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 21st day of  
October, 2020, at the hour of 9:34 a.m., via  
videoconference.

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

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

ALSO PRESENT:

DORVAL R. CARTER, JR., President
GREGORY LONGHINI, Secretary
KAREN SEIMETZ, General Counsel
HERB NITZ, Zoom Host
JEREMY FINE
ELLEN MCCORMACK
BILL MOONEY
JUAN PABLO PRIETO
STEVE WOOD
SECRETARY LONGHINI: Good morning. My name is Gregory Longhini. I'm the Board Secretary for the Chicago Transit Authority. On October 14th of 2020, the Office of the Secretary issued a notice of changed format of the meeting of the Committee on Finance, Audit and Budget and the Transit Board scheduled for October 14th, 2020 due to COVID-19.

Illinois Governor JB Pritzker issued a disaster proclamation on September 18th, 2020 to address this emergency. Section 12 of the proclamation declares that in-person attendance of more than 50 people is not feasible in light of public health concerns. This means that Chicago Transit Authority public meetings occurring on October 21st, 2020 will take place only virtually.

Illinois Governor JB Pritzker Executive Order 2020-07 was extended by his Executive Order 2020-37 as well as Illinois Attorney General guidance for public bodies of the Open Meetings Act and the Freedom of Information Act during the COVID-19 pandemic allows for public bodies to hold public meetings electronically to prevent the transmission of COVID-19.

Let the record show that myself, Gregory
Longhini, and General Counsel Karen Seimetz are both physically present in the headquarters building here at 567 West Lake Street, Chicago, Illinois.

Thank you. We are now ready to begin the Finance, Audit and Budget meeting of October 21st.

Chairman Silva.

CHAIRPERSON SILVA: Good morning. I would like to call to order the October 21st, 2020 meeting of the Committee of Finance, Audit and Budget.

Will the secretary call the roll?

SECRETARY LONGHINI: Yes.

Judge Chevere?

DIRECTOR CHEVERE: Present.

SECRETARY LONGHINI: Reverend Miller? Reverend Miller, can you please unmute? Reverend Miller?

Let me continue. I'll come back to Reverend Miller.

Reverend Jakes?

DIRECTOR JAKES: Present.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: I'm present.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ALVA ROSALES: Here.
SECRETARY LONGHINI: Chairman Silva.

CHAIRPERSON SILVA: Present.

SECRETARY LONGHINI: Director Miller, are you still --

DIRECTOR MILLER: Yes, Greg.

SECRETARY LONGHINI: Okay. So you're here, Reverend. So you're all set as well.

So we have a quorum of the Committee with six members present, sir. Chairman Silva, we may proceed to Agenda Item Number 2.

CHAIRPERSON SILVA: Our first order of business is the approval of the Committee minutes of September 16, 2020. May I have a motion to approve?

DIRECTOR CHEVERE: So moved.

DIRECTOR MILLER: Second.

SECRETARY LONGHINI: Moved by Judge Chevere, seconded by Reverend Miller. I will now take a roll call vote on the minutes.

Judge Chevere?

DIRECTOR CHEVERE: Yes.

SECRETARY LONGHINI: Reverend Miller?

DIRECTOR MILLER: Yes.

SECRETARY LONGHINI: Reverend Jakes?
DIRECTOR JAKES: Yes.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: Yes.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ALVA ROSALES: Yes.

SECRETARY LONGHINI: Chairman Silva?

CHAIRPERSON SILVA: Yes.

SECRETARY LONGHINI: Motion to approve the minutes passes with six yes votes.

You may proceed to Agenda Item Number 3.

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

Jeremy Fine. Good morning, Jeremy.

JEREMY FINE: Good morning. I'm Jeremy Fine, your Chief Financial Officer and I will be walking through the results for the month of August and year-to-date numbers.

Starting on the next page, we see the August results. We see farebox totals down to budget by about $22 million. Passes down a little over $13 million. So that ends out the month for fair and pass totals about $35 million down. You know, as we've been talking about since the pandemic began and the historic levels of funding
from Federal stimulus came through, you know, the
story here of plugging these gaps is the CARES
funding, which we'll talk more about in a moment.
Reduced-fare subsidy is at budget.
Non-farebox totals down about two and a half
million dollars. So overall, we see the month of
August down about 37, $38 million. That is
slightly better than what we saw last month. But,
again, the story here is CARES funding and, again,
we'll talk about more that more in a moment.
On the next page, you see year-to-date
numbers. Again, similar trajectory in the various
sectors here where we see the total revenue down
about 300 -- $233 million on a year-to-date basis.
Again, the CARES funding is the critical component
here as we move through the rest of 2020.
We've done a good job with regard to our
expenses and we continue to do so with the
assistance of the departments here at CTA. We
continue to see labor and materials, you know, down
a little bit, but essentially flat to budget for
the month.
We see continued, you know, favorability
on our fuel and power lines. You know, we see the
benefit of locking in at those historically low rates continue to manifest themselves. We see IMD and security services essentially flat for the month and then we see other expenses favorable by about $2 million.

So overall, we end the month of August at about $3.2 million for the month. So, again, great opportunity to try to expand the -- and extend the CARES funding that we get by seeing these expenses coming in at or slightly below budget. So, again, this is for the month of August.

On the next page, we see the year-to-date numbers. Again, similar trajectory in the various lines, where we see the real benefit here of fuel and power coming in about four and a half million to $5 million positive for each of those lines and other expenses coming in positive, so we end up on a year-to-date basis about 14 and a half million dollars to the positive. So, again, this is helping us extend those CARES dollars as far as we can. So, again, great assistance with the departments here on trying to trim expenses as best we can. So we're doing a good job on that front.

With regard to the public funding, we've
started walking through this on a monthly basis here recently and what we're showing here this month is sales taxes slightly unfavorable for the month, as is PTF. Both of those are down in the 5 to $6 million range. However, we have started to see some turnaround here on the real estate transfer tax. For the month of August, which is the last collection we receive for real estate transfer tax, it came in at budget. So, again, a little bit of a silver lining here on that particular line. So overall, we see monthly collections, almost $63 million, but down about 12 million to budget on a monthly basis.

On the next page, we see the same figures on a year-to-date basis. Again, over $400 million of collections, but down about $83 million, $84 million on a year-to-date basis. Again, the story here is the CARES funding. The CARES funding is helping us offset the shortfalls that we're seeing on system-generated revenues, as well as on public funding. So, again, a critical component for us here in 2020 and, again, very helpful to close those gaps.

On the next pages, we talk about the CARES
Act draws we've done to date. For the month here, we're expecting to do a draw of around $50 million. That will put us, on a year-to-date basis, having drawn about $280 million of the $817 million that we've received in total.

So, again, we've only drawn about a third of the overall, you know, amount that we were allotted. Again, our controls on expenses and whatnot are allowing us to be able to extend the benefit of receiving those dollars as long as we can.

Then the last section here is with regard to the commodities that we purchase, fuel, power, and natural gas. Again, as I highlighted in the earlier slides, we continue to benefit from locking in at historically low prices for fuel and power and will continue to look for selective purchases in those commodities as well as natural gas as we continue to move forward. But that has been a critical component for us to be able to see the positive variance on our expenses. So, again, very good performance on those two commodities in particular.

With that, that concludes that portion of
the presentation. Glad to answer any questions.

SECRETARY LONGHINI: Thank you, Jeremy.

CHAIRPERSON SILVA: Yes. Alejandro. So we are relying entirely, okay, on CARES funding to operate? That's bottom line?

JEREMY FINE: So we obviously are still receiving public funding dollars, you know, farebox-related revenues as well, but yes, the CARES component is a critical component for us to continue to operate here in 2020 as we have been.

So, again, I think that that was a nod from the Federal Government on how critical transit is, you know, not just here in Chicago, but nationwide. And, again, I think the fact that we received that historic level of funding from the Federal Government, you know, with support from both sides of the aisle was kind of a nod to the fact of how critical public funding is.

CHAIRPERSON SILVA: We have left CARES money for how many months more?

JEREMY FINE: So based on current projects, we're expecting the current allocation of CARES funding to last us through 2020 and into the early part of 2021. Again, this will -- the $817 million
will carry us through 2020 and into '21.

CHAIRPERSON SILVA: Okay. Thank you.

SECRETARY LONGHINI: Director Alva Rosales, do you have any questions?

DIRECTOR ALVA ROSALES: No, I just want to compliment our team for the hard work, especially with regards to the control and expenses.

Obviously that has made a huge impact and has really lengthened what -- the effect that the CARES Act is having, that we were able to extend that.

So thank you so much for doing that.

I know when I asked previously in the briefing with regard to one of our biggest savings and I know you also mentioned the area of the power and the fuel, natural gas that we purchase, and so thank you, because that makes such a big impact, I think a long-term impact. Power, I saw we're locked in to 2024 even and on the other two, 2021.

I know you mentioned the real estate transfer tax also is doing well. The McDonald's sale, is that noted as of yet or will that come later? Do we know what that impact has as of yet for us?

JEREMY FINE: Yes, so the impact, we're still
confirming what month that will fall into with regard to the revenues that we'll receive. But we estimate based on the size of the transaction that has been reported in the press, that that would generate about $1.2 million just from that sale alone to the CTA.

So, again, those types of commercial sales are meaningful as a revenue opportunity for us and, again, hopefully this means with a big sale like that, that that opens the market for other large sales as well. Because there has been a lot of, you know, pent up demand on the commercial side. So hopefully that's a good indication that there's going to be future sales as well.

DIRECTOR ALVA ROSALES: Once again, thanks and congrats, because that's really helpful. I know we still need additional CARES Act money, but this really helps us at least extend the work that we're doing for as long as we can. So thanks to all the team.

JEREMY FINE: Thank you. I'll pass that on to the team. Thank you.

SECRETARY LONGHINI: Any further questions?

Judge Chevere, any questions?
DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: Yes. Thanks, Greg.

Jeremy, I heard you talk about the 83 million is down in revenue year-to-date and I know we're in the midst of the pandemic. Are we doing anything or is there anything that can be done as to enlist more ridership at this time? Are we doing anything to work towards that?

JEREMY FINE: So, again, I think that we're trying to handle the health concerns and health crisis in here first. I know that Mike Connelly may be able to provide some additional input on where our ridership is vis-à-vis the social distancing guidelines. So I don't know if Mike Connelly is available.

PRESIDENT DORVAL CARTER: Jeremy. Jeremy, let me weigh in. Director Miller, I think one of the things you need to keep in mind is that we still have capacity restrictions in place on CTA service. So we are not running full-crush loads on any of our trains or buses. So, as Mike can explain to you, our ridership is about 30 percent of normal for us. We're carrying around 500,000 people a
day. That's close to the capacity limit that we have for what we're -- what we're able to carry and still maintain the social distancing and the other guidelines that we have.

So while we have certainly been actively engaged in marketing and campaigning the fact that we've taken a lot of steps to make sure that our customers can ride CTA safely, we haven't really marketed bringing people back because of the capacity limitations that we know we face at this point in time. But even without that, as Mike can explain to you, we've seen a gradual growth in ridership that has gotten us up to that 30 percent plateau.

And for that, you know, 500,000 trips a day, for most transits around the country would be viewed as a very good day in normal times. So while it's extremely low for us, we're still carrying an extremely large number of people every day, just based on these capacity limits that we have in place.

Mike, I don't know if there's anything else that you want to add.

DIRECTOR MILLER: That's answering. Thank you.
I guess I was talking about more 2021 into the new year.

PRESIDENT DORVAL CARTER: You're right. When we come out of the impact of the pandemic and the city starts to reopen more, we do have plans for how we're going to market and encourage ridership to come back to CTA. Obviously those plans are still dependent on when the virus is actually brought under control.

DIRECTOR MILLER: Okay. Thank you.

SECRETARY LONGHINI: Thank you.

Reverend Jakes, any questions?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: No questions. Thank you.

SECRETARY LONGHINI: All right. That completes Agenda Item Number 3. But before we move on, I think it would be an appropriate time to change the sign language interpreters. So LJ can come on now.

Okay. I think we're ready. So that's -- there are no further questions, Chairman Silva, on the finance report. So we may proceed to Agenda Item Number 4.

CHAIRPERSON SILVA: Our next order of business
is a review of an ordinance authorizing a license agreement with Cash Depot, Ltd. to install, operate, and maintain automatic teller machines at designated rail stations and employee locations.

Jeremy Fine and Michelle Curran.

JEREMY FINE: Thank you. Good morning. I'm Jeremy Fine, your Chief Financial Officer and today I present for your consideration a license agreement awarding Cash Depot the nonexclusive right to install, operate, and maintain ATMs at 67 preselected sites on CTA property. These ATMs are located at a combination of rail stations and employee locations and provide an amenity to CTA customers and employees as well as generate a revenue stream for CTA.

An additional 87 ATM sites on CTA property are licensed to Cardtronics under a separate agreement. The license agreement would commence on October 30th, 2020 and the initial term of the agreement is for seven years with two one-year options to extend.

Cash Depot will be responsible for all costs related to procurement, installation, servicing, and operation of the ATM, including but
not limited to installation of all necessary
improvements, such as electrical and
telecommunications. Staff estimates that the Cash
Depot bid will generate at least $620,000 over the
initial seven-year term.

I'm glad to answer any questions.

SECRETARY LONGHINI: Chairman Silva, any
questions?

CHAIRPERSON SILVA: This was an RFP. Okay.
Did we look, okay, at other suppliers besides --
besides Cash Depot?

JEREMY FINE: Yes, absolutely. We've done this
RFP several times. We continue to see, you know,
competitive bids come in. We're very excited about
Cash Depot, who put in a very competitive bid for
this block. As you may recall, this block of ATMs
was previously serviced by PNC Bank; but, again, I
think that we got a very nice bid from Cash Depot.
They operate very similarly to Cardtronics and,
again, I think that this is a good partnership for
CTA, for our customers, and for Cash Depot.

CHAIRPERSON SILVA: Is that the first time that
we're going to be working with Cash -- with Cash
Depot?
JEREMY FINE: Yes. It's the first time that we're working with Cash Depot. Again, but they're a known entity out there in the marketplace, service thousands of machines across the U.S., across the world. Again, there's a few big players in this space and they are definitely one of those.

CHAIRPERSON SILVA: Okay. Thank you.

SECRETARY LONGHINI: Director Alva Rosales, any questions?

DIRECTOR ALVA ROSALES: Sorry about that. I had to click that off.

So no, I guess the only comment I was going -- or question maybe is this is expected to bring in more revenue than the previous contract that we had, is that correct, Jeremy?

JEREMY FINE: It's a little bit below the prior account, but above the most recent bid on the Cardtronics piece. So, again, it was a very good bid that we received from, you know, Cash Depot and I think it's a testament to the strength of the system in the footprint that we were able to provide for the ATMs throughout the system.

DIRECTOR ALVA ROSALES: Okay. Thank you.

SECRETARY LONGHINI: Judge Chevere, any
questions?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Reverend Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Reverend Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: No questions.

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

CHAIRPERSON SILVA: Our next order of business --

SECRETARY LONGHINI: Chairman. Chairman, we need to place this on the omnibus, 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 CHEVERE: So moved.

DIRECTOR MILLER: Second.

SECRETARY LONGHINI: It has been moved and seconded. So then, Chairman Silva, we may proceed to Agenda Item Number 5.

CHAIRPERSON SILVA: Our next order of business
is the review of an ordinance authorizing a license agreement with Compass Group USA by and through its Canteen Division to install, operate, and maintain personal protective equipment vending machines at designated rail stations.

Jeremy Fine.

JEREMY FINE: Thank you. Good morning. I'm Jeremy Fine, your Chief Financial Officer and today I present for your consideration a specialty vending license agreement with Canteen, a division of Compass Group. This license agreement grants Canteen the nonexclusive right to operate personal protective equipment, PPE, vending machines on CTA property. The PPE vending machines have products like hand sanitizers, disposable face masks, N95 face masks, hand sanitizing wipes, and disposable gloves.

The contract was procured through the JLL process using the specialty vending RFP. This RFP was initially offered in May of 2017 and resulted in agreements for mobile phone battery charger rentals, photo booths, and fresh food vending machines.

The CTA staff proposes to initially deploy
six PPE vending machines to test the viability of
the machines on the CTA property. The initial
locations are Belmont, Roosevelt, and 79th on the
Red; Midway on the Orange Line; Jeff Park on the
Blue Line; and Kedzie on the Green Line.

The initial term of the proposed license
agreement is for three years with two one-year
options to extend. And while we receive a small
payment for -- on this contract, those funds will
be reinvested in the system and it's important that
this provides a new service option to our customers
to allow them to access PPE while riding the
system.

I'm glad to answer any questions.

CHAIRPERSON SILVA: For how long is the
contract?

JEREMY FINE: So it's a three-year contract
with two one-year options.

CHAIRPERSON SILVA: So are we expecting to be
selling the PPE, okay, in three years?

JEREMY FINE: Potentially. You know, there is
some flexibility to change the makeup of what's in
the machines. But, you know, again, I think we'll
have to see how this health crisis kind of flows
through people's reaction to how they -- how they react to flu season and the like. So I think that there's some real opportunity here in the PPE sector as well as we continue to move forward even after we receive a vaccine.

CHAIRPERSON SILVA: So if we receive the vaccine and the sales go down, okay, we're still going to keep them there?

JEREMY FINE: Again, we have the flexibility to change some of the makeup within the machines, what's being offered. So, again, I think there's opportunities, you know, for certain types of PPE. Maybe not face masks or whatnot, but maybe there's other things like hand sanitizer and whatnot, different times of the year. There's also opportunity for kind of the over-the-counter, you know, aspirin, things like that. So, again, I think there's some flexibility here to deal with kind of the opportunities and what our customers are looking for as well as providing a good customer service here. So ...

CHAIRPERSON SILVA: Thank you.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ALVA ROSALES: Well, you know
initially I had some concerns with the pricing of one of the items or two of the items that were a little high and then I got feedback that it was a lot less than what we had initially been told.

So I think just, you know, we want to make sure that the products are reasonably priced so that people are able to purchase them at a good price. So I think that's the only comment I would make on this. But I think it's a good idea that we're providing this because this is needed.

JEREMY FINE: Yeah. Absolutely and we agree, you know, price points are a major concern of ours and Canteen is a known entity to us. They provided these types of services to others around the country. So we'll be watching, you know, what the price points are, what's being offered in the machines, and ensuring that we're very competitive with the market at large.

DIRECTOR ALVA ROSALES: Thank you.

SECRETARY LONGHINI: Judge Chevere?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

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

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: Jeremy, do you have information about how this is performing in other systems that have rolled out a similar system?

JEREMY FINE: It's relatively new. You know, New York MTA has recently rolled it out. There's also some locations at Amtrak and Metra. There's also some, you know, throughout airports as well. We're tracking that. We'll definitely circle back with the Board and provide how these services -- how these services are performing, you know, kind of nationwide as well as how they're performing here at CTA because that's something we're looking at and tracking. But, again, this is kind of a new rollout and we're excited that we're on kind of the front end, the cutting edge here rolling this out across the system.

DIRECTOR IRVINE: Thanks, Jeremy. I don't have any other questions. Thank you.

SECRETARY LONGHINI: We are finished with questions, Chairman Silva.

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

    DIRECTOR CHEVERE: So moved.

    DIRECTOR MILLER: Second.

    SECRETARY LONGHINI: Moved and seconded,

Chairman Silva. So we may proceed to Agenda Item
Number 6.

    CHAIRPERSON SILVA: Our next order of business
today is the review of an ordinance authorizing a
sublease to 7-Eleven, Inc. of ground floor space
located at 567 West Lake Street, Chicago, Illinois.

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

    Real estate staff recommends approval of
an ordinance authorizing the lease of 2,131 square
feet of retail space located on the ground floor of
567 West Lake to the current tenant, 7-Eleven.

    7-Eleven will continue to operate a
convenient store offering snacks and incidental
grab-and-go items. The lease has an initial annual
rent of $41.63 per square foot or $88,500 for the
first year. The term is five years with two
five-year options.

    The agreement includes annual rent
escalations of 3 percent and 7-Eleven will be responsible for a proportionate share of building operating expenses. The tenant will also be responsible for all utilities and taxes.

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

SECRETARY LONGHINI: Chairman Silva?
CHAIRPERSON SILVA: No questions.
SECRETARY LONGHINI: Director Alva Rosales?
DIRECTOR ALVA ROSALES: No questions.
SECRETARY LONGHINI: Judge Chevere?
DIRECTOR CHEVERE: No questions.
SECRETARY LONGHINI: Reverend Miller?
DIRECTOR MILLER: No questions.
SECRETARY LONGHINI: Reverend Jakes?
DIRECTOR JAKES: No questions.
SECRETARY LONGHINI: Director Irvine?
DIRECTOR IRVINE: No questions.
SECRETARY LONGHINI: There are no further questions, Chairman Silva.
CHAIRPERSON SILVA: If there are no further questions, may I have leave to place this item on the omnibus for Board approval?
DIRECTOR CHEVERE: So moved.
DIRECTOR MILLER: Second.

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

CHAIRPERSON SILVA: Our next order of business is an ordinance authorizing the license from the City of Chicago for parcels adjacent to the Authority's West Shops facility along Maypole Avenue.

Bill Mooney.

BILL MOONEY: Thank you. Staff recommends the approval of an ordinance authorizing a license of certain City-owned real estate near CTA's West Shops facility.

The City of Chicago owns various unapproved land adjacent to the Authority's West Shops facility consisting of approximately 78,062 square feet. The properties are located along Maypole Avenue and are between the West Shops facility complex and Pulaski Avenue.

The license has a term of ten years, which will run through December 31st, 2030 and will automatically renew annually unless terminated by either party. The City has agreed to license the
property to the CTA for $1.

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

CHAIRPERSON SILVA: So we will pay them $1?
BILL MOONEY: Yes, sir.
SECRETARY LONGHINI: Director Alva Rosales?
DIRECTOR ALVA ROSALES: No questions.
SECRETARY LONGHINI: Judge Chevere?
DIRECTOR CHEVERE: No questions.
SECRETARY LONGHINI: Reverend Miller?
DIRECTOR MILLER: No questions.
SECRETARY LONGHINI: Reverend Jakes?
DIRECTOR JAKES: No questions.
SECRETARY LONGHINI: Director Irvine?
DIRECTOR IRVINE: No questions.
SECRETARY LONGHINI: There are no further questions on this item, Chairman Silva.

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

DIRECTOR CHEVERE: So moved.
DIRECTOR MILLER: Second.
SECRETARY LONGHINI: Moved and seconded,
Chairman Silva. You may now proceed to Agenda Item Number 8.

CHAIRPERSON SILVA: Our next order of business is an ordinance authorizing the purchase of cyber insurance coverage for policy year November 1st, 2020 through October 31st, 2021.

Steve Wood.

STEVE WOOD: Good morning, Directors. Steve Wood with CTA's Law Department. We are coming before the Board on this first renewal of our cyber insurance policy. This is an annual policy and the term is from November 1, 2020 to October 31, 2021. Our insurance broker Mesirow and our DBE Paradigm marketed the new coverage to the insurance market and we recommend proceeding with the incumbent insurer named Beazley, which offers the best coverage at the lowest premium.

The policy continues to provide a coverage limit of $5 million and our deductible is increasing from 100,000 to $250,000 and the proposed insurance premium including taxes is approximately $88,039, which is an increase of about 17 and a half percent from last year's premium. The increase is a result of a hardening
in the insurance market generally in light of COVID and, therefore, the reduction in capacity of competition in this marketplace. Nonetheless, the insurance policy provides the same protections for the CTA related to cyberattacks or intrusions of the CTA's computers and network as the initial policy did.

I'm happy to answer any questions.

CHAIRPERSON SILVA: So are you comfortable, okay, with the prices going up? Is the market, okay, strong, okay, for insurance companies?

STEVE WOOD: Unfortunately, it is strong for insurance companies. The other competitive offerings in this space were much higher in terms of premiums. So the incumbent came back with the best price on this policy.

CHAIRPERSON SILVA: Is that the only type of insurance that is going up or is pretty much everybody?

STEVE WOOD: It's pretty much everyone. COVID has really caused many insures in the market to pull back on the amount of risk they're willing to exposes themselves to and when there's less competition in the market, there's higher prices
for the purchasers.

CHAIRPERSON SILVA: Okay. Thank you.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ALVA ROSALES: I guess my only question is -- it went way up. 17.5 percent. Do we ever think it will go back down?

STEVE WOOD: It is hard to predict. The railroad insurance policy that we'll be talking about next, we have seen some fluctuation both up and down over the last five years, so we can always hope for the best.

DIRECTOR ALVA ROSALES: Okay. Thanks.

SECRETARY LONGHINI: Judge Chevere?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: No questions. Thanks.

SECRETARY LONGHINI: 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?

DIRECTOR CHEVERE: So moved.

DIRECTOR MILLER: Second.

SECRETARY LONGHINI: The motion has been moved and seconded, but before we proceed, I would like to ask the sign language interpreters to switch over back to Ellen, please.

I believe Ellen is now back on. So, Chairman Silva, we may now proceed to Agenda Item Number 9.

CHAIRPERSON SILVA: Our next order of business is an ordinance authorizing the purchase of protected liability insurance for policy year November 1st, 2020 through October 31st, 2021.

Steve.

STEVE WOOD: Thank you, Director. We are coming before the Board for our blanket railroad protective insurance policy. Again, this is an annual policy that the CTA has had in place now for 11 years and this ordinance is for the renewal term of November 1, 2020 through October 31, 2021.

This is a blanket policy that covers all CTA contractors and certain non-contractors who perform work within 50 feet of any CTA railroad
right-of-way. The CTA enrolls these businesses in the program and then prorates the cost of the insurance across capital construction projects so that the CTA is not out-of-pocket for the cost of this insurance.

Because the CTA is in the marketplace purchasing this policy, we're able to use our bargaining power in the marketplace to secure a much lower rate than individual contractors, individual DBEs, or non-contractors could secure.

Our insurance broker Mesirow and DBE Paradigm, again, marketed the renewal of this policy to the insurance market and the incumbent insurance, Aspen Specialty Insurance, offered the best price for this renewal. The premium has increased 11 percent compared to last year, which represents an increase from 19 cents per hundred dollars of construction cost to 21 cents per hundred dollars of construction cost.

The rates have really been bouncing around in a pretty narrow band over the last few years. We had a high of 25 cents a few years ago to a low of about 18 cents about five years ago. So compared to the standard market rate of between 45
cents and 55 cents per hundred dollars of construction cost, we still believe that this is quite a bargain for the CTA and quite beneficial to our contractors and DBEs. We believe that Aspen will provide excellent service and responsiveness on this policy and we recommend renewal with this carrier.

I'm happy to answer any questions.

CHAIRPERSON SILVA: So in this case, okay, the prices didn't go as high as in the cyber?

STEVE WOOD: I'm sorry. I didn't catch the end of that.

CHAIRPERSON SILVA: In this one, okay, the prices didn't go as high as cyber?

STEVE WOOD: That's right. Yes.

CHAIRPERSON SILVA: And it's the same broker, right?

STEVE WOOD: It's the same broker, but it's a different market and a different type of insurance out there with a different competitor. So it's not the same insurance companies that are bidding on this work.

CHAIRPERSON SILVA: Okay. So you're comfortable with it?
STEVE WOOD: Yes. Very comfortable that they have achieved for us the best option in the market.

CHAIRPERSON SILVA: Thank you.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ALVA ROSALES: No questions.

SECRETARY LONGHINI: Judge Chevere?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Reverend Miller? Reverend Miller, any questions?

Maybe he stepped aside. We can come back.

DIRECTOR IRVINE: He may have dropped off. I don't see him.

SECRETARY LONGHINI: Is Reverend Miller still on, Herb?

THE HOST: Looks like he just dropped off.

SECRETARY LONGHINI: Okay. Why don't we just wait a second then.

THE HOST: He should be joining right now.

SECRETARY LONGHINI: Reverend Miller is on?

THE HOST: It's connecting right now.

SECRETARY LONGHINI: Reverend Miller? Are you there, Reverend Miller?

Let us know, Herb, when it's clear.

(A brief pause.)
SECRETARY LONGHINI: I see Director Miller connecting.

DIRECTOR MILLER: Hello.

SECRETARY LONGHINI: Director Miller, hi. We were just reviewing Steve's presentation on the railroad liability insurance. Do you have any questions on the matter?

DIRECTOR MILLER: No, I had no questions. And I apologize.

SECRETARY LONGHINI: No need to, sir. It's the equipment.

Reverend Jakes?

DIRECTOR JAKES: No questions, Greg.

SECRETARY LONGHINI: Director Irvine, any questions on that matter?

DIRECTOR IRVINE: No questions, Greg.

SECRETARY LONGHINI: All right. Thanks.

Chairman Silva, there's no further questions on Steve's presentation.

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

DIRECTOR CHEVERE: So moved.

DIRECTOR MILLER: Second.
SECRETARY LONGHINI: Moved and seconded, Chairman Silva. So we're finished with the ordinances. So now we can proceed with the contracts. So we'll start with Contract A1.

CHAIRPERSON SILVA: Our next order of business is Contract A1, a contract for the 2600 series railcar overhaul.

SECRETARY LONGHINI: Any questions, Chairman Silva on this matter?

CHAIRPERSON SILVA: So is this the Chinese company?

ELLEN MCCORMACK: No. This is not the Chinese company. This is an American company that often bids on our parts kit.

CHAIRPERSON SILVA: Okay. Thank you.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ALVA ROSALES: No. I guess just with regards to the DBE participation, it's 9 percent of the contract. Did we do everything possible to get as much participation as possible on that?

J.P. PRIETO: Yes, Director. We looked at all the opportunities that this contract had. We did assess a 9 percent goal and the prime contractor actually committed to a 10.3 percent DBE
participation. So that will be the commitment for
the contract.

DIRECTOR ALVA ROSALES: But does the goal we
set make sense with regards to the market I guess
is more my question.

J.P. PRIETO: Yes, yes. It's tough to find
DBEs that supply some of these parts because they
are specialized and they are expensive, but we do
have a few that could supply them.

DIRECTOR ALVA ROSALES: Okay. Great. Thank
you.

J.P. PRIETO: Thank you.

SECRETARY LONGHINI: Judge Chevere?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions, Greg.

SECRETARY LONGHINI: All right. Thank you.

Director Irvine?

DIRECTOR IRVINE: No questions.

SECRETARY LONGHINI: All right. We're finished
with questions on A1, Chairman Silva, so we may now
proceed to Contract B, as in boy, 1.
CHAIRPERSON SILVA: Our next order of business is Contract B1, a contract for the rental of lift equipment. I don't have any questions.

SECRETARY LONGHINI: All right. Director Alva Rosales?

DIRECTOR ALVA ROSALES: No questions.

SECRETARY LONGHINI: Judge Chevere?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Reverend Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Reverend Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: No questions.

SECRETARY LONGHINI: Since there are no questions, Chairman Silva, we may proceed to Contract G, as in girl, 1.

CHAIRPERSON SILVA: Our next order of business is Contract Number G1, a change order for Oracle America.

SECRETARY LONGHINI: Chairman Silva, do you have any questions on the Oracle contract?

CHAIRPERSON SILVA: No, I don't have any questions.
SECRETARY LONGHINI: All right. Director Alva Rosales?

DIRECTOR ALVA ROSALES: No questions.

SECRETARY LONGHINI: Judge Chevere?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Reverend Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Reverend Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: No questions.

SECRETARY LONGHINI: All right. Chairman Silva, we may now proceed to Contract I, as in island, 1.

CHAIRPERSON SILVA: Our final order of business is Contract Number I1, contract for the CTA's RPM project. I don't have a question.

SECRETARY LONGHINI: Did you say yes or no?

CHAIRPERSON SILVA: No, I don't.

SECRETARY LONGHINI: You have no questions.

Okay. Thank you.

Director Alva Rosales?

DIRECTOR ALVA ROSALES: No, I guess just a clarification. The SBE program, it's part of the
U.S. Department of Transportation program that includes the DBE program? Can you explain that a little bit.

J.P. PRIETO: Yes. The DBE regulations require us to have a small business program. So we have decided to use the same DBE regulations, size, standards, and personal net worth standards for all small businesses. The small business program is our race-and-gender-neutral program.

DIRECTOR ALVA ROSALES: Thanks. Thanks for the explanation.

SECRETARY LONGHINI: Judge Chevere?

DIRECTOR CHEVERE: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: No questions.

SECRETARY LONGHINI: Chairman Silva, since there are no further questions on this matter, we may proceed to Agenda Item Number 10A.

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

DIRECTOR CHEVERE: So moved.

DIRECTOR MILLER: Second.

SECRETARY LONGHINI: That motion was moved by Judge Chevere and seconded by Reverend Miller. So, Chairman Silva, we may now proceed to Number 10B.

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

DIRECTOR CHEVERE: So moved.

DIRECTOR MILLER: Second.

SECRETARY LONGHINI: Moved by Judge Chevere and seconded by Director Miller. I will now take a roll call vote on that motion.

Judge Chevere?

DIRECTOR CHEVERE: Yes.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: Yes.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: Yes.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: Yes.

SECRETARY LONGHINI: Director Alva Rosales?
DIRECTOR ALVA ROSALES: Yes.
SECRETARY LONGHINI: Chairman Silva?
CHAIRPERSON SILVA: Yes.
SECRETARY LONGHINI: That motion to approve the omnibus and recommend Board approval passes with six yes votes.

Chairman Silva, we may now proceed to Agenda Item Number 11.

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

DIRECTOR CHEVERE: So moved.
DIRECTOR MILLER: Second.
SECRETARY LONGHINI: Moved by Chevere.
Seconded by Miller. I'll take a roll call vote.

Judge Chevere?

DIRECTOR CHEVERE: Yes.
SECRETARY LONGHINI: Director Miller?
DIRECTOR MILLER: Yes.
SECRETARY LONGHINI: Director Jakes?
DIRECTOR JAKES: Yes.
SECRETARY LONGHINI: Director Irvine?
DIRECTOR IRVINE: Yes.
SECRETARY LONGHINI: Director Alva Rosales?
DIRECTOR ALVA ROSALES: Yes.
SECRETARY LONGHINI: Chairman Silva?

CHAIRPERSON SILVA: Yes.

SECRETARY LONGHINI: Motion to adjourn is approved with six yes votes. We'll start the board meeting in about ten more seconds.

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

(Meeting adjourned at 10:20 a.m.)
STATE OF ILLINOIS

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 via videoconference.

[Signature]

Certified Shorthand Reporter