

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

The Board of Directors of the Regional Transportation Authority met in public session on Thursday, December 19, 2019 in Suite 1650, 175 West Jackson Blvd., Chicago, Illinois pursuant to notice.

Chairman Dillard called the meeting to order at 9:35 a.m. The Pledge of Allegiance followed.

**ROLL CALL**

**Board members present (16):** Andalcio, Carey, Coulson, Frega, Fuentes, Groven, Higgins, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Troiani (phone), Chairman Dillard

**Approval of minutes from the meeting held on November 21, 2019**

Director Andalcio moved, and Director Kotel seconded that the minutes from the meeting held on November 21, 2019 be approved as submitted. The motion carried on the following roll call vote:

**16 Ayes:** Andalcio, Carey, Coulson, Frega, Fuentes, Groven, Higgins, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Troiani, Chairman Dillard

**Public Comment**

Garland Armstrong commented that the Pace bus drivers should have extra training in safety along the Cumberland route in Des Plaines.

**Executive Director's Report**

Ms. Leanne Redden began by reporting that through the end of November the State owes the RTA \$244.2 million of ASA, AFA, and PTF. The State is 5 months behind on ASA; 10 months behind on AFA and the equivalent of 4.5 months behind on PTF. The year-to-date cost of short-term debt is \$4.7 million.

Ms. Redden then announced that Fitch Ratings upgraded its rating of the RTA's \$1.7 billion of general obligation bonds and notes from AA to AA+, affirming the RTA's stable outlook. AA+ is the second highest Fitch rating after AAA.

Ms. Redden then briefed the Board on state and federal government affairs. The Illinois House and Senate remain out of session until late January. The US Congress returned to Washington following Thanksgiving recess on December 3<sup>rd</sup>. Before the break, lawmakers focused on

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FY2020 spending bills, including passing a second continuing resolution (CR) to keep the government funded until December 20<sup>th</sup>. A deal was reached late last week to keep the government funded until September 2020.

She then reported that RTA staff is wrapping up the 2020 Community Planning program call for projects process. The proposed Program of Projects includes nine new, diverse projects that will be released for a public comment period starting January 10<sup>th</sup> and ending February 8<sup>th</sup>. Information on the proposed projects and instructions on how to submit comments will be available on the RTA website beginning January 10<sup>th</sup>. Staff will present the final Program of Projects at the February Board meeting.

Director Lewis asked if the RTA requested that Fitch review the credit rating or if it were just a normal course of business. Ms. Redden replied that it was in the normal course of business.

Director Lewis then asked if the plan was for the RTA to shrink the outstanding short-term debt to zero. Ms. Reyna-Hickey replied that over the past few months the State has been prompt in paying the RTA thus allowing the agency to “move some money around” and paydown more of the outstanding debt than usual. However, she cautioned, it is still important to remember this money is used to keep service boards afloat and if the state’s payments slows down or becomes delinquent it will be necessary to borrow more and increase that debt.

### **Report on RTA Pension Investments**

Mr. Bill Lachman provided the Board with a report on the RTA Pension Investments. He mentioned that Ms. Alli Wallace, a Principal Consultant with Meketa Investment Group, which is the Plan’s Investment Consultant was in attendance. He proceeded to provide the Board with a briefing about the RTA Pension Plan stating that the Plan covers all RTA employees, as well as non-represented employees of Metra and Pace. Mr. Lachman stated that the Pension Trustees, which consists of three transit agency trustees – one each from the RTA, Metra, and Pace plus four outside trustees appointed by the RTA board, invest the Plan assets and monitor the investment portfolio performance. He also stated that the Pension Committee, chaired by RTA General Counsel Nadine Lacombe and consisting of two staff representatives each from the RTA, Metra, and Pace, administers and oversees the Plan structure, claims review and service providers.

Mr. Lachman briefed the Board on the search and selection for a replacement Small Cap Core Equity Manager and stated that the Trustees adopted an Environmental, Social, and Governance (ESG) policy at the November meeting. He stated that third quarter and year-to-date returns through September 30<sup>th</sup> on the assets of the Plan were 0.1% and 11.7%, respectively, net of fees. As of January 1<sup>st</sup>, the funded ratio of the Plan is 89.3% with an unfunded liability of \$38.6 million. The market value of the assets of the RTA Pension Plan

totaled \$296.3 million as of September 30<sup>th</sup>; of this amount, \$25.6 million or 8.7% is managed by a minority-owned/DBE investment manager. Mr. Lachman informed the Board that actuarial valuations, the audited financial statements of the Pension Plan and other stats can be found on the RTA website.

He then briefly explained the selection of investment managers for the RTA Pension Plan. The Plan's investment consultant, Meketa Investment Group, assists the trustees in selecting investment managers and monitors their performance over time against peers and benchmarks. Its research team sources and tracks new MWDBE Investment Managers through proactive outreach to the emerging and diverse manager community. Over the past 5 years, Meketa has expanded its investment manager database to include three times as many emerging and diverse firms. Mr. Lachman stated that in 2017 and 2018, approximately 40% of the searches Meketa conducted on behalf of clients included MWDBE firms as finalists and as a result, in both years Meketa's clients made \$1 billion in new investments to MWDBE firms. In 2018, Meketa Investment Group's clients committed an additional \$500 million to diverse-owned private markets managers.

Director Lewis inquired on the percentage of the total funds that were managed by either MBE or DBE firms and if that amount was up or down from prior years. He also asked if the goal was to trend towards a larger percentage of MWDBE participation and if so, what is the timeline for this change. Mr. Lachman responded that 8.7% of the total funds were managed by a MWDBE firm which has been consistent for the last few years. He also stated that with the new ESG policy that is the goal to have a larger MWDBE percentage. Although there is no specific goal yet, they are constantly monitoring their investments to see which investment managers might need to be replaced and when they are replaced, they make sure there are DBE firms included in the interview process.

Director Lewis then stated that there have been more firms identified as DBEs; therefore, the probability of one being selected would be greater leading to a higher percentage than 8.7%, perhaps 10 - 15%. Mr. Lachman concurred and added that it depends on the asset class and whether there are DBE firms in that asset class that Meketa recommends. He reiterated that it depends on whether a new asset class was introduced, or an existing manager was replaced and how the interview process goes.

Director Andalcio commended the efforts for reaching out to MWDBE firms and making it very inclusive but stated that he would also like to see the increase in participation be higher than the 8.7%.

Director Holt asked about the quarter-to-date and year-to-date performance of the fund compared to peers. Mr. Lachman stated that there is a report that shows how the Plan investments do against their peers. As far as the Plan itself, the problem with comparing the Plan against peers is that every plan has different investments so depending on the mix within

your plan in any given period will yield different results. Ms. Alli Wallace added that year-to-date performance is at the 61<sup>st</sup> percentile which is slightly below median and that it's partially a byproduct of the fact that the fund has been in transition. A new strategic asset allocation was recently adopted which is aligned with the long-term goals of the plan generating an 11.7% return year-to-date relative to peers which consists of about 300 public funds throughout the country.

Director Sager stated that he is incredibly impressed and wanted to extend his gratitude and commendation for the level of funding of the system relative to other pension systems. Mr. Lachman responded that one of the things that makes that possible is the fact that there are three employers in the plan and each of them makes sure that the other two makes their contributions.

Director Melvin asked Ms. Wallace how they announce their searches. Ms. Wallace responded that they advise on 1.4 trillion in assets for a variety of plans throughout the country and a vast majority of that is for public fund business which requires them to go through formal RFP processes. Oftentimes their searches are advertised in other news organizations as well as their own website.

### **Consent Agenda Items**

Director Carey moved, and Director Melvin seconded the adoption of the following items as submitted on the Consent Agenda:

- 2019-63      This ordinance approves an amendment to the 2019-2023 Capital Program and incorporates changes in program revenue and expenses for CTA, Metra, and Pace.
  
- 2019-64      This ordinance approves new project, scope and funding adjustment of Metra's Innovation, Coordination, and Enhancement (ICE) funded projects.
  
- 2019-65      This ordinance to adopt the 2020 Operating Budgets, 2021-2022 Financial Plans, and 2020-2024 Capital Programs of the Service Boards and the Authority, including the RTA Agency. This recommendation is made following a review of the proposed 2020 Budgets with the Service Boards at a special meeting of the Finance Committee of the Board held on November 21<sup>st</sup> at which the Service Boards presented their proposed budgets and capital programs and provided responses to questions from the RTA Board. This meeting also served as the public hearing for the Service Boards and the RTA to receive comments from the public about their budgets and capital programs. The budgets, financial plans, and capital programs defined by the ordinance are balanced, adhere to the funding amounts and recovery ratios adopted by the RTA Board in September, and meet the required recovery ratio for the region.

The motion carried on the following leave for last unanimous roll call vote:

**16 Ayes:** Andalcio, Carey, Coulson, Frega, Fuentes, Groven, Higgins, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Troiani, Chairman Dillard

**Contracts/Expenditure Items**

Director Ross moved, and Director Lewis seconded the adoption of the following ordinances, as well as the approval of Board travel expenditures as submitted:

2019-66      This ordinance authorizes a three-year contract, with an additional one one-year option, with Cubic Transportation Systems, Inc (“Cubic”) to operate the RTA Travel Information Center (TIC). The total value of the contract will not exceed \$12,475,994.

2019-67      This ordinance authorizes a contract to be initiated for Elking Consulting LLC. The contract for the consultant will run from October 1, 2019 through August 31, 2020. The total expenditure is \$27,500. This contract will replace the RTA’s existing contract for state consulting services with Government Navigation Group (GNG). Tiffany Elking, who had represented the RTA previously while employed with GNG, left the firm in October to begin her own consulting firm (Elking Consulting LLC).

The motion carried on the following leave for last unanimous roll call vote:

**16 Ayes:** Andalcio, Carey, Coulson, Frega, Fuentes, Groven, Higgins, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Troiani, Chairman Dillard

2019-68      This ordinance authorizes a contract with Microsoft Corporation for Premier Support services. The contract term will be for twelve months following contract execution for a total contract value of \$100,450. The ordinance also authorizes the Executive Director to subsequently renew the contract with Microsoft for up to four (4) additional years at an additional cost of \$500,000.

**15 Ayes:** Andalcio, Carey, Coulson, Frega, Fuentes, Groven, Higgins, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Chairman Dillard

**1 Abstention:** Troiani

**SPECIAL ACTION ITEM**

Ms. Lacombe briefly explained that proposed ordinance would appoint Allison Noback as the RTA's Ethics Officer, succeeding Michael Zumach, effective January 1, 2020.

2019-69      This ordinance authorizes the appointment of Allison Noback as the RTA's Ethics Officer, effective January 1, 2020

The motion carried on the following leave for last unanimous roll call vote:

**16 Ayes:** Andalcio, Carey, Coulson, Frega, Fuentes, Groven, Higgins, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Troiani, Chairman Dillard

Chairman Dillard stated that the next meeting of the RTA Board of Directors is scheduled for January 16, 2020 at 9:00 a.m. and will take place at the CMAP offices in the Willis Tower.

**ADJOURNMENT**

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

**16 Ayes:** Andalcio, Carey, Coulson, Frega, Fuentes, Groven, Higgins, Holt, Kotel, Lewis, Melvin, Pang, Ross, Sager, Troiani, Chairman Dillard

The public portion of the Board meeting concluded at 10:10 a.m.

*Audrey Macleannan*

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AUDREY MACLENNAN

Secretary of the Authority