



# Investment Policy and Debt Management Guidelines

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# Investment Policy Review

# Investment Policy - Purpose & Applicable Statutes/Documents

## Purpose

- Document the statutes, policies and other documents governing investment of funds by the State Treasurer and the Illinois Tollway, and the parameters and objectives within which fund investments are made and managed

## Applicable Statutes and other governing documents

- The Toll Highway Act (605 ILCS 10/)
- Deposit of State Moneys Act (15 ILCS 520/)
- Public Funds Investment Act (30 ILCS 235/)
- Trust Indenture between the Illinois Tollway and the Bond Trustee, under which all Illinois Tollway bonds have been issued
- Office of the State Treasurer investment policies
- Illinois Tollway investment policy

# Investment Policy – Objectives & Authorized Investment Officers

## Objectives

- Primary: Preservation of principal
- Secondary: Sufficient liquidity to meet operating and capital needs
- Secondary: Return on investments

## Authorized investment officers

- Executive Director
- Chief Financial Officer
- Deputy Chief of Finance
- Controller

# Investment Policy – Investments by Treasurer and ISTHA

- Illinois Tollway funds in the custody or control of the Office of the State Treasurer (“Treasurer”) are invested per the requirements of the Trust Indenture, the Deposit of State Moneys Act, the applicable Treasurer Investment Policy and Illinois Tollway Investment Policy. The Treasurer and the Tollway coordinate to ensure that such investments mature before Illinois Tollway’s anticipated need of funds
- Any investments of Illinois Tollway funds not in the custody or control of the Treasurer, i.e., funds held in certain locally held revolving accounts, are invested per the requirements of the Trust Indenture, the Public Funds Investment Act, and Illinois Tollway Investment Policy

# Investment Policy – Allowable Investments

**The following investments comport with the requirements of the Trust Indenture, the Deposit of State Moneys Act, the Public Funds Investment Act and the applicable Investment Policy of the State Treasurer:**

- Federal Securities<sup>1</sup>
- U.S. Agency Securities<sup>1</sup>
- Money Market Funds<sup>2</sup> consisting of Federal Securities or U.S. Agencies
- Certificates of Deposit or Time Deposits
- Repurchase agreements<sup>3</sup>
- Treasurer’s Local Government Investment Pool<sup>4</sup>

<sup>1</sup>Includes obligations unconditionally guaranteed by the U.S.; obligations secured by an irrevocable pledge of money or obligation unconditionally guaranteed by the U.S.; certificates of ownership or direct obligations of, or obligations unconditionally guaranteed by, the U.S. which are held in trust by a commercial bank; and interest obligations of the Resolution Funding Corporation, including interest obligations stripped by the Federal Reserve Bank of New York.

<sup>2</sup>Money Market Mutual Fund portfolios limited by Trust Indenture to investment in Federal Securities or U.S. Agency Securities.

<sup>3</sup>With respect to the Debt Service Account, Debt Reserve Account and Construction Fund: Repurchase Agreement investments must be continuously secured by Federal Securities and shall have a market value at all times at least equal to the amortized value of such repurchase agreements.

<sup>4</sup>Deposits from I-PASS customers; such funds not held under provisions of the Trust Indenture. The Treasurer’s “Illinois Funds” is rated AAAM by S&P.

# Investment Policy – Investment Alternatives

## Process to add other investment options

- Amendment of applicable statutes by General Assembly and Governor
- Amendment of investment policy or policies
- Amendment of Trust Indenture by holders of a majority of bond par amount outstanding
  - Trust Indenture amendments for bonds as widely held as the Tollway's typically accomplished by obtaining consents over time (3-5 years) as bonds mature, are refunded, and new bonds are issued
  - Timeframe dependent on amount of new money and refunding bond issuance

## Investment Policy reviewed periodically

- Last amended in 2014

# Investment Balances – Previous 7 Quarters (\$000s)

	9/30/2025	6/30/2025	3/31/2025	12/31/2024	9/30/2024	6/30/2024	3/31/2024
<b>Unrestricted Cash and Investment Balances</b>	\$814,060	\$874,243	\$927,055	\$975,786	\$1,001,080	\$1,033,978	\$1,103,552
<b>Restricted Cash and Investment Balances</b>							
<i>Funds held by Trustee</i>							
For Debt Service & Other Bond-related Costs	229,511	\$252,097	138,157	233,932	123,330	247,672	126,537
For Debt Reserve	500,355	490,884	490,805	496,089	497,108	489,108	488,848
For Capital Project Costs	-	-	-	-	-	-	-
<i>Other Restricted Funds</i>							
For I-Pass Deposit Accounts	209,072	218,780	226,706	233,433	251,487	267,402	258,825
<b>Total Restricted Cash and Investment Balances</b>	<b>938,937</b>	<b>961,761</b>	<b>855,667</b>	<b>963,453</b>	<b>871,925</b>	<b>1,004,182</b>	<b>874,211</b>
<b>Total Unrestricted and Restricted</b>	<b>\$1,752,997</b>	<b>\$1,836,004</b>	<b>\$1,782,723</b>	<b>\$1,939,239</b>	<b>\$1,873,005</b>	<b>\$2,038,159</b>	<b>\$1,977,763</b>
<b>Weighted Avg Inv Yield at Quarter-End</b>	<b>4.01%</b>	<b>4.06%</b>	<b>4.09%</b>	<b>4.15%</b>	<b>4.51%</b>	<b>4.65%</b>	<b>4.66%</b>

# Debt Management Guidelines

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## 1. Allowable uses of debt

- Finance capital expenditures
- Refinance prior debt

## 2. Board approval required

## 3. Tollway manages debt process; engages Financial Advisor for assistance

- Financial Advisors required to be registered with the SEC and MSRB as Municipal Advisor under the Municipal Advisor Rule from the Dodd-Frank Act

## 4. Bond sale process

- Option expected to deliver the best results (lowest cost)
- Negotiated sale: Underwriters selected pursuant to competitive procurement process; financial advisors, Tollway and underwriters work to structure the bonds to achieve broadest distribution to achieve low cost of capital
- Competitive sale: Broker-dealer with best bid (lowest interest cost) is awarded the bonds

## 5. Firm cannot serve as both Underwriter and Financial Advisor

## 6. Attorney General provides or appoints counsel for debt issuance

## 7. Strive to increase participation of diverse firms

# Debt Management Guidelines (continued)

8. **Debt duration not to exceed 120 percent of the life of the assets financed**
9. **Continue to target Debt Service Coverage of 2X**
10. **Long-term cashflow projection provided to Board at least once annually; last presented via the Series 2025A bond Official Statement**
11. **Maintain highest possible ratings. S&P and Fitch currently rate Tollway bonds at AA- and Moody's at the equivalent Aa3; rating agencies require annual updates for years that do not include new bond issuance rated by the agencies**
12. **Comply with continuing disclosure requirements**
13. **Allowed to repurchase Tollway bonds in the secondary market**
14. **Comply with arbitrage rebate regulations**
15. **Adhere to Post-Issuance Compliance Procedures**
16. **Comply with Interest Rate Risk Management Guidelines contained within Debt Management Guidelines**

# Debt Management Guidelines – Interest Rate Risk Management

- 1. Board Approval Required for Variable Rate Debt**
- 2. Purpose: Manage risks related to swaps and/or variable rate bonds and related liquidity agreements**
- 3. Assist in assessing risks compared to structure/cost of capital**
- 4. Assessment of Risk**
  - Liquidity reliance
  - Interest rate
  - Counterparty
  - Termination
- 5. Term of Risk Management Agreement may not exceed term of Debt**
- 6. Target Maximum Variable Rate Exposure**
  - Hedged + unhedged variable rate debt not to exceed 25 percent of outstanding debt
  - Unhedged variable rate debt not to exceed 15 percent of outstanding debt
- 7. Assessment of Liquidity Facilities**
  - Cost
  - Ratings
  - Counterparty Diversification
  - Term



THANK YOU

