

**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, July 15, 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, Lewis, Melvin, Pang, Ross, Sager, Kotel, Chairman Dillard.

Approval of minutes from the meetings held on June 17, 2021

Director Fuentes moved, and Director Carey seconded that the minutes from the public meeting held on June 17, 2021, be approved as submitted. The motion carried on the following roll call vote:

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

Public Comment

There were no public comments submitted for this meeting.

Executive Director's Report

Ms. Leanne Redden, Executive Director commenced by noting that this is the first RTA Board meeting conducted from the agency's offices since February 2020 due to the pandemic. She welcomed those present to the renovated RTA offices and announced that staff will return to the office over the month of August, with an official office reopening (with strict adherence to CDC guidelines) slated for September 7. The Mobility Customer Service staff will resume in-person operations here and at other locations starting August 2, she said.

In other good news, she said, the just-completed FTA triennial review found nothing that needed remedying. Ms. Redden thanked Nadine Lacombe and her team for leading the review and everyone else who worked diligently to ensure a smooth process.

Also, Ms. Redden said, last week Moody's upgraded their rating of RTA long-term debt and reset securities from a negative outlook to a stable outlook. According to Moody's, this rating change is a result of the resilience of regional sales tax revenue and a reduction in exposure to delays in state payments. She said this rating upgrade comes in tandem with notable progress on the State's fiscal situation as well as slow and steady increases in ridership across the system.

Ms. Redden previewed the Board's vote on the new performance-based capital allocation structure. She noted that after the last Board meeting in which that structure was presented, the agency held a public comment period to solicit feedback. She noted that Jill Leary will discuss those comments and the adjustments made in response. She went on to thank the community of officials, advocates, and civic groups who supplied comments. "Their understanding and passion for the vital role our region's transit system plays in our economy and our environment, and the paramount importance of that service being accessible, equitable, and responsive to changing needs is critical to our region's success," Ms. Redden said. "I truly look forward to engaging them and widening our reach to include many other regional stakeholders as we embark on Step 3 of our Three Step COVID Recovery Strategy." She noted that the Board's meeting in August will be a strategic conversation about this approach to begin developing a strategic vision for the region's system with an eye toward immediate recovery, revitalization, and ultimately reinvention over the coming years.

She noted that the vote on the capital allocation structure is an important step forward in implementation of Invest in Transit, our evolution toward performance-based and transparent allocation of funds, and our collaborative efforts with the Service Boards to ensure the best use of investments in this evolving process.

Ms. Redden then describe negotiations on federal infrastructure investments. On June 24, she noted, President Biden announced his support for a bi-partisan, \$1.2 trillion infrastructure agreement framework with top-line spending numbers and general consensus on potential revenue to pay for the new investments. She stated that the \$579 billion framework contained \$49 billion dollars in new public transit spending and another \$66 billion for passenger and freight rail. On a parallel path, she said, the House passed a surface transportation reauthorization bill on July 1 with \$547 billion for surface transportation infrastructure over the next five years, including \$109 billion for transit and \$95 billion for passenger and freight rail.

Ms. Redden stated that how infrastructure discussions will now move forward remains to be seen. The Senate Banking, Housing and Urban Affairs Committee has jurisdiction over transit policy and programs and could soon take up discussions on a separate Senate reauthorization proposal. These discussions would potentially follow the broad top-line spending numbers of the bi-partisan infrastructure agreement, although no legislation has surfaced to date. As a reminder, she said, the FAST Act, the current federal authorization bill, is set to expire at the end of September.

Ms. Redden concluded with the state delinquency figures through the end of June, stating that the State owes the RTA \$ 162.7 million of ASA, AFA, and PTF. The State is 12 months behind on debt service reimbursement payments and is essentially current on the sales tax match funding payments. The year-to-date cost of short-term debt is \$ 1.6 million.

Report on the Monthly Financial Results – May 2021

Ms. Bea Reyna-Hickey, Chief Financial Officer, presented the year-to-date financial results through May 2021. She stated that RTA system ridership is improving slowly but steadily. She noted that, year-to-date ridership was 2.1% favorable to the revised regional budget but that system ridership in May was still at about only 35% of pre-pandemic levels. Ms. Reyna-Hickey stated that by Service Board, CTA ridership exceeded budget and Metra ridership met budget while Pace and ADA Paratransit lagged budget. She noted that the current budget assumes that ridership will continue to recover to about 65% of normal by year end as commuting gradually increases and students return to in-person learning.

Ms. Reyna-Hickey went on to state that RTA sales tax receipts have far exceeded expectations. She noted that March set an all-time monthly record of \$125 million in sales tax collections, and that we have indications that April will approach \$120 million. Ms. Reyna-Hickey pointed out that the collection of RTA sales tax on a broader range of online purchases which began in January of this year has clearly contributed to these sharp increases, producing a total favorable variance of \$58.2 million to budget, and that does not even include the April results yet. She noted that the 9.3% unfavorable funding variance for ADA Paratransit is due to lower than anticipated CRRSAA requisitions, which are expected to catch up to budget as we move forward. Ms. Reyna-Hickey stated that the sudden sales tax rebound will necessitate a second 2021 RTA funding amendment in the next month or two. She stated that improving RTA funding reduces the need for federal relief funding and pointed out that this is good in that the relief funding will last longer, but it also creates a math problem in the financial results, which Ms. Reyna-Hickey said she would cover later in the presentation.

Ms. Reyna Hickey stated that system-wide operating expenses through May were \$35.6 million, or 3.0%, favorable to the revised budget, with each Service Board reporting favorable expense variances. She noted that Metra's actual expense results have come back in alignment with their revised budget. She added that ADA Paratransit expenses have also been under budget, but recovering ridership is expected to increase ADA expenses in the coming months.

Ms. Reyna-Hickey then discussed the math problem she had referred to earlier. She explained that those impressive sales tax results are constraining the amount of federal relief funding being drawn down by the Service Boards because they can only requisition themselves back to a break-even financial condition. She added, for recovery ratio purposes relief funding is included in operating revenue and is causing operating revenue to fall short of budget. She specified, in total, operating revenue was \$46.4 million, or 9.1%, unfavorable to budget. Ms. Reyna-Hickey explained that there are several ways to resolve this and we are exploring some options.

Director Melvin thanked Ms. Reyna-Hickey for a good report and agreed that the over-performing RTA sales tax is a good problem to have.

Ordinance authorizing the Performance-Based Capital Allocation Process

Ms. Jill Leary provided background and an overview of the proposed action related to approving the performance-based capital allocation process. The process was out for public comment and the comments were summarized for the board. Staff recommended the process and the ordinance be approved by the board. The following directors commented.

Director Melvin commented that staff has done a good job of thinking about the issue, inviting comments and incorporating concerns. He believes that the RTA Board should move forward with approval. He noted that one comment is related to the statements around State of Good Repair (SGR). Director Melvin stated from a user perspective it's important to have equipment that works. From a maintenance perspective, it costs less to maintain when it is in good repair, which is important. From a competitiveness perspective, the RTA region is in competition with other regions and the transit system is an important that is incumbent upon us to maintain. Director Melvin concluded by stating that we need to be competitive as a region and should move forward with this.

Director Canty agreed with Director Melvin. This is a big step in the right direction of thinking about how we fund the projects that we do and how to work together. Director Canty stated that she also likes the idea of taking some of the input in the three letters and using in next phase of recovery, as they make some important observations and requests that should be taken seriously. She stated that we don't want perfect to get in the way of progress. The framework allows us to move forward. She stated that then we can take in the feedback and recommendations from the public, mayors caucus, civic groups to move forward with next steps.

Director Carey agreed with many of points raised in the letter as well but disagreed about whether SGR is a fundamental point that needs to be raised, as she believes it is. She did agree that RTA should be engaging stakeholders more in next steps, during the process and not just at the end for a limited amount of time.

Executive Director Redden responded that we will be doing that, with more formal engagement starting this fall.

Director Sager complimented staff for meeting with the Service Boards and for doing a great job of complementing the larger effort. He also appreciated the interactions with civic organizations and constructive dialogue. He stated that it has been said more than one time that this is an evolutionary process, we are evolving. He added that there can be a tendency to assume that the vote is final but it's actually an ongoing process. He also pointed out that we are proceeding step by step with logical and timely decisions and that this is a good step. Director Sager also mentioned that SGR is absolutely not a choice. We got caught in that and we need to understand that SGR is a foundational requisite. He agreed with comments of other

Directors also that we need to work together with a broad base of stakeholders. Fantastic efforts are going on elsewhere and RTA should not wait.

Chairman Dillard thanked commentors for their letter and noted that RTA will formally respond to each in writing. He reiterated that this process is not perfect, but we are clearly moving forward, and this is part of the implementation of Invest in Transit. This furthers work of RTA around transparency and decision making that uses data. He looks forward to Step 3 where we can engage in regional discussion about future of transit in an open and transparent manner. He further invited everyone externally to engage and emphasized that everyone will be at the table along the way. Transit is important, the capital backlog is massive, and we need funding to improve it. He also noted that while RTA respects mayors we also have three service boards and need proper input from their boards as well that are also appointed by elected officials. That said, civic leaders will be invited to engage as we initiate the next strategic plan.

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

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

Ordinance authorizing a contract with ADP for payroll services

Ms. Bea Reyna-Hickey, Chief Financial Officer, presented an ordinance extending a contract with ADP for payroll services by seven years, for the period from November 2021 to November 2028. This amendment totals \$140,746 and brings the total contract cost to an amount not to exceed \$284,996. The cost for seven years is subject to the annual appropriation of funds by the Board.

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

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

Approval of Travel Expense Reimbursements

Director Holt moved, and Director Gorman seconded that the expense reports be approved as submitted. The motion carried on the following roll call vote:

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

ADJOURNMENT

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

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

The Board meeting ended at 10:08 a.m.

Jeremy R. LaMarche
Secretary of the Authority