

**MINUTES OF THE VIRTUAL MEETING OF THE BOARD OF DIRECTORS
OF THE REGIONAL TRANSPORTATION AUTHORITY**

The Board of Directors of the Regional Transportation Authority met in virtual session on Thursday, May 20, 2021 pursuant to notice. Chairman Dillard called the meeting to order at 9:00 a.m. He then recited the pledge of allegiance.

ROLL CALL

Board members present (16): Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

Approval of minutes from the meetings held on April 15, 2021

Director Andalcio moved, and Director Gathing seconded that the minutes from the public meeting and Executive Session held on April 15, 2021 be approved as submitted. The motion carried on the following roll call vote:

16 Ayes: Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

Executive Director's Report

Ms. Leanne Redden began her report by summarizing recent and future agency activities in strategic communications and marketing. She reminded the Board that, in mid-April, the agency released results of its COVID Ridership Survey, the first large survey of current and lapsed riders in our region since the pandemic began. Among other insights, the survey confirmed that those who depended most on transit throughout the pandemic were essential workers, Black and Latino riders, and residents experiencing low incomes. It also revealed that most current riders on the system were satisfied with the COVID-related safety measures taken by the Service Boards. Finally, about 80% of lapsed riders surveyed plan to return to transit once the pandemic is behind us, she said.

In late April, Ms. Redden published a letter focusing on how our economic recovery depends on continued investment in transit using these data points. The agency leveraged these findings into blog posts, social media posts, and radio and television interviews, all to drive home the essential role of transit through the pandemic and in our recovery. She said that the intention is to continue to engage and educate stakeholders and the public through both earned media opportunities and through traditional marketing efforts when appropriate.

In that regard, she described the RTA's recently launched masking campaign that reminds the public that, despite increased vaccinations and evolving CDC guidance, masks are still required on all transit vehicles and in stations. Ms. Redden said this collaborative effort led by the RTA

**APPROVED BY THE BOARD OF DIRECTORS
JUNE 17, 2021**

with input from all three Service Boards will run until the end of June in multiple local media outlets with a total of more than 2 million print and digital subscribers. In light of some confusion about last week's CDC announcement that eases mask requirements — but that does not remove the masking requirement on transit — she said this ad campaign is especially important and timely. She showed several visual examples of the campaign artwork and messaging, which launched on Sunday, May 16, in major local newspapers. These ads will also appear in transit stations and are meant to break through the clutter of the many masking messages we have seen over the last year, Ms. Redden stated, adding: “We envision developing a multi-phase marketing effort to rebuild trust and pride in the region's transit system and communicate its environmental, economic, and quality-of-life benefits. In future meetings, you will hear more about this and how it fits into Step 3 of our Covid Recovery Strategy. “

If you are a frequent reader of the RTA's blog or biweekly newsletter, you have also recently seen work highlighting two last-mile mobility pilots in Oak Brook and Bannockburn. Exploring solutions to first and last mile challenges is one way the RTA is committed to helping transit stay competitive, which is of course one of the goals of *Invest in Transit*. In addition to the report, the blog post includes a link to an interactive story map that describes all six current pilots we are working on, and I encourage you to take a look if you have not.

Next, Ms. Redden gave a brief update on the COVID Recovery Strategy. Throughout April, she said, teams from the RTA, CTA, Metra, and Pace met weekly to develop a new capital allocation structure for determining distribution of capital funding for 2025-2026. These meetings have been productive and represent direct implementation of *Invest in Transit*, she said, and the capital allocation proposal will be presented at the RTA Board's June meeting, at which point it will be released for public comment before it is considered for vote in July.

In June, the Board will also receive the first presentation laying out the central focus of Step 3, which is the development of the region's next strategic plan. The 2022 Budget Call under consideration in today's Board meeting, she said, follows the same process and calendar as in prior years, while also acknowledging the past extraordinary year. An allocation process for the third round of relief funding from the American Rescue Plan Act will be defined over the next several months as part of Step 3, she said, and the RTA will continue to emphasize transparent and accountable communication and collaboration with all stakeholders.

The lessons of COVID are informing aspects of the RTA's daily work, she said, including new emphasis on improving equity and achieving full accessibility throughout the system. The first staff presentation in today's meeting, Ms. Redden said, describes a joint study with Pace to develop actionable pilots to improve both the service and financial sustainability of the ADA paratransit services. While this work began prior to the pandemic, its recommendations are all the more relevant because of it, she said.

Ms. Redden stated the quarterly performance report highlights a number of projects and activities related to the region's ADA complementary services to continue the accessibility theme and highlight those activities in capital projects, the RTA Mobility Services call center, and Pace's Taxi Access Program.

She noted that, in the financial items on today's agenda, the Board would consider certification of the first quarter's financial results and then quickly pivot to revising the budget. As we continue to recover from the pandemic, Ms. Redden said, this is likely not the last budget amendment for this year. The Board agenda for today, she said, will also consider several important contracts and ordinances to help continue the region's transit activities.

Regarding legislative matters, she said, President Biden is still in talks with Republican lawmakers to try and forge some level of compromise on a bipartisan infrastructure bill. In April, a group of Republican legislators offered up a \$568 billion infrastructure spending proposal to counter President Biden's \$2.3 trillion American Jobs Plan. Unlike President Biden's proposal, the Republican proposal only contains revenue sufficient to fund existing spending levels. She said that many Democrats have publicly stated that they appreciate the Republican counterproposal but have indicated that they believe the funding levels are too low.

Here in Illinois, Ms. Redden said, the RTA continues to communicate the region's priorities to members of the Illinois delegation as infrastructure discussions continue. In the past week, Chairman Dillard and she met with Congressman Garcia and Congresswoman Newman, both key members of the House Transportation and Infrastructure Committee. Legislators are working to craft a fiscal year 2022 state budget prior to the General Assembly's May 31 adjournment date, she said, noting that the RTA and Service Boards have been communicating with legislators and staff regarding the importance of consistent and reliable state funding as the transit system continues to move toward recovery.

To conclude, she presented state delinquency figures for this month. Through the end of April, the State owes the RTA \$132 million of ASA, AFA, and PTF. The State is 10 months behind on AFA, and the equivalent of only 1 month behind on PTF. The YTD cost of short-term debt is \$1.2 million, she said.

Presentation of the ADA Paratransit Service Delivery Innovation Study

Mr. Peter Kersten provided study findings and a summary of the Americans with Disabilities Act (ADA) Paratransit Innovation Study. The ADA Paratransit Innovation Study was completed in partnership with Pace Paratransit with an objective of identifying innovative strategies to pilot that will improve system sustainability, contain cost, and help Pace adapt to shifting demand, technology, and rider needs. He also stated that Sally Ann Williams from Pace was available to address any questions the Board may have.

The study included:

- Identifying Challenges to Sustainability
- Review of Literature/State of Practice
- Identifying Potential Innovations
- Modeling and Analysis
- Peer Workshop
- Action Plan for Recommended Innovations

The Action Plan, which serves as the final report, is a compelling innovation strategy that includes three distinct pilots for Pace Paratransit to implement. The pilots include:

- **Same Day Service – Consumer Choice Program:** an expansion of the existing Taxi Access Program which allows ADA riders to purchase on-demand subsidized taxi trips in lieu of traditional ADA paratransit. The pilot would expand the offering to include additional providers such as Transportation Network Companies like Uber and Lyft.
- **Enhanced Use of Non-Dedicated Vehicles:** an expansion of Pace’s current efforts to shift more traditional ADA paratransit trips, booked through the Pace call center, onto non-dedicated service providers such as taxis and Transportation Network Companies like Uber and Lyft. This innovation has the greatest potential impact on system cost and productivity.
- **ADA as a Feeder for Fixed Route:** incentivizing accessible fixed route travel for ADA paratransit customers through pricing policy. This innovation would be an add-on component to the Same Day Service pilot, using non-dedicated providers to connect riders to accessible fixed route transit.

Director Carey asked about the timeline and which pilot Pace would pursue first. Ms. Williams responded that the timing of the study and its recommendations are good because Pace is working on tech enhancements as a whole. Pace has already started this and is enhancing the network in their Trapeze software. Have connectivity already and are building on that for the possibility to add TNCs to the model. In process of putting together a consultant specs of RFP for purchase of platform to assist with booking.

Director Fuentes commented that he is happy to see that we’re tapping TNCs, as well as working with other agencies to understand what they’ve done. Getting people to fixed route is a good idea but need to remember that there is also a last-mile issue on the other end of the trip.

Director Gathing asked why the cost of non-dedicated service providers is less than dedicated service providers. Ms. Williams explained the differences between them, and how negotiations with taxi companies are handled. With contracted taxis much like NDSPs all of them have to adhere to FTA requirements (background checks, drug testing, etc.) so there is some higher cost, but it is still cheaper than dedicated vehicles.

Presentation of the Quarterly Performance Report – First Quarter 2021

Ms. Karin Allen presented the Quarterly Performance Report that details performance for the first quarter of 2021 in comparison to Q1 2020. As with prior reports, the report included a consistent set of measures relating to each strategic goal and highlighted an activity or event of interest related to each goal. This quarter's spotlights all focused on ADA Paratransit topics.

For the first strategic goal, Deliver Value on Our Investment, Karin reported on capital funding and expenditures. While capital funding increased by \$323M from 2020, capital expenditures of \$244.4M were 14% lower compared to 2019. Operating performance was unfavorable to 2020, which had two and a half good months of ridership before the pandemic was declared. The average operating cost per passenger trip for Q1 2021 was \$17.04 and the fare revenue per passenger trip averaged \$1.38. The first spotlight was on projects to support ADA Paratransit Services; \$10.5M has been programmed in 2020 and 2021 to purchase and renovate a transfer facility in Schaumburg and implement various customer-friendly technology improvements.

Goal 2 is Build on the Strengths of Our Network, for which Karin showed a 10-year trend chart showing that vehicle revenue miles were 13.8% below 2020 and were over 14% lower compared to 2012. The Performance Spotlight for Goal 2 focused on Mobility Services call centers, which took over 126,000 calls in Q1 2021.

Goal 3 is Stay Competitive; ridership was down 65% compared to Q1 2020, while average speed was roughly equal. On-time performance about 82% for CTA and Pace bus, both lower compared to 2020. Metra's on-time performance was at 95%, achieving their target but also lower compared to 2020. The Performance Spotlight focused on Pace's Taxi Access Program, which it administers on behalf of the City of Chicago for ADA Paratransit-eligible residents. The program grew to constitute nearly 1/3 of all City of Chicago ADA trips and is a win-win for all parties, as it gives riders more flexibility and freedom in obtaining rides, frees up ADA Paratransit services for other customers, and keeps the cost of providing service lower.

Resolutions certifying financial results – First Quarter 2021

Ms. Bea Reyna-Hickey presented the year-to-date financial results for the first quarter of 2021, which are subject to certification. She stated that for one last time, the Service Board results are being compared to the 2021 budgets adopted in December. Later in the meeting, we will be asking you to adopt an amended 2021 regional operating budget, which will be used for reporting beginning next month.

While regional ridership through March continued to struggle at about 30% of pre-pandemic levels, strong ancillary revenue combined with generally favorable expense performance produced satisfactory financial results. At the end of the presentation, Ms. Reyna-Hickey stated that she would be recommending that the Board certify that the operating results of the Service Boards, ADA Paratransit, and the region as a whole are substantially in accordance with the current budget.

System ridership through March was 4.7% unfavorable to the adopted budget, and almost 66% lower than during the first quarter of 2020. March as a standalone month, however, saw ridership results essentially at budget, and the Service Boards have reported steadily improving ridership in April and May, so ridership is headed in the right direction. Due to outdated forecasts, Metra and Pace Suburban Service ridership results lagged budget significantly each month of the first quarter. Beginning with next month's report, the Service Board results will be compared to the refreshed ridership forecasts contained in their revised budgets, which should address some of the red we see here.

Total operating revenue of \$307.9 million was \$5.3 million, or 1.7%, favorable to budget through the first quarter. Metra's unanticipated trackage rights revenue (from NICTD) produced a favorable result of \$6.2 million, highlighted in light blue, more than offsetting their fare revenue shortfall. ADA Paratransit revenue finished \$1.0 million or 43.5% unfavorable to budget due to foregone revenue for RTA certification trips. The assessment centers remain closed, and Pace did address this in their revised ADA budget. CTA and Pace Suburban Service revenue stayed close to their adopted budgets with CARES Act funding included. A total of \$210.2 million of federal CARES Act funding was included in operating revenue and counted towards the Service Board and regional recovery ratio requirements.

At the regional level, year-to-date operating expenses were \$11.9 million, or 1.7%, favorable to the adopted budget. CTA, Pace, and ADA Paratransit reported favorable expense variances. Metra results were \$9.1 million unfavorable to budget due to increased labor, fuel, and maintenance costs as a result of increased service levels. This was also addressed in Metra's revised budget. Pace Suburban Service produced favorable to budget results in each expense category, resulting in an overall favorable variance of \$8.5 million, or 14.2%, highlighted in light blue.

With CARES Act funding included each of the Service Boards' year-to-date recovery ratios was favorable to budget, and the regional revenue recovery ratio of 54.5% finished 1.9 percentage points favorable. On the left side of this table, you can see the "without-CARES" recovery ratio through March, slightly below 20% for the system.

In a final slide, Ms. Reyna-Hickey displayed the variances of each Service Board's operating deficit from budget, our primary metric for evaluating substantial accordance. CTA and Pace Suburban Service results are highlighted in light blue, due to favorable revenue and expense results. Metra's operating deficit was \$3.0 million, or 3.9%, unfavorable to budget and is highlighted in red because of unfavorable expenses driven by service restorations. This result is within our first quarter substantial accordance guideline of 5% unfavorable to budget, as is the 1.9% unfavorable ADA Paratransit result.

At the regional level, the year-to-date operating deficit was \$17.2 million, or 4.4%, favorable to budget. Accordingly, staff recommends that the results of operations of each Service Board, and the region taken as a whole, be found in substantial accordance with the current adopted budget through the first quarter. For brevity, you may have noticed that we omitted the public funding and net results slides this month, as they are not relevant to the substantial accordance determination. However, Ms. Reyna-Hickey was pleased to report that February RTA sales tax grew by about 2% versus pre-COVID February 2020, our second consecutive month of sales tax growth following 10 consecutive months of year-over-year declines.

Director Melvin thanked Ms. Reyna-Hickey for her informative report and reminded the Board of the challenging times and expressed appreciation to the team.

Director Melvin moved, and Director Groven seconded that the proposed resolutions be approved as submitted. The motion carried on the following roll call vote:

16 Ayes: Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

Ordinance amending the 2021 Regional and Service Board budgets

Mr. Doug Anderson explained Mr. Doug Anderson presented the 2021 budget amendment. He stated that this would be the first operating budget amendment for 2021, but probably not the last. Revised Service Board and RTA Agency budgets were required by the March funding amendment, which increased 2021 RTA regional funding by an estimated \$117 million due to better-than-expected sales tax performance. The March amendment also allocated the region's \$486.2 million apportionment of CRRSAA funding to the Service Boards and ADA Paratransit.

The revised 2021 Service Board budgets were received in early May and vetted by staff. While each Service Board approached their revised budget a little differently, the proposed budgets are balanced and meet each of the RTA Act criteria for adoption. The proposed budgets project system ridership of about 246 million for the full year, down only about 3% from the 2021 budget adopted in December. A chart showed the ridership assumed in the original and proposed budgets, and importantly, what % of normal ridership (defined as 2019) that represents. We show that metric here in the red lettered boxes.

While CTA and Pace Suburban Service left their ridership assumptions unchanged, Metra decreased both their ridership and operating revenue projections by about 30% versus the current budget, to around 22% of normal for the full year. As expected, the proposed ADA Paratransit budget assumes ridership recovery to about 75% of normal, up significantly from the 60% of normal assumed in the current budget. Overall regional ridership is assumed at about 44% of normal for the full year, down slightly from the current budget.

Proposed expense levels have generally increased from the current budget. CTA recognized year-to-date expense savings, but essentially left their expenses unchanged for the balance of the year. CTA continues to operate a full schedule of service. Metra increased their projected expenses by \$100 million to accommodate ongoing service reinstatements which will continue to be implemented as demand warrants. It is important to note that despite this significant increase, Metra's proposed expense level of \$800 million remains about 7% below their pre-COVID Planned 2021 expense level of \$855 million. Pace increased 2021 expenses by \$1.4 million to accommodate expanded service associated with the South Cook Fair Transit initiative, while ADA Paratransit expense was increased by \$18.5 million to recognize higher purchased transportation expenses related to a faster-than-anticipated recovery in ADA ridership. This proposed expense increase was expected and was one of the justifications for recommending allocation of some of the CRRSAA funding to ADA back in February.

Finally, for the RTA Agency budget, the \$1 million expense for one of RTA's Project Management Oversight (PMO) projects was inadvertently netted down by \$500 thousand of grant revenue in the budget adopted in December. To correct this error, Regional Programs expense and Agency grant revenue have each been increased by \$500 thousand in the proposed budget, leaving the RTA funding requirement unchanged. RTA Debt Service and Joint Self-Insurance Fund expenses are also unchanged in the proposed budget. In total, regional operating expenses are proposed to increase by \$113 million, or 3.7%. If approved, we will have a \$3.1 billion regional budget instead of the \$3.0 billion budget adopted by the Board in December.

Just a quick review of the recovery ratios in the proposed budgets, which meet RTA Board required levels, and are essentially unchanged from the current budget. The Service Boards are including just over \$700 million of CARES Act funding, and now also CRRSAA funding, in their operating revenue for purposes of meeting their required recovery ratios. These allowances were authorized by the May 2020 and March 2021 RTA funding amendments, to offset ongoing fare revenue losses due to reduced ridership. The projected regional recovery ratio of 50.8% exceeds the statutory requirement and is up a tenth of a point from the current budget due to a marginal increase in the budgeted CTA recovery ratio.

With this budget amendment, we can provide you with updated projections on the federal relief funding situation. Focusing on the first row of the table, the Region's \$1.4 billion of CARES Act funding is now projected to be almost exhausted as we approach 2022, with actual and projected drawdowns of about \$700 million in both 2020 and 2021. In March, the Board allocated the \$486.2 million of CRRSAA funding among the Service Boards. As shown in the second row of the table, the proposed 2021 budgets (specifically CTA and ADA) utilize nearly \$270 million of that CRRSAA funding but leaving almost \$220 million for use in 2022. A major caveat with these projections is that they will continue to change, and likely improve significantly, as we adjust our sales tax projections for 2021. In other words, the \$265 million of total "leftover" relief funding for 2022 we show at the lower right will increase if RTA sales tax and PTF funding continues to exceed the 2021 funding budget.

The final slide showed more detail on the federal relief drawdowns by Service Board. Total combined CARES and CRRSAA funding apportionments are shown by the stacked bar on the left for CTA, Metra, and Pace Suburban Service. Each Service Board made significant CARES drawdowns in 2020, although much less than originally anticipated due to better than expected sales tax performance. Projected drawdowns in the proposed 2021 budgets are higher than 2020, as ridership starts to recover, but budgeted expenses have increased. The short bars on the right show the amounts of CARES and CRRSAA funding expected to remain at the end of 2021. What is not shown is the approximately \$1.5 billion of American Rescue Plan Act (ARPA) funding apportioned to the broader Chicago UZA, but as yet unallocated to the RTA region and Service Boards. Mr. Bill Lachman will be discussing that further in the next agenda item.

In summary, the CARES and CRRSAA funding should get the Service Boards into 2022, at which point the ARPA funding will have to begin to support our transit system operations. Mr. Anderson closed by asking the Board to approve the 2021 regional budget amendment for the proposed CTA, Metra, Pace Suburban Service, ADA Paratransit, and RTA Agency operating budgets as contained in the ordinance and schedules.

Director Carey pointed out the fact that it is counterintuitive that Metra's revised ridership forecast is decreasing while their expenses are increasing. She asked for clarification. Mr. Anderson explained that Metra's initial ridership projection from last fall was overstated, and that Metra would be using the budget amendment to revise the ridership projection downwards. Nevertheless, with actual ridership increasing in 2021, Metra is reinstating service sooner than anticipated. Bea noted that in anticipation of further ridership growth Metra is increasing service, otherwise people might choose not to ride.

Director Sager commended Metra's marketing effort that highlights the steps Metra has taken to ensure a healthy environment to increase ridership. He further explained that Metra has seen its marketing costs increase as a result of its effort to encourage ridership.

Director Melvin moved, and Director Canty seconded that the proposed ordinances be approved as submitted. The motion carried on the following roll call vote:

16 Ayes: Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

Ordinance approving the 2022 Budget Call for the Annual Budget, Two-Year Financial Plan, and Five-Year Capital Program

Mr. Bill Lachman presented the Budget and Capital Program Call, along with Ms. Tatiana Jane. Mr. Lachman began by stating that this morning, we are seeking Board approval to release the Budget and Capital Program Call, or "Budget Call" for short, kicking off our 2022 budget and capital program process. First, Mr. Lachman said that he would cover the purpose, components, and operating portions of the budget call and then Tatiana would present the capital program call. Mr. Lachman said he would finish by reviewing the budget calendar and requesting the Board's approval to release the 2022 Budget and Capital Program Call. A year ago, we released the 2021 budget call into a world of uncertainty. While there is now reason for optimism as we begin to emerge from the effects of the COVID-19 pandemic, considerable challenges to our transit system remain.

The Budget Call defines the budget development process. The proposed 2022 funding amounts, budgets, and capital programs, in other words all of the numbers, will follow in the coming months. The annual budget planning process begins in May and culminates in December when the Board will consider the Service Board budgets and capital programs for adoption. The Budget Call lays out the budget planning process in detail. The RTA and the Service Boards will work through each step leading to a comprehensive 2022-2024 Regional Budget and Financial Plan, and 2022-2026 Capital Program. In particular, we will be looking for the proposed Service Board 2022 budgets and especially the 2023-2024 financial plans to support the RTA's COVID recovery strategy as it evolves over the next few months.

The key components of the Budget Call were shown. The Regional Economic Outlook is the basis for the sales tax forecast used to set funding levels for the Service Boards, as well as for the Service Boards' ridership forecasts. The news is far better now than at this time last year. Vaccinations are progressing steadily, with about 37% of Illinois residents fully vaccinated, including almost 73% of those aged 65 or older. Regional unemployment, which peaked at 16.4% in April 2020, improved to 8.2% during the first quarter of this year. And RTA sales tax results continue to exceed expectations, as Bea mentioned earlier.

In addition, as you heard during the Executive Director's report the flow of State PTF funding to the RTA has improved dramatically, as Illinois works to get and stay current on its obligations. The Service Boards must examine their individual transportation markets and develop service plans that address the needs and opportunities of those markets. This will be significantly challenging this year due to the uncertainties surrounding ridership recovery. The Budget Call provides templates of the information requested by the RTA. This information includes revenues and expenses by category, recovery ratios, staffing levels, operating statistics, and financing parameters for any planned debt issuances. Again, this year, the Service Boards will include projections of the amounts of federal relief funding needed to balance their budgets and meet recovery ratio requirements.

For the Capital Program, the Service Boards will be required to provide descriptions of all planned projects and how those projects tie to capital program strategic core requirements and regional strategic plans. The approach for the 2021 budget year was for the Service Boards to develop proposed budgets which relied on the CARES Act funding and showed any remaining gap to be filled with prospective additional federal relief funding. Subsequent to the CARES Act, additional federal relief funding did come to the region, namely \$486 million from CRRSAA funding and approximately \$1.5 billion from the American Rescue Plan Act (ARPA). As Doug mentioned in the 2021 budget amendment presentation, CARES and CRRSAA funding have been fully allocated by the Board and should support projected operating expenses into 2022.

Concurrent with the development of the RTA funding "marks", the RTA staff will work with the Service Board finance teams over the next several months to develop a novel and equitable approach for the allocation of ARPA funding within the broader context of Step 3 of the RTA's COVID Recovery Strategy. In this period of continued uncertainty, ARPA funding will provide critical support for operations not only in 2022 but also in 2023 and potentially into 2024. Therefore, the RTA will adopt a staggered approach that preserves unallocated ARPA funds for distribution in subsequent years. Federal relief funding has been immensely helpful in weathering the COVID storm, but the operating budgets will soon need to become self-sustaining once again.

Reasonable fare revenue forecasts based on credible ridership assumptions and an accurate sales tax projection will be more important than ever for this budget cycle. In summary, the goal of this budget season is to provide a clearer picture of the transition to a new normal. What the new normal looks like will depend heavily on regaining previous riders and attracting new ones to the transit system. Continued capital investment will be needed to accomplish that.

Ms. Jane addressed the capital program portion of the Budget Call. She stated that the capital program for each Service Board should continue to identify all capital projects to be undertaken in the 2022-2026 program period in line with the capital program strategic core requirements and goals identified in Invest in Transit. The RTA also requests that the Service Boards provide preliminary estimates of additional capital funding from local sources, Service Board funds, and Service Board bond issuances planned for the Five-Year Capital Program. In addition to the Five-Year Capital Program, each Service Board will be required to provide an updated set of "Ten-Year Priority Projects" that reflects the Agency's top capital funding priorities.

The full amounts of all state PAYGO and federal formula funding sources in years 2025 and 2026 are temporarily allocated to the RTA and will be allocated to the Service Boards following the adoption of the performance-based capital allocation process. The RTA staff has worked with the Service Boards and will present to you the proposed performance-based process to allocate those funds at the June board meeting, followed by a public comment period. The Board will consider adopting the process at the July meeting.

In addition to budgets and funding sources the information required for capital projects include: an estimated or actual project start date and completion date to monitor project status, the capital program strategic core requirements and goals that are most impacted by the project to communicate the impact of the capital program on achieving the goals and requirements of Invest Transit, and the regional and agency plans that include the project to communicate the impact of the capital program on achieving the goals of regional and agency plans.

This year, the RTA has simplified the format for submitting capital program data and will hold meetings with the Service Bords to explain the process and answer questions. Other elements of the capital budget call process remain the same, including opportunities for public input that are noted in the budget calendar. Tatiana then turned the presentation over to Bill Lachman.

Mr. Lachman closed the presentation with a summary of the 2022 Budget calendar. Relevant Board meeting dates are highlighted in blue. In July, the RTA plans to provide the Service Boards with preliminary estimates of 2022-2024 RTA funding levels as a basis for discussions with the Service Board budget teams. Depending on the consistency of 2021 monthly sales tax results, we might delay providing these preliminary funding estimates until we have additional

actual results from which to extrapolate trends. On August 19th, we intend to present the proposed funding amounts and recovery ratios to the RTA Board for consideration. The need to gather as much information as possible before setting the funding levels might require this presentation to be deferred to the September Board meeting, this year held on the statutory deadline for adoption of the funding amounts, Wednesday, September 15th.

The deadline for submission of Service Board proposed budgets and programs is Friday October 15th, shown in orange. This date strikes a balance between giving the Service Boards as much time as possible to develop their budgets, while still allowing sufficient time for the RTA staff to analyze and consolidate the submissions into a proposed regional budget and capital program. The Service Boards will conduct their budget and capital program public hearings in October and November. On November 18th, the Service Board leadership teams will present their budgets and capital programs to, and field questions from, the RTA Board. RTA staff will conduct our budget and capital program public hearings and County Board presentations in November and early December. Finally, on December 16th, we will ask the RTA Board to consider the 2022 Regional Budget and Five-Year Capital Program for adoption.

Director Kotel moved, and Director Canty seconded that the proposed ordinances be approved as submitted. The motion carried on the following roll call vote:

16 Ayes: Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

Ordinance selecting a fiduciary to the CTA Retiree HealthCare Trust Board of Trustees and to the CTA Retirement Plan Board of Trustees

Mr. Lachman briefly explained the request to re-appoint Joseph Burke to the Board of Trustees of the Retirement Plan for CTA Employees and the Board of Trustees of the Retiree Health Care Trust for CTA Employees, effective June 1, 2021. The Board of Trustees of the CTA Retirement Plan has 11 members, and the Board of Trustees of the CTA Healthcare Trust has 7 members. The RTA Board appoints one member of each of these boards: a professional fiduciary who has experience with collectively bargained pension and retiree healthcare plans.

The RTA board initially appointed Mr. Burke to this role on November 18, 2010 and subsequently reappointed him on March 17, 2016. As for Mr. Burke's qualifications, he has been involved with the administration and management of employee benefits for approximately 35 years. Mr. Burke has served both as the Administrator for the Iron Workers Mid-America Pension and the Iron Workers Mid-America Supplemental Monthly Annuity (SMA) Funds and as Assistant Counsel for the Central States Southeast and Southwest Areas Pension and Welfare Funds, as well as in various staff and administrative positions with those funds.

Mr. Burke has also served as Secretary, Treasurer, immediate past President, President, and Chair of the International Foundation of Employee Benefit Plans. He has taught more than 100 courses for the organization. Closer to home, he has served as a trustee of the Oak Lawn Police Department Pension Board.

Mr. Burke explained that in his 10 plus years as an appointed trustee for the CTA retirement plan and the retiree health care trust he is very proud to have helped to steward both funds toward long-term stability. The retirement plan which has over 20,000 active and retired participants and families remains on target to meet its statutory funding requirements. When employee and employer contribution increases have been required, the board has acted responsibly to meet its fiduciary obligation to the participants. The retiree healthcare trust which is a relatively newly created entity of just over 13 years has thrived. It began with just over \$528 million and now has over \$1 billion in assets. The Board of Trustees has acted responsibly on behalf of 22,000 plus participants and their families to keep active employee contributions consistent and provide top-notch healthcare for members and their families.

Mr. Burke concluded by stating he is honored by the confidence that the Board has shown him in the past as a fiduciary, and he is ready to begin his next term.

Chairman Dillard congratulated Mr. Burke and thanked him for his willingness to serve.

Director Groven moved, and Director Ross seconded that the proposed ordinances be approved as submitted. The motion carried on the following roll call vote:

16 Ayes: Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Groven, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

Ordinance authorizing a contract with Dell Technologies for Microsoft Software Licenses, Support and Cloud Services

Mr. George Coleman stated that the ordinance requests approval to enter into a contract with Dell Marketing Services for an amount not to exceed \$1 million. It is important to note that this is a piggyback on a state contract which was competitively bid. The services on this contract include Microsoft licensing for all RTA servers and workstations, premier support, and the ability to use Microsoft cloud-based applications. This contract will be good for a period of three years, and it is a replacement of the current expiring contract with CDW.

Director Carey moved, and Director Gathing seconded that the proposed ordinances be approved as submitted. The motion carried on the following roll call vote:

15 Ayes: Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

1 Absent: Groven

Ordinance authorizing the 2021-2022 renewal of excess liability insurance by the Loss Financing Plan & Joint Self-Insurance Fund

Ms. Nadine Lacombe provided a brief overview of the Loss Financing Plan, Joint Self-Insurance Fund Program (LFP/JSIF). The LFP/JSIF comprises a two-part program: (1) an emergency fund, from which the Service Boards can borrow should an unexpected loss or judgment arise; and (2) a mechanism for purchasing excess liability insurance jointly, for all four agencies. The Program operates pursuant to a four-party agreement. The proposed purchase of insurance covers losses from \$15–\$100m. The agencies are each otherwise insured for losses below \$15m or above \$100m. To minimize their individual risk, insurers each only cover a small slice of the total \$15-100M pie as represented in the tower attached to the proposed Ordinance. U.S. markets largely will not cover transit at this level, so the bulk of regional coverage is purchased overseas in the UK and Bermuda. The four agencies use the services of a broker, Aon Risk Services, to source the insurance. Each insurance company has a capacity limit on how much it can or is willing to cover in total. Pre-COVID we experienced a severe hardening of the market, due to losses experienced by insurers that had nothing to do with our specific account or even transit as a whole. That hardening has since been exacerbated by a major shrinking of the market (many insurers have less capacity to cover transit than in the past or have folded altogether). Post COVID, due to severe declines in ridership, we would have expected premiums to decrease as well, but the other types of losses referenced earlier are causing the markets to make up their losses on the backs of claims free accounts such as ours.

Two executives from Aon’s Rail Practice Group attended the meeting in order to answer any additional questions regarding the market and the renewal process. Coverage expires on June 15th. Because we cannot allow excess liability coverage to lapse for the entire system staff, on behalf of all four agencies, requested the Board’s approval to renew coverage with premiums flat compared to the prior year, in substantially the form indicated on the tower. Ms. Lacombe also explained that sometimes last-minute shifts occur in the market that require one insurer to be replaced with another or to move elsewhere on the tower. The total amount of premiums would not change without Board approval. Finally, Ms. Lacombe answered questions regarding cyber and terrorism coverage.

Director Holt moved, and Director Lewis seconded that the proposed ordinances be approved as submitted. The motion carried on the following roll call vote:

14 Ayes: Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Holt, Kotel, Lewis, Melvin, Pang, Sager, Chairman Dillard

2 Absent: Groven, Ross

Ordinance authorizing the negotiation and execution of various task orders necessary to implement the RTA 2021 Audit Plan

Ms. Lorri Newson explained that the detail information for the agenda item was provided in the board packages in advance of the board meeting. She further stated that the agenda item supports the RTA 2021 Audit Plan that was presented to the Board in February 2021 and that she would be happy to answer any questions. Directors asked no questions pertaining to this agenda item.

However, Director Coulson, stated that the agenda item 7g includes, among its other tasks, a look at the cyber security that was brought up during the discussion of the last item. The idea is to prevent cyber security attacks by looking at systems we have in place and try to improve them. He also stated that Board Members should have received the last Audit Report that is a resource if they have any thoughts or questions on internal audit.

Chairman Dillard, Ms. Lacombe and Director Coulson thanked Ms. Newson for her service at the RTA and wished her well in her new role with Pace. Ms. Newson thanked RTA for the opportunity to serve.

Director Coulson moved, and Director Pang seconded that the proposed ordinances be approved as submitted. The motion carried on the following roll call vote:

14 Ayes: Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Holt, Kotel, Lewis, Melvin, Pang, Sager, Chairman Dillard

2 Absent: Groven, Ross

Ordinance authorizing a contract amendment with Res Publica for marketing services

Ms. Tina Fassett-Smith explained that Res Publica will be engaged to develop the first phase of a multi-phase marketing campaign to support transit recovery. The proposed contract amendment will add one year and \$250,000 to the contract for a total amount not to exceed \$599,000. The marketing campaign will be developed in collaboration with the three Service Boards. Within the term of the extended contract, the RTA will issue a request for competitive proposals to fulfill remaining phases of the campaign.

Director Andalcio moved, and Director Fuentes seconded that the proposed ordinances be approved as submitted. The motion carried on the following roll call vote:

14 Ayes: Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Holt, Kotel, Lewis, Melvin, Pang, Sager, Chairman Dillard

2 Absent: Groven, Ross

Approval of Travel Expense Reimbursement(s)

Director Kotel moved, and Director Holt seconded that the presented expenses be approved as submitted. The motion carried on the following roll call vote:

14 Ayes: Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Holt, Kotel, Lewis, Melvin, Pang, Sager, Chairman Dillard

2 Absent: Groven, Ross

ADJOURNMENT

There being no further business to come before the public portion of Board of Directors meeting, Director Holt moved, and Director Carey seconded that the meeting adjourn. The motion carried on the following voice vote:

14 Ayes: Andalcio, Canty, Carey, Coulson, Frega, Fuentes, Gathing, Holt, Kotel, Lewis, Melvin, Pang, Sager, Chairman Dillard

2 Absent: Groven, Ross

The Board meeting ended at 11:20 a.m.

AUDREY COLE
Secretary of the Authority