

Trust Indenture Overview

May 2021
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Tollway Legal Framework

Illinois State Toll Highway Commission established in 1953

- Bond Resolution and inaugural bond issuance in 1955
- Tollway opened in 1958

Toll Highway Act enacted in 1967, establishing The Illinois State Toll Highway Authority

- Governing Documents
 - Toll Highway Act, 605 ILCS 10/1, *et seq.*, as amended
 - Joint Committee on Administrative Rules' Administrative Code, Title 92, Chapter IV, Part 2520
 - Tollway by-laws
 - Illinois Constitution
 - Board resolutions
 - Internal policies



Tollway Legal Framework

Toll Highway Act

- Board of Directors
 - Governor, Secretary of IDOT, and 9 directors appointed by Governor with consent of Senate
- Tollway budget not subject to appropriation
- Tollway funds must be used for Tollway purposes
- Permits sale of bonds
 - Capital needs
 - Refundings
- Directs Tollway to set toll rates
- Enter into contracts
- Acquire property

Trust Indenture

Enacted in 1985 and amended and restated in 1999

- Contract between the Illinois Tollway and its bondholders
- Requirements for bond issuance
- Priority of spending
- Pledge/senior lien for bondholders of net revenues and amounts on deposit in all accounts except M&O
- Financial and other covenants
- Events of default
- Financial reporting requirements on a fund accounting basis

Bondholder Security

Pledge of Revenues and Funds	Bonds issued under the Indenture are payable solely from and secured solely by a pledge of and lien on Net Revenues (defined below) of the Tollway System and certain other funds as provided in the Indenture
Net Revenues	Revenues less Operating Expenses. Fiscal year ended December 31, 2020's Net Revenues were \$933,080,174.
Toll Covenant	The Tollway, the sole entity identified by the Toll Highway Act to set tolls, covenants in the Indenture to set tolls at levels that produce sufficient Net Revenues to meet or exceed the Net Revenue Requirement.
Net Revenue Requirement	The amount necessary to cure any deficiencies in the Debt Service and Debt Reserve Accounts (Senior and Junior), <i>plus</i> the greater of: <ul style="list-style-type: none">▪ The sum of Aggregate Debt Service on Senior Bonds, the Junior Bond Revenue Requirement (if any), plus the Renewal and Replacement Deposit; and▪ 1.30x Aggregate Debt Service.
Additional Bonds Test	<ul style="list-style-type: none">▪ Look-Back (Test #1) - Net Revenues for a period of 12 consecutive months out of the 18 months preceding the issuance of additional senior bonds must exceed the Net Revenue Requirement; and▪ Forward-Looking (Test #2) - For the current and each Fiscal Year through the fifth full Fiscal Year after the date of issuance, Net Revenues shall be at least equal to the estimated Net Revenue Requirement for such Fiscal Year
Debt Reserve Requirement	The maximum annual Aggregate Debt Service for any Fiscal Year for all outstanding Senior Bonds, currently \$525,190,000



Bondholder Security - Net Revenue Requirement

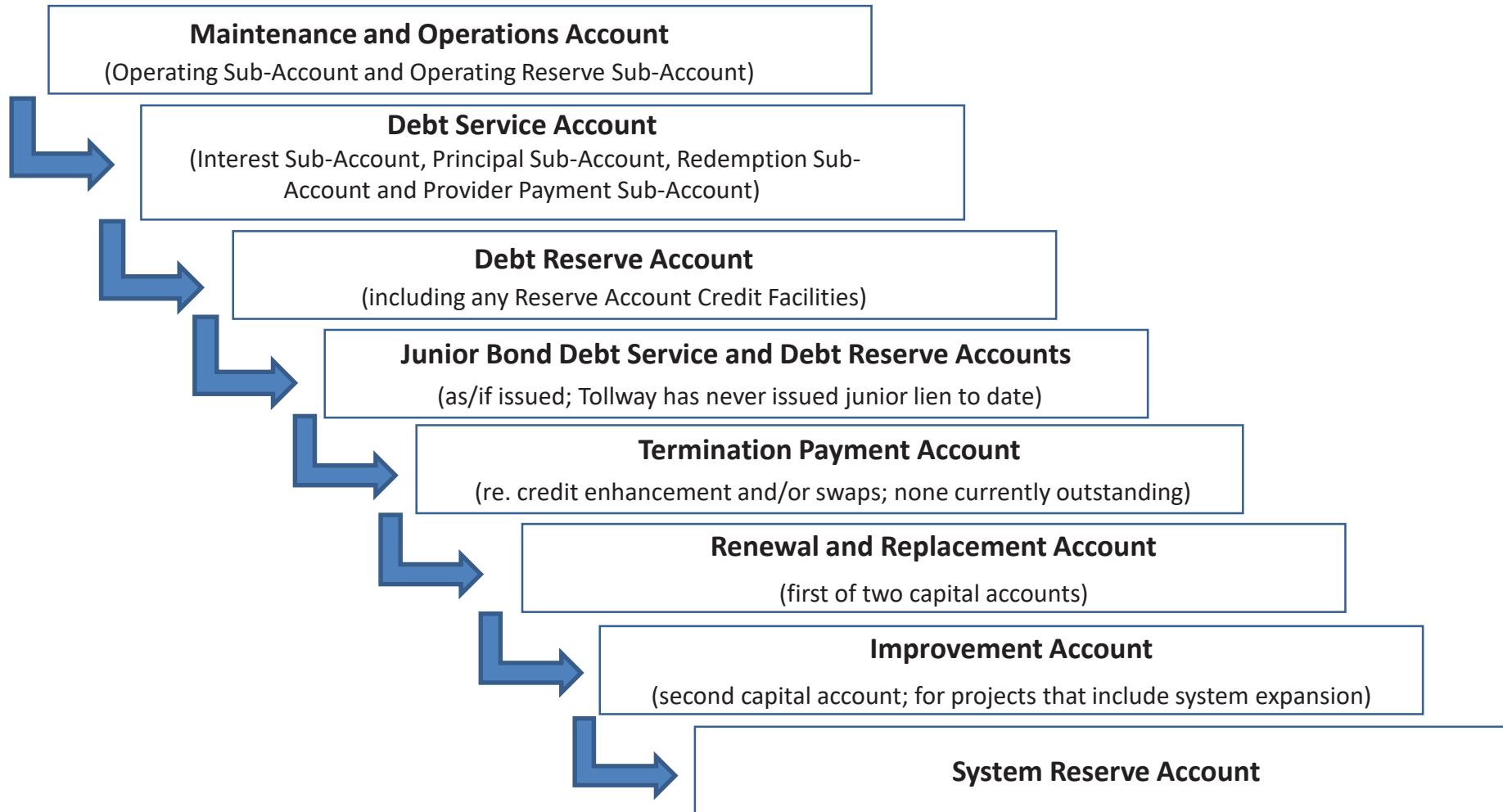
Net Revenue Requirement – Compliance in 2020; Projected Compliance in 2021

(All #s in '000s)

<p><u>Preliminary Actual</u> Net Revenues (revs – oper exps) for year ended <u>12/31/2020</u> =</p> <p style="text-align: center;">\$933,080</p>	<p><u>Must exceed greater of:</u></p> <p>(A) Debt Service <i>plus</i> Renewal and Replacement Deposit</p> <p style="text-align: center;">and</p> <p>(B) Debt Service times 1.30</p>	<p style="text-align: right;">\$442,114 + \$120,000 \$562,114</p> <p style="text-align: right;">\$442,114 x 1.30 \$574,748</p>
<p><u>Projected</u> Net Revenues (revs – oper exps) for year ending <u>12/31/2021</u> =</p> <p style="text-align: center;">\$1,044,861</p>	<p><u>Must exceed greater of:</u></p> <p>(A) Debt Service <i>plus</i> Renewal and Replacement Deposit</p> <p style="text-align: center;">and</p> <p>(B) Debt Service times 1.30</p>	<p style="text-align: right;">\$467,926 + \$228,000 \$685,926</p> <p style="text-align: right;">\$467,926 x 1.30 \$608,304</p>

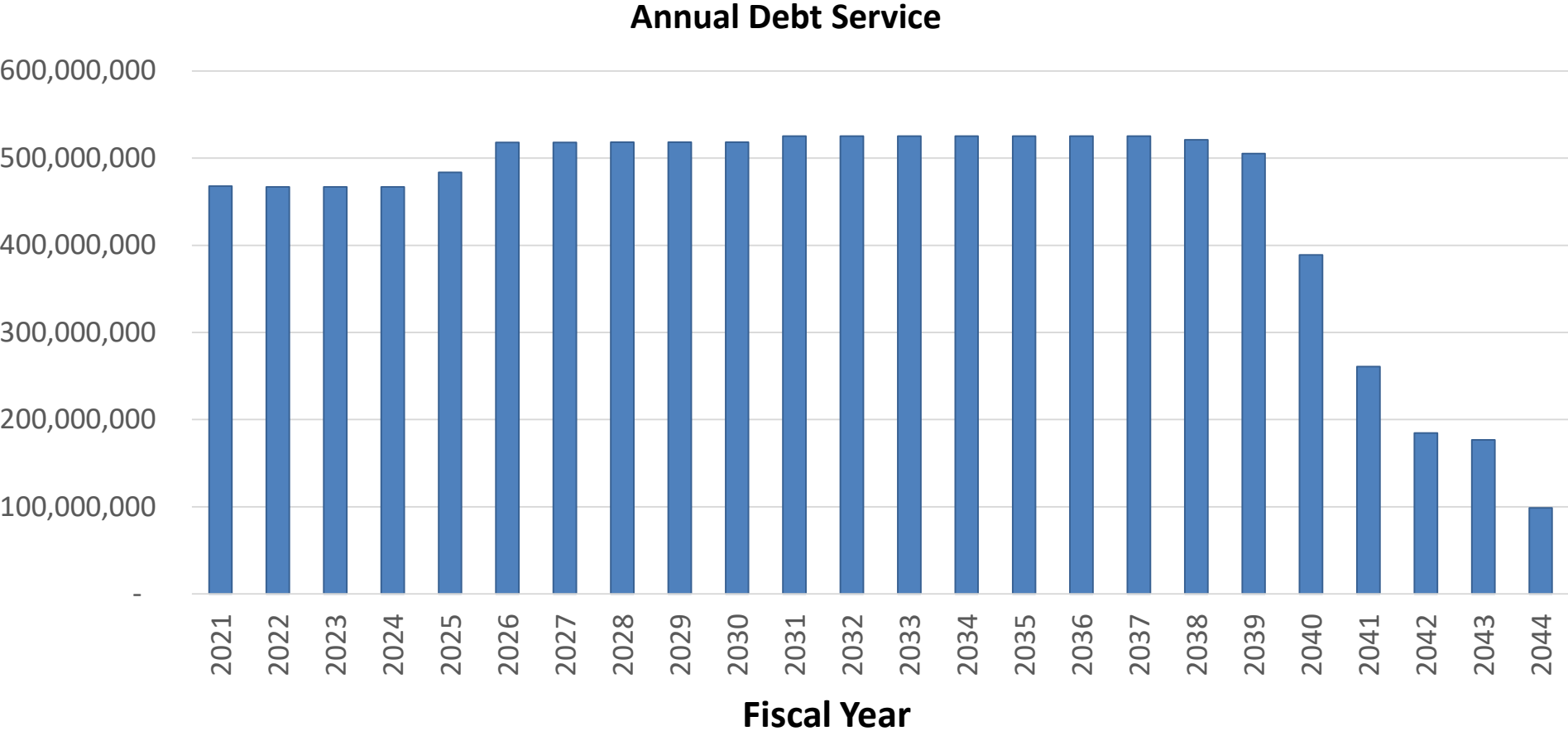


Revenue Fund Priority of Spending



Current Debt Service Schedule - \$6.4 Billion of Bonds Outstanding

Per Toll Highway Act, maturities of Tollway bonds may not exceed 25 years.



Consulting Engineer – WSP USA

Indenture requires independent firm with nationwide and favorable reputation

- Annual inspections of the existing system
- Reviews Illinois Tollway annual budget
- Recommends deposits to Renewal and Replacement Account based on condition of System
- Reviews/certifies insurance coverages
- Current contract expires December 31, 2021



Traffic Engineer – CDM Smith

Indenture requires independent firm with nationwide and favorable reputation

- Long term forecasting to support sale of bonds
- Annual revenue certificate for purposes of annual budget
- Traffic and revenue monitoring
- Annual Revenue Report
- Annual Traffic Data Report
- Recommendations on best practices
- Current contract expires December 31, 2021





THANK YOU