



# Northeastern Illinois PUBLIC TRANSIT *Task Force*

Correspondence to the Task Force

March 2014

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# 1. Correspondence

A. Congressman Daniel Lipinski, Received August 19, 2013

1717 LONGWORTH HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-1303  
(202) 225-5701  
(202) 225-1012 FAX  
TOLL FREE FROM IL (866) 822-5701

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-1303**

August 19, 2013

Ms. Ann Schneider  
Secretary, Illinois Department of Transportation  
Co-Chair, Governor's Northeastern Illinois Public Transit Task Force  
2300 South Dirksen Parkway  
Springfield, Illinois 62764

Mr. George Ranney, Jr.  
Co-Chair, Governor's Northeastern Illinois Public Transit Task Force  
30 West Monroe Street  
Chicago, Illinois 60603

Dear Secretary Schneider and Mr. Ranney:

As Northeastern Illinois' only member of the Committee on Transportation and Infrastructure and founding co-chair of the Public Transit Caucus in the U.S. House of Representatives, I have been deeply concerned by the recent problems at Metra. Metra riders – and all taxpayers – deserve not only safe, affordable, and on-time service on a daily basis, but a long-term vision which is accompanied by leadership that puts that vision into action. For a number of reasons this leadership has been lacking, perhaps to an even greater degree than many recognize.

From my position fighting for federal funding for our cash-strapped transit agencies, I am concerned that these leadership issues could have potentially disastrous consequences as Congress looks to reauthorize the existing surface transportation law known as MAP-21, which is providing approximately \$450 million for CTA, Pace, and Metra in 2013 alone. Last year, the House Transportation and Infrastructure Committee passed a bill that put at risk hundreds of millions of dollars of funding for local transit agencies, but I was able to help build a coalition to block these cuts. During next year's reauthorization debate, it is imperative that Congress sees reforms of Northeastern Illinois transit agencies in order to help fight off new attempts to make significant cuts in federal funding. But no matter what reforms are instituted locally, the Committee will certainly consider ways to enhance congressional oversight of accountability and performance.

The Northeastern Illinois Public Transit Task Force has the potential to serve an important role in reforming the transit agencies, and I commend both of you for your prior and future work in improving transportation. In order to implement the best reforms possible, I encourage the Task Force to engage and solicit input from the public during your review of our region's transit agency governance and performance. Public input was not emphasized in the announcement of the group, but I strongly believe that you should hold several public forums across the region where community members can participate in the process and offer official public comments. By

including the general public, the Task Force will be better informed and positioned to make recommendations to the General Assembly that are in the interest of area residents.

In addition, in order to meet the Task Force's stated objective of improving the "coordination, transparency, efficiency, and fairness in the operation of the Northeastern Illinois transit agencies," I request that you meet with me in early September to discuss the existing leadership issues and maintain regular communication with my office during your evaluation. It is important that any reforms recommended provide the relevant congressional committees with the confidence that Northeastern Illinois has taken steps to address any issues that exist in our transit agencies. If these concerns are not adequately addressed, it will make the fight for federal dollars even more difficult and we may risk undermining the future federal capital investment that is so desperately needed.

Over the past few years, it has become clear that the existing governance structure of our region's transit agencies is not serving taxpayers. While management has had issues, the existing transit board system itself is problematic. There is redundancy, waste, lack of coordination, and too often little or indirect accountability. The time for change locally is now. As the Task Force begins to meet, I am hopeful that you will consider all viable options to improve efficiency, including board consolidation and/or elimination.

I recently spoke with Metra Acting Chairman Jack Partelow, Deputy Executive Director/COO Don Orseno, and Deputy Executive Director for Administration Alex Wiggins. They assured me of the continued safety of Metra commuters and the continuity of service during this process. I am confident that the current leadership and everyone who works at Metra can keep Metra riders safe on a daily basis. But it is imperative that we move quickly to develop and implement reforms to assure the long-term success of Metra and all of Northeastern Illinois' transit agencies. I encourage you to make the general public part of the process and look forward to working with you.

Sincerely,



DANIEL LIPINSKI  
Member of Congress

cc: Members of the Governor's Northeastern Illinois Public Transit Task Force

B. Jack Schaffer Metra Task Force Letter, Received August 19, 2013

August 19, 2013

**RECEIVED**

AUG 21 2013

Honorable Pat Quinn  
Governor of Illinois  
James R. Thompson Center  
100 West Randolph 16-100  
Chicago, Illinois 60601

**Governors Office**

Dear Governor Quinn:

I am writing you this letter in the hope that you will refer it to your Transit Task Force. It will not surprise you that I have given the matter of METRA reform a great deal of thought, trying to figure out what could have been done to avoid this debacle. The thoughts I am giving you I have given to legislators of both parties and the OEIG.

I do not believe that the METRA board, left to its own devices would not have selected Brad O'Halloran as chairman, or attempted to get rid of Alex Clifford. The suggestions I am about to outline are designed to encourage the appointing authorities to pick good, honest, intelligent people and let them do their jobs without outside interference.

1. METRA board members should be appointed to one 6 year term, and cannot be reappointed. This would give them 2 years to learn and 4 years to lead.
2. The Board members should continue to be appointed by the appointing authorities but then confirmed by a 2/3 vote of the respective Boards (county, city and all suburban commissioners by weighted vote). The METRA board members should not be the personal property of any particular appointing authority.
3. The respective authorities should be able to remove their METRA board member at any time by a 2/3 vote.
4. There should be a comprehensive and rational disclosure ordinance for METRA board members to report outside influences in decisions involving METRA.

I'm also recommending that the METRA board appoint a transportation professional as Executive Director and then serve as an oversight board without getting inappropriately involved in the day-to-day decisions regarding hiring, firing, contracts, etc.

I've been around too long to suggest that this new system will be foolproof, but I believe it will be a major step in the right direction. I do not believe that this is a Republican or Democratic problem but think that there is blame on both sides of the aisle. I recognize that there will be numerous legislative solutions suggested but those that do not

Governor Quinn  
Page 2

address the problem of outside political influence on the proper running of an agency like METRA, are doomed to failure.

I have served with a large number of good and honest people on the METRA board and truly believe the most recent trouble can, in my opinion, be traced to outside influence of some of the appointing authorities and other powerful political leaders.

You and I were both around in 1983 when the RTA Act was reformed and METRA was created. This was done in no small part to give the Cook County suburban area and the Collar Counties a reason for supporting mass transit. I continue to feel that one super-agency heavily dominated by the City of Chicago would quickly become hated by the residents of Cook County suburbs and the Collar County (and their legislators of both parties). Those who do not study history are doomed to repeat its mistakes. If I can be of any assistance to you or your task force, please let me know.

Thank you for your consideration of my thoughts.

Sincerely,



Jack Schaffer  
McHenry County Appointee  
METRA Board  
4114 IL Route 176  
Crystal Lake, IL 60014  
(815) 459-1776

cc: Other Interested Parties

## C. Metropolitan Mayors Caucus, Received August 19, 2013



August 19, 2013

The Honorable Pat Quinn  
 Governor, State of Illinois  
 100 West Randolph Street, 16-100  
 Chicago, Illinois 60601

**Karen Y. Darch**  
 President, Village of Barrington  
 Executive Board Chair

**Thomas Weisner**  
 Mayor, City of Aurora  
 Executive Board Vice Chairman

**Rahm Emanuel**  
 Mayor, City of Chicago  
 Executive Board Secretary

Dear Governor Quinn:

We appreciate your decision to create the Northeastern Illinois Public Transit Reform Task Force which was announced last week. The Metropolitan Mayors Caucus agrees that the Chicago region would benefit from the review and reform of the governance structures and policies currently in place at the Regional Transportation Authority (RTA) and its service boards.

We also would like to make you aware that the Mayors Caucus created its own Transit Improvement Working Group toward the end of the spring legislative session. It was initially created in response to a bill proposed by Chicago Metropolitan Strategies which would merge the RTA and the Chicago Metropolitan Agency for Planning (CMAP). Since this spring, our Working Group and its leadership have met formally and have had several private conversations with Metropolis Strategies, the RTA, CMAP, transit experts and State legislators about the proposed bill. These discussions have led us to conclude that the merger as proposed is shortsighted.

CMAP is itself the result of a merger of the Northeastern Illinois Planning Commission and the Chicago Area Transportation Study eight years ago. The Mayors Caucus believes CMAP has become a very effective regional planning agency since this merger.

From what we have been able to gather from discussions with its leaders, Metropolis Strategies seems to think that merging an ineffective RTA with a more effective agency like CMAP will solve the RTA's problems. We do not think the solution is that simple. In fact, our conversations with the groups and individuals mentioned above have led our Working Group to believe that the proposed merger will overburden CMAP and make it a less effective regional planning organization.

The Chicago region is finally doing planning well. The Mayors Caucus is very concerned that transferring the financial oversight, bonding and service board coordination responsibilities which are currently vested with the RTA to CMAP will overshadow the important and effective work the planning agency is doing on behalf of the region's local governments.

While our Working Group has serious concerns about the proposed merger of CMAP and the RTA, it does agree that reforms are needed at the RTA and its service boards. The Working Group is currently engaged in research and discussions in which it is looking at other ways to reform the region's transit governance. We are pleased to hear from your staff that the Task Force you have created will consider all possible reform options and not just the proposed merger of the RTA and CMAP. All reforms should be on the table. We welcome the opportunity to share our reform ideas on this important regional issue as they develop with you, the Task Force and your staff.

Sincerely,

Karen Y. Darch  
 Chair, Mayors Caucus Executive Board  
 and President, Village of Barrington

Jeffery D. Schielke  
 Chair, Transit Improvement Working Group  
 and Mayor, City of Batavia

City of Chicago DuPage Mayors and Managers Conference Lake County Municipal League McHenry County Council of Governments  
 Metro West Council of Governments Northwest Municipal Conference South Suburban Mayors and Managers Association  
 Southwest Conference of Mayors West Central Municipal Conference Will County Governmental League

233 South Wacker Drive, Suite 800, Chicago, Illinois 60606  
 Tel: 312.201.4505 Fax: 312.258.1851

[www.mayorscaucus.org](http://www.mayorscaucus.org)

D. Cook County Commissioner Elizabeth Doody Gorman, Received  
August 30, 2013

COUNTY BUILDING  
118 N. CLARK STREET  
ROOM 567  
CHICAGO, IL 60602  
(312) 603-4215  
(312) 603-2014 FAX



SOUTH DISTRICT OFFICE  
9763 W. 143RD STREET  
ORLAND PARK, IL 60462  
TEL (708) 349-1336  
FAX (708) 349-1627

NORTH DISTRICT OFFICE  
711 CHELMSFORD LANE, SUITE A  
ELK GROVE VILLAGE, IL 60007  
TEL (847) 871-1717  
FAX (847) 640-2058

**ELIZABETH "LIZ" DOODY GORMAN**  
**COMMISSIONER - 17TH DISTRICT**  
**COOK COUNTY BOARD OF COMMISSIONERS**  
liz@lizgorman.com

August 30, 2013

Honorable Pat Quinn  
Governor, State of Illinois  
James R. Thompson Center  
100 W. Randolph Street, 16-100  
Chicago, IL 60601

**RE: Metra Board of Directors**

Dear Governor,

Within the last 24 hours, yet another revelation has come to light publicly regarding the Metra Board of Directors and the severance agreement with former Metra CEO Alex Clifford.

This latest revelation reveals a questionable email exchange between Metra Board Member Jack Schaffer and then CEO Alex Clifford. This particular email exchange took place prior to the settlement agreement and prior to the release of Mr. Clifford's memo. (A copy of Mr. Clifford's email is enclosed.)

Upon your review, you will read that Mr. Clifford remarks to Mr. Schaffer, "my lawyers concluded that the attachments were likely communications protected by the Board's attorney-client privilege, and that you, as an individual Board member, probably are not authorized to share the attachments with me."

As governor, you recently created the Northeastern Illinois Public Transit Task Force, "charged with developing ways to eliminate waste, fraud and abuse and streamline operations to ensure improved transit service for the millions of users each year." I believe this task force will be a very useful tool in helping to make the needed reforms to our region's public transit bodies.

It's fair to say that the email exchange creates more questions for Metra and that's why I'm asking you to instruct the Public Transit Task Force along with the Office of Inspector General (OIG) to investigate this email communication between Mr. Schaffer and Mr. Clifford.

We need to know why Mr. Schaffer was sharing confidential information and precisely what confidential information did Mr. Schaffer share with Mr. Clifford?



Honorable Pat Quinn  
Governor, State of Illinois  
August 30, 2013  
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Also, was this email exchange the only communication where confidential information was shared between the two men? Did Mr. Schaffer violate his fiduciary responsibility as a board member and potentially compromise the settlement agreement and, if so, would this be grounds for halting the agreement?

I think a forensic audit of the email and phone communications between the two men would allow your oversight bodies to examine this issue in an unfiltered manner. I believe these questions are quite significant and merit the appropriate review by the Public Transit Task Force and the OIG.

As always, I thank you for your commitment to our great state and I look forward to hearing from you at your earliest convenience regarding this most important matter.

Sincerely,



Elizabeth "Liz" Doody Gorman  
Cook County Commissioner  
17<sup>th</sup> District

EDG/ctp  
Enclosure

CC: Honorable Toni Preckwinkle  
Honorable Rahm Emanuel  
Honorable Dan Cronin  
Honorable Tina Hill  
Honorable Aaron Lawlor  
Honorable Chris Lauzen  
Honorable Herbert Brooks, Jr.  
Cook County Board of Commissioners

**From:** Alexander Clifford  
**To:** Jack Schaffer (jack@libertyetc.com)  
**Subject:** Email follow-up  
**Date:** Friday, April 05, 2013 4:52:31 PM

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Jack:

Thank you for your March 12th email. Based on a limited review of a portion of the attachments, my lawyers concluded that the attachments were likely communications protected by the Board's attorney-client privilege, and that you, as an individual Board member, probably are not authorized to share the attachments with me. They have asked me to suggest that you not send me privileged communications between board counsel and board members, unless I was intended to be part of the group receiving board counsel's advice or your personal lawyer has advised you that the you are entitled to do so. Also, because the attachments are likely privileged, upon advice of my lawyers I intend to delete the email and the attachments. I appreciate your efforts on behalf of Metra.

Alex Clifford

## E. Executive Director Joseph G. Costello, Received September 12, 2013

This Letter also included three attachments:

1. The Regional Peer Report Card
2. The Regional Transit Strategic Plan
3. The regional transit Strategic Plan

The Task Force Members received the attachments via flash drive in response to the request for Public Testimony at a task force meeting on September 25, 2013.



**Regional  
Transportation  
Authority**

175 W. Jackson Blvd,  
Suite 1650  
Chicago, IL 60604  
312-913-3200  
[rtachicago.org](http://rtachicago.org)

September 12, 2013

Ms. Ann Schneider, Secretary  
Illinois Department of Transportation  
Co-Chair, Northeastern Illinois Public Transit Task Force  
2300 South Dirksen Parkway  
Springfield, Illinois 62764

Mr. George Ranney, Jr., Chief Executive Officer  
Metropolis Strategies  
Co-Chair, Northeastern Illinois Public Transit Task Force  
30 West Monroe Street  
Chicago, Illinois 60603

**Re: Northeastern Illinois Public Transit Task Force Background Materials**

**BOARD OF  
DIRECTORS**

John S. Gates, Jr.  
Chairman

Anthony K. Anderson  
James Buchanan  
William R. Coulson  
Donald P. DeWitte  
Patrick J. Durante  
John V. Frega  
Phil Fuentes  
Al Jourdan  
Dwight A. Magalis  
Sarah Pang  
Christopher C. Melvin, Jr.  
J.D. Ross  
Donald L. Totten  
Douglas M. Troiani

Joseph G. Costello  
Executive Director

Dear Secretary Schneider and Mr. Ranney:

My staff and I have reviewed the Background Materials document discussed at the initial task force meeting on September 3, 2013 and made available on the task force website. So that you may begin your work with the most accurate information possible, I'd like to provide clarification on some items in the document which could be misleading. Specifically:

1. **Effectiveness and oversight.** Page 3 of your document states that the "...transit system is not functioning effectively and oversight of the service boards has been lacking." In fact, the RTA Act specifically limits the oversight role of the RTA to a very high level such as "yea or nay" budget approval. The RTA has long been seeking more effective oversight ability such as budget line-item veto authority. Despite this lack of effective oversight tools, the RTA system has unfailingly produced balanced operating budgets year after year.

The RTA Act requires us to evaluate the impact and effectiveness of public transit in Northeastern Illinois, a requirement which we have met with our Performance Measurement Program. One component of this effort is our latest customer



satisfaction survey, completed in 2012, which showed that 83% of our customers were satisfied with their transit service, and that 90% would recommend using transit to others. In addition, we measure our performance against nine peer agencies, and I have enclosed a copy of our latest Regional Peer Report Card. In it you will find that the performance of the RTA region compares very favorably to other large transit systems, ranking in the top half of our peers in twelve of the fifteen measures. In particular, I would like to point out that we led all peers in Operating Cost per Passenger Mile, an important measure of effectiveness, and in Miles Between Major Mechanical Failures, an important measure of reliability. In light of these very real results, it is not at all fair to say that the Northeastern Illinois transit system is not functioning effectively.

2. **Coordination of capital projects.** Page 7 of your document states that “there is also a lack of capital project coordination among the Service Boards.” In fact, the RTA has been nationally recognized for our capital planning and programming initiatives. All three Service Boards have been actively participating in an RTA-led working group which has developed both a Capital Optimization Support Tool (COST) to help prioritize future capital investments and the related Capital Asset Condition Assessment, which formally defines the 10-year capital needs of the region (an excerpt of which appears on page 45 of your document). Both efforts have been recognized by the FTA as models for RTA’s peers to emulate. While we encourage coordination between the Service Boards, again the RTA has limited authority to mandate it. However, the primary problem is a chronic shortage of capital funding.
3. **Ridership and Access.** Page 8 of your document states that Chicago’s public transit ridership has decreased by 1% over the last twenty years. However, for the most recent ten-year period, ending in 2012, ridership has increased by almost 12%. Ridership has exceeded 600 million in each of the last eight years and has experienced over 2% annual growth in both 2011 and 2012. Page 8 also cites a Brookings Institution study which stated that only 24% of the region’s jobs can be reached within 90 minutes by public transit. RTA’s own analysis, conducted in coordination with CMAP, showed a much higher level of access of 53%.
4. **Operating Funding Distribution.** The chart on page 44 of your document is outdated and misleading in that it does not include State Public Transportation Fund (PTF) amounts which constitute more than 30% of the RTA’s public funding, and most of which flow through to the Service Boards. Bringing that chart up to date reveals the following true allocation of \$1.358 billion of public funding (sales tax and PTF) in the 2013 budget:

RTA*	8%
CTA	45%
Metra	26%
Pace**	11%
ADA Paratransit	9%
ICE Fund***	1%

\* Over two-thirds of this amount is used to cover regional expenses, mainly debt service of bonds issued on behalf of the Service Boards.

\*\* Includes South Suburban Job Access and Suburban Community Mobility Fund.

\*\*\* Funding for regional Innovation, Coordination, and Enhancement.

5. **2013-2018 Regional Transit Strategic Plan.** In August 2013, the RTA Board adopted the 2013-2018 Regional Transit Strategic Plan, establishing a common vision for transit in our region and setting priorities for the next five years. The plan was created in partnership with CTA, Metra, and Pace and included extensive input from the general public, stakeholders and elected officials. I have enclosed the plan and its appendix, which documents the background analyses, survey results, and public input used in creating the plan. These documents are also available electronically on the RTA website at <http://rtachicago.com/strategic-plan.html>.

Please consider incorporating this feedback into your Background Materials document. I would also ask that you share this letter, the peer report, and the strategic plan with all task force members. Thank you.

Sincerely,



Joseph G. Costello

Executive Director

email: [costelloj@rtachicago.org](mailto:costelloj@rtachicago.org)

phone: 312.913.3166

Enclosures: Regional Peer Report Card  
Regional Transit Strategic Plan and Appendix

F. Chief of Staff Jordan Matyas, Received September 18, 2013

**From:** Armbrust, Jeanette [<mailto:JArmbrus@cityofbatavia.net>]  
**Sent:** Wednesday, September 18, 2013 12:08 PM  
**To:** Schneider, Ann L  
**Subject:** FW: RTA

**From:** Armbrust, Jeanette  
**Sent:** Wednesday, September 18, 2013 11:49 AM  
**To:** 'Ann.Schneider.@Illinois.gov'  
**Subject:** RTA

Dear Secretary Schneider:

Sorry for the delay in sending you down the enclosed info on the RTA which we discussed last week. The idea of diverting municipal retail sales taxes is becoming quite popular in Illinois. It would appear that the area beyond the six county RTA designated service region has taken on the title of "safe haven" for many businesses to divert sales taxes to one room offices with Fax machines and claim these to be their point of sale. In the case of Batavia, I am aware that this sort of activity is now costing my town over a half a million dollars in sales tax transacted from our town but credited to other places beyond the RTA service region. If Batavia is losing on an annual basis over a half a million dollars in this scam, that would mean that an additional \$125,000 was not collected for the RTA because the sales was not credited within the RTA region. It is very troubling to our community to have these events occur because the businesses involved are still in operation and selling here and we still provide them with full services and accept the wear and tear which some of their operations places on our streets and utilities.

If, as it is now suggested, between \$100 and \$200 million dollars in now being diverted to the region beyond the six county region. the loss of revenue to the RTA is staggering. It appears to the Mayors that the one true enhancement which the RTA truly needs is a revenue enhancement to pay for needed systems repairs, modernization and upgrades at CTA, Metra and Pace.

I would suggest to you that if the plan to open up the RTA Act by actions of the Governor's Commission, I can tell you that there are plenty of voices amongst the region's Mayors who are going to want to talk about how we plan to address RTA service extensions beyond the current boundaries as well as this whole growing retail sales tax diversion mess.

Thank you for your dedication, support and understanding as our State Transportation Secretary. In the 30+ years I have served on the CATS/CMAP Mayors Council you have proven to be a true friend to the cities and villages of Illinois.  
Mayor Jeff Schielke, Batavia.

## **Armbrust, Jeanette**

---

**From:** Matyas, Jordan [MatyasJ@RTACHICAGO.ORG]  
**Sent:** Wednesday, April 17, 2013 5:17 PM  
**To:** Serdiuk, Claire  
**Subject:** RTA NAMES 70+ COMPANIES WITH TAX AGREEMENTS IN KANKAKEE AND CHANNAHON

I wanted to make you aware of a very important announcement made this morning. The Regional Transportation Authority (RTA) has today released the names of some of the companies that have or had sales tax rebate agreements with Kankakee or Channahon. These names were discovered through a series of Freedom of Information Act requests, filings with the state and court filings outside of Cook County.

Upwards of 70 or more companies may have entered into sales tax rebate agreements with Kankakee or Channahon. The RTA alleges that many of these businesses have rented office space in these towns to avoid paying higher sales taxes from their actual offices in the six-county RTA region. These small, part-time offices are rarely occupied, but companies claim they make purchases – among their largest expenses – from these offices, so they are taxed at a lower rate. As you know, the RTA, which ensures each public transit agency receives all of the tax funds it is owed, is aggressively investigating sales tax agreements to determine if they are still being utilized. CTA, Metra and Pace rely on sales tax revenue to fund about half of their annual operating budgets.

Some of the businesses disclosed today utilize the services of tax consultants. In 2011, the RTA filed against Kankakee, Channahon and a number of tax consultants. The lawsuit arises from the utilization of tax sharing agreements which have induced companies operating within the six-county RTA region and across the State to claim that their sales are sourced through offices set up in Kankakee and Channahon which is believed to have resulted in the loss of over a \$100 million dollars in lost tax revenue. Under sales tax sharing agreements, the two municipalities have agreed to rebate a high percentage of their local share of the statewide sales tax to the participating companies.

More information about the RTA's lawsuit that led to today's announcement can be found here:  
<http://rtachicago.com/press-releases-2011/rta-files-suit-against-kankakee-and-channahon-to-recoup-more-than-100-million-in-lost-tax-revenue.html>

*More information about this suit and other important updates will be sent distributed via Regional Transportation Authority's (RTA) Government Affairs junk.*

*To ensure receipt of the Newsletter going forward, please:*

- 1. Check to see if the Newsletter is in your spam/junk mail folder and if it's there, add the sender, [govaffairs@rtachicago.org](mailto:govaffairs@rtachicago.org), to your contacts.*
- 2. If the Newsletter is not in your spam/junk folder, please ask your administrator to unblock all emails from the following domain: [rtachicago.com](http://rtachicago.com). Below please find detailed directions, by email/spam program, on how to add an email address to your contacts/address book.*

The names of some of those businesses identified as having operated in Kankakee and Channahon are:

### **AIRLINES**

**Material Services Co. Inc.** - 27734 West Bluegrass Drive, Channahon, IL.

This is a subsidiary of US Airways Group. Material Services offers services in the areas of purchasing, inventory control and fuel procurement and management to airline carriers that operate under agreements with U.S Airways Group Inc. or US Airways, Inc.

**Southwest Jet Fuel Company** - 27734 West Bluegrass Drive, Channahon, IL

Southwest Airlines operates more than 3,200 flights a day. It has approximately 46,000 employees and serves a combined 97 destinations in 41 states, the District of Columbia, Puerto Rico and six international destinations. Chicago's Midway Airport has more Southwest Airline daily departures (231) than any airport in the country.

### **RETAIL**

**Aldi Investments LLC** - 388 E. Court Street, Kankakee, IL 60901

The Aldi group operates over 8,000 stores worldwide. There are over 1,000 ALDI stores in 31 states, from Kansas to the east coast.

**Land's End, Inc.** - 388 E. Court Street, Kankakee, IL 60901

Lands' End offers its products through multiple selling channels. These include its apparel website (landsend.com), catalog mailings, 14 retail stores, and 290 "store within a store" departments in Sears' retail stores. Within 100 miles of downtown Chicago, there are 14 locations selling Lands' End merchandise – all of them within the six-county RTA region.

**SPS, Inc. (Sears Procurement Services)** - 388 E. Court Street, Kankakee, IL 60901

The procurement arm of Sears Holding Corporation with an office in Hoffman Estates, IL. Sears Holding Corporation is a retailer with over 2,600 full-line and specialty stores in the United States and Canada.

**Plass Appliance & Furniture, Inc.** - 27734 West Bluegrass Drive, Channahon, IL

Founded in 1938, Plass Appliance and Furniture is a family-owned business with more than 100 employees. Plass sells home appliances, electronics and furniture from six showrooms and online. A furniture and appliance company with 7 showrooms spread throughout the Chicago area including locations in Elmhurst, Geneva, Marengo, Naperville, Northbrook, Addison and Arlington Heights.

**Target Corporation** - Kankakee, IL

There are 97 Target stores in Illinois, the majority of the stores are concentrated in the six-county RTA region. Target is the second largest discount retailer in the U.S.

### **TECH**

**AT&T Network Procurement, L.P.** - Kankakee, IL

The company is a subsidiary of AT&T, the largest telecommunications company in the U.S. AT&T reported \$124 billion in consolidated revenues in 2010. In 2011, AT&T paid \$10.2 billion in dividends.

**Communications Supply Corporation, Inc.** - 27734 West Bluegrass Drive, Channahon, IL

CSC distributes a wide range of data communications and security solutions and is a subsidiary of WESCO. The company has an office in Carol Stream.

**WESCO Distribution, Inc. - 27734 West Bluegrass Drive, Channahon, IL**

Is a publicly traded Fortune 500 holding company. The company is a provider of electrical, industrial, and communications maintenance, repair and operating and original equipment manufacturers products, construction materials and advanced supply chain management and logistics services.

**Forsythe Technology, Inc. - 27734 West Bluegrass Drive, Channahon, IL**

Forsythe Technology is an information technology consulting firm with approximately 900 employees worldwide. In 2006, Forsythe became one of the largest, privately-held, 100-percent ESOP-owned companies in the U.S. Its share price on December 31, 2010 was \$52.87.

**Gateway, Inc. - Kankakee, IL**

Gateway is a leading, global technology brand. In 2007, Gateway was acquired by Acer, Inc.

**Hartford Computer Group, Inc. - 27734 West Bluegrass Drive, Channahon, IL**

Hartford Computer Group, Inc. provides technology solutions and support services to government, education, and health care institutions. It offers products in the areas of audio-visual and surveillance, cloud computing, server and storage, virtualization, and computers and printers.

**Compaq Financial Services (Illinois) LLC - 388 Court Street, Kankakee, IL**

The company provides products, technologies, software and services to consumers and business worldwide. Compaq was acquired by HP in 2002. Hewlett-Packard has approximately 331,800 employees worldwide. HP is the world's leading PC manufacturer and has been since 2007.

**Melrose Equipment LLC - 150 N. Schuyler, Kankakee, IL 60901**

Melrose is an affiliate of LaSalle Systems Leasing. LaSalle provides financial and equipment solutions designed to assist customers in managing their technology equipment needs. Today, LaSalle offers an array of life-cycle management tools and services including lease financing, asset and maintenance contracts management through LAMP (an asset management software with new applications for Android and Apple devices) and equipment disposition. As of August 2002, LaSalle Systems Leasing, Inc. operates as a subsidiary of MB Financial Inc.

**Verizon Wireless Network Procurement LP - 27734 West Bluegrass Drive, Channahon, IL**

A subsidiary of Verizon Wireless, the company has the largest nationwide wireless voice and data network and 31.5 million customers. Verizon also serves more than 98 million retail customers nationwide, provides converged communications, information and entertainment services over America's most advanced fiber-optic network, and delivers integrated business solutions to customers in more than 150 countries, including all of the Fortune 500.

**CONSTRUCTION****Blue Marble Supply LLC - 1475 Harvard Drive, Kankakee, IL 60901**

Was a procurement company for the construction industry.

**Cerami Concrete Construction Company, INC. - 27734 West Bluegrass Drive, Channahon, IL**

Commercial concrete contractors located in Melrose Park.

**Hill Mechanical Logistics, LLC - 150 N. Schuyler, Kankakee, IL 60901**

The company is part of The Hill Group, a large mechanical construction, design, service and operations organization, based in the Chicago area. Hill has been in business for 75 years. It's headquartered in Franklin Park.

**JL Sales & Manufacturing, Inc.** - 27734 West Bluegrass Drive, Channahon, IL

It is a subsidiary of Edwards Engineering also headquartered in Elk Grove, Illinois.

**Maron Procurement Company LLC** - 27734 West Bluegrass Drive, Channahon, IL

Headquartered in Skokie, the company is an affiliate of Maron Electric Company. Since 1916, the Maron Electric Company has become one of the leading electrical contractors and design/builders in the Midwest and nationally.

**VCNA Prairie Inc.** - 388 E. Court Street, Kankakee, IL 60901

Prairie Material owns and operates a network of ready-mix concrete plants and aggregate facilities in four Midwest states – Illinois, Indiana, Michigan and Wisconsin. Today, Prairie employs 1,800 professionals in nearly 100 locations in the four state area. Prairie's materials form the core of major structures throughout the Midwest, including Trump Tower Chicago, the Milwaukee Art Museum addition and the Indianapolis International Airport.

#### MEDICAL SERVICES

**Henry Schein Inc.** - 150 N. Schuyler, Kankakee, IL 60901

Henry Schein, Inc., a fortune 500 company and a member of the NASDAQ 100 Index It is the world's largest provider of health care products and services to medical, dental, and veterinary office-based practitioners.

**MedCal Sales LLC** - 388 E. Court Street, Kankakee, IL 60901

MedCal Sales LLC is a subsidiary of Medline Industries, Inc. the largest privately-held medical supplier in the U.S. Medline manufactures and distributes over 125,000 medical and surgical products to healthcare institutions and retail markets.

**PSS World Medical, Inc.** - 27754 West Blue Grass Drive, Channahon, IL 60410

PSS World Medical, Inc. is a leading national marketer and distributor of medical supplies and equipment to physicians, elder care and healthcare providers in the U.S. The company also operates the largest distributor of medical supplies to the long-term healthcare and elder care industry.

**VHS Chicago Market Procurement LLC** - 27734 West Bluegrass Drive, Channahon, IL

It is a company headquartered in Berwyn, Illinois that operates as a subsidiary of Vanguard Health Systems Inc., and acts as its procurement arm for facilities in the Chicago area operated by Vanguard including MacNeal Hospital, Weiss Memorial Hospital, Westlake Hospital and West Suburban Hospital.

#### UTILITIES

**Avalon Petroleum Company** - 200 E. Court Street Suite 720 Kankakee, IL 60901

Established in 1925, Avalon Petroleum Company has grown into one of the Midwest's largest independent petroleum distributors. Avalon has supply relationships with every major manufacturer, including BP Amoco, Shell, ExxonMobil, Marathon, and Citgo.

**Midwest Generation Procurement Services LLC** - 27734 West Bluegrass Drive, Channahon, IL

Midwest Generation (MWG) operates six electric power generating plants in Illinois.

**LSP-Kendall Energy, LLC - 150 N. Schuyler, Kankakee, IL 60901**

Dynegy Kendall Energy, LLC owns and operates power generation plants. The company was formerly known as LSP-Kendall Energy, LLC and changed its name in May, 2007. The company was incorporated in 1998 and is headquartered in Minooka, Illinois.

**MISC.****NCR Corporation - 27734 West Bluegrass Drive, Channahon, IL**

The global leader in assisted service- and self-service machines selling products and services: ATM machines, Retail and Restaurant Point of Sale

**The Reynolds & Reynolds Company - 27734 West Blugrass Drive, Channahon, IL**

Reynolds and Reynolds delivers the software, business forms and supplies, and professional services that support all areas of automotive retailing for car dealers and automakers.

**The Relizon Company d/b/a WorkflowOne LLC - 27734 West Blugrass Drive, Channahon, IL**

The company provides a wide range of products and services including business documents, electronic print and mail solutions, branded merchandise, label solutions, sales and marketing collateral, and distribution services.

As always, if you have any questions or concerns please contact me at the information below.

Jordan Matyas

Chief of Staff

Regional Transportation Authority

175 W. Jackson o Suite 1650 o Chicago, IL 60604

Office (312) 913-3142 o Cell (312) 968-9600

E-mail: [matyasi@rtachicago.org](mailto:matyasi@rtachicago.org)

*See below for detailed directions, by email/spam program, on how to add an email address to your contacts/address book:  
Microsoft Outlook Express® (version 6 or higher)*

1. Open the email.
2. Left-click the sender icon, or right click the sender's name.
3. Click Add to contacts.
4. Click Save and close.

*Microsoft Outlook® 2003 Users:*

1. Open the newsletter you received from us.
2. On the toolbar click on "Actions"
3. From the drop down menu select "Junk E-mail"
4. Select "Add sender to safe senders list"
5. A dialogue box will appear with the words "The sender of the selected message has been added to your safe senders list"
6. Click the "OK" button to confirm
7. Your email message will be automatically entered into your Outlook contacts list.

*AOL® Users:*

1. Open the newsletter you received from us.
2. Click on the "Add Address" icon.
3. The Reed Business Information email address is automatically populated in the name and email fields in the "Add Contact" dialogue box. Verify that the information is correct.
4. Click the Save button.
5. Your email message will be automatically entered into your AOL address book.

*Gmail® Users:*

1. Open the newsletter you received from us.
2. Click on the "More options" link next to the date.
3. Click on "Add sender to Contacts list" in the options below the Subject line.
4. Your email message will be automatically entered into your Gmail contacts list.

*Hotmail® Users:*

1. Open the newsletter you received from us.
2. Click "Save Address(es)" at the top of the message.
3. Our email address is automatically populated in the email field in the "Add to Address Book" page.

4. Your email message will be automatically entered into your Hotmail address book.

**Window Live® Mail Users:**

1. Click Options.
2. On the left side of the page, click Mail and junk e-mail, and then click Allowed and blocked senders.
3. Click Allowed senders.
4. Type our domain (FanFoc.us) and then click Add to List.

**Yahoo!® Users:**

1. Open the newsletter you received from us.
2. Click "Add to Address Book" link next to the icon on the far right.
3. Our email address is automatically populated in the email field in the "Add to Address Book" page. Verify the information is correct.
4. Click "Add to Address Book."
5. Your email message will be automatically entered into your Yahoo! address book.

**EarthLink® Users:**

1. Open the newsletter you received from us.
2. Click your mailbox's "Message" menu and choose "Add Senders" to your address book.
3. Your email message will be automatically entered into your EarthLink address book.

**Mozilla Thunderbird® Users:**

Add the From address into your Personal Address Book:

1. Click the Address Book button.
2. Make sure the Personal Address Book is highlighted.
3. Click the New Card button. This will launch a New Card window that has 3 tabs: Contact, Address & Other.
4. Under the Contact tab, copy and paste our "from" address into the Email dialog box.
5. Click OK.

**Norton AntiSpam**

1. Start up Norton AntiSpam
2. Click the Status & Settings tab
3. Click AntiSpam
4. Click Configure
5. Click Allowed List tab
6. Click Add button
7. In the 'Email Address' box, enter our email address
8. Click OK, Click OK

**McAfee Spamkiller**

1. Click the Friends tab
2. Click Email Address tab
3. Click the Down Arrow to view your Personal Friends List
4. Along the Right Side choose Add A Friend

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**Armbrust, Jeanette**

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**From:** Matyas, Jordan [MatyasJ@RTACHICAGO.ORG]  
**Sent:** Friday, August 23, 2013 2:39 PM  
**To:** 'Mayor Schielke, Batavia (jds518@aol.com)'; Schielke, Jeffery  
**Subject:** FW: companies

**Exhibit A**

1. Acer, Inc., as successor to Gateway, Inc.
2. Acuity Specialty Products, Inc.
3. AmerisourceBergen Drug Corp.
4. Anixter Procurement Corporation
5. Aramark Distribution Services, Inc., as successor in interest and formerly known as Linen Supply Services, Inc.
6. AT&T Network Procurement Management LLC
7. Auburn Supply Co.
8. Avalon Petroleum Company
9. Blue Marble Supply, LLC
10. Brook Electrical Supply Company d/b/a Brook Electrical Distribution Co.
11. Cabela's Retail IL, Inc.
12. Cairo Procurement Services, LLC
13. Cerami Concrete Construction Company, Inc.
14. Chi 3 Procurement
15. Cingular Supply II, LLC
16. Communications Supply Corporation
17. Compucom Systems, Inc.
18. Continental Airlines Fuel Purchasing Group, LLC
19. Dell Marketing, LP
20. Dynege Kendall Energy, LLC
21. DS Waters of America, Inc.
22. eTail Direct LLC, individually and as a subsidiary of DSW Shoe Warehouse, Inc.

23. Epsilon Trading, LLC
24. Forsythe Technology, Inc.
25. Forsythe Solutions Group, Inc.
26. Forsythe/McArthur Associates, Inc.
27. HCGI Hartford, formerly known as Hartford Computer Group, Inc.
28. Hewlett-Packard Company
29. Hewlett-Packard Financial Services Company, as successor to Compaq Financial Services Corporation
30. Hill Mechanical Logistics, LLC
31. Home Shopping Network
32. IBT Equipment Purchasing, LLC
33. IRP, LLC d/b/a Roundy's Supermarkets
34. ITC Sales and Procurement, LLC, a division of Target Corporation
35. JDM Infrastructure
36. JL Sales & Manufacturing, Inc.
37. JW Procurement, Inc.
38. Krez Group Purchasing Company LLC
39. Lands End
40. LaSalle Systems Leasing, Inc.
41. Lenovo (United States) Inc.
42. Lippert, Inc.
43. LSP-Kendall Energy, LLC
44. Manor Care Supply, LLC
45. Maron Procurement Company, LLC
46. Material Services Company Inc. d/b/a Material and Fuel Services Company
47. MedCal Sales LLC
48. Medline Industries
49. Medco Health Solutions, Inc.
50. Melrose Equipment Company, LLC

51. Midwest Generation Procurement Services LLC
52. NCR Corporation
53. NEPCO Power Procurement
54. Omnicare, Inc.
55. Owens & Minor Distribution, Inc.
56. Plass Appliance and Furniture, Inc.
57. Procure Pharmacy, LLC
58. The Relizon Company
59. The Reynolds and Reynolds Company
60. The Ryland Group, Inc. d/b/a Ryland Homes
61. Scurto Cement Purchasing Company LLC
62. Shaw Industries, Inc.
63. Southwest Jet Fuel Company, individually and as a subsidiary of Southwest Airlines Co.
64. Sears Procurement Services, Inc. d/b/a SPS, Inc.
65. Suntory Water Group, Inc
66. Tri-State Surgical West Corp.
67. Twin Med, LLC
68. US Oncology Corporate, Inc.
69. USCC Purchase, LLC
70. VCNA Prairie Inc.
71. Verizon Wireless Network Procurement, LP
72. VHS Chicago Market Procurement, LLC
73. Walsh Landscape Contractors, Inc.
74. WESCO Distribution, Inc.
75. Williams-Sonoma Stores, Inc.
76. WM. F. Meyer Company
77. Workflowone LLC

Jordan Matyas  
Chief of Staff  
Regional Transportation Authority  
175 W. Jackson o Suite 1650 o Chicago, IL 60604  
Office (312) 913-3142 o Cell (312) 968-9600  
E-mail: [matyasi@rtachicago.org](mailto:matyasi@rtachicago.org)

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G. Executive Director Stephen E. Schlickman, Received October 8,  
2013

Urban Transportation Center (MC 357)  
College of Urban Planning & Public Affairs  
412 South Peoria Street, Suite 340  
Chicago, Illinois 60607-7035

October 8, 2013

Hon. Anne Schneider, Secretary of the Illinois Department of Transportation  
Mr. George Ranney, President and CEO of Metropolis Strategies  
Co-Chairs  
Northeastern Illinois Public Transit Task Force

Dear Secretary Schneider & Mr. Ranney,

Having closely observed the creation of the Regional Transportation Authority in the mid-1970s, and having been directly involved in the reform of the RTA in 1983 and 2008, it is my strong belief that if there is an opportunity to improve the RTA structure now, the best action would be to create one regional transit agency with separate operating divisions for Chicago bus and rapid transit, suburban bus, ADA paratransit and commuter rail services. There are a number of factors supporting this approach.

First and foremost based on public and private business administration principles, one regional transit agency makes the most sense. Despite the region's political sub-boundaries of the City of Chicago, suburban Cook County, and the five collar counties, economically it works as one integrated expanse. Thus a fully integrated Chicago regional transit system under one agency should serve it. For the same reason, many of Chicago's transit peers are organized in that manner including Boston, Philadelphia, New York, Washington DC, and Atlanta. In fact a single regional transit agency is the predominate approach throughout most US metropolitan areas. Organizing in a different manner is to suit political interests not the best interest of mobility. The current four transit agency structure with four governing boards and 47 board members is just not a good business model.

The second case for one agency is the need for clear accountability. I have been involved in numerous transit controversies during my career, including working seven years each for the CTA, the City of Chicago, and the RTA. What is very apparent from that experience is that under the current organizational structure, it is often very hard to determine which transit agency should take the lead responsibility to achieve a solution. The complexities of the governance structures, service overlap, capital project planning and implementation, equities in the allocation of funding, etc., frequently results in two or more of the transit agencies pointing

October 8, 2013

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the finger of blame at each other. For example it has been debated as to why the region does not have we have a universal transit card. Anti-RTA advocates will say RTA failed to coordinate. RTA will say it doesn't have the power to coordinate. Metra, a universal card naysayer, is accused of putting its head in the sand. Metra will argue that technological and cost difficulties for its distance based fare structure are hard to overcome. The same critique could be leveled at other matters such as an unjustified expenditure of \$220 million on the incomplete Block 37 subway superstation, squabbles over the burgeoning cost of ADA paratransit service operated by Pace, the lack of coordinated purchases for major procurements such as fare collection equipment, and the ethical and criminal scandals at Metra. If we had one regional transit agency, it would be eminently clear who to hold accountable. In many cases, such a structure very likely would have prevented the failures, saved the taxpayers millions of dollars and provided better service.

Third, the current structure is preventing us from having the world class transit system that the region deserves. Our system is currently not world class in a number of ways. An obvious factor is that it is in serious state of disrepair with a backlog of over \$19 billion in unfunded facility and vehicular improvements. Some may say this is not an issue of organizational structure, but rather a funding issue. However, the management of this very serious shortcoming is hamstrung by political funding allocation deals that were made in the 1980s. It is organizationally and politically impossible to deploy existing infrastructure resources in the most effective manner for the riders. Lack of coordination in services is another factor. There have been significant instances where one service board has failed to coordinate with another service board about major service changes, which has resulted in disruptions for the riders, redoing logistical plans that were botched, and wasteful duplicative service. This is not how one runs a world class regional transit system.

Under the current structure, proposals to weaken or do away with the RTA are non-starters. In 1974, the RTA was created to provide a regional tax scheme to stabilize the finances of the multitude of transit operators including the CTA. At that time and since, suburban tax revenue has gone to the CTA to support its operations. There is no way that would have happened without an RTA overseeing the CTA to ensure regional tax revenue was being well spent. The proposal to merge RTA into the Chicago Metropolitan Agency for Planning (CMAP) will not simplify the organizational structure and may in fact complicate CMAP's primary mission to be an effective general planning agency for the region.

A political counter to the one agency approach is that the Mayor of the City of Chicago would lose control of the CTA. I think this concern can be mitigated to a significant degree by retaining the RTA Board of Directors' supermajority voting requirement. Since 1983, a group of five RTA board members voting in unison can effectively veto all major actions of the RTA Board

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of Directors. The Mayor's five appointments to the RTA Board have used this quite well in protecting the City of Chicago's interests. Since 2008, there is an equal balance of five members from Suburban Cook County and another five from the Collar Counties, giving each of these regional subgroups the veto option as well. Under a one agency approach, the supermajority voting requirement should be retained. This ensures a level playing field for the major sub-regional interests.

In summary, I strongly recommend a regional transit organizational structure where there is one board of directors and one chief executive officer, to whom the heads of each of the operating divisions for Chicago, suburban bus, ADA paratransit and commuter rail would report, with clear and direct lines of authority and responsibility. This would provide the best integration of services; the elimination of administrative duplication; additional spin-off cost efficiencies that are desperately needed; clear accountability for achieving, or failing to achieve, priority goals and objectives; and the best allocation of scarce resources.

Three separate times, the State has tried to create or reform the RTA to make a multi-agency structure work. The next evolution is to merge them all into one agency.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Stephen E. Schlickman". The signature is fluid and cursive, with a long horizontal line extending to the right.

Stephen E. Schlickman  
Executive Director

cc: Ashish Sen, Chair of the Governance Working Group  
Marsha Campos, Chief Operating Officer for IDOT  
Joseph Shacter, Director of the Division of Public and Intermodal Transportation, IDOT  
Frank Beal, Executive Director, Metropolis Strategies

H. County Executives letter, Received October 29, 2013



October 29, 2013

Dear Secretary Schneider and Chairman Ranney:

Mass transit is a critically important issue for the taxpayers and transit riders of Cook and the Collar Counties. We appreciate the creation of the Northeastern Illinois Public Transit Task Force, and on behalf of the six counties that represent two-thirds of the state's population, we would like to share with you our vision for mass transit reform that benefits the entire region.

We stand ready to assist the task force in accomplishing our shared goals of operating an accountable, efficient, and equitable mass transit system that serves all residents of Northeastern Illinois. In particular, we respectfully ask that the Task Force schedule a hearing to allow us to formally join your dialogue and share the perspective of those taxpayers we represent who actually fund the system you are charged with reviewing. We ask that this occur before any final action is taken by the Task Force.

We trust the Governor's Task Force will issue strong recommendations designed to restore public confidence in the mass transit agencies that service Northeastern Illinois. We respectfully request that any mass transit reform package offered as part of the Task Force's final report include the following guiding principles and proposals:

## **Ethics**

- One clear and transparent ethics standard to which the Regional Transportation Authority (RTA), Chicago Transit Authority (CTA), Metra, and Pace are all held to ensure public confidence and trust in those making decisions affecting our mass transit system. There should be no deviation or the appearance of different standards based upon the board on which an appointee serves.

## **Expanded Oversight**

- While the RTA's statutory duties are numerous, the Illinois General Assembly needs to provide the enforcement mechanisms necessary for the RTA to more effectively discharge the responsibilities assigned to the agency per state statute.
- By strengthening the RTA's financial oversight authority, the Illinois General Assembly would better equip the RTA to deliver true regional coordination and accountability in line with the intent of the 2008 reform legislation that declared the



“powers and duties of the RTA” needed to “be enhanced to improve overall planning and coordination, to achieve an integrated and efficient regional transit system, to advance the mobility of transit users, and to increase financial transparency of the RTA and Service Boards.”

- Greater financial and audit controls would provide the RTA with the tools necessary to address specific issues, thus avoiding the “nuclear option” of either approving or denying funding to an agency that risks the potential shutdown of the transit system. This annual brinkmanship does not serve the region, our riders or the taxpayers.
- The local appointing authorities need the ability to remove an appointee from a service board for cause to ensure appropriate representation of the residents we serve.

## Board Membership

- A revised governance structure that is not based on outdated information or tradition, but rather a structure that accurately represents current population and revenue sources.
- Regional cooperation, compromise, and discussion must be retained as part of any governance structure by requiring a supermajority vote for approval of all major actions, including approval of the annual budget, distribution of discretionary transit dollars to our service boards and other related issues as is currently required.

## Funding Allocation

- A fair, equitable, and consistent allocation of funding throughout the public transit system. While sales tax revenue is distributed through a set funding formula, funding from the RTA discretionary fund does not follow a formula. Moving forward, the present allocation of discretionary funds and any growth should be distributed through a funding formula.

## Consolidation

- We understand there are competing proposals that address potential mergers and consolidations. One such proposal is Senate Bill 1594 which recommends merging the RTA with the Chicago Metropolitan Agency for Planning (CMAP). We believe



this legislation is not the right approach to remedy our mass transit issues. Consolidation should not be considered for the sake of consolidation, but to strengthen and centralize expertise and operations. While we are open to the concept of merging transit planning functions into a single agency, we believe the senate bill does not address enhancing fiscal and audit oversight tools. The importance of maintaining a world class mass transit system would be diluted and marginalized if added to an already full plate of other equally important responsibilities at CMAP.

- Should the Task Force conclude that consolidation is necessary in order to reform our mass transit system, we would urge you to consider a proposal that follows a governance structure similar to the MTA in New York. Under this model, each mode of public transit (rail, bus, ferry) is a separate department under the governance and responsibility of one transit agency. Such a structure could eliminate the three boards currently governing the CTA, Pace and Metra. Again, any such structure would need to adhere to the previously expressed principle that regional consensus be attained through a balanced super majority voting structure.

We believe these guiding principles can serve as the lens through which your Task Force looks to reform and strengthen our mass transit system. We stand ready to assist you in your work and look forward to presenting our initiatives to the members of the Task Force.

Sincerely,

Toni Preckwinkle  
President  
Cook County Board

Dan Cronin  
Chairman  
DuPage County Board

Chris Lauzen  
Chairman  
Kane County Board

Aaron Lawlor  
Chairman  
Lake County Board

Tina Hill  
Chairman  
McHenry County Board

Larry Walsh  
Executive  
Will County

I. Email from William Coulson, Received December 6, 2013

-----Original Message-----

From: Bill Coulson [mailto:wrc@gcjustice.com]

Sent: Friday, December 06, 2013 5:54 PM

To: Fitzgerald, Patrick (CHI)

Cc: wrc@gcjustice.com

Subject: Public Transit Task Force: Comments by RTA Board member William R. Coulson

Dear Pat:

I've served on the RTA Board since 2007, by appointment of the Cook County Board members. Viewing this experience and recent controversies through the lens of a former longtime AUSA in Chicago, I offer these observations which may be useful to your work on the Public Transit Task Force. I have also attached the public report I drafted for the RTA Board on the recent Alex Clifford events, which include possible standards for conduct going forward.

There are three fundamental ways to structure the transit bureaucracies in Chicagoland: (a) the status quo; (b) three independent transit boards with no oversight; and (c) one all-powerful transit agency with elimination of the present Service Boards - CTA, Metra, and Pace.

(a): The problem with the status quo is that the RTA has never been given the supervisory powers needed; RTA is deemed to have the responsibility to prevent problems, without the authority to do so effectively. We can disapprove of a Service Board's annual budget, but the statutory effect is to shut down the system's financing. RTA can request, mediate, cajole, and persuade the Service Boards to cooperate for the regional good, and has celebrated some successes here. RTA does perform many regional functions that cut across service board lines, such as regional planning, grants, ADA certifications, the customer call center, etc. RTA is the only available day-to-day transit oversight agency, and has performed needed public services recently in publicly disclosing, auditing, and investigating the facts of the Clifford- Metra matter, and auditing the CTA's problems with its new Ventra farecard system. Some properly structured oversight, with checks and balances over the Service Boards, will always be needed.

The CTA pre-existed the RTA, and CTA has its own 1950s-era enabling statutes. Consistent with this history, every Chicago Mayor in my lifetime has resented and resisted any RTA oversight or criticism. This has been reflected by the Mayor's five appointees to the RTA Board, who often vote as a unit to protect the interests of the CTA rather than the interests of the six-county RTA region. A supermajority vote (12 of the 16 RTA Board members) is required to approve most budget items. So the supermajority requirement has embraced gridlock rather than compromise, unfortunately. The non-Chicago RTA Board members are named by differing appointing authorities and thus do not regularly vote as such a bloc.

And the RTA and its Board simply lacks the line-item budget supervision needed to prevent duplication of efforts by the Service Boards in areas such as lobbying costs, marketing, public relations, and purchasing.

(b): In my opinion, having three autonomous Service Boards with no RTA-type oversight is the worst option. The Service Boards would compete for resources and riders, without the need for any regional perspective and planning.

(c): One all-powerful transit agency and the elimination of the Service Boards as separate entities is another option. Most modern urban transit systems are structured this way. Plenary power would reside with this agency, whose Board would rule by simple majority vote. The

Board-appointing authority could still be divided among different elected officials to provide regional balance and independence. Each Board members should be required to take an oath affirming the duty to the six-county region and not to his or her appointing authority. Minimum qualifications could be set for Board members, but finance, business, law, and similar non-transit experience should also be valued. The workload of such a new agency's Board would be substantially increased, so some compensation should be offered. Transit is too important to leave to well-meaning amateur volunteers.

The public deserves qualified, dedicated, and honest transit Board members who supervise the system for the regional greater good. In a democracy, politics will always play a role in transit planning, but I think it is your charge (and mine) to see that final decisions are based on the merits and on regional need.

Thanks for taking the time to consider these thoughts.

William R. Coulson, Member, RTA Board

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Further information about the firm, a list of the Partners and their professional qualifications will be provided upon request.

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By: William R. Coulson

Member, Board of Directors of the Regional Transportation Authority, Chicago.  
Former Assistant U.S. Attorney and Supervisor, Chicago and Denver; now a commercial litigator in private practice in Chicago.

**Subject:** RTA Audit Report: A Forensic Analysis of Mr. Clifford's Claims against Metra

Alex Clifford was hired as Metra's Executive Director for a three-year term commencing February 11, 2011. His base salary was \$252,500, with possible 3% raises each year. If he were to be discharged by the Metra Board for cause, he would receive no separation payment. 'Cause' is defined in the Employment Agreement to include acts of moral turpitude, dishonesty, and material violations of Metra's governing statutes and regulations. If Clifford were to be discharged without 'cause', he would be entitled to his remaining salary for the three-year term plus six months additional salary.

Effective June 21, 2013, pursuant to a written Separation Agreement with the Metra Board, Mr. Clifford left Metra. The Separation Agreement included the following payments to Mr. Clifford: \$75,000 for his attorneys fees (Metra has stated that his actual attorneys fees at that time exceeded \$100,000); up to \$75,000 for any actually incurred moving costs; his salary through February 11, 2014; his salary for six months thereafter; and for one year after that any differential between his Metra salary and any lesser salary he might receive from any new employment elsewhere. Metra has put the maximum potential payout to Mr. Clifford at \$718,000, the numbers suggest it is closer to \$871,000. The Separation Agreement also provided for mutual releases of all legal claims between Mr. Clifford and Metra (and Metra's Board members), which would include Mr. Clifford's threatened 'whistleblower' lawsuit against Metra and its Board. The Agreement limited the parties from making any public statements about the "terms or any other circumstances relating to the negotiation of this Agreement" ("Mutual Confidentiality"). Excepted from this confidentiality is testimony or statements made before public investigatory, legislative, and oversight bodies. The Metra Board voted 9-1 to approve the Agreement, with Director Huggins voting 'present'. Director Schaffer voted 'no'. Director Schaffer subsequently called the payments "hush money".

During the negotiations, and after the signing of the Separation Agreement, Metra made related expenditures for items such as legal fees and public relations services.

Pursuant to the RTA's audit responsibilities, RTA has conducted an inquiry into whether the Separation Agreement and related expenditures have been 'fiscally prudent'. As part of this audit function, RTA seeks for all relevant facts to be made public, and to explore possible guidelines going forward to prevent future such controversies.

Metra has conceded that it did not discharge Mr. Clifford for cause, nor did Metra have grounds to do so. If Metra discharged Mr. Clifford without 'cause' (i.e., for policy or management disagreements), Mr. Clifford would have been entitled to his salary from June 21, 2013 through February 10, 2014, plus six months salary: approximately \$250,000. The actual cost to Metra under the Agreement depends on two contingencies:

Mr. Clifford's actual moving expenses (up to the cap of \$75,000) and whether or not (and at what salary) Mr. Clifford gets another job. While the maximum payout is \$871,000, the minimum could be as low as \$325,000 (\$75,000 legal fees plus the approximately \$250,000 salary to February 10, 2014 and six months thereafter). At the time of the Separation Agreement Metra had an 'Employment Practices' liability insurance policy with coverage up to \$10 million, with a deductible of \$150,000.

Any judgment as to the fiscal prudence of the Separation Agreement necessarily includes an analysis of the strength of Mr. Clifford's legal claims against Metra and its Board Members, and Metra's potential costs and liability. The Agreement released these claims, and legal releases have a monetary value. A claim assessment requires some examination of the underlying facts adduced to date from the public testimony and statements of the principals. Such a factual recitation will also be useful in crafting guidelines or regulations to avoid such a controversy in the future.

This report does not seek or need to make credibility judgments - that would ultimately have been a function of the judge or jury hearing the claim. Where reasonable inferences can be drawn from undisputed facts, however, a fact-finder likely would draw such inferences. The strengths and weaknesses of the claims can be assessed based on an analysis of what evidence the fact-finder surely would have heard. No one, of course, can predict accurately the ultimate outcome of any lawsuit. But the stronger Mr. Clifford's claims are, then a larger payment for the release would be justified. The weaker the claims are, then only a smaller payment would be justified for the releases. The value of these releases thus rests on attorneys' analyses, plus the Metra Board's cost-benefit analysis of the costs of litigating, versus the costs of the release. In addition to this pure cost-benefit analysis of the Separation Agreement, if conduct of Metra Board Members or staff was tortious and created Mr. Clifford's claims, then that conduct must be analyzed for its fiscal imprudence.

The statements underlying this report are taken from the public testimony before the RTA Board, from public statements quoted in the media, and from the documents made available to RTA. A complete investigation by an outside agency with subpoena power

could also compel third parties to testify and produce documents. That process is beyond the scope of the RTA's powers and capacity. The relevant statements made to date by the principals are sufficient, however, to permit this broad analysis of the potential value of Mr. Clifford's claims against Metra, and of the conduct of Metra officials which gave rise to those claims.

Mr. Clifford stated that in March of 2012, through intermediaries, Illinois House Speaker Michael J. Madigan asked that Metra give a salary raise to Patrick Ward, a Metra employee and former Madigan staffer. At the time of this request, salaries were frozen at Metra. Mr. Clifford also stated that Speaker Madigan asked that another individual be hired by Metra. Speaker Madigan's office has admitted requesting the pay raise. As to the hiring request, the Speaker's office merely said that they "had no record of it". Mr. Clifford rejected these requests; he characterized them as inappropriate "ethical flaws". Metra Director and then Acting Board Chairman Larry Huggins later, in September, reiterated that the Speaker wanted the raise to be granted, and that Huggins told Clifford that the request should be granted. The men argued. Director Huggins admitted that he did speak to Clifford about the Madigan requests. Mr. Clifford then met with Mr. Ward, who said that he (Ward) had raised money for the Speaker's campaign funds. Mr. Clifford told Ward that the request was inappropriate. Shortly thereafter, Mr. Ward was given a higher-paying job with a state agency. It is undisputed that at the time Mr. Clifford reported and discussed these requests with at least three Metra Board members: Schaffer, Huggins and O'Halloran. Mr. Clifford viewed the matters as closed. He said he had no reason to report these requests to any outside agency because, in his view, there was nothing wrong as long as Clifford denied the inappropriate requests.

Also in March of 2012, Mr. Clifford stated that he, Acting Board Chair Huggins, and Sam Smith from Metra's Government Affairs office met in Springfield with members of the Latino Caucus. Rep. Louis Arroyo asked him if he would consider hiring as a deputy someone the caucus sent to him. Mr. Clifford replied that all applications would have to come to Metra "through the front door".

One of the Representatives present was later quoted in the media as stating that "we never liked him (Clifford) after that." Two other State legislators made inquiries of Clifford about specific problems their relatives, who work for Metra, were having. there. Mr. Clifford told them that he could not appropriately discuss such personnel matters. Director Huggins confirmed that the meeting took place and that this request was made. Huggins told Clifford that Huggins "had no problems" with these legislative requests. Thus the requests and Mr. Clifford's denial of them were made known at the time at least to the Metra Board Chair – Mr. Huggins. Clifford stated that he also informed several other Board members, who supported his denial of this request. Again, Mr. Clifford saw no reason at that time to report these requests to any outside agency, because nothing had happened – he had rejected the requests. It is worth noting that a Chicago jury or judge could well infer that this request to "consider" hiring someone the caucus sent over, in fact was more of a command than a request. Supporting this inference is the fact that the caucus subsequently sent over no resumes or recommendations for the open position to be "considered" for hiring.

Also in the Spring of 2012, the Metra staff, after an open and competitive bidding process, recommended that the Metra Board approve IHC's lowest \$93 million bid to construct the "Englewood Flyer" rail grade separation project on the south side of Chicago. IHC's bid had satisfied the federal and state DBE requirements with a 25% DBE participation. Acting Board Chair Huggins withheld the Board vote on this contract, at the request of south side Congressmen who desired that the project provide more jobs for area residents. Mr. Clifford told Huggins that the bid could not be altered after-the-fact (presumably the Metra Board could have rejected the contract, and then re-bid it). Mr. Clifford sought and obtained a May 22, 2012 written opinion from Metra's counsel which supported Clifford's position. Mr. Huggins objected, and he then negotiated with the Congressmen a 'memo-of-understanding' with IHC which changed the DBE provisions of the bid. Mr. Huggins also told Clifford to write a \$50,000 Metra check to an entity to be identified by one of the Congressmen's staffs, to 'monitor' the new DBE provisions. Mr. Clifford declined to write such a check, even though he had the authority to do so. Instead he wrote up Director Huggins' proposal and prepared to submit it to the Metra Board for approval or rejection. Director Huggins told Clifford to remove Huggins' name and the Congressman's name and present the matter as a Metra staff recommendation. Mr. Clifford declined to do so. Mr. Huggins did not materially dispute Clifford's account. Huggins stated to the RTA Board, that "I was wrong on the law, but right morally." It is also undisputed that Mr. Clifford at the time discussed this episode with Board members. Again, he saw no reason to report the incident to any outside agency, because he had rejected the proposal. Changing the bid exposed Metra and IHC to a potential lawsuit by any unsuccessful bidder. The Metra Board approved the IHC contract on July 16, 2012.

Mr. Clifford stated that, after the Englewood Flyer dispute, Mr. O'Halloran wanted the Metra Counsel demoted, and the Metra procurement officer fired. Mr. Clifford declined to do either. Mr. O'Halloran admitted that he characterized the Counsel as "incompetent" and wanted her demoted.

Mr. Clifford also complained about what he views as Board interference with his statutory prerogatives as Metra CEO. This allegation does not appear to implicate significant whistleblower concerns, however. Under the RTA Act, the Metra Board oversees Metra and its CEO. The Board has broad authority to inject itself into any particular aspect of Metra operations it wishes. This authority, however, is that of the Board, and not of any one Metra Director, even the Chairman.

In November of 2012 Director O'Halloran became Metra Board Chairperson. In the Spring of 2013 the Metra Board began the process of evaluating Mr. Clifford for a salary adjustment and for renewal of his three-year employment contract. Mr. Clifford's job performance to that date had been entirely satisfactory. Around this time Mr. Clifford discerned that he was to be punished and/or not renewed for saying 'no' to the various 'requests' from elected officials. Clifford stated that Mr. O'Halloran told him that he would have to meet with Speaker Madigan to determine "how much damage" Clifford has done. O'Halloran denied making this statement: "we categorically deny everything Clifford alleges", and he further derided Clifford's accusations as "a whole lot of hooey". Mr. Clifford's performance review was to be conducted by a 3-person committee; two of whose members were to be O'Halloran and Huggins. Clifford retained private counsel at his own expense. In a March 12, 2013 email, and in more detail in an

April 3, 2013 letter, Mr. Clifford detailed the contentious interactions with O'Halloran and Huggins over the requests from elected officials which Clifford had rebuffed. An April 3 letter from Clifford's lawyer outlined the "whistleblower" claims that Clifford had against Metra for the alleged retaliation by O'Halloran and Huggins based on Clifford's refusal to do improper things for the public officials. No accusations were made by Clifford against the other Metra Board members. Metra reported Clifford's allegations to the OEIG (Executive Inspector General). Metra then hired outside counsel and a public relations firm and negotiated the Separation Agreement with Clifford. The parties hired a private mediator – a former Circuit Court Judge – who recommended the agreement largely as executed in June.

Upon Mr. Clifford's negotiated resignation under the Agreement, Mr. O'Halloran issued a public statement which concluded that Metra needed to "move in a different direction towards a new consensus in Washington and in Springfield".

A judge or a jury would have had to decide whether Mr. Clifford's whistleblower claims were "more probable than not". Just from the undisputed facts alone, a reasonable jury could well infer that Clifford's refusal to cater to the elected officials was at least a 'contributing cause' of his demise at the hands of O'Halloran and Huggins. There may well have also been policy and performance disagreements, but the improper whistleblower retaliation needs only to be a 'contributing cause' of his firing. Moreover, a judge or jury could credit Mr. Clifford's credibility over that of Mr. O'Halloran and Mr. Huggins. These considerations elevate the substantiality of Clifford's claims.

Metra's penchant for secrecy undermines its position. Mr. O'Halloran stated at a Union League Club press conference on July 9, 2013, that he was not mentioned in Clifford's April 3 letter. Metra declined to produce this letter until the Illinois Legislative Committee threatened to subpoena it. Then Metra produced a redacted version of the April 3 letter which omitted opinions of Metra Counsel which supported Clifford's stance. Mr. O'Halloran in fact was mentioned by name in the letter over a dozen times. At Mr. O'Halloran's July 10 appearance before the RTA Board, he did not mention the Speaker Madigan allegation at all, and did not disclose Clifford's April 3 letter. Metra has continued to withhold documents, and negative inferences can be drawn from such conduct. Metra paid \$52,000 in public money for an investigation by a former Springfield US Attorney, and Mr. O'Halloran testified that this investigator found "no legal violations" and "nothing of substance". But Metra has refused to make this report and its work product available, so we do not know what this investigation consisted of, what interviews were conducted, and what, if any, conclusions were actually reached. Mr. O'Halloran also testified to the RTA Board that he had appointed Orland Park Police Chief and former US Secret Service Agent Tim McCarthy to head a Metra study of security issues at Metra. But Chief McCarthy has stated that well before the RTA hearing, he had turned down O'Halloran's offer to head the study. Mr. O'Halloran also used his Board position to place Wintrust Bank on the list for future business, even though he sat on the board of a Wintrust subsidiary. These incidents would undermine O'Halloran's basic claim that there were only policy differences with Clifford that led to his difficulties. Mr. O'Halloran was also receiving a salary from the Village of Orland Park as a Trustee, while serving on the Metra Board, in violation of the RTA Act. Director O'Halloran resigned from the Metra Board on August 1, 2013; Director Huggins resigned on August 2, 2013.

Metra would have a harder time impugning Mr. Clifford's credibility. First, Metra hired Mr. Clifford as its CEO after a nationwide search. After the Pagano scandal at Metra, Clifford was hailed by Metra as a reformer whose outsider status and integrity would reform the agency. It is difficult at a trial to attack a person's credibility when the attacker has so recently vouched for the person's integrity at a very high level. Moreover, Metra's attitude about Clifford seemed to change dramatically at about the time of these events involving public officials' requests. Metra conceded that after his first year "things seemed to be going along very well", and that "up to a certain point", Mr. Clifford had good relations with the Metra Board. Things changed later in 2012, and a jury would wonder why. Mr. O'Halloran's claims that there were only fatal operational and oversight disagreements with Clifford is not supported by the four 2013 letters of recommendation of Clifford written by four Metra Board members. According to these letters, Mr. Clifford is 'hardworking, driven, goal oriented and ethical'; 'an agent of change, accomplishing much'; and a man who has 'great focus' and whose 'progressive leadership resulted in stability' for Metra.

Metra has tacitly conceded that Clifford's evidence and claims were substantial. Its counsel admitted that his lawsuit would have survived a motion to dismiss and would have required '30-40 depositions'. Of course, such a lawsuit would also have been expensive for Mr. Clifford to maintain, unless he had a lawyer working for a contingent fee percentage of any recovery. Again, one cannot predict the outcome to such a suit. But Metra could well have lost the threatened lawsuit. And it would have been very costly to defend regardless of its ultimate outcome. Moreover, the threatened lawsuit must have looked very embarrassing to Metra and to its Board leaders O'Halloran and Huggins. Certainly Metra's estimates of Metra's cost to defend the lawsuit - \$1,000,000 and up, plus a potential judgment which would include Mr. Clifford's attorneys fees - are not exaggerated. Those estimates put the actual settlement payment of from \$325,000 up to \$871,000, in perspective. However, Metra owned an 'Employment Practices' liability insurance policy at the time. Metra had paid \$98,000 for this coverage. Metra's policy had a \$150,000 deductible and a \$10 million cap. Thus the threatened Clifford lawsuit would have cost Metra only \$150,000 out-of-pocket; not \$1 or \$2 million. There is no evidence that this insurance coverage was disclosed to or discussed by the Metra Board in its deliberations over the settlement. Metra is correct, however, in pointing out that such a high-profile lawsuit would have cost many hours of Metra employees' time and would have taken an immeasurable toll on Metra morale and on Metra's public image. Ironically, both have badly suffered anyway as a result of this controversy. So the Metra Board had a difficult judgment call to make.

The Metra Board had three alternatives. It could have fired Clifford, without cause, based on policy or governance disagreements (Metra conceded that it did not have 'cause' to fire Mr. Clifford), paid him about \$250,000 of salary plus the six months, and have him sue Metra. Or the Board could have just let Mr. Clifford serve out the remaining seven months of his contract for about \$150,000, and have him sue Metra. With its liability insurance, Metra's exposure to a lawsuit was limited to \$150,000. Or the Board could try to resolve the entire dispute then. On a pure cost-benefit basis, the Metra Directors operated within their business judgment discretion and chose to approve the settlement. No facts or evidence suggest any impropriety by the other nine Metra Directors in taking this option. They used their discretion and made a decision, based

on the legal advice they were given. These were the choices the Board faced. The settlement ended Mr. Clifford's tenure, and avoided a difficult lawsuit. One can agree or disagree with their choice, and one can argue about the numbers and the risks, but the Board made a judgment call which was within its authority and discretion. The amount to be paid for this resolution – to be between about \$325,000 up to \$871,000 – is not grossly out of line for this type of settlement, which included Clifford's resignation.

But that is not the end of the inquiry into the "fiscal prudence" of this whole affair. Metra has spent over another \$340,000 on attorneys, investigators, and public relations in response to the Clifford allegations. And the fact remains that the conduct of two leading Metra Board members – Mr. O'Halloran and Mr. Huggins – created the substantial legal claims for which Metra has expended great sums of public moneys. Moreover, the settlement demanded secrecy. Had there not been third-party investigations opened by the RTA and by the State Legislative Committee, the underlying facts and conduct would never have surfaced. These aspects of the controversy deserve scrutiny.

Should there ever be secrecy in these situations? Illinois law presently excepts certain personnel matters from the Open Meetings requirements and from FOIA disclosure. Should Mr. Clifford have made his April 3, 2013 letter to Metra public? Should Metra have made it public? The allegations implicated certain public officials not in illegal actions, but in arguably inappropriate actions. And the alleged retaliation against Mr. Clifford for 'just saying no' to the public officials would be tortious and unlawful. Going forward, standards are needed for the handling and the disclosure, if any, of such allegations. If secrecy arrangements are designed to shield public officials from embarrassment, criticism or scrutiny, then they should be improper. Worse, Metra here has spent large sums to try to keep the facts secret – from asserting privileges to withholding documents to hiring a public relations firm to control damage. Sunshine is the best disinfectant, and public disclosure should be the rule, not the exception. Secrecy here was not 'fiscally prudent'.

Should Metra have spent another \$340,000 in public moneys on 'damage control' after the Separation Agreement? Most, if not all, of these subsequent expenditures were made without express Board approval. Mr. O'Halloran, who was one of the two central objects of the underlying accusations, should have recused himself not only from the vote on the settlement but from all subsequent actions and expenditures. Instead, he appears to have taken a leading role in the subsequent events, and made most of the public statements on Metra's behalf. The various counsel attempting to simultaneously represent the interests of Metra, the Metra Board, as well as Mr. O'Halloran and Mr. Huggins, faced real and potential conflicts as a result of this activism. The fact that Metra had insurance coverage which would have significantly limited its litigation exposure should have disclosed to the Board and to the public. Hiding and spinning facts is not a value function for any public body. These 'damage control' expenditures were not 'fiscally prudent'.

How should RTA and the Service Boards deal with inappropriate requests from elected officials? What is an 'inappropriate' request and what is a reasonable request? The RTA act expressly states that in employment there shall be no "discrimination based upon political reasons or factors" 70 ILCS 3615/2.02d. The Act also requires Metra to 'establish regulations to

insure' that 'hiring and promotions are based on merit'. Id. The Illinois Employees Ethics Act prohibits "any additional compensation or employee benefit" in consideration of certain political activity, including fundraising. 5 ILCS 430/5-15d. The Shakman ruling and its progeny in Illinois condemn political hiring and firing. The Office of the Cook County Assessor was recently ordered to pay \$500,000 in fines for unlawful political firings. There are federal and state laws and regulations governing the award of public contracts. These longstanding requirements cannot be waived at the whim of any Board member or employee. They were in effect when Mr. O'Halloran and Mr. Huggins dealt with these issues. And the 'whistleblower' protections and caselaw protect from retaliation one who declines to violate any state or federal law, rule, or regulation. 740 ILCS 174/1-35. Indeed, after the fact, Mr. O'Halloran told the RTA Board that he was committed to merit hiring, pay, and promotions, and to strict compliance with all contracting regulations. He stated that transit officials should 'just say no' to requests which violate these precepts. So the standards which must apply are not in dispute and are well-known. But transit officials should also support personnel who 'just say no'. Under these accepted standards, clearly the actions of Directors O'Halloran and Huggins subjected Metra to potential significant civil liability – these acts were certainly not 'fiscally prudent'.

There need to be guidelines to deal with such requests. Any non-written request from an elected official that deals with a specific employee, salary, or contract should perhaps be noted in writing and made available for public inspection. That might deter improper requests, while protecting legitimate requests. Elected officials certainly have the right and the obligation to make inquiries, to discuss policy with transit officials, and even to submit written recommendations for job applicants they may know. But especially when those elected officials control the agency's budget and enabling legislation, and the request is specific, there is no substitute for a public record. So the system needs guidelines for the future, so both the hardworking transit officials and the concerned elected officials can proceed with their work honorably and in the public interest.

WILLIAM R COULSON  
Member, Board of Directors, RTA

August 19, 2013

- J. Executive Director Joseph Costello Letter (RTA), Received January 7, 2014

December 30, 2013



**Regional  
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175 W. Jackson Blvd,  
Suite 1650  
Chicago, IL 60604  
312-913-3200  
[rtachicago.org](http://rtachicago.org)

Secretary Ann Schneider  
Co-Chair Northeastern Illinois Public Transit Task Force  
2300 South Dirksen Pkwy  
Springfield, IL 62764

George Ranney  
Co-Chair Northeastern Illinois Public Transit Task Force  
30 West Monroe Street  
Chicago, IL 60603

Dear Co-Chairs Schneider & Ranney:

On behalf of the RTA and the Service Boards (CTA, Metra and Pace), we are in receipt of your most recent request for information and documents dated December 24, 2013. We also received your response to our letter dated December 15<sup>th</sup> in which you request that we provide the NEIL Task Force with a response to the Task Force's initial December 6<sup>th</sup> request by January 2, 2014.

As we previously noted, due to the broad scope of questions posed in your initial December 6<sup>th</sup> request as well as the numerous end of the year statutory requirements facing the RTA and Service Boards, it will be difficult for us to comply by the January 2 deadline. Nevertheless, the RTA and the Service Boards are in the process of preparing responses to the December 6<sup>th</sup> request, and we will begin to review and gather information on this most recent request shortly.

Also, as some of our agencies would like additional time so that their board of directors can review the documents to be provided to the Task Force, we should have responses prepared to both requests by January 17<sup>th</sup>.

Please let me know if you have any additional questions.

Best Regards,

Joseph Costello  
Executive Director

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K. Executive Director Joseph Costello Letter (RTA), Received  
January 30, 2014

January 30, 2014

Ms. Ann Schneider  
 Illinois Transportation Secretary  
 Co-Chair, Northeastern Illinois Public Transit Task Force  
 2300 South Dirksen Parkway  
 Springfield, Illinois 62764

Mr. George Ranney, Jr.  
 Chief Executive Officer, Metropolis Strategies  
 Co-Chair, Northeastern Illinois Public Transit Task Force  
 30 West Monroe Street  
 Chicago, Illinois 60603

**Re: Technical Memorandum Prepared for the Northeastern Illinois Public Transit Task Force**

Dear Secretary Schneider and Mr. Ranney:

The RTA has reviewed the Technical Memorandum (“the memo”) prepared by Delcan for the Northeastern Illinois (NEIL) Public Transit Task Force (“the Task Force”) dated January 13, 2014.

The memo provides insightful statistics and rubrics that can be used to understand the impact, efficiency, and cost-effectiveness of the NEIL transit system. It also includes interesting ideas from other regions and sectors. The discussions regarding ridership trends and comparisons would have been more helpful if they had included context discussions, such as the factors (e.g. changes in demographics, land-use patterns, transit service offered, and funding) that may have contributed to ridership changes over time. Still, the report identifies several themes that would benefit from more detailed consideration by the task force, including several that the RTA is actively exploring:

- **Developing a governance structure that lawmakers and the public are confident can deliver efficient, reliable public transit services:** The report describes the complexities and weaknesses of the system in place today and highlights some possible alternatives. The RTA recognizes that the current structure was designed to keep a balance of power that should naturally result in some constructive conflict as budgetary decisions are made. That said, the RTA and the Service Boards continue to work toward cooperative decision-making and improved transparency. Regardless of whether a major reorganization is undertaken, we need to **collectively foster regional thinking among our boards, raise ethical expectations for our leaders, and clearly delineate responsibilities to streamline decision-making.**



**Regional  
 Transportation  
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175 W. Jackson Blvd,  
 Suite 1650  
 Chicago, IL 60604  
 312-913-3200  
[rtachicago.org](http://rtachicago.org)

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Joseph G. Costello  
 Executive Director



- **Pursuing fiscal stability through new revenue and improved operational efficiency.** The report indicates that the NEIL region has historically underinvested in its transit system relative to peers. It underscores the need for stable operating and capital funds, and identifies several possible funding sources. It also highlights operational efficiencies like streamlining procurement, reducing duplication of administration functions, and leveraging innovative service delivery. The RTA is surveying possible opportunities as next steps to the funding-related work initiated by RTA last fall. CMAP has also addressed the need for additional sources of funds for transportation in the region. We need to build **regional consensus for pursuing sources of additional funding**. We also need mechanisms to ensure we **distribute responsibilities and funds to achieve the largest return on investment for the region**.
- **Providing better connectivity across the region:** The Technical Memorandum documents the decades-long dispersal of population and employment beyond the traditional transit system. These land use patterns represent significant challenges to the provision of cost-efficient public transit. RTA's *Regional Strategic Plan for Transit* and CMAP's *GoTo2040* emphasize the need for regional thinking, and many project activities underway at RTA and the Service Boards are actively seeking solutions. We need to find ways to **leverage technology, implement innovative services, and partner with the region's employers and travelers to provide sustainable, cost-effective transit options**. We also need to identify the **policies and investments that are needed to better utilize the region's existing economic centers, development opportunities and transportation infrastructure**.

As the Task Force enters the final phase of work, please consider recommendations that will help the region move forward in these critical areas. We have also attached an Appendix with clarifications on statements in the report for improved accuracy.

Please share these comments with all task force members. Thank you.

Sincerely,



Joseph G. Costello  
 Executive Director, Regional Transportation Authority  
 email: [costelloj@rtachicago.org](mailto:costelloj@rtachicago.org)  
 phone: 312.913.3166

Enclosures: Appendix

## Appendix

The following table provides clarifications on statements in the report for the information of the Task Force.

Page	Statement	Clarification
5	“overall access is poor, with the region’s population being able to reach only 24 percent of the jobs within 90 minutes by transit”	As noted in a September 2013 letter to the task force, RTA conducted a similar study indicating that 53 percent of jobs are within 90 minutes by transit. The RTA analysis focuses on the 6-county RTA service area, while the Brookings analysis covers 14 counties, including four in Indiana and one in Wisconsin. The RTA also includes car access to Metra as part of the 90 minute window, while the Brookings analysis does not.
10	“A recent fare increase by Pace (2007-2008) and Metra (ten percent increase in 2008 and 25 percent or more in 2012)”	Pace last implemented a fare increase 1/1/09 (avg. 10%), not in 2007-2008. CTA also implemented fare increases 1/1/09 (8% avg.) and 1/14/13 (11% avg.). Metra implemented fare increase 2/1/08 (avg. 10%), 2/1/10 (one way tickets 6%, passes not increased), and 2/1/12 (25% avg.).
17	“Pace ADA and Paratransit services have experienced exponential growth since their official inception in 2007.”	Pace became the regional provider of ADA services in July 2006. Prior to that CTA and Pace each provided ADA Paratransit services individually. Growth since 2007 has not been “exponential,” as evidenced by Figure 9.
21-22	Please check references and text related to Figures 14, 15 and 16.	There are several possible factual errors and/or misinterpretations that are worth checking including: <ul style="list-style-type: none"> <li>• Text under Fig. 14 refers to Fig. 15 and text above Fig. 15 refers to Fig. 14.</li> <li>• P. 21 text: The L.A. region grew 19% from 1991, not 2001.</li> <li>• Fig 15: explain or confirm the volatility of Boston route miles.</li> <li>• Text to Fig. 16 (“Chicago has lagged all other major regions”) does not accurately reflect data: Chicago is at low</li> </ul>

Page	Statement	Clarification
		<p>end but trend is matched by Philadelphia and is within a few points of Washington and San Francisco in 2012.</p> <p>Discussion of the cross-correlational between these figures would also be useful. For example, Chicago passenger-miles increased by 20% but with flat vehicle-miles; Washington passenger-miles increased 25% but with cost of 43% increase in vehicle-miles.</p>
27	<p>“Figure 22 illustrates the lack of connectivity between CTA and Pace. These operators do not function as a unified system and county lines typically serve as breaking points for CTA bus lines. This leaves Pace to pick up the pieces to continue service into the suburbs. Transfers among service operators are generally not facilitated, although thousands of riders do so each day,”</p>	<p>While it is true that the majority of Pace routes operate in the suburban counties and CTA routes in the City of Chicago, there is a 5% overlap in routes and both agencies operate routes across jurisdictions as necessary to service primary destinations (such as CTA routes 205, 201 and 54A that serve retail development in Skokie and Pace 755 &amp; 855 Bus on Shoulder Routes that go to Downtown Chicago). In some cases, Pace and CTA also provide services in lieu of each other, as they have in the Chicago/Evergreen Park area: CTA eliminated the 49A South Western rush hour service while Pace concurrently increased frequency of its 349 Western, stopping at all bus stops in Chicago, Evergreen Park and Blue Island from 79th-135th.</p> <p>Regarding transfers, 40% of Pace riders transfer to CTA rail or bus, and many of the feeder bus schedules are coordinated with train schedules. RTA and the Service Boards meet monthly to coordinate schedules and RTA is investing in interagency signage to facilitate transfers.</p>

Page	Statement	Clarification
37	<p>“The RTA has primary sources of operating/capital discretionary funding: 15 percent-of the RTA share of the regional sales tax; plus 25 percent of the State Public Transportation Fund (PTF1)- state share of the sales tax; and, since 2008, the Innovation, Coordination, and Enhancement Fund (ICE)., plus 25 percent matching revenues. The PTF1 funds cover debt service, matching, etc. with the balance left to be allocated at RTA’s discretion.”</p>	<p>The proper description of the sources of RTA discretionary funding (described in the paragraph on page 37 above the flow chart) is as follows:</p> <p>The RTA has three primary sources of discretionary funding: 15 percent of the regional RTA sales tax levied since 1983 (Sales Tax I); the 25% State match of the 1983 sales tax from Public Transportation Fund (PTF I); and, since 2008, the Innovation, Coordination, and Enhancement Fund (ICE). The RTA’s portion of the sales tax and PTF fund debt service on RTA bonds for Service Board capital projects and RTA operations with the bulk of the remaining funds allocated to the Service Boards at the discretion of the RTA Board.</p>
38	<p>“85% sales tax allocation to the CTA”</p>	<p>Should read “85% sales tax allocation to the Service Boards, approximately half of which goes to CTA.”</p>
38	<p>“The RTA recently completed a study”</p>	<p>This should read “Delcan recently completed a study for RTA.”</p>
66	<p>Description of the <i>Regional Transit Strategic Plan</i></p>	<p>The description shows a list of issues and strategies. These should be shown as a hierarchy as they are in the document.</p>

- L. County Board Chair Aaron Lawlor Letter (Lake County),  
Received February 11, 2014



Aaron Lawlor  
County Board Chair

18 North County Street - 10th Floor  
Waukegan, IL 60085-4351  
Phone 847 377 2300  
Fax 847 360 7322  
Web <http://www.lakecountyil.gov>

February 11, 2014

Northeastern Illinois Public Transit Task Force  
Illinois Department of Transportation, Executive Office  
2300 S. Dirksen Parkway, Room 300  
Springfield, IL 62706

Dear Co-Chair George Ranney Jr. and Co-Chair Ann L. Schneider:

As chairman of the Lake County Board, I sincerely appreciate the taskforce's efforts to bring greater efficiency, accountability, coordination and transparency to the transit agencies.

Correcting this flawed system is vital to restoring public trust. In order to do that, any reform must address the lack of oversight and the existing inability to remove directors from office. We must also establish strong, consistent ethical standards across all of the service boards.

Faced with similar challenges in Lake County, we took aggressive measures to ensure ethical conduct. As mandated by state statute, I appoint more than 300 people to 70 boards, commissions, and other special purpose units of government, but yet, neither the chairman nor the county board has the authority to remove appointees. To address this, upon my recommendation, the county board approved a Standards of Conduct. Under this plan, the appointees are required to sign a certificate acknowledging they agree to follow fiscal conservative budgeting by adhering to best practices, operating in a transparent manner, as well as striving to decrease costs and increase efficiency. Appointees also must adhere to the county board's ethics policy, which goes beyond what is required by Illinois law.

Lake County is also proposing legislation this session for permissive authority that would allow the appointing authority to remove an appointee if there is a violation of the county approved standards of conduct. I have received significant positive response from other local elected officials across the state on this proposal.

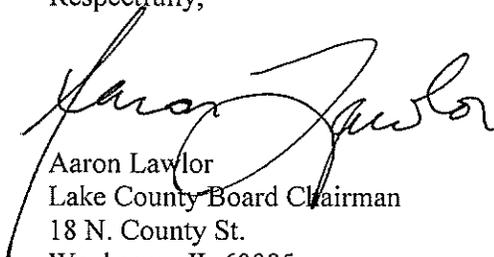
Lake County has taken steps to enact a stricter ethics ordinance than is required by Illinois Law. Lake County Board members and appointed officials are prohibited from using his or her position to influence in any way, hiring or procurement decisions. The ordinance imposes penalties for violations and provides the State's Attorney's Office with the authority to conduct investigations and prosecute violations. In this age of public distrust of government officials, the County Board wanted to take a strong position and send a clear message that we will not tolerate unethical behavior, and we're willing to hold ourselves to the strictest set of laws that carry real consequences.

Additionally, Lake County and the other collar counties are in consensus that any transit reform must include a revised governance structure that is based on a structure that accurately represents current population and revenue sources. Regional cooperation, compromise, and discussion must be retained as part of any governance structure by requiring a supermajority vote for approval of all major actions, including approval of the annual budget and distribution of discretionary transit dollars to our service boards.

As the taskforce completes its report, please consider putting specific accountability measures in place, a mechanism to remove directors from office, as well as consistent ethical standards across all of the service boards.

Thank you for your consideration. I stand ready to work with you on this critical topic and look forward to your final report in the coming months.

Respectfully,



Aaron Lawlor  
Lake County Board Chairman  
18 N. County St.  
Waukegan, IL 60085  
[alawlor@lakecountyil.gov](mailto:alawlor@lakecountyil.gov)

cc:

Carole L. Brown, Appointee  
Patrick Fitzgerald, Appointee  
Robert W. Guy, Appointee  
Adrienne M. Holloway, Appointee  
Sylvia Jenkins, Appointee  
Nick Palmer, Appointee  
Tony Paulauski, Appointee  
Raul Raymundo, Appointee  
Robert G. Reiter, Jr., Appointee  
Ashish Sen, Appointee  
Don Tantillo, Appointee  
Kathryn Tholin, Appointee  
Sonia Walwyn, Appointee  
Lake County Legislators

M. Email from Michael Payne, Received March 5, 2014

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**From:** Michael Payne [mailto:grayline15@yahoo.com]  
**Sent:** Wednesday, March 05, 2014 3:45 AM  
**To:** Fitzgerald, Patrick (CHI)  
**Cc:** CTA Gray Line  
**Subject:** Metra and CTA service coordination.....

Hello Mr. Fitzgerald, my name is Mike Payne. I have wanted to attend the Transit Task Force meetings, but because I live WAY out in the suburbs I have been unable thus far. Please check out the information I have sent you, and I would be very interested in meeting with you at your convenience.

[http://www.chicagotribune.com/news/local/breaking/chi-public-input-sought-on-transportation-priorities-20140225\\_0.7616396.story](http://www.chicagotribune.com/news/local/breaking/chi-public-input-sought-on-transportation-priorities-20140225_0.7616396.story)

<http://www.suntimes.com/news/metro/25829791-418/preckwinkle-seeks-long-term-transportation-plan.html>

Here are links to where I have addressed CTA and Metra's Boards of Directors several times (Metra's links hosted on their own Metra website); has anyone even mentioned the CTA Gray Line during the Task Force meetings thus far? And if not -- Why not? ( P O L I T I C S ? )

<https://app.box.com/s/z707xmdcdk0cjdskf2zq>

[http://metrarail.com/content/dam/metra/documents/Board\\_Information/November%20Minutes2010.pdf](http://metrarail.com/content/dam/metra/documents/Board_Information/November%20Minutes2010.pdf)

[http://metrarail.com/content/dam/metra/documents/Board\\_Information/Board%20Minutes10142011.pdf](http://metrarail.com/content/dam/metra/documents/Board_Information/Board%20Minutes10142011.pdf)

<http://www.myfoxchicago.com/story/24812017/chicago-transportation-a-mess-rta-has-no-oversight>

There is a CMAP Major Capital Project that would create 10,000 New Permanent Illinois Jobs, and SIGNIFICANTLY reduce both Metra and CTA's Capital and Operating Costs.

But they (CTA and Metra) REFUSE to even look at, or consider the idea (because as Steve Schlickman said: "it's a four-headed monster".... with NO accountability").

The CTA Gray Line Project (CMAP RTP ID# 01-02-9003) : <http://bit.ly/GrayLineInfo> and <https://app.box.com/shared/2iuc4khd1> would create 10,000 New South Side Jobs -- Billions in New South Side Economic Development -- And serve all the South Side Tourist Attractions and Destinations: <http://www.myfoxchicago.com/story/17826841/group-wants-cta-gray-line-on-metra-electric-line>.

The CTA Gray Line Project is supported and recommended by a number of local Agencies, and Organizations including -- Taxpayers United of America: <http://bit.ly/1hx15lM> ; and the Chicagoland Transportation and Air Quality Commission, affiliated with the Center for Neighborhood Technology (see pages 13 to 20): <https://app.box.com/CTA-Gray-Line> .

BUT alas, it is NOT to be -- because of OUR long-time and cherished NE Illinois "Transportation Mess"

A big part of the problem with the present mess of four Agencies competing for funds from Washington, and Springfield is as Mr. Schlickman said "it defies organizational principles. It confuses accountability. It prevents seamless coordination of services. It doesn't allow us to speak as one voice when we're in pursuit of funding either at the federal or state level"

There are several projects and goals that are sorely needed here in the Chicago area; Metra needs to install federally mandated Positive Train Control system-wide very soon (but they don't have the \$300M or so needed).The Far South Side and South Lakefront Corridor are without CTA "L" rail transit. And the \$1.5B the CTA wants for the Red Line Extension seems to be out of reach.

During the recent winter storms, ancient equipment such as the A2 junction near Grand & Western caused many Metra problems and delays, and would cost close to \$300M to replace. The Metra Electric District (which also carries South Shore Line trains downtown to Kensington) also has problems during winter and summer with the overhead catenary that supplies power to the trains that sags from heat expansion in the summer, and shrinks and breaks during extreme winter cold. Installing Constant Tension Catenary (Google it) on the entire MED system might also cost about \$300M, and it would eliminate weather caused problems.

Instead of creating some new single Agency to oversee all transit -- why couldn't Metra and CTA try WORKING TOGETHER to accomplish both of their goals?

If instead of Metra separately seeking \$300M for PTC, and CTA separately seeking \$1.5B for the Red Line Extension (that's 1.8 Billion dollars total Capital costs).

What if they (Metra and CTA) decided to work together to accomplish their stated goals! Seek that \$1.8 Billion TOGETHER from the feds and the state (the feds and the state might look upon them kindly for making sense).

Implement the CTA Gray Line (Google it) for \$300M to serve the Far South Side, and the South Lakefront Corridor -- instead of the 1.5 Billion dollar Red Line Extension (which obviously cannot serve the South Lakefront Corridor)

\$1.5B left.....

Install Positive Train Control over the entire Metra system for \$300M.

\$1.2B left....

Install the new Interlocking at Tower A2 for \$300M.

\$900M left.....

Install the Constant Tension Catenary over the entire Metra Electric District for \$300M.

\$600M left.....

How about creating a rail shuttle connection from McCormick Place/DePaul Arena to Chicago Union Station for \$300M.

\$300M left.....

How about a study to connect CUS to O'Hare by Metra in addition to the Blue Line "L", and maybe find away to implement the project -- or lots other things you could do with that remaining \$300 Million.

By NOT working together -- Metra and CTA deprive the Chicago Area of all these things that could possibly be accomplished, and still within the amount of funding both are presently seeking.

Thank You for your time Mr. Fitzgerald,

Mike Payne | CTA Gray Line Project

5438 Burr Oak Rd. Apt. 310  
Lisle, IL 60532

(773) 787-8078 [grayline15@yahoo.com](mailto:grayline15@yahoo.com)

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