IN RE THE MATTER:  
REGULAR MEETING  

Report of proceedings of the meeting of the above-entitled cause, before Tabitha Watson, an Illinois Shorthand Reporter, on the 8th day of April, 2020, at the hour of 9:31 a.m., telephonically.

Reported by: Tabitha Watson, CSR, RPR  
License No.: 084-004824
BOARD MEMBERS PRESENT:

MR. ALEJANDO SILVA, Chairperson
MS. ARABEL ALVA ROSALES
MS. GLORIA CHEVERE
MR. KEVIN IRVINE
MR. BERNARD JAKES
MR. JOHNNY MILLER
MR. TERRY PETERSON

ALSO PRESENT:

MR. DORVAL R. CARTER, JR., President
MR. GREGORY LONGHINI, Secretary
MS. KAREN SEIMETZ, General Counsel
MR. JEREMY FINE
MR. RON ESTER
MR. BILL MOONEY
MR. JUAN PABLO PRIETO
MR. LONGHINI: Good morning. My name is Gregory Longhini, secretary to the Chicago Transit Board.

First, I would like to note that in accordance with executive orders 2020-07 and 2020-10 issued by Governor Pritzker and further guidance issued by the Illinois Attorney General's Office, this meeting will proceed by teleconference through WebX.

This meeting is being streamed live on CTA's website and public speakers have been invited to join the teleconference and have been provided with the telephone number to our board secretary.

One speaker has requested to speak and will be called upon during the public comment section of the board meeting. Also, one person submitted written comments and those comments will be read during the public comment section of the board meeting.

Our first order of business today is the meeting of the Finance, Audit and Budget Committee noticed for 9:30 a.m. this morning. Alejandro Silva, the Committee's chairman, will conduct the meeting.
Chairman Silva, you may begin the meeting with agenda item number 1.

CHAIRPERSON SILVA: So we're going to start right now, right?

MR. LONGHINI: That's correct, CHAIRPERSON SILVA. You may begin the meeting.

CHAIRPERSON SILVA: Good morning. I would like to call to order the April 8, 2020 meeting of the Committee on Finance, Audit and Budget.

Will the secretary call the roll?

MR. LONGHINI: Yes.

Director Chevere?

MS. CHEVERE: Here.

MR. LONGHINI: Director Jakes?

MR. JAKES: Present.

MR. LONGHINI: Director Miller?

MR. MILLER: Here.

MR. LONGHINI: Director Irvine?

MR. IRVINE: Here.

MR. LONGHINI: Director Silva?

CHAIRPERSON SILVA: I'm here.

MR. LONGHINI: Director Alva Rosales?

MS. ALVA ROSALES: Present.

MR. LONGHINI: Director Peterson?
MR. PETERSON: Present.

MR. LONGHINI: We have a quorum with all six members of the Committee present. CHAIRPERSON SILVA, please proceed to agenda item number 2.

CHAIRPERSON SILVA: Our first order of business is the approval of the committee minutes of March 12th, 2020. May I have a motion to approve?

MR. LONGHINI: Chairman, it's actually March 11th, but we will ask for a motion to approve.

MS. ALVA ROSALES: So moved.

MR. IRVINE: Second.

MR. LONGHINI: The motion has been moved by Director Alva Rosales and seconded by Director Irvine. I will now take a rollcall vote.

Director Chevere?

MS. CHEVERE: Yes.

MR. LONGHINI: Director Jakes?

MR. JAKES: Yes.

MR. LONGHINI: Director Miller?

MR. MILLER: Yes.

MR. LONGHINI: Director Irvine?

MR. IRVINE: Yes.

MR. LONGHINI: Director Silva?
CHAIRPERSON SILVA: Yes.

MR. LONGHINI: Director Alva Rosales?

MS. ALVA ROSALES: Yes.

MR. LONGHINI: Director Peterson?

MR. PETERSON: Yes.

MR. LONGHINI: Director Irvine, did you say yes or abstain?

MR. IRVINE: I said yes, but I meant to say abstain. Thank you.

MR. LONGHINI: Okay. So then you're going to abstain in the motion on the minutes.

MR. IRVINE: Yes.

MR. LONGHINI: Correct. The motion passes with six yes votes and one abstention by Director Irvine.

CHAIRPERSON SILVA, you may proceed to agenda item number 3.

CHAIRPERSON SILVA: Our next order of business is the finance report. Jeremy Fine.

MR. FINE: Good morning. I'm Jeremy Fine, your chief financial officer and I will walk through the results for February.

I wanted to give you a brief rundown of these results, which were primarily derived prior
to the impact of COVID-19.

With regard to February revenue, we see farebox was down to budget and to last year due to the monthly budget spreads that we spread across the year and what we presume may have been early adoption of social distancing since we see that we were down even to last year even though we had an extra day in February of 2020.

Passes were slightly down due, again, to the budget spread. We see reduced fare subsidy at budget. We see nonfarebox totals down about $200,000 due to the noncapital grant revenues and the new State parking tax.

Total revenues ended up the month down approximately 1.3 million and we see free rides up slightly due to the better weather and the extra day, again, due to the leap year.

With regard to year-to-date revenues, the vectors are relatively the same across the categories and year-to-date total revenues are down approximately 700,000 to budget, but up almost 4 million to last year.

February expenses, we see labor down slightly to budget by about 260,000. Materials
were down about 600 -- 460,000. Fuel was positive
to budget, about 225,000. Power, injuries and
damages, and security services were essentially
flat. And then other expenses were positive due to
the timing of noncapital grant revenue and other
contractual expenses.

So we ended up February positive on our
expenses to the tune of about $650,000. That
against the revenues, we were down for the month
approximately $650,000.

On a year-to-date expense basis, we see
the vectors again relatively the same across the
categories with total expenses down approximately
$1 million. Net against the revenues, we're down
to budget about $1.7 million. But again, looking
historically, that is not bad for the first two
months of the year. Again, a different story with
regard to the effect of COVID, which we'll talk
about in a moment.

The public funding for 2019, we ended off
the year positive by about $5 million. Public
funding for 2020 is down with regard to PTF and the
real estate transfer tax and those are the only two
receipts that we received to date for 2020.
With regard to commodities, we have locked in what we need in the short term, but we'll highlight a fuel opportunity with regard to future purposes.

This concludes my February FAB report. Happy to answer any questions.

MR. LONGHINI: Thank you, Jeremy. This is Longhini.

I will now ask the board members if you have any questions for Mr. Fine regarding the finance report.

Judge Chevere?

MS. CHEVERE: No, I do not have any questions.

MR. LONGHINI: Director Jakes?

MR. JAKES: No questions.

MR. LONGHINI: Reverend Miller?

MR. MILLER: No.

MR. LONGHINI: Director Irvine?

MR. IRVINE: No questions.

MR. LONGHINI: CHAIRPERSON SILVA?

CHAIRPERSON SILVA: No questions.

MR. LONGHINI: Director Alva Rosales?

MS. ALVA ROSALES: No questions.

MR. LONGHINI: Director Peterson?
MR. PETERSON: Yeah, this is Terry. I've got one question.

Jeremy, you know, in light of the fact that -- and I know this is before COVID-19, I see we're down in February in terms of labor. The page I'm looking at is year-to-date expenses. I see we're down a little bit over 2 million and labor, we're down a little over a half million, about 400,000 in terms of materials.

I'm just curious and I don't know if you can answer this or not, but trying to see, what would be some of the safety -- I know, you know, ridership is down and all of that, but are there things we're realizing during this period of time as well?

MR. FINE: With regard to labor during the COVID outbreak, we continue to keep all CTA employees employed. So there's -- the labor line will remain relatively static.

There's some additional costs with regard to materials and cleaning supplies that we're incurring. You know, the fuel and the power, again, because we're running service as we normally would, those are relatively the same. So, you
know, there's not a lot of cost savings.

Again, trying to maintain, you know, the service that we're putting out there on the street for the folks to continue to ride the system for their essential needs.

MR. PETERSON: Okay.

MR. LONGHINI: Does that conclude your questions, Chairman Peterson?

MR. PETERSON: Yes.

MR. LONGHINI: Thank you.

CHAIRPERSON SILVA, we may now proceed to agenda item number 4.

CHAIRPERSON SILVA: Our next order of business is the review of an ordinance authorizing the establishment of a short-term operating borrowing system. Jeremy.

MR. FINE: Thank you. This is Jeremy Fine, your chief financial officer.

To provide a little context regarding the ordinance before you today that authorizes working cash notes, due to the COVID-19 outbreak, we've seen reductions in ridership and obviously fare revenue that's a reciprocal effect of that.

We see public funding impacts, but those
won't be coming online for a couple of months because the real estate transfer tax, the sales tax, and the PTF are all received in arrears.

To address these impacts, the Federal Government passed landmark legislation on March 27th granting historic levels of flexible funding. Unlike traditional Federal funds, these allocations are flexible and can be used to cover COVID costs as well as continued operating costs. Details of when and how the funds will flow are still being worked out, but we expect to begin receiving funds shortly.

Based on early indications, the CTA could receive approximately $800 million. While we fully expect to receive Federal funds shortly, as a temporary bridge, CTA staff is recommending approval to establish a short-term borrowing program. The MTA Act allows for up to 40 million for purposes of providing short-term operating borrowing. The CTA will enter into an agreement with the banking provider, as we have done with capital lines, and funds will only be drawn if needed.

CTA revenues including Federal funds would
be used to repay any or all draws. And the Federal funding, again, was a real game changer for us, but it is critical for us to continue to receive all those State and local funding.

This concludes my report with regard to working cash notes. Happy to answer any questions.

MR. LONGHINI: Thank you, Jeremy.

I will now ask the board members if they have any questions on this agenda item number 4.

Director Chevere?

MS. CHEVERE: No questions.

MR. LONGHINI: Director Jakes?

MR. JAKES: No questions.

MR. LONGHINI: Director Miller?

MR. MILLER: No questions.

MR. LONGHINI: Director Irvine?

MR. IRVINE: No questions.

MR. LONGHINI: Chairman Siva?

CHAIRPERSON SILVA: Yes. When are you expecting, okay, the money from the Fed to come in?

MR. FINE: We're still working with the local office and with the RTA. It will take a matter of a few weeks to work through the details of that. We don't have a definitive timeline yet.
Obviously once we get a better handle from the regional office of what that timing would look like along with our folks at the RTA, we'll be circling back with the Board and giving you more details of when those funds will be flowing.

CHAIRPERSON SILVA: But you do have, okay, note, okay, to run the system, right?

MR. FINE: The flow of funds will be similar to what we receive in other Federal grants, so yes, we do have the system so to speak, the structure of how to receive the funding. Obviously these funds are more flexible than the funds that we traditionally receive from the Federal government. And then CTA personnel, you know, finance and elsewhere, are still able to function and receive these funds and apply them for the needs that we have.

PRESIDENT CARTER: Director Silva, this is Dorval Carter. I think in direct response to your question, yes, we have enough money right now to continue operating the system. Part of the thing -- part of what Jeremy is presenting to you for the Board's consideration today is giving us the flexibility to deal with any additional cost
that we may incur before we receive those funds.

We're also in conversation with RTA about
the RTA possibly issuing debt that could also serve
to support and supplement the service board while
we wait for Federal funding.

So there are numerous options being put in
place to ensure the system can continue to operate
while we're waiting to receive the Federal funds
themselves.

CHAIRPERSON SILVA: Thank you.

MR. LONGHINI: Director Alva Rosales, any
questions?

MS. ALVA ROSALES: No questions. Thank you.

MR. LONGHINI: Director Peterson?

MR. PETERSON: Yeah. I've got a couple of
questions. One, so, Jeremy, just to kind of follow
up on what Dorval was just saying, based upon our
daily spend and cash on hand right now, how long
would we be able to continue to operate before we
have to draw down on this $40 million line of
credit?

MR. FINE: So we have enough cash to clearly
get us through the month of April. There's some
additional things, additional measures including
the working cash notes that get us a little bit of additional time, but again, it's critical for us to continue to work with RTA to ensure that those Federal funds flow quickly.

And as President Carter indicated, the RTA also has the ability to issue working cash notes, which they're working on as well for the benefit of the three service boards.

So, you know, again, we can make it through the month of April and then with some additional measures, we can extend that out further, which would allow us to, you know, receive the Federal funding with no kind of gap in between.

MR. PETERSON: The reason I ask the question, what's the interest rate on the $40 million line of credit? I know it doesn't hit us until we draw down, but what was the interest rate from this line of credit?

MR. FINE: So we're estimating, again, it will be dependent upon market conditions at the time, but in the one and a half percent range. So, again, it's a fairly low rate that we would expect on this type of product. It will be market dependent, but, you know, again, market rates right
now are relatively low and so we can -- that's assuming, again, that we draw down the 40 million, which again this is -- this is more of a -- an insurance policy so to speak that we would have in place if the Federal funding is delayed, if the COVID outbreak lasts longer than expected, or if there's a reoccurrence in the future. Again, this just kind of helps us bridge until those Federal funds are received.

MR. PETERSON: Right. So how long -- how many days would the $40 million line of credit provide in terms of just operating costs for us? A month --

MR. FINE: So our typical operating expense cost on average is about 4.3 million a day, so this would provide, you know, about a week and a half or so. But, again, we feel like the Federal funding is coming quickly and so this is, again, just kind of helping us bridge those short-term gaps between when we would actually receive those Federal funds.

MR. PETERSON: Got it. Okay.

MR. FINE: This, again, would be used in concert -- if needed at all, would be used in concert with what the RTA is doing on their side
with regard to working cash notes.

MR. PETERSON: Yeah, the only reason -- although the interest rates are low, one and a half percent, I know we're going to use every kind of tool at our disposal before we draw down, but one and a half percent is still one and a half percent and I would love to be able to get that $800 million through the door without having to pay back a loan with -- even with, you know, no interest rate.

So, again, I know you guys are focused on it, Dorval. That's why I was just asking the question about interest rate and making sure we use every other tool possible before we have to draw down something that would cause us -- that has an interest rate attached to it because the interest rate, whatever the dollar amount is, is not something we're going to get reimbursed for.

MR. FINE: Absolutely.

MR. PETERSON: All right. Thanks.

MR. LONGHINI: All right. That finishes all the questions on this item.

CHAIRPERSON SILVA, we're finished with questions.
CHAIRPERSON SILVA: If there are no further questions, may I have leave to place this item on the omnibus for board approval?

MS. ALVA ROSALES: So moved.

MR. IRVINE: Second.

MR. LONGHINI: Moved by Director Alva Rosales, seconded by Director Irvine.

Director Silva, we may now proceed to agenda item number 5.

CHAIRPERSON SILVA: Our next order of business is the review of an ordinance authorizing the execution of supplemental indentures and issuance of Capital Receipts Revenue Refunding Bonds, the Series 2020 GARVEE Bonds. Jeremy.

MR. FINE: Thank you. Jeremy Fine, your CFO.

Independent from the working cash notes, the CTA is also seeking approval of four bond interactions and I'll walk through each of those individually. But collectively, these transactions were scheduled to come before the Board prior to the COVID outbreak.

The two new money transactions provide funding for projects and refund a portion of the outstanding capital line of credit. And the two
refunding transactions provide economic savings without extending maturities of outstanding bonds. The first transaction for which CTA is seeking approval is to execute a refunding and outstanding capital grant receipts revenue bonds known as GARVEEs. These are Federal funds that we receive for interest rate savings. The Series 2020 GARVEE refunding bonds ordinance authorizes a principal amount not to exceed 175 million. These bonds will refund all or a portion of the outstanding 2010 and series 2011 bonds. The security pledges the CTA's Federal Section 5307, a grant program for urbanized areas and the 5337 formula program, which is for repair projects. The GARVEE bond team is led by senior manager of Bank of America, the bond counsel is Katten Muchin, disclosure counsel is Charity & Associates, financial advisor is Akasha Financial Group, and the trustee is Amalgamated Bank. Women, minority, disabled veteran-owned firms represented on the underwriting team is 38 percent. This concludes my report. I'm happy to answer any questions.

MR. LONGHINI: Thank you, Jeremy.
Director Chevere, any questions?

MS. CHEVERE: No questions.

MR. LONGHINI: Director Jakes?

MR. JAKES: No questions.

MR. LONGHINI: Director Miller?

MR. MILLER: No questions.

MR. LONGHINI: Director Irvine?

MR. IRVINE: No questions.

MR. LONGHINI: CHAIRPERSON SILVA?

CHAIRPERSON SILVA: No questions.

MR. LONGHINI: Director Alva Rosales?

MS. ALVA ROSALES: No questions.

MR. LONGHINI: Director Peterson?

MR. PETERSON: I mean, Jeremy, you might have mentioned that -- I know we're refinancing this for savings. Did you state what the savings would be over that period of time?

MR. FINE: So based on current market conditions, we estimate that the potential savings could be in the neighborhood of about $20 million.

MR. PETERSON: Over what period of time?

MR. FINE: The life of the bonds.

MR. PETERSON: And that is what -- how many years?
MR. FINE: 2029. So we're effectively refunding higher interest rate debt with what would effectively be about 2 percent interest rate debt, which would generate $20 million over the rest of the life of the bonds.

MR. PETERSON: Okay. Thanks.

MR. LONGHINI: Since there are no further questions, CHAIRPERSON SILVA ... 

CHAIRPERSON SILVA: Since there are no further questions, may I have leave to place this item on the omnibus for board approval?

MS. ALVA ROSALES: So moved.

MR. IRVINE: Second.

MR. LONGHINI: Moved by Director Alva Rosales and seconded by Director Irvine.

CHAIRPERSON SILVA, we may now proceed to agenda item number 6.

MR. FINE: Thank you. Again, this is Jeremy Fine. CTA is seeking approval to execute a refunding of outstanding sales tax bonds for interest rate savings.

The Series 2020 Sales Tax Revenue Refunding Bond ordinance authorizes a refunding of up to 1.2 billion. Based on market conditions, we estimate that the savings could be approximately $18 million in 2020.

The security pledge is a sales tax revenue pledge and the refunding bond team is led by Goldman Sachs, bond counsel is Mayer Brown, co-bond counsel is Sanchez Daniels, disclosure counsel is Thompson Coburn, financial advisor is Sycamore Advisors and Public Alternative, the trustee is Zions Bank, and the women, minority, and disabled veteran-owned firm representation on the underwriting team is 35 percent.

That concludes my report. I'm happy to answer any questions.

MR. LONGHINI: Thank you, Jeremy.

Judge Chevere, any questions?

MS. CHEVERE: No questions.

MR. LONGHINI: Reverend Jakes?
MR. JAKES: No questions.

MR. LONGHINI: Reverend Miller?

MR. MILLER: I just want to ask, was that our estimated goal, 38, 35 percent for the DBEs?

MR. FINE: Yes. As we talked about in some of the other transactions, the WMBE percentage is even higher, but you know, again, we've done a great job here at CTA of WMBE participation in the transactions. You know, the City typically has around 30 percent for its transactions and so, again, we're meeting and exceeding what you see from other local jurisdiction on our transactions.

MR. LONGHINI: Director Irvine?

MR. IRVINE: No questions.

MR. LONGHINI: CHAIRPERSON SILVA?

CHAIRPERSON SILVA: No questions.

MR. LONGHINI: Director Alva Rosales?

MS. ALVA ROSALES: No questions. Just a comment that I'm glad to see that we're maintaining our numbers high and the more we can go on the WMBE participation. Thank you.

MR. LONGHINI: Director Peterson?

MR. PETERSON: No questions.

MR. LONGHINI: CHAIRPERSON SILVA, there are no
further questions on this matter.

CHAIRPERSON SILVA: If there are no further questions, may I have leave to place this item on the omnibus for board approval?

MS. ALVA ROSALES: So moved.

MR. IRVINE: Second.

MR. LONGHINI: That motion was moved by Director Alva Rosales and seconded by Director Irvine.

CHAIRPERSON SILVA, you may proceed now to agenda item number 7.

CHAIRPERSON SILVA: Our next order of business today is the review of an ordinance authorizing the execution of supplemental indentures and issuance of Sales Tax Receipts Revenue Bonds, Series 2020, the Series 2020 New Money Bonds. Jeremy.

MR. FINE: Thank you. Again, this is Jeremy Fine. The CTA is seeking approval in order to execute a sales tax through money transactions to fund projects included in the 2020 to 2024 Capital Improvement Program. The Sales Tax Revenue Bonds Series 2020 New Money Bonds ordinance authorizes a principal amount not to exceed 450 million.

The pledge is sales tax revenues. The
proceeds from the sale will reimburse a portion of the line of credit as well as fund projects in the 2020 through 2024 CIP including Red Purple Modernization, the Red Line extension, bus purchases, railcar purchases and overhaul, and Your New Blue O'Hare signals.

The Sales Tax New Money team is led by senior manager Siebert William Shank, the bond counsel is Mayer Brown, co-bond counsel is McCall (phonetic) Law Group, disclosure counsel is Thompson Coburn, financial advisors are Columbia Capital Management, the trustee is Zions Bank Corp, and women, minority, disabled veteran-owned firm representation is 60 percent.

This conclude my report. I'm happy to answer any questions.

MR. LONGHINI: Thank you, Jeremy.

Any questions, Judge Chevere?

MS. CHEVERE: No questions.

MR. LONGHINI: Reverend Jakes?

MR. JAKES: No questions.

MR. LONGHINI: Reverend Miller?

MR. MILLER: No questions.

MR. LONGHINI: Director Irvine?
MR. IRVINE: No questions.

MR. LONGHINI: CHAIRPERSON SILVA?

CHAIRPERSON SILVA: No questions.

MR. LONGHINI: Director Alva Rosales?

MS. ALVA ROSALES: No questions.

MR. LONGHINI: Director Peterson?

MR. PETERSON: Yeah. Jeremy, I've got a question. So I know the Board is -- we're approving a number of bond deals today and I'm just thinking, you know, with the market being up and down, are all -- are you going to stagger these as they go into the market?

MR. FINE: Yes. That's a great question. So we are obviously watching the market diligently on a day-to-day basis. We have, you know, a -- the plan is to appropriately kind of gear up for each of these bond deals so that we price them appropriately.

What I mean by that is that, you know, we may try to couple some of the deals together just to get a pricing advantage, meaning that the sales tax -- we're funding in Sales Tax New Money because it's essentially the same credit. You know, those may go, you know, at a similar type pace, but the
other deals can be decoupled in a little bit -- you know, disassociated in time so that we don't flood the market with bonds all in one full swoop.

So, again, we'll be watching the market and what investors are kind of transmitting to us with regard to appetite for the particular credits and we'll be pricing them based on that cadence.

MR. PETERSON: And do you think prior to our May board meeting that you will have completed all of these tractions?

MR. FINE: So we think that, you know, we will probably be in the market or we would like to be in the market with the sales tax bonds in mid -- in mid May. Assuming that the market is a good time to price, you know, that would allow us to close those bonds in late May with the other transactions. Again, you know, somewhat similar timing, but lagging probably a little bit. So, you know, we may have an update as to -- a better update for the May meeting with regard to the final timing for the four transactions.

MR. PETERSON: Okay. That would be great at the May board meeting if you could provide the Board with an update of the status of the bond
offering.

MR. FINE: Absolutely.

MR. LONGHINI: Thank you.

CHAIRPERSON SILVA, there are no further questions on this item.

CHAIRPERSON SILVA: Since there are no further questions, may I have leave to place this item on the omnibus for board approval?

MS. ALVA ROSALES: So moved.

MR. IRVINE: Second.

MR. LONGHINI: Moved by Director Alva Rosales, seconded by Director Irvine. CHAIRPERSON SILVA, we may proceed now to agenda item number 8.

CHAIRPERSON SILVA: Our next order of business is the review of an ordinance authorizing the execution of supplemental indentures and issuance of Sales Tax Receipts Revenue Bonds, Series 2020, Ground Transportation Tax IGA Revenues. Jeremy.

MR. FINE: Thank you. Again, this is Jeremy Fine. The CTA is seeking approval for a new money transaction to fund Fast Tracks and the Safe and Secure projects.

The funding source for the bonds is the ground transportation tax or ride hailing fee
revenues we receive from the City for these projects, but they will also carry a backup security pledge of the sales tax revenues.

The Sales Tax Revenue Bond Series 2020 also known as the TTT ITA Revenue Bonds ordinance authorizes a principal amount not to exceed 200 million. And the pledge is, again, the ITA with the City for the TTT funding that we receive on an annual basis of 16 million and then we have an additional pledge of sales tax, which is similar to the pledge that we have on the capital line of credit for these projects.

The proceeds from the sale will reimburse a portion of the line of credit and fund projects in the 2020 through 2024 CIP including Fast Tracks and Safe and Secure.

The sales tax TTT bond team is led by senior manager Cabrera Capital Markets, bond counsel of Mayer Brown, co-bond counsel of Shaw Legal Services, disclosure counsel of Thompson Coburn, financial advisors of Mohanty Gargiulo and Blue Rose Capital, trustee is Zions Bank Corp, and the women, minority, disabled veteran-owned firm representation on this transaction is 100 percent.
This concludes my report. I'm happy to answer any questions.

MR. LONGHINI: Thank you, Jeremy. Any questions, Director Chevere?

MS. CHEVERE: No questions.

MR. LONGHINI: Reverend Jakes?

MR. JAKES: No questions.

MR. LONGHINI: Reverend Miller?

MR. MILLER: No questions.

MR. LONGHINI: Director Irvine?

MR. IRVINE: No questions.

MR. LONGHINI: CHAIRPERSON SILVA?

MR. SILVA: No questions.

MR. LONGHINI: Director Alva Rosales?

MS. ALVA ROSALES: No questions.

MR. LONGHINI: Director Peterson?

MR. PETERSON: No questions.

MR. LONGHINI: CHAIRPERSON SILVA, there are no further questions on this item.

CHAIRPERSON SILVA: If there are no further questions, may I have of leave to place this item on the omnibus for board approval?

MS. ALVA ROSALES: So moved.

MR. IRVINE: Second.
MR. LONGHINI: Moved by Director Alva Rosales, seconded by Director Irvine.

You may now proceed to agenda item number 9, CHAIRPERSON SILVA.

CHAIRPERSON SILVA: Our next order of business is the review of an ordinance authorizing an amendment to a diesel fuel contract with Mansfield Oil Company of Gainesville, Inc. to extend the contract for one year. Jeremy Fine.

MR. FINE: Thank you. Again, this is Jeremy Fine. CTA staff is requesting board approval on two diesel procurement related ordinances which we'll discuss independently.

The first one is an ordinance authorizing a one-year extension of the CTA's current diesel fuel contract with Mansfield Oil and the second is an ordinance authorizing the CFO, with the approval of the Board Chairman, to execute a new diesel fuel contract.

The first contract bill is with regard to the contract with Mansfield, which ends December 31st, 2021. The first proposed ordinance would authorize an amendment to the current contract to add one additional year option through
December 31st, 2022.

Diesel prices both from current and future fuel supply sharply declined due to demand reduction from the COVID-19 pandemic and an ensuing price war between Saudi Arabia and Russia, which has flooded an already oversupplied market. By extending the current diesel supply contract through December 31st, 2022 the CTA will be able to lock in fuel pricing during this additional year, thereby taking advantage of the historically low prices and reducing cost uncertainty.

At the current estimated 2022 diesel supply price of $2.10 per gallon, the estimated year-over-year impact on CTA would be a saving of $2.8 million, compared to the budgeting cost of diesel supply for 2021, which was $2.22 per gallon.

On the same basis, the current estimated 2022 diesel supply cost would represent a savings of over 7.4 million compared to the budgeted cost for diesel supply in 2020, which was $2.05 a gallon.

This concludes my report and I'm happy to answer any questions.

MR. LONGHINI: Judge Chevere, any questions?
MS. CHEVERE: No questions.

MR. LONGHINI: Reverend Jakes?

MR. JAKES: No questions.

MR. LONGHINI: Reverend Miller?

MR. MILLER: No questions.

MR. LONGHINI: Director Irvine?

MR. IRVINE: No questions.

MR. LONGHINI: CHAIRPERSON SILVA?

CHAIRPERSON SILVA: The -- is all that we're going to be buying, okay, similar to this year?

MR. FINE: Yes. We lock in approximately 85 percent of our expected needs. So, again, we usually buy it in tranches. So, you know, we don't -- we probably wouldn't go out and buy the full block all at one time because that is a lot for the market to absorb. But we'll, again, assess the market at the time, but we assume, again, that we would lock in a similar type of amount at a maximum as we move forward.

CHAIRPERSON SILVA: So that will give us enough for next year or for two years?

MR. FINE: This would be -- we've already locked in for next year. This would just be for the 2022 volume amount.

MR. LONGHINI: Any further questions, Director Silva?

CHAIRPERSON SILVA: No.

MR. LONGHINI: No further questions. Director Peterson?

MR. PETERSON: No questions.

MR. LONGHINI: All right. CHAIRPERSON SILVA there are no further questions on this matter.

CHAIRPERSON SILVA: If there are no further questions, may I have leave to place this item on the omnibus for board approval?

MS. ALVA ROSALES: So moved.

MR. IRVINE: Second.

MR. LONGHINI: Moved by Director Alva Rosales, seconded by Director Irvine.

CHAIRPERSON SILVA, we may now proceed to agenda item number 10.

CHAIRPERSON SILVA: Our next order of business is the review of an ordinance authorizing the treasurer to execute a diesel fuel contract.

Jeremy.

MR. FINE: Thank you. Again, this is Jeremy Fine. The second proposed ordinance would
authorize the CFO, with the approval of the Board Chairman, to enter into a new contract for CTA's fuel supply.

The new contract for purchasing fuel with a responsible third-party fuel provider would be for a base period of three years starting in January 2023 with two one-year extension options that could be exercised.

Establishing a new fuel contract would allow the CTA to take advantage of future prices that are trading at unprecedented lows as producers compete for market shares by increasing production and lowering prices, all while the global demand continues to suffer simultaneously.

This concludes my report. I'm happy to answer any questions.

MR. LONGHINI: Thank you, Jeremy.
Any questions, Judge Chevere?

MS. CHEVERE: No questions.

MR. LONGHINI: Reverend Jakes?

MR. JAKES: No questions.

MR. LONGHINI: Reverend Miller?

MR. MILLER: No questions.

MR. LONGHINI: Director Irvine?
MR. IRVINE: No questions.

MR. LONGHINI: CHAIRPERSON SILVA?

CHAIRPERSON SILVA: No questions.

MR. LONGHINI: Director Alva Rosales?

MS. ALVA ROSALES: No questions.

MR. LONGHINI: Director Peterson?

MR. PETERSON: Yeah. Jeremy, is there a DBE goal for this contract?

MR. FINE: So I don't know if JP is on the line, but the contract has -- had involvement on DBEs with the actual supply, the trucking supply to our garage facilities, but --

(Simultaneous cross-talk.)

MR. PRIETO: Good morning. This is Juan Pablo Prieto, director of diversity programs. This contract does have a 5 percent DBE goal and like Jeremy said, the opportunity that we identified was trucking, hauling the fuel to our locations.

MR. PETERSON: Okay.

MR. LONGHINI: Thank you.

If there are no further questions on this item, CHAIRPERSON SILVA.

CHAIRPERSON SILVA: Since there are no further questions, may I have leave to place this item on
the omnibus for board approval?

MS. ALVA ROSALES: So moved.

MR. IRVINE: Second.

MR. LONGHINI: Moved by Director Alva Rosales, seconded by Director Irvine.

CHAIRPERSON SILVA, we may now proceed to agenda item number 11.


MR. FINE: Thank you, again. This is Jeremy Fine. The co-promotional trade agreement with Bank of America for the 2020 Chicago Half Marathon, which is scheduled to occur on June 7th of this year, obviously we continue to monitor the larger situation and whether or not this will -- this event will continue to happen, but as of now, it continues to be on the books.

This is the first time the half marathon event is being held and sponsored by Bank of America. CTA has joined with B of A or its predecessor for over 20 years to promote events
like the marathon and the Shamrock Shuffle.

The trade value is not to exceed $17,523.

Bank of America will provide the following, you know, valued at that amount. The CTA's logo, transit information, rail map on the runner information page with the link to the CTA's website that allows folks, again, to go in and purchase fares in advance. You know, we also have our logo and travel information in their newsletters as well as their sponsor profile page.

The CTA will provide up to $17,523 in unsold advertising space in the form of car cards on the rail system and the bus. The Bank of America will also purchase advertising on the CTA system in an amount to equal that $17,523 figure.

Several risk mitigation provisions are included to protect the CTA. If -- Bank of America pays for the car card production and Intersection (phonetic) pays for the installation. If the event does not happen, if it was prior to the installation of the car cards, you know, in early May, they would not be installed. If they were installed, they would be taken down if, again, the event were to be canceled. So the bottom line here
is CTA bears no risk if the event is canceled.

This concludes my report. Glad to answer any questions.

MR. LONGHINI: Thank you, Jeremy.

Any questions, Judge Chevere?

MS. CHEVERE: No questions.

MR. LONGHINI: Reverend Jakes?

MR. JAKES: No questions.

MR. LONGHINI: Reverend Miller?

MR. MILLER: No questions.

MR. LONGHINI: Director Irvine?

MR. IRVINE: No questions.

MR. LONGHINI: CHAIRPERSON SILVA?

CHAIRPERSON SILVA: The -- changing the date, okay, they also said, okay, June the 7th, okay, it seems, okay, that they're very sure, okay, that that -- by then, okay, it's going to be open, okay, all the city, okay, and everything?

MR. FINE: Yeah, the sponsors of the event are very adamant that they want to continue to see the event happen. Obviously that will be directed by the health professionals on whether or not that event actually does happen. But, again, as of right now, the event has not been canceled.
And B of A has been a very good partner with us on these other events and, again, the cost is being borne away from the CTA with regard to the production cost of the car cards.

CHAIRPERSON SILVA: So we're not taking any chances in this, right?

MR. FINE: No. And in fact, again, they've been working -- the sponsors have been working for a long time on this event. You know, they have newsletters and other website information that includes our -- you know, includes our logo, includes that public transit is a great way to get to and from the event. So, again, our messaging will continue to be out there as long as this event is scheduled to happen.

So, again, this is a -- long-term, it's a very good partnership for the event planners as well as the CTA to have these types of arrangements. But, again, we'll all be tracking it very closely on whether or not the event needs to be canceled or rescheduled.

CHAIRPERSON SILVA: That's good news.

MR. LONGHINI: Thank you.

Director Alva Rosales?
MS. ALVA ROSALES: No questions.

MR. LONGHINI: Director Peterson?

MR. PETERSON: No questions.

MR. LONGHINI: CHAIRPERSON SILVA, there are no further questions on this item.

CHAIRPERSON SILVA: Since there are no further questions, may I have leave to place this item on the omnibus for board approval?

MS. ALVA ROSALES: So moved.

MR. IRVINE: Second.

MR. LONGHINI: Moved by Director Alva Rosales and seconded by Director Irvine.

CHAIRPERSON SILVA, we may now proceed to agenda item number 12.

CHAIRPERSON SILVA: Our next order of business is the review of an ordinance authorizing an amendment to a sublease to Decennial Group, LLC of a portion of property located at 120 North Racine, Chicago, Illinois. Bill Mooney.

MR. MOONEY: Bill Mooney, your chief infrastructure officer.

Staff recommends approval of an ordinance authorizing an amendment to a sublease between Sterling Racine, LLC and Decennial Group, LLC. The
property is located at 120 North Racine Avenue.

On August 12th, 2015, the Transit Board approved a ten-year lease with Sterling Racine, LLC for 84,879 square feet on the first and second floors of the CTA-owned building at 120 North Racine.

On August 14th, 2019, the Board approved a sublease between Sterling Racine, LLC and Decennial Group, LLC. Sterling Racine has requested CTA's consent to amend the current sublease with Decennial Group, LLC to extend it on a month-to-month basis.

Sterling Racine will continue to be responsible for all rent and expenses as set forth in the lease agreement, including its proportionate share of the building operating expenses and all applicable taxes and utility fees.

Sterling Racine is required to obtain consent prior to subleasing, which cannot be unreasonably withheld.

I am happy to take any questions.

MR. LONGHINI: Thank you, Bill.

Any questions, Judge Chevere?

MS. CHEVERE: No questions.
MR. LONGHINI: Reverend Jakes?

MR. JAKES: No questions.

MR. LONGHINI: Reverend Miller?

MR. MILLER: No questions.

MR. LONGHINI: Director Irvine?

MR. IRVINE: No questions.

MR. LONGHINI: CHAIRPERSON SILVA?

MR. JAKES: No questions.

MR. LONGHINI: Director Alva Rosales?

MS. ALVA ROSALES: No questions.

MR. LONGHINI: Director Peterson?

MR. PETERSON: No questions.

MR. LONGHINI: CHAIRPERSON SILVA, there are no further questions on this item.

CHAIRPERSON SILVA: If there are no further questions, may I have leave to place this item on the omnibus for board approval?

MS. ALVA ROSALES: So moved.

MR. IRVINE: Second.

MR. LONGHINI: Moved by Director Alva Rosales, seconded by Director Irvine.

CHAIRPERSON SILVA, we may proceed to agenda item number 13.

CHAIRPERSON SILVA: Our next order of business
is the review of an ordinance authorizing a lease
of retail concession space located at 4612 West
59th Street, Chicago, Illinois, Orange Line. Bill
Mooney.

MR. MOONEY: Bill Mooney, your chief
infrastructure officer.

Real estate staff recommends the approval
of an ordinance authorizing a lease of 237 square
feet of retail concession space located at 4612
West 59th Street at the CTA's Midway Orange Line
station to You Need (phonetic), Inc. You Need,
Inc. will operate a newsstand and convenient store
offering snacks and incidental grab-and-go items.

The lease has an initial annual rent of --
monthly rent of $285 per square foot with a term of
ten years with two five-year options. The
agreement includes annual rent escalations of 3
percent in a commitment by You Need, Inc. to spend
approximately $48,000 to improve the space.

The space was offered at the suggested
rent range of 180 to $200 per square foot and it
will be responsible for paying for the utilities
and any applicable tax.

I will be happy to take any questions at
this time.

MR. LONGHINI: Thank you, Bill.

Any questions, Director Chevere?

MS. CHEVERE: No questions.

MR. LONGHINI: Director Jakes?

MR. JAKES: No questions.

MR. LONGHINI: Director Miller?

MR. MILLER: No questions.

MR. LONGHINI: Director Irvine?

MR. IRVINE: No questions.

MR. LONGHINI: CHAIRPERSON SILVA?

CHAIRPERSON SILVA: No questions.

MR. LONGHINI: Director Alva Rosales?

MS. ALVA ROSALES: No questions.

MR. LONGHINI: Director Peterson?

MR. PETERSON: Yeah. Bill, just a question in terms of the tenant move-in. Do you think the shelter-in-place order could impact when the tenant might actually move into the space?

MR. MOONEY: I think it depends, Chairman, how long the shelter-in-place goes and some of those terms, it takes a little while for us to execute the leads, they have to get insurance requirements together, they are planning some renovations to it
to update the interior.

So there's some activity going on before they would actually be live in the space. You know, without knowing the full trajectory of kind of the current pandemic, it's hard to fully predict that, but I think there is some background work that's occurring to get them ready to go that will be churning in the upcoming months when we're most likely impacted.

MR. PETERSON: Okay. Thanks.

MR. LONGHINI: There no further questions on this item, CHAIRPERSON SILVA.

CHAIRPERSON SILVA: If there are no further questions, may I have leave to place this item on the omnibus for board approval?

MS. ALVA ROSALES: So moved.

MR. IRVINE: Second.

MR. LONGHINI: Moved by Director Alva Rosales and seconded by Director Irvine.

CHAIRPERSON SILVA, we may now proceed to agenda item number 14.

CHAIRPERSON SILVA: Our final order of business today is the review of an intergovernmental agreement with the City of Chicago through its
Department of Police for Federal year 2019, transit security grant funds. Ron Ester.

MR. ESTER: Ronald Ester, chief of safety and security.

This ordinance is to authorize the intergovernmental agreement with the City of Chicago through the Department of Police for FY2019 transit security grant funds.

In 2019, the Transit Security Grant Program allocated funds for the nation's key high-threat urban areas to enhance security for critical transit infrastructure.

CTA has received grant money under the program every year since it was enacted in 2007. The Transit Security Grant Program awarded funds to CPD's Transit OPEC Anti-Terrorism Operation and the Transit Terrorism Surge Operation.

CPD is the primary transit security provider for the Chicago Transit Authority and is, therefore, eligible for reimbursement of operational costs that apply to counterterrorism.

Staff recommends the CTA enter into an intergovernmental agreement with the Chicago Police Department to pass through FY2019 Department of
Homeland Security funds for transit-related antiterrorism operation.

That concludes our report and we're happy to take any questions.

MR. LONGHINI: Thank you, Ron.

Any questions, Judge Chevere?

MS. CHEVERE: No questions.

MR. LONGHINI: Reverend Jakes?

MR. JAKES: No questions.

MR. LONGHINI: Reverend Miller?

MR. MILLER: No questions.

MR. LONGHINI: Director Irvine?

MR. IRVINE: No questions.

MR. LONGHINI: CHAIRPERSON SILVA?

CHAIRPERSON SILVA: No questions.

MR. LONGHINI: Director Alva Rosales?

MS. ALVA ROSALES: No questions.

MR. LONGHINI: Director Peterson?

MR. PETERSON: No questions.

MR. LONGHINI: There are no further questions on this item, CHAIRPERSON SILVA.

CHAIRPERSON SILVA: Since there are no further questions, may I have leave to place this item on the omnibus for board approval?
MS. ALVA ROSALES: So moved.

MR. IRVINE: Second.

MR. LONGHINI: That motion was moved by Director Alva Rosales and seconded by Director Irvine.

CHAIRPERSON SILVA, there is no further business to come before this committee.

CHAIRPERSON SILVA: Since there is no further business to come before the Committee, may I have a motion to approve the omnibus?

MS. ALVA ROSALES: So moved.

MR. IRVINE: Second.

MR. LONGHINI: The motion to approve the omnibus has been moved by Director Alva Rosales and seconded by Director Irvine. I will now take the roll.

Director Chevere?

MS. CHEVERE: Yes.

MR. LONGHINI: Director Jakes?

MR. JAKES: Yes.

MR. LONGHINI: Director Miller?

MR. MILLER: Yes.

MR. LONGHINI: Director Irvine?

MR. IRVINE: Yes.
MR. LONGHINI: CHAIRPERSON SILVA?

CHAIRPERSON SILVA: Yes.

MR. LONGHINI: Director Alva Rosales?

MS. ALVA ROSALES: Yes.

MR. LONGHINI: Director Peterson?

MR. PETERSON: Yes.

MR. LONGHINI: The motion to approve the omnibus passes with seven yes votes, CHAIRPERSON SILVA.

CHAIRPERSON SILVA: Finally, may I have a motion to adjourn?

MS. ALVA ROSALES: So moved.

MR. IRVINE: Second.

MR. LONGHINI: The motion was moved by Director Alva Rosales and seconded by Director Irvine. I will take a rollcall vote for the motion to adjourn. Director -- for the Committee to adjourn. Director Chevere?

MS. CHEVERE: Yes.

MR. LONGHINI: Director Jakes?

MR. JAKES: Yes.

MR. LONGHINI: Director Miller?

MR. MILLER: Yes.

MR. LONGHINI: Director Irvine?
MR. IRVINE: Yes.

MR. LONGHINI: CHAIRPERSON SILVA?

CHAIRPERSON SILVA: Yes.

MR. LONGHINI: Director Alva Rosales?

MS. ALVA ROSALES: Yes.

MR. LONGHINI: Director Peterson?

MR. PETERSON: Yes.

MR. LONGHINI: The Committee is adjourned.

(Which were all the proceedings had in the above-entitled cause.)
STATE OF ILLINOIS  
)  
) SS:  
COUNTY OF C O O K  )

Tabitha Watson, being first duly sworn, on oath says that she is a court reporter doing business in the State of Illinois and that she reported in shorthand the proceedings of said telephonic meeting and that the foregoing is a true and correct transcript of her shorthand notes so taken as aforesaid and contains the proceedings given at said telephonic meeting on said date.

[Signature]

Certified Shorthand Reporter
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