



## Record of Meeting | August 15, 2019

The Illinois State Toll Highway Authority (“Tollway”) held the regularly scheduled Finance, Administration and Operations Committee meeting on Thursday, August 15, 2019 in the Boardroom of Tollway Headquarters in Downers Grove, Illinois. The meeting was held pursuant to the By-Laws of the Tollway upon call and notice of the meeting executed by Chairman Willard S. Evans, Jr. and posted in accordance with the requirements of the Open Meetings Act, 5 ILCS 120/1, *et seq.* The meeting was open to the public.

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

### Call to Order / Roll Call

In the absence of Chair McConnaughay, Chairman Evans called the meeting to order at approximately 10:03 a.m., stating that this is the regularly scheduled meeting of the Finance, Administration and Operations Committee (“FAO Committee”) of the Tollway Board of Directors. Chairman Evans then asked the Board Secretary to call the roll, those Directors present and absent being as follows:

Committee Members Present:
Chairman Will Evans, Jr. <i>[ex officio]</i>
Director Alice Gallagher
Director Scott Paddock

Committee Members Not Present:
Committee Chair Karen McConnaughay

Other Directors Present:
Director Stephen Davis
Director Gary Perinar
Director Cesar Santoy
Director James Connolly
Director Jim Sweeney

The Board Secretary declared a quorum present.



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## Public Comment

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

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## Committee Chair's Items

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Chairman Evans entertained a motion to approve **Committee Chair's Item 1**, the Minutes of the regular FAO Committee meeting held on July 18, 2019, as presented. Director Paddock made a motion to approve the Minutes, seconded by Director Gallagher. The motion was PASSED unanimously.

Having no further items, Chairman Evans called on Executive Director José Alvarez.

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## Executive Director's Items

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Executive Director Alvarez introduced Mike Colsch, Chief Financial Officer, to provide an overview of the Tollway's Comprehensive Annual Financial Report for 2018. [See attached presentation.](#)

Upon completion of the presentation, Mr. Colsch additionally summarized for the Committee the Tollway's second quarter financial results.

Executive Director Alvarez noted that the meeting agenda contains 16 items for the Committee's consideration. He then proceeded to the presentation of items for consideration.

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## Items for Consideration

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### Finance

Executive Director Alvarez called on Mr. Colsch to present to the Committee the following Finance items:

*Item 1: Payment to the Illinois Auditor General Audit Expense Fund for the Fiscal Year 2018 Financial and Compliance Audit in the amount of \$499,550.00.*

*Item 2: Approval of funding for the Workers' Compensation Insurance Claim Reserve Fund in the amount of \$7,310,000.00 for the 2019-2020 program year and approval to make deposits, as necessary, in future years as supported by the annual actuarial review, and as recommended by the Consulting Engineer.*

Upon conclusion of the presentation of items, Chairman Evans entertained a motion to approve placement of **Finance Item 1** on the August Board of Directors meeting agenda with the



Committee's recommendation for approval by the Board. Director Gallagher made a motion to approve this item, seconded by Director Paddock. The motion was PASSED unanimously.

Chairman Evans then entertained a motion to approve placement of **Finance Item 2** on the August Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Paddock made a motion to approve this item, seconded by Director Gallagher. The motion was PASSED unanimously.

### Business Systems

Executive Director Alvarez called on John Donato, Chief of Procurement, to present to the Committee the following Business Systems item:

*Item 1: Award of Contract 19-0077 to Accenture LLP for the purchase of Toll Technology Revenue Security in an amount not to exceed \$8,000,000.00 (Tollway Sole Source). This contract provides resources to secure ongoing technology enhancements to address the growth of our system, evolving security demands, new compliance needs, revenue enhancements and new operational efficiencies.*

Upon conclusion of the item presentation, Chairman Evans entertained a motion to approve placement of **Business Systems Item 1** on the August Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Gallagher made a motion to approve this item, seconded by Director Paddock. The motion was PASSED unanimously.

### Procurement

Executive Director Alvarez called on Mr. Donato to present to the Committee the following Procurement items:

*Item 1: Renewal of Contract 16-0131 with Martin Implement Sales, Inc. for the purchase of New Holland Tractor Repair, Parts, and Services in an amount not to exceed \$70,000.00 (Tollway Invitation for Bid). This contract provides a continued source for the repair, parts and services of the Tollway's New Holland brand tractors.*

*Item 2: Award of Contract 19-0093 to CDW Government LLC for the purchase of Desktop Replacements in an amount not to exceed \$1,812,302.00 (Order Against DoIT Master Contract). This contract provides a source for the purchase of up to 1,700 new Hewlett Packard workstations with three years of maintenance and support.*

*Item 3: Renewal of Contract 16-0019 with Margaret E. Chapello; Marcie R. Claus; Robert J. Dargis; Frank R. Dufkis; Christopher R. Gorman, Esq.; Patricia Kladis-Schiappa, Esq.; The Law*



Office of William G. Worobec, P.C. (William G. Worobec); LeBac Law, P.C. (Kimberly Backman); Legal Resolve, Inc. (Shelby Webb, Jr., Esq.); Lawrence Necheles; Sharon Finegan Patterson; Simpson Dattilo, LLC (Matthew Thomas Dattilo); Susan Davis Brunner LLC (Susan Davis Brunner); Thomas David Resnick, P.C. (Thomas D. Resnick); Lorri Scott; Joel R. Skinner; Evan T. Voboril; and Zachary C. Wilson for the purchase of Hearing Officers in an aggregate amount not to exceed \$180,200.00 (Tollway Request for Proposal). This contract provides a continued source for qualified Illinois-licensed attorneys to serve as administrative Hearing Officers to adjudicate alleged instances of toll evasion.

Upon conclusion of the presentation of items, Chairman Evans entertained a motion to consolidate for consideration and action Procurement Items 1 thru 3. Director Paddock made a motion to consolidate these items, seconded by Director Gallagher. The motion was PASSED unanimously.

The motion to consolidate these items having carried, Chairman Evans entertained a motion to approve placement of **Procurement Items 1 thru 3** on the August Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Gallagher made a motion to approve these items, seconded by Director Paddock. The motion was PASSED unanimously.

## Engineering

Executive Director Alvarez called on Paul Kovacs, Chief Engineering Officer, to present to the Committee the following Engineering items:

Item 1: Award of Contract RR-19-4470 to K-Five Construction Corporation for Intermittent Pavement Repairs, on the Tri-State Tollway (I-294) from Mile Post 17.7 (95th Street) to Mile Post 36.9 (Franklin Street) and Illinois Route 390 Tollway (IL 390) from Mile Post 7.6 (West Irving Park Road) to Mile Post 11.2 (Meacham Road), in the amount of \$2,146,432.15.

Item 2: Award of Contract RR-19-4471 to Curran Contracting Company for Pavement Resurfacing and Intermittent Pavement Repairs, on the Jane Addams Memorial Tollway (I-90) from Mile Post 14.87 (North of Business Route US 20) to Mile Post 17.00 (Newburg Road), in the amount of \$440,519.61.

Item 3: Award of Contract RR-19-9216 to A C Pavement Striping Company for Pavement Markings, Systemwide, in the amount of \$1,945,259.78.

Item 4: Acceptance of Proposal from Parsons Transportation Group, Inc., on Contract RR-13-4116 for Supplemental Design Services, on the Reagan Memorial Tollway (I-88) from Mile Post



138.1 (York Road Plaza) to Mile Post 140.5 (I-290), in an amount of \$240,096.57, from \$3,882,578.95 to \$4,122,675.52.

Item 5: Acceptance of Proposal from GSG Consultants, Inc., on Contract RR-16-4281 for Supplemental Construction Management Services, on the Tri-State Tollway (I-294) at Mile Post 6.3 (159th Street), in an amount of \$149,635.40, from \$2,181,348.15 to \$2,330,983.55.

Upon conclusion of the presentation of items, Chairman Evans entertained a motion to consolidate for consideration and action Engineering Items 1 thru 5. Director Paddock made a motion to consolidate these items, seconded by Director Gallagher. The motion was PASSED unanimously.

The motion to consolidate these items having carried, Chairman Evans entertained a motion to approve placement of **Engineering Items 1 thru 5** on the August Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Paddock made a motion to approve these items, seconded by Director Gallagher. The motion was PASSED unanimously.

## Legal

Executive Director Alvarez requested that consideration of Legal Items 4 and 5 be deferred until the Executive Session of the full Board of Directors meeting. Mr. Alvarez then called on Kathleen R. Pasulka-Brown, General Counsel, to present to the Committee the remaining Legal items:

Item 1: Approval of an Intergovernmental Agreement with DuPage County Stormwater Management to expand the capacity of the County's Elmhurst Quarry Flood Control Facility for additional stormwater storage. Cost to the Tollway: \$1,330,000.00.

Item 2: Approval of an Intergovernmental Agreement with Cook County and the City of Elmhurst providing Tollway cost participation for the reconstruction of County Line Road to the west of the Tri-State Tollway (I-294). Cost to the Tollway: \$10,449,825.00.

Item 3: Approval of an Underpass Agreement with BNSF Railway Company detailing the protections of the BNSF Railway system necessary during the reconstruction of its bridge where it crosses the Tri-State Tollway (I-294) and also providing for reimbursement of the railroad's engineering and construction costs. Cost to the Tollway: \$2,500,000.00.

Item 4: Authorization to Enter a Litigation Settlement – Parcel No. EO-1B-012-064 – Larsen. Cost to the Tollway: As discussed in Executive Session.



*Item 5: Amendment to Land Acquisition Resolution 21849 for the Tri-State Tollway Project (I-294) to amend Exhibit A; adding 5 parcels that may need to be acquired by condemnation. See ISTHA v. DiBenedetto. Cost to the Tollway: As discussed in Executive Session.*

Upon conclusion of the presentation of items, Chairman Evans stated that without objection, **Legal Items 4 and 5** will be deferred to the Executive Session of the full Board meeting.

Chairman Evans then entertained a motion to consolidate for consideration and action Legal Items 1 thru 3. Director Paddock made a motion to consolidate these items, seconded by Director Gallagher. The motion was PASSED unanimously.

The motion to consolidate these items having carried, Chairman Evans entertained a motion to approve placement of **Legal Items 1 thru 3** on the August Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Gallagher made a motion to approve these items, seconded by Director Paddock. The motion was PASSED unanimously.

### **Adjournment**

There being no further Committee business, Chairman Evans entertained a motion to adjourn. Director Gallagher made a motion to adjourn, seconded by Director Paddock. The motion was PASSED unanimously.

The Meeting was adjourned at approximately 10:38 a.m.

Minutes taken by: \_\_\_\_\_

Christi Regnery  
Board Secretary  
Illinois State Toll Highway Authority



# Illinois Tollway Financial Results Year Ended December 31, 2018



August 15, 2019  
Michael J. Colsch



# Comprehensive Annual Financial Report

- Contains audited Generally Accepted Accounting Principles (GAAP) financial statement and footnotes
- Supplementary information including
  - Trust Indenture financial statements
- Statistical information
  - Traffic and revenue statistics
  - Economic and demographic information
- Submitted to Government Finance Officers' Association for Certificate of Achievement in Financial Reporting



# Financial Highlights

- Total revenue increased by 2.7 percent
- Favorable operating results increased net assets by \$354 million
- Investment in capital assets increased by \$500 million
- The financial statement fully incorporates the required accounting treatment for pensions and other post-employment benefits (OPEB)

# 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
  - GASB 75 OPEB liability and increased expense are not recognized

# 2018 Financial Results (GAAP Basis)

- Operating revenues increased 2.7 percent (\$37.9 million) to \$1,436 million
  - Passenger and commercial traffic continued to increase
  - Commercial vehicle toll rates increased 2.1 percent
- Operating expenses (excluding depreciation) totaled \$402 million, about \$ 1 million less than 2017

# 2018 Financial Results (GAAP Basis)

- Tollway proportionate share of the State net pension liability under GASB 68 and 71 decreased by \$5.9 million to \$882.5 million
- Per GASB 75, the Tollway was required to record OPEB liability in 2018 of \$140.1 million
- As the result of implementing GASB 75, the Tollway's beginning net position was reduced by \$145.5 million, which when combined with the 2018 favorable net increase of \$353.8 million, resulted in a net improvement of \$208 million to the Tollway's net position
- Tollway maintains a healthy balance sheet with a net position of \$3.08 billion

# Statement of Changes in Net Position

	<u>2018</u>	<u>2017</u>	<u>Percent Change</u>
Tolls	1,341	1,309	2.4%
Evasion Recovery	70	66	6.1%
Concessions	2	2	0.0%
Other	23	21	9.5%
<b>Total operating revenue</b>	<b>1,436</b>	<b>1,398</b>	<b>2.7%</b>
Depreciation and Amortization	446	418	6.70%
Other Operating Expenses	402	403	-0.25%
<b>Total operating expenses</b>	<b>848</b>	<b>821</b>	<b>3.29%</b>
<b>Operating income</b>	<b>588</b>	<b>577</b>	<b>1.91%</b>
Net -Non-Operating Expense	-234	-221	5.88%
<b>Change in net assets</b>	<b>354</b>	<b>356</b>	<b>-0.56%</b>

(Amounts in Millions)



# Statement of Net Position Assets and Deferred Outflows

	<u>2018</u>	<u>2017</u> <u>(Restated)</u>	<u>Percent</u> <u>Change</u>
Unrestricted cash and cash equivalents	1,085	1,257	-13.7%
Accounts receivable, net	20	21	-4.8%
IGA receivables - current portion	31	48	-35.4%
Other	3	8	-62.5%
<b>Total current unrestricted</b>	<b>1,139</b>	<b>1,334</b>	<b>-14.6%</b>
Restricted cash - debt service	178	147	21.1%
IPASS cash in escrow	187	180	3.9%
Other current restricted	1	2	-50.0%
<b>Total current restricted</b>	<b>366</b>	<b>329</b>	<b>11.2%</b>
<b>Total current assets</b>	<b>1,505</b>	<b>1,663</b>	<b>-9.5%</b>
Capital assets, net of depreciation	9,086	8599	5.7%
Other non-current assets & deferred outflow of resources	909	1033	-12.0%
<b>Total assets</b>	<b>11,500</b>	<b>11,295</b>	<b>1.8%</b>

(Amounts in Millions)

# Statement of Net Position Liabilities and Net Position

	<u>2018</u>	<u>2017</u> <u>(Restated)</u>	<u>Percent</u> <u>Change</u>
Accounts payable and accruals	260	284	-8.5%
Deposits and retainage	42	35	20.0%
Other unrestricted liabilities	134	60	123.3%
<b>Current - payable from unr</b>	<b>436</b>	<b>379</b>	<b>15.0%</b>
Bonds payable- current portion	119	113	5.3%
Interest payable	118	113	4.4%
Deposits- IPASS escrow	187	180	3.9%
<b>Current - payable from res</b>	<b>424</b>	<b>406</b>	<b>4.4%</b>
<b>Total current liabilities</b>	<b>860</b>	<b>785</b>	<b>9.6%</b>
Revenue bonds payable	6325	6474	-2.3%
Other	266	228	16.7%
Net pension and OPEB liability and relate	973	1085	-10.3%
<b>Total liabilities</b>	<b>8,424</b>	<b>8,572</b>	<b>-1.7%</b>
<b>Net position</b>	<b>3076</b>	<b>2,723</b>	<b>13.0%</b>

(Amounts in Millions)





THANK YOU

