

**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, April 21, 2016 at 9:00 a.m., in Suite 1650, 175 West Jackson Blvd., Chicago, Illinois, pursuant to notice.

Committee Vice-Chairman Buchanan presided.

ROLL CALL

Committee members present (6): Anderson, Buchanan Coulson, DeWitte, Lewis, and Troiani

Committee members absent (1): Magalis

Other Board members present: Durante, Frega, Fuentes, Hobson, Melvin, Ross, Totten, and Chairman Dillard

Approval of minutes from the meeting held on March 17, 2016

Director Lewis moved, and Director DeWitte seconded that the minutes from the meeting held on March 17, 2016 be approved as submitted. The motion carried on the following roll call vote:

6 Ayes: Directors Anderson, Buchanan, Coulson, DeWitte, Lewis, and Troiani

1 Absent: Director Magalis

Report on financial results – February 2016

Ms. Reyna-Hickey provided a summary of the Service Board financial results through February 2016. Ms. Reyna-Hickey stated that regional unemployment increased to 6.1% in February, which was 1.2 percentage points higher than the national average. RTA system ridership through February was 1.1% unfavorable to budget; however, it was 4.2% higher than prior year in February, but driven by leap year and better weather conditions. System operating revenue was 0.5% unfavorable to budget due to lower accrual of the State reduced fare reimbursement. Public funding was also unfavorable to budget by 0.6%; however sales tax through January is tracking about 2.7% higher than 2015. Regional operating expenses were 3.2% favorable to budget through February, with fuel savings representing about 30% of the variance. The system net result was \$11.7 million favorable to budget, a \$7.3 million improvement from last month's report, due to good expense performance by each Service Board. The regional recovery ratio of 48.6% was 1.1 percentage points favorable to budget due primarily to favorable expenses, but was lower than the statutory requirement of 50%; however, Ms. Reyna-Hickey noted that this lower ratio is normal for the winter months. Ms. Reyna-Hickey also noted the uncertainty in receiving the State Reduced Fare Reimbursement (RFR) funding and how it may impact the operating revenue for 2016.

Director Hobson asked for the CTA's bus and rail ridership split for 2016 and noted that, unlike Pace, the CTA bus ridership losses can be offset by rail ridership gains. Ms. Reyna-Hickey replied that CTA rail has been doing well, but that she will have to get back to him with the exact figures. Ms. Reyna-Hickey noted that bus ridership has been down nationally, but that Pace has had some areas of success, most notably their I-55 Bus-on-Shoulder services, which grew ridership by 45% in 2015. Ms. Reyna-Hickey noted that RTA has discussed Pace's budgeted ridership assumption with Pace staff, and that Pace's low-density service area makes their mission difficult.

Director Hobson followed up by noting that Pace's lower ridership has been an issue for over a year now, and that he would like to be proactive if they need to adjust their budget. Ms. Reyna-Hickey replied that Pace's expense performance has been very favorable to budget, but that RTA staff will continue to monitor Pace's ridership and revenue carefully.

Ordinance authorizing the execution of federal funding allocation agreements with Northwestern Indiana and Southeastern Wisconsin, and amending the 2016-2020 Capital Program

This item was presented in two parts. The first part, federal funding allocation agreements, was presented by Tatiana Jane, and the second part, 2016 Capital Program Amendment, was presented by David Spacek.

The new federal transportation legislation, Fixing America's Surface Transportation (FAST) Act, was signed into law by President Obama on December 4, 2015, bringing an increase in federal public transportation funding and a stable six-year funding initiative. Ms. Jane highlighted the public transportation elements of the FAST Act which included: funding authorized at \$61.1 billion for the five-year period of the bill (FFY 2016-2020); a transit funding increase of 7% in 2016 and growing by about 2% annually with the result of a 17.7% increase over 2016 by 2020; reinstatement of the discretionary bus program as part of the Bus and Bus Facilities Program (Section 5339); and the largest of the program funding increases going to the Bus and Bus Facilities Program (89%) and the State of Good Repair Program (24%). Ms. Jane also stated that the new FAST Act legislation does not address the long term structural imbalance of the Highway Trust Fund.

Ms. Jane then explained how the federal formula public transportation funds are allocated to the RTA region, and the RTA's role in the allocation and distribution of these federal funds to the affected parties. Of the \$527.2M the region received in federal public transportation funds in 2016, \$500M is allocated to the RTA for the three Service Boards (CTA, Metra, and Pace), \$27M is allocated to the Northwestern Illinois Planning Commission, and \$0.2M is allocated to the Southeastern Wisconsin Regional Planning Commission based on an agreed funding distribution formula. Ms. Jane explained that the funding distribution between the RTA and the two planning commissions is formalized through Letters of Understanding (LOUs) and that these LOUs are being presented to the Board for their approval.

Ms. Jane then discussed how for the first three years of the FAST Act, public transportation funding for the region increased by \$1.5 billion, or 10%, compared to the three years of funding available under MAP-21. This translated into an increase in 2016 federal funding of \$33.02 million of which \$19.24 was allocated to the CTA, \$11.28 million to Metra and \$2.65 million to Pace.

Director Lewis asked how the federal formula funds were allocated to the Service Boards compared to how they were allocated among the states. Ms. Jane stated that there was an agreed upon formula for allocating the funds between the Service Boards. Ms. Redden also explained that the state allocation was based on a federal formula using demographic and service data and the allocation among the Service Boards was a negotiated formula between the Service Boards that took into consideration factors such as ridership, volume of service, and level of need.

Mr. Spacek focused on the impact to the capital program created by an increase of \$87.44 million in revenue generated by the 2016 federal funding increase, other federal and local funding increases, and the reprogramming of 2015 RTA capital bond funds. The increase in these other funds included a \$14 million federal TIGER grant awarded to Metra, a \$6 million grant to Metra from the Canadian Pacific Railroad (for the Fox River bridge), Metra's \$20 million in positive budget variance, and Metra's \$14 million reprogram of RTA Bonds from the 2015 capital program. This increased the total 2016 capital program revenues from \$722.2 million to \$819.46 million.

The resulting capital program increase by Service Board was \$19.33 million to the CTA, \$65.44 million to Metra, and \$2.67 million to Pace. Mr. Spacek discussed the details of these program increases by Service Board.

Director Troiani moved, and Director DeWitte seconded the adoption of the two ordinances. The motion carried on the following roll call vote.

6 Ayes: Directors Anderson, Buchanan, Coulson, DeWitte, Lewis, and Troiani

1 Absent: Director Magalis

Ordinance authorizing the issuance of \$150 million in Working Cash Notes

Ms. Reyna-Hickey explained that like the \$150 million Direct Placement authorized by the board earlier this year, issuing the \$150 million Working Cash notes follows the recommendations of the RTA Strategic Financial Plan presented to the Board in executive session in October 2015. Along with the Direct Placement, the Working Cash Notes will allow the RTA to borrow at the lowest possible cost. The purpose of the RTA's short-term borrowing is solely to manage delays in state funds that the RTA will eventually receive. The Financial Advisor and Bond Counsel were competitively bid, and the Working Cash Notes will be sold competitively. In response to Director

Coulson's concern about the lowering of the RTA's temporary borrowing authority in 2018, Ms. Reyna-Hickey explained that the two-year temporary authorization has been renewed several times and if the State delays continue we expect the State will continue to extend the borrowing authority increase.

Director DeWitte moved, and Director Coulson seconded the adoption of the four resolutions. The motion carried on the following roll call vote.

6 Ayes: Directors Anderson, Buchanan, Coulson, DeWitte, Lewis, and Troiani
1 Absent: Director Magalis

ADJOURNMENT

There being no further business to come before the meeting of the Finance Committee, Director Coulson moved, and Director DeWitte seconded that the meeting adjourn. The motion carried on the following voice vote.

6 Ayes: Directors Anderson, Buchanan, Coulson, DeWitte, Lewis, and Troiani
1 Absent: Director Magalis

The meeting ended at 9:35 p.m.

Audrey MacLennan

AUDREY MACLENNAN

Secretary of the Authority