

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF EXECUTIVE SESSION
OF
THE BOARD OF DIRECTORS
July 29, 2010

On July 29, 2010 at approximately 12:40 p.m., upon a roll call vote, the Illinois Tollway's Board of Directors met in Executive Session pursuant to Section 2(c)(2) of the Act to discuss collective bargaining, and Section 2(c)(11) to discuss litigation matters. The Secretary called the roll and those Directors present were as follows:

Directors present:

Chair Paula Wolff
Director Jim Banks
Director Bill Morris
Director George Pradel
Director Jim Roolf
Director Maria Saldaña
Director Carl Towns
Director Tom Weisner

Also, present were the following:

Kristi Lafleur
Doug Kucia
Andrew Boron
Paul Kovacs
Mike Colsch
Tom Bamonte
Jeff Redding
Greg Stukel

The Directors discussed SEIU negotiations.

Staff advised that pursuant to negotiations with SEIU, the Tollway has entered into its 19th month of negotiations, and finished its 25th negotiating session. The Tollway's last economic proposal was 2009 - 0%, 2010 - 2% and 2011 - 2% with a \$250 signing bonus. The Tollway also agreed to a 2% equity adjustment for the Parts Clerks, Section Clerks, Money Room Truck Drivers, Money Room Counters, and Money Room Clerks. SEIU should be responding back to this proposal in August; however, SEIU still had the alternative pension on the table. The next meeting will be re-scheduled.

A Director asked if the mediator had any comments on the Tollway's proposal. Staff advised that the mediator stated that it was a serious proposal.

Staff also stated that the Tollway has taken many things off the table to try to make this contract happen, and taking additional things off the table may result in

operational inflexibility.

The Executive Director asked for information on pending grievances.

The Directors discussed pending SEIU grievances.

Staff advised that the most serious is that the SEIU bargaining unit has been shrinking due to attrition. SEIU feels that this is an erosion of the bargaining unit. SEIU states that the Tollway is obligated to fill all open positions, and the Tollway opposes that position. Another grievance is in regard to the recent changes in health care benefits, and that the Tollway would have to bargain those changes.

A Director inquired if the contract requires the Tollway to fill vacancies. Staff stated that the contract addresses filling vacancies, but the Tollway position is that it speaks to the process of filling the vacancies and is not a requirement that vacancies be filled.

Both of these issued are in arbitration at this time.

Staff advised that there is also an operational grievance regarding cameras in the booths. The Tollway's position is that the cameras are for security, but the union feels the Tollway would use them for discipline.

Discussion was then held on the tactical reasons for keeping the grievances in arbitration in the negotiations.

The Directors discussed SEIU negotiations.

A Director inquired how far apart the Tollway was with the union's previous counter-offer. Staff advised that the biggest issue is the Tollway's pilot program; with the overnight closure of two plazas and the reduction in the size of the workforce are also significant issues. The Tollway is still analyzing the data of the overnight pilot program.

A Director asked if there has been any change in the union's position on the alternative pension position. Staff advised that SEIU has not taken the alternative pension off the table.

The Executive Director asked if SEIU had come back with a narrower, smaller group for the alternative pension. Staff advised that early on in negotiations SEIU had talked about the possibility of reducing the alternative formula from 2.5% to 2.2%. SEIU had also talked about a select group of toll collectors that could be eligible. In addition, at a small breakout meeting SEIU had commented that the Tollway had

taken buying toll collectors out with 20 weeks of pay off the table, possibly indicating renewed interest in a buy-out approach.

The Chair inquired if SEIU or the Tollway had gone to CMS to get a breakdown of the cost for the alternative pension. Staff advised neither side had gotten the information.

The Chair then asked the breakdown of the total cost of the \$250 signing bonus. Staff advised they would get that information.

A Director requested that if the Tollway gets a counter-offer from SEIU that staff bring a written summary to the next Executive Session showing the Tollway's offer, the SEIU counter-offer, what costs are involved, and show how far apart the two sides are.

The Executive Director asked if the Board is still consistent on its position on the alternative pension. Board members agreed that this is not a climate for generous pensions.

Discussion was held on how much the Tollway puts in for the unfunded liability for the pensions.

The Directors discussed pending litigation.

Staff then briefed the Board on the Rommel case. There have been five crossover accidents on I-90. Claimants state that there have been 35 deaths over a decade due to intoxicated or reckless drivers crossing over the median. The Tollway has been successful in circuit court maintaining that public entities only have a duty to maintain a safe driving surface and there is no obligation to have a median or to maintain it in certain way. This issue has now been sent to the appellate court. Plaintiffs maintain that the Tollway is not like the City of Chicago or Cook County, and should be treated like a private company. The Attorney General's appellate division is representing the Tollway. This is a big case that has high stakes for the Tollway. The timing for a decision in this case would be the end of this year at the earliest or most likely the middle of next year. Five years ago the Tollway installed wire barriers in this area to try to reduce accidents.

A Director asked if there was any precedent for treating a Tollway like a private company and not a public entity. Staff advised that plaintiffs have cited a lot of cases, but none of them is particularly persuasive.

The Directors discussed status of the oases.

Staff then updated the Board on the status of the oases. Staff advised that court entered a judgment of foreclosure against Wilton. Wilton is now out of the picture. The foreclosure sale is scheduled for August 25, 2010. iStar is likely to be the only and winning bidder. The Tollway's understanding is the bidder will submit a bid, and the difference between the winning bid and the loan, which is approximately \$110 million, will have to be written off by iStar. The foreclosure does not affect the Tollway's rights under the Lease. The successor to Wilton has to abide by the Lease terms. After discussion with iStar's counsel, iStar's current plan is to transfer the Lease after the foreclosure sale to an iStar-related company. After iStar makes that transfer, any subsequent assignment of the Lease is subject to the Tollway's review and approval.

A Director asked if during this foreclosure process does iStar have the right to transfer the Lease to a third party without the Tollway's approval. Staff advised that iStar would have that right.

Staff inquired as to what rights the Tollway had regarding the iStar loan. Staff advised that there is no restriction for the sale of the iStar loan to another party.

Staff then noted that the second issue that has come up from the Receiver's report is that it appears that the project generated over \$4 million over the last year, in excess of rent and expenses. That suggests that without the debt it appears the Oases are generating cash flow.

Staff advised the Tollway's audit team to look at the Oases now that U.S. Equities as Receiver has been running them for a while and to audit the money going in and coming out. This will put the Tollway in a stronger position if it should have to negotiate Lease terms in the future.

A Director stated that the U.S. Equities is the property manager for all of the branches of the bank for which he works. If the situation changes and U.S. Equities is no longer court-appointed and takes a higher or different level of responsibility, the Director will recuse himself from this matter.

The Directors discussed the status of the oases.

Staff then advised the Board that the Receiver, as part of the judgment of foreclosure, transferred the excess \$4 million to iStar to be applied to the loan. Although this is the bank's money, from a management perspective the cash flow could have been

used toward the needs of the Oases, such as the parking lots, bringing in customers, and more tenants.

A Director asked if this was in the Lease. Staff stated that the Lease has performance requirements.

Staff advised that the Tollway can make a recommendation on what is the best expenditure of their money, but iStar and the Receiver can decide to take another approach as long as the facilities are in safe, working order.

A Director asked the remaining term of the Lease. Staff advised that there are 17 years left on the Lease.

There being no further business, Chair Wolff called for a motion to adjourn from Executive Session. Director Weisner moved to adjourn; seconded by Director Canham. The motion was approved unanimously.

Meeting adjourned at approximately 1:20 p.m.

Minutes taken by: _____

Dawn Sirianni
Assistant Secretary
Illinois State Toll Highway Authority

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF EXECUTIVE SESSION
OF
THE BOARD OF DIRECTORS
August 26, 2010

On August 26, 2010 at approximately 1:15 p.m., upon a roll call vote, the Illinois Tollway's Board of Directors met in Executive Session to discuss collective bargaining matters specific to Section 2(c)(1), 2(c)(2), 2(c)(6), 2(c)(11), and 2(c)(21) pursuant to the Open Meetings Act. The Secretary called the roll and those Directors present were as follows:

Chair Paula Wolff

Director Tom Canham

Director Bill Morris

Director George Pradel

Director Jim Roolf

Director Maria Saldaña

Director Carl Towns

Director Tom Weisner

Also, present were the following:

Kristi Lafleur

Doug Kucia

Andrew Boron

Paul Kovacs

Tom Bamonte

Greg Stukel

Jim Wagner

The Directors discussed the release of revised Executive Session minutes.

The Chair asked Directors to review the revisions and redactions to the Executive Session minutes from January 2010 through June 2010 for release. The Directors discussed the format that the released Executive Session minutes should use. It was decided to leave the bold header statement and to include the bracketed language to explain why the section was redacted.

The Chair stated that the previous Executive Session minutes during her tenure, back to August 2009, were also being revised for consistency and would also be reviewed for release.

The Chair stated that the audio tapes of the Executive Session meetings are required to be kept for 18 months. A Director stated that since the tapes are available, the minutes should be a general review of what was discussed.

The Directors discussed status of the oases.

Staff stated that the foreclosure sale was changed to September 15, 2010. Staff has asked iStar why the date was changed, and was told it was changed because there is a long checklist and iStar needed more time. The Tollway has insisted that iStar re-publish the sale notice with the new date. Staff has asked iStar attorneys if iStar has any plans to transfer the property to any entity outside of the iStar corporate umbrella, and iStar stated that there are no current plans to do so. This is significant because the Lease gives the bank an opportunity to transfer the lease without Tollway approval during the foreclosure process. iStar plans to transfer the property from iStar corporate to an iStar affiliate. The Tollway will then take the position that that was iStar's only chance to transfer the property without Tollway approval. Any further transfer to a third party would be subject to Tollway approval.

Staff advised that the staff had met with ExxonMobil and 7-Eleven two weeks earlier. 7-Eleven is doing due diligence before 7-Eleven commits to ExxonMobil, and the 60 day time clock has not yet started.

The Directors discussed pending litigation.

Staff advised there will be a lawsuit challenging the Tollway and IDOT DBE programs. The complaint will name the Directors individually as defendants, in their official capacity. The lawsuit will ask for a temporary restraining order for the Tollway and IDOT to suspend DBE programs. Based on previous rulings, the Tollway feels that the TRO motion can be defeated. The Tollway's defense will include that there is not a lot of construction at this time; therefore, there is no emergency. There is a review of the DBE program underway.

A Director inquired if staff will file a motion to remove the Directors from the lawsuit or if the Directors need to retain counsel. Staff advised that the Directors are listed in the Directors official capacity, and an early priority is to have the Directors removed from the lawsuit if such is possible under law.

Staff advised that Midwest Fence was trying to recruit other companies to join Midwest Fence as plaintiffs. Midwest Fence must have been unsuccessful because Midwest Fence is only organization suing, and this is not a class action.

The Chair reminded the Directors that this is litigation, and the Directors should not discuss this case with anyone else.

Staff advised that the staff is working with the Attorney General's office on this matter.

The Directors discuss FOIA.

Staff advised that the Tollway has a policy of not releasing Freedom of Information Act (FOIA) requests for transponder histories without a subpoena. The Tollway received two FOIA requests for transponder histories. One, received in April, was sent to the Public Access Council (PAC), a unit of the Attorney General's office, to use a specific exemption not to release this information, and at this time the Tollway has not received a response. A second request was received in the last few weeks regarding a public official for two personal vehicles. This information was initially requested through the courts, and the court quashed the subpoena request. The requestor then submitted a FOIA. This request was submitted to the PAC, and the PAC directed the Tollway to release the information.

Staff advised that the Tollway customer base has grown to believe that this information will be kept private.

Staff stated that case law has shown that a lot can be kept private with respect to homes, but travel on public streets is public. It is unlikely that the courts will reverse the PAC. Staff feels the most effective way to deal with this would be to go to Springfield and have the legislature amend the Tollway Act or FOIA to provide that I-PASS transponder history records are not subject to FOIA. There is a privacy interest, a customer service issue and a safety issue involved. California has recently passed legislation providing for privacy of tolling records. A legislative amendment would probably take until next June to accomplish.

Staff advised that for the case at issue the Tollway could limit the released data to just the four days requested and make a strong case to the PAC that the Tollway feels that this decision is wrong. The Tollway could try to limit the scope of this ruling to just this one case, while trying to change the legislation at the same time.

A Director inquired if the agreement with customers could include a statement that the information would not be released. Staff advised that public agencies could not add language to a contract that would circumvent FOIA. Another Director inquired if the Tollway could be sued for giving out the information. Staff advised that FOIA precludes agencies from being sued for complying with the FOIA.

The Board agreed that the Tollway should try to change the legislation, and that the information will be released under protest because the Tollway is required to release it under the law.

The Directors discussed SEIU negotiations.

The Executive Director stated that she had met with the leadership and executive committee of SEIU, at the union's request. SEIU voiced concerns regarding items other than bargaining negotiations, and appreciated being able to have the meeting. The next bargaining session is September 9, 2010.

The Directors discussed a personnel matter.

There being no further business, Chair Wolff called for a motion to adjourn from Executive Session. Director Morris moved to adjourn; seconded by Director Canham. The motion was approved unanimously.

Meeting adjourned at approximately 2:15 p.m.

Minutes taken by: _____

Dawn Sirianni
Assistant Secretary
Illinois State Toll Highway Authority

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF EXECUTIVE SESSION
OF
THE BOARD OF DIRECTORS
September 30, 2010**

On September 30, 2010 at approximately 1:05 p.m., upon a roll call vote, the Illinois Tollway's Board of Directors met in Executive Session pursuant to Sections 2(c)(1), 2(c)(2), 2(c)(11), and 2(c)(21) of the Open Meetings Act. The Secretary called the roll and those Directors present were as follows:

Chair Paula Wolff	<u>Also present during some or all of the</u>
Director Jim Banks	<u>Executive Session:</u>
Director Bill Morris	Kristi Lafleur
Director George Pradel	Doug Kucia
Director Jim Roolf	Paul Kovacs
Director Maria Saldaña	Tom Bamonte
Director Carl Towns	Andrew Boron
Director Tom Weisner	Greg Stukel
	Jim Wagner
	Arjana Jaupi
	Peter Foernssler

Staff reminded the Directors to complete the conflict of interest disclosure form.

The Directors discussed FOIA received from SEIU.

Staff stated that the Tollway has received a FOIA from SEIU requesting Tollway memos for the past year to or from Tollway staff and /or Directors regarding communications with or about labor organizations or organizations which make political contributions. The FOIA is also requesting Board meeting minutes.

The Directors discussed potential litigation.

Staff stated that they are looking for guidance from the Board for responding to a settlement demand from Synch Solutions, an HNTB subcontractor. The Board was shown a flowchart showing how the contract was set up and for payments made

under the contract. The Tollway's Program Management Office, HNTB, was asked to provide Information Technology services. HNTB subcontracted the service out to Synch, and the Tollway approved Synch as the subcontractor. Synch was allowed to charge a base rate, typically in the range of \$54 per hour plus a multiplier for the own employees, for a total of \$135 per hour. The HNTB contract, as well as the Synch subcontract required written approval from the Chief Engineer for any subcontract employees. Synch used contract employees from IT staffing companies without Tollway knowledge or approval. Synch presented these contract employees as their own employees and the Tollway approved the \$54 per hour rate plus the multiplier for these presumed employees. Synch paid the IT staffing companies \$98 per hour. After its audit, the Tollway agreed to pay Synch \$54 an hour for the service rendered, but not anything additional. Synch wants to be paid the money that they paid its subcontractors, the IT staffing companies, and forgo any profit. Synch's misbilling was determined after the Tollway audited the contract two years ago. There was extensive discussion. Some of the Directors felt that HNTB should be working this out with Synch, instead of the Tollway. The Directors and staff discussed if the Tollway should settle the amount Synch feels it is owed. Staff stated that the Tollway received the value of the work.

The Directors and staff then discussed what the courts would be likely to give to Synch. The Directors inquired what the legal opinion was. The General Counsel suggested that even if the Tollway prevailed on a claim that Synch defrauded the Tollway the courts in assessing damages would look at whether the Tollway received the value of the work performed, and that the Tollway did receive the value of said work. The Chair inquired why should the Board make a decision now instead of waiting for Synch to file a lawsuit. The Executive Director inquired if the Board chose to use mediation, whether that should be started before or after a lawsuit has been filed. Staff stated that binding mediation can be started at any time. The Directors determined that the Tollway should wait until Synch brings a lawsuit before making a decision.

The Directors discussed the Oases.

Staff stated that the court has approved the transfer of the Wilton Lease to SFI, a subsidiary of iStar's parent company. In late October the court will discharge US Equities as Receiver. Several articles have appeared recently indicating that iStar, the parent company to SFI's managing partner firm, may file bankruptcy, as it is \$8.2 billion in debt. The Tollway Directors were advised by the General Counsel that if iStar files for bankruptcy, the Tollway will have the same Lease protections as were available to the Tollway under the Lease with Wilton, including the right to

declare a default if SFI fails to meet the performance requirements of the Lease. There should be no operational changes anticipated because of the bankruptcy.

Staff stated that iStar/SFI may want concessions, such as not to have to provide food service 24/7, and that they will likely want to revisit the required parking lot repairs. SFI has stated that they will be putting together a long-range plan. SFI is also looking at rebranding and finding ways to make the oases more profitable.

A Director stated that the issue for the new company to be profitable will be the \$35 million debt that is the estimate of the cost of fully rebuilding and repairing the Oases parking lots.

The Directors discussed the release of the Executive Session minutes.

The Chair asked the Board to read through the past Executive Session minutes for release at next month's Board meeting.

The Directors discussed a litigation issue.

Staff advised that the court denied the TRO in the Midwest Fence litigation. The Tollway is working on a Motion to Dismiss. Staff asked that the Directors sign the two forms they have been given. One is a Waiver of a Notice of Service and the second is a letter requesting Attorney General representation.

The Directors discussed personnel matters.

Staff advised that in the Auditor General's recent questionnaire circulated regarding vehicles and fleet management, they had reported to the Auditor General one instance of misuse of a vehicle. This misuse was found in regard to a larger personnel issue. The individual was a Manager in the Operations Department. In addition his wife also worked at the Tollway, processing grievances filed by the unions. It was found that both of the individuals had been forcing other Tollway employees, who worked for the Manager in Operations, such as carpenters and electricians, to do unpaid work on their home. The carpenters and electricians felt it was necessary to do this work in order to keep their jobs. The work was performed in the evening and on weekends. The carpenters and electricians were unpaid, forced labor. In addition, these employees bought the materials used at the Manager's house with their own money, but were not reimbursed.

It was also discovered that the Manager had been stringing bills. The Manager only

had authority to authorize to pay bills under \$1000 so he had the larger bills broken into smaller sums less than \$1000.

Additionally, in a check of the transponder use, there was serious misuse. It was found that the vehicle assigned to this Manager was being used at night and on weekends as a personal vehicle.

The Attorney General did not want to prosecute, as it did not rise to the required dollar amount. Staff stated that they will speak with DuPage County State's Attorney to see if they want to prosecute.

The stringing bills had been previously noted, and he had been trained and told not to do it, but had continued anyway.

Staff stated that the Inspector General's office needs an office away from the Central Administration Building for interviews.

The Directors inquired as to the status of a toll collector employee accused of taking money. Staff advised that the employee is on suspension without pay, and the Tollway is talking to the prosecutor.

There being no further business, Chair Wolff called for a motion to adjourn from Executive Session. Director Morris moved to adjourn; seconded by Director Pradel. The motion was approved unanimously.

Meeting adjourned at approximately 2:40 p.m.

Minutes taken by: _____

Dawn Sirianni
Assistant Secretary
Illinois State Toll Highway Authority

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF EXECUTIVE SESSION
OF
THE BOARD OF DIRECTORS
October 21, 2010**

On October 21, 2010 at approximately 12:35 p.m. upon a roll call vote, the Illinois Tollway's Board of Directors met in Executive Session pursuant to Section 2(c)(1) of the Open Meetings Act to discuss personnel matters, Section 2(c)(2) of the Act to discuss collective bargaining and Section 2(c)(11) litigation matters. The Secretary called the roll and those present were as follows:

Chair Paula Wolff
Director George Pradel
Director Maria Saldaña
Director Tom Weisner

Director Bill Morris
Director Jim Roolf
Director Carl Towns

Also, the following were present during some or all of the executive session:

Kristi Lafleur
Andrew Boron
Dave Wilson
Jeffrey Redding
Brian Bottomley

Doug Kucia
Tom Bamonte
Mike Colsch
Jim Wagner
Mark Bennett (outside counsel)
Thomas Conklin (outside counsel)

The Directors discussed SEIU negotiations.

Staff introduced outside counsel to discuss the status of the contract negotiations with SEIU. Counsel provided background information to the Directors regarding the progress of the negotiation since the contract expiration on December 31, 2008 to the most recent negotiation session on October 18, 2010.

SEIU's proposal included:

- An effective wage increase of 8% when considering a revised wage schedule in addition to a 2.5% increase in wages,
- An alternative pension formula,
- Guaranteed staffing levels, and
- Less flexible scheduling.

[Discussion redacted due to ongoing collective bargaining negotiations]

SEIU's proposed severance package would entitle any bargaining unit employee to receive 6 months of severance pay if he or she resigns or retires within 6 months of the contract signing. Counsel noted that additional side issues brought by SEIU would be more costly to the Tollway within the first 2 years of the contract than their original demands.

Regarding wage issues, Counsel summarized SEIU's most recent proposal as follows:

- A 4 year contract term,
- Effective January 1, 2009 - a wage increase of 4%,
- Effective January 1, 2010 - a wage increase of 4%.
- Effective January 1, 2011 – a wage increase of 2.5%,
- Effective January 1, 2012 - a wage increase of 2.5%, and
- A \$500 retroactivity bonus.

Additionally, SEIU proposed a revised wage scale at a higher rate, which would effectively give its members an 8% wage increase overall for 2009.

SEIU also demanded a minimum staffing level, which would require the Tollway to maintain a workforce of 628 bargaining unit employees throughout the life of the contract. The Tollway currently has 614 bargaining unit employees. As a result, the Tollway would have to hire 14 additional people to meet this demand.

The Directors inquired whether there were any provisions in the current contract that spoke to a minimum staffing level. Counsel responded that only one contract provision restricted the lay-off of bargaining unit members, and that restricts layoffs solely because of the use of new electronic equipment.

Additionally, SEIU is demanding that all employees, regardless of part-time or full-time status, receive the Tollway's full benefit package (medical, dental, optical, life insurance). Currently, only those who work 20 or more hours are eligible for these benefits.

Counsel also informed the Board that SEIU has filed several unfair labor practice charges and grievances – two of which have been moved to arbitration. Counsel expects most claims to be resolved during the course of the contract negotiation because they involve issues that have been put on the bargaining table by both sides.

Counsel does not expect SEIU's unit erosion arbitration to be resolved through the contract negotiation process because this is another means for the SEIU to maintain its membership. The SEIU's interpretation of the current contract language requires the Tollway to back-fill senior toll collector positions whenever they leave for any reason. For example, 61 senior toll collectors have left since January 2005. Based on the contractual language, bargaining history and arbitral law, Counsel explained that the Tollway has a strong likelihood of succeeding on the merits of the case. However, he added that the labor arbitration is never a sure thing because labor arbitrators are not bound by precedent.

Counsel further explained that if the arbitrator rules in favor of the SEIU on this matter, the Tollway would have to fill the 61 senior toll collector positions mentioned earlier at current wage and benefits levels, which equates to approximately \$3.75 million in additional costs annually going forward.

[Discussion redacted due to ongoing collective bargaining negotiations] The Directors asked whether the arbitrator would consider the current economic climate before deciding whether to provide retroactive raises. Counsel explained that the arbitrator does not decide contractual demands only labor grievances.

The Directors asked about the Tollway's obligation to continue negotiations with SEIU. Counsel replied that the Tollway is legally obligated to continue. However, the Tollway can lawfully declare an impasse and unilaterally implement its last offer. On the other hand, the union then has the right to strike with 5 days' notice.

The Directors inquired about the status of the other two union negotiations. Staff responded that ASCME's contract expires at the end of this year and that the Teamster's contract expired in September 2010.

The Directors asked what percentage wage increase the Teamsters received in their recent contract. Counsel replied that the Teamsters received a 1.87% increase for a one-year contract extension that ended on September 30, 2010. In 2009, MAP received a 2.5% increase but this is a small unit.

The Chair asked whether there were any additional questions regarding the SEIU negotiations. There were none.

Directors discussed upcoming union negotiations.

Staff discussed the Tollways' financial readiness for the upcoming union negotiations.

[Discussion redacted due to ongoing collective bargaining negotiations] The Directors asked whether the Tollway is required to negotiate with unions to make changes within the health insurance plan. Staff answered that this issue is currently in arbitration and that the Tollway's position is that negotiations are not required if the changes are made for all employees.

The Directors also discussed the merits of implementing the healthcare changes with the executive team first versus implementing for the whole workforce at the same time.

The Chair asked whether there were any additional questions regarding the upcoming negotiations. There were none.

The Directors discussed the Ferrell property litigation.

Outside Counsel explained that this is an eminent domain case which is set for trial December 6, 2010 in Will County, IL. Counsel described the plaintiff as a bright elderly lady, named Virginia Ferrell. She and her husband have developed many parcels of land, subdividing the land, putting in roads and then selling the land. Ferrell has already received \$600,000 from the Tollway as preliminary just compensation. The final settlement valuation of the property is in dispute. Counsel believes she wants a \$2 million settlement but it is not clear whether this is in addition to or inclusive of the preliminary settlement.

Counsel provided the following background on this case. In 2006, when the Tollway took the land the parties agreed that the land would be deemed to include significant jurisdictional wetlands by the United States Army Corps of Engineers, which means a permit is needed from the Corps to develop such wetlands. However, in 2008, the owners switched lawyers to Helm & Wagner – an eminent domain firm. The new firm claimed that the property wetlands are not jurisdictional. Consequently, the Tollway approached the current owner of the land, a park district, and the district asked the Corps to decide if the wetlands on the property are jurisdictional. The Corps concluded in October 2009 that the land is jurisdictional due to its location - adjacent to navigable waterways. In December 2009, Ferrell's lawyer filed motions for sanctions seeking monetary damages against the Tollway and to bar Christopher Burke from testifying about anything in this case. Ferrell's attorneys argued that the Tollway gave incorrect information to the Corps on which it made its determination, and that Ferrell was not allowed to participate in the process.

Earlier this year, the judge ruled that the 2009 jurisdictional determination does not come in at trial because it post-dated the 2006 valuation and because the property

owner was not allowed to participate. Furthermore, the case will be submitted to the jury to determine the jurisdictional status of the property as of the 2006 date of the taking.

The Directors inquired about what instructions will be given to the jury. Per outside counsel, the judge will determine and deliver instructions. Ferrell's lawyers will argue that although the *Rapanos* case was decided in 2006 and gave the Army Corp the right to make jurisdiction determinations, the regulations were not released and published until 2007 and therefore do not apply to this case. This issue will be argued again soon.

Counsel has offered to reach settlement in three ways: conduct a pre-trial before the judge, mediate the case before a private mediator, or submit the case to binding arbitration. Per Counsel, all responses from Mrs. Ferrell have either been a rejection or no response at all.

The Directors inquired about the likelihood that the Tollway would win this case. Counsel asserted that juries generally tend to award a valuation in the middle – between the plaintiff and defendant's valuations. However, in this case he thinks there is a lot of risk on both sides. Most of the risk is hinging on the issue of whether the land is subject to an Army Corps of Engineers jurisdictional determination. Counsel also shared that this case is expensive to litigate because of the way Ferrell's attorneys are choosing to approach the case. Counsel has 15 depositions to complete by November 15, 2010 with experts on wetland, improvement costs and a myriad of side issues.

Counsel cited a case in Will County against IDOT in which the jury returned a verdict of \$6.5 million compared to IDOT's suggested \$2-3 million valuation. Counsel expects Ferrell's lawyer to testify that the government has been after her for 15 years. He believes similar testimony contributed to the large settlement case loss by IDOT.

The Directors inquired about what the Tollway's legal team needed from them. General Counsel indicated that this case was brought to the Board to keep the Directors fully informed about the upcoming trial. He assured the Board that the Tollway will continue to rigorously defend during the trial but will remain open to settling out of court. He also committed to seeking clarification on whether Ferrell is seeking \$2 million in addition to or inclusive of the \$600K she has already received as preliminary just compensation.

Chair Wolff thanked the lawyer and observed this dedication to the case is admirable.

The Chair asked whether the Directors had additional questions regarding the Ferrell litigation. There were none.

The Directors discussed the Oases negotiation.

General Counsel stated that there was no real update to provide on the status of the Oases other than the information disclosed in an earlier report. Staff shared that ExxonMobil requested 7-Eleven be assigned the lease. The Tollway is working to have outside experts evaluate this.

The Directors discussed threatened litigation.

The Directors discussed negotiations with Synch Solutions. General Counsel reported that the Tollway made no response to Synch Solutions' latest settlement demand and had not heard from Synch in the last month.

The Directors discussed the Midwest Fence litigation.

General Counsel stated that he met with outside counsel, earlier that week about the Midwest Fence case and described the meeting as productive. He shared that a couple of creative theories that could allow the Tollway to make motions to dismiss the case are being evaluated. If viable, the motions will be filed by the end of November.

The Directors discussed a personnel matter.

Staff explained that three FOIA requests were made by a reporter from the *Daily Herald*. Two of the requests were directly related to employee, Mary Wright, who brought the whistle blower allegations that were featured in today's paper. The first two FOIA requests were for the letter Ms. Wright's attorney sent to the Tollway and the Tollway's written response. The third FOIA request from the *Daily Herald* was for emails between Albert Murillo and the contractor – HTNB and its subcontractor.

Staff indicated that the documents requested had not yet been pulled and reviewed and that a response could not be made until they had been. Staff also stated that the documents could qualify for an exemption in the FOIA statute because the

documents had already been forwarded to the Office of Executive Inspector General for the Agencies of the Illinois Governor (OEIG), for a subsequent investigation.

The General Counsel explained that Ms. Wright was the former EEO officer for 10 years who first came under scrutiny during the Fall of 2009 because she advised a supervisor to secretly record conversations. No action was taken at that point because there was a transition in the Tollway administration. In May 2010, she was transferred to a new position. Her salary was preserved but her grade level was reduced. In September 2010, she was placed on probation without pay because it was discovered that she had been emailing Tollway documents to her home computer for at least the last year without authorization or an apparent Tollway purpose. In her investigatory interviews and through her lawyer she alleged that she was demoted in May and harassed in her current position in retaliation for two reports that she prepared regarding the conduct of Albert Murillo, former Chief of Procurement. Before the lawsuit was filed, Staff broadened its investigation from the transfer of documents to investigate her allegations of retaliation. Her lawsuit was filed earlier this week and focused mostly on what happened in May 2010.

Because the claim arises under the whistleblower retaliation provision of the State Ethics Act, if Wright prevails she gets job reinstatement, 2 times her back pay with interest and reimbursement of lawyers' fees. She has been on unpaid suspension since September 17, 2010. Wright admitted that she signed a confidentiality agreement and that she was not supposed to transfer documents without permission. She stated that her only purpose was to protect herself, but she did not indicate from whom she was protecting herself.

The Directors asked about the next steps, timelines, and the ground rules for communication about this case. The General Counsel indicated that the Tollway likely would have to file a response to the lawsuit in mid-November because no grounds to dismiss the case had been found to date. Staff must complete an investigation including looking into allegations of retaliation. Upon completion of the investigation, the Tollway will have to decide what to do in the pending disciplinary action against Ms. Wright.

Staff indicated that the OEIG might consider filing a lawsuit against Wright for revealing the contents of an ongoing retaliation investigation to the public by naming him in the complaint.

The Directors asked whether a firm with expertise in these matters should be brought in. General Counsel indicated that upon completion of the investigation of Ms.

Wright's complaints, the Tollway can decide whether it is necessary to bring in outside counsel.

Staff recommended that inquiries about this case should be referred to the appropriate management. The Directors agreed that if approached by reporters about this matter that they would explain that they do not comment on personnel matters but the Tollway does take these matters seriously.

There being no further business, Chair Wolff called for a motion to adjourn from Executive Session at 2:37 p.m. Director Pradel moved to adjourn; seconded by Director Roolf. The motion was approved unanimously.

Minutes taken by: _____

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF EXECUTIVE SESSION
OF
THE BOARD OF DIRECTORS
November 18, 2010

On November 18, 2010 at approximately 12:41 p.m. upon a roll call vote, the Illinois Tollway's Board of Directors met in Executive Session pursuant to Sections 2(c)(1), 2(c)(2) and 2(c)(11) of the Open Meetings Act. The Secretary called the roll and those present were as follows:

Chair Paula Wolff	Director James Banks
Director Thomas Canham	Director Bill Morris
Director George Pradel	Director Jim Roolf
Director Maria Saldaña	Director Carl Towns
Director Tom Weisner	

The following were present during some or all of the executive session:

Kristi Lafleur	Doug Kucia
Andrew Boron	Tom Bamonte
Jeffrey Redding	Jim Wagner
Tiffany Bohn	

The Directors discussed labor negotiations.

Staff indicated that the Tollway submitted a new proposal to the SEIU for consideration. This proposal included wage increases, retroactive pay and a one year extension of the contract in addition to a request for employee contributions to health insurance premiums. The SEIU did not accept that offer but agreed to another negotiation session on December 22, 2010. Previous proposals from the Tollway did not include a wage increase for 2009. Staff stressed to SEIU that retroactive pay for 2009 would not be available after the end of this fiscal year due to budget constraints.

Staff indicated that the Tollway is in various stages of negotiation with ASCME and Teamsters. Staff intends to pursue employee contributions to health premiums as a

part of each of those agreements. Staff stated that an economic proposal could be brought to ASCME the following week.

[Discussion redacted due to ongoing collective bargaining negotiations] **The Directors discussed the pending litigation matter.**

Staff explained that Mr. Gonzales is a former toll collector who was terminated due to a poor attendance record. While employed, Mr. Gonzales requested ADA paperwork to file for special accommodations but never completed it. He told staff that he did not think his medical condition should be revealed to the Tollway.. Mr. Gonzales later claimed that he did not have enough time to complete the ADA forms despite receiving 3-4 months to complete them. He reportedly requested the morning shift because he took medication in the afternoon that made him sleepy. His supervisors accommodated him by making over half of his work assignments on the morning shift. He was later terminated because of repeated absences even after supervisors accommodated his request for morning shifts. Six months after his termination from the Tollway, he was found to be disabled by the Social Security Administration and went on Social Security disability. He then sued the Tollway for not giving him an ADA accommodation.

The case is heading to trial because the judge denied the Tollway's motion for a summary judgement. A settlement conference is scheduled for December 1, 2010. Mr. Gonzales is asking for a \$495,000 settlement, which includes a combination of front pay, back pay and compensatory damages. General Counsel indicated that although a \$495,000 settlement is unrealistic, the Tollway incurs some financial risk in a jury trial because the trial would be an individual going up against a public agency. Additionally, in the event of a loss, the Tollway would have to pay Gonzales' legal fees. General Counsel requested authority from the Board to go into the settlement conference to resolve the case.

Directors discussed how much authority would be appropriate to give the General Counsel prior to the settlement conference, indicating a willingness to accept a settlement of \$50,000 or possibly even higher. General Counsel indicated that he would return to the Board with any proposed settlement agreement for further review.

Directors inquired whether the fact that supervisors accommodated Mr. Gonzales would serve as an admission in court that he had a medical condition. Directors advised staff to train supervisors to consistently apply ADA filing requirements by not accommodating employees unless they agree to complete the necessary ADA paperwork.

The Directors discussed the pending litigation matter.

General Counsel indicated that Ms. Ferrell has not expressed an interest in settling the case to date. However, he asked the Board for authority to offer up to \$1.8 million in settlement if the Ms. Ferrell approached counsel to settle. This proposed settlement is inclusive of the \$600,000 that has already been paid to Ms. Ferrell as preliminary just compensation.

General Counsel reminded the Board that Ferrell's expert appraisers have submitted property valuations of approximately \$3,000,000 compared to valuations of approximately \$500,000 submitted by the Tollway's appraisers. He explained that both Ferrell and the Tollway have credible appraisers and that the valuation would ultimately hinge on whether the court accepts the jurisdictional determination of wetlands on the property made by the Army Corp of Engineers, which depresses the value of the land.

The Directors advised General Counsel to settle the case if possible.

The Directors discussed a personnel matter now in litigation.

Staff shared the results of the Tollway's investigation into Mary Wright's complaints. Mary Wright was the former EEO Officer at the Tollway. She is currently on unpaid leave because it was discovered in September 2010 that she admitted sending various confidential files to her home computer without prior authorization or a Tollway business need to do so. The files included EEO files and other records sent from the Inspector General Office to the Office of the Executive Inspector General. She is now suing the Tollway because she claims that she was transferred from the EEO position on May 12, 2010 to a position in Employee Services in retaliation for recommending that certain allegations concerning Albert Murillo, former Chief of Procurement, should be referred to the Office of the Executive Inspector General ("OEIG"). Wright investigated two EEO complaints against Mr. Murillo.

Staff explained that previously the EEO Officer reported to the Chief of Administration. Legal determined that under state law the EEO Officer should report directly to the Executive Director and become a part of the Executive Staff. There were concerns about her fit for the EEO position and the Executive Staff because she advised employees that it was permissible for them to tape record

conversations with other employees. For that reason, she was transferred to Employee Services at the same salary although at a reduced pay grade.

Staff shared that Ms. Wright alleged that she sent documents to her home to protect herself and that she did not deserve to be transferred out of the EEO position.

She also alleged that there were issues she discovered that had not been acted upon appropriately by the Tollway. For instance, she indicated that her investigations of two EEO complaints lodged against Albert Murillo had not been acted upon. However, staff found that the investigations had proceeded appropriately and had been forwarded by the Tollway to the OEIG. There is no indication that Ms. Wright knew the status of the investigations but there is no requirement that she be informed about the outcome or status of any investigations.

Ms. Wright also alleged that two other investigations had not been appropriately addressed. One allegation was that an employee had been smoking when he/she accrued overtime pay. The matter was investigated by Administration, which determined the allegations to be unfounded. The other allegation involved inappropriate accrual of vacation leave by employees coming from other state agencies. That matter had also been investigated by Administration and the information was forwarded to the Executive Office. Staff produced a report regarding all of these matters on November 10, 2010 in response to the lawsuit filed by Ms. Wright.

As a result of this lawsuit, staff indicated that the Tollway has received two FOIA requests: one from Ms. Wright's lawyer and the other from Marni Pike of the Daily Herald.

Staff believes that releasing the documents requested in the two FOIA's puts current investigations in jeopardy and sets an unwanted precedent. [*Discussions related to ongoing litigation and personnel matters are redacted*] Directors inquired about the contents of the FOIA requests. Staff read one of the requests, which included any correspondence over the last five years between Albert Murillo and a former Tollway consultant. The FOIA request also includes any correspondence between Albert Murillo and Scott Sims. Mr. Sims has made an official claim of retaliation to the EEO Officer against Albert Murillo because he cooperated in the OEIG's investigation of an EEO complaint against Mr. Murillo.

Staff explained that typically the FOIA Officer makes the determination as to whether a FOIA request should be granted. If the FOIA Officer denies the request,

the requestor has an opportunity to take the matter to the Public Access Counsel (“PAC”) of the Attorney General Office for a decision on the matter. If the PAC determines upon review of the request that the Tollway must comply, the PAC will send a letter to the Tollway directing the release of the documents. Staff recommended pursuing that line of action. Staff also stressed that the past practice of investigatory agencies have been to neither confirm nor deny the existence of an ongoing investigation. Typically, the documents do not become public until the investigation is completed and a disciplinary action has been determined.

The Directors discussed whether it was reasonable to deny the FOIA requests. General Counsel expressed concern about making a blanket denial of the FOIA requests. As explained by the General Counsel, the two step rule in the FOIA statute allows documents to be withheld only if (i) they are created in the course of an administrative enforcement proceeding and (ii) their release would cause some objective harm, such as compromising an investigation, putting someone in physical harm or revealing a confidential source. FOIA requires that documents that are responsive to the FOIA requests that do not meet those two conditions and are not otherwise exempt should be released.

[Discussions related to ongoing litigation and personnel matters are redacted] The Directors inquired whether a lawsuit could be pursued against Ms Wright for breaching the employee confidentiality agreement. Staff shared that better security measures need to be taken to ensure employees no longer have access to sensitive documents when they are moved to positions that do not require access to them. *[Discussions related to ongoing litigation and personnel matters are redacted]* Staff asserted that the Tollway’s investigation showed that her retaliation accusations do not have a basis according to testimony and written documentation.

The Directors advised staff to: inform requestors that we do not want to jeopardize any ongoing investigations, acknowledge the Tollway’s obligation to follow the two-step process outlined in the FOIA statute and ask that they narrow their requests to reduce the burden of review. Staff had already asked Marni Pike of the Daily Herald to narrow her FOIA request. She accepted that request for now. Directors authorized staff to deny the request if the Daily Herald expands the FOIA request beyond a reasonable breadth.

Per the Directors’ request, staff will also ask Ms. Wright’s attorney to narrow his request. The issue should be revisited after receiving his response.

Directors approved the hiring of outside counsel to litigate this matter if deemed necessary by the General Counsel and staff. They also agreed that outside counsel

should investigate grounds for suing Ms. Wright to prevent the release of further information.

Directors also discussed the possibility of seeking amendments to the FOIA or other legislation to avoid compromising investigations by employees who might use FOIA to leak confidential information.

There being no further business, Chair Wolff called for a motion to adjourn from Executive Session at 2:54 p.m. Director Canham moved to adjourn; seconded by Director Roolf. The motion was approved unanimously.

Minutes taken by: _____

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF EXECUTIVE SESSION
OF
THE BOARD OF DIRECTORS
December 16, 2010

On December 16, 2010 at approximately 12:50 p.m. upon a roll call vote, the Illinois Tollway's Board of Directors met in Executive Session pursuant to Section 2(c)(1) of the Open Meetings Act to discuss personnel matters, Section 2(c)(2) of the Act to discuss collective bargaining matters and Section 2(c)(11) to discuss litigation matters. The Secretary called the roll and those present were as follows:

Chair Paula Wolff
Director Bill Morris
Director Jim Roolf
Director Carl Towns

Director Thomas Canham
Director George Pradel
Director Maria Saldaña
Director Tom Weisner

Also, the following were present during some or all of the executive session:

Kristi Lafleur
Tom Bamonte
Greg Stukel
Jack Healy

Doug Kucia
Mike Colsch
Paul Kovacs
Craig Green

The Directors discussed lease negotiation.

Exxon Mobil is requesting that its lease with the Tollway be assigned to 7-Eleven, Inc. Staff indicated that per the lease, the Tollway has 60 days to review and respond to their request. Ideally, staff would like to respond to Exxon Mobil (EM) by the end of the month. Staff introduced Jack Healy and Craig Green from the consulting firm - McGovern & Green (M&G) to give an update on their evaluation of 7-Eleven, Inc. (7-Eleven) as a potential lessee.

M&G's evaluation included a review of the following: the sale and purchase agreement which is a \$19M all-cash deal; the methodology used by EM to select 7-Eleven; the environmental status of thirteen 7-Eleven sites; the list of entities owned by 7-Eleven, and the draft field and distribution agreements between EM and 7-Eleven. They also conducted background checks on the corporation, its subsidiaries and its executives, including the Chief Executive Officer, Chief Financial Officer,

Chief Operating Officer, Senior Vice President of Store Operations and the President of the Great Lakes Division.

M&G also: identified the major subcontractors of 7-Eleven; analyzed the 2008 and 2009 financial statements for 7-Eleven and its holding company; and reviewed 7-Eleven revenue projections and franchise selection process.

The results of M&G's evaluation were as follows: 7-Eleven, Inc is a subsidiary of 7-Eleven Japan, which is a subsidiary of Seven & I Holding. 7-Eleven has \$16 billion in sales, \$6 billion in assets and \$240 million in cash on hand. As of Feb. 28, 2010, Seven & I Holding had \$51 billion in sales, \$41 billion in assets and \$8 billion in cash on hand – making it one of the largest retailers in the world. 7-Eleven has 39,100 stores worldwide of which 8,200 stores are in North America. 7-Eleven's Great Lakes Division has 660 stores and operates 190 gas stations.

EM announced two weeks ago that 7-Eleven will purchase 183 EM stations in the United States. 7-Eleven Japan announced its intention to purchase, through McClain, 294 stores in Australia.

7-Eleven views the oases sites as high visibility or "billboard sites" and therefore will monitor them closely. As a franchisor, 7-Eleven gets paid out of the operating profit of the franchisees and therefore is very involved in the operation of the stores. Their involvement includes: visiting each store weekly, buying inventory and managing a customer relations system that tracks sales by SKU (stock keeping unit) numbers sold each hour at each store. There will be 2 stores at each of the Tollway Oases. As a result, they can customize inventory for each store to maximize profitability. Their largest subcontractor will be McClain for their food services.

Although 7-Eleven, Inc. has not selected franchisees for the Tollway Oases locations, it has a rigorous selection process and are willing to include the Tollway in that process. Currently, the franchisees in the Great Lakes Division of 7-Eleven have over 90% minority ownership. 7-Eleven projects an internal rate of return of 11.3% over a 10 year period. 7-Eleven will: pay \$90M in cash; invest another \$4 million in improvements; and sell each of the oases franchises for \$2.2 million. They expect to improve the sales within the first year of the store opening by over 10% - from their perspective this is a conservative estimate despite the fact that they cannot sell liquor or hot foods at the Tollway Oases.

7-Eleven will train and hire most of the existing employees prior to the closing of the current Oases stores. They have several provisions in their purchase agreement on how to treat employees – especially those nearing retirement.

7-Eleven has environmental professionals on staff and they do not have any significant environmental issues on record in Illinois. They plan to negotiate a fixed contract with EM for environmental clean-up necessary to date. As outlined in the lease agreement, EM is responsible for the property's current state. 7-Eleven will have to do its own due diligence to determine the current state. At the end of the lease, 7-Eleven will have to return the area back to "as good" or "better" condition as when it was originally leased to EM.

No significant issues were discovered about the executives during the background checks. There have been several lawsuits against 7-Eleven in Illinois - most of them from the City of Chicago. M&G indicated that these cases are most likely administrative matters (e.g. health code violations). Outside of the state, there are several lawsuits but none of them were deemed material to this transaction by M&G.

M&G indicated that the Tollway will have final approval of franchisees. The Tollway will have one point of contact with 7-Eleven despite the existence of multiple franchisees.

Directors asked about the minority composition of the franchise owners. General Counsel said this question could be asked as a point of interest but there is no provision in the lease that would require them to provide that information or to use that information as a part of the franchisee selection. Directors suggested that 7-Eleven be asked about the census breakdown of their franchisee owners as a point of interest.

Directors expressed concern that 7-Eleven could depress the sales/profitability for other pavilion vendors at the oases.

Directors inquired about 7-Eleven's willingness to share the costs of repairing the pavement in the parking lots. M&G indicated that there is a provision in the purchase agreement that limits 7-Eleven's contribution to the repaving of the parking lots.

Staff indicated that concessions may be requested by US Equities and iStar on the lease of the Tollway Oases pavilions. Staff is reviewing the extent of concessions

that can or should be made. One of the directors reminded the staff and Board that he would need to recuse himself from any vote related to US Equities.

Staff asked for the sense of the Board about honoring Exxon Mobil's request to assign their lease to 7-Eleven. The Directors indicated that they are comfortable with the arrangement as presented but requested a written report from M&G detailing the results of their evaluation.

Directors discussed negotiations with SEIU.

Staff indicated that another negotiation session with SEIU would occur before the end of the year. Staff expects a response from SEIU to the Tollway's last economic proposal, which included a percentage of health premium coverage to be shared with employees. Staff indicated that the Operating Reserve Fund in the 2011 budget was allocated to accommodate incidental costs like snow removal that require more funding in case we have a worse winter than expected. Although not publicly stated, this fund will also cover SEIU retroactive raises in the event an agreement is not reached by the end of this year. Directors inquired about how long retroactivity could be offered to the union on 2009 wages. Staff indicated that the proposal will reflect an end of the year deadline.

Directors inquired about whether there are opportunities to reduce the number of toll collectors. Staff indicated that Tollway is at the minimum needed to staff the manual booths that are currently open. However, there are opportunities to reduce the number of manual lanes based on the low rate of tolls taken at certain lanes. These opportunities might be identified through a pilot program currently underway that closes some plazas overnight.

Staff reminded the Directors that all of the union negotiations will include a request for employees to share a percentage of health premiums costs. The percentages paid will depend on the employee's wage levels. Under the proposed plans, lower wage employees would pay a lower percentage of the health premium and employees who select a PPO instead of an HMO would pay a higher percentage of the premium. One program was left as a free option for employees who are at the lowest wages. *[Discussion redacted due to ongoing collective bargaining negotiations]* Directors inquired about the status of other union negotiations. Staff indicated that the Tollway is currently in active negotiations with SEIU, Teamsters and ASCME. To date, economic proposals have not been put on the table for ASCME and Teamster. Teamsters asked for a mediator at the last session. *[Discussion redacted due to ongoing collective bargaining negotiations]* . Directors inquired about the Tollway's involvement in contract negotiations with local State Police (District 15).

Staff indicated that those negotiations are handled by the State and that the Tollway is bound to the agreements negotiated at that level. Directors asked that staff include footnotes in future Tollway budgets indicating that State Police wages are excluded, and noting the hiring requirement for State Police and its potential financial impact on the budget.

Chair brought the pending litigation report sent by General Counsel to the attention of the Board and complimented General Counsel on his performance on several litigation matters over the last month.

There being no further business, Chair Wolff called for a motion to adjourn from Executive Session at 1:30 p.m. Director Morris moved to adjourn; seconded by Director Roolf. The motion was approved unanimously.

Minutes taken by: _____/s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF EXECUTIVE SESSION
OF
THE BOARD OF DIRECTORS
January 27, 2011

On January 27, 2011 at approximately 12:30 p.m. upon a roll call vote, the Illinois Tollway's Board of Directors met in Executive Session pursuant to Section 2(c)(1) of the Open Meetings Act to discuss personnel matters, Section 2(c)(2) of the Act to discuss collective bargaining matters and Section 2(c)(11) to discuss litigation matters. The Secretary called the roll and those present were as follows:

Chair Paula Wolff	Director James Banks
Director Thomas Canham	Director Bill Morris
Director George Pradel	Director Jim Roolf
Director Carl Towns	Director Tom Weisner

Also, the following were present during some or all of the Executive Session:

Kristi Lafleur	Doug Kucia
Tom Bamonte	Mike Colsch
Jeff Redding	Paul Kovacs

Directors discussed negotiations with Service Employee International Union (SEIU).

Staff indicated that an agreement had been reached with the SEIU and that the vote/ratification period for the membership would end on the following day, January 28, 2011. Staff acknowledged the hard work of Legal and Management in putting together a fair resolution to a bargaining negotiation that went on for nearly two years. The final agreement has a four year term that is retroactive to 2009 and continues through 2012. Staff is pleased with the one year extension of the contract because: the terms are good, the timing of the contract expiration is aligned more closely with that of other unions, and it effectively delays the next bargaining session to 2012 (originally scheduled for 2011).

Staff reviewed the terms of the agreement with the Board. Some of the terms included a wage increase of 1% retroactive to 2009, an increase of 2% for 2010 - 2011 and an increase of 2.5% in 2012. The terms also included a severance package

totaling 1 month salary plus normally accrued benefits in 2011 for up to 40 employees who are eligible for retirement. This severance package is scaled down from the 20 weeks of severance pay offered by the Tollway several months ago in response to SEIU's request for inclusion in the state's alternative pension formula. Staff indicated that SEIU agreed conditionally to accept a percentage of health premium payments in their contract if the Tollway negotiated similar terms with other unions. The percentage options offered were 10%, 5% and 0% for employees in PPO, HMO and HMO Blue Advantage options respectively. Also, even with the 0% health care premium option for lower wage employees, moving employees from the PPO to an HMO represents significant savings for the Tollway.

Directors inquired about the status of other union negotiations. Staff indicated that the Tollway is currently in active negotiations with the Teamsters and AFSCME and that healthcare premiums will be on the table for those negotiations. Staff is planning a sliding scale for premiums – proposing a top end of 15% of premium. Also, there may not be a 0% option for employees with higher wage levels.

Directors asked how the wage increases in the final SEIU agreement compare with the original request from the SEIU. Staff indicated that the initial percentage wage increase SEIU put on the table was at 5.75% compared to the 2.5% originally considered. Staff noted that as part of the contract SEIU withdrew its unit erosion claim, which would have required back pay/back-filling to 2005 staffing levels of senior toll collectors.

Staff reviewed the terms of the retroactive lump sum offered in the agreement as well as the severance package. Directors asked whether the agreement addresses “redundant” employees. Regarding the severance package, of the maximum 40 SEIU members eligible in 2011, the resulting open senior toll collector positions will be backfilled by promoting current toll collectors into those positions. The resulting vacancies can be filled by seasonal toll collectors which represents significant savings for the Tollway.

Directors asked what level of savings does a seasonal worker represent compared to a senior toll collector. Staff indicated that a senior toll collectors wages (including benefits) can be \$89,000 annually; a part-time collector's wages can be \$69,000 annually; seasonal toll collectors receive approximately \$20,000 annually. Also, seasonal workers do not receive benefits such as sick days, which results in more savings for the Tollway.

[Discussion redacted due to ongoing collective bargaining negotiations] Staff clarified the conditional clause of the SEIU agreement related to health care premiums. If the Tollway gives other unions any concessions to offset healthcare costs, then the SEIU would receive the same concessions also.

Directors asked whether everything (except the healthcare provisions) in the SEIU agreement goes into effect if the agreement is ratified by SEIU membership on January 28, 2011. Staff explained that the agreement cannot go into effect until the Board votes on it at the February Board meeting.

Directors asked whether there is a specific labor pool targeted for seasonal toll collectors. Staff indicated that many of the seasonal workers are teachers. However, seasonal work is advertised throughout the Tollway.

Directors congratulated staff on reaching an agreement with SEIU.

Directors discussed personnel issue.

General Counsel shared that a whistleblower lawsuit had been filed by two ex-Tollway employees – Mr. and Mrs. Marro. Mr. Marro worked in Facilities and Mrs. Marro worked in Labor Relations. They were terminated after an investigation by the Inspector General (IG) determined that they had used Tollway employees to complete renovations on their home. Their lawsuit claims that they were terminated because they reported irregularities in the pre-employment testing process to the Tollway.

Their allegation regarding the pre-employment testing process was investigated by the IG prior to their termination. It was determined by the IG that the claim was not credible. General Counsel believes that the Tollway is in a good position for this lawsuit.

General Counsel advised Directors to forward inquiries they receive about this matter from the media or others to the Executive Director. Directors confirmed that they would not comment in detail about this or other personnel matters to the press.

Directors discussed construction related issue.

The General Counsel reported that a whistleblower employed by the contractor went to the Attorney General (AG) to report allegations of irregularities in the Fox River Bridge construction. Staff has worked with outside firms to confirm whether the

alleged construction irregularities exist and, if so, how they affect the safety, durability and maintenance costs associated with the bridge. General Counsel indicated that the AG has one year to determine whether she will pursue a whistleblower case after the allegation has been made. In this case, that timeframe expires in mid-March. Staff is working with outside consultants to provide technical information to the AG prior to the March deadline.

Staff reviewed the technical process to determine the safety of the bridge and the accuracy of the allegations. Staff obtained a letter from an outside consultant that indicates no immediate safety issues with the bridge and no need to change how the Tollway operates the roadway. *[Discussion relating to pending litigation redacted]* Directors asked whether there is precedent for determining whether compensation is justified from contractors when they do not construct according to specifications. General Counsel indicated that based on precedent, compensation can be awarded when damages are demonstrated and quantifiable.

[Discussion relating to pending litigation redacted] Directors asked whether the whistleblower allegations were against the Tollway. Staff clarified that the allegations are against the contractor and construction manager contracted by the Tollway, but not against the Tollway.

Directors asked how the management/design process for this project differed from other Tollway construction projects. For this project, the designers commissioned by the Tollway provided a general outline of the bridge design and confirmed that a viable bridge could be built at the specified location. The contractor was provided an incomplete design and was tasked with proposing a finalized design. This is not the standard process. In the typical Tollway project, the Tollway does 100 percent of the design, the contractor bids on and follows those specifications, and the Tollway hires a construction manager to oversee the project. Also, for previous Tollway projects, the Illinois Department of Transportation (IDOT) inspected and tested the concrete and steel at the plant. IDOT discontinued that service. Therefore, an independent contractor was hired to do the inspections instead.

Directors asked whether the Tollway will collaborate with the AG to determine the damages. General Counsel said that the Tollway is providing technical support to the AG on this matter but it would be up to the AG to decide whether to move forward with this whistleblower case.

Directors discussed the Executive Director's performance goals.

The Executive Director (ED) asked the Directors whether they have questions about the performance goals sent to them prior to the meeting. None of them had questions.

The Board met in Executive session without staff. Directors commented that the performance goals presentation is a good framework and that timelines and more specific outcome measures should be incorporated in the document. Directors also suggested that the goals be reviewed with the ED in six months.

There being no further business, Chair Wolff called for a motion to adjourn from Executive Session at 1:30 p.m. Director Morris moved to adjourn; seconded by Director Roelf. The motion was approved unanimously.

Minutes taken by: _____ /s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF EXECUTIVE SESSION
OF
THE BOARD OF DIRECTORS
February 24, 2011

On February 24, 2011 at approximately 1:35 p.m. upon a roll call vote, the Illinois Tollway's Board of Directors met in Executive Session pursuant to Section 2(c)(1) of the Open Meetings Act to discuss personnel matters, Section 2(c)(2) of the Act to discuss collective bargaining matters and Section 2(c)(11) to discuss litigation matters. The Secretary called the roll and those present were as follows:

Chair Paula Wolff	Director James Banks
Director Thomas Canham	Director Bill Morris
Director George Pradel	Director Jim Roolf
Director Maria Saldana	Director Carl Towns
Director Tom Weisner	

Also, the following were present during some or all of the Executive Session:

Kristi Lafleur	Doug Kucia
Tom Bamonte	Mike Stone
Jim Wagner	

Directors discussed an employee theft case.

The Inspector General (IG) reported that an internal audit uncovered a pattern of stealing by a toll collector over a period of 2 years. Emergency vehicles are allowed to go through toll plazas without charge when their emergency sirens are on and in other limited circumstances. After confronting the toll collector with video and electronic evidence, the toll collector confessed that he collected tolls from numerous cars and then falsely reported that he was authorizing free passage of those cars because they were emergency vehicles. He falsely collected approximately \$3,000 over a 2 year period.

After reviewing the evidence, the Assistant State's Attorney authorized felony charges. The toll collector was then arrested by the State Police and taken into

custody. He was bonded out and a hearing was set for March 1, 2011. The IG is beginning a broader review of the toll collectors' activities to determine whether similar patterns of stealing can be found.

Directors asked whether the toll collector was an SEIU member. The IG confirmed that he was a union member and was accompanied by a SEIU representative during the interview with the IG. Once felony charges were authorized, the union took no further action.

Directors asked whether the collector would lose his pension rights if he is convicted. The IG indicated that loss of pension rights is a possibility.

Directors asked whether there were extenuating circumstances that would explain the collector's behavior. The IG said that was explored during the interview. The only reason provided by the collector was that early in the process he needed candy money at work one day and the stealing escalated from there. The IG asked the State's Attorney to include restitution in any negotiation with the collector. The toll collector stated that he would like to pay the money back to the Tollway.

Directors suggested that other collectors be reminded that they are being monitored and they could get caught. The IG responded that he is required by statute to publicly report his activity twice a year and he will make a public report to the Board in April which will include this incident.

Directors suggested that management work with the unions to educate their members about the consequences of stealing money and inform them that since the creation of the new IG position, the Tollway has increased its internal investigations.

Directors discussed labor negotiations with American Federation of State County and Municipal Employees (AFSCME) and Teamsters.

Staff reported that the Tollway is in active negotiations with AFSCME and the Teamsters. In addition to the salary and wage demands that were put on the table at the last negotiation session, the Teamsters indicated that they are willing to transfer their members, 431 in total, out of the Tollway healthcare plan and into the Teamster's health plan. This offer was made in response to Staff's proposal that employees pay a percentage of their healthcare premiums. Staff is doing analysis to determine whether removing the Teamster members from the Tollway healthcare plan would be beneficial to the Tollway.

Directors asked whether the Teamsters inquired about moving their members to the Teamster's pension plans also. Staff indicated that this had not been mentioned to date.

Directors asked whether AFSCME had indicated willingness to accept the Tollway's proposal for employee contributions to healthcare plans. Staff indicated that although healthcare premiums were not included in the only economic proposal from AFSCME to date, they contribute to healthcare premiums with other state government contracts. Staff reported that AFSCME submitted its first economic proposal at the last negotiation session which included eight percent wage increases each year over a three year contract and various equity pay adjustments totaling \$500,000 a year.

Staff reminded the Board that the Tollway budgeted for \$1M in healthcare cost savings in 2011. If those savings cannot be realized through negotiations with the unions by the third week in March, the Tollway must make decisions about adjustments to the healthcare plan for all employees to realize those savings. This deadline will be communicated to the unions.

Directors asked whether unilateral changes to the healthcare plan can be made without negotiating with the unions. General Counsel indicated unilateral changes are allowable as long as the changes are applicable to all Tollway employees. However, if major material changes are made, push back from the unions is expected.

Directors discussed personnel issue.

General Counsel reminded the Directors that Ms. Wright has been an employee at the Tollway for ten years as the EEO officer. She was transferred to another position last May at the same pay but received a demotion in pay grade. She was suspended in September 2010 because she sent confidential EEO documents to her home email account and conducted personal business on the Tollway computer. Disciplinary action has not been decided on. She filed a lawsuit against the Tollway in October 2010 alleging that she was retaliated against due to two investigations she conducted of the Tollway's then Chief of Procurement, Albert Murillo. A series of depositions are scheduled in March 2011 with four Tollway employees and Ms. Wright. The Tollway expects to receive a settlement demand at the end of March or early April. *[Discussions related to ongoing litigation and personnel matters are redacted]*

Directors asked whether there are guidelines in the Tollway employee manual for appropriate computer use. General Counsel indicated that there are provisions in the employee manual for the Information Technology department to assist Tollway

employees in sending company information when appropriate to outside accounts and prohibitions on wrongful use of Tollway equipment. Wright's justification for sending the documents home, although not founded in fact, was that she was doing it in her whistleblower capacity.

Directors asked when the Murillo case would be concluded. Staff indicated that this case was referred to the Office of the Executive Inspector General (OEIG) and the investigation is active. Staff had not received an expected completion date from the OEIG.

Directors discussed the personnel issues with the ED.

The Board met in Executive session without staff to discuss personnel issues.

There being no further business, Chair Wolff called for a motion to adjourn from Executive Session at 2:00 p.m. Director Morris moved to adjourn; seconded by Director Banks. The motion was approved unanimously.

Minutes taken by: _____ /s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF EXECUTIVE SESSION
OF
THE BOARD OF DIRECTORS
March 24, 2011**

On March 24, 2011 at approximately 9:30 a.m. upon a roll call vote, the Illinois Tollway's Board of Directors met in Executive Session pursuant to Section 2(c)(1) of the Open Meetings Act to discuss personnel matters, Section 2(c)(2) of the Act to discuss collective bargaining matters and Section 2(c)(11) to discuss litigation matters. The Secretary called the roll and those present were as follows:

Chair Paula Wolff	Director Thomas Canham
Director Bill Morris	Director George Pradel
Director Jim Roolf	Director Maria Saldana
Director Carl Towns	Director Tom Weisner

Also, the following were present during some or all of the Executive Session:

Kristi Lafleur	Doug Kucia
Tom Bamonte	Mike Stone
Mike Colsch	

Directors discussed labor negotiations with American Federation of State County and Municipal Employees (AFSCME) and Teamsters.

Staff reported that the Tollway is in active negotiations with the Teamsters and AFSCME. At the 12th bargaining session with the Teamsters, the Tollway presented an economic proposal which included wage increases of 2 percent the first year of the contract, 2.5 percent for the second year, and 2.5 percent for the third year. This proposal was in response to the Teamsters economic proposal which included wage increases of 3.5 percent each year of the proposed 3 year contract. Regarding healthcare, the Teamsters' last proposal included transferring 424 employees from the Tollway healthcare plan to the Teamsters plan, which would result in Tollway paying the Teamsters \$1050 per employee for coverage each month. Staff estimates that the Tollway's payment for HMO coverage over the same time period through

the Tollway's health insurance plan would be approximately \$1200 per employee per month.

Staff reported that the Tollway completed the 13th bargaining session with AFSCME and have two additional sessions scheduled in April. AFSCME's last economic proposal included 8 percent wage increases each year of the proposed 3 year contract, which would cost the Tollway approximately \$6 million of the life of the contract. The Tollway countered that offer with one percent wage increases over the same time period, which would cost the Tollway \$720,000 over the life of the contract. AFSCME also requested equity adjustments for 61 employees, which would cost the Tollway approximately \$1.9 million over a three year period. Regarding healthcare, AFSCME proposed maintaining the current healthcare payment plan instead of the 3 tier healthcare premium contribution plan proposed by the Tollway.

Directors discussed the pros and cons of accepting the Teamster's offer to cover its Tollway members under its healthcare plan in lieu of the employee premium contributions proposed by the Tollway.

Directors asked how the wage profiles of Tollway employees that are Teamsters compare with the wage profile of employees that are SEIU members. The average salary range for SEIU employees is \$48K - \$50K. The average salary for Teamsters is \$60K - \$65K and the salaries range from \$30K - \$100K.

Directors discussed the Ferrell land acquisition litigation case.

General Counsel stated that this case is scheduled for trial on May 9. He expects the plaintiff's lawyers to ask for a \$3 million judgment against the Tollway as compensation for that land. The Tollway's lawyers will argue that the \$650,000 paid to date for the land is fair compensation. The Tollway and plaintiff are currently involved in motions to limit the scope of the testimony and evidence presented during the trial. The rulings on these motions are expected at the end of April. Counsel estimates that since the initial attempt to purchase the land in 1996, the Tollway has spent nearly \$1 million on litigation surrounding this land acquisition. He expects the trial to take seven to ten days.

At approximately 10:00 a.m., Chair Wolff called for a motion to adjourn from executive session to convene the public Board Meeting. Motion was made by Director Towns and seconded by Director Canham. The motion was approved unanimously.

At approximately 12:20, Chair Wolff called for the reconvening of the Executive Session. The Secretary called the roll and those present were as follows:

Chair Paula Wolff
Director Bill Morris
Director Jim Roolf
Director Carl Towns

Director Thomas Canham
Director George Pradel
Director Maria Saldana
Director Tom Weisner

Also, the following were present during some or all of the Executive Session:

Kristi Lafleur
Tom Bamonte

Doug Kucia

Directors discussed a personnel matter.

General Counsel stated that the Tollway had completed a deposition of Mary Wright and expected to complete other depositions associated with this case during March. Ms. Wright was notified that she has a one month suspension and can return to work on May 1, 2011. However, General Counsel anticipates that in April serious discussions will be held with her lawyers to determine a resolution that does not include her return.

Directors asked what type of job she would do at the Tollway if she decides to return after her suspension. General Counsel responded that Ms. Wright would return to do training work in Administration but will not have EEO duties.

Directors discussed personnel issues with the Executive Director.

The Board met in Executive session without staff to discuss performance of the Tollway management and the process for recruiting and retaining personnel.

Directors discussed personnel issues without the Executive Director.

Directors discussed the performance of the Executive Director and staff as well as their support for effective Board work.

There being no further business, Chair Wolff called for a motion to adjourn from Executive Session at 1:20 p.m. Director Morris moved to adjourn; seconded by Director Banks. The motion was approved unanimously.

Minutes taken by: _____/s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF EXECUTIVE SESSION
OF
THE BOARD OF DIRECTORS
April 28, 2011

On April 28, 2011 at approximately 9:30 a.m. upon a roll call vote, the Illinois Tollway's Board of Directors met in Executive Session pursuant to Section 2(c) (1) of the Open Meetings Act to discuss personnel matters, Section 2(c) (2) of the Act to discuss collective bargaining matters and Section 2(c) (11) to discuss litigation matters. The Secretary called the roll and those present were as follows:

Chair Paula Wolff	Director James Banks
Director Bill Morris	Director George Pradel
Director Jim Roolf	Director Maria Saldana
Director Carl Towns	Director Tom Weisner

Also, the following were present during some or all of the Executive Session:

Kristi Lafleur	Doug Kucia
Tom Bamonte	Mike Stone
Paul Kovacs	

Directors discussed labor negotiations with American Federation of State County and Municipal Employees (AFSCME) and Teamsters.

[Discussion redacted due to ongoing collective bargaining negotiations]

Directors asked whether the Staff had a sense of when this negotiation with the Teamsters' would conclude. Staff indicated that it was difficult to predict a resolution time frame.

Directors discussed the construction litigation case.

General Counsel indicated that the Attorney General's office is monitoring the work of the contractor. *[Discussions related to pending or anticipated litigation are redacted]*

Staff said that a full construction audit will be conducted by an independent firm to ensure that the Tollway gets everything it paid for and also review our oversight process from contracted construction managers and internal staff.

At approximately 10:00 a.m., Chair Wolff called for a motion to adjourn from executive session to convene the public Board Meeting. Motion was made by Director Towns and seconded by Director Canham. The motion was moved unanimously.

At approximately 12:20, Chair Wolff called for the reconvening of the Executive Session. The Secretary called the roll and those present were as follows:

Chair Paula Wolff	Director Thomas Canham - phone
Director Bill Morris	Director George Pradel
Director Jim Roolf	Director Maria Saldana
Director Carl Towns	Director Tom Weisner

Also, the following were present during some or all of the Executive Session:

Kristi Lafleur	Doug Kucia
Tom Bamonte	Joann Finn
Tom Conklin	Rocco Zuccherro

Directors discussed the Ferrell land acquisition litigation case.

General Counsel told Directors that Mrs. Ferrell agreed to settle the land acquisition litigation case for approximately \$1.9 million and asked the Directors whether they have any concerns about moving forward with this settlement. General Counsel stated that this settlement amount can be covered within the project budget. The Directors agreed that this settlement was acceptable. The Chair indicated that when the Board adjourned from Executive Session and returned to the full public Board session that a vote on this settlement would be held.

Directors discussed the release of executive session minutes.

General Counsel reminded Directors that the Board is required to review the unreleased Executive Session minutes two times a year to determine whether they can be released to the public. The minutes under review for release included

previously unreleased minutes from July 2010 to February 2011 and the redacted sections of previously released minutes from April 2009 to June 2010. Directors discussed specific sections on minutes of minutes recommended for release by General Counsel. The Chair asked whether the Directors had concerns about releasing minutes recommended by General Counsel. With no additional questions, the Chair indicated that a public vote to release the minutes would be held after the Executive Session is adjourned.

Directors discussed [litigation] matter.

General Counsel stated that the Tollway had completed a deposition of Mary Wright and that settlement negotiations are underway. Wright made an offer that involved reinstating her employment. The Tollway countered with an offer that did not include reinstating her employment. Staff is in the process of determining how an immediate resignation would affect her retirement compensation and confirming the amount of state service she has accrued in previous state employment. This information could be used as a basis for a financial settlement.

Directors expressed concern about the number of cases that have been settled versus going to trial. General Counsel indicated that the goal in these types of case is to reduce the Tollway's net future financial exposure.

Directors discussed personnel issues with the Executive Director.

The Board met in Executive session without staff to discuss personnel issues.

Staff discussed the status of an Office of Executive Inspector General investigation of an employee.

Staff shared that the Chief of Staff, Doug Kucia, will leave the Tollway in two weeks. The Executive Director indicated that she is looking both internally and externally to fill this position.

Directors discussed the personnel issues without the Executive Director.

[Discussion related to personnel issues are redacted]

Directors discussed the need to re-circulate the Executive Director's goals for review. Directors discussed the Executive Director's performance to date and it

was agreed that a group of Directors would meet and recommend an evaluation process at an appropriate time.

There being no further business, Chair Wolff called for a motion to adjourn from Executive Session at 1:20 p.m. Director Morris moved to adjourn; seconded by Director Towns. The motion was approved unanimously.

Minutes taken by: _____ /s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF EXECUTIVE SESSION
OF
THE BOARD OF DIRECTORS
May 26, 2011

On May 26, 2011, at approximately 12:00 p.m. upon a roll call vote, the Illinois Tollway's Board of Directors met in Executive Session pursuant to Section 2(c) (1) of the Open Meetings Act to discuss personnel matters, Section 2(c) (2) of the Act to discuss collective bargaining matters and Section 2(c) (11) to discuss litigation matters. The Secretary called the roll and those present were as follows:

Chair Paula Wolff	Director James Banks
Director Tom Canham	Director Bill Morris
Director George Pradel	Director Jim Roolf
Director Maria Saldana	Director Carl Towns

The following were present during some or all of the Executive Session:

Kristi Lafleur	Tom Bamonte
Paul Kovacs	Greg Stukel
Joanne Fehn	

Directors discussed the Oases Electronic Billboard lease.

Staff indicated that the lessee of the Oases pavilions, SFI, submitted a sublease to allow CBS to install electronic billboards on the Oases to the Tollway for approval in December 2010. Staff indicated that per the lease agreement, the Tollway has 21 days to review sublease requests and respond to the lessee. However, SFI agreed to stop the clock on the response deadline to give the Tollway an opportunity to evaluate safety concerns and related guidelines from the Federal Highway Administration. Also during this time period, the Tollway has requested that SFI provide a capital plan related to the repair of the parking lots. SFI submitted a five year plan in March, which Tollway staff is reviewing. However, the plan only includes the surface repairs to the lot over the next 5 years. Some of the lots will require substantial repairs, if not replacement, over that time period.

SFI obtained a permit from IDOT to install the electronic billboards. Recently, the Tollway received notice from SFI indicating that the new deadline for the Tollway to provide a decision on the sublease to CBS Outdoor is June 1, 2011.

Directors discussed: (1) whether the Tollway should grant the sublease to CBS, (2) how this sublease relates to the parking lot repairs and (3) whether the Tollway should contribute to the repair/replacement of the parking lots (car and/or truck) and ramps and/or take over responsibility for portions of those structures.

Directors asked how much it would cost to replace the car and truck parking lots and ramps. Staff indicated that the replacement cost estimates from the general consultant are up to \$35 million – the truck parking lot and the ramps account for nearly 90% of that cost. The truck parking lot adds little to no value to the lessee but are important to the Tollway overall. As a result, SFI is requesting that the Tollway take over that responsibility.

Directors asked about the terms of the sublease for CBS. Staff indicated that the base rent to SFI from CBS would be \$750,000 per year in the opening years with a potential upside for SFI from the rents realized by CBS for the 10 electronic boards. Under its sublease with SFI, CBS would share up to 50% of its revenues with SFI. Under SFI's current proposal to the Tollway, SFI would provide a guaranteed capital stream for parking lot repairs of \$500,000 annually until 2021, after which it rises to \$750,000 per year. Additionally, SFI offered to make it easier for the Tollway to share in a portion of the billboard revenue stream. The estimated maximum benefit to the Tollway is \$200,000 per year according to the Tollway Finance department. SFI is also committing \$10 million in capital and a revenue share of up to \$3 million over 17 years.

Directors discussed the public and legislative interest in the contracts/leases related to the Oases.

Directors advised staff to consider the following principles during the negotiation with SFI: (1) minimize changes to the existing lease agreement terms; i.e., SFI should maintain responsibility for the parking lots and ramps; (2) maximize the Tollway's share of the electronic billboard revenue from CBS and SFI; and (3) maximize the quality of the parking lots and ramps.

General Counsel informed the Board that SFI would likely ask the Tollway to take more responsibility for the parking lot and ramp repair in exchange for maximizing the Tollway's share from the electronic billboard revenue.

Chair Wolff asked staff to keep Director Banks abreast of the details of the SFI sublease negotiation and to provide a more general report to the rest of the Board. She also asked the staff to put together a clear description about the lease for external distribution.

General Counsel asked for guidance on how to proceed if the negotiation is not complete prior to the current deadline which is June 1, 2011. Staff indicated that the sublease request should be denied in that case and SFI should be encouraged to either re-submit its request or extend the deadline for response. Staff acknowledged that a denial might result in a lawsuit.

Directors discussed [construction litigation].

[Discussions related to ongoing litigation are redacted]

Directors discussed unfair labor violation filed by American Federation of State County and Municipal Employees (AFSCME) against the Tollway.

General Counsel received notice that AFSCME has filed an unfair labor practice against the Tollway arising from the upcoming changes to the health care plan. General Counsel and Human Resources will continue to monitor.

Directors discussed personnel issues with the Executive Director.

The Board met in Executive session without staff to discuss personnel issues. In reference to the Fox River Bridge, staff is investigating the need for a full construction audit to ensure the Tollway has gotten what it has paid for throughout the system and to ensure that proper procedures and controls are in place in preparation for the launch of future capital programs. Staff is working with General Counsel to determine how to procure an independent firm to conduct this audit.

Staff informed the Directors that the Chief Internal Auditor position has been filled. The new Chief begins employment on June 1, 2011.

A permanent State Purchasing Officer (SPO) has been hired to replace the acting SPO who was released from his duties on Monday May 23, 2011 by the State Purchasing Office. The acting SPO has filed a multi-page summary of his complaints about the OIEG findings to the Executive Ethics Committee. He shared those complaints with Tollway staff.

Directors discussed personnel issues without the Executive Director.

Directors discussed the need to re-circulate the Executive Director's goals for review. Directors discussed the ED's performance to date and it was agreed that a group of Directors would meet and recommend an evaluation process at an appropriate time.

Staff briefed the Board on EEO charges filed by a senior Tollway executive against the Executive Director. Staff reported that charges were determined to be unfounded. The Board discussed next steps regarding the persons involved in the charges.

There being no further business, Chair Wolff called for a motion to adjourn from Executive Session at 1:30 p.m. Director Roelf moved to adjourn; seconded by Director Canham. The motion was approved unanimously.

Minutes taken by: _____ /s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF EXECUTIVE SESSION
OF
THE FINANCE-ADMINISTRATION COMMITTEE
May 26, 2011

On May 26, 2011, at approximately 9:35 a.m. upon a roll call vote, the Illinois Tollway's Board of Directors met in Executive Session pursuant to Section 2(c) (1) of the Open Meetings Act to discuss personnel matters, Section 2(c) (2) of the Act to discuss collective bargaining matters and Section 2(c) (11) to discuss litigation matters. The Secretary called the roll and those present were as follows:

Chair Paula Wolff	Director James Banks
Director Bill Morris	Director George Pradel
Director Jim Roolf	Director Maria Saldana
Director Carl Towns	Director Canham

Also, the following were present during some or all of the Executive Session:

Kristi Lafleur	Tom Bamonte
Mike Stone	Mike Colsch

Directors discussed labor negotiations with Teamsters.

Staff indicated that the Tollway had reached a tentative agreement with the Teamsters, which was ratified by the Teamster membership on Thursday May 19, 2011. Staff indicated that the agreement includes health care cost savings and provides annual wage increases for each year of the four year contract. Approximately 430 Teamster employees are covered under this tentative agreement including: roadway maintenance crew; EOL equipment operators and welders; fleet maintenance; mechanics and body technicians; traffic operations; sign makers; drivers and messengers; roadway lighting personnel; operational services and building maintenance crew; water, sewer and structural; and painters. The four year Collective Bargaining Agreement (CBA) is effective from October 1, 2010 through September 30, 2014 and is based on the 2011 budgeted headcount of 431 bargaining unit employees working 2080 hours.

Contract wage increases and the resulting costs for wages, pension and FICA are shown as follows:

2.00% - Year 1 (\$733,000) - Retroactive to 2010

2.50% - Year 2 (\$952,000) - 2011

3.50% - Year 3 (\$1,366,000) - 2012

3.50% - Year 4 (\$1,414,000) - 2013

The tentative agreement includes moving Teamsters employees from the Tollway healthcare plan to the Teamsters healthcare plan. The Tollway will pay the Teamsters \$1,050/month for each employee transferred to their plan each year of the contract. This rate would be locked in until September 30, 2014, which results in savings for each year of the contract. This agreement will yield approximately between \$440,000 and \$480,000 in savings for the Tollway in 2011.

There were additional economic provisions in the tentative agreement including tool replacement for the carpenters. Non-economic provisions in the agreement include: changes to snow emergency schedule procedure; Help Truck assignments and scheduled overnight work.

Based on this discussion, the committee agreed that this item should be moved to the Board's Consent agenda for consideration during the regular Board meeting.

At approximately 9:50 a.m., Committee Chair Banks called for a motion to adjourn from Executive Session to reconvene the public Finance Administration Committee Meeting. Motion was made by Director Morris and seconded by Director Pradel. The motion was moved unanimously.

Minutes taken by: _____ /s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF EXECUTIVE SESSION
OF
THE FINANCE-ADMINISTRATION COMMITTEE
June 30, 2011

On June 30, 2011, at approximately 8:45 a.m. upon a roll call vote, the Illinois Tollway's Board of Directors met in Executive Session pursuant to Section 2(c) (1) of the Open Meetings Act to discuss personnel matters, Section 2(c) (2) of the Act to discuss collective bargaining matters and Section 2(c) (11) to discuss litigation matters. The Secretary called the roll and those present were as follows:

Committee Members:
Director James Banks
Director Bill Morris
Director George Pradel
Director Tom Weisner

Other Board Members:
Chair Paula Wolff
Director Tom Canham
Director Maria Saldana
Director Carl Towns

The following were present during some or all of the Executive Session:

Kristi Lafleur
Paul Kovacs
Joanne Fehn

Tom Bamonte
Greg Stukel

Directors discussed a litigation settlement matter.

General Counsel indicated that a settlement agreement had been reached with Mary Wright. The terms of the settlement included: resolution of the litigation, less than \$40,000 paid by the Tollway including Wright's attorney's fees, a guarantee that Mary Wright would retire by a certain date, a signed general release of all claims that she did or could make against the Tollway, and a signed affirmation that she will comply with Tollway policies about sending documents to personal email accounts. The Tollway made no other economic payment to Mary Wright other than salary backpay and is paying for less than half of her attorney's fee.

[Discussions related to ongoing litigation and personnel matters are redacted] Directors commented that this settlement represented a great resolution to the case. Directors also commented that it is important that the staff identify how the Tollway found itself involved in this type of case. Directors added that having

new leadership in Human Resources should lessen the likelihood that the Tollway faces this type of case in the future. General Counsel added that the Tollway did not admit to any wrongdoing in this case and that Wright was forced to accept a two week suspension as a condition for her return.

Directors discussed ongoing litigation.

General Counsel indicated that the U.S. District Court denied the Tollway's motion to drop the Midwest Fence challenge against the Disadvantaged Business Enterprise (DBE) programs administered by the Tollway, the Illinois Department of Transportation (IDOT) and the federal government. Because the judge left open the claim against the federal government, this case now holds national significance and could ultimately be resolved in the U.S. Supreme Court. The challenge to the federal DBE program also increases the likelihood that Midwest Fence will receive financial support to pursue this case vigorously. This will be a complicated case that could involve thousands of documents, extensive discovery and depositions, and the use of outside counsel. A meeting with outside counsel was scheduled for the following week to determine what resources are needed to prepare for this case such as dedicated highly focused staff and a case management system. The Tollway is also coordinating with legal counsel from other agencies to determine next steps.

[Discussions related to ongoing litigation are redacted] Midwest Fence's claim is that the Tollway's DBE program transfers subcontracting opportunities away from majority-owned subcontracting firms to DBE subcontractors.

[Discussions related to ongoing litigation are redacted] Directors asked what role the disparity study plays in setting the DBE program goals. Staff indicated that there is an ongoing study that is being wrapped up in the near future which was commissioned jointly by the Tollway and IDOT. *[Discussions related to ongoing litigation are redacted]* Directors and General Counsel discussed the application of the sovereign immunity to Board members and whether the Board members could be dismissed out of the case. Staff committed to informing the Board of additional resources that may be needed to defend this case. Directors asked for regular briefings on the case to inform their public position.

Directors discussed the contract negotiation with SFI.

Staff reported that after completing extensive negotiations with SFI, the Tollway reached an agreement with them regarding allowing electronic billboards at the Oases. However, SFI received notification from IDOT that IDOT is revoking billboard permits by instruction from the Federal Highway Authority (FHWA). The

Tollway's position is to be neutral on this situation because it is IDOT's responsibility to provide permits.

Directors asked whether this action constitutes a reversal on previous indications from FHWA about its position on this topic. General Counsel indicated that the original permit in 2007 was based on a monopole placement of the electronic billboard in the Oases parking lot. FHWA provided written approval of the billboard because it was not a part of the highway right-of-way. The Tollway Board at the time decided that it preferred to place the billboards on the Oases building. IDOT approved the new location because it met the FHWA standard of not being a part of the highway right-of-way. FHWA indicated that their previous letter was focused on one location versus the multiple locations allowed in the IDOT permits. FHWA also indicates that its approval was for the monopole design and not the billboard mounted on Oases buildings.

Directors asked when management expected a decision from the FHWA about providing permits for electronic billboards on the Oasis. General Counsel has no indication of when FHWA will make a decision.

Directors discussed the [construction litigation].

[Discussions related to ongoing litigation are redacted]

Directors discussed the status of labor negotiations with American Federation of State, County and Municipal Employees, Council 31, AFL-CIO (AFSCME).

Staff indicated that AFSCME has agreed to some level of premium contribution but salary increases are a sticking point so far in the negotiation. Staff also indicated that AFSCME filed a claim of unfair labor practice (ULP) against the Tollway due to changes made to the Tollway's healthcare plan design. Staff indicated that the ULP would need to be removed as a condition of any agreement reached with AFSCME.

Directors asked whether contributions are still based on a percentage of premiums for healthcare. Staff indicated that percentages of premiums for healthcare are part of the ongoing negotiation but agreement has not been reached on a level as high as the desired premium percentage level.

Directors discussed personnel issues with the Executive Director.

The Board met in Executive Session with the Executive Director only to discuss assessment of management and personnel performance. The Executive Director also provided updates on the status of hiring.

Directors discussed personnel issues without the Executive Director.

The Board met in Executive Session without staff to discuss personnel issues. The Directors discussed the performance of the Tollway management during the Executive Director's absence and the status for hiring a new Chief of Staff.

There being no further business, Chair Banks called for a motion to adjourn from Executive Session at 9:50 a.m. Director Morris moved to adjourn; seconded by Director Weisner. The motion was approved unanimously.

Minutes taken by: _____/s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF EXECUTIVE SESSION
OF
THE FINANCE, ADMINISTRATION AND OPERATIONS COMMITTEE
July 28, 2011**

On July 28, 2011, at approximately 8:45 a.m. upon a roll call vote, the Illinois Tollway's Board of Directors met in Executive Session pursuant to Section 2(c) (1) of the Open Meetings Act to discuss personnel matters, Section 2(c) (2) of the Act to discuss collective bargaining matters and Section 2(c) (11) to discuss litigation matters. The Secretary called the roll and those present were as follows:

Committee Members:

Director Saldana
Director Tom Canham
Director Bill Morris

Other Board Members:

Chair Paula Wolff
Director Banks
Director Carl Towns
Director Tom Weisner

The following were present during some or all of the Executive Session:

Kristi Lafleur
Michael Stone
Collette Holt

Tom Bamonte
Mike Colsch
Stephanie Stephens

Directors discussed the status of labor negotiations with American Federation of State, County and Municipal Employees, Council 31, AFL-CIO (AFSCME).

Staff indicated that on July 14 the Tollway reached a tentative three year agreement with AFSCME. The agreement would be effective January 1, 2011 through December 31, 2013 and includes annual wage increases of 2, 2.5 and 3.5 percent over the contract. These wage increases are in line with the SEIU agreement for years one and two and with the Teamsters agreement for years one, two and three. Also, for the first time, the tentative AFSCME agreement includes healthcare premium contributions ranging up to 5 percent based on the member's annual salary and healthcare plan choice. This agreement triggers a provision in the SEIU agreement that states that its members would pay healthcare premium contributions if another union at the Tollway agreed to do so also. Staff noted that several non-economic provisions were included in the AFSCME agreement related to subcontracting, training, as well as other economic provisions related to equity

adjustments and longevity payments. Staff indicated that AFSCME also agreed to withdraw its unfair labor practice claim or ULP.

Directors congratulated the staff for concluding this negotiation successfully but one expressed concern that the agreed upon health premium contribution is low compared to the contributions made by employees in the private sector. *[Discussions redacted due to ongoing collective bargaining negotiations]* Directors asked how this agreement will affect the 2011 budget. Staff indicated that these changes, along with the changes relative to the Teamsters agreement, are sufficient to reach the projected \$1 million savings in healthcare cost for 2011 and the current budget is sufficient to accommodate the proposed increases.

Directors asked whether this was the last major labor union negotiation scheduled for this year. Staff responded yes but added that the SEIU agreement expires in 2012.

Directors discussed [litigation] matter.

General Counsel reminded the Directors that the Court had denied the collective motion of United States Department of Transportation (USDOT), Illinois Department of Transportation (IDOT), and the Tollway to dismiss Midwest Fence's case. Since then, the Tollway has had discussions with IDOT and US DOT on the pros and cons of moving forward with a remedial appeal versus moving forward with discovery. Those discussions are continuing.

Midwest Fence made a motion to file an amended complaint which was granted by the court. That filing must be completed by the end of August.

General Counsel indicated that based on previous feedback from the Directors, he approached Midwest Fence's counsel to determine whether they are willing to entertain settlement discussions.

Midwest Fence's counsel confirmed that they are willing to entertain discussion of settlement; cautioned that approval of a settlement would also need to be approved by his other clients; and indicated that the Tollway was the only agency that had approached Midwest Fence to date.

Staff thanked the Directors for encouraging them to engage in settlement discussions with Midwest Fence.

Regarding next steps, General Counsel indicated that the cost of this case might be covered, at least in part, by the Tollway's general liability insurance. The insurance companies have been put on notice and discussions have been held with other necessary parties.

Directors discussed Illinois Appellate Court judgment.

General Counsel indicated that the Illinois Appellate Court affirmed the grant of summary judgment in favor of the Tollway in a case in which the Tollway was sued for poor design related to a fatal truck crash at a toll plaza.

Directors asked whether this case is over. General Counsel indicated the case is over unless the plaintiff decides to take it to a higher court. However, he has no indication that the plaintiff plans to do so.

Directors discussed personnel issue with toll collector.

General Counsel indicated that the Tollway won a motion for summary judgment in a discrimination case filed by a toll collector who was discharged after offering to pay out of her pocket for an unexplained discrepancy in her cash drawer. Her claim was that she was treated differently than other toll collectors under similar circumstances. General Counsel commented that the court's ruling affirms that the Tollway has consistently applied its policies when employees are involved in highly suspicious circumstances.

Directors discussed personnel issues with the Executive Director.

The Board met in Executive Session with the Executive Director only to discuss assessment of management and personnel performance. The Executive Director discussed why she chose Mike Stone to be the new Chief of Staff and she also provided status of hiring a new Chief of Administration.

Directors discussed personnel issues without the Executive Director.

The Board met in Executive Session without staff to discuss personnel issues. The Directors discussed the importance of hiring a new Chief of Administration to replace Mike Stone who has taken the Chief of Staff position.

Directors discussed the Tollway's Disadvantaged Business Enterprise Program (DBE).

General Counsel introduced Collette Holt, DBE consultant, who was hired by the Tollway to review its DBE program over the last year. During her presentation, Ms. Holt reviewed a brief history of the DBE Program and made recommendations to improve the DBE program - some of which were race- and gender- neutral and others were race- and gender- conscious.

The race and gender-neutral recommendations included: considering new evidence of discrimination and revising the DBE Program resolution to reflect that evidence; elevating and enhancing the diversity function; collecting additional DBE & marketplace data; conducting focus groups with DBE's and non-DBE's on discriminatory barriers and Program implementation; continuing contract unbundling efforts; and reviewing contract policies and procedures. She emphasized the importance of including a race-neutral small business component to the DBE program to enhance the legal defensibility of the program. She noted that recent revisions to the federal transportation DBE programs require that SBA components be added to an agency's DBE programs to qualify for federal funding.

Directors asked how the small business program interfaces with the set aside program and whether the small business program cannibalizes the opportunities for the DBE's. Ms. Holt clarified that DBE programs are not set aside programs because Illinois courts will not allow set asides based on race or gender. The current DBE program focuses primarily on subcontracting opportunities. Adding a small business component to the DBE program would expand DBE opportunities to become prime contractors for smaller projects.

Directors asked whether the State's Small Business Statute allows business programs to be adopted by local governments. Ms. Holt indicated that the statute does not specifically mention local governments. However, she was unaware of any legal challenges to small business programs in the state.

Ms. Holt made additional recommendations including: collaborating with other agencies to provide DBE services; implementing an integrated electronic data collection and contract compliance monitoring system; and appointing a DBE Advisory Council comprised of non-DBE's, DBE's and Tollway staff.

Ms. Holt also made the following race- and gender- conscious recommendations: adopting an overall, annual aspirational DBE goal; and considering expanding the list of acceptable M/WBE certifications. Directors asked whether she recommended accepting certifications from private non-profits. She did not because they do not

have limits on company size and they may not seem objective because they are being paid to provide the certifications. Directors suggested that staff look into having a nonprofit organization do the certifications.

Ms. Holt recommended revising policies and procedures for counting DBE utilization, good faith efforts reviews and contract awards, ensuring monitoring of contract performance, enhancing the mentor-protégé program, develop performance measures for program and lastly adopting a sunset date for the program.

Ms. Holt also recommended that Tollway should: monitor contract performance, enhance the Mentor-Protégé Program and develop performance measures for Program success.

Directors suggested that Ms. Holt return to the Finance Administration Operation Committee for further discussion of the implementation of some of her recommendations in the near future.

There being no further business, Committee Chair Saldana called for a motion to adjourn from Executive Session at 9:50 a.m. Director Morris moved to adjourn; seconded by Director Canham. The motion was approved unanimously.

Minutes taken by: _____/s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE EXECUTIVE SESSION
OF
THE BOARD OF DIRECTORS
September 29, 2011

On September 29, 2011, at approximately 11:50 p.m. upon a roll call vote, the Illinois Tollway's Board of Directors met in Executive Session pursuant to Section 2(c) (1) of the Open Meetings Act to discuss personnel matters, Section 2(c) (2) of the Act to discuss collective bargaining matters and Section 2(c) (11) to discuss litigation matters. The Secretary called the roll and those present were as follows:

Chair Paula Wolff	Director James Banks
Director Tom Canham	Director Bill Morris
Director George Pradel	Director Carl Towns
Director Maria Saldana	Director Tom Weisner

The following were present during some or all of the Executive Session:

Kristi Lafleur	Elizabeth Looby
Paul Kovacs	Michael Stone
Stephanie Stephens	Collette Holt (Consultant)

Directors discussed the Tollway's Disadvantaged Business Enterprise Program (DBE).

Executive Director Lafleur introduced Collette Holt, DBE Consultant, to present her recommendations to improve the Tollway's Disadvantaged Business Enterprise Program (DBE). Ms. Holt's recommendations included: obtaining additional evidence of discrimination and revising the DBE Program resolution, (2) elevating and enhancing the diversity function, and (3) collecting additional DBE marketplace data such as estimates of DBE availability and evidence of disparities in the broader Tollway marketplace for construction & related professional services contracts.

Directors asked for further explanation of Ms. Holt's recommendation to elevate and enhance the diversity function. Ms. Holt responded that having the diversity function report directly to the key decision maker may not change how that role operates but it could send a signal to the other Department Chiefs that diversity is important to the organization.

Ms. Holt made additional recommendations including: (1) collect additional data to meet strict scrutiny, (2) increase contract “unbundling,” where feasible, and (3) review contracting policies and procedures such as solicitation times and prompt payment of subcontractor by primes.

Directors asked how the Tollway would consider unbundling contracts. Staff responded that the Engineering department is committed to identifying opportunities to unbundle large construction project contracts effectively. However, staff noted that unbundling would create more administrative work for the engineering department and increase safety concerns on highway projects when multiple contractors are working along the same stretch of highway. Directors asked whether there is another tollway or highway project that could serve as a model for successfully unbundling contracts. Ms. Holt responded not to her knowledge.

Directors asked whether unbundling contracts would lead to less participation by DBE firms because smaller contracts would not have subcontracting goals. Ms. Holt clarified that subcontracting goals could be set for the smaller, SB/MWE contracts also. The goal is to get more DBE participation as prime contractors with the smaller contracts. Staff questioned whether it would be possible to set goals on a single scope contract and whether joint ventures would fulfill that requirement. Staff responded that most contracts would have multiple elements that would allow subcontracting.

Ms. Holt also recommended implementation of a Small Business Program; collaborating with other agencies to provide DBE services, improving contract data collection through an integrated data and monitoring system; and appointing a DBE Advisory Council of non-DBE’s, DBE’s and Tollway staff.

Ms. Holt also recommended revising policies and procedures for counting DBE utilization, good faith effort reviews and contract awards. She suggested eliminating the 5-day “cure” period for contract DBE utilization goals. Directors asked how this elimination would positively impact DBE efforts.

Staff explained that the Tollway allows a 5-day cure period after the contractor submits its bid and DBE utilization goal. During this period, the low bidder is given an opportunity to adjust its DBE utilization goal if necessary. Ms. Holt said that DBE subcontractors have expressed concern that the prime contractor has undue negotiation leverage with the DBE subcontractor when the prime knows that it has the lowest bid. Another issue is that if the prime revises its goal during the cure

period, it suggests that the contractor did not make a good faith effort the first time around. Ms. Holt emphasized that if the Tollway determines that the contractor has not made a good faith effort than the vendor should be considered non-responsive instead of receiving an opportunity to revise its DBE goal.

Directors asked whether the consultant recommended that the Tollway reject the lowest bid if the bidding contract did not also have the highest DBE commitment. Ms. Holt responded that she did not recommend that course of action. She recommended treating the contractor bid equally if it is determined the contractors made a good faith effort when setting their DBE goal.

Ms. Holt also recommended that the Tollway include a sunset date in its resolution authorizing the DBE program. A sunset date for the Program, when it will end unless reauthorized, is recommended to meet the constitutional requirement that race-conscious measures be used only when necessary. She added that the sunset date forces the agency to review the DBE program and determine/justify whether the program is still needed. Directors asked how the Tollway could justify extending the DBE program beyond any recommended sunset date for the program. Ms. Holt suggested that a review of current or new studies could help that justification.

Directors asked Ms. Holt to describe the difference between availability and disparity studies. Ms. Holt indicated that an availability study determines the availability of DBE firms to complete a particular type of project. The disparity study analyzes the utilization of DBE firms based on their availability. In effect, an availability study is a subset of the disparity study.

Other recommendations presented by Ms. Holt are highlighted in the attached [presentation](#).

Directors discussed ongoing [litigation].

Staff indicated that Acting General Counsel continues to pursue settlement negotiations with Midwest Fence as suggested by Directors previously. Staff indicated that there might be an opportunity to come to a settlement that completely removes the Tollway from the case. There is also a settlement opportunity that allows the Tollway to avoid the expense of defending the case but be held responsible to the final court decision. Directors asked what a settlement could possibly entail. Acting General Counsel indicated that she would assess possible settlement terms and bring that information to the Board in the future.

Directors discussed [potential litigation case].

Acting General Counsel informed Directors that the Tollway was named in a case resulting from a 2009 incident in which a man became paralyzed after being rear-ended by a trucker on the Eden Spur. The plaintiff sued the trucker, his employer and the owner of the trailer. The trucking defendants brought a third party action against the Tollway and IDOT's contractors, claiming improper signage on the Eden Spur caused the crash. Because of prior crashes on the Spur, the Tollway put its own sign truck out on the Spur.

Acting General Counsel indicated that the Tollway filed a Motion for Summary Judgment but the judge denied it. The case will be assigned to a trial judge on October 3, 2011.

Plaintiff's settlement demand against the trucking defendants is \$50 million. The trucking defendants have made a settlement demand against the Tollway of \$3 million. The Tollway has insurance for this claim with a SIR of \$250,000. Acting General Counsel indicated that she wanted to get a sense of the Board on whether the Tollway should consider release of its SIR to the insurance company.

Directors asked who would litigate the case for the Tollway. Acting General Counsel indicated that two litigators from the Tollway would be present during the settlement discussions and in communication with the insurance carrier prior to the trial. If a settlement is not reached, the Tollway litigators will participate in this case and communicate with insurance company regularly about the status of the case. Staff clarified that if the insurance company negotiated a settlement with the trucking company, the Tollway could be released from this case.

Directors asked the name of the trucking company. Acting General Counsel responded Nettleton Specialized Carriers which is based in Wisconsin.

The Directors agreed with the staff's decision to release the SIR to the insurance company for the purposes described above.

Directors discussed [construction litigation].

This is a personal injury lawsuit arising out of an incident that occurred on a construction project on January 8, 2009 at I-294 and Lake Cook Rd. pursuant to Contract I-07-5246 involving the installation of traffic control devices. Two of the Plaintiffs, Gerald Lettenberger and Benjamin Pennisi were employed by Highway

Technologies, a sub-contractor of Kenny Construction when they came in contact with the above-ground electrical lines, and sustained injuries. Cindy Lettenberger, the wife of Gerald, alleges loss of consortium. The parties seek damages in excess of \$50,000. Defense of this case was submitted to Kenny Construction.

Directors asked how the Tollway will be represented in this case. Acting General Counsel responded that the Tollway asked Kenny Construction to represent the Tollway in this matter but they have not responded to date. Directors asked whether this gets cleared through the Attorney General's office. Acting General Counsel responded that the Tollway routinely reports to the AG when a lawsuit is filed against the Tollway. However, the AG typically does not determine whether the case defense should be handled by the Tollway's legal department or another named party when appropriate.

Directors discussed the Tobin vs. Tollway and Paula Wolff litigation.

Acting General Counsel described a lawsuit challenging the Tollway's action to increase tolls. In Count I, plaintiffs seek declaratory judgment against the Tollway and the Board Chair. They argue that pursuant to Section 21 of the Toll Highway Act, the Tollway was never intended to be in perpetual existence and the Tollway has not taken any action to limit its existence as evidenced by the issuing bonds. In Count II, plaintiffs seek injunctive relief against the Tollway, Chair Wolff and ETC and to preliminarily enjoin them from implementing the toll increase and the \$12 billion Capital Plan. In Count III, Plaintiffs allege civil rights violation under the 4th, 9th, 10th and 14th Amendments to the U.S. Constitution and Sections 1, 2, 12 and 24 of Article I of the IL Constitution, all in violation of 42 USC sec. 1983. The claim alleges that charging non I-Pass users twice as much as I-Pass users violates the equal protection and due process clauses of the State and federal Constitutions.

In 2003, Attorney Gary Johnson filed a lawsuit on the plaintiffs' behalf that challenged the Tollway's toll violation process. That suit was voluntarily dropped in 2004. The same lawyer (Speigel) filed a similar lawsuit in May 2005 but that complaint was dismissed in January 2006. Acting General Counsel Looby indicated that the Tollway and Board Chair have not yet been served.

Staff commented that this group might attempt to serve the lawsuit in a public manner and asked how that should be handled. Directors asked whether the Tollway could proactively accept service. Acting General Counsel responded yes. Directors suggested that the Tollway staff should contact Mr. Tobin's lawyer and request a copy of the notice. Acting General Counsel indicated that the Tollway will work

closely with the Attorney General's Office on this matter.

Directors discussed potential litigation.

Director Pradel recused himself from participation in the following discussion.

Acting General Counsel indicated that there is potential litigation from the surviving spouse of a man who was killed in a motorcycle accident on I-88. The plaintiff has filed a lawsuit against the Illinois State Police, the Naperville Police Department and Warrenville Police Department to preserve evidence related to the motorcycle accident. No formal allegations have been made and the Tollway has not been included in the lawsuit at this time. *[Discussions related to ongoing litigation are redacted]* Directors asked whether the Tollway is preserving camera data, etc. in anticipation of this case. Acting General Counsel responded yes.

Directors discussed personnel issues with the Executive Director.

The Board discussed the tentative design of the Executive Director's annual evaluation process. In addition, the Executive Director reviewed with the Board several pending personnel decisions.

Directors discussed personnel issues without the Executive Director.

The Board continued the discussion of the annual evaluation process to be sure that all Directors agreed to the process. The Directors agreed to the process which would be a self-evaluation, corresponding to the goals established by the Board and the Executive Director. The goals would be shared again with the Executive Committee and then the self-evaluation based on those goals would be shared. The Executive Committee would review the self-evaluation and then present its review to the full Board.

The Board members also asked several questions about a pending lawsuit.

At approximately 1:00 p.m., Board Chair Wolff requested a motion to re-enter the public Board session. Director Morris made the motion; seconded by Director Canham. The motion was approved unanimously.

Minutes taken by: _____ /s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE
EXECUTIVE SESSION
OF THE BOARD OF DIRECTORS
November 17, 2011

On November 17, 2011 at approximately 10:25 a.m., the Board met in Executive Session pursuant to Section 2(c)(11), Section 2(c)(2), Section 2(c)(1) of the Open Meetings Act.

Present:

Chair Paula Wolff
Director Jim Banks
Director Terry D'Arcy
Director David Gonzalez
Director Mark Peterson
Director Jeff Redick
Director James Sweeney
Director Carl Towns
Director Tom Weisner

Absent:

Governor Pat Quinn
Secretary Schneider

Directors discussed tentative collective bargainin agreement with the Metropolitan Alliance of Police, Chapter 336 (M.A.P.).

Staff indicated that management is seeking the Board's approval of a tentative three-year agreement with M.A.P. beginning 11/1/11 through 10/31/14. This agreement was ratified by M.A.P. earlier this week. There are seven members in this collective bargaining unit, all of whom are call takers that run the emergency dispatch unit for the Tollway. This agreement will provide retroactive wage and other economic increases of 2% in Year 1 of the contract (at a cost of approximately \$19,000 including wages, pension and FICA), 2.5% in Year 2 (at a cost of approximately \$36,000) and 3% for Year 3 (at a cost of approximately \$15,000). The agreement also includes equity adjustments and changes in shift and training incentives. Like other units, M.A.P. will contribute to their health care premiums for the first time beginning in March 1, 2012 which is the same schedule as other union members and salaried employees. The members' contributions will be up to 5 percent of the health premium costs, based on their health plan choices and salary levels. The costs associated with this agreement in 2011 and 2012 have been accommodated within the respective budgets.

Staff alerted the board that a group of 20 employees represented by M.A.P. chapter 135 will not make contributions to their health premiums next year because their current contract does not expire until April 30, 2013.

Directors asked whether the health premium is a fixed cost or based on percentage of compensation. Staff indicated that the payment is a percentage of currently estimated premiums assigned according to a schedule which varies based on salary range and choice of health plan.

Directors asked whether paying a percentage of the health premiums is a common practice for State employees. Staff indicated that other State employees pay a fixed amount and that the Board previously emphasized a preference for management to include a percentage of premiums in the contracts.

Directors asked about the typical salary range for a M.A.P. employee. Staff estimated between \$30,000 and \$40,000 **but committed to providing specific information in the future.**

Directors asked whether the staff envisioned the smaller unions combining with one of the larger unions. Staff indicated that they do not expect a change.

Directors asked whether most collective bargaining agreements have three-year terms. Staff responded affirmatively but noted the recent Teamsters and SEIU agreements as exceptions.

Directors discussed the Tobin litigation.

Acting General Counsel indicated that a hearing is scheduled on December 7 for a motion to dismiss the lawsuit challenging the toll increase.

Directors discussed the Midwest Fence litigation.

Acting General Counsel indicated that the expensive discovery process has begun. Outside counsel asked Tollway staff to designate a Tollway or consultant to assist with the electronic discovery. Staff indicated that a conference call has been scheduled with two of the Directors to discuss next steps in detail – in particular changes to the DBE program that could be incorporated in a settlement offer with the plaintiff. Acting General Counsel indicated that she would provide a status update to the Directors at the next Board meeting.

Directors discussed the employee use of non-revenue transponders.

Staff indicated that a presentation was previously given in the FAO committee on the status of nonrevenue transponder use. Staff summarized that Tollway employees have had nonrevenue transponders and/or free passage on the Tollway since the Tollway was created. A computerized system was developed last year to monitor the use of the nonrevenue transponders relative to the Tollway's Kronos timekeeping system. Since then, some employees have opted to return the transponders. In some instances the Tollway has taken transponders away from employees when evidence of misuse was found.

Staff indicated that the tracking system confirms that the vast majority of the transponder use is for commuting. This represents forgone revenue of \$255,800 this year. With the toll increase, the foregone revenue related to nonrevenue transponders is expected to increase to approximately \$478,300 annually.

Staff emphasized that 85 percent of employees who use the transponders are union members and they will likely file unfair labor grievances if this benefit is removed without negotiation.

Acting General Counsel added that AFSCME recently prevailed in an unfair labor practice (ULP) charge related to management removing a permanently assigned vehicle from an employee. The Illinois Labor Board ruled that the Tollway must re-assign the vehicle to that employee. However, the Labor Board did not assess any financial damages to the Tollway for that action. *[Discussions related to collective bargaining issues are redacted.]* A Director asked whether management thinks that employees will stop using the Tollway if they do not have access to nonrevenue transponders. Staff indicated that there are certain employees that must access their work location via the Tollway. For other employees, the Tollway might be the quickest route to their work location. A Director indicated that there is a benefit to having Tollway employees drive the toll road, namely, as caretakers of the road. Another Director suggested that removing this benefit might have a negative financial impact, if an ULP was filed and the Union Labor Board ruled against the Tollway and assessed financial damages.

Directors indicated that the public expressed concerns at recent hearings about receiving a toll hike while Tollway employees continued to receive free access to the toll roads. Directors expressed concern about public perception related to this.

Directors asked whether Chicago Transit Authority (CTA) employees receive free passes for riding CTA buses and trains. Staff indicated that they do currently, but the CTA is considering the benefit will be discontinued. The RTA currently does not provide for transponders but it does provide a pre-tax benefit program for employees which allows them to pay for RTA fares and parking with pre-tax dollars. Nationally, about 2/3 of the toll agencies provide a free passage benefit to employees such as a non-revenue transponder, but several agencies have recently removed that benefit – most notably in New Jersey.

A Director suggested putting the M.A.P. agreement on hold until the Board has been taken action on the non-revenue transponder issue and possibly incorporate this issue into the M.A.P. agreement. Staff indicated that the Tollway has a good history with this union and would not want to risk that relationship by not approving an agreement that the union has already ratified.

Directors were reminded that the discussions within the Executive Session are confidential.

The Directors discussed personnel issues without management.

Directors discussed personnel issues and the timing of 2012 Board and Committee meetings.

At approximately 11:15 a.m., Board Chair Wolff requested a motion to re-enter the public Board session. Director Peterson made the motion; seconded by Director Weisner. The motion was approved unanimously.

Minutes taken by: _____ /s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE EXECUTIVE SESSION
OF
THE EXECUTIVE COMMITTEE
November 17, 2011**

On November 17, 2011 at approximately 11:20 a.m., Executive Committee met in Executive Session pursuant to Section 2(c) (1) of the Open Meetings Act to discuss personnel matters.

The Directors on the Committee in attendance were as follows:

Chair Paula Wolff
Director David Gonzalez
Director Mark Peterson
Director Jeff Redick
Director Tom Weisner

Directors discussed process for Executive Director performance evaluation.

Chair Paula Wolff indicated that this meeting was called to get confirmation from the committee on the proposed evaluation process for Executive Director Kristi Lafleur. The process would include a self-evaluation by Ms. Lafleur based on goals she set for herself last year. The self-evaluation would then be reviewed by a subcommittee appointed for this purpose including the following directors; Banks, Towns, Weisner, and Wolff. The Directors agreed this process would be appropriate and recommended that the results of the subcommittee's review should be presented to the full Board.

At approximately 11:25 a.m., Board Chair Wolff requested a motion to re-enter the public Board session. Director Peterson made the motion; seconded by Director Weisner. The motion was approved unanimously.

Minutes taken by: _____ /s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE EXECUTIVE SESSION
OF
THE BOARD OF DIRECTORS
December 15, 2011

On December 15, 2011 at approximately 10:25 a.m., the Board met in Executive Session to discuss matters related to personnel, collective bargaining and litigation pursuant to Section 2(c)(1), Section 2(c)(2), Section 2(c)(11) of the Open Meetings Act.

Present:

Chair Paula Wolff
Director Jim Banks
Director David Gonzalez
Director Mark Peterson
Director Jeff Redick
Director James Sweeney
Director Carl Towns
Director Tom Weisner

Absent:

Governor Pat Quinn
Secretary Schneider

Directors discussed ISTHA vs. Anderson litigation.

Acting General Counsel indicated that the Tollway filed an eminent domain case in 2006 to acquire less than an acre of property. The Tollway also posted the preliminary just compensation for the property. One of the issues in resolving this case was the additional cost to the plaintiff due to drainage problems on the property in the amount of \$5,625 which the Tollway does not dispute. The Board needs to approve the settlement because the parameters established in the preliminary just compensation notice exceeds the initial appraisal by a certain percentage. She indicated that outside counsel recommended settlement of this case, despite the fact that the plaintiff had not yet sought another appraisal, because a jury trial would likely favor the landowners. Directors asked about the total settlement cost. Acting General Counsel indicated that the total cost is \$18,317 and that \$12,692 was posted originally.

Directors asked whether Acting General Counsel recommended settlement of this case. Acting General Counsel responded affirmatively.

Directors discussed the [litigation] case.

Acting General Counsel requested settlement authority from the Board in the Jones vs. ISTHA case. A settlement conference for the case was scheduled at the 7th Court of Appeals for the afternoon of December 15, 2011. Counsel explained that in 2007, a toll collector working as a Collector in Charge (CIC) was discharged after admitting to the Inspector General that she placed money from the safe in her pocket. CIC's are responsible for balancing the safe at the end of his/her shift. The amount is verified by the incoming supervisor/CIC. In cases when the amount in the safe is not balanced at the end of the shift, the CIC should inform the incoming supervisor and provide proper documentation of the imbalance. Ms. Jones did not do either.

After she was terminated, she filed a race discrimination case against the Tollway indicating that a white male CIC was treated differently under similar circumstances three months prior to this incident. The Tollway prevailed on summary judgment in the District Court in front of Judge Hart. Ms. Jones then obtained a new attorney who submitted a motion to reconsider. That motion was denied. The lawyer has since filed an appeal to the 7th Circuit Court.

Acting General Counsel indicated she is legally required to get settlement authority before the mediation with the appellate court. She requested settlement authority up to \$5,000. However, she indicated that she does not expect to offer more than \$500 to settle the case because the facts of the case are in favor of the Tollway.

Directors asked whether a settlement even at a nominal amount would set a precedent. Acting General Counsel responded that a nominal settlement would not set a precedent and that the Tollway has made similar settlements in difficult cases.

Staff indicated that—should a settlement not be reached-- it might be worth it to spend money in the near term to defend this case and therefore discourage frivolous cases in the future.

Directors discussed the Midwest Fence litigation.

Acting General Counsel indicated that she held a conference call with two of the Tollway Directors to discuss a settlement strategy with Midwest Fence prior to contacting the plaintiff's counsel with a general settlement offer. *[Discussions related to ongoing litigation are redacted]* Staff indicated additional changes to the program will be reviewed to determine their impact and plausibility.

Acting General Counsel informed new Directors that their names have been substituted for the former Directors' names as defendants in this case. She indicated that the Directors would have an opportunity after the meeting to sign a letter authorizing the Attorney General's Office to represent them in this matter.

Directors discussed the employee use of non-revenue transponders.

Staff indicated that a statement was made during the public session of the Board meeting to ensure the public understood: (1) that employee use of non-revenue transponders would not be discontinued on January 1, 2012 as previously indicated; and (2) after resolution of related unfair labor practice charges, next steps would be announced.

Staff added that the Tollway's response to the Labor Board is due January 4, 2012. Directors asked about the basis for the ULPs. Staff responded that the unions have taken the position that the subject is a mandatory issue of bargaining while the Tollway has asserted that the matter is a management right.

Directors discussed the Tobin litigation.

Acting General Counsel indicated that a hearing is scheduled on Tuesday December 20 in front of Judge Novak on the plaintiff's motion for a temporary restraining order as well as the Tollway's motion to dismiss the case. She indicated that she is optimistic about the outcome. She also indicated that the Attorney General's office is on standby to file an appeal if necessary.

Directors discussed the review of the Executive Session minutes for public release.

Acting General Counsel indicated that there are a variety of matters that should be withheld (or continue to be withheld) because they address issues that are related to: management's stance in collective bargaining, pending and anticipated litigation, purchase and lease of real property for public use and personnel matters.

Directors indicated that their inclination is to disclose as much information as possible to ensure that the Board's work is transparent. However, given the reasons outlined by Acting General Counsel, the Directors agreed that portions of the Executive Session minutes should remain redacted as recommended by General Counsel.

Directors discussed personnel issues with the Executive Director.

The Executive sub-committee discussed the Executive Director's self-appraisal with her and other Directors.

There was also discussion of hiring people for other vacancies.

Directors discussed personnel issues without the Executive Director.

The Directors indicated the following regarding the Executive Director's appraisal: they were very pleased with her performance; the Executive Director should develop new goals for next year; and she would not receive a salary increase because no senior staff member has had salary a increase for several years. The Directors indicated that they will monitor funds and re-assess a salary increase opportunity in the future as needed.

At approximately 11:25 a.m., Board Chair Wolff requested a motion to re-enter the public Board session. Director Weisner made the motion; seconded by Director Redick. The motion was approved unanimously.

Minutes taken by: _____ /s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE EXECUTIVE SESSION
OF
THE BOARD MEETING
January 26, 2012**

On January 26, 2012 at approximately 9:50 a.m., the Board met in Executive Session to discuss matters related to personnel, collective bargaining and litigation pursuant to Section 2(c)(1), Section 2(c)(2), Section 2(c)(11) of the Open Meetings Act.

Present:

Chair Paula Wolff
Director Jim Banks
Director Terry D'Arcy
Director David Gonzalez
Director Mark Peterson
Director Jeff Redick
Director James Sweeney
Director Carl Towns
Director Tom Weisner

Absent:

Governor Pat Quinn
Secretary Schneider

Also present for all or portions of the meeting:

Kristi Lafleur (Executive Director)
Michael Stone (Chief of Staff)
Shana Whitehead (Acting Business Systems Chief)
Paul Kovacs (Chief Engineer)
Elizabeth Looby (Acting General Counsel)
Gustavo Giraldo (Chief of Diversity)
Collette Holt (DBE Consultant)

Directors discussed toll violation settlement guidelines.

Staff indicated that collection agencies utilized by the Tollway to collect delinquent violation fines have proposed that the Tollway amend its settlement guidelines to increase the rate of collection. Acting General Counsel noted that these guidelines are being discussed during Executive Session because violation matters may lead to future litigation. Staff indicated that the current settlement guidelines used by collection agencies set in 2009 are now outdated and complicated. The collection

agencies indicated that they could increase the Tollway's collection rate if lower fines were assessed and the settlement guidelines were less complicated.

A cross-section of Tollway staff reviewed the settlement guidelines and made several key adjustments that would make the guidelines used by collection agencies similar to those used by Tollway Customer Service before accounts are transferred to collection agencies. Under the revised settlement guidelines, collection agencies could dismiss \$50 fines even without demonstrated financial hardship from the toll user. With demonstration of financial hardship by the toll user, the collection agencies could make a settlement offer for the cash rate of the tolls plus a \$20 fine.

Directors asked for a brief explanation of the how fines associated with unpaid tolls are assessed currently. Staff explained that a \$20 fine is assessed for each violation on the first notice. An additional \$50 fine is assessed per violation if a third violation notice is sent. Example: If a toll user has 10 unpaid tolls and does not pay the toll within 7 days, he/she will be assessed a \$20 fine for each missed toll or \$200. If that toll user does not pay the tolls and fines within 35 days of notice, an additional \$50 fine is assessed per missed toll or \$500. The toll user would then owe \$700 (plus the actual toll).

Directors asked whether staff conducted a cost-benefit analysis to determine whether removing the escalated \$50 fine will benefit the Tollway. Staff responded that the Tollway could increase collection rates with smaller fines. Many toll violators cannot afford to pay fines due to the rapid escalation and therefore choose not to pay at all.*[Discussions related to ongoing litigation are redacted]*

Directors asked whether staff had considered Tollway participation in a State program that enables deductions of up to \$250 from taxpayers refund checks for past due municipal/county bills. Acting General Counsel indicated that social security numbers are needed to make tax refund deductions and the Tollway does not have that information for most toll violators. Toll violations are associated with license plate numbers.

Directors asked whether license plate suspensions are routinely used to encourage toll violation payments. Staff indicated that 100 suspensions are processed every week. Staff indicated that 100 suspensions are the maximum that are allowed by the Department of Motor Vehicles due to its manual process.

Directors discussed a [personnel litigation] settlement.

Acting General Counsel indicated that Mr. Smith was an equipment operator/laborer for the Tollway and was involved in two motor vehicle accidents on the job – one in

2006 and the other in 2009. Due to the accidents, Mr. Smith has a three level back fusion at C3 through C7 which resulted in permanent weight restrictions. Generally, after back surgery, Tollway employees do not return to the job and they receive significant payouts through the workers' compensation program. The payouts are based on hourly wage and life expectancy. The Workers Compensation Act has been revised so that future workers compensation payouts will not be calculated based on the employee's life expectancy but until the employees turn 67 years old (or five years from the date of accident, whichever is later). Because the changes in the Act occurred after Mr. Smith's accidents, his payout will be based on life expectancy.

Ultimately, Mr. Smith's attorneys and the Tollway's outside counsel agreed upon a settlement of \$375,000. Acting General Counsel explained that if the Tollway does not settle at this time, the Tollway would be obligated to continue paying temporary disability payments to Mr. Smith while he went through vocational rehabilitation over the next 1-2 years at a cost of \$53,000 - \$117,000.

Directors asked whether the plaintiff was eligible for and/or had requested a Medicare set-aside (MSA). Acting General Counsel responded that Mr. Smith is not currently eligible for Medicare and generally workers compensation settlements cannot be reached without a review and determination by federal CMS which makes Medicare set-aside determinations. Because this issue was not raised during CMS' review, Acting General Counsel indicated that it will not likely be an issue in the future.

Directors asked whether MSA's are typically included in the workers' compensation settlements presented to the Board for consideration. Acting General Counsel responded that generally the MSA amount will not be included in the settlement amount presented but, if applicable, an MSA amount will be included in the Board write-up.

Directors asked whether Acting General Counsel recommended a settlement at this time. Acting General Counsel responded affirmatively.

Directors discussed Midwest Fence litigation and Diversity Program recommendations from consultant.

Acting General Counsel reminded Directors that the plaintiff, Midwest Fence, is a majority-owned fence and guardrail company that has filed a 17 count case against the Tollway, Illinois Department of Transportation (IDOT) and the United States

Department of Transportation (USDOT) challenging the Disadvantaged Business Enterprise (DBE) Program goals used in the award of construction contracts. The plaintiff is seeking declaratory relief alleging that the Tollway discriminates based on race and gender in the design and implementation of its DBE program. In addition to seeking damages for contracts they submitted bids for and lost to DBE vendors, the plaintiff is seeking damages for contracts that the company did not submit bids for under the assumption that the work would go to a DBE subcontractor.

Each of the Directors was named in the original complaint and under the operation of the federal court rules the former Directors' names have been substituted with the current Directors' names as defendants in this case. Acting General Counsel indicated that all of the Directors have received copies of the amended complaint and have an opportunity to sign a letter authorizing the Attorney General's Office to represent them in this matter.

Acting General Counsel reminded Directors that as part of the Tollway's desire to maintain a strong Diversity Program, the Tollway adopted a resolution in 2005 to start the DBE Program to address disparity in the number of contracts awarded to disadvantaged business enterprises compared to majority owned firms. To that end, the Tollway must also review the goals and objectives of the DBE Program on a regular basis which is currently being done with the assistance of an outside consultant – Collette Holt. In anticipation of litigation such as the Midwest Fence case, staff retained Ms. Holt to: evaluate the DBE program; provide recommendations for program improvement; and draft a DBE Resolution for the Board's approval which will be presented at the February Board meeting.

Directors asked for a short summary of Midwest Fence's concerns regarding the Tollway DBE Program. Acting General Counsel responded that Midwest's primary concern is that diversity goals set by the Tollway are currently based on the entire contract amount and they believe the goals should only be based on the contract amount allocated to specialty subcontracting. Midwest Fence is also challenging whether the Tollway has any legal standing to set goals at all.

Ms. Holt reviewed the [attached presentation](#) which outlines: (1) the legal standards for race-based contracting programs; (2) narrow tailoring requirements; (3) history of the DBE Program; (4) race and gender neutral recommendations including the elevation of the diversity function, contract unbundling and the implementation of a Small Business Program; and (4) race and gender-conscious recommendations, including finalization of procedures for counting DBE utilization, good faith effort reviews and contract awards.

Regarding the elevation of the diversity function, Ms. Holt indicated that the Tollway has already accomplished this goal by separating the Diversity function from the Engineering department and hiring a Diversity Chief who reports directly to the Executive Director.

Regarding the development of a Small Business Program (SBP), Directors asked what criteria a firm should meet to be considered a small business. Ms. Holt indicated that the easiest thing to do would be to adopt the federal Small Business Administration (SBA) standards. The SBA standards vary by industry and are based on the gross revenue of the firm and/or the number of employees. In the construction industry, for instance, general contractors must have annual revenues below approximately \$37 million to be considered a small business and specialty trade contractors must have annual revenues below approximately \$12 million. Ms. Holt emphasized that the Tollway is free to use a different set of criteria to designate which firms are eligible for its SBP. However, the Tollway would also need to create a certification process for standards other than the state and federal certifications that are already in place.

Directors asked whether adding a Small Business Program (SBP) to the Tollway's current Diversity Program would make it more defensible in court. Ms. Holt responded affirmatively. Staff added that a pilot SBP was tested at the Tollway in 2010 but Ms. Holt recommended that additional steps be taken to ensure the program is legally defensible.

Directors asked whether taxpayers could challenge diversity programs or practices such as unbundling contracts because of the expense associated with the programs. Ms. Holt responded that she is not aware of any challenges to diversity programs based on program implementation costs. She indicated that there is limited research information about the effect of SBA programs on contract costs that she can provide. Regarding monitoring DBE utilization, Ms. Holt indicated that verification of the DBE status for trucking contracts are particularly difficult because of the industry structure. If the Tollway hires a trucking firm and the firm does not have enough trucks to complete a particular job that firm will get additional trucks from a broker who likely does not track the DBE certification of those truckers. Ms. Holt noted a possible solution presented by staff was to have the trucking firm sign an affidavit attesting it is tracking DBE utilization correctly thereby removing staff's responsibility.

Regarding managing trucking, Directors asked whether the formation of a co-op has been considered for trucking bidders. **Ms. Holt responded that she is not aware of a trucking co-operative and indicated that she would follow-up with the Director to discuss that concept.**

Ms. Holt's final recommendations included: 1) developing performance measures for Program success, e.g., meeting an annual, overall goal and/or tracking trends on waivers, substitutions etc. and 2) mandating program review and a sunset date as required by law.

Regarding the status of the settlement negotiations with Midwest Fence, Acting General Counsel indicated that Tollway recently received a written response from Midwest Fence to the Tollway's initial settlement offer. The response did not include a reduction in their demand for monetary damages. Their reluctance to reduce the monetary damages could be due to their knowledge that the Tollway has insurance coverage. A revised monetary demand was anticipated, but not yet received.

Acting General Counsel also indicated that the plaintiff's written response did not include significant changes in their programmatic recommendations for the Tollway's diversity program. This could be because they are using the disparity study results provided by the Tollway to claim in some circumstances that the Tollway should have no diversity goals and in other circumstances the goals should be greatly reduced.

In 2008, the Tollway commissioned Mason Tillman through an intergovernmental agreement with IDOT, to conduct a disparity study. The Tollway provided Mason Tillman data from most contracts awarded from 2006 to 2009. In its analysis, Mason Tillman chose to review construction contracts that were \$1 million or below and professional services contract that were \$500,000 or less based on the theory that the results could be extrapolated to contract awards of higher amounts. The Tollway is currently evaluating whether this was an appropriate approach as it has been challenged by the plaintiff.

Acting General Counsel informed the Directors that a litigation hold has been placed on all information related to this case and that they will receive an email from Legal instructing them to preserve documents and records pertaining to issues giving rise to the Midwest Fence litigation.

Staff reminded Directors that all communications are subject to FOIA requests and litigation unrelated to this case.

Directors asked how much autonomy the Tollway has in litigating this case separately from IDOT and US DOT. Acting General Counsel responded that the Tollway is coordinating closely with the other two agencies but has more autonomy because it is not subject to federal guidelines.

Directors asked what the next steps are related to initiating a new disparity study. Staff responded that a Request for Proposal is underway for additional disparity study work and that efforts are being made to expedite the procurement process.

Directors asked Acting General Counsel to provide an update at the next Executive Session on this case.

Directors discussed the Tobin vs. ISTHA litigation.

Acting General Counsel indicated that the plaintiff filed an appeal on the temporary restraining order (TRO) but no appeal on the partial grant of the Tollway's motion to dismiss. There is a status scheduled on February 7. If the plaintiff does not file anything by that date, the case could be dismissed at that time.

Directors discussed [ongoing litigation].

Acting General Counsel indicated that the plaintiff rejected the settlement offer that was authorized by the Board at the December Board meeting. She indicated that she has been completely aggrieved and would only consider a settlement that included 5 years back pay, reinstatement of her job and an apology. Acting General Counsel does not expect a pre-trial settlement and therefore is preparing for trial of this case in the 7th Circuit Court.

Directors discussed the employee use of non-revenue transponders.

Staff indicated that a third union, the Teamsters, has filed an Unfair Labor Practice (ULP) complaint regarding the discontinuation of non-revenue transponders use by employees. The hearing officer has combined the complaints from AFSCME, SEIU and Teamsters and the Tollway has provided an initial response to the Labor Relations Board. The Tollway is currently waiting for notice of a Labor Relations Board hearing on this matter which could take up to 6 months.

The Directors discussed personnel issues with the Executive Director.

Staff informed the Directors that a new appointment to the General Counsel position is expected in February 2012.

The Directors discussed personnel issues without the Executive Director.

At approximately 11:25 a.m., Board Chair Wolff requested a motion to re-enter the public Board session. Director Peterson made the motion; seconded by Director Towns. The motion was approved unanimously.

Minutes taken by: _____ /s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE EXECUTIVE SESSION
OF
THE FINANCE ADMINISTRATION OPERATIONS COMMITTEE
February 15, 2012**

On February 15, 2012 at approximately 9:50 a.m., the FAO Committee met in Executive Session to discuss matters related to property acquisition and litigation pursuant to Section 2(c)(5) and Section 2(c)(11) of the Open Meetings Act.

Committee Members Present:

Committee Chair Mark Peterson
Director David Gonzalez
Director James Sweeney

Committee Members Absent:

Director Jim Banks

Also present for all of portions of the meeting:

Kristi Lafleur (Executive Director)
Michael Stone (Chief of Staff)
Paul Kovacs (Chief Engineer)
Dave Wilson (Sr. Asst. Attorney General)
Joanne Fehn (Land Acquisition Manager)
Tiffany Bohn (Asst. Attorney General)

Directors discussed land acquisition for the I-294/I-57 interchange project.

Senior Assistant Attorney General indicated that Legal Item 3 is a resolution that provides the authority to spend funds necessary for land acquisition for the I-294/I-57 Interchange as well as identifying additional parcels to be acquired for this project. Resolution 16540 as amended by Resolution 17844 authorized the budget for the construction of this interchange among others. Approximately \$1,000,000 of the \$14,300,000 budget allocated for land acquisition costs was authorized previously for the Dixie Creek Re-alignment part of I-294/I-57 interchange project. He indicated that staff is seeking authorization to spend the remaining \$13,300,000 for real estate and interests in real estate for the entire I-294/I-57 interchange project as well as permanent and temporary easements, fee titles, etc. He added that the

Tollway is required by law to specifically identify the real estate interests to be acquired by condemnation for Tollway projects. The Tollway has previously identified parcels it intends to acquire to satisfy this requirement. This Resolution amending Resolution No. 19478 adds additional parcels and continues to satisfy that requirement. Those additional parcels are identified on Exhibit A to this resolution.

Staff indicated that discussing the parcel locations is a sensitive topic because it could affect homes and other private property. Staff indicated that the Tollway intends to be proactive in its outreach to homeowners that will be affected by this purchase.

Directors asked how the land acquisition affects residential versus commercial property and whether affected parties have been notified. Staff indicated that along the Dixie Creek alignment there is mostly green space and vacant land. There are a couple of the parcels that have billboards that could simply be moved away from the property line. Along the Memphis movements, there are a considerable number of relocations and acquisitions needed including: 23-25 single family homes, 8 garages, 3-4 multi-unit buildings and 3-4 businesses. Most of them have not been notified because the Tollway is still in the identification phase which entails value engineering. The current process is to wait until the Tollway receives a final Plat of Survey and a Title Commitment before sending a notice to the owner indicating that an appraiser is coming. Once the appraisal is received, staff evaluates the appraisal and then supplies that information to an outside negotiator who sends another letter to the owner to initiate a negotiation. If an agreement is not reached within 60 days, the Tollway goes into the condemnation phase which entails filing suit against the owner. Staff also indicated that the Tollway has a one offer system. Under the Toll Highway Act, the Tollway is not allowed to make counteroffers to the owner.

Directors discussed potential settlement with Walsh Construction.

Senior Assistant Attorney General recommended a legal settlement between the Tollway and Walsh Construction Company (Walsh) in the amount of \$181,687.89. He indicated that the matter arose out of Walsh's contract with the Tollway to reconstruct the northbound Tri-State Tollway (I-94) from Route 60 to Route 176. The contract expired June 18, 2011 after attempts to execute a contract extension failed. Following the expiration of the contract, shoulder pavement and guardrail settlement were observed and the Tollway authorized Walsh to perform the repairs as an extra work order. Because the contract had already expired, the Comptroller's Office refused to issue payment for the extra work.

Directors asked whether the Tollway is setting an unwanted precedent by settling the payment in this manner. Staff indicated that the Tollway maintains its right to refuse payment for unauthorized work completed after contract expiration.

Directors asked whether the final release of retainage for Walsh was delayed because of this legal settlement. Staff responded affirmatively.

Directors discussed settlement proposal for Fields of Cambridge.

Senior Assistant Attorney General recommended that the Tollway enter into a settlement agreement with the Fields of Cambridge Condominium Association (Association). The matter arose due to sediment run-off discharged into the north pond of the Association's development following reconstruction of pavement at the Tri-State Tollway (I-94/I-294) at O'Plaine Road in 2009. The Tollway was cited for this incident by the Illinois Environmental Protection Agency. To remedy the problem, dredging of the pond is needed.

Directors asked whether the Tollway will direct the pond dredging. Staff indicated that the Association will hire the contractor to complete the work and the Tollway will only pay the Association for the work that is actually performed or up to \$47,900 – the Association claimed damages.

Directors asked whether the State's Prevailing Wage Act will be complied with in performing this work. Staff indicated that they will investigate whether that can be included as a condition of payment.

At approximately 10:20 a.m., Committee Chair Peterson requested a motion to re-enter the public FAO Committee session. Director Gonzalez made the motion; seconded by Director Sweeney. The motion was approved unanimously.

Minutes taken by: _____ /s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE EXECUTIVE SESSION
OF
THE BOARD OF DIRECTORS
February 23, 2012**

On February 23, 2012 at approximately 9:40 a.m., the Board met in Executive Session to discuss matters related to personnel and litigation pursuant to Section 2(c)(1) and Section 2(c)(11) of the Open Meetings Act.

Present:

Chair Paula Wolff
Director Jim Banks
Director Terry D'Arcy
Director David Gonzalez
Director Mark Peterson
Director Jeff Redick
Director James Sweeney
Director Carl Towns
Director Tom Weisner

Absent:

Governor Pat Quinn
Secretary Schneider

Also present for all or portions of the meeting:

Kristi Lafleur (*Executive Director*)
Paul Kovacs (*Chief Engineer*)
Elizabeth Looby (*Sr. Assistant Attorney General*)
David Goldberg (*General Counsel*)
Michael Stone (*Chief of Staff*)
Rocco Zuccherro (*Deputy Chief of Engineering*)

Directors discussed the suspension and law enforcement investigation of a subcontractor.

Staff informed the Directors that three subcontracting firms and two owners on a McHugh contract with the City of Chicago are under federal indictment for allegedly acting as DBE pass-throughs. As a result, the Illinois Department of Transportation (IDOT) reportedly suspended certification for those subcontractor firms last week.

The Tollway does not have a certification process for subcontractors but accepts vendors based on their IDOT certification. Therefore, lack of IDOT certification for those subcontractors disqualifies them from doing business with the Tollway as prime or subcontractors. Staff indicated that these subcontractors are not currently engaged in business with the Tollway but they have served as subcontractors for previous Tollway contracts. Tollway staff is drafting a letter to one prime contractor identifying these subcontractors regarding the IDOT suspensions and informing the prime contractor that the Tollway will not accept these companies as subcontractors. Staff is working with the State Procurement Officer to craft the letter with the appropriate language. In certain cases, approval from the Chief Purchasing Officer (CPO), assigned by the Executive Ethics Board, is needed for a vendor suspension. **Staff will verify whether CPO approval is required in this instance.**

Staff indicated that no further payments or contracts will be made or awarded to those subcontractors unless their certification has been restored by IDOT. Staff will return to the Board if the status of the subcontractors' certification changes with IDOT.

Directors discussed a settlement with the Cambridge Condominium Association.

Senior Assistant Attorney General indicated that this matter arises out of construction work done by the Tollway on the north Tri-State adjacent to the Cambridge Condominium Complex. This construction work caused pavement runoff to flow into one of the ponds managed by the Association. The Illinois Environmental Protection Agency found that the pond was contaminated due to the Tollway's construction work. As a result, the Association asked that the Tollway pay the actual cost to dredge the pond of sediment up to \$47,900. Although engineering staff disputes the projected cost for this work, legal counsel asked the Board for settlement authority up to \$47,900.

Directors discussed the Tobin vs. ISTHA litigation.

Senior Assistant Attorney General indicated that the plaintiff filed an amended complaint against the Tollway which included allegations that challenged the existence of the Tollway despite warning from the judge not to do so. The amended complaint also included allegations about the procedural process used to approve projects such as the Elgin O'Hare Western Bypass project (although not specifically named). Staff has documentation demonstrating that the procedural process is in compliance with Section 14 requirements.

General Counsel will file another motion to dismiss this case in its entirety by March 9, 2012. The next hearing date will likely be in June 2012.

Directors discussed potential Inter-governmental Agreement with Village of Green Oaks.

Staff indicated that the Tollway has accommodated several requests from residents of Green Oaks to reduce Tollway traffic noise by investing significant resources into building additional noise walls in the area. The residents' latest request is for the Tollway to perform a diamond grinding process on the Tollway pavement near Green Oaks in an effort to reduce the noise level. Staff indicated that the diamond grinding may or may not produce the noise level reductions sought by the residents. However, because the Tollway is planning unrelated construction work in that area, staff agreed to perform the diamond grinding process if the Village of Green Oaks agrees to reimburse the Tollway for the project costs – approximately \$1.6 million.

Directors asked about the decibel levels referenced by the Village of Green Oaks resident during public comment of the Board meeting. Staff responded that the decibel levels of 67 or below are acceptable per federal standards within 500 feet. The residents of Green Oaks reportedly measured a noise level of 70 decibels on the morning of the Board meeting.

Directors asked how much diamond grinding of the pavement could reduce the noise level for the residents and how the process would affect the life cycle of the pavement. Staff responded that diamond grinding is known to reduce the noise level at the pavement by 5-6 decibels. However, it is not known how it will affect the decibel level from the residents' perspective. Staff indicated that the diamond grinding should not have an effect on the life cycle of the pavement.

Directors asked whether the sound walls built to date have yielded a noticeable benefit to residents. Staff responded that sound walls are effective in noise reduction but are not a cure all.

Staff indicated that it is important that communities and developers make people aware of future projects so they can make informed choices about the proximity of potential developments near road construction.

Directors discussed Midwest Fence litigation and Diversity Program recommendations from consultant.

Senior Assistant Attorney General indicated that the Tollway is currently using the NERA Availability Study as a basis to set diversity goals for Tollway contracts instead of the Mason Tillman disparity study commissioned in 2008.

Staff indicated that a Request for Proposal is underway for additional disparity study work and that efforts are being made to expedite the procurement process.

Staff indicated that due to procurement reforms the Tollway currently tracks data on all subcontractors. That information was not readily available when the Mason Tillman study was conducted.

General Counsel indicated that the Tollway has had a couple of procedural wins in the Midwest Fence case recently. First, the plaintiff's attempt to avoid a jury trial was denied by the judge. Secondly, the plaintiff requested bifurcation of the case which entails having separate proceedings on liability then damages. The court recently denied the plaintiff's request to bifurcate the case.

Directors asked whether the jury would be informed that the plaintiff attempted to avoid a jury trial. Staff responded no.

Regarding settlement negotiations, Senior Assistant Attorney General indicated that the plaintiff's most recent response to the Tollway's settlement offer included an increase in their settlement request from the original \$1.8 million demand to \$5 million.

The Directors discussed personnel issue with the Executive Director.

Staff informed the Directors about personnel matters including potential new hires.

The Directors discussed personnel issue without the Executive Director.

Directors discussed personnel matters including the Executive Director's annual goals and external activities.

At approximately 10:35 a.m., Board Chair Wolff requested a motion to re-enter the public Board session. Director Peterson made the motion; seconded by Director Towns. The motion was approved unanimously.

Minutes taken by: _____/s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE EXECUTIVE SESSION
OF
THE BOARD OF DIRECTORS
March 22, 2012**

On March 22, 2012 at approximately 11:00 a.m., the Board met in Executive Session to discuss matters related to personnel, collective bargaining and litigation pursuant to Section 2(c)(1), Section 2(c)(2), Section 2(c)(11) of the Open Meetings Act.

Present:

Chair Paula Wolff
Director Terry D'Arcy
Director David Gonzalez
Director Mark Peterson
Director Jeff Redick
Director James Sweeney
Director Carl Towns
Director Tom Weisner

Absent:

Governor Pat Quinn
Secretary Schneider
Director Banks

Also present for all of portions of the meeting:

Kristi Lafleur (Executive Director)
Michael Stone (Chief of Staff)
Jim Wagner (Inspector General)
Mike Colsch (Chief of Finance)

Directors discussed a worker's [compensation settlement].

General Counsel indicated that this worker's compensation case involves an employee, James Narel, who sustained two separate injuries while performing his duties as an equipment operator. Outside counsel has negotiated a settlement in the amount of \$97,213.73 and recommends a settlement.

Directors asked whether Mr. Narel remains employed with the Tollway and whether the injuries he incurred were due to repetitive trauma. Counsel responded that Mr. Narel incurred two separate injuries (right rotator cuff and left arm tendon rupture)

that resulted from two separate accidents that occurred in two separate years. Neither injury was due to repetitive trauma.

Directors asked whether Mr. Narel will remain in the same job. Counsel responded that Mr. Narel has been released to full duty work.

Directors discussed [a pending investigation].

The IG informed the Directors that an investigation previously listed in his summary report to the Board was not presented at the Board meeting because it involves an ongoing investigation. The investigation involves Integrys, the company contracted by the State through CMS to manage utilities (gas and electric) for all State agencies. In 2006, Integrys handled the wholesale purchase of utilities for the State but the utility billing was handled by a company called ERC out of the University of Illinois - Chicago. In 2009, Integrys took over the utility billing function also, and was permitted in the contract to charge administrative fees at the rate of .007 of the total bill.

In 2009, the Governor issued a directive for all state agencies to identify ways to reduce utility cost and usage by 25 percent. The Tollway responded by commissioning a comprehensive review of utility bills for all Tollway locations by an outside vendor and then creating a system under Catapult to track the utility bills for all locations - including historical data beginning in 2008. With the new tracking system, staff identified that there has been an 11 percent decrease in utility costs since 2008.

Staff also noticed that there was a difference in the billing amounts generated by NICOR and the amounts shown on bills received from Integrys. The Integrys bills were approximately \$120,000 higher in aggregate from 2009-2011 than the NICOR bills. Upon request, Integrys could not adequately explain the higher bills. The Office of the Inspector General (OIG) investigated this matter over the last year and recently discussed this matter with the Illinois Attorney General's (IAG) Office. The IAG expressed interest in continuing the investigation started by the OIG. Staff noted that the Governor's Office has also been notified of this matter.

Directors asked whether the \$120,000 difference could be attributed to the administrative costs designated in the Integrys contract. The IG responded that he could not confirm whether the overage could be attributed to administrative costs because the bills provided by Integrys are not itemized.

Staff added that not all Tollway energy accounts are managed by Integrys. CMS recently asked the Tollway to transfer management of its remaining energy accounts under the Integrys contract. Because the arrangement does not seem to benefit the Tollway, staff has declined to do so and is seeking to discontinue Integrys' management of all Tollway energy accounts.

Directors asked about the timing of the resolution of this investigation. The IG responded that he has concluded his investigation but he could not confirm the scope or duration of the investigation by the Attorney General.

Directors discussed the Midwest Fence litigation.

General Counsel indicated that a settlement has not been reached with Midwest Fence. Although the plaintiff indicated that they would consider a financial settlement, they also indicated that discontinuation of the Tollway DBE program should be a part of the settlement.

General Counsel also indicated that the federal judge recently set a discovery closure for this case to run through the end of September.

Counsel indicated that there have been high level discussions about how insurance can be considered in the settlement. Although the insurance carrier has begun paying litigation costs (the \$250,000 deductible has been met), the carrier is not willing to confirm coverage at levels the Tollway has considered because the plaintiff has not demonstrated damages.

Directors asked that Counsel continue to provide updates on this matter.

Directors discussed the Tobin vs. ISTHA litigation.

General Counsel reminded Directors that the Tobin litigation amounts to a general constitutional challenge of the Tollway's existence, toll structure and rates. Since the last meeting, the Tollway filed an updated motion to dismiss the case and is awaiting plaintiff's responsive pleading.

Directors discussed potential collective bargaining matters.

[Discussion redacted due to ongoing collective bargaining negotiations]

Directors indicated that if additional action is needed prior to the next Board meeting that they would be willing to attend a special Board meeting.

The Directors discussed personnel issues with the Executive Director.

Staff informed the Board that moving forward the administration of Family Medical Leave Act requests will be processed by an outside vendor at a cost lower than back-filling a full-time position previously designated to do the same.

The Directors discussed personnel issues without the Executive Director.

Directors discussed the Executive Director's performance goals and performance management metrics.

At approximately 12:00 p.m., Chair Wolff called for a motion to re-enter the public session of the Board Meeting. Director Weisner made the motion; seconded by Director Towns. The motion was approved unanimously.

Minutes taken by: _____/s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE EXECUTIVE SESSION
OF
THE FINANCE, ADMINISTRATION AND OPERATIONS
COMMITTEE
April 18, 2012**

On April 18, 2012 at approximately 10:10 a.m., the Finance Administration Operations Committee met in Executive Session to discuss matters related to personnel, collective bargaining and litigation pursuant to Section 2(c)(11) and other applicable provisions of the Open Meetings Act.

Committee Members Present:

Chair Paula Wolff

Director Banks

Director Mark Peterson

Director David Gonzalez

Directors also present:

Director James Sweeney

Director Carl Towns

Director Tom Weisner

Staff present for all of portions of meeting:

Kristi Lafleur (Executive Director)

David Goldberg (General Counsel)

Michael Stone (Chief of Staff)

Joanne Fehn (Land Acquisition Mgr)

Directors discussed the amended identification of real estate parcels for Tollway land acquisition.

General Counsel introduced Joanne Fehn, Land Acquisition Manager, to provide a general reference to the amended identification of real estate parcels for land acquisition related to the I-294/I-57 project. Ms. Fehn indicated that 18 real estate parcels will be added to resolutions approved last month for land acquisition related to the I-294/I-57 project. Many of parcels are located in the Dixie Creek area. Others are located in the Memphis movement along I-294. Most of the additional parcels are streets and alleys that did not have clear title. Although most of the parcels are full-takes, partial-takes are included in this group also.

Directors asked whether there was a problem tracking down the property owners. Staff responded that owners were previously known but the Tollway had to determine how to properly identify the land parcels.

Directors asked about the total number of parcels acquired for this project to date. Staff responded that 60-70 parcels have been acquired to date. However, the overall number of parcels needed for this project is approximately 320.

Directors discussed the Midwest Fence litigation.

[*Discussions related to ongoing litigation are redacted*] Directors noted that much of the vendor diversity discussion will focus on unbundling construction and professional service contracts for the Move Illinois Capital program. Directors also noted that the intent of unbundling contracts is to provide more opportunities for qualified small to mid-size firms to bid on Tollway contracts which includes, but is not limited to, DBE firms. [*Discussions related to ongoing litigation are redacted*] At approximately 10:25 a.m., Committee Chair Peterson called for a motion to re-enter the public session of the Finance Administration Operations Committee Meeting. Director Banks made the motion; seconded by Director Gonzalez. The motion was approved unanimously.

Minutes taken by: _____/s/ on original
Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE EXECUTIVE SESSION
OF
THE BOARD OF DIRECTORS
April 26, 2012

On April 26, 2012 at approximately 10:15 a.m., the Finance Administration Operations Committee met in Executive Session to discuss matters related to personnel, collective bargaining and litigation pursuant to Section 2(c)(11) and other applicable provisions of the Open Meetings Act.

Present:

Chair Paula Wolff

Director Banks

Director Terry D'Arcy

Director David Gonzalez

Director Mark Peterson

Director Jeff Redick

Director James Sweeney

Director Carl Towns

Director Tom Weisner

Staff present for all or portions of the meeting:

Kristi Lafleur (Executive Director)

Michael Stone (Chief of Staff)

Shanna Whitehead (Acting Chief of Bus. Systems)

David Goldberg (General Counsel)

Joanne Fehn (Land Acquisition Mgr)

Directors discussed the amended identification of real estate parcels for Tollway land acquisition.

General Counsel introduced staff to discuss land acquisition settlements for I-90 and Il Route 47 Interchange Project. Staff is actively negotiating with the property owners to acquire 12 parcels necessary to commence construction and relocate utilities for this project.

Staff reminded the Directors that Resolution 19556 established authority for Tollway staff to acquire all needed real estate interests including but not limited to making offers, negotiating agreements, purchasing parcels, and settling in an amount not to exceed \$13 million in the aggregate. Staff is starting the Tollway administrative process which allows the Tollway to purchase the land above the appraised value of the property under certain conditions.

In these cases, additional Board approval is required for land acquisition settlements that are more than \$30,000 over the appraised property value. Staff indicated that if an eminent domain case goes to trial, a jury determines the just compensation amount for the property. Staff indicated that it is reasonable to assume ---based on past experience-- that the jury would at a minimum select a value in between the Tollway's appraisal and property owner's appraisal. Going to trial increases the Tollway's acquisition and litigation costs. Therefore, it is often in the best interest of the Tollway to offer a settlement and avoid a trial so long as the settlement is not so large as to exceed the anticipated legal costs.

In the cases to be presented at this meeting, outside counsel recommends that the Tollway accept the pending settlement counter-offers as described. The anticipated contract closing date for these offers is May 15, 2012. Staff also recommends acceptance of the counteroffers because: (1) it is in the best interest of the public to complete the construction projects in a timely manner—reducing litigation costs, (2) it resolves this issue in an amicable manner, and (3) it keeps the Tollway's condemnation rate low, further controlling costs.

Staff described Parcel 1 and indicated that the property owner(s), requested \$5.1 - \$6.0 million for the property. The appraised value obtained by the Tollway is \$3.1 million. The final counter offer from the property owner's lawyer is \$3.675 million.

Directors asked whether it was typical for the names of the property owners to be undisclosed to the Directors. Staff responded that, generally, that information is not included but the process can be changed. Staff indicated that the property owner for Parcel 1 is Richard Virancik.

Directors suggested that the staff provide the names of the property owner(s) for each parcel scheduled for discussion to the Directors. This would give them an opportunity to recuse themselves from the discussion if a conflict of interest exists. **Staff agreed to recommend a process to permit Directors to have enough time and information to make studied decisions about the need for recusals.**

Staff described Parcel 4 and indicated that the property owner(s), Rick Solis requested \$340,000 - \$370,000. The Tollway offered the appraised value - \$170,000. The final counter offer from the owners' lawyer was \$220,000.

Staff described Parcel 8 (developed and subdivided) and indicated that the property owner(s) is Horizon Group. The Tollway offered the appraised value - \$1,046,500. The final counter offer from the owners' lawyer was \$1,269,000.

Staff described Parcel 9 (developed and subdivided) and indicated that the property owner is Horizon Group. The Tollway offered the appraised value - \$1,787,000. The final counter offer from the owners' lawyer was \$2,442,500.

Staff described Parcel 12 and indicated that the property owner is Horizon Group. The Tollway offered the appraised value - \$310,000. The final counter offer from the owners' lawyer was \$334,000.

Directors asked about the cost of delaying land acquisition contracts. Staff indicated that by some measures the cost to delay can be equivalent to \$10 million per month.

Directors discussed the Midwest Fence litigation.

General Counsel informed Directors that he is scheduled to meet with the Tollway's insurance carrier about the status of the Midwest Fence litigation. The Tollway has exceeded its deductible and therefore the insurance company will be covering the litigation costs for this case moving forward. He anticipates that the insurance company will be concerned primarily with the dollar amount of a potential settlement, whereas the Tollway must consider long-term consequences the DBE program as well.

Staff informed the Directors that several of the recommendations made by Collette Holt, the DBE Consultant hired by the Tollway, have been implemented. For instance, the Tollway has reduced the amount of DBE credit received by a vendor due to supplies and materials costs from 100% to 60% of the material costs. This is similar to the process maintained by IDOT and other state agencies. Also, Tollway contracts have been updated with clearer language regarding the recourse for the vendor's failure to comply with DBE commitments.

Staff also noted that a Request for Proposal for an additional disparity study is in process.

Directors discussed the Tobin litigation.

The Law Department recently received the plaintiff's response to the Tollway's motion to dismiss the case. There is no further action to report concerning this case.

Directors discussed [collective bargaining matter].

[Discussions related to ongoing collective bargaining are redacted.]

Directors indicated that they agree with the policy and salary increases proposed by staff and are comfortable allowing them to determine the related timing and implementation strategy.

Directors discussed [collective bargaining matter].

Staff reminded the Directors that some plazas with low overnight toll volumes have been left unstaffed overnight on a trial basis to determine whether this process will work system-wide. Approximately 195,000 unique patrons used the unstaffed plazas during 2010-11. Of those patrons, 140,000 (72%) received no notices for violations; 50,000 (25%) are frequent violators across the whole roadway system and received notices; and 5,000 (3%) received notices with transactions almost exclusively tied to the unstaffed overnight program. Staff indicated that there is limited future expansion potential for this program because:

- the opportunity is bounded by the economics of the toll increase – only two additional plazas may qualify; and
- due to the toll increase, the combined economic benefit from all four plazas is projected to be less than \$410,000, compared to \$580,000 from just the two plazas in 2011.

Directors asked whether it would be cost-effective to add automated toll machines with coin baskets to unstaffed plazas. Staff responded that a significant investment would be required in the money collection machines as well as in the in-ground verification system. Also, these plazas are unstaffed because they are relatively low volume which makes it difficult to justify the investment.

Staff asked the Board whether they would support a pilot program that would entail sending a bill for missed tolls plus a nominal fee to those who miss tolls at an unstaffed toll plaza in lieu of sending a violation notice. Directors indicated their support for the proposed pilot program.

Staff indicated that SEIU has previously requested information about the unstaffed toll plaza program. The unstaffed program is currently the subject of an Unfair Labor Practice charge by SEIU.

Directors discussed personnel issues with the Executive Director.

The Executive Director discussed her annual goals with the Board.

Directors discussed personnel issues without the Executive Director.

Directors discussed the Executive Director's performance goals and performance management metrics.

At approximately 11:25 a.m., Chair Wolff called for a motion to re-enter the public session of the Finance Administration Operations Committee Meeting. Director Banks made the motion; seconded by Director Gonzalez. The motion was approved unanimously.

Minutes taken by: _____ /s/ on original

Tranece Artis
Board Secretary
The Illinois State Toll Highway Authority