



Record of Meeting | July 27, 2017

The Illinois State Toll Highway Authority (the "Tollway") Board of Directors met in regular session on Thursday, July 27, 2017 in the Boardroom of Tollway Headquarters in Downers Grove, Illinois. The Meeting was held pursuant to By-Laws of the Tollway upon call and notice of the Meeting executed by Chairman Robert J. Schillerstrom and posted in accordance with the requirements of the Illinois *Open Meetings Act*. The Meeting was open to the public.

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

Call to Order / Pledge of Allegiance / Roll Call

Chairman Bob Schillerstrom called the Meeting to order at approximately 9:02 a.m., inviting attendees to rise and join in the Pledge of Allegiance. He then asked the Board Secretary to call the roll, those Directors present and absent being as follows:

Board Members Present:
Chairman Bob Schillerstrom
Director Jim Banks
Director Corey Brooks <i>(entered 9:03 a.m.)</i>
Director Earl Dotson, Jr.
Director Joe Gomez
Director Craig Johnson
Director Neli Vazquez Rowland

Board Members Not Present:
Governor Bruce Rauner <i>[ex officio]</i>
Secretary Randall Blankenhorn <i>[ex officio]</i>
Director David Gonzalez

The Board Secretary declared a quorum present.

Public Comment

Chairman Schillerstrom opened the floor for public comment. No public comment was offered.

Chairman's Items

Item 1: Approval of the Minutes of the regular Board of Directors meeting held June 22, 2017.



Chairman Schillerstrom called for a motion to approve **Chairman's Item 1**, the Minutes of the regular Board of Directors meeting held on June 22, 2017, as presented. Director Banks made a motion for approval; seconded by Director Brooks. Chairman Schillerstrom asked if there are any questions, concerns or requests for amendment. Hearing nothing, Chairman Schillerstrom called for a vote. The motion was PASSED unanimously.

Chairman Schillerstrom stated that without objection, action on Chairman's Item 2, concerning the minutes of closed meetings, will be deferred until after consideration in Executive Session.

COMMITTEE REPORTS

Chairman Schillerstrom asked the chair of the following committee of the Board if he had any report to provide on the committee's recent activities:

Finance, Administration & Operations Committee

Committee Chair Gomez updated the Board on the Finance, Administration and Operations Committee ("FAO Committee") meeting held Wednesday, July 19, 2017, providing the following highlights:

PROCUREMENT presented five items which the FAO Committee approved for placement on the full Board agenda:

- Four awards of invitations for bid to purchase ITS replacement parts, Tripwire software, electrical supplies, and PCI compliance services,
- One award of a Tollway sole source procurement for building automation maintenance and repair services.

ENGINEERING presented five items, including two construction contracts and three professional service contracts, and **LEGAL** presented four items to the Committee. Of the \$8.3 million in recommended Engineering awards, nearly \$6.4 million or 77% is committed to small, diverse or veteran firms. All of the items presented at Committee were reviewed and approved for placement on today's full Board agenda.

The remaining four Legal items, related to litigation settlements and the appointments of counsel, were deferred at Committee and will be reviewed in Executive Session today prior to full Board consideration.

Additionally, Committee Chair Gomez concluded his Committee report by congratulating Executive Director Greg Bedalov, who was invited by the Illinois Department of Human Services to speak at an event recognizing the 27th anniversary of the Americans with



Disabilities Act. At this event, Mr. Bedalov and the Illinois Tollway were praised for demonstrating leadership in providing job opportunities for people with disabilities.

[End of Committee Reports]

Chairman Schillerstrom then introduced and welcomed Phil Rodriguez, who recently joined the agency as Deputy Chief of Staff.

Having no further items, Chairman Schillerstrom called on Executive Director Greg Bedalov.

Executive Director's Items

Tollway Staff Acknowledgements: Executive Director Bedalov congratulated Director Vazquez Rowland who recently received the El Amigo de Negocios Now Award and was listed as one of the 50 most influential Latinos in Chicago by the business publication, Negocios Now.

Rockford Technical Assistance Event: Executive Director Bedalov reported that the Tollway, in partnership with the Construction Business Development Center (CBDC), will on August 8th open an additional Technical Assistance Program location in the Rockford area at Rock Valley College. He highlighted that in support of the new location, the agency will host a networking event for transportation-related construction firms, including minority and veteran-owned firms, as well as small businesses, interested in doing business with the Tollway on highway and vertical construction contracts.

July 2017 Diversity Statistics: Executive Director Bedalov provided the following diversity statistics for Tollway procurements to be presented in the current month:

ENGINEERING has two construction contracts totaling \$3.2 million and three professional engineering services contracts totaling \$5.1 million, which include:

- One firm doing business with the Tollway for the first time,
- Two firms now working as a prime for the first time on a Tollway contract, and
- One Partnering for Growth (P4G) commitment.

Two of these contracts are small business set-aside contracts awarded as part of the Tollway's Small Business initiative.

Of the \$8.3 million in recommended Engineering contract awards, nearly \$6.4 million, or 77 percent, is committed to small, veteran-owned or disadvantaged firms.



PROCUREMENT has five goods and services contracts totaling \$3.3 million to present this month. These contracts include:

- Three firms meeting or exceeding Illinois Business Enterprise Program (BEP) goals or veteran goals,
- Two firms meeting veterans goals, and
- Two firms registered as small businesses.

Comprehensive Annual Financial Report GAAP Basis: Executive Director Bedalov introduced Patti Pearn, Comptroller, to provide for the Board an overview of the agency's Comprehensive Annual Financial Report for 2016. [See attached presentation.](#)

Director Dotson inquired about the increase reported in the Tollway's pension liability. Ms. Pearn explained that standards of financial reporting for pension plans have been revised (Governmental Accounting Standards Board Statements No. 68 and No. 71) and currently mandate recognition by the Tollway of its proportionate share of unfunded liabilities of the State Employee's Retirement System (SERS), in which Tollway employees participate.

Director Johnson, remarking on the high level, requested confirmation that the Tollway makes pension contributions at a rate in excess of 50 percent of wages. Ms. Pearn confirmed that the Tollway makes statutorily required pension contributions to SERS at the annually established employer contribution rate, currently approximately 54 percent of employee wages. She explained that the high contribution rate is a consequence of statutory efforts to remedy previous significant underfunding of the state's pension system. She added that only approximately 31 percent of SERS total pension liability is currently funded.

Chairman Schillerstrom requested that the Board be provided additional background on SERS contribution rate and the agency's obligation related to SERS net pension liability.

Director Vazquez Rowland requested that the background include (for benchmarking) a comparison to other states of contribution rates and funding ratios.

Items for Consideration

Procurement

Item 1: Award of Contract 16-0109 to Meade, Inc. for Intelligent Transportation System Replacement Parts in an amount not to exceed \$2,471,164.45 (Tollway Invitation for Bid).

Chairman Schillerstrom called for a motion to approve **Procurement Item 1**. Director Johnson made a motion for approval; seconded by Director Banks. Chairman Schillerstrom asked if there



are any questions, concerns or requests for discussion. Hearing nothing, Chairman Schillerstrom called for a roll call, the vote of yeas and nays being as follows:

Yeas: Director Johnson, Director Banks, Director Brooks, Director Dotson, Director Gomez, Director Vazquez Rowland, Chairman Schillerstrom (7)

Nays: None (0)

The motion was PASSED.

Item 2: Award of Contract 17-0020 to Alert IT Solutions, Inc. for Tripwire Software, Licenses, Support, Maintenance, and Services in an amount not to exceed \$207,191.32 (Tollway Invitation for Bid).

Chairman Schillerstrom called for a motion to approve **Procurement Item 2**. Director Dotson made a motion for approval; seconded by Director Johnson. Chairman Schillerstrom asked if there are any questions, concerns or requests for discussion. Hearing nothing, Chairman Schillerstrom called for a roll call, the vote of yeas and nays being as follows:

Yeas: Director Dotson, Director Johnson, Director Banks, Director Brooks, Director Gomez, Director Vazquez Rowland, Chairman Schillerstrom (7)

Nays: None (0)

The motion was PASSED.

Item 3: Award of Contract 17-0014 to J.P. Simons & Co. for Electrical Supplies in an amount not to exceed \$135,443.20 (Tollway Invitation for Bid).

Chairman Schillerstrom called for a motion to approve **Procurement Item 3**. Director Johnson made a motion for approval; seconded by Director Banks. Chairman Schillerstrom asked if there are any questions, concerns or requests for discussion. Hearing nothing, Chairman Schillerstrom called for a roll call, the vote of yeas and nays being as follows:

Yeas: Director Johnson, Director Banks, Director Brooks, Director Dotson, Director Gomez, Director Vazquez Rowland, Chairman Schillerstrom (7)

Nays: None (0)

The motion was PASSED.

Item 4: Renewal of Contract 13-0112 to RSM US LLP for Payment Card Industry ("PCI") Compliance Analysis Services in an amount not to exceed \$239,500.00 (Tollway Invitation for Bid).



Chairman Schillerstrom called for a motion to approve **Procurement Item 4**. Director Dotson made a motion for approval; seconded by Director Johnson. Chairman Schillerstrom asked if there are any questions, concerns or requests for discussion. Hearing nothing, Chairman Schillerstrom called for a roll call, the vote of yeas and nays being as follows:

Yeas: Director Dotson, Director Johnson, Director Banks, Director Brooks, Director Gomez, Director Vazquez Rowland, Chairman Schillerstrom (7)

Nays: None (0)

The motion was PASSED.

Item 5: Award of Contract 17-0099 to Precision Control Systems of Chicago, Inc. for Building Automation Maintenance and Repair Services in an amount not to exceed \$216,320.00 (Tollway Sole Source).

Chairman Schillerstrom called for a motion to approve **Procurement Item 5**. Director Johnson made a motion for approval; seconded by Director Banks. Chairman Schillerstrom asked if there are any questions, concerns or requests for discussion. Hearing nothing, Chairman Schillerstrom called for a roll call, the vote of yeas and nays being as follows:

Yeas: Director Johnson, Director Banks, Director Brooks, Director Dotson, Director Gomez, Director Vazquez Rowland, Chairman Schillerstrom (7)

Nays: None (0)

The motion was PASSED.

Engineering

Item 1: Award of Contract I-17-4319 to Fence Masters, Inc. for Right of Way Fence and Gate Installation, on the Jane Addams Memorial Tollway (I-90) from Milepost 53.8 (Elgin Plaza 9) to Milepost 78.9 (Kennedy Expressway), in the amount of \$1,991,195.86.

Chairman Schillerstrom called for a motion to approve **Engineering Item 1**. Director Dotson made a motion for approval; seconded by Director Johnson. Chairman Schillerstrom asked if there are any questions, concerns or requests for discussion. Hearing nothing, Chairman Schillerstrom called for a roll call, the vote of yeas and nays being as follows:

Yeas: Director Dotson, Director Johnson, Director Banks, Director Brooks, Director Gomez, Director Vazquez Rowland, Chairman Schillerstrom (7)

Nays: None (0)



The motion was PASSED.

Item 2: Award of Contract I-17-4322 to Elite Fiber Optics, LLC for Fiber Optic Removal on the Jane Addams Memorial Tollway (I-90), from Milepost 53.6 (Elgin Plaza 9) to Milepost 68.2 (IL-53), in the amount of \$1,233,551.81.

Chairman Schillerstrom called for a motion to approve **Engineering Item 2**. Director Banks made a motion for approval; seconded by Director Johnson. Chairman Schillerstrom asked if there are any questions, concerns or requests for discussion.

Chairman Schillerstrom asked for additional clarification of the purpose and scope of the contract. Paul Kovacs, Chief Engineering Officer, explained that to provide continuity of fiber optic service during construction, a temporary fiber optic system infrastructure was installed alongside IL 390 at the initiation of the Illinois Route 390 Project. He further explained that the contract would provide for removal of this temporary infrastructure, now that the project is concluding.

Hearing nothing further, Chairman Schillerstrom called for a roll call on the pending motion, the vote of yeas and nays being as follows:

Yeas: Director Banks, Director Johnson, Director Brooks, Director Dotson, Director Gomez, Director Vazquez Rowland, Chairman Schillerstrom (7)

Nays: None (0)

The motion was PASSED.

Item 3: Acceptance of Proposal from Graef-USA Inc., on Contract I-17-4674 for Interchange Design, on the Jane Addams Memorial Tollway (Westbound Collector Distributor Road) from Milepost 74.6 (Mt. Prospect Road) to Milepost 73.5 (Elmhurst Road), in an amount not to exceed \$1,725,000.00.

Chairman Schillerstrom called for a motion to approve **Engineering Item 3**. Director Johnson made a motion for approval; seconded by Director Dotson. Chairman Schillerstrom asked if there are any questions, concerns or requests for discussion. Hearing nothing, Chairman Schillerstrom called for a roll call, the vote of yeas and nays being as follows:

Yeas: Director Johnson, Director Dotson, Director Banks, Director Brooks, Director Gomez, Director Vazquez Rowland, Chairman Schillerstrom (7)

Nays: None (0)

The motion was PASSED.



Item 4: Acceptance of Proposal from Infrastructure Engineering, Inc., on Contract I-17-4675 for Interchange Design, on the Jane Addams Memorial Tollway (Eastbound Collector Distributor Road) from Milepost 73.5 (Elmhurst Road) to Milepost 74.6 (Mt. Prospect Road), in an amount not to exceed \$1,862,000.00.

Chairman Schillerstrom called for a motion to approve **Engineering Item 4**. Director Vazquez Rowland made a motion for approval; seconded by Director Banks. Chairman Schillerstrom asked if there are any questions, concerns or requests for discussion. Hearing nothing, Chairman Schillerstrom called for a roll call, the vote of yeas and nays being as follows:

Yeas: Director Vazquez Rowland, Director Banks, Director Brooks, Director Dotson, Director Gomez, Director Johnson, Chairman Schillerstrom (7)

Nays: None (0)

The motion was PASSED.

Item 5: Acceptance of Proposal from Wynndalco Enterprises, LLC and Midwest Engineering Associates, Inc., on Contract RR-16-4277 for Pavement and Structural Preservation and Rehabilitation, on the Tri-State Tollway (I-94) from Milepost 21.85 (Half Day Road) to Milepost 26.25 (west of the Edens Spur Plaza), in an amount not to exceed \$1,489,097.00.

Chairman Schillerstrom called for a motion to approve **Engineering Item 5**. Director Banks made a motion for approval; seconded by Director Johnson. Chairman Schillerstrom asked if there are any questions, concerns or requests for discussion. Hearing nothing, Chairman Schillerstrom called for a roll call, the vote of yeas and nays being as follows:

Yeas: Director Banks, Director Johnson, Director Brooks, Director Dotson, Director Gomez, Director Vazquez Rowland, Chairman Schillerstrom (7)

Nays: None (0)

The motion was PASSED.

Legal

Item 1: Approval of an Intergovernmental Agreement with Boone County (4127) which provides the Tollway with reimbursement for requested enhancements and defines the parties' respective maintenance responsibilities for the Genoa Road and Stone Quarry Road bridges crossing I-90. Cost to the Tollway: \$0.

Chairman Schillerstrom called for a motion to approve **Legal Item 1**. Director Dotson made a motion for approval; seconded by Director Johnson. Chairman Schillerstrom asked if there are



any questions, concerns or requests for discussion. Hearing nothing, Chairman Schillerstrom called for a roll call, the vote of yeas and nays being as follows:

Yeas: Director Dotson, Director Johnson, Director Banks, Director Brooks, Director Gomez, Director Vazquez Rowland, Chairman Schillerstrom (7)

Nays: None (0)

The motion was PASSED.

Item 2: Approval of an Intergovernmental Agreement with Boone County (5697) regarding reconstruction of Garden Prairie Road and Anthony Road bridges over I-90. Cost to the Tollway: \$0.

Chairman Schillerstrom called for a motion to approve **Legal Item 2**. Director Dotson made a motion for approval; seconded by Director Johnson. Chairman Schillerstrom asked if there are any questions, concerns or requests for discussion.

Chairman Schillerstrom inquired about the rationale for developing separate intergovernmental agreements for Legal Items 1 and 2. Liz Oplawski, Acting General Counsel, responded that the agreements memorialize terms of cooperation in two distinct projects (with different scopes) and are therefore undertaken independently pursuant to Tollway protocol.

Hearing nothing further, Chairman Schillerstrom called for a roll call, the vote of yeas and nays being as follows:

Yeas: Director Dotson, Director Johnson, Director Banks, Director Brooks, Director Gomez, Director Vazquez Rowland, Chairman Schillerstrom (7)

Nays: None (0)

The motion was PASSED.

Item 3: Approval of an Intergovernmental Agreement with the curators of the University of Missouri regarding study for asphalt mix design specifications with the Curators of the University of Missouri. Cost to the Tollway: Not to exceed \$424,757.00.

Chairman Schillerstrom called for a motion to approve **Legal Item 3**. Director Vazquez Rowland made a motion for approval; seconded by Director Johnson. Chairman Schillerstrom asked if there are any questions, concerns or requests for discussion. Hearing nothing, Chairman Schillerstrom called for a roll call, the vote of yeas and nays being as follows:



Yeas: Director Vazquez Rowland, Director Johnson, Director Banks, Director Brooks, Director Dotson, Director Gomez, Chairman Schillerstrom (7)

Nays: None (0)

The motion was PASSED.

Chairman Schillerstrom stated that without objection, action on **Legal Items 4, 5, 6 and 7** will be deferred until after consideration in Executive Session.

Item 8: Administrative Rule Change – Approval of changes to the Tollway’s Administrative Rules. The rule changes concern the I-90 speed limits.

Chairman Schillerstrom called for a motion to approve **Legal Item 8**. Director Dotson made a motion for approval; seconded by Director Johnson. Chairman Schillerstrom asked if there are any questions, concerns or requests for discussion.

Director Johnson asked whether there is a goal to achieve uniformity of speed throughout the Tollway System. Mr. Kovacs responded that the goal is to implement appropriate speed limits for each segment of the system, based on design speed, condition, performance, use, and operating characteristics of the roadway.

Director Johnson, noting the recently completed reconstruction and improvement of Illinois Route 390, asked why higher speed limits on this roadway would not now be appropriate. Mr. Kovacs explained that upon completing construction of Illinois Route 390 east to Illinois Route 83, and upon concluding a year in operation, the roadway will be evaluated for speed limit increases using the latest Illinois Department of Transportation (IDOT) methodology.

Chairman Schillerstrom requested confirmation that for current Tollway roadway construction and reconstruction projects, a design speed of 70 mph is selected by the agency to determine the various geometric features of the roadway. Mr. Kovacs confirmed.

Director Gomez expressed concern that implementing varying speed limits may cause unwarranted speeding violations for patrons not provided appropriate warning of decreasing limits. He inquired about the warning provided and whether enforcing varying limits is cumbersome to District 15 Police. Mr. Kovacs responded that the warning provided consists of speed limits posted on roadside signage. He further clarified that any speed limit decreases on the system occur gradually, typically in 5 mph increments. In response to the second question posed, Captain Meeder, Illinois State Police District 15, noted that troopers are assisted by digital maps in their vehicles which include speed limit information. He emphasized also that as part of a concerted customer education effort, more than twice as many warnings are issued than speeding tickets.



Hearing nothing further, Chairman Schillerstrom called for a roll call on the pending motion, the vote of yeas and nays being as follows:

Yeas: Director Dotson, Director Johnson, Director Banks, Director Brooks, Director Vazquez Rowland, Chairman Schillerstrom (6)

Nays: Director Gomez (1)

The motion was PASSED.

At this time and at the request of Director Gomez, a motion was adopted by Unanimous Consent to change the vote of Director Gomez on Legal Item 8 (Administrative Rule Change) from a “yea” to instead indicating a vote of “nay”. *[This change is reflected in the tally for this item and did not alter the outcome of the vote, the motion to approve having carried.]*

Unfinished Business

Director Dotson expressed his appreciation to Executive Director Bedalov and staff for agency efforts to implement an additional Technical Assistance Program location in the Rockford area, for hosting a networking event held in support of the new location, and for extending Tollway opportunities to the entire state.

Director Vazquez Rowland, commenting on the safety concerns of slow traffic, requested confirmation that minimum speed limits are also posted on the system. Mr. Kovacs confirmed.

Director Johnson asked the length of time from Board approval it will take before speed limit changes are implemented on the system. Mr. Kovacs provided an overview of the remaining process, which still requires IDOT concurrence, approval of the Illinois General Assembly’s Joint Committee on Administrative Rules, and finally (if approved) sign manufacture and installation.

Chairman Schillerstrom requested confirmation that Tollway speed limit changes approved by the Board are subject by law to IDOT concurrence. Mr. Kovacs confirmed.

Executive Session

Chairman Schillerstrom called for a motion to enter Executive Session pursuant to exceptions provided in Sections 2(c)1, 2(c)11, and 2(c)21 of the Illinois *Open Meetings Act* to consider Tollway matters related to the appointment of counsel, potential or pending litigation, and the minutes of closed meetings. Director Johnson made a motion, pursuant to the sections specified, to enter Executive Session; seconded by Director Banks. Chairman Schillerstrom asked if there



are any questions, concerns or requests for discussion. Hearing nothing, Chairman Schillerstrom called for a roll call, the vote of yeas and nays being as follows:

Yeas: Director Johnson, Director Banks, Director Brooks, Director Dotson, Director Gomez, Director Vazquez Rowland, Chairman Schillerstrom (7)

Nays: None (0)

The motion was PASSED.

At approximately 9:44 a.m., the Board entered into Executive Session.

Return from Executive Session and Action (if any)

At approximately 10:28 a.m., the Board re-entered the public session of the Meeting.

Chairman's Item 2: Approval of the Minutes of the Executive Session of the Board of Directors meeting held June 22, 2017.

Chairman Schillerstrom called for a motion to approve **Chairman's Item 2**, the Minutes of the Executive Session of the Board of Directors meeting held on June 22, 2017, as presented. Director Banks made a motion for approval; seconded by Director Gomez. Chairman Schillerstrom asked if there are any questions, concerns or requests for amendment. Hearing nothing, Chairman Schillerstrom called for a vote. The motion was PASSED unanimously.

Legal Item 4: Authorization to appoint Outside Counsel. Cost to the Tollway: As discussed in Executive Session.

Chairman Schillerstrom called for a motion to approve **Legal Item 4**, appointing the law firm of Pugh Jones & Johnson, P.C., to conduct an independent investigation of an internal EEOC charge (Charge No. 440-2017-01212, Wright v ISTHA) consistent with terms discussed in Executive Session. Director Brooks made a motion for approval; seconded by Director Vazquez Rowland. Chairman Schillerstrom asked if there are any questions, concerns or requests for discussion. Hearing nothing, Chairman Schillerstrom called for a roll call, the vote of yeas and nays being as follows:

Yeas: Director Brooks, Director Vazquez Rowland, Director Banks, Director Dotson, Director Gomez, Director Johnson, Chairman Schillerstrom (7)

Nays: None (0)

The motion was PASSED.



Legal Item 5: Authorization to appoint Outside Counsel. Cost to the Tollway: As discussed in Executive Session.

Chairman Schillerstrom called for a motion to approve **Legal Item 5**, appointing the law firm of Franczek Radelet to conduct independent investigation in a potential discrimination matter referred by the Inspector General, consistent with terms discussed in Executive Session. Director Brooks made a motion for approval; seconded by Director Vazquez Rowland. Chairman Schillerstrom asked if there are any questions, concerns or requests for discussion. Hearing nothing, Chairman Schillerstrom called for a roll call, the vote of yeas and nays being as follows:

Yeas: Director Brooks, Director Vazquez Rowland, Director Banks, Director Dotson, Director Gomez, Director Johnson, Chairman Schillerstrom (7)

Nays: None (0)

The motion was PASSED.

Legal Item 6: Authorization to Enter a Workers Compensation Settlement – Eugene Jacoby. Cost to the Tollway: As discussed in Executive Session.

Chairman Schillerstrom called for a motion to approve **Legal Item 6**, authorizing staff to enter into a workers' compensation settlement with Mr. Eugene Jacoby, consistent with terms discussed in Executive Session. Director Brooks made a motion for approval; seconded by Director Banks. Chairman Schillerstrom asked if there are any questions, concerns or requests for discussion. Hearing nothing, Chairman Schillerstrom called for a roll call, the vote of yeas and nays being as follows:

Yeas: Director Brooks, Director Banks, Director Dotson, Director Gomez, Director Johnson, Director Vazquez Rowland, Chairman Schillerstrom (7)

Nays: None (0)

The motion was PASSED.

Legal Item 7: Authorization to Enter a Litigation Settlement – ISTHA v. CBS Radio East, Inc., f/k/a Infinity Broadcasting East, Inc., as Successor by merger to Infinity Broadcasting Operations, Inc., 13 ED 17. This is a settlement of a DuPage County eminent domain action. Cost to the Tollway: As discussed in Executive Session.

Chairman Schillerstrom stated that in conformity with consensus reached in the Executive Session, consideration of **Legal Item 7** will be deferred to a future meeting.



Adjournment

There being no further business before the Board, Chairman Schillerstrom requested a motion to adjourn. Motion to adjourn was made by Director Johnson, seconded by Director Banks. Chairman Schillerstrom called for a vote. The motion was PASSED unanimously.

The Meeting was adjourned at approximately 10:33 a.m.

A handwritten signature in cursive script that reads "Christi Regnery".

Minutes taken by: _____

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority

COMPREHENSIVE ANNUAL FINANCIAL REPORT GAAP BASIS

July 27, 2017

Patricia Pearn



Tollway CAFR Includes

- Audited Generally Accepted Accounting Principles (GAAP) financial statement and footnotes
- Supplementary information
 - Trust Indenture financial statements
- Statistical information
 - Traffic and revenue statistics
 - Economic and demographic information

Basis Of Accounting

- Tollway financial statements are prepared in accordance with GAAP
- GAAP accounting is different from Trust Indenture accounting used for budgeting and quarterly budget-to-actual presentations
- Major differences in Trust Indenture accounting
 - Fixed assets are expensed, no depreciation
 - Bond principal retirements are expensed when paid
 - Long-term fiber-optic revenue recorded as revenue when received
 - GASB 68 pension liability and increased expense are not recognized

2016 Financial Results (GAAP Basis)

- Operating revenues increased 6.1 percent (\$74.7 million) to \$1,303 million.
 - Passenger and commercial traffic continued to increase.
 - Commercial vehicle toll rates increased.
 - First phase of the Illinois Route 390 Tollway opened.
- Operating expenses (excluding depreciation) increased 12.2 percent (\$42.8 million).
 - A \$33 million increase in pension expense as computed under GASB 68.
 - Increased credit card fees, equipment rental and consulting fees.

2016 Financial Results

- The Tollway's proportionate share of the state's net pension liability under GASB 68 and 71 increased by \$165.3 million to \$900.8 million.
- The Tollway's net position related to operations improved by \$319.2 million.
- The Tollway maintains a healthy balance sheet with a net position of \$2.5 billion.

Statement Of Changes In Net Position

Operating Income

	2016	2015	Percent change
Tolls	1,216	1,147	6.0%
Evasion recovery	65	64	1.6
Concessions	2	2	-
Other	20	16	25.0
Operating revenue	1,303	1,229	6.1%
Depreciation	370	329	12.5%
Other operating expenses	394	351	12.2
Total operating expense	764	680	12.4%
Operating income	539	549	(1.8)%

(Amounts in millions)

Statement Of Changes In Net Position Net Result

	<u>2016</u>	<u>2015</u>	<u>Percent Change</u>
Operating income	539	549	1.8%
Net non-operating expense	-220	-202	-8.9
Change in net assets	319	347	-8.8%

(Amounts in millions)

Statement Of Net Position Assets And Deferred Outflows

	<u>2016</u>	<u>2015</u>	<u>Percent Change</u>
Unrestricted cash and cash equivalents	1,047	957	9.4%
Accounts receivable, net	18	14	28.6%
IGA receivables - current portion	31	33	-6.1%
Other	2	2	0.0%
Total current unrestricted	1,098	1006	9.1%
Restricted cash - debt service	129	184	-29.9%
IPASS cash in escrow	178	175	1.7%
Total current restricted	307	359	-14.5%
Total current assets	1,405	1,365	2.9%
Capital assets, net of depreciation	8204	7380	11.2%
Other non-current assets & deferred outflow of resources	1095	1437	-23.8%
Total assets	10,704	10,182	5.1%

Amounts in Millions

Statement Of Net Position Liabilities And Net Position

	<u>2016</u>	<u>2015</u>	<u>Percent Change</u>
Accounts payable and accruals	197	282	-30.1%
Deposits and retainage	68	95	-28.4%
Other unrestricted liabilities	29	113	-74.3%
Current - payable from unrestricted	294	490	-40.0%
Bonds payable- current portion	89	101	-11.9%
Interest payable	112	105	6.7%
Deposits- IPASS escrow	178	175	1.7%
Current - payable from restricted	379	381	-0.5%
Total current liabilities	673	871	-22.7%
Revenue bonds payable	6265	6049	3.6%
Other	323	297	8.8%
Net pension liability and related deferred inflows	931	768	21.2%
Total liabilities	8,192	7,985	2.6%
Net position	2,512	2,193	14.5%

Amounts in Millions



THANK YOU

