to Section 457(f) of the Internal Revenue Code for select members of executive management of the Agency. The purpose of the Plan is to provide financial incentives in recruiting and maintaining highly qualified candidates for employment and encouraging existing qualified employees to continue to devote their best efforts to the Agency. It is the responsibility of the Board of Commissioners to:

1. Determine who is eligible for and who may participate in the Plan;
2. Administer and interpret the Plan, including making benefit determinations;
3. Retain agents to assist in the administration and management of the Plan and/or delegate duties to Agency staff or agents;
4. Determine the total annual amount of the discretionary contribution to the Plan, if any; and in connection therewith:
 - a. determine the amount, if any, to be allocated to the President and Chief Executive Officer and
 - b. determine the total amount, if any, to be allocated to all other eligible Agency Executives;
5. Determine the maximum amount that the President and Chief Executive Officer may defer under the Plan through salary reduction and determine the maximum amount all other eligible Agency Executives may defer under the Plan through salary reduction.
6. Determine the matching contribution percentage for salary deferrals made by the President and Chief Executive Officer.
7. Determine the matching contribution percentage for salary deferrals made by all other Agency Executives.
8. Make determinations as to the contribution credit date, vesting and earnings tracking, consistent with the Plan documents;
9. Approve Plan amendments; and
10. Review, adopt and amend Plan policies and procedures involved in administering the Plan.

The Executive Committee of the Board is designated to assume the above responsibilities of the Board unless specifically directed otherwise by the Board.

B. Eligible Executives. The 457(f) Plan is available to the Agency President and Chief Executive Officer and Executive Vice Presidents and such other executive management as the Board or its designee, the Executive Committee of the Board, may determine are appropriate in the future.

C. The 457(f) Plan Administrative Committee. The 457(f) Plan Administrative Committee (the “457(f) Committee” or “Committee”) is responsible for assisting in the administration of the Plan, including oversight for the process of determining the total annual amount that can be available for making award contributions for use in allocation to participants consistent with this Policy and the Plan and in setting the annual maximum salary deferral amounts and the matching contribution percentage for each participant. The 457(f) Committee shall consist of four (4) members – the Vice President of Talent Management, the Treasurer, the Director of Benefits, and the General Counsel. The Chair of the Board of Commissioners shall oversee the Committee and its operation.

The 457(f) Committee shall meet from time to time on the call of any Committee member. The Committee shall also meet at least semi-annually to receive reports on the performance of investments held by the Agency to track earnings. The Committee may consult with the plan record-keeper and other consultants in fulfilling its duties. The Board Audit, Finance and Administration Committee shall receive semi-annual investment reports and an annual briefing summary regarding investment performance as well as an annual report on Plan administration. The Committee shall provide a report on the Plan to the full Board at the regularly scheduled Board of Commissioners meeting following the Board Audit, Finance and Administration Committee review.

D. Elective Deferral Contributions and 457(f) Plan Award Contributions (Matching and Discretionary). Agency award contributions may be allocated as a discretionary contribution and shall be allocated as a match of participant salary deferrals, if any deferrals are made.

The discretionary award contribution amount for the President and Executive Officer, the matching percentage for the President and Chief Executive Officer and the matching percentage for eligible Agency Executives is at the discretion of the Board or its designee, the Executive Committee of the Board, consistent with the Plan and this Policy, as it may be amended from time to time. The Plan provides that the matching contribution shall comply with Proposed Treasury Regulation Section 1.457-12 which provides in subsection (e)(2) that the match must be structured so that the present value of the amount to be paid due to the deferral plus match must be more than 125% of the present value of the amount of the salary deferral. This has been interpreted to require a match of more than 25% of the salary deferral.

The Board or its designee, the Executive Committee of the Board, within the preceding calendar year, shall determine for the following calendar year, 1) the maximum salary deferral

contribution amount any participant may make, 2) the matching percentage for the President and Chief Executive Officer and 3) the matching percentage for eligible Agency Executives.

The Board or its designee, the Executive Committee of the Board, shall determine 1) the total annual discretionary award contribution amount and 2) the allocation of the annual discretionary award contribution amount for the President and Chief Executive Officer during the calendar year for which the allocation is made. After the Board or its designee, the Executive Committee of the Board, makes these two determinations, any remaining Agency discretionary Plan contribution amount may be allocated among all other eligible Agency Executives as determined by the President and Chief Executive Officer consistent with the Plan and this Policy, as it may be amended from time to time.

Although it is intended that the Agency Plan discretionary contribution be made annually, the availability of the necessary funding and other factors as to Agency operations will be considered by the Board or its designee, the Executive Committee of the Board, prior to a decision regarding any Plan contribution and/ or the amount of any Plan contribution. Similarly, the setting of the maximum salary deferral amount and the matching percentages by the Board or its designee, the Executive Committee of the Board, shall be subject to the same Agency funding and other factors.

E. 457(f) Plan Investment Funds for Use in Tracking Earnings. Plan participants may designate investment options but the assets remain titled in the name of the Agency, or in a trust established by the Agency, to hold the Agency funds subject to use restrictions. Approved investment options will be selected by the 457(f) Committee taking into account the following factors: the types of investment options available under the current 401(k) plan, as discussed in Board Policy 70.050, and the investment horizon under the Plan.

F. Review and Revision of this Statement of Policy. The Board Audit, Finance and Administration Committee will periodically review this policy to ensure it is still reflective of the Agency's 457(f) Plan for executive management.