

**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, June 23, 2016 at 8:50 a.m., in Suite 1650, 175 West Jackson Blvd., Chicago, Illinois, pursuant to notice.

Committee Chairman Magalis presided.

**ROLL CALL**

**Committee members present (7):** Anderson, Buchanan, Coulson, DeWitte, Lewis, Magalis, and Troiani

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

**Approval of minutes from the meeting held on May 19, 2016**

Director Lewis moved, and Director Buchanan seconded that the minutes from the meeting held on May 19, 2016 be approved as submitted. The motion carried on the following roll call vote:

7 Ayes: Directors Anderson, Buchanan, Coulson, DeWitte, Lewis, Magalis, and Troiani

**Report on Monthly Financial Results – April 2016**

Ms. Reyna-Hickey provided a summary of the Service Board financial results for the year-to-date through April 2016. Ms. Reyna-Hickey stated that regional unemployment increased to 6.5% in April, which was 1.5 percentage points higher than the national average. RTA year-to-date system ridership was 2.4% unfavorable to budget and 1.2% lower than 2015. April ridership decreased 4.7% from April 2015 but was impacted by calendar differences. System operating revenue was 0.4% unfavorable to budget due primarily to lower accrual of the State reduced fare reimbursement. Public funding was favorable to budget by \$10 million due to strong RETT results. March sales tax grew by 2.1% over prior year continuing a pattern of lower growth over the last six months. Regional operating expenses were \$25.5 million or 2.9% favorable to budget through April, with fuel savings representing about one-third of the variance. The system net result was \$34.3 million favorable to budget, a \$3 million improvement from last month's report, due to good expense performance by each Service Board. The regional recovery ratio of 48.7% was 1.1 percentage points favorable to budget due primarily to favorable expenses, but requires careful monitoring due to the uncertainty in State Reduced Fare Reimbursement (RFR) funding. Good expense performance will have to continue in order to keep the recovery ratio above 50% in the event of any potential loss of RFR funding.

**Semi-Annual report on Project Management Oversight (PMO)**

Ms. Violet Gunka-Gurgul provided a summary of the PMO report that was provided to Board members as part of their briefing. She stated that the report was designed to make it straightforward for the Board to easily see progress, issues, and risks for transit capital projects in the region. Ms. Gunka-Gurgul highlighted that the PMO program includes oversight of all state-funded capital projects and all other projects with budgets of \$10 million or more. It was noted that the 2015 and 2016 capital programs do not include any state funding so the state-funded projects in this report are part of prior years' programs. RTA implements the PMO program to fulfill the requirements in the RTA Act to oversee Service Boards' capital programs and expenditures. Ms. Gunka-Gurgul reported that all projects are either on budget or under budget. If project delays caused by state funding are excluded, schedule performance is strong with only two projects behind schedule. However, uncertainty in state capital funding is causing eight more projects to be behind schedule.

Director DeWitte asked if any of the state funding delays are significant enough to cause complete shutdown of any projects. Ms. Reyna-Hickey replied that the only projects on indefinite hold are the ones that have not commenced, and that the State has committed to provide funding to complete all ongoing projects. Bea then recited the list of eight projects delayed due to State funding.

Director Hobson asked if any delays are likely to result in cost overruns due to the postponement of materials acquisition, etc. Ms. Reyna-Hickey replied that this is certainly possible since contractor proposals are typically time-limited, but would have to be looked at on a case-by-case basis.

**Ordinance authorizing the Quarterly Capital Amendment for the Second Quarter 2016**

Ms. Jill Leary briefed the Committee on the Second Quarter Capital Amendment, which affects only Pace Suburban Service. The amendment recognizes \$1.5 million of additional capital revenue for 2016 associated with Pace Positive Budget Variance (PBV) funds from 2015. The additional funding will enable design, engineering, and construction improvements to the Rosemont Transit Center related to expanded I-90 service.

Director Troiani moved, and Director Lewis seconded the adoption of the four resolutions. The motion carried on the following leave for last unanimous roll call vote:

7 Ayes: Directors Anderson, Buchanan, Coulson, DeWitte, Lewis, Magalis, and Troiani

**Ordinance modifying and restating the RTA Interest Rate Risk Management Policy**

Ms. Reyna-Hickey began by noting that this item is the third and final component of the Strategic Financial Plan effort begun last year, the first two being the fund balance policy and the optimization of short-term borrowing. RTA's swap portfolio has been reviewed by a swap advisor and no immediate actions are required, but the RTA's swap policy does need to be updated to

incorporate the requirements of Dodd-Frank and the U.S. Commodities Futures Trading Commission. The proposed policy is based on GFOA best practices and published rating agency criteria. The policy was drafted by Swap Financial at the direction of Sycamore Financial, one of RTA's financial advisors. Both internal and outside counsel has vetted the proposed policy. Upon adoption, the RTA staff can subsequently engage a financial advisor to review the portfolio and follow through on the advisor's recommendations to modify or terminate existing agreements. There are no plans to enter into any new swap agreements.

Director Magalis noted that the RTA's swap portfolio has been very successful and that the proposed policy makes sense. Director Hobson also stated that the policy was very well written, and he commended Sycamore and RTA staff for completing the update.

Director DeWitte moved, and Director Troiani seconded the adoption of the four resolutions. The motion carried on the following leave for last unanimous roll call vote:

7 Ayes: Directors Anderson, Buchanan, Coulson, DeWitte, Lewis, Magalis, and Troiani

#### **ADJOURNMENT**

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

7 Ayes: Directors Anderson, Buchanan, Coulson, DeWitte, Lewis, Magalis, and Troiani

The meeting ended at 9:10 p.m.

*Audrey MacLennan*

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AUDREY MACLENNAN

Secretary of the Authority