

**MINUTES OF A PUBLIC MEETING OF THE FINANCE COMMITTEE
OF THE BOARD OF DIRECTORS OF THE REGIONAL TRANSPORTATION AUTHORITY**

The Finance Committee of the Board of Directors of the Regional Transportation Authority met in public session on **Thursday, July 17, 2008** at 8:45 a.m., in Suite 1550, 175 West Jackson Blvd., Chicago, Illinois, pursuant to notice.

Committee Chairman Dwight A. Magalis presided.

ROLL CALL

Committee Members:	James Buchanan Patrick J. Durante Dwight A. Magalis Patrick V. Riley, Jr. Michael Rosenberg Michael Scott Judy Baar Topinka Douglas M. Troiani
Absent:	Al Jourdan
Other Board Members:	Jan Carlson William R. Coulson Rev. Tyrone Crider, Sr. Phil Fuentes J.D. Ross RTA Chairman Jim Reilly -----
Staff Participants:	Stephen Schlickman, Executive Director Joseph Costello, SDED, Finance & Administration

Reading and approval of minutes from the meeting held on June 19, 2008

Director Topinka moved, and Director Riley seconded approval of the minutes from the meeting held on June 19, 2008. The motion carried on the following roll call vote:

8 Ayes	Directors Buchanan, Durante, Magalis, Riley, Rosenberg, Scott, Topinka, and Troiani
1 Absent	Director Jourdan

**APPROVED BY THE FINANCE COMMITTEE
AUGUST 21, 2008**

Report on the operating financial results for April 2008

Mr. Costello briefly stated that the combined net results of the Service Boards of \$362.6 million were unfavorable to budget by \$3.2 million. The Metra and Pace net results were favorable to budget, while the CTA was unfavorable. ADA paratransit service net results were 3.0% favorable to budget.

The system-generated revenue recovery ratio for the region of 53.2% was 0.4 points higher than budget and was 5.1 points favorable to prior year results of 48.2%. The CTA's recovery ratio was 0.5 percentage points lower than budget, while Metra and Pace's recovery ratio were 0.7 percentage points and 2.5 points higher than budget respectively. ADA paratransit service recovery ratio of 7.7% was 1.4 points below the budget of 9.2%.

Regional ridership of 205.4 million was 5.0 million or 2.5% more than budget and 8.4 million or 4.3% higher than last year's results.

Committee Chairman Magalis asked for more information on the CTA variance of 12.8%, which is labor only that had to do primarily with expansion of programs in the western service area. He also asked if we project this out for a 12-month period, are we looking at a 12% hit on labor. Mr. Costello responded by stating that the CTA reconfigured some of its services on the west side of Chicago and added some additional service, which is primarily bus. That means additional drivers. That adds to the variance on labor. But the real drivers have been the amount of overtime that the CTA has needed to incur to work on track and structure, working on removing the slow zones; as well as its fleet that for the most part, is beyond its average or its appropriate useful life, requiring much more maintenance. So their maintenance expenses have been high. The CTA has not seen any of these trends reverse themselves. This is what's caused the CTA to amend its budget to put more money in its operating budget to cover these costs.

Ordinance amending working cash borrowing authority

Mr. Costello explained that the proposed ordinance would amend the existing authorization for the RTA to borrow funds for working cash needs that authorized working cash related borrowing of up to \$80 million.

Mr. Costello pointed out that Bank of America has indicated a willingness to loan the RTA up to \$80 million. The bank has stated a requirement that the RTA secure the loan with a pledge of the RTA sales tax and provide for the ability of the Bank to receive these funds directly from Amalgamated Bank, the trustee for RTA bondholders, in the event of a default by the RTA in making principal or interest payments on this borrowing. This pledge would be subordinate to the security provided to the holders of the existing RTA bonds.

As the previous working cash borrowing ordinance did not authorize a pledge or the direct payment, the proposed ordinance amends the previous ordinance with such authorization.

Committee Chairman Magalis pointed out that the pledge is nothing unusual. It is secondary to the already existing bond issues that we have out. Mr. Costello indicated that this was correct.

