



Record of Meeting | December 9, 2015

The Illinois State Toll Highway Authority (the “Tollway”) held the regularly scheduled Finance, Administration and Operations Committee Meeting on Wednesday, December 9, 2015 at Tollway Headquarters in Downers Grove, Illinois. The Meeting was held pursuant to By-Laws of the Tollway upon call and notice of the Meeting executed by Chairman Robert J. Schillerstrom and posted in accordance with the requirements of the Illinois *Open Meetings Act*. The Meeting was open to the public.

[Bolded entries indicate issues which may require follow-up to present or report to Directors.]

Call to Order / Pledge of Allegiance / Roll Call

Committee Chair Joe Gomez called the Meeting to order at approximately 2:00 p.m. and stated that this is the regularly scheduled meeting of the Finance, Administration and Operations Committee (“FAO Committee”) of the Tollway Board of Directors. He invited attendees to rise and join in the Pledge of Allegiance. He then asked the Board Secretary to call the roll, those Directors present and absent being as follows:

Committee Members Present:
Committee Chair Joe Gomez
Director David Gonzalez
Director Nick Sauer

Committee Members Not Present:
Director Corey Brooks
Director Earl Dotson, Jr.

The Board Secretary declared a quorum present.

Public Comment

Committee Chair Gomez opened the floor for public comment. No public comment was offered.

Committee Chair’s Items

Committee Chair Gomez called for a motion to approve the Minutes of the regular Finance, Administration and Operations Committee meeting held on November 10, 2015. Director Gonzalez made a motion for approval; seconded by Director Sauer. Committee Chair Gomez then called for a vote. The motion PASSED unanimously.



Committee Chair Gomez then called on Greg Bedalov, Executive Director.

Executive Director's Items

Final 2016 Budget: Executive Director Bedalov highlighted that the proposed balanced 2016 Budget holds the line on agency spending, maintains employee headcount and provides for systemwide roadway maintenance and operations, as well as \$1.4 billion in capital spending for the fifth year of the Tollway's *Move Illinois* Capital Program. He reported that three well-attended public hearings were held to gather public input and comment, from which hearing transcripts and written comments have been provided to the Board. He then introduced Cathy Williams, Deputy Chief of Finance, to provide an overview of the Tollway's balanced fiscal year 2016 Budget. [See attached presentation.](#)

Executive Director Bedalov then introduced Mike Colsch, Chief of Finance, to update the Board on the Tollway's most recent bond transaction. Mr. Colsch reported that having encountered favorable market conditions, the Tollway recently executed a \$333 million issue of revenue bonds, previously authorized by the Board, to advance refund \$350 million of the Tollway's higher-rate Series 2008B Bonds. He highlighted that the pricing achieved will result in excess of \$50 million in Tollway savings on a net present value basis, exceeding the originally targeted savings of \$35-\$40 million, and, in his estimation, reflects the market's continued confidence in the management, operations and financial condition of the agency.

Items for Consideration

Finance

Item 1: Approval of the fiscal year 2016 Final Budget.

Committee Chair Gomez called for a motion to approve placement on the December Board of Directors meeting agenda of **Finance Item 1**, the Tollway's fiscal year 2016 Budget, with the Committee's recommendation for approval by the Board. Director Sauer made a motion for approval; seconded by Director Gonzalez. Committee Chair Gomez asked if there were any questions, concerns or requests for discussion. Hearing nothing, Committee Chair Gomez called for a vote. The motion PASSED unanimously.

Procurement

Committee Chair Gomez called on John Donato, Chief of Procurement, to present the following Procurement items:



Item 1: Award of Contract 15-0165 to CDW Government LLC (CDW-G) for the purchase of Microsoft SQL and Dynamics AX Software Licenses, Maintenance, and Support in an amount not to exceed \$384,369.48 (Order Against CMS Master Contract).

Item 2: Award of Contract 15-0051 to Chicago United Industries, Ltd. for the purchase of Crack-Sealing Material in an amount not to exceed \$356,700.00 (Tollway Invitation for Bids).

Director Sauer inquired whether the contract provides for the asphalt crack-sealing material requirements of the entire Tollway System. Mr. Donato responded affirmatively.

Committee Chair Gomez called for a motion to approve placement on the December Board of Directors meeting agenda of **Procurement Item 1** with the Committee's recommendation for approval by the Board. Director Sauer made a motion for approval; seconded by Director Gonzalez. Committee Chair Gomez asked if there were any questions, concerns or requests for discussion. Hearing nothing, Committee Chair Gomez then called for a vote. The motion PASSED unanimously.

Committee Chair Gomez then called for a motion to approve placement on the December Board of Directors meeting agenda of **Procurement Item 2** with the Committee's recommendation for approval by the Board. Director Gonzalez made a motion for approval; seconded by Director Sauer. Committee Chair Gomez asked if there were any questions, concerns or requests for discussion. Hearing nothing, Committee Chair Gomez called for a vote. The motion PASSED unanimously.

Engineering

Committee Chair Gomez then called on Paul Kovacs, Chief Engineer, to present the following Engineering items:

Item 1: Acceptance of Proposal from Civiltech Engineering, Inc., on Contract I-15-4655 for Construction Management Services, on Illinois Route 390 from Arlington Heights Road to Lively Boulevard, in an amount not to exceed \$6,340,261.78.

Item 2: Acceptance of Proposal from Infrastructure Engineering, Inc., on Contract I-15-4654 for Construction Management Upon Request Services, on the Elgin O'Hare Western Access (EOWA), in an amount not to exceed \$3,000,000.00.

Item 3: Acceptance of Proposal from State Materials Engineering LLC, dba S.T.A.T.E. Testing, LLC, on Contract RR-15-4242 for Materials Engineering Services Upon Request, Systemwide, in an amount not to exceed \$5,000,000.00.



Item 4: Acceptance of Proposal from Accurate Group, Inc. on Contract RR-13-5682 for Supplemental Construction Management Services, Systemwide, in the amount of \$285,000.00 from \$5,000,000.00 to \$5,285,000.00.

Item 5: Change Order on Contract I-14-4648 to Benchmark Construction Co., Inc. for Northwest Suburban Municipal Joint Action Water Agency (NSMJAWA) Water Main Relocation on the Jane Addams Memorial Tollway (I-90) from Milepost 73.5 (Elmhurst Road) to Milepost 74.3 (Higgins Creek) in the amount of \$450,000.00.

Director Gonzalez inquired whether the Tollway will bear the cost of the additional quantity of special waste disposal required, or if reimbursement is expected. Mr. Kovacs responded that the source of the contaminant is currently under investigation, results from which will determine whether the Tollway will seek recovery from a third-party.

Item 6: Change Order on Contract I-14-4212 to F.H. Paschen, S.N. Nielsen & Assoc., LLC for Eastbound Roadway and Bridge Reconstruction and Widening on the Jane Addams Memorial Tollway (I-90) from Milepost 76.6 (Mannheim Road) to Milepost 78.9 (Kennedy Expressway) in the amount of \$426,000.00.

Mr. Kovacs requested that consideration of this item be deferred until a future meeting.

Item 7: Change Order on Contract I-13-4607 to Judlau Contracting, Inc. for New Interchange Construction on the Illinois Route 390 from Milepost 12.0 to Milepost 12.9 (I-290 Interchange) in the amount of \$283,358.46.

Upon conclusion of the presentation of items by Mr. Kovacs, Committee Chair Gomez called for a motion to consolidate Engineering Items 1 through 4, each professional service contracts, for consideration and action. Director Sauer made a motion to consolidate; seconded by Director Gonzalez. Committee Chair Gomez called for a vote. The motion PASSED unanimously.

The motion to consolidate these items having carried, Committee Chair Gomez then called for a motion to approve placement on the December Board of Directors meeting agenda of **Engineering Items 1 through 4** with the Committee's recommendation for approval by the Board. Director Sauer made a motion for approval; seconded by Director Gonzalez. Committee Chair Gomez asked if there were any questions, concerns or requests for discussion. Hearing nothing, Committee Chair Gomez called for a vote. The motion PASSED unanimously.

Committee Chair Gomez then called for a motion to consolidate Engineering Items 5 and 7, each change orders, for consideration and action. Director Gonzalez made a motion to consolidate;



seconded by Director Sauer. Committee Chair Gomez called for a vote. The motion PASSED unanimously.

The motion to consolidate these items having carried, Committee Chair Gomez then called for a motion to approve placement on the December Board of Directors meeting agenda of **Engineering Items 5 and 7** with the Committee's recommendation for approval by the Board. Director Sauer made a motion for approval; seconded by Director Gonzalez. Committee Chair Gomez asked if there were any questions, concerns or requests for discussion. Hearing nothing, Committee Chair Gomez called for a vote. The motion PASSED unanimously.

Committee Chair Gomez stated that consideration of Engineering Item 6 will be deferred to a future meeting.

Legal

Committee Chair Gomez then called on David Goldberg, General Counsel, to present the following Legal items:

Item 1: An Intergovernmental Agreement with the City of Lockport to convey excess Tollway real estate parcels to the City. Cost to the Tollway: \$0

Item 2: An Intergovernmental Agreement with Elk Grove Village for certain aesthetic improvements at three Tollway crossings. Cost to the Tollway: \$0. [Recusal: Director Johnson]

Item 3: An Intergovernmental Agreement with the Village of Hoffman Estates for minor repairs to the Beverly Road Bridge and the relocation of two existing water mains. Cost to the Tollway: \$0

Item 4: An Intergovernmental Agreement with the Village of Rosemont to convey excess Tollway real estate parcels to the Village. Cost to the Tollway: \$0

Upon conclusion of the presentation of items by Mr. Goldberg, Committee Chair Gomez called for a motion to consolidate Legal Items 1 through 4, each intergovernmental agreements, for consideration and action. Director Sauer made a motion to consolidate; seconded by Director Gonzalez. Committee Chair Gomez called for a vote. The motion PASSED unanimously.

Committee Chair Gomez then called for a motion to approve placement on the December Board of Directors meeting agenda of **Legal Items 1 through 4** with the Committee's recommendation for approval by the Board. Director Gonzalez made a motion for approval; seconded by Director Sauer. Committee Chair Gomez asked if there were any questions, concerns or requests for



discussion. Hearing nothing, Committee Chair Gomez called for a vote. The motion PASSED unanimously.

Adjournment

There being no further business before the Committee, Committee Chair Gomez requested a motion to adjourn. Motion to adjourn was made by Director Sauer; seconded by Director Gonzalez. Committee Chair Gomez called for a vote. The motion PASSED unanimously.

The Meeting was adjourned at approximately 2:29 p.m.

Minutes taken by: _____

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority



2016 Budget

December 9, 2015

2016 Budget Schedule

October

- ✓ Tentative 2016 Budget presented to Board

November

- ✓ Public review/comment on Tentative 2016 Budget
- ✓ Public comments presented to Board
- ✓ Incorporate changes arising from review process

December

- ✓ **Board votes on Final 2016 Budget**

Changes from the Tentative Budget

Changes resulting from the review process

- ✓ Increased Diversity and Strategic Development Department budget by \$150,000
- ✓ Offset provided by a reduction in estimated retirement contributions

Additional information

- ✓ Performance metrics
- ✓ Demographic information
- ✓ Departmental positions/titles

2016 Revenue Sources and Allocations

MORE THAN 75 PERCENT IS ALLOCATED TO SUPPORT INFRASTRUCTURE

<i>Sources of Revenues</i>	FY 2015 Budget	FY 2015 Estimates	FY 2016 Projections
Toll Revenues and Evasion Recovery *	\$1,160	\$1,208	\$1,290
Investment Income	1	1	2
Concessions and Miscellaneous Revenues	9	9	8
Revenues Total	\$1,170	\$1,218	\$1,300

<i>Allocations of Revenues</i>	FY 2015 Budget	FY 2015 Estimates	FY 2016 Projections
Maintenance and Operations	\$311	\$310	\$322
<i>Funds available from prior year</i>	0	1	0
Debt Service Transfers	362	355	399
Deposits to Renewal/Replacement and Improvement	497	552	579
Allocations Total	\$1,170	\$1,218	\$1,300

* CDM Smith's expected toll revenue estimate for fiscal year 2015 totals \$1,178 million. Tollway makes adjustments to reflect toll non-payments, underpayments and evasion recovery. Please refer to the 2016 Budget Book for additional information



2016 Budget Summary

CONSISTENT WITH THE LONG-TERM FINANCIAL PLAN

- ✓ **Fifth year of *Move Illinois* – total 2016 Capital Program more than \$1.4 billion**
- ✓ **Revenue increase 6.8 percent from 2015 estimate**
- ✓ **Operating costs held at 3.6 percent growth**
- ✓ **\$600 million of new bond issuance to provide funding for current and future capital costs**

Appendix

Maintenance and Operations

2016 Budget By Department

(\$ millions)	2015	2016	\$ Change from	% Change from
Department	Budget	Budget Request	2015 Budget	2015 Budget
Administration	\$4.6	\$4.6	\$0.0	0.6%
Business Systems	58.7	65.4	6.7	11.3%
Communications	1.5	1.5	(0.0)	-2.2%
Diversity and Strategic Development	2.6	2.6	0.0	0.1%
Engineering	76.0	77.9	1.9	2.5%
Executive Office and Directors	1.7	1.6	(0.1)	-3.9%
Finance	50.3	52.6	2.3	4.6%
Information Technology	16.4	14.5	(1.9)	-11.5%
Inspector General	0.9	0.9	0.0	3.0%
Internal Audit	0.9	0.9	0.1	7.4%
Legal	1.9	2.0	0.0	2.4%
Procurement	4.6	4.6	0.0	0.6%
State Police	32.6	32.9	0.4	1.1%
Toll Operations	58.0	59.8	1.8	3.1%
Authority Total	\$310.6	\$321.8	\$11.2	3.6%

Totals may not add due to rounding.



Move Illinois Program Summary

(\$ millions)	2014 Actual Expenditures	2015 Budget	2015 Estimated Expenditures	2016 Request	\$ Change from 2015 Estimate
Existing System Needs					
Jane Addams Memorial Tollway (I-90)	\$506.2	\$791.7	\$739.7	\$549.8	(\$189.9)
Tri-State Tollway (I-94/ I-294/ I-80)	2.7	18.1	19.4	65.2	45.9
Veterans Memorial Tollway (I-355)	1.4	0.5	2.2	4.7	2.5
Reagan Memorial Tollway (I-88)	4.4	7.0	1.8	3.9	2.1
Systemwide Improvements	87.9	168.2	100.2	171.0	70.8
Existing System Needs Total	\$602.6	\$985.5	\$863.3	\$794.7	-\$68.6
System Expansion					
Tri-State Tollway (I-294)/I-57 Interchange	\$40.9	\$20.2	\$15.3	\$1.5	(\$13.7)
Elgin O'Hare Western Access	241.7	319.8	331.5	383.6	52.1
Planning Studies for Emerging Projects	1.5	6.1	1.4	5.8	4.5
System Expansion Total	\$284.1	\$346.2	\$348.1	\$390.9	\$42.8
Move Illinois Program Total	\$886.7	\$1,331.7	\$1,211.4	\$1,185.6	(\$25.8)

Notes:

2014 Actual Expenditures reflected cost recoveries of \$12.2 million pursuant to inter-governmental agreements (IGA), and 2015 Estimated Expenditures and 2016 Request do not reflect any IGA reimbursements.

Totals may not add due to rounding.



Congestion-Relief Program/Other Capital Summary

(\$ millions)	2014 Actual Expenditures	2015 Budget	2015 Estimated Expenditures	2016 Request	\$ Change from 2015 Estimate
Congestion-Relief Program (CRP)					
Jane Addams Memorial Tollway (I-90)	\$109.2	\$47.9	\$77.7	\$27.6	(\$50.1)
Tri-State Tollway (I-94/ I-294/ I-80)	0.2	0.9	1.9	2.8	0.9
Veterans Memorial Tollway (I-355)	(1.8)	0.4	0.8	3.0	2.2
Reagan Memorial Tollway (I-88)	9.1	100.8	87.0	101.3	14.3
Open Road Tolling (ORT)	1.9	5.4	3.4	5.2	1.8
Systemwide Improvements	63.6	72.9	57.6	18.6	(39.0)
Congestion-Relief Program Subtotal	182.2	228.3	228.4	\$158.6	(\$69.8)
Other Capital Projects Subtotal *	50.5	65.0	58.9	60.0	1.1
CRP and Other Capital Projects Total	232.6	293.3	287.3	\$218.6	(\$68.7)

Notes:

1. 2014 Actual Expenditures reflected cost recoveries of \$2.5 million pursuant to intergovernmental agreements (IGA); 2015 Estimated Expenditures and 2016 Request do not reflect any IGA reimbursements.
2. 2016 Other Capital Projects Budget includes new request of \$59.7 million and \$41.7 million of carryover from 2015; approximately \$60 million is projected to be spent in 2016.

Totals may not add due to rounding.



Capital Program

KEY CAPITAL PROJECTS - 2016

Jane Addams Memorial Tollway (I-90) – \$577.4 million

✓ **Eastern segment**

- Elgin Toll Plaza to Tri-State Tollway (I-294) - Rebuilding and widening inside lanes
- Elgin Toll Plaza to Kennedy Expressway - Reconstruction of bridges, interchanges and ramps

✓ **Watermain relocation**

✓ **Fiber optic and utility relocation**

✓ **ITS elements**

Capital Program (continued)

KEY CAPITAL PROJECTS - 2016

Elgin O'Hare Western Access Project - \$383.6 million

- ✓ I-290 Interchange construction
- ✓ Construction of Elmhurst Road Interchange at I-90
- ✓ Construction of new Illinois Route 390 Tollway to the east
- ✓ Interchange improvements
 - Park Boulevard, Arlington Heights Road and Wood Dale Road
- ✓ Bridge construction
- ✓ Watermain relocation
- ✓ Right-of-way purchases

Capital Program (continued)

KEY CAPITAL PROJECTS - 2016

Reagan Memorial Tollway (I-88) – \$105.3 million

- ✓ Resurfacing
 - U.S. Route 52 to U.S. Route 30

Tri-State Tollway (I-94/I-294/I-80) – \$68.0 million

- ✓ Master Plan for Central Tri-State Tollway reconstruction from 95th Street to Balmoral Avenue
- ✓ Design for reconstruction
 - Mile-Long Bridge over the Des Plaines River
 - BNSF Railroad Bridge over I-294

Capital Program (continued)

KEY CAPITAL PROJECTS - 2016

Systemwide – \$189.7 million

- ✓ Bridge and pavement improvements
- ✓ Interchange improvements
- ✓ Toll collection
- ✓ IT related improvements
- ✓ Maintenance facilities improvements
- ✓ Program support

Other Capital Projects Highlights

KEY CAPITAL PROJECTS - 2016

Other capital projects – \$60 million

(\$ millions)

✓ General consulting services	\$ 22
✓ Technology	13
✓ Roadway vehicle and equipment	8
✓ Enterprise resource planning (ERP) system	5
✓ Intelligent transportation systems (ITS)	5
✓ Building repairs and maintenance	4
✓ Roadway signage and pavement marking	3

Debt Service Schedule

(\$ millions)

Fiscal Year	Principal	Interest	Total Debt Service
2015	103	256	359
2016	104	298	405
2017	109	307	416
2018	124	301	426
2019	130	295	426
2020	138	289	426
2021	144	282	426
2022	151	275	426
2023	159	267	426
2024	168	258	426
2025	189	251	439
2026	246	243	489
2027	258	231	489
2028	269	220	489
2029	280	209	489
2030	293	197	489
2031	303	187	489
2032	319	170	489
2033	337	152	489
2034	357	132	489
2035	366	112	478
2036	384	94	478
2037	403	75	478
2038	393	54	448
2039	395	35	429
2040	299	15	314

NOTES:

- √ Includes existing debt service plus assumed new money issuance of: (i) \$400 million during the remainder of 2015; and (ii) \$600M during 2016.
- √ Debt service due January 1 of a given calendar year is included in the prior fiscal year, per the Trust Indenture.
- √ Debt service does not include liquidity or remarketing costs for Tollway variable rate bonds, which such costs are currently approximately \$6.5 million annually.
- √ Interest expense does not net out anticipated federal subsidies related to Build America Bonds.
- √ Interest expense on variable rate bonds is estimated at the fixed swap rates for those bonds.



THANK YOU