COMMITTEE ON FINANCE, AUDIT AND BUDGET

IN RE THE MATTER:

REGULAR MEETING

Report of proceedings at the meeting of the above-entitled cause, before Tabitha Watson, an Illinois Shorthand Reporter, on the 18th day of November, 2020, at the hour of 2:51 p.m., at 567 West Lake Street, 2nd Floor, Chicago, Illinois.

Reported by: Tabitha Watson, CSR, RPR
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BOARD MEMBERS PRESENT:

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

ALSO PRESENT:

DORVAL R. CARTER, JR., President
GREGORY LONGHINI, Secretary
KAREN SEIMETZ, General Counsel
MIKE CONNELLY
JEREMY FINE
ELLEN MCCORMACK
BILL MOONEY
JUAN PABLO PRIETO
SECRETARY LONGHINI: Good afternoon. My name is Gregory Longhini. I'm the Secretary to the Chicago Transit Board. On November 10th, 2020 the Chicago Transit Board's office issued a notice of changed format of Committee and Transit Board meetings scheduled for November 18, 2020 due to the COVID-19 pandemic.

Illinois Governor JB Pritzker issued a disaster proclamation on October 16th, 2020 to address this emergency. Section 12 of the proclamation declares that no -- in-person attendance of more than 50 people is not feasible in light of public health concerns. This means that Chicago Transit Authority's public meeting occurring on November 18th, 2020 will take place only virtually.

Illinois Governor JB Pritzker's Executive Order 2020-07, as extended by his executive order 2020-37 as well as Attorney General guidance of public bodies of the Open Meetings Act and the Freedom of Information Act, during the COVID-19 pandemic allows for public bodies to hold electronically to prevent the transmission of COVID-19.
We are now able to start the Finance, Audit and Budget Committee meeting. I turn this over to Chairman Alejandro Silva.

CHAIRPERSON SILVA: Good afternoon.
SECRETARY LONGHINI: Good afternoon.
CHAIRPERSON SILVA: I would like to call to order the November 18, 2020 meeting of the Committee on Finance, Audit and Budget. Will the secretary call the roll?

SECRETARY LONGHINI: Yes.
Director Irvine?
DIRECTOR IRVINE: Here.
SECRETARY LONGHINI: Director Chevere?
DIRECTOR CHEVERE: Here.
SECRETARY LONGHINI: Director Jakes?
DIRECTOR JAKES: Here.
SECRETARY LONGHINI: Director Miller?
DIRECTOR MILLER: Here --
SECRETARY LONGHINI: Director Miller?
DIRECTOR MILLER: Here.
SECRETARY LONGHINI: Director Alva Rosales?
DIRECTOR ALVA ROSALES: Here.
SECRETARY LONGHINI: Chairman Silva?
CHAIRPERSON SILVA: Here.
SECRETARY LONGHINI: We have a quorum with six members of the Committee present. Let the record also show that General Counsel Karen Seimetz and President Dorval Carter are also attending this meeting and also that both of them and myself are at the building at 567 West Lake Street.

So we may proceed to Agenda Item Number 2, Chairman.

CHAIRPERSON SILVA: Our first order business is approval of the Committee minutes of October 21, 2020. May I have a motion to approve?

DIRECTOR JAKES: So moved.

SECRETARY LONGHINI: Moved by Director Jakes.

DIRECTOR IRVINE: Second.

SECRETARY LONGHINI: Seconded by Director Irvine. I will now take a rollcall vote.

Director Irvine?

DIRECTOR IRVINE: Yes.

SECRETARY LONGHINI: Director Chevere?

DIRECTOR CHEVERE: Yes.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: Yes.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: Yes.
SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ALVA ROSALES: Yes.

SECRETARY LONGHINI: Chairman Silva?

CHAIRPERSON SILVA: Yes.

SECRETARY LONGHINI: The minutes are approved with six yes votes, sir. We may proceed to Agenda Item Number 3.

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

Jeremy Fine.

JEREMY FINE: Good afternoon. I'm Jeremy Fine, your Chief Financial Officer and I'll be presenting the results for September and year-to-date numbers. Next page, please.

With regard to September revenues, we continue to see downward pressure on our farebox revenues as well as passes where we see those down about $20 million for farebox, about 15 for passes. So, overall, fare and pass totals are down about $35 million for the month of September.

We see reduced-fare subsidy coming in at budget and we see non-farebox totals, which again includes advertising and the like, down about two and a half, $2.6 million. So overall, we see the
month of September coming in with a negative variance to budget of 37.7 million, which was where we were for August as well, just as a point of reference.

Again, the CARES funding, which we'll talk more about in a moment, is a critical lifeline to offset the shortfalls that we're seeing here on our system-generated revenues as well as our revenue.

Year-to-date numbers follow a similar trend where we see farebox and pass totals down in aggregate about $250 million. Reduced-fare subsidy coming in at budget. So overall we're down about $270 million on a year-to-date basis for our system-generated revenues.

Next page. With regard to our September expenses, we continue to do a great job with the assistance of the departments of controlling our expenses. We see material and labor slightly positive, but essentially flat for the month of September.

Fuel and power continue to be good performers for us, attaining over a million dollars in aggregate between those two lines of favorability.
Then injuries and damages and security services coming in flat or slightly favorable. Another line item that's continuing to do well for us is other expenses and we're positive by about 2.7 million for the month of September. So, overall, we see a favorability for September expenses to the tune of about $4 million. That helps offset a portion of the shortfall that we saw on system-generated revenues. So we end up September net about $34 million unfavorable to budget.

On a year-to-date basis, similar trajectory on the various lines, but I'll call your attention to the bottom here where total operating expenses are coming in positive by about 18 and a half million dollars on a year-to-date basis. So, again, you know, really good effort across the agency to stretch the CARES dollars as far as we can by controlling our expenses and then this helps offset a portion of the $270 million shortfall that we saw in year-to-date system-generated revenues. So on a net-net basis, we're down about $250 million to date on system-generated revenues and expenses. Next page, please.
Again, CARES funding is a critical lifeline not only for the system-generated revenues, but also our public funding revenues as outlined here. Sales tax, you know, we saw, you know, the kind of the ending of more onerous restrictions after the first wave of COVID, so we saw a little bit pick up in sales tax vis-a-vis where we were in August results. So we see still an unfavorable number, but down only about $2 million.

PTF, which runs for October in this case, is 2.6 million and RETT for September is down about a million dollars. So, overall, we're down about $5.2 million for the month. Again, a little bit of wind in our sails vis-à-vis what we've seen in prior months; but, again, slight variance to budget.

With regard to the next page, on a year-to-date basis, again, we see about $90 million of negative variance overall on public funding. But, again, CARES funding is a critical component for us to be able to close the gaps that we've seen in 2020 and we'll talk more about that with regard to the 2020 budget. But, again, we'll see on the
next page with regard to the draws that we've done for CARES funding.

The CARES draws for the month total about $45 million. On a year-to-date basis, that's about 325 million total of the 817 total received. So that's about 40 percent. So, again, being able to control our expense has helped us, again, be able to stretch those critical CARES dollars as far as we can.

Again, it's very critical for us to receive another tranche of funding in 2021 to be able to close, you know, the gap there. But, again, this CARES funding that we received earlier in the pandemic has been critical for us to be able to bridge 2020 and into 2021. Next page, please.

With regard to the three commodities we purchase, fuel, power, and natural gas, we've -- you know, are at the limit with regard to where we need to be for each of the years that we are currently able to go out to. You know, again, we're looking for additional authorization at this meeting with regard to natural gas so we can start doing prepurchases out further than mid-year 2022 and we'll be doing the same in the future here for
fuel.

But, again, we've been able to lock in at very favorable rates, which has provided us quite a bit of budget favorability, both in prior years, 2020, and in 2021. So, again, this has been a, you know, bright spot for us with regard to locking in at historically low prices.

CHAIRPERSON SILVA: Are we expecting, okay, prices to continue at that level?

JEREMY FINE: So, you know, I think that there is probably a window to continue to buy at historically low prices. You know, and unfortunately, that's probably directly related to the second wave we're starting to see with regard to COVID. You know, that obviously has a depressing effect on overall economic activity and thereby has a reciprocal effect on, you know, the fuel prices we've seen over the last, you know, nine months or so.

So, again, you know -- and actually it went back further than that; but we've seen very, very favorable rates on all three commodities, but fuel in particular just due to the larger global pandemic.
CHAIRPERSON SILVA: With the new president elect, okay, we've heard a lot of bad press, okay, towards, okay, oil and petrol gas and all that.

JEREMY FINE: So we continue to track, you know, oil prices along with our advisors on a regular basis. You know, again, I think that there's obviously, you know, initiatives to transition away from fossil-fuel-based economy, but, again, I think that we -- you know, there's still very, very low prices currently with regard to oil and, again, I think that based on what you're seeing in the larger global economy is that those prices should still be in the relatively low range in the near future.

CHAIRPERSON SILVA: Good. Thank you. Thank you. I don't have any more questions.

SECRETARY LONGHINI: Jeremy, you've concluded your report?

JEREMY FINE: Yes. That concludes my remarks for the September FAB.

SECRETARY LONGHINI: Okay. Then we'll ask if anybody else has any questions for you on this matter.

Director Irvine?
DIRECTOR IRVINE: No questions. Thanks, Greg.

SECRETARY LONGHINI: Okay. Director Chevere?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Alva Rosales, any questions for Jeremy?

DIRECTOR ALVA ROSALES: I don't have any questions, Jeremy. I just want to reiterate what I said at the public budget, you know, hearing that we had. I just really want to thank -- and I know the rest of the Board feels the same way. We just really want to thank the team for all of the hard work in putting the budget together and for really looking forward and trying to be creative as possible in, number one, keeping the expenses down as much as possible and then looking for ways for new income and new revenue to come in.

I know it takes a team effort from your team, but also the execution on behalf of the rest of the CTA. You know, we're really grateful for it and just thank you for the hard work and keep it up
because we need it. We really need it. So ...  

  JEREMY FINE: Thank you. I'll pass the kind
words along. Thank you.

  DIRECTOR ALVA ROSALES: Thank you.

  SECRETARY LONGHINI: Thank you. Since there
are no further questions, Chairman Silva, we may
proceed to Agenda Item Number 4.

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

  SECRETARY LONGHINI: Chairman, we don't need to
do that with the finance report. It has been
accepted by the Board. We can just move to Number
4 now.

  CHAIRPERSON SILVA: Okay. Let's move to Number
5.

  SECRETARY LONGHINI: Number 4. The finance
report was Number 3 on the agenda.

  CHAIRPERSON SILVA: The next order of business
is the review of amending Ordinance 019-103
approving the fiscal years 2020-2024 Capital
Improvement Program.

  Jeremy.

  JEREMY FINE: Thank you. Again, I'm Jeremy
Fine, your Chief Financial Officer, and I'm here today to present an amendment to the 2020 through 2024 Capital Improvement Program or CIP.

In November 2019, the Board approved the $5.1 billion CIP and the CIP was amended in April and August. We are now proposing a final closing amendment to incorporate additional known changes.

The amendment is being done to, one, reduce the amount of CTA bond funds needed by 17.5 million as funding from the State bond program as sufficient to provide the related facility improvement costs. And, two, to increase the amount of Department of Homeland Security grants by 8.9 million to fund cyber security upgrades to CTA's fiberoptic network as well as pass-through funding from the Chicago Police Department Transit Operations Division. And third, to include a project award of 2.5 million from the IEPA for the purchase of three electric buses and the net decrease to the 2020 through 2024 CIP is $6.1 million.

This concludes my remarks. I'm glad to answer any questions.

CHAIRPERSON SILVA: How many buses -- electric
buses are we buying?

JEREMY FINE: So with regard to total electric buses, you know, and we'll also be talking about this with regard to the 2021 through '25 CIP, we're looking at 70 buses with nine chargers.

CHAIRPERSON SILVIA: 70 buses. That's a good amount. Very good.

JEREMY FINE: We're very excited.

DIRECTOR JAKES: Jeremy, are they -- I don't know if this is a question for you or our president. Are they going to -- the buses that they're adding -- or replacing, what are they going to do with those buses? Are they going to --

PRESIDENT CARTER: Usually the buses that we replace are buses we retire. They are beyond their useful life, so we would scrap them and retire them.

DIRECTOR JAKES: Okay. Thank you.

SECRETARY LONGHINI: Great. Thanks.

Chairman Silva, do you have any more questions?

CHAIRPERSON SILVIA: No, I don't have any questions.

SECRETARY LONGHINI: Okay. Director Irvine?
DIRECTOR IRVINE: No questions. Thanks.

SECRETARY LONGHINI: Director Chevere?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ALVA ROSALES: No questions.

SECRETARY LONGHINI: Chairman, there are no further question on Agenda Item Number 4.

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

DIRECTOR JAKES: So moved.

DIRECTOR IRVINE: Second.

SECRETARY LONGHINI: Moved and seconded.

Chairman Silva, we may now proceed to Agenda Items Number 5 and Number 6. We will consider them as a single package.

CHAIRPERSON SILVA: Our next order of business is the review of two ordinances. The first ordinance is an ordinance adopting a budget for calendar year 2021 and financial plan for calendar years 2022 and 2023. The second ordinance is an ordinance approving the fiscal years 2021 to 2025
and cooperative agreements and amendments and related materials.

Jeremy?

JEREMY FINE: Again, I'm Jeremy Fine, your Chief Financial Officer, and before you today is the 2021 budget. So we'll walk through a brief presentation here. Next page, please.

With regard to the '21 budget, we're presenting a budget of 1.5 -- $1.45 billion and, again, this is a budget that's dependent upon additional Federal stimulus funding due to the revenue shortfalls that are as a resulting from the pandemic.

Again, as we outlined in the FAB presentation, we've seen a dramatic impact due to the pandemic on both our system-generated revenues as well as our public funding.

The CTA continues to deliver critical service at normal service levels to our customers because, again, it has been proven out through the pandemic that, indeed, public transit is an essential service. So this has been a critical lifeline to both our customers as well as, you know, our employees; but, you know, getting those
customers to and from the essential service work
and to those essential services has been an
economic benefit to the city and will continue to
be an economic benefit in the recovery post the
pandemic.

We continue to tighten our belt with
regard to our budget and line items. In fact, over
the last five years, we've attained almost
$170 million of budgetary efficiencies. This
number is almost $330 million over the last ten
years.

So our budget would be either 10 percent
or 20 percent, depending on what timeframe you're
looking at, higher than it is today if it were not
for these previously enacted efficiencies.

We've also done a great job of living
within our means with regard to budgeted expense
levels. And, again, this is due, in part, to the
fact that we already had a best-in-class cleaning
regimen prior to the pandemic, so we did not see
the explosive cost you've seen in our jurisdictions
around the country with regard to ramping up those
cleaning efforts.

So, again, we'll be looking at extending
these three, you know, primary tracks through the '21 budget. Next page, please.

With regard to the revenues, we have a diverse stream of revenues as you can see here in the pie chart to the lower left, but they are all economically sensitive revenue streams.

We did receive -- and because of this, we did receive $817 million of CARES funding from the Federal Government, which, again, was a nod to the fact of how important public transit was and continues to be, as well as the sensitivity that we experienced with regard to our revenue streams.

We received $817 million. A portion of that, as I indicated in the prior FAB presentation, will be carried over into 2021 budget to the tune of about $260 million. So we were able to reduce the gap for 2021 down from over $600 million to slightly under $400 million. $372 million. But, again, additional budget actions will be needed to close that gap. And, again, we hope that comes in the form of additional Federal stimulus funding.

We also, you know, may see additional cuts from the State. You know, as you know, we already get cut about $38 million a year, you know, from
prior cuts that were enacted going back to 2015. You know, there could be additional cuts included due to the State's own fiscal situation and also further exacerbated by the fact that Fair Tax did not pass.

With regard to expenses, we talked about how we're going to be able to control our expenses. But with regard to bending the expense curve dramatically, you know, that again is tied directly to service levels.

As you can see here, a predominant share of expenses are on the labor side or directly related to service level, whether it be fuel and power, materials, or other expenses. So, again, we have fairly inflexible expense categories unless you're, you know, talking about service levels.

It is also important to point out that our admin labor line highlighted here at 5 percent is already very lean vis-a-vis what you see in the industry at large in other governmental entities where you typically see over 10 percent. So, again, we've done a good job of tightening our belts and will continue to look for efforts going forward. Next page, please.
With regard to efficiencies, you know, I highlighted already that we've attained almost 170 or $330 million of efficiencies over the last five or ten years. We continue to look for efficiencies in the 2021 budget. We, you know, already included restricting hiring on vacant positions, locking in power costs, aligning capital uses with capital sources, as well as, you know, quite a bit of savings that we were able to obtain under refunding for savings that we completed about a month and a half ago on some outstanding bonds.

We'll also continue to work with the unions on additional concessions in 2021; but, again, it's just an indication that we continue to look at every opportunity to, you know, again reduce and constrain our expenses. But, you know, again, we're facing historic times with regard to the pandemic.

With regard to that are two historic levers that we have. One is fares. You know, when we previously enact a fare increase, that generates about 20 to $25 million a year. Based on current ridership levels, that would only generate about $5 million a year. And then if we were to adjust
service levels, you know, it would mean dramatic reductions to close a gap of $372 million. So, again, this is something that not only the CTA wrestles with, but industry wide we're wrestling with that.

Again, I think you saw a commitment from the Federal Government previously for historic levels of funding that were supported on both sides of the aisle. So, again, we remain cautiously optimistic that we'll see another package come through Washington for additional stimulus that will carry us through 2021.

That concludes my remarks with regard to the operating budget and I'll pause there for a moment. Any questions with regard to the operating budget?

CHAIRPERSON SILVA: Yes. Can you -- I mean, we are relying a lot, okay, on the Federal stimulus. Are we doing something specific -- I mean, we're doing something out of the normal, okay, (indiscernible) in order to get the Federal stimulus? I know it's not easy.

JEREMY FINE: Yeah. So we continue to make our voices heard in Washington as an industry. You
know, and as an entity. You know, again, because I think that -- I think that DC and Congress has seen the multiplier effect of transit. APTA, which is the industry organization, you know, for transit, has indicated that every dollar invested in transit has a $4 economic value to the communities that they serve. So, again, I think that that point was heard loud and clear on Capitol Hill. I think that will continue to be heard and I think that, again, you know, we really were a shining star during -- you know, throughout the pandemic, but particularly at the front end of the pandemic. You know, we really were providing an essential service to the people of Chicago, getting them back and forth to those essential services and getting those essential workers to their final destinations.

So, again, I think that that point resonates loud and clear. Again, I think that's why we remain optimistic that there will be an additional tranche of funding coming out of DC.

PRESIDENT CARTER: To put a finer point on that, I have been personally involved in discussions in Congress around the emergency relief funding that we can get. The House has already
passed a bill called the HEROES Act that will provide up to $32 billion worth of funding for public transit. The Senate has yet to take up a similar proposal, but we continue to work closely with the industry. We also continue to work closely with the City and the Mayor and her government affairs teams is very familiar with our needs and asks the Mayor certainly made it a priority for her requests as well in conversations she's having on the Hill as we deal with this issue.

And I am cautiously optimistic that we will ultimately see some level of relief. I think the real question that we're facing is the timing of that. And that's one of the reasons why we're certainly, you know, focused on doing everything we can to extend our CARES Act funding and reduce expenses while continuing to provides the full level of service to our customers for as long as possible in order to make sure that we are in a position to receive those funds before we would have to make the tough and difficult decisions around what we would do to service.

CHAIRPERSON SILVA: But, I mean, all the
agencies have the same problem, right?

PRESIDENT CARTER: Yeah. But the difference is
we have been successful once before. So it's not
like we're starting from scratch with this
discussion. You know, we -- with the CARES Act,
no one thought at the time that we would get
funding in the CARES Act for public transit and we
actually ended up getting quite a bit of funding,
well over $20 million. The House has already
allocated over $30 billion.

So we know that our message is being heard
and we've seen Congress take action on it. The
issue is they haven't come to a resolution in
general about emergency relief funding for anybody.
But the good news is that we're in the conversation
and we're part of the negotiations. So that's one
reason that I'm optimistic that at the end of the
day, we will end up getting something. I don't
think there's anyone who doesn't believe there will
not be another emergency relief fund for the
country.

So the real issue at this point in time is
making sure that you're a part of the discussion of
what that fund will look like and we are a part of
the discussion right now. So I feel like we're in a good place and we just have to wait and see how it all plays out with this new administration.

CHAIRPERSON SILVA: Thank you very much.

SECRETARY LONGHINI: Thank you. Chairman Silva, why don't we allow Jeremy to finish his presentation on the capital component and then I'll go around to the board members and if they wish to ask questions about the operating budget, they can do it at the same time.

Jeremy?

JEREMY FINE: Thank you. The 2021 through 2025 Capital Improvement Program known as the CIP, you know, is a $3.4 billion program. The largest source of funding is Federal funds followed by State bond funds and the recurring Pay As You Go revenues passed by the State last year.

CTA will also continue to invest in its capital program through the issuance of bond. The fiscal year 2025 Federal formula and State PAYGO funds have not yet been allocated to the service boards. We are working with RTA on an invest-in-transit framework, which will provide guidance on how the funding will be allocated in
2025 and beyond. So the total five-year CIP is lower than it would be if the five-year -- if the fifth year had been allocated.

The CIP continues to fund transformative projects, such as major rail line projects including the Red-Purple Line Modernization, the Red Line extension to the south, and Your New Blue.

We're also investing in bus and rail fleet modernization, the All Stations Accessibility Program, and the State of good repair projects.

As we've talked about in the past, investing in the capital program drives economic development in the city and it is important for economic recovery. Again, as I indicated with regard to APTA, that's a one-to-four ratio. For every dollar invested, it generates $4 of economic benefit. So, again, it's really important for us to continue investing in our capital programs and capital assets.

Next slide. We outlined the three major rail line projects that we're undertaking. Much of the work for Your New Blue is completed. Going into 2021, we'll continue to work on the O'Hare to Jefferson Park signal upgrade and the Harlem
station bus bridge reconstruction.

The five-year CIP provides for the final allotment of funding to complete the project development phase of the Red Line extension.

RPM is also continuing to design and stage construction work for the new structure, tracks, and stations in the Lawrence to Bryn Mawr area.

Next slide. This slide shows the bus and rail fleet modernization efforts. On the bus side, we continue to purchase new standard buses as well as electric buses and overhaul a portion of the existing fleet.

On the rail side, we funded the purchase of new 7000-series railcars, 5000-series railcars, and the purchase of four new diesel locomotives. We also continue to invest in capital maintenance to targeted needs for overall cycles for both bus and railcars. Next slide please.

Finally, phase one of the All Stations Accessibility Plan, known as ASAP, is funded through the five-year CIP. ASAP is a comprehensive 20-year plan to make all stations vertically accessible. Phase one of the plan includes nine stations to be made fully accessible, including
four stations as part of the Red-Purple Modernization Program, the Austin Green Line station, California, Montrose, and Racine Blue Line, State and Lake elevated station, and upgrades and replacements to up to 20 existing elevators.

This concludes my remarks. I'm glad to answer any questions.

SECRETARY LONGHINI: Chairman Silva, any questions?

CHAIRPERSON SILVA: Not yet. Go ahead.

SECRETARY LONGHINI: All right. Director Irvine, any questions on Jeremy's presentations?

DIRECTOR IRVINE: No, I don't have any questions. Thanks, Jeremy.

SECRETARY LONGHINI: Director Chevere?

Director Chevere, any questions for Jeremy?

DIRECTOR CHEVERE: Sorry. I was muted. No questions.

SECRETARY LONGHINI: Okay. Thank you, Judge.

Director Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions. Just a comment. I want to say Jeremy and the entire team,
President Carter, closing gaps and 18 million in the positive, in comparison to many of the other cities, being on a national convention board and talking to many of my friends around the country, you're all doing a great job. Just want to commend that. Thanks.

SECRETARY LONGHINI: Thank you, Director.

Director Alva Rosales, do you have any questions for Jeremy?

DIRECTOR ALVA ROSALES: No. I guess the only question, if it's that or more of a comment, with regards to the second wave of COVID, could you talk a little bit about, within the budget, some of the things that we've already prepared, you know, ourselves with for the second wave? And then, secondly, I know we're looking closely at ridership because that may shift and how, if anything, that would affect the budget that we're proposing.

JEREMY FINE: So with regard to ridership, I'll just ask for Mike Connelly to be prepared to comment on that. And then with regard to COVID, again, we continue to make a commitment to the best-in-class cleaning that we've already had prior to COVID; but, you know, we continue to amp up
efforts with regard to cleaning on the buses, on
the railcars, and the stations. So, again, this
budget also includes, you know, those efforts and
expanded efforts with regard to the cleaning
regimen that we've already enacted.

PRESIDENT CARTER: Jeremy, I think what the
director was trying to get to is in our forecast
for next year's budget, what are we accounting for
in terms of revenue relative to ridership and what
we anticipate it to be, the ongoing impact of the
pandemic. I know that in developing our forecast,
we took a very conservative approach
(indiscernible) for next year because we recognize
that we still have to get through the pandemic over
the course of this year into next year. But can
you explain a little more of how we got to that?

JEREMY FINE: So we conducted a pretty detailed
analysis along with MIT on our public -- I'm sorry,
on our system-generated revenues as well as the RTA
who sets the marks with regard to public funding.

You know, we've been very conservative or
fairly conservative with regard to revenues
projected for 2020 and 2021, you know, and -- you
know, what we have seen nationally, as well as what
we've done internally, is expect that there would be a second wave of COVID. So we did factor that into our budgetary expectations for the remaining part of 2020, which is called the 2020 forecast, as well as the 2021 budget. In fact, we're down about 55 percent versus 2019 levels for both 2020 forecast as well as the 2021 budget.

We expect a little bit of a bump back at the latter half of 2021. So we are slightly above, you know, the almost 60 percent, you know, loss that we're seeing here in 2020. So we're only in the -- you know, in the mid 50s for expectation of loss vis-a-vis, you know, our 2019 levels for system-generated revenues, while the marks from the RTA are down about 20 percent for public funding.

So, again, this kind of highlights the fact that we are in a dramatically different situation than even a lot of governmental entities that rely on the typical suite of economically sensitive, you know, taxes such as sales tax.

You know, we're down a lot like I said. We're down about 20 percent and we expect that to continue into 2021. But, you know, it's really that system generated revenue strip where we're
seeing that down multiples of that. You know, 55 percent or so for -- not only for 2020, but going into 2021 as well. So, again, we've -- you know, we've been conservative in our estimates for the 2021 budget; but, again, those are fairly consistent with what you're seeing nationwide per the survey we did with MIT.

SECRETARY LONGHINI: Jeremy, is Mike Connelly going to address the ridership question that came up earlier?

MIKE CONNELLY: I'd be glad to comment about it. As Jeremy said, we've been very conservative in projecting what will happen with ridership and our ridership expectations for next year are rebounding about 8 percent from where we are currently.

Just to put that in perspective, you need to know that at our low point, we were down about 80 percent in terms of ridership and we're now down to the point or have recovered to the point where we're only down about 70 percent. So we've recovered 10 percentage points from the lowest point that we saw during the COVID outbreak and we're expecting to -- as I say, to reach another 8
percent increase over the next 12 months. We believe it will be slow and it will not be without glitches and bumps, but we think it will continue to be positive.

DIRECTOR ALVA ROSALES: I guess my question was with regard to a potential big bump, which would be the second wave of COVID, and had we taken, you know, some of those numbers into account with the budget and I would assume we're taking a close look, especially now with the Mayor's advisory, right, for us to stay home in the next couple of weeks.

So kind of I'm trying to figure out an explanation of how that would factor in and how we're keeping a close eye on that and then when we expect to see if there is any change in the numbers.

PRESIDENT CARTER: We are monitoring our ridership levels, particularly this week to see how the advisory -- and even more importantly now, the Governor's transition back to tier three impacts our ridership levels. We don't have enough data yet to really start to understand the impact of that. It will probably take us a couple of weeks
to see what happens with ridership trends.

Clearly, our estimate about our CARES Act funding and how long we think it will last are dependent on certain assumptions, albeit conservative, about what's going on with our ridership and therefore our revenue. And if we were to, say, go into another stay-at-home order, that would be -- that would impact, I think to some significant degree, the CARES Act money we have available going into next year.

While we certainly, as Jeremy and Mike had pointed out, forecasted a very conservative expectation in the short-term about what's happening with our ridership, we certainly are not forecasting a dramatic drop in our ridership again. If that were to happen and we were to go back to, say, the ridership levels that we experienced in March and April of last year, then that would have an impact on our expectations on what we would need in Federal funding in order to basically adjust the budget deficit for next year.

DIRECTOR ALVA ROSALES: Okay. Thank you.

SECRETARY LONGHINI: Are there any other questions from any other board members for Jeremy
on these budget issues?

CHAIRPERSON SILVA: No questions.

SECRETARY LONGHINI: Then hearing none, Chairman, there are no further questions on this matter.

CHAIRPERSON SILVA: Since there are no further questions, may I have leave to place these two items on the omnibus for Board approval?

DIRECTOR JAKES: So moved.

DIRECTOR IRVINE: Second.

SECRETARY LONGHINI: Chairman Silva, we may proceed now to Agenda Item Number 7.

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

Jeremy?

JEREMY FINE: Thank you. Again, I'm Jeremy Fine, your Chief Financial Officer. Today I present for your consideration an ordinance for natural gas. The ordinance authorizes the CFO with the approval of the Board chairman Or vice-chair to execute a new natural gas contract with an anticipated start date of May 1st, 2022.

The CTA is seeking qualified firms to
supply natural gas and manage storage daily for the larger CTA facilities. The new contract term is a base year of three years starting in May of 2022 with two one-year extensions or one option to extend for an additional period of two years.

Bidders fixed prices are valid for only a few hours, that's typically four hours, due to market volatility. So advance Board approval is necessary to authorize the CFO with the Board chairman or vice-chair approval to execute the contract.

As in the current natural gas contract, CTA will have flexibility to purchase supply using a fixed price or index price or a combination of both once the contract is in place. CTA can take advantage of historically low prices for supply even out two and a half years from the current contract execution.

This contract enables CTA to reduce the budget impact of volatile pricing in the market and this concludes my remarks and I'm glad to answer any questions.

SECRETARY LONGHINI: Chairman Silva, any questions?
CHAIRPERSON SILVA: No, I don't have any questions.

SECRETARY LONGHINI: Director Irvine?
DIRECTOR IRVINE: No questions.

SECRETARY LONGHINI: Director Chevere?
DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Jakes?
DIRECTOR JAKES: No questions, Greg.

SECRETARY LONGHINI: Director Miller?
DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Alva Rosales?
DIRECTOR ALVA ROSALES: No questions. I was just interested when I found out that once you get the numbers that you only such a short period of time, less than four hours you were telling me, Jeremy, to make those decisions.

JEREMY FINE: Yes. Very, very quick turnaround.

DIRECTOR ALVA ROSALES: Very quick turnaround. Well, get us a good deal. Thank you.

JEREMY FINE: We will.

SECRETARY LONGHINI: Chairman 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?

DIRECTOR JAKES: So moved, Director Silva.

DIRECTOR IRVINE: Second.

SECRETARY LONGHINI: Moved and seconded, Chairman. We may proceed to Item Number 8.

CHAIRPERSON SILVA: Next order of business is an ordinance authorizing a master license agreement with New Cingular Wireless PCS, LLC doing business as AT&T Mobility to install, operate, and maintain wireless communication equipment on designated Authority property.

Jeremy?

JEREMY FINE: Thank you. Again, I'm Jeremy Fine, your Chief Financial Officer. Today I present for your consideration an ordinance approving a master licensing agreement with AT&T granting AT&T the nonexclusive right to install, operate, and maintain wireless communication equipment on CTA property.

The master license agreement sets forth the term that would govern any placement of wireless communications equipment by AT&T on CTA property, a comprehensive property suitable for
installation of wireless equipment, was included in the RF2 (phonetic) and incorporated in the master license agreement. Any future installation under this agreement must be approved by CTA staff and may be documented in a site addendum to the master license agreement.

The initial term of the proposed master license agreement is for ten years with two five-year options to extend and each site addendum will have a term of ten years with two five-year options to extend.

CTA is permitted to terminate the agreement at any time upon 30 days' notice and the payment of AT&T's unamortized installation cost. If approved, the new license agreement with AT&T will commence upon signing and AT&T will pay CTA an annual site fee for the right to locate its wireless communication equipment on CTA property. The fee is per site and varies based on size of the installation as well as the location and AT&T will also be responsible for a one-time administrative fee for each site addendum executed and will be responsible for all equipment and installation costs.
We value that the overall value of the initial set of five locations for the base term would be about $318 million -- $318,000 and for the base plus options, $732,000, again, for the five locations in this initial cohort.

This concludes my remarks. Glad to answer any questions.

SECRETARY LONGHINI: Chairman Silva?

CHAIRPERSON SILVA: This sounds like a very competitive industry, this one, okay, which will have better numbers?

JEREMY FINE: So this is -- you know, we've checked with regard to the potential revenues that would come from this new revenue stream and this is -- you know, these are competitive numbers that we would get on the placement of the equipment on our facilities.

So, again, you know, we have the potential to scale this quite a bit and, again, this is for five locations. So, you know, if we were to, you know, do even the mini macro cell towers, which are the smallest of the cellular towers that they install, if we were to scale this to a hundred locations, that would be, you know, up to $500,000
per year. So, again, with the rollout of 5G, not
only for AT&T, but for the other carriers that
could still come into this program, you know, we
have the ability to compete along with other
locations throughout the city for these -- for the
installation of the telecom equipment. So, again,
we hope that we will be able to continue to scale
this up.

As the vice-chair mentioned earlier with
regard to alternative revenues, we continue to try
to be creative and look for every opportunity to
derive additional revenues for CTA. So we're very
excited about this initial kind of foray (phonetic)
into this master license structure, which should
help us kind of expedite the authorization of these
types of agreements in the future, so that, again,
we can be very competitive and compete out there
with other locations to secure, you know, the
equipment on our facilities and thereby generate
that -- those dollars.

Those dollars, you know, again, the matrix
of what we're talking about was affirmed and
confirmed by JLL. So, again, we're very, you know,
much comfortable with the levels that we're getting
are market-type levels with the ability to really scale this and generate some real revenue over the course of the term of the agreements.

CHAIRPERSON SILVA: So we're going to do a new RFP for the 5G?

JEREMY FINE: No. So this will handle all of that. So this will handle any implementation of telecom communication equipment on CTA, you know, property and equipment. So this really is taking advantage of and kind of setting a very clear, you know, expectation and framework and platform for our discussions with AT&T as they roll out their 5G network. 5G, you know, they're going to have to implement a number of new, you know, equipment upgrades throughout their system and, you know, this mini macro cell tower that I'm referring to, you know, under the 5G technology, has a very limited range.

So you're talking about hundreds of feet. So they're going to have to have, you know, hundreds and thousands of relays to allow for the technology to work properly as part of their 5G rollout. So, again, this really sets the stage for CTA to be able to take advantage of AT&T and the
other carriers rolling out their 5G network in the fact that they will need a number of new locations to put their mini macro cell towers to enhance that network that's necessary for the 5G technology.

So, again, this really helps us kind of compete in a much quicker and more efficient way than we've ever been able to do before.

PRESIDENT CARTER: Director Silva, I think it may be helpful to explain further CTA's relationship in this conversation. There are two sides to what we're doing right now. One is the piece Jeremy is talking about where we're actually trying to lease space to the wireless carrier so they can build out their network. You're going to be hearing about another contract later on in the committee meeting where we're the consumer of the wireless services and, in that contract, we will be pursuing -- although this is not what's before you today, we are going out on an RFP for that, where we get our cell phones and routers and other things, where we will be pursuing the 5G opportunities as part of that RFP.

So there are two items that are on the Board agenda today. One is this one that Jeremy is
talking about where we're basically, for lack of a better word, we're the landlords leasing space to the wireless companies so that they can put their equipment on our property. Then there's a second contract that we're going to be talking about later where we're the consumer buying cell phones and other equipment from the wireless companies that ultimately will be going out for a new RFP that will address 5G as we go forward.

CHAIRPERSON SILVA: We're going into a new business there, aye?

PRESIDENT CARTER: Yes. This is a new business for us that Jeremy is pursuing, but it's one that the cellular companies are very interested in pursuing because, as he indicated, they want to build out their 5G network and they need lots of property to make that happen. Ideally, CTA, because our structure runs through the entire city, becomes a very ideal location for them to place their equipment. So I would agree with Jeremy's assessment that as the cellular companies start to build out their network and start to look for additional locations to place their transmitters, we would probably see an increase in interest in
CTA to be a vehicle where they could place that equipment.


SECRETARY LONGHINI: Any questions, Director Irvine, on this matter?

DIRECTOR IRVINE: No, I don't have any questions. Thank you.

SECRETARY LONGHINI: Director Chevere?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ALVA ROSALES: No questions. Just a good opportunity. I would love for us to hear though, I don't know, maybe six months out or every once in a while, a report -- because this is a master license agreement -- of how this is growing. I know there's a lot of potential for growth, but I would love to hear a report every couple of months or something, every six months.

PRESIDENT CARTER: Sure. We can plan to give the Board a regular update report of what's
happening. We'll incorporate that into the Board process.

DIRECTOR ALVA ROSALES: Great. Thank you.

SECRETARY LONGHINI: Thank you, Dorval.

Chairman Silva, there are no further questions.

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

DIRECTOR JAKES: So moved.

DIRECTOR IRVINE: Second.

SECRETARY LONGHINI: Chairman Silva, it has been moved and seconded. You may proceed to Agenda Item Number 9.

CHAIRPERSON SILVA: Our next order of business is a ordinance authorizing a license agreement with Smash Interactive PK, LLC for property located at 2500-2600 South State Street, Chicago, Green Line.

BILL MOONEY: Good afternoon. Bill Mooney, your Chief Infrastructure Officer.

Real estate staff recommends the approval of an ordinance authorizing the license of 15,938 square feet of vacant unimproved property below the CTA's Green Line located at 2500 to 2600
South Wabash to Smash Interactive PK, LLC.

Smash Interactive will use the property for parking. The license has an initial monthly rent of $4,000 per month for the first year and the agreement includes annual rent escalation of 3 percent. Any improvement made upon the property would require approval of CTA and would be the sole cost of licensee.

The term of the license is for an initial ten-year period with two five-year options. The agreement can be terminated by the CTA for transportation purposes with 30 days' notice or by either party with two year's notice.

I'd be happy to take any questions at this time.

CHAIRPERSON SILVA: What are they going to use it, the property ...

BILL MOONEY: For parking, Director.

CHAIRPERSON SILVA: Parking.

SECRETARY LONGHINNI: Director Irvine, any questions?

DIRECTOR IRVINE: No questions.

SECRETARY LONGHINNI: Director Chevere?

DIRECTOR CHEVERE: No questions.
SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Thank you. Director Alva Rosales, any questions?

DIRECTOR ALVA ROSALES: No questions.

SECRETARY LONGHINI: Chairman, there are no further questions on this matter.

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

DIRECTOR JAKES: So moved.

DIRECTOR IRVINE: Second.

SECRETARY LONGHINI: Moved by Director Jakes. Seconded by Director Irvine. Chairman, we may now proceed Item Number 10.

CHAIRPERSON SILVA: Our next order of business is an ordinance authorizing a third amendment to an antenna site license agreement with GRE-COCO Orrington Owner, LLC for the operation of Authority's communications equipment located at 1603 Orrington Avenue, Evanston, Illinois.

Bill Mooney.
BILL MOONEY: Thank you, again. Staff recommends the approval of an ordinance authorizing a third amendment for a license for a rooftop antenna located at 1603 Orrington Avenue in Evanston. GRE Orrington Owner, LLC owns a building at 1603 Orrington Avenue. CTA has a license to operate communications facilities including an antenna for its radio communication systems at this location since 1982. The amendment extends the term through February 1st, 2024 with an annual license fee of $12,112.80 for the first year, which will cover the rent and electrical usage. The agreement includes annual rent escalations thereafter of 3 percent. I'm happy to take any questions at this time.

CHAIRPERSON SILVA: Tell me the difference of this antenna to the ones used by the cell phones.

BILL MOONEY: So this is a much larger antenna and supports equipment for our radios. So we use a series of two-way radios for personnel to communicate on a closed-band CTA network. So this is for train operators and right-of-way workers and other people and bus personnel to be able to communicate with our control center. And this is a
relay antenna that allows us to kind of relay and rebroadcast that signal.

CHAIRPERSON SILVA: Is the technology, okay, more advanced than the cell phones or is it -- how can you compare the two systems?

BILL MOONEY: I mean, they're different technologies, Director. One is cellular, which works kind of on a different range where this is a closed-band radio network that has a dedicated frequency for CTA channels in this area. You know, we --

CHAIRPERSON SILVA: The cost (indiscernible.)

BILL MOONEY: The cost of -- so once the infrastructure is in place, other than maintaining this rent agreement, you know, our cost for that infrastructure is pretty low at this point where we would -- you know, you pay for cell phones, you pay a monthly fee for the usage of those cell phones and such.

CHAIRPERSON SILVA: Okay. Thank you.

SECRETARY LONGHINI: Any questions, Director Irvine?

DIRECTOR IRVINE: No. Thank you.

SECRETARY LONGHINI: Director Chevere?
DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Alva Rosales.

DIRECTOR ALVA ROSALES: No questions.

SECRETARY LONGHINI: There are no further questions, Chairman Silva.

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

DIRECTOR JAKES: So moved.

DIRECTOR IRVINE: Second.

SECRETARY LONGHINI: Moved and seconded. We may proceed to Agenda Item Number 11, Chairman.

CHAIRPERSON SILVA: Next order of business is review of an ordinance authorizing an agreement with Norfolk Southern Railway Company for the preliminary engineering services for the Red Line station RLE project.

Mike Connelly.

MIKE CONNELLY: Good afternoon, Directors. I'm Mike Connelly, your Chief Planning Officer.
Before you today is an agreement with the Norfolk Southern Railway Company for preliminary engineering services for the Red Line Extension project or RLE. The RLE project requires the use of Norfolk Southern property between approximately 118th Street and 124th Street. This agreement and the work by Norfolk Southern is necessary to finalize the RLE project alignment and plans for the yard and shop facility to provide a basis for future agreement and to mitigate third-party risks early in this large construction project.

As a part of these PE services, or preliminary engineering services, Norfolk Southern will review CTA engineering plans, will conduct site visits, and participate in correspondence and meetings to progress the project. Norfolk Southern will also draft, review, and handle future project agreements and coordinate scheduling for construction work.

We have an existing preliminary engineering agreement with Norfolk Southern, which expires at the end of this year. The agreement before you today will follow the existing agreement. The base cost of the agreement is
$55,000, but we are requesting an additional
$20,000 contingency separate from the agreement in
case the cost of the work exceeds the $55,000
estimate.

Funding to cover these costs is available
within the authorized RLE project budget. I'm glad
to try to answer any questions that you may have
about this agreement.

SECRETARY LONGHINI: Chairman Silva?
CHAIRPERSON SILVA: I don't have questions.
SECRETARY LONGHINI: Director Irvine?
DIRECTOR IRVINE: No questions.
SECRETARY LONGHINI: Director Chevere?
DIRECTOR CHEVERE: No questions.
SECRETARY LONGHINI: Director Jakes?
DIRECTOR JAKES: No questions.
SECRETARY LONGHINI: Director Miller?
DIRECTOR MILLER: No questions.
SECRETARY LONGHINI: Director Alva Rosales?
DIRECTOR ALVA ROSALES: No questions.
SECRETARY LONGHINI: Chairman Silva, there are
no further questions on this.
CHAIRPERSON SILVA: Since there are no further
questions, may I have leave to place this item on
the omnibus for Board approval?

    DIRECTOR JAKES: So moved.

    DIRECTOR IRVINE: Second.

    SECRETARY LONGHINI: Moved and second.

Chairman, we may proceed to Agenda Item Number 12, the last ordinance.

    CHAIRPERSON SILVA: Our next business is an ordinance authorizing an intergovernmental agreement with the Cook County Assessor's Office to access geographic information system data.

    Mike Connelly.

    MIKE CONNELLY: Good afternoon. Again, I'm Mike Connelly, your Chief Planning Officer. The item before you today would authorize entry into an IGA with the Cook County Assessor's Office, which would allow CTA to continue to access geographic information system, or GIS data.

    CTA has entered into an intergovernmental agreement with the Cook County Assessor's Office in previous years in order to have access to and license to use this data at no cost.

    This agreement will allow us to receive updated Assessor's data, which provides detailed information at each property level. We get a table
of about 1,800,000 records; they usually date from the previous years of the Assessor. This data is used by strategic planning for general and NEPA studies, by business development, and by our real estate department.

The data is specifically needed during the upcoming months for the transit supportive development study and the NEPA documentation on the Red Line extension or RLE project. We are requesting renewal of this agreement for an additional year at no cost to CTA.

Thank you. I will be glad to try to answer any questions you have about this agreement.

CHAIRPERSON SILVA: You didn't mention the taxes. Is it used for taxes also?

MIKE CONNELLY: The Assessor's database is used by them, but not by us for taxes. No.

CHAIRPERSON SILVA: Thank you.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: No questions. Thanks.

SECRETARY LONGHINI: Director Chevere?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions.
SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ALVA ROSALES: No questions.

SECRETARY LONGHINI: There are no other questions, Chairman Silva.

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

DIRECTOR JAKES: Moved.

DIRECTOR IRVINE: Second.

SECRETARY LONGHINI: Moved and seconded. Let's move on to the contracts. The first one, Chairman Silva, is B, as in boy, 1.

CHAIRPERSON SILVA: Our next order of business is Contract B-1, a contract for rental and laundering of work clothing.

SECRETARY LONGHINI: Any questions?

CHAIRPERSON SILVA: Not from me.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: No questions.

SECRETARY LONGHINI: Director Chevere?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Jakes?
DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ALVA ROSALES: No questions.

SECRETARY LONGHINI: Chairman, we may proceed to Contract B, as in boy, 2.

CHAIRPERSON SILVA: Our next order of business is Contract B-2, a contract for traction power cables.

SECRETARY LONGHINI: Chairman Silva?

CHAIRPERSON SILVA: Can you give us some explanation, okay, of the power cables that you're talking about here?

SECRETARY LONGHINI: Ellen or Bill Mooney?

PRESIDENT CARTER: Bill Mooney should be able to answer that for you.

BILL MOONEY: Director, I'm glad to answer that question. Bill Mooney, your Chief Infrastructure, again for the record. So these are large capacity copper cables we use that connects our substations where we produce our electricity to the third rail on our system to power the trains.

CHAIRPERSON SILVA: You're leasing these ones?
BILL MOONEY: This is a blanket contract to secure the cable for construction and maintenance purposes.

CHAIRPERSON SILVA: Okay. Thank you.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: No questions. Thanks.

SECRETARY LONGHINI: Director Chevere?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions, Greg.

SECRETARY LONGHINI: Thank you.

Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ALVA ROSALES: No questions.

SECRETARY LONGHINI: Okay. We're finished with questions for the power cables. Chairman, we may proceed to Contract C, as in cat, 1.

CHAIRPERSON SILVA: Next order of business is Contract Number C, as in cat, 1, an RFP for advertising services.

SECRETARY LONGHINI: Questions, Alex?

CHAIRPERSON SILVA: Yeah. Can you give us a little -- some explanation, okay, of the
advertising services we're going to be using or selling?

SECRETARY LONGHINI: Jeremy or Ellen?

JEREMY FINE: This is Jeremy Fine. I'm glad to answer that. Chief Financial Officer.

This is a portfolio of 23 sign structures with 33 static sign faces. It includes the right to develop new freestanding billboards, either static or digital, and upgrade the existing displays to digital as well upon approval by CTA and receipt of all necessary permits.

The term of the agreement would be for 20 years with one 10-year option and the contract would start January 1st, 2021. This would be with Outfront Media and they would be taking over for Clear Channel. We have several suites of advertising platforms. One is obviously the intersection contract that we have for, you know, the platform panels and the urban panels. Another is for a small cohort of billboards at Forest Park. And the third is this portfolio we're talking about here, the 23 sign locations around the city, you know, with the potential to expand that further.

So, again, we have a great opportunity to
enter into a contract with Outfront Media, who is a big 2 billion -- almost $2-billion company that operates in this space nationally and internationally, as well as with other transit agencies. We were very excited at the type of bid that we received here with regard to the minimum annual guarantee we'll be receiving, as well as additional capital funds to upgrade the current signs that we have in the systems.

Again, we see, you know, over the 20-year base term that this contract, based on the current portfolio of signs, could be worth, you know, almost $30 million or over the 30-year term, almost $50 million. Again, we're very excited about this opportunity to turn out all of our alternative revenues.

And I'm glad to answer any questions and Ellen is on as well to answer any questions particular to the contract.

SECRETARY LONGHINI: Thank you.

Chairman Silva?

CHAIRPERSON SILVA: Happy with the prices I guess, okay, that you got for these services. Okay? But we have had them before, right?
JEREMY FINE: We have had them before. What this actually does as well is expand the potential opportunity to expand that -- you know, those 23 locations into more. But yes, we have had the current 23 locations, but the minimum annual guarantee is significantly more than what we've received previously on this portfolio. Again, we're going from almost, you know, 500, you know, to over a million per year for the 23 locations that --

CHAIRPERSON SILVA: (Inaudible) advertising -- virtual advertising?

JEREMY FINE: Virtual advertising on this portfolio or ...

CHAIRPERSON SILVA: Yes.

JEREMY FINE: So we have the ability in a commitment from Outfront to look at doing, you know, electronic advertising, converting to digital billboards. Is that what you're referring to?

CHAIRPERSON SILVA: (Audio feedback.) Yes.

JEREMY FINE: Yes. Yeah. So we have the ability under this contract and, again, a commitment from Outfront because that's actually the way that the industry is leading to is the
digital billboards.

So, again, we'll be working hand in glove with them as well as the City or the State, whoever would be the permitting entity based on the location of those signs as well as additional signs, to see if we can continue to grow this revenue stream.

But, again, we're very excited about the relationship here with Outfront and the commitment they made to transition some of these static signs to digital.

SECRETARY LONGHINI: Thank you, Jeremy.

Director Irvine, any questions?

DIRECTOR IRVINE: No questions. Thanks.

SECRETARY LONGHINI: Director Chevere?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Alva Rosales.

DIRECTOR ALVA ROSALES: No questions. I mean, this is great. The 34 million in capital investment over the 20 years, are we anticipating a
lot of that is digital expansion or upgrades from what we have?

JEREMY FINE: That would be for the digital upgrades of the signs that we're talking about. Obviously those digital signs are kind of custom tailored, so they're very expensive and, again, I think we'd also have the ability to tap into some of that if there's new construction, you know, with regard to new signs, you know, at other locations throughout our system and throughout our properties.

So, again, we'll be working with Outfront, who is a known entity here in Chicagoland, which is great because they understand kind of the permitting process locally for, you know, not only the novation from static to digital, but also new locations. So ...

DIRECTOR ALVA ROSALES: Thank you. Thank, Ellen, too. I know you worked --

ELLEN MCCORMACK: You're welcome.

SECRETARY LONGHINI: Thank you both. Chairman, we may proceed now to Contract G, as in girl, 1.

CHAIRPERSON SILVA: Next order of business is Contract Number G-1, a change order regarding the
Authority's websites contract.

SECRETARY LONGHINI: Chairman Silva?

CHAIRPERSON SILVA: Yeah. No, I don't have a question.

SECRETARY LONGHINI: No questions on this matter? Okay.

Director Irvine?

DIRECTOR IRVINE: No questions.

SECRETARY LONGHINI: Director Chevere?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ALVA ROSALES: No questions.

SECRETARY LONGHINI: All right. Chairman Silva, we may now proceed to Contract G, as in girl, 2.

CHAIRPERSON SILVA: Next order of business is Contract Number G-2, a change order for cellular voice and data services.

SECRETARY LONGHINI: Any questions, Chairman Silva?
CHAIRPERSON SILVA: Yes. Now, we have three contracts going, okay, to cellular ones. We have the one -- can you explain a little bit, okay, how they interact with each other?

PRESIDENT CARTER: Director Silva, I (inaudible). This is the other contract that I was mentioning earlier where we're the consumer of the products. So this is the contract that covers our cell phones, our routers, our other cellular equipment. And I can have someone explain to you what we're doing with this change order, but this is the one that ultimately will be going out for new RFP on -- in the upcoming year that will basically address the 5G service going forward.

CHAIRPERSON SILVA: No, that's fine. Let's proceed. Okay? I mean, I don't have a question.

SECRETARY LONGHINI: That's fine. Staff can always get back to you with more information on this, Director Silva.

Any questions from Director Irvine?

DIRECTOR IRVINE: No questions.

SECRETARY LONGHINI: Director Chevere?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Jakes?
DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ALVA ROSALES: I guess the only question is if our staff will get any opportunities for DBE participation with regard to this particular contract.

J.P. PRIETO: Good afternoon, Director Alva Rosales. Juan Pablo Prieto, Director of Diversity Programs. On the delivery of the service, no, because we contract directly with the providers that provide us the service. So there's no subcontracting opportunities.

DIRECTOR ALVA ROSALES: Okay. Thank you.

SECRETARY LONGHINI: Thank you, Juan Pablo.

Chairman Silva, we may -- let's see. That was G2, correct? Yes. We proceed to Number H-1.

CHAIRPERSON SILVA: Our next order of business is a Contract Number H-1, an RFP for security guard services.

SECRETARY LONGHINI: Any questions, Chairman Silva?

CHAIRPERSON SILVA: No, I don't have any
questions.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: Just -- can you just explain this real quick? It's a pretty significant change order. I understand this contract is going to be split in the future or the services will be split?

ELLEN MCCORMACK: That's correct. We anticipate going out for two RFPs in the future. We will do one for the buses and trains and one for the facilities.

PRESIDENT CARTER: Director, one of the reasons -- one of the reasons we're doing this is we want to maximize the opportunities for DBE participation in the contract and, you know, we realize that breaking up this contract may create more opportunities than bidding it all out as one. So in order for us to get through that process, we need to do a change order to the existing contract to keep everything in place. But the expectation is when we come back to the Board sometime next year, we'll provide a much higher level of DBE participation than we might have gotten otherwise.

DIRECTOR IRVINE: Thanks. I appreciate the explanation.
SECRETARY LONGHINI: Thank you, President.

Director Chevere, any questions?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ALVA ROSALES: No questions.

SECRETARY LONGHINI: All right. That was H-1.

Chairman, we may now go to Contract J-1.

CHAIRPERSON SILVA: Our final order of business is Contract Number J-1, a change order for legal and (indiscernible) services.

SECRETARY LONGHINI: Chairman Silva, any questions?

CHAIRPERSON SILVA: No.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: No questions.

SECRETARY LONGHINI: Director Chevere?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Director Miller?
DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ALVA ROSALES: No questions.

SECRETARY LONGHINI: Chairman Silva, there's no more questions. So we may proceed to Number 13A.

CHAIRPERSON SILVA: Since there are no further questions on the contracts, may I have leave to place all seven contracts on the omnibus?

DIRECTOR JAKES: So moved.

DIRECTOR IRVINE: And I second. Thank you.

SECRETARY LONGHINI: Moved by Director Jakes, seconded by Director Irvine. Chairman Silva, you may now proceed to Number 13B, as in boy.

CHAIRPERSON SILVA: Since there is no further business to come before this Committee, may I have a motion to approve the omnibus and recommend the omnibus for Board approval?

DIRECTOR JAKES: So moved.

DIRECTOR IRVINE: Second.

SECRETARY LONGHINI: Motion has been moved by Director Jakes, seconded by Director Irvine. I will now take a rollcall vote.

Director Irvine?

DIRECTOR IRVINE: Yes.
SECRETARY LONGHINI: Director Chevere?
DIRECTOR CHEVERE: Yes.
SECRETARY LONGHINI: Director Jakes?
DIRECTOR JAKES: Yes.
SECRETARY LONGHINI: Director Miller?
DIRECTOR MILLER: Yes.
SECRETARY LONGHINI: Director Alva Rosales?
DIRECTOR ALVA ROSALES: Yes.
SECRETARY LONGHINI: Chairman Silva?
CHAIRPERSON SILVA: Yes.
SECRETARY LONGHINI: The motion to approve the omnibus passes with six yes votes. Chairman Silva, you may proceed to Committee Agenda Item Number 14.
CHAIRPERSON SILVA: Finally, may I have a motion to adjourn?
DIRECTOR JAKES: So moved.
DIRECTOR IRVINE: I second.
SECRETARY LONGHINI: Moved by Director Jakes, seconded by Director Irvine. I'll now take a rollcall vote on the motion to adjourn.
Director Irvine?
DIRECTOR IRVINE: Yes.
SECRETARY LONGHINI: Director Chevere?
DIRECTOR CHEVERE: Yes.
SECRETARY LONGHINI: Director Jakes?
DIRECTOR JAKES: Yes.
SECRETARY LONGHINI: Director Miller?
DIRECTOR MILLER: Yes.
SECRETARY LONGHINI: Director Alva Rosales?
DIRECTOR ALVA ROSALES: Yes.
SECRETARY LONGHINI: Chairman Silva?
CHAIRPERSON SILVA: Yes.
SECRETARY LONGHINI: The motion passes with six yes votes. We are adjourned and there will be an approximate five-minute break before the start of the regularly scheduled board meeting.

(Which were all the proceedings had in the above-entitled cause.)
STATE OF ILLINOIS  

) SS:  

COUNTY OF COOK  


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 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 meeting on said date.

[Signature]

Certified Shorthand Reporter
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