

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

June 19, 2013

The Illinois State Toll Highway Authority held the Finance, Administration and Operations (FAO) Committee Meeting on Wednesday, June 19, 2013 at approximately 8:35 a.m. at the Central Administration Building in Downers Grove, Illinois.

Committee Members Present:

Committee Chair Peterson
Director D'Arcy
Director Gonzalez

Not Present:

Also Attending:

Chair Paula Wolff

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

CHAIR – FINANCE, ADMINISTRATION AND OPERATIONS

Committee Chair Peterson then called for a motion to approve the minutes of the Finance Administration Operations Committee Meeting held on May 15, 2013. Director Gonzalez made the motion to approve the minutes; seconded by Director D'Arcy. The motion passed unanimously.

EXECUTIVE DIRECTOR

Chief of Staff Stone stated there are items from the Procurement department that were not ready for review which will appear at a future the committee meeting.

Chief of Staff Stone introduced Mike Colsch, Chief of Finance, to provide the Status of the 2005A/2006A Refunding as shown in the [attached presentation](#).

Highlights of the presentation included prior authorization of up to \$1 billion in bonds to advance refund Series 2005A/2006A bonds; refunding considerations and impacts of the current market interest rates and negative arbitrage on savings opportunities.

A discussion ensued on strategies to realize the potential savings that can be achieved in the current market.

Chair Wolff asked when a final decision on refunding was due. Mr. Colsch responded the final decision on refunding can be made a few days before the transaction. **Mr. Colsch committed to provide updates on refunding market conditions and advice to the Directors.**

Mike Colsch, Chief of Finance, then presented the following **Finance** item:

Item 1: Renewal of contract issued through the Illinois State Treasurer's Office for customary banking services and armored car services with Bank of America for a one-year period, commencing September 1, 2013 through August 31, 2014, in an amount not to exceed \$380,000.

Committee Chair Peterson asked if the fees decreased for armored car services. Mr. Colsch responded the amount of activity for the armored car services decreased thereby reducing the cost of the renewal.

Director D'Arcy made a motion for approval of **Finance Item 1**; seconded by Director Gonzalez. The motion was approved unanimously.

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

Item 1: This Agenda Item is being deferred to a future Board Meeting.

Item 2: Award of Contract 13-0121 to Prairie International Trucks, Inc. for the purchase of Medium- and Heavy-Duty Trucks in an amount not to exceed \$1,184,169.00 (CMS Contract for the Tollway).

Committee Chair Peterson asked why there was no Disadvantaged Business Enterprise (DBE) goal. Mr. Donato explained Central Management Services (CMS) has a process for Business Enterprise Program (BEP) goal setting on its contracts, but that in this category there are not sufficient amounts of BEP firms to set goals.

Item 3: This Agenda Item is being deferred to the full June Board Meeting.

Item 4: Renewal of Contract 05-0093 to Interfleet, Inc. for the purchase of an Automated Vehicle Locating System in an amount not to exceed \$135,000.00 (Tollway Request for Proposal).

*Item 5: Renewal of Contract 06-0081 to Marketing Alternatives, Inc. for the purchase of *999 Motorist Assistant Program Services in an amount not to exceed \$300,000.00 (Tollway Request for Proposal).*

Chair Wolff asked how many calls the *999 system has received in comparison to other motorist assistance program services. John Benda, General Manager of Maintenance and Traffic, provided background on

the *999 services and the breakout of data between IDOT and Tollway service calls. He said the use of this system is being reviewed.

Director Gonzalez made a motion for approval of **Procurement Items 2, 4 and 5**; seconded by Director D'Arcy. The motion was approved unanimously.

Mr. Benda and Greg Stukel, Deputy Chief of Program Control and Systems, provided the Balmoral Avenue Bridge presentation as shown in the [attached presentation](#).

Highlights of the presentation included time-lapse video of the repair of the Balmoral Bridge after it was struck by a truck on June 3, 2013.

Committee Chair Peterson acknowledged Tollway staff on their adept handling of the situation. Committee Chair Peterson asked about efforts to work with the trucking industry to place alarms with the cabs. Mr. Benda responded that there have been changes on Tollway specifications requiring alarms to alert the driver when the truck box is up. The trucking industry has been very responsive to this issue and is working industry-wide on possible resolutions. Committee Chair Peterson also added there was legislation to regulate trucks to avoid these issues.

Committee Chair Peterson also asked about the loss of revenue due to the damages. Mr. Benda responded that there are different methods under consideration to assess the loss of revenue and the appropriate compensation in the event of an incident affecting Tollway revenue. **This claim is under review and he will keep the Board informed.**

Chief of Staff Stone stated the current process for claims of loss of revenue are coordinated in the Tollway Risk Management area. Mr.

Benda concurred.

Chief Engineer Paul Kovacs commented the actions taken demonstrate the Tollway is customer focused.

Committee Chair Peterson called on Mr. Kovacs to present the following **Engineering** Items:

Item 1: Award of Contract I-13-4132 to Dunnet Bay Construction Company for Bridge Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90), at Milepost 47.9 (Powers Road over I-90) in the amount of \$2,131,673.58. (Director D'Arcy recusal)

Item 2: Award of Contract I-13-4129 to Illinois Constructors Corporation for Bridge Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90) at Milepost 43.7 (Brier Hill Road over I-90); and at Milepost 45.0 (Sandwald Road over I-90) in the amount of \$5,141,177.43.

Committee Chair Peterson asked if there was a concern that the Engineer's estimate was \$1,000,000 higher than the bids submitted. Mr. Kovacs explained that the Engineer's estimate took into consideration the aggressive schedule and believed it would affect the price. The construction community did not take the same view and the resulting bids came in lower.

Item 3: Award of Contract I-13-4128 to Lorig Construction Company for Bridge Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90), at Milepost 25.3 (Genoa Road over I-90); and at Milepost 37.5 (Getty Road over I-90) in the amount of \$4,568,347.35. (Director D'Arcy recusal)

Item 4: Award of Contract I-13-4127 to Illinois Constructors Corporation for Bridge Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90), at Milepost 20.8 (Irene Road over I-90); and at Milepost 21.8 (Stone Quarry Road over I-90) in the amount of \$4,510,000.00.

Item 5: Award of Contract I-13-4131 to Illinois Constructors Corporation for Bridge Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90) at Milepost 17.6 (Mill Road over I-90) in the amount of \$2,782,500.00. (Director D'Arcy recusal)

Item 6: Award of Contract RR-13-4130 to William Charles Construction Company, LLC for Ramp Reconstruction and Mainline Improvements on the Jane Addams Memorial Tollway (I-90) from Milepost 17.5 (US Business 20) to Milepost 2.7 (Rockton Road) in the amount of \$4,009,753.35. (Director Towns recusal)

Item 7: Award of Contract RR-13-4125 to Lorig Construction Company for Corridor Repairs / Bridge Rehabilitation on the Tri-State Tollway (I-294) from Milepost 0.0 (394) to Milepost 48.9 (Willow Road); Tri-State Tollway (I-94) from Milepost 10.5 (IL Route 21) to Milepost 30.0 (Edens Expressway) in the amount of \$6,052,057.90.

Director Peterson asked if the work on the noise abatement wall was due to normal wear and tear or other factors. Mr. Kovacs responded the work was for repairs to the wall. He also explained why the Engineers' estimate came in below the submitted bids.

Discussion ensued on the number of bids submitted for recent lettings.

Chair Wolff asked about the capacity of the subcontractors to perform

on several contracts. Mr. Kovacs stated the subcontractors are not evaluated since the prime is responsible for the project's completion to specifications. Also, the subcontractors listed are essentially a snap shot in time of the entire team of subcontractors being utilized since different subcontractors work on different phases of the construction project.

A discussion ensued on construction prime and subcontractor work trends.

Item 8: Award of Contract I-13-4126 to William Charles Construction Company, LLC for Mainline Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90) from Milepost 33.5 (Anthony Road) to Milepost 41.5 (US Route 20) in the amount of \$46,480,751.22. (Director Towns recusal)

Item 9: Award of Contract I-13-4115 to Plote Construction, Inc. for Mainline Widening and Reconstruction on the Westbound Jane Addams Memorial Tollway (I-90) from Milepost 49.7 (Union Pacific Railroad) to Milepost 53.6 (West of the Elgin Toll Plaza) in the amount of \$42,205,842.91.

Committee Chair Peterson asked if the reduced number of bidders on recent projects may be due to the larger contractors reaching capacity. Mr. Kovacs responded that the Tollway is receiving competitive bids because some contractors are already mobilized in the area so the bid amounts submitted are competitive even with a lower number of bidders.

Item 10: Award of Contract I-13-4124 to Plote Construction, Inc. for Mainline Widening and Reconstruction on the Westbound Jane Addams Memorial Tollway (I-90) from Milepost 45.8 (West of IL Route 47) to Milepost 49.7 (West of the Union Pacific Railroad) in the amount of

\$30,861,951.90.

Item 11: Award of Contract RR-13-5666 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Intermittent Pavement Repair, Ramp, and Parking Lot Rehabilitation on the Reagan Memorial Tollway (I-88) from Milepost 56.4 (Toll Plaza 69) to Milepost 138.5 (IL Route 59) in the amount of \$6,340,970.67.

Item 12: Award of Contract I-13-4604 to Dunnet Bay Construction Company for Eastbound Noise Wall Construction on the Elgin O'Hare Western Access (existing roadway), between Roselle Road and Meacham Road/Medinah Road, in the amount of \$2,342,767.54, pending outcome of DBE waiver request.

Item 13: Award of Contract I-13-4605 to Dunnet Bay Construction Company for Westbound Noise Wall Construction on the Elgin O'Hare Western Access (existing roadway), between Roselle Road and Meacham Road/Medinah Road, in the amount of \$2,014,777.77, pending outcome of DBE waiver request.

Director Peterson noted the bids for both items number 12 and 13 came in below the bid estimate by \$2 million. Mr. Kovacs responded the bids were all reviewed by both the designer and engineer and found to fulfill the specifications.

Gustavo Giraldo, Chief of Diversity and Strategic Development, added that his review of the waiver request and documentation as submitted by Dunnet Bay Construction concluded the contractor met the standard of Good Faith Efforts, and he intends to grant the waiver request. Mr. Kovacs stated the Tollway has granted eight front-end DBE waivers in the past five years.

Item 14: Acceptance of Proposal from Milhouse Engineering & Construction, Inc. on Contract I-11-4020 for Construction Management Services for the Elmhurst Road Interchange on the Jane Addams Memorial Tollway (I-90) at Milepost 73.5 (Elmhurst Road), in an amount not to exceed \$6,023,065.50.

Discussion ensued on the benefits of diamond interchanges. Committee Chair Peterson asked if there was a cost difference between a diamond interchange and the traditional interchange. **Mr. Kovacs responded he will provide the information.**

Item 15: Acceptance of Proposal from Michael Baker Jr., Inc. on Contract I-13-4613 for Construction Management Services Upon Request for tasks associated with the Elgin O'Hare Western Access, in an amount not to exceed \$5,000,000.00.

Item 16: Acceptance of Proposal from Stantec Consulting Services, Inc. on Contract I-13-4614 for Design Services Upon Request for tasks associated with the Elgin O'Hare Western Access, in an amount not to exceed \$5,000,000.00. (Director Peterson recusal)

Item 17: This Agenda Item is being deferred to a future Board Meeting.

Item 18: Acceptance of Proposal from TranSystems Corporation on Contract I-13-4108 for Construction Management Services Upon Request for tasks associated with the Jane Addams Memorial Tollway (I-90) Widening and Reconstruction, in an amount not to exceed \$5,000,000.00.

Item 19: Acceptance of Proposal from Stanley Consultants, Inc. on Contract I-11-5631 for Supplemental Design Services for Bridge

Reconstruction and Widening on the Jane Addams Memorial Tollway (I-90) at Milepost 55.7 (Fox River) in the amount of \$468,499.28 from \$5,460,758.05 to \$5,929,257.33.

Item 20: Acceptance of Proposal from Omega & Associates, Inc. on Contract I-11-4000 for Supplemental Construction Management Services for Interchange Reconstruction on the Jane Addams Memorial Tollway (I-90) at Milepost 46.4 (IL Route 47) in the amount of \$299,480.78 from \$3,498,813.60 to \$3,798,294.38.

Item 21: Acceptance of Proposal from CivCon Services, Inc. on Contract I-11-5629 for Supplemental Construction Management Services for Dixie Creek Relocation on the Tri-State Tollway (I-294) at Milepost 7.7 (Dixie Creek) in the amount of \$87,730.75 from \$573,504.12 to \$661,234.87.

Item 22: Final Release of Retainage on Contract I-12-4036 to Curran Contracting Company, for Shoulder Widening on the Jane Addams Memorial Tollway (I-90) Milepost 27.6 (Mosquito Creek) to Milepost 45.3 (Sandwald Road) in the amount of \$100,000.00.

Item 23: Amended DiBenedetto (Identification of Real Estate Parcels associated with the Elgin O'Hare Western Access (EOWA)). Cost to the Tollway: N/A.

Item 24: Amended DiBenedetto (Identification of Real Estate Parcels associated with the Jane Addams Memorial Tollway (I-90)). Cost to the Tollway: N/A.

Chair Wolff asked about the number of African-American firms participating in Tollway contracts. Mr. Giraldo responded the Tollway,

as well as other state agencies, has faced challenges in obtaining African-American firm participation on construction contracts. He listed the Tollway's efforts to provide technical assistance as well as ongoing involvement with the advocacy groups. Chair Wolff inquired as to any best practices in other states the Tollway can explore. Mr. Giraldo responded this is an issue in the construction industry overall.

Director Gonzalez made a motion for approval of **Engineering Items 1, 3 and 5**; seconded by Director Peterson. The motion was approved unanimously with the recusal of Director D'Arcy.

Director D'Arcy made a motion for approval of **Engineering Items 2, 4 and 6 through 11**; seconded by Director Gonzalez. The motion was approved unanimously.

Director D'Arcy made a motion for approval of **Engineering Items 12 through 13**; seconded by Director Peterson. The motion was approved with the opposition of Director Gonzalez.

Director Gonzalez made a motion for approval of **Engineering Items 14 through 15**; seconded by Director D'Arcy. The motion was approved unanimously.

Director Gonzalez made a motion for approval of **Engineering Item 16**; seconded by Director D'Arcy. The motion was approved with the recusal of Committee Chair Peterson.

Engineering Item 17 is being deferred to a future Board Meeting.

Director D'Arcy made a motion for approval of **Engineering Items 18 through 22**; seconded by Director Gonzalez. The motion was approved unanimously.

Engineering Items 23 through 24 will be discussed at the full Board meeting.

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

Item 1: An Intergovernmental Agreement with the Kane County Forest Preserve District. Cost to the Tollway: \$0

Item 2: An Intergovernmental Agreement with the Village of New Lenox. Cost to the Tollway: \$0

Item 3: An Intergovernmental Agreement with the Federal Highway Administration. Cost to the Tollway: \$0

Item 4: Litigation Settlement – Tollway Parcel N-4C-10-002. Cost to the Tollway: No additional cost. Item was deferred to June Board Executive session.

Director D’Arcy made a motion for approval of **Legal Item 1 through 3**; seconded by Director Gonzalez. The motion was approved unanimously.

Legal Item 4 will be discussed in Executive Session.

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

The meeting was adjourned at approximately 10:13 a.m.



Minutes taken by: _____

Marlene Vick
Assistant Board Secretary
Illinois State Toll Highway Authority



**Status of the
2005A/2006A Refunding**

June 19, 2013

Refunding Series 2005A / 2006A

- **Resolution #19886 authorized up to \$1 billion bonds to advance refund Series 2005A/2006A**
 - \$701,550,000 Series 2005A callable 7/1/15
 - \$291,660,000 Series 2006A callable 7/1/16

- **Refunding considerations**
 - Interest rate on most of 2005A/2006A = 5 percent, compared to current yields for similar maturities ranging from roughly 2 to 3 ½ percent

 - Negative arbitrage reduces savings
 - Refunding escrow required for remaining non-call period
 - Investment yields significantly below bond yield
 - Additional year to the call date for Series 2006A significantly increases negative arbitrage

Current-Market Savings Opportunities

- In current market, refunding five of eight Series 2005A callable maturities, totaling approximately \$525 million, would produce present value savings estimated at roughly \$35 million (6.7 percent of the refunded bonds)
- Refunding all other 2005A/2006A callable maturities, which would total approximately \$468 million, would produce present-value savings estimated at roughly \$13 million (2.8 percent of the refunded bonds); no individual maturity would produce present-value savings above 4 percent

5-Year History of 10-Year Municipal Market Data Index

- Tax-exempt; 10-year maturity; AAA credit quality
- Rates have increased over past three months, but remain favorable by historical standards



Underwriting Group and Timing

■ Update – Underwriting Group

- Senior Managers: Goldman Sachs; and Jefferies.
- Co-Senior Managers: Merrill Lynch; and Siebert Brandford Shank.
- Co-Managers: Duncan-Williams; George K. Baum; Janney Montgomery; Robert W. Baird; and The Williams Capital Group.

■ Anticipated Schedule

- 6/25/2013 Receive ratings
- 6/25/2013 Post preliminary Official Statement
- 7/02/2013 or later Price bonds (timing market dependent)
- 7/16/2013 or later Close bonds (timing market dependent)



THANK YOU



**Semi-Tractor Trailer vs.
Balmoral Avenue Bridge**

June 19, 2013

Balmoral Avenue Bridge struck June 3 at 1:20 p.m.



Damaged semi-tractor trailer truck



Maintenance crews address the damage



Two lanes restored at 2:36 p.m.



Maintenance crews secure the beam



Beam wrapped in chain-link fence and fabric



Repair the bridge on emergency basis

- **Identified contractor to make repairs**

- **Developed plan**

- Task 1: Remove the damaged beam
- Task 2: Order replacement beam (four - six weeks)
- Task 3: Complete repair – target date August 1

Task 1: Remove the damaged beam

■ Determined removal method with contractor

- Dropping beam selected
- Required full closure of northbound I-294

■ Determined detour route

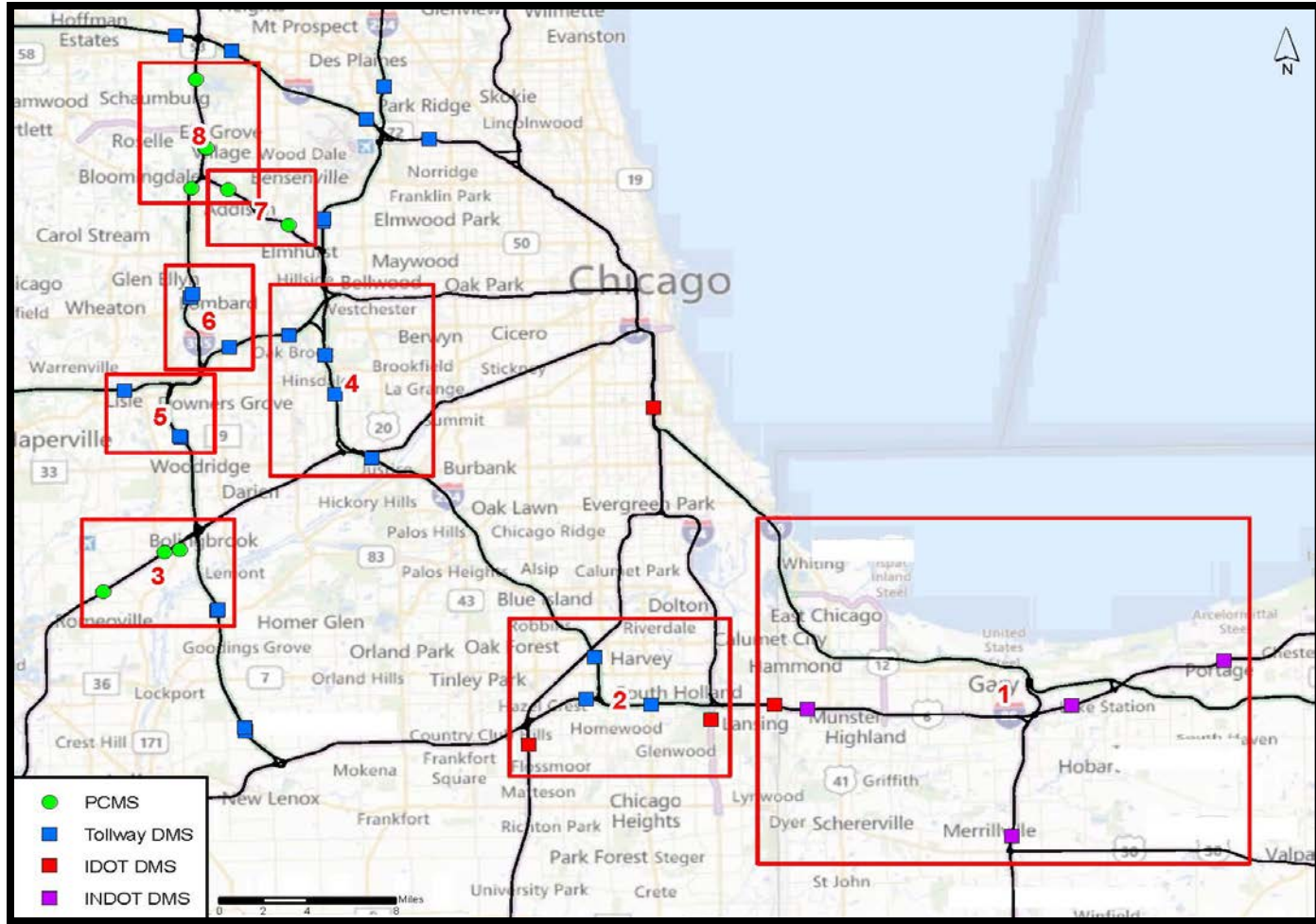
- Illinois Department of Transportation approved use of I-290 westbound

■ Developed traffic plan with traffic consultant

■ Contacted media to alert customers of traffic impacts



Traffic management plan



Timeline of beam removal

■ Saturday, June 8, 2013

- 7:00 pm – Two lane closure northbound
- 8:00 pm – Two lane closure southbound
- 9:30 pm – Eastbound Balmoral Avenue closed
- 10:00 pm – Three lane closure northbound
- 11:10 pm – Blackhawks win in overtime to clinch Western Conference Championship
- 11:30 pm – Northbound Cermak Road Toll Plaza open road tolling lanes closed (cash lanes open) and left lane of the two-lane ramp from the eastbound Reagan Memorial Tollway (I-88) to northbound I-294 closed
- 12:00 midnight – Detour begins

■ Sunday, June 9, 2013

- 12:12 am – Contractor begins
- 2:05 am – Beam is down
- 3:30 am – All lanes open on southbound I-294
- 5:30 am – Two lanes northbound open, detour is removed
- 7:32 am – Clean up complete, all lanes northbound open



Removal of damaged beam



Current conditions/next steps

- **All lanes open on Tri-State Tollway (I-294)**
- **One lane (eastbound) closed on Balmoral Avenue**
- **Complete bridge repair expected later this summer (Goal: August 1)**
 - Ordered new beam: estimated four – six weeks
 - Finalizing repair plans with general engineering consultant and contractor



A TEAM Effort

Special thanks...

- Internal departments
 - Business Systems
 - Communications
 - Engineering
 - Finance
 - Operations
 - Procurement
- Illinois State Police District 15
- Illinois Department of Transportation
- Village of Rosemont
- Lorig Construction
- AECOM
- CDM Smith
- HNTB





THANK YOU