

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
September 29, 2011**

The Illinois State Toll Highway Authority met in regular session on Thursday, September 29, 2011 at approximately 10:00 a.m. in the Board Room of The Illinois State Toll Highway Authority's Administration Building in Downers Grove, Illinois. The Meeting was held pursuant to By-Laws of the Authority upon call and notice of the Meeting executed by Chair Paula Wolff and posted in accordance with the requirements of the Open Meetings Act.

Bolded entries indicate issues which will require follow-up to present to the Board.

Chair Wolff stated that this is the regularly scheduled meeting of the Board of The Illinois State Toll Highway Authority and asked the Board Secretary to call the roll. Those Directors present and absent were as follows:

Present:

Chair Paula Wolff

Director James Banks

Director Tom Canham

Director Bill Morris

Director George Pradel

Director Maria Saldaña

Director Carl Towns

Director Tom Weisner

Absent:

Governor Pat Quinn

Acting Secretary Schneider

Chair Wolff called the meeting to order and asked Executive Director Kristi Lafleur to introduce the first presentation. Ms. Lafleur started by formally introducing Elizabeth Looby to the Board as the Acting General Counsel for the Tollway; Lou Bertuca, as the new Deputy Chief of Staff; and Sharon Ferguson as the new Procurement and Warehouse Services Manager. She then introduced Jim Wagner, Inspector General, to give his latest report to the Tollway Board. Ms. Lafleur indicated that staff has been working with Mr. Wagner's team to refer cases and report complaints to ensure that the Tollway has a handle on employees and others who engage in abuse and misconduct.

Mr. Wagner reminded the Board that he is legally required to provide a summary of reports and investigations to the Governor, the Tollway Board and the General Assembly twice a year - no later than March 31

and September 30 of each year. He reviewed the circumstances, outcome and status of each major investigation that resulted in discipline shown in the attached [report](#). During the first nine months of 2011, the OIG investigated twelve cases that involved thefts in which employees either collected toll payments and kept the money or allowed drivers to travel without paying and then incorrectly classified the vehicles as emergency vehicles to cover up the thefts or non-payments. By law, the Tollway is required to allow emergency vehicles to travel the Tollway without paying. When a marked car approaches the gate (sometimes with lights flashing), the toll collector pushes a button to allow the vehicle to pass. The collector is then required to complete paperwork to record the use of the button.

Director Saldaña asked whether the Tollway's video imaging system captured the license plates of the cars that passed through the toll booth when the emergency button was used. Ms. Lafleur clarified that video images are not used at the toll booth. Video images are currently used for open road tolling only.

Mr. Wagner cited a case in the report in which an employee failed to notify the Tollway Employee Benefits Department of a change in marital status, from married to divorce, which resulted in overpayment of benefits. The employee reimbursed the Tollway a total of \$696.64. Mr. Wagner indicated that staff sent a notice to employees reminding them that they are responsible for updating their personal information to ensure the appropriate benefits.

Chair Wolff asked how the OIG is notified about this type of incident. Mr. Wagner indicated that he was informed by the Benefits Department.

Mr. Wagner cited another case in which a Tollway employee was investigated for misuse of a Tollway transponder. The investigation eventually led to a finding that the employee was improperly conducting outside employment during Tollway hours and on Tollway property.

Chair Wolff asked whether there is an opportunity for reimbursement of Tollway salary earned by the employee while he was conducting other business. Mr. Wagner indicated that the Tollway is actively seeking reimbursement for the transponder use in the amount of \$1,000 and that the case had been referred to the Attorney General's office for additional action. Director Morris asked whether these cases are routinely referred to the Attorney General's Office. Mr. Wagner responded that all of these cases have been referred to the State Attorney's Office in the appropriate counties.

Mr. Wagner described another case referred by the Employee Benefits Department which involved an employee improperly listing his/her nephew as a dependent on his/her health insurance plan. As a result, over \$250,000 in insurance benefits were paid out over 18 years for the child who had special needs. The employee agreed to repay \$6320.06 to the Tollway.

Mr. Wagner then described investigations which resulted in recommendations for process changes. Concerns about the proper application of the requirements stemming from the *Rutan* case were raised during the interview process for a supervisory position. After interviewing candidates for a Video Surveillance Supervisor position, the interviewer generated a list of his top choices and circulated the list to the other interviewers. While this was not a strict violation of CMS

rules or the *Rutan* standards, Mr. Wagner indicated that it gave the appearance of impropriety.

Director Morris asked whether the list of favorite candidates was generated from someone higher up. Mr. Wagner indicated that the list was generated by one of the interviewers – not by someone of higher authority. He recommended that in the future, interviewers allow enough time to score candidates after each interview to eliminate the need to create a list.

At Chair Wolff's request Mr. Wagner indicated that in 1990, the Supreme Court's ruling on a case against the Republican Party of Illinois, indicated that politics should not be involved in the hiring process for certain positions. As a result, various directives from Governors have been issued to clarify how interviews should be conducted for positions covered by the *Rutan* decision. CMS determines whether positions are covered by the *Rutan* case or whether the position is *Rutan*-exempt.

Director Morris asked whether *Rutan*-exempt status referred to civil service employees. Michael Stone, Chief of Staff, explained that *Rutan* classification is separate from civil service classification in the personnel code.

Mr. Wagner indicated that based on interviews of the plaza supervisors and managers, he determined that direct oversight of activities of collectors is not routinely conducted and review of Unusual Occurrence Reports is not always done by plaza supervisors.

Chair Wolff asked how far back the Tollway could trace the misuse of the emergency vehicle button by toll collectors. Mr. Wagner responded that the abuse could be tracked as far back as 2006 via computer.

Director Morris advised Jeff Redding, Chief of Operations, to inform toll collectors and other employees who handle cash transactions in his division that the Inspector General's Office is actively tracking system abuse and theft and referring cases to the Attorney General's Office for prosecution. Mr. Redding indicated that written communication had been sent on this topic to the toll collectors recently. He also indicated that strengthening the protocol and receiving weekly or daily reports on the use of the buttons will also deter theft.

Chair Wolff asked whether staff had thought about other potential weaknesses in the system. Mr. Redding confirmed that the staff is actively identifying other gaps in the cash handling process and contemplating methods for closing those gaps.

Mr. Wagner indicated that administrative rules were presented to JCAR as required by law to determine how and when cases are opened and closed. Those rules were submitted and approved by JCAR in August.

Director Morris commented that he is pleased that the work of the OIG has resulted in uncovering fraud. Director Canham expressed dismay that \$25,000 in theft was identified within a 6 month period. Chair Wolff indicated that this process has yielded three benefits: (1) uncovered ongoing fraud which led to monetary recovery; (2) employees get the message that they should feel comfortable reporting incidents of abuse; and (3) the public understands that the tolls are being used for their intended use. Director Saldaña commented that the OIG

investigations should be a signal to employees that the level of professionalism expected has been elevated. Ms. Lafleur indicated that she had met with plaza supervisors and other senior toll operations staff and informed them that theft would not be tolerated.

Public Comment

Chair Wolff asked those wishing to give public comment to limit their remarks to two minutes. The following members of the public made comments:

Donald D'ionesotos, a private citizen, expressed concern about the pending approval of the Huntley Interchange. He questioned whether the Tollway should be in the business of economic development or moving cars through the system efficiently and suggested the Tollway re-evaluate its mission.

Chair Wolff responded that Ms. Lafleur gave a presentation recently at The City Club of Chicago that addressed the issue raised by Mr. D'ionesotos. She encouraged him to access The City Club's website to see a video recording of the presentation or request a copy from the Tollway Communications Department.

Chair Report:

Director Morris moved for approval of the Minutes of the Regular Board Meeting held on August 25, 2011. The motion was seconded by Director Towns. Director Morris indicated that the minutes reflect that the transponder issue would be addressed at this meeting but that he understood that this conversation would be postponed until after the staff completed a formal report expected to be presented by the end of the year. The motion was approved unanimously.

Chair Wolff asked Director Saldaña to give a report on the Finance Administration Operations Committee (FAO). Committee Chair Saldaña indicated that the FAO Committee met on Wednesday September 21 and all the items discussed at that meeting were approved for the September Consent Agenda. She noted that conditional approval was granted for Item 3 under Engineering pending additional information about the lease termination clause. She also indicated that an Executive Session was held to discuss topics appropriate for that session. Chair Wolff noted two additional changes were made on items 6.2 and 6.7 of the consent agenda – a slight modification in the contract amount and change in wording, respectively. Director Saldaña encouraged Board members to review the presentation included in their briefings about the Workers’ Compensation Reserve Fund. She indicated that there was a lengthy discussion during the committee meeting about how the appropriate reserve funding level was determined and adjusted.

Chair Wolff asked Director Morris to give an update on the Customer Service Committee meeting. Committee Chair Morris indicated that the Customer Service Committee met on Wednesday September 21 and agreed on a twelve month work plan. He indicated that the most pressing issue for the Committee to consider is the overhead tolling contract which will likely go to bid this Fall and be implemented by year 2013. The bid process could include multiple contracts.

Director Morris indicated that other issues under consideration by the Committee over the next 6 months include review of: the violations two year “look back” rule; the current violations/fine system; the bidding process for overhead tolling (a request for a one year extension of the existing contract is imminent); use of nonprofit providers for customer

service contracts; and transponder replacement. Director Morris also indicated that Director Canham's request to study discounted toll rates for financially distressed toll users will be reviewed by the Customer Service Committee over the next few months.

Director Morris indicated in a previous meeting that toll users need to have a credit card to obtain an I-PASS account. He clarified that toll users do not need to use a credit card to obtain I-PASS rates. Toll users can purchase an I-PASS with a minimum \$20 balance with cash or check. Director Morris added that Wendy Abrams, Chief of Communications, presented a comprehensive plan to communicate the toll rate changes to customers.

Chair Wolff asked Director Weisner to give an update on the Strategic Planning Committee meeting. Committee Chair Weisner indicated that the Strategic Planning Committee met on Wednesday, September 21, and the Committee agreed on a 12-month work plan. He indicated that the Committee plans to review the following over the next 6 months: the non-tolled ramp policy, the environmental and sustainability policy, the traffic noise policy and the cost share policy with local governments. Other key decisions and decision-making timeframes are shown on the attached [work plan](#).

Director Weisner added that the resolution for the Huntley Interchange, which was approved by the Committee for inclusion on the September Consent Agenda, was a result of great collaboration between the Tollway and local, county and federal governments. He indicated that the Tollway will contribute 50 percent of the project costs initially. Ms. Lafleur confirmed that the Tollway will recover its contribution to the project costs over a ten-year period through toll collection. Director

Weisner added that economic development and road infrastructure are tied together and pointed to the success of the federal highways and its impact on economic development as an example.

Regarding the [Board Follow-up Action List](#), Chair Wolff suggested that the list be reviewed every six months by the Board to determine whether completed items should be removed from the list. The Board agreed to proceed in that manner. She also indicated that the evaluation of Kristi Lafleur's performance will be completed by the end of this calendar year and will be discussed in more detail during the Executive Session.

Executive Director Report:

Ms. Lafleur introduced Michael Stone, Chief of Staff, to present a summary of the management review initiated earlier this year which was conducted by the Public Financial Management Group (PFM) and the Bronner Group. She indicated that the goal of the review was to identify opportunities for the Tollway to use its resources more effectively.

Mr. Stone indicated that over a five month period, the PFM review team met with over 80 Tollway managers, supervisors and staff. The team reviewed and analyzed past studies, audits, data and reports, internal policies and procedures, contracts, statutes and regulations, budgets and other documents. They conducted site visits, mapped out processes and conducted best practices research and analysis. They also benchmarked the Tollway against seven other tolling agencies.

The overall review indicates that the Tollway's operations are sound. However, cost-savings and efficiency gains may be achieved by optimizing: the workforce, business processes and systems, customer service, financial management and planning, and contract management.

PFM also found that the Tollway's continued leadership role in the tolling industry will depend on its capacity to identify, react to and capitalize on emerging trends in electronic tolling, multi-protocol technology, video tolling, inter-operability and public/private partnerships.

Mr. Stone indicated that a recurring theme throughout the report is the need for the Tollway to update current key systems for human resources management, customer service, procurement, financial accounting and reporting, timekeeping and payroll and various supplementary systems. The Tollway has a number of manual processes that would benefit from automated systems that would increase data transparency and enhance data-driven decision making.

Mr. Stone cited the standardization of contract management roles and responsibilities as an opportunity to increase consistency and predictability for improved decision-making cycle times and decreased risk. Chair Wolff asked for an example of what needs to be standardized in the Tollway's contract management. Mr. Stone responded that each department supplies and tracks different information about contracts submitted to procurement which makes it difficult for some uniformity in the application of performance measurements and the ability of the Executive team to understand the status of contracts. Ms. Lafleur added that complete standardization might not be possible due to varying department needs but the process can be improved.

Mr. Stone also cited updates to the Enterprise Resource Planning System, or ERP, and an opportunity to improve accuracy, transparency, transaction cycle times, reporting times, and overall decision-making. Ms. Lafleur reminded the Board that an ERP brings financial and procurement systems together that would allow system-wide tracking. Chair Wolff asked whether this was the system the Board had discussed

before and on which CMS had asked the Tollway to delay action. Ms. Lafleur responded that CMS had asked the Tollway to delay ERP decisions a few years ago in anticipation of a statewide ERP program. She indicated that the Tollway needs to determine whether re-engaging this discussion with CMS is appropriate and/or whether the Tollway should pursue this project independently.

Director Saldaña asked how the lack of an ERP system would affect implementation of the new capital plan. Ms. Lafleur responded that the Tollway has a strong contract management system in place that worked effectively for the Congestion Relief Program. However, there will be an audit of the current process to ensure that the Tollway is ready for the high volume of activity expected within the next couple of years.

Mr. Stone then cited the use of reverse auctions to improve pricing competitiveness when CMS establishes rules. Ms. Lafleur explained that the reverse auction process enables vendors to continuously revise its bid for a project/commodity during a prescribed window of time and compete with other vendors.

Director Saldaña asked how effective internal training of procurement staff would be when so much of the process is controlled externally by CMS. Ms. Lafleur and Mr. Donato, Procurement Chief, indicated that the Tollway is working closely with the new State Procurement Officer (SPO) to ensure that the Tollway's procurement requests are processed efficiently.

Director Canham asked how much involvement CMS would have in the reverse auction process. Ms. Lafleur indicated that CMS would have to draft/accept the rules for the process. Mr. Donato added that the SPO indicated that CMS is in the process of writing those rules.

Other key improvement opportunities outlined in the [attached presentation](#) include: leverage a benefits consulting firm to identify cost-savings, redesign the procurement process, establish a service order system linked to the issuance of work orders, establish IT as the approval entity for all technology purchases, and establish an interim accounting solution before implementation of a full ERP system.

Mr. Stone also cited moving key planning and performance management functions to the Executive Office as an opportunity to enhance executive capacity for establishing Tollway-wide strategy and initiatives and tracking Tollway-wide performance. Lastly, he cited implementation of stronger and centralized FMLA controls as an opportunity to enhance employee productivity through the expecting resultant fewer employee days absent.

Director Morris asked whether PFM looked at staffing levels. Ms. Lafleur indicated that PFM recommended upgrades in existing employee skills or qualifications for hiring people in certain areas. However, they did not identify areas of overstaffing.

Directors Canham and Saldaña requested that the full report from PFM be sent to them electronically for review. Director Morris requested a printed copy.

***Consent Agenda**

Chair Wolff began the consent agenda (which consisted of items reviewed earlier in detail by Committees) by calling for a motion adopting the following **Finance** resolution:

Item 1: Resolution approving funding for the Workers' Compensation Insurance Claim Reserve Fund for the 2011-2012 program year in the

amount of \$7,171,000, and approving a reduction for the program years prior to April 30, 2011 in the amount of \$4,144,000.

Director Saldaña moved for adoption. Seconded by Director Canham. The motion was approved unanimously. Chair Wolff called for a motion adopting the **Procurement** resolutions listed below. She noted that the dollar amount in the description for Item 7 had increased by \$7,000.

Item 1: Award of Contract No. 11-0050 to Office Depot, Incorporated, Office Max, Incorporated and Staples Contract & Commercial, Incorporated for Office Supplies, in an amount not to exceed \$130,000.00 (CMS Master Contract).

Item 2: Award of Contract No. 11-0141 to Lakeside International Trucks for Navistar Truck Parts, in an amount not to exceed \$1,200,000 (CMS Master Contract).

Item 3: Award of Contract No. 11-0206 to Shelby County Community Service, Incorporated for Plastic Trash Liners, in an amount not to exceed \$40,000.00 (CMS Master Contract).

Item 4: Renewal to Contract No. 10-0144 to Gasaway Maintenance Company and Sicalco, Ltd. for Calcium Chloride Liquid, increasing the contract upper limit by \$25,809.00 from \$25,809.00 to \$51,618,00 (CMS Master Contract).

Item 5: Dollar Limit Increase to Contract No. 11-0122 to A-1 Corporate Hardware d/b/a A-1 Lock, Incorporated for Hirsch Security System – Software and Hardware, increasing the contract upper limit by \$100,000.00 from \$50,000.00 to \$150,000.00 (CMS Master Contract).

Item 6: Award to Contract No. 11-0136 to Conserv FS, Incorporated, Christian County, G Cooper Oil Company, Incorporated and Carroll

Service Company for Gasoline, E-85 and Diesel/Biodiesel Fuel, in an amount not to exceed \$11,731,352 (CMS for Tollway).

Item 7: Renewal to Contract No. 06-0081 to Marketing Alternatives, Incorporated for *999 Motorist Assistance Program, increasing the contract upper limit by \$300,000.00 from \$1,507,000.00 to \$1,807,000.00 (Tollway RFP).

Director Banks moved for adoption; seconded by Director Towns. The motion was approved unanimously. Chair Wolff called for a motion adopting the following Engineering resolutions:

Item 1: Full Release of Retainage on Contract No. RR-08-5572 to Lorig/Geneva (Joint Venture) for Roadway and Bridge Rehabilitation on the Veterans Memorial Tollway (I-355) Milepost 21.8 (Finley Road) to Milepost 29.9 (Army Trail Road) in the amount of \$613,552.80.

Item 2: Full Release of Retainage on Contract No. I-07-7720R to Allied Landscaping Corporation for Corridor Landscape on the Veterans Memorial Tollway (I-355) from Milepost 6.07 (151st Street) to Milepost 13.27 (Boughton Road) in the amount of \$77,434.31.

Item 3: Assignment and Sub-lease from Lessee, Transwestern Great Lakes, LP to ADM2, LLC, of Tollway parcels N-7B-294, N-7B-294.1 and N-7B294.2 within the Tollway right-of-way (ROW) boundary adjacent to Janes Addams Memorial Tollway (I-90) and Lee Street in Des Plaines, IL.

As noted previously, the FAO Committee approved this Engineering Item 3 for consideration by the board under the condition that additional information was supplied about the lease termination clause. Paul Kovacs, Chief Engineer, informed the Board that a lease termination

clause does exist for the item described above. The clause gives either party, the Tollway or the Lessor, the right to terminate the lease with 60 days notice.

Director Weisner moved for adoption of the Engineering resolutions; seconded by Director Canham. The motion was approved unanimously. Chair Wolff called for a motion adopting the following **Legal** resolutions listed below. She noted that Item 5 describing the Huntley Interchange referenced the Tollway's financial obligation as 50 percent of the construction costs. Acting General Counsel confirmed that the resolution correctly references 50 percent of the projects costs.

Item 1: An Intergovernmental Agreement with the Cook County Highway Department. Paid to Tollway: \$159,042.00.

Item 2: An Intergovernmental Agreement with the Illinois Department of Transportation. (Willow Road). Paid to Tollway: \$19,122,468.61.

Item 3: An Intergovernmental Agreement with the Department of Transportation. Paid to Tollway: \$1,083,898.00.

Item 4: An Intergovernmental Agreement with West Virginia Parkways. Cost to the Tollway: \$6,000 plus shipping costs.

Item 5: An Intergovernmental Agreement with the Illinois Department of Transportation, the Village of Huntley, Kane County and McHenry County. Cost to the Tollway – obligated to pay 50.000% of the project costs.

Item 6: Renewal of Bond Counsel. Cost to the Tollway: \$0

Item 7: Correction of Resolution Number 19480. Cost to the Tollway: \$0.

Director Weisner moved for adoption of the Legal resolutions; seconded by Director Canham. The motion was approved unanimously.

Regarding Finance Item 1, Mike Colsch, Chief of Finance indicated that a change to the resolution had been made since the Board's last review. Acting General Counsel indicated that a phrase was added to the last paragraph of the resolution indicating "the recommendations of the Tollway and the Consulting Engineer are hereby approved."

Director Morris made a motion to reconsider the original approval of Item 6.1 on the Consent Agenda resolution; seconded by Director Canham. The reconsider motion was passed unanimously.

Ms. Lafleur confirmed with Acting General Counsel that the Directors had received a hard copy of the revised resolution. Chair Wolff called for a motion on the amended resolution. Director Saldaña moved for adoption of the amended resolution; seconded by Director Canham. The motion was approved unanimously.

Chair Wolff asked for items of new business. Director Morris announced his intent to send a letter to the Inspector General of Chicago in response to his recommendation that a tax be levied on employees who work in Chicago but live in the suburbs. Director Morris indicated that the Tollway has statistics that likely show that there are as many people traveling along I-90 to leave Chicago for employment as there are people traveling to Chicago for employment.

At approximately 11:45, Acting General Counsel Elizabeth Looby requested that the Board enter into Executive Session to discuss matters related to personnel, potential litigation and actual litigation pursuant to Sections 2(c)(1) and 2(c)(11) of the Open Meetings Act. Director Canham made a motion to enter into Executive Session; seconded by Director Saldaña. The motion was approved unanimously.

At approximately 1:00, The Board re-entered the public Board session.

There being no further business, Chair Wolff requested a motion to adjourn. Motion to adjourn was made by Director Morris; seconded by Director Weisner. The motion was approved unanimously.

The meeting was adjourned at approximately 1:05 p.m.

Minutes taken by: _____

Tranece Artis
Board Secretary