

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE
FINANCE ADMINISTRATION OPERATIONS
COMMITTEE MEETING**

November 14, 2012

The Illinois State Toll Highway Authority held a Finance Administration Operations (FAO) Committee Meeting on Wednesday, November 14, 2012 at approximately 8:30 a.m. at the Central Administration Building in Downers Grove, Illinois.

Committee Members Present:

Committee Chair Mark Peterson

Director Terry D'Arcy

Chair Paula Wolff (self-appointed to the committee in Director Gonzalez's absence)

Not present:

Director David Gonzalez

Committee Chair Peterson called the meeting to order and opened the floor for public comment. No public comment was offered.

Committee Chair Peterson then called for a motion to approve the minutes of the Finance Administration Operations Committee Meeting and Executive Session held on Wednesday, October 17, 2012. Director D'Arcy made the motion to approve the minutes; seconded by Chair Wolff. The motion was approved unanimously.

EXECUTIVE DIRECTOR

Quarterly Financial Review Presentation

Executive Director Kristi Lafleur introduced Mike Colsch, Chief of Finance, to present the 2012 Third Quarter Budget to Actual Review as shown in the [attached presentation](#).

Mr. Colsch indicated that third quarter revenue was lower than expected due largely to lower-than-projected commercial vehicle traffic. He attributed the lower commercial traffic volume to slow growth in the economy and impact of construction projects on the Tri-State highway. Committee Chair Peterson asked about the passenger vehicle traffic performance compared to traffic projections. Mr. Colsch responded that although passenger traffic volume was higher than expected during the third quarter, a higher percentage of the tolls were paid with I-PASS accounts compared to cash which impacted the amount of revenue collected.

Bond Financing Timeline

Mr. Colsch indicated that 2013 Budget Plan includes a bond issuance for up to \$1 billion to finance the *Move Illinois Program* in 2013 and 2014. He then presented the Bond Financing timeline as shown in the [attached presentation](#).

Chair Wolff asked about the implications of possible procurement delays referenced in the presentation on the bond issuance. Ms. Lafleur responded that the underwriters and bond counsel are needed prior to seeking authorization from the Board for the bond issuance in late January. Mr. Colsch added that the underwriting team should be in place at six weeks before the bond issuance. He recommended that the move forward with approval of the bond counsel procurement at the December Board meeting if possible even if the underwriting procurement is not available.

Mr. Donato indicated that the Chief Procurement Office, and the Procurement Policy Board are aware that the bond counsel and underwriting procurements are a high priority for the Tollway.

Chair Wolff indicated that the Board would consider holding a special Board meeting in early January to approve the bond financing team, if needed. She indicated that the Board is concerned about incurring extra costs to toll users due to avoidable procurement delays.

Chair Wolff asked whether it is advisable to make a single bond issuance for \$1 billion or multiple bond issuances totaling \$1 billion. Mr. Colsch responded that although the Tollway could currently borrow at a low interest rate (3.5 percent) and future interest rates are unknown, there are disadvantages to borrowing more than what is absolutely needed at this time because the return on investment for unused funds is only 0.25 percent creating a negative arbitrage effect (paying more in interest than what can be earned on the investment). He added that staff is looking into other ways to lock in the current borrowing rate without incurring a negative arbitrage effect.

Chair Wolff asked whether there were cost advantages to making one large bond issuance versus multiple bond issuances. Mr. Colsch responded that the cost of multiple bond issuances totaling \$1 billion is not very different than the cost on one bond issuance for \$1 billion because the costs are based on the size of each bond issuance.

Committee Chair Peterson called on Mr. Donato, Chief of Procurement, to present the following **Procurement** items:

Item 1: Award of Contract 12-0101 to Mechanical Systems, Inc. d.b.a. Contech MSI Company for the purchase of Fire Alarm Inspections and Repairs in an amount not to exceed \$114,748.00 (Tollway Invitation for Bid).

Item 2: Award of Contract 12-0106 to Tradebe Treatment and Recycling, LLC for the purchase of Hazardous Waste and/or Characterization, Transportation, and Disposal Services in an amount not to exceed \$50,000.00 (Tollway Invitation for Bid).

Item 3: Increase of Contract 10-0112 to Alert IT Solutions, Inc. for the purchase of Pre-Employment Screening Services in an amount not to exceed \$60,000.00 (Tollway Request for Proposal).

Committee Chair Peterson asked whether the Tollway requires consultants and other contractors to go through this screening process also. Michael Stone, Chief of Staff, responded that consultants are subject to background checks and fingerprinting prior to working onsite but the Tollway does not administer drug and alcohol testing for consultants.

Chair Wolff asked whether Tollway contracts require consulting firms to administer this screening process to their employees on assignment at the Tollway. Ms Lafleur responded that there is no such clause in the contracts but that firms are expected to enforce their respective employment policies.

Item 4: Award of Contract 11-0088R to Crowe Horwath, LLP for the purchase of Financial Statement Preparation Software in an amount not to exceed \$266,447.40 (Tollway Request for Proposal).

Item 5: Award of Contract 12-0305 to Crafc0, Inc. for the purchase of Asphalt Crack Sealing Material in an amount not to exceed \$65,000.00 (Tollway Emergency).

Director D'Arcy made a motion for approval of **Procurement Items 1-5**; seconded by Chair Wolff. The motion was approved unanimously.

Committee Chair Peterson called on Paul Kovacs, Chief Engineer, to present the following **Engineering** Items:

Item 1: Acceptance of Proposal from Bollinger, Lach & Associates, Inc. on Contract I-12-4052 for Construction Management Services for Reconstruction and Widening on the Jane Addams Memorial Tollway (I-90) from Milepost 17.4 (I-39) to Milepost 56.1 (Illinois Route 25), in an amount not to exceed \$10,747,900.00

Item 2: Acceptance of Proposal from Patrick Engineering, Inc. / Civiltech Engineering, Inc. / Singh & Associates, Inc., Joint Venture, on Contract I-12-4041 for Design Services for Reconstruction and Widening on the Elgin O'Hare Western Access (EOWA), from U.S. Route 20 to Illinois Route 83, in an amount not to exceed \$9,251,314.92

Item 3: Acceptance of Proposal from URS Corporation on Contract I-12-4040 for Design Services for Reconstruction and Widening on the on the Elgin O'Hare Western Access (EOWA), from U.S. Route 20 to Illinois Route 83, in an amount not to exceed \$11,129,316.20.

Mr. Kovacs indicated that the bid amounts for Engineering Items 2 and 3 are slightly higher than the engineering estimates for those contracts. However, he noted that overall the design bids for the EOWA project are within 0.13 percent of the established budgets. Chair Wolff asked whether the increased contract cost could be attributed to unbundling of construction projects. Mr. Kovacs responded affirmatively.

Item 4: Change Order/Extra Work Order on Contract I-11-4000 to Plote Construction Inc. for Interchange Reconstruction on the Jane Addams

Memorial Tollway (I-90) at Milepost 45.6 (Sandwald Road) and Milepost 47.3 (IL Route 47), in the amount of \$211,328.00.

Chair Wolff made a motion for approval of **Engineering Items 1-4**; seconded by Director D'Arcy. The motion was approved unanimously.

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

Item 1: An Intergovernmental Agreement with Boone County. Cost to the Tollway: \$tbd

Item 2: An Intergovernmental Agreement with Winnebago Cnty Forest Preserve District. Cost to the Tollway: \$2,000.

Item 3: An Intergovernmental Agreement with the Genoa National Fish Hatchery. Cost to the Tollway: Not to exceed \$30,000.

Item 4: An Intergovernmental Agreement Amendment with CMS. Cost to the Tollway: Upper limit increase of \$1,300,000.

Item 5: A Second Amendment to the Traffic.Com (Mobility Tech) Agreement. Cost to the Tollway: \$0

Item 6: Approval of Outside Legal Counsel. Cost to the Tollway: Per standard Special Assistant Attorney General Agreement.

Director D'Arcy made a motion for approval of **Legal Items 1-5**; seconded by Chair Wolff. The motion was approved unanimously. General Counsel asked that discussion of Legal Item 6 be deferred to

Executive Session of the Regular Board Meeting on November 15, 2012. The Committee agreed.

There being no further business, Committee Chair Peterson requested a motion to adjourn. Motion to adjourn was made by Chair Wolff; seconded by Director D'Arcy. The motion was approved unanimously.

The meeting was adjourned at approximately 9:35 a.m.

Minutes taken by: _____

Marlene Vick

Illinois State Toll Highway Authority