

**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, September 10, 2015 at 8:55 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 (phone), Coulson, DeWitte, Lewis, Magalis and Troiani (phone)

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

Approval of minutes from the meeting August 20, 2015

Director Lewis moved, and Director DeWitte seconded that the minutes from the meeting held on August 20, 2015 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 – July 2015

Ms. Bea Reyna-Hickey provided a summary of the Service Board financial results for the year-to-date through July 2015 for information only. Ms. Reyna-Hickey noted that labor statistics indicate 10,000 Chicago-area jobs were added in July, decreasing the local unemployment rate to 5.8%. RTA system ridership through July was 1.5% unfavorable to budget and essentially unchanged from prior year. For the second consecutive month, ridership exceeded both budget and prior year in July, which is very encouraging, and may be associated with an increase in gasoline prices. System operating revenue was 1.2% unfavorable to budget due primarily to lower accrual of the State reduced fare reimbursement. However, public funding results are strengthening, with sales tax through May tracking about 1.4% higher than budgeted, and RETT coming in very strong for June. Regional operating expenses were 1.9% favorable to budget through July, with fuel savings representing about 40% of the variance. The system net result was \$34.8 million favorable to budget, a \$10 million improvement from last month's report, due to good Service Board expense performance and strong public funding results. The regional recovery ratio of 51.3% was 0.2 percentage points unfavorable to budget.

Director Anderson asked if the State's budget impasse had any effect on Service Board operations. Further questioning if we have a contingency plan for reacting to State budget cuts? Ms. Reyna-Hickey responded that the State is about 5 months behind on PTF payments, but that is actually an improvement from last year. She further explained that we expect to receive ASA/AFA funding from the State 2015 budget in the coming months. The RTA has about \$150 million of short-term borrowing capacity via working cash notes and commercial paper to counteract increased delays in PTF payments, but any structural funding changes would need to be addressed by the Service Boards with expense reductions, service cuts, and possibly fare increases. Director Magalis pointed out that the 2015 budget was adopted with a provision to conduct a study on reserve levels and a strategy for lines of defense in a revenue downturn, and that the results of that study should be available in the coming months.

Director Magalis asked if we could show the fare revenue recovery ratio and credits in the monthly financial results in order to be more transparent about the true level of cost recovery. Ms. Reyna-Hickey agreed that we would modify the dashboard to show the recovery ratio with fare revenue only, with fare and ancillary revenue, and with all revenue and expense adjustments.

Ordinance amending the 2015 Capital Program Amendment – Third Quarter

Ms. Donna Anderson introduced the Third Quarter Amendment to the 2015 Capital Program. Included in the amendment were funding increases for CTA, Metra, and Pace totaling \$36.8 million. CTA proposed new funding through a Transit Security Grant, sales tax funds, capital grant bond refinancing, and insurance settlement proceeds. Metra's proposed revisions included an increase to the amount of capital funding by including Federal Surface Transportation Program (STP) pass-through funds, municipal matching funds, and additional Metra capital funds. Pace's proposed revisions included the addition of Congestion Mitigation and Air Quality Improvement (CMAQ) program pass-through funds.

Director Magalis asked about CTA substituting a bond insurance policy for a bond reserve of funds and whether CTA had done that before. Ms. Anderson replied that they had done it as part of the 2012 budget. Ms. Reyna-Hickey stated that bond insurance used to be a more common practice before the financial crisis. Director Magalis asked what the trend was in the industry now and what the condition of the reserves are? Ms. Reyna-Hickey said she would look into that and follow-up.

Director Lewis moved, and Director Anderson seconded that the proposed ordinance be recommended to the full Board for approval. The motion carried on the following 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 Lewis moved, and Director Anderson 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 9:30 p.m.

Audrey MacLennan

AUDREY MACLENNAN

Secretary of the Authority