

**MINUTES OF A PUBLIC MEETING OF THE AUDIT COMMITTEE OF THE  
BOARD OF DIRECTORS OF THE REGIONAL TRANSPORTATION AUTHORITY**

The **Audit Committee** of the Board of Directors of the Regional Transportation Authority met in public session on **Thursday, February 16, 2017**, at 8:35 a.m., in Suite 1650, 175 West Jackson Blvd., Chicago, Illinois, pursuant to notice.

Committee Chairman Durante presided.

**ROLL CALL**

**Committee members present (7):** Anderson (phone), Coulson, Durante, Higgins, Lewis, Melvin (@ #3), and Ross

**Committee members absent (1):** DeWitte

**Other Board members present:** Frega, Fuentes, Hobson, Magalis, Troiani, and Chairman Dillard (@ #3)

**Approval of minutes from the meeting held on February 16, 2017**

Director Anderson moved, and Director Higgins seconded that the minutes from the meeting held on February 16, 2017 be approved as submitted. The motion carried on the following roll call vote:

6 Yeas: Directors Anderson, Coulson, Durante, Higgins, Lewis, and Ross

2 Absent: Directors DeWitte and Melvin

**Ordinance approving the Combining Financial report and certifying compliance with the RTA Act recovery ratio requirement for 2016 and Ordinance approving and releasing the RTA 2016 Comprehensive Annual Financial Report (CAFR)**

Ms. Reyna-Hickey provided a background of the first ordinance as the compilation of the financial results of the RTA and Service Boards. She stated that the RTA Act requires this report in order to provide an overall financial picture of the entire RTA system. Our external auditors do not audit these financial statements, but they do review the compilation. Each Service Board's auditors issued an unmodified opinion of the Service Boards' 2016 financial statements. The ordinance certifies that, based on final audited results the RTA system achieved a 51.16% recovery ratio for region-wide mainline service and 10.00 % for regional ADA Paratransit service. Ms. Reyna-Hickey also stated that the RTA has received the certification from all three Service Boards.

The second ordinance approves the 2016 Comprehensive Annual Financial Report (CAFR). The CAFR covers only the RTA reporting entity. The RTA Act and our bond covenants require an audit of the Comprehensive Annual Report. Ms. Reyna-Hickey introduced Mr. Joe Evans, senior partner with RSM US LLP and the lead partner on the RTA audit for his audit summary presentation. During the Single Audit presentation, Mr. Evans introduced Ms. Maria Prado, partner with Prado & Renteria (DBE firm) who lead the single audit and assisted with the CAFR audit including control testing and compliance procedures. Ms. Prado mentioned the single audit highlights and audit scope during presentation as well. Mr. Evans stated that the audit reports receive unmodified opinions without any audit findings or recommendations. There were no exceptions in the single audit. The audits were completed on time and on budget.

**APPROVED BY THE AUDIT COMMITTEE  
FEBRUARY 15, 2018**

Director Coulson noted that the regional recovery ratio finished at 51.16 percent and asked if it would help if Pace and ADA reported their full credits rather than just enough to meet their requirement. Ms. Reyna-Hickey replied that it is true that ADA only uses enough credits to get to 10 percent but that it would not help the regional recovery ratio to use more since ADA is not factored into the regional recovery ratio. Pace Suburban Service is exploring using some of their additional credits but that will not help the region's recovery ratio much since Pace is a relatively small part of the calculation.

Director Hobson asked what rationale Moody's had provided for the RTA credit downgrade. Ms. Reyna-Hickey replied that we spent quality time with Moody's and in their report and press release, they specifically speak to how it is solely due to the State budget impasse and state funding delays. Ms. Reyna-Hickey also mentioned that RTA still has a very strong credit rating. Nevertheless, we cannot control the State budget impasse and the downgrade was strictly due to that. This is the insight that Moody's provided.

Director Lewis moved, and Director Higgins seconded that the two ordinances presented be adopted as submitted. The motion carried by the following roll call vote:

7 Yeas: Directors Anderson, Coulson, Durante, Higgins, Lewis, Melvin, and Ross  
1 Absent: Director DeWitte

#### **ADJOURNMENT**

There being no further business to come before the public session of the Audit Committee, Director Higgins moved, and Director Coulson seconded that the meeting adjourn. The motion carried by the following voice vote:

7 Yeas: Directors Anderson, Coulson, Durante, Higgins, Lewis, Melvin and Ross  
1 Absent: Director DeWitte

The meeting ended at 8:55 a.m.

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*Audrey MacLennan*

AUDREY MACLENNAN  
Secretary of the Authority