



Record of Meeting | May 27, 2021

The Illinois State Toll Highway Authority (“Tollway”) held the regularly scheduled Finance, Administration and Operations (“FAO”) Committee meeting on Thursday, May 27, 2021. 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.*

Due to necessary precautions relating to COVID-19, in accordance with the Gubernatorial Disaster Proclamation and current conditions, and consistent with the Open Meetings Act, it was determined by Chairman Willard S. Evans, Jr. that an in-person meeting of the body was neither practical nor prudent. In compliance with all conditions of Section 7(e) of the Open Meetings Act, 5 ILCS 120/7(e), the Committee meeting was conducted by audio conference. A telephone access number was provided for members of the public to monitor and/or participate in the meeting.

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

Call to Order / Roll Call

Committee Chair McConnaughay called the meeting to order at approximately 9:45 a.m. She then asked the Board Secretary to call the roll, those Directors present and absent being as follows:

Committee Members Present:
Committee Chair Karen McConnaughay
Director Alice Gallagher
Director Scott Paddock
Director Gary Perinar
Director James Sweeney

Committee Members Not Present:
None

Other Directors Present:
Director James Connolly
Director Stephen Davis



Director Jacqueline Gomez
Chairman Willard S. Evans, Jr.

The Board Secretary declared a quorum present.

Public Comment

Committee Chair McConnaughay opened the floor for public comment. No comment was offered.

Committee Chair's Items

Committee Chair McConnaughay entertained a motion to approve **Committee Chair's Item 1**, the Minutes of the regular FAO Committee meeting held on April 22, 2021, as presented. Director Gallagher made a motion to approve the Minutes, seconded by Director Paddock. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Committee Chair McConnaughay (5)

Nays: (0)

The motion PASSED.

Having no further items, Committee Chair McConnaughay called on Executive Director José Alvarez.

Executive Director's Items

Executive Director Alvarez introduced Cathy Williams, Chief Financial Officer, to present the First Quarter Financial Review. [See attached presentation.](#)

Ms. Williams additionally presented an overview of the Tollway's Trust Indenture for benefit of the Committee. [See attached presentation.](#)

Committee Chair McConnaughay identified for Directors two engineering contracts which are required as part of the Tollway's Trust Indenture. She noted that the contract award for Traffic Engineer is on the current meeting agenda and that the General Engineering Consultant contract will be considered in the early fall.



Executive Director Alvarez stated that the meeting agenda contains 17 items for the Committee's consideration.

Items for Consideration

Finance

Executive Director Alvarez called on Cathy Williams, Chief Financial Officer, to present to the Committee the following item:

Item 1: Award of Contract 21-0081 to Lexington Insurance Company, Hallmark Specialty Insurance Company, Allied World Assurance Company (U.S.), Inc., Endurance American Specialty Insurance Company, Aspen Specialty Insurance Company, Westchester Surplus Lines Insurance Company, Great American Assurance Company, Axis Surplus Insurance Company, RSUI Indemnity Company, Berkley National Insurance Company, Arch Insurance Company, and Underwriters at Lloyd's for the purchase of a Liability Insurance Program through the insurance broker, Mesirow Insurance Services, Inc., for a combined annual premium of \$2,566,237.00 for a one-year term (Order Against CMS Master Contract).

Upon conclusion of the item presentation, Committee Chair McConnaughay entertained a motion to approve placement of **Finance Item 1** on the May 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. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Committee Chair McConnaughay (5)

Nays: (0)

The motion PASSED.

Information Technology

Executive Director Alvarez called on Joe Kambich, Chief of Information Technology, to present to the Committee the following item:

Item 1: Award of Contract 21-0105 to CDW Government LLC for the purchase of Microsoft Surface Pro Tablets, Accessories and Service Agreements in an amount not to exceed \$194,418.00 (Order Against DoIT Master Contract).



Upon conclusion of the item presentation, Committee Chair McConnaughay entertained a motion to approve placement of **Information Technology Item 1** on the May 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. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Committee Chair McConnaughay (5)

Nays: (0)

The motion PASSED.

Engineering

Executive Director Alvarez requested that Engineering Item 1, identified below, be deferred to a future meeting.

Item 1: Award of Contract I-21-4558 to Lion Construction, LLC for I-90 Pavement Repairs at IL 53 on the Jane Addams Tollway (I-90) from Mile Post 67.1 to Mile Post 67.7 in the amount of \$1,089,361.89.

Executive Director Alvarez called on Manar Nashif, Acting Chief Engineering Officer, to present the remaining Engineering items:

Item 2: Award of Contract RR-21-4576 to Western Remac, Inc. for Plaza Improvements on the Jane Addams Memorial Tollway (I-90) from Mile Post 7.9 to Mile Post 54.8 in the amount of \$1,499,542.60.

Item 3: Award of Contract RR-20-4556 to Cardinal State, LLC for Landscape Planting Improvements on the Veterans Memorial Tollway (I-355) from Mile Post 24.9 (Roosevelt Road) to Mile Post 29.8 (Army Trail Road) in the amount of \$607,779.36.

Item 4: Award of Contract RR-20-4557 to Natural Creations Landscaping, Inc. for Landscape Planting Improvements on the Veterans Memorial Tollway (I-355) from Mile Post 19.5 (Ogden Avenue) to Mile Post 24.90 (Roosevelt Road) in the amount of \$999,735.00.

Item 5: Extra Work Order on I-16-4264 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Pedestrian Overpass Bridge and Bridge Access Building Construction on the Jane Addams Memorial Tollway (I-90) from Mile Post 62.4 to Mile Post 62.6 (Barrington Road Interchange) in the amount of \$337,418.14, increasing contract's upper limit from \$8,017,023.82 to \$8,354,441.96.



Item 6: Extra Work Order on I-19-4496 to Walsh Construction Company II, LLC for Roadway and Bridge Reconstruction on the Tri-State Tollway (I-294) between Mile Post 30.9 Ramp J from South of I 88 and Mile Post 31.8 North of I-290 in the amount of \$2,129,752.00, increasing contract's upper limit from \$45,408,488.30 to \$47,538,240.30.

Item 7: Extra Work Order on I-17-4339 to Judlau Contracting, Inc. for Roadway and Bridge Widening and Reconstruction on the Tri State Tollway (I-294) between Mile Post 35.04 (South of Grand Avenue) and Mile Post 36.70 (Wolf Road) and I-490 Ramp S1 and Ramp S2 in the amount of \$2,195,000.00, increasing contract's upper limit from \$151,340,498.95 to \$153,535,498.95.

Item 8: Acceptance of Proposal from CDM Smith Inc., on Contract RR-20-9981 for Traffic Engineer Services, Systemwide, in an amount not to exceed \$27,070,000.00.

Upon conclusion of the presentation of items, Committee Chair McConnaughay stated that Engineering Item 1 will be deferred. She then entertained a motion to consolidate for consideration and action Engineering Items 2 thru 8. Director Gallagher made a motion to consolidate these items, seconded by Director Paddock. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Committee Chair McConnaughay (5)

Nays: (0)

The motion PASSED.

The motion to consolidate these items having carried, Committee Chair McConnaughay entertained a motion to approve placement of **Engineering Items 2 thru 8** on the May 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. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Committee Chair McConnaughay (5)

Nays: (0)

The motion PASSED.

Legal



Executive Director Alvarez called on Kathleen R. Pasulka-Brown, General Counsel, to present to the Committee the following the Legal Items:

Item 1: Approval of an Intergovernmental Agreement with the Village of Franklin Park for work associated with the Elgin O'Hare Western Access Project and the Central Tri-State Project (I-294). Estimated Cost to the Tollway: \$8,328,116.00.

Item 2: Authorization to Rescind Resolution No. 21864.

Upon conclusion of the presentation of items, Committee Chair McConnaughay entertained a motion to approve placement of **Legal Item 1** on the May 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. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Committee Chair McConnaughay (5)

Nays: (0)

The motion PASSED.

Committee Chair McConnaughay then entertained a motion to approve placement of **Legal Item 2** on the May 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. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Committee Chair McConnaughay (5)

Nays: (0)

The motion PASSED.

Adjournment

There being no further Committee business, Committee Chair McConnaughay entertained a motion to adjourn. Director Gallagher made a motion to adjourn, seconded by Director Paddock. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:



Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Committee Chair McConnaughay (5)

Nays: (0)

The motion PASSED.

The Meeting was adjourned at approximately 10:44 a.m.

Minutes taken by: _____

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority

2021 First Quarter Budget to Actual

(Preliminary and Unaudited)

Cathy Williams

May 27, 2021



2021 First Quarter - Budget vs. Actual

CATEGORY	BUDGET	(\$ millions)		% CHANGE
		ACTUAL	\$ CHANGE	
Revenue	\$319	\$320	\$1	0.2%
M&O Expenditures	\$95	\$96	\$1	0.7%
Debt Service Transfers	\$113	\$115	\$1	1.2%
Capital Expenditures	\$262	\$254	(\$8)	(3.2%)

Key Drivers

Revenue

- Toll Revenue is slightly below expected, but including evasion recovery, total toll revenue is 1 percent higher than budget
- Investment income below budget due to short term interest rate remaining close to 0 percent

M&O Expenditures

- Higher costs due to more snow events and severity of storms

Capital expenditures

- Slightly below due to timing of right-of-way agreements

Note: Numbers may not add to totals due to rounding.

Presented by Cathy Williams on May 27, 2021



REVENUE



2021 First Quarter - Revenue

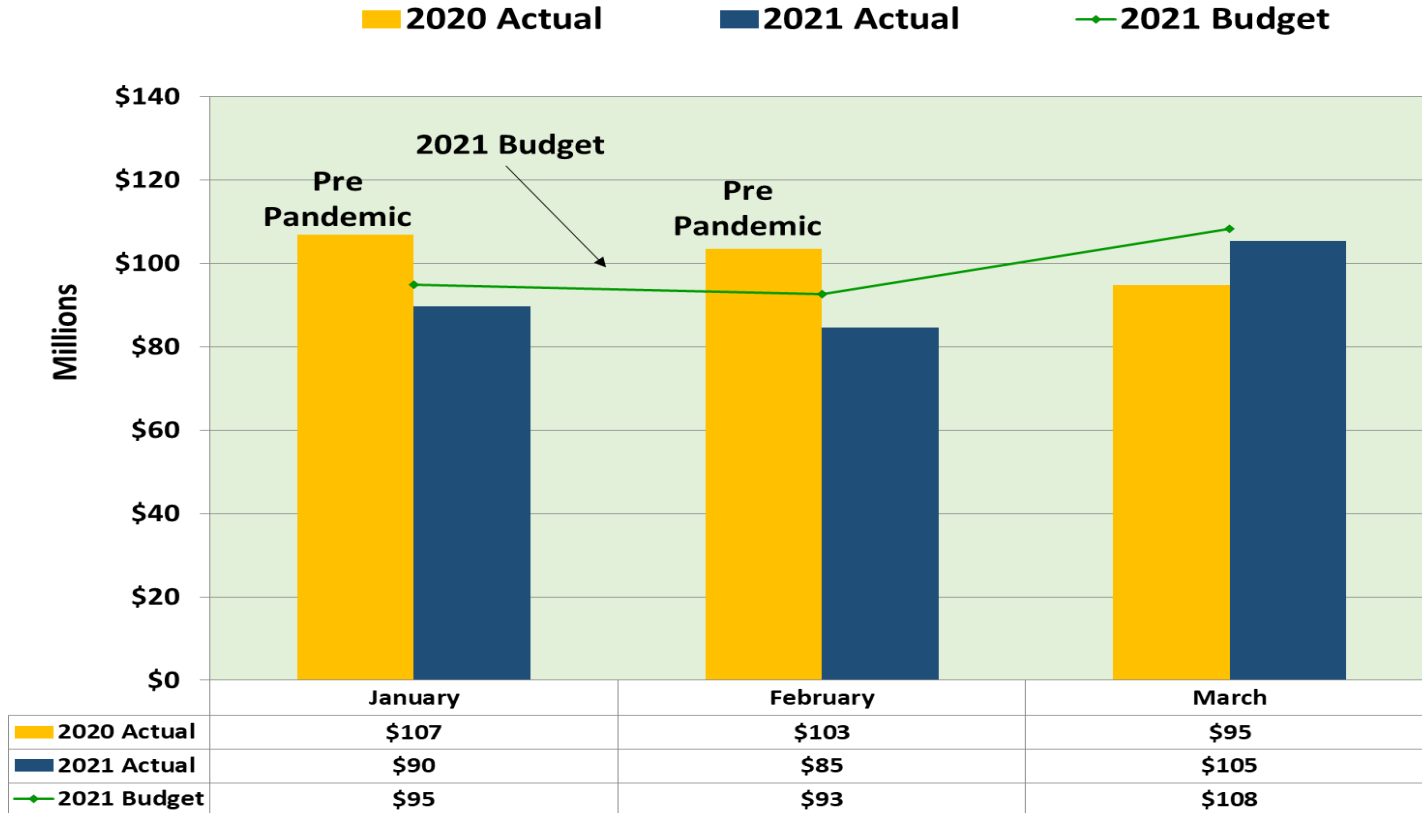
CATEGORY	BUDGET	(\$ millions)		% CHANGE
		ACTUAL	\$ CHANGE	
Total Revenue	\$319.4	\$320.1	\$0.7	0.2%
Toll Revenue and Evasion Recovery	\$314.4	\$317.4	\$3.1	1.0%
Concessions	\$0.5	\$0.3	(\$0.2)	(33.4%)
Investments	\$2.0	\$0.7	(\$1.3)	(67.3%)
Miscellaneous	\$2.5	\$1.6	(\$0.9)	(34.5%)

Note: Numbers may not add to totals due to rounding.

Presented by Cathy Williams on May 27, 2021



Monthly Toll Revenue 2021 vs. 2020



2021 First Quarter – Maintenance and Operations

CATEGORY	BUDGET	(\$ millions)		% CHANGE
		ACTUAL	\$ CHANGE	
Total M&O	\$95.5	\$96.1	\$0.7	0.7%
Payroll and Related Costs	\$46.3	\$46.4	\$0.1	0.2%
Contractual Services	\$23.2	\$22.4	(\$0.8)	(3.3%)
Group Insurance	\$8.2	\$8.6	\$0.4	4.4%
Equipment Maintenance	\$8.9	\$8.4	(\$0.5)	(5.5%)
All Other Insurance	\$2.8	\$2.7	(\$0.1)	(3.7%)
Materials/Operational Supplies/Other Expenses	\$2.7	\$3.5	\$0.8	31.7%
Utilities	\$1.9	\$1.6	(\$0.3)	(13.9%)
Parts and Fuel	\$1.7	\$2.5	\$0.9	51.2%
Other Miscellaneous Expenses	\$0.3	\$0.2	(\$0.2)	(49.2%)
Recovery of Expenses	(\$0.5)	(\$0.2)	\$0.3	(56.8%)

Key Drivers

Winter-related events

- Overtime
- Operational Materials (i.e salt)
- Fuels and Oils
- Replacement parts

Contractual Services

- Lower collections and credit card charges offset by higher customer service costs

Note: Numbers may not add to totals due to rounding.

Presented by Cathy Williams on May 27, 2021



CAPITAL PROGRAM



2021 First Quarter – Capital Program

CATEGORY	BUDGET	(\$ millions)		% CHANGE
		ACTUAL	\$ CHANGE	
Tri-State (I-94/I-294/I-80)	\$105.8	\$122.6	\$16.8	15.9%
Reagan Memorial (I-88)	\$5.1	\$2.3	(\$2.8)	(54.8%)
Jane Addams Memorial (I-90)	\$0.3	\$1.1	\$0.8	NA
Veterans Memorial (I-355)	\$1.1	\$1.5	\$0.5	45.1%
Systemwide Improvements	\$47.6	\$44.9	(\$2.7)	(5.6%)
Tri-State (I-294)/I-57 Interchange	\$9.7	\$12.1	\$2.4	24.5%
Elgin O'Hare Western Access	\$92.1	\$72.9	(\$19.3)	(20.9%)
Total Capital Expenditures	\$262.2	\$257.9	(\$4.2)	(1.6%)
Agreement Reimbursements and Other Adjustments	\$0.0	(\$4.2)	(\$4.2)	NA
Total Capital with Reimbursements	\$262.2	\$253.7	(\$8.5)	(3.2%)

Key Drivers

Central Tri-State Project

- Better than expected progress on Mile Long Bridge due to favorable weather conditions

I-490 Tollway (I-294) Project

- Timing of right-of-way agreements

Reagan Memorial Tollway (I-88)

- Greater than expected progress on pavement and structural rehabilitation last year

Systemwide

- Timing of closeout on pavement and structural preservation and rehabilitation between Rockton Road and I-39



Note: Numbers may not add to totals due to rounding.

Presented by Cathy Williams on May 27, 2021



THANK YOU



APPENDIX

2021 vs 2020 Results



First Quarter - Maintenance and Operations 2021 vs 2020

CATEGORY	(\$ millions)					
	2020		2021		2021 ACTUAL/ 2020 ACTUAL CHANGE	
	BUDGET	ACTUAL	BUDGET	ACTUAL	\$ CHANGE	% CHANGE
Payroll and Related Costs	\$45.2	\$44.7	\$46.3	\$46.4	\$1.8	3.9%
Contractual Services	\$19.5	\$19.1	\$23.2	\$22.4	\$3.4	17.7%
Group Insurance	\$8.3	\$8.1	\$8.2	\$8.6	\$0.5	6.0%
Equipment Maintenance	\$7.8	\$8.6	\$8.9	\$8.4	(\$0.2)	(2.1%)
All Other Insurance	\$2.8	\$2.6	\$2.8	\$2.7	\$0.1	5.2%
Materials/Operational Supplies/Other Expenses	\$3.0	\$2.7	\$2.7	\$3.5	\$0.8	30.0%
Utilities	\$1.7	\$1.6	\$1.9	\$1.6	\$0.0	1.3%
Parts and Fuel	\$1.5	\$1.6	\$1.7	\$2.5	\$0.9	55.0%
Other Miscellaneous Expenses	\$0.3	\$0.2	\$0.3	\$0.2	(\$0.1)	(31.1%)
Recovery of Expenses	(\$0.5)	(\$0.6)	(\$0.5)	(\$0.2)	\$0.3	(60.2%)
Total Maintenance and Operations Expenditures	\$89.6	\$88.6	\$95.5	\$96.1	\$7.6	8.5%

Note: Numbers may not add to totals due to rounding.

Presented by Cathy Williams on May 27, 2021



First Quarter - Capital Program 2021 vs 2020

CATEGORY	(\$ millions)					
	2020		2021		2021 ACTUAL/ 2020 ACTUAL CHANGE	
	BUDGET	ACTUAL	BUDGET	ACTUAL	\$ CHANGE	% CHANGE
Tri-State (I-94/I-294/I-80)	\$96.4	\$83.7	\$105.8	\$122.6	\$38.9	46.5%
Reagan Memorial (I-88)	\$8.4	\$10.0	\$5.1	\$2.3	(\$7.7)	(77.0%)
Jane Addams Memorial (I-90)	\$1.1	\$0.2	\$0.3	\$1.1	\$0.8	NA
Veterans Memorial (I-355)	\$5.9	\$2.3	\$1.1	\$1.5	(\$0.8)	(33.1%)
Systemwide Improvements	\$69.5	\$37.9	\$47.6	\$44.9	\$7.0	18.4%
Tri-State (I-294)/I-57 Interchange	\$5.3	\$7.0	\$9.7	\$12.1	\$5.1	72.6%
Elgin O'Hare Western Access	\$84.8	\$20.4	\$92.1	\$72.9	\$52.4	NA
Total Capital Expenditures	\$272.4	\$161.8	\$262.2	\$257.9	\$96.2	59.5%
Agreement Reimbursements and Other Adjustments	\$0.0	(\$2.5)	\$0.0	(\$4.2)	(\$1.7)	69.4%
Total Capital with Reimbursements	\$272.4	\$159.2	\$262.2	\$253.7	\$94.4	59.3%

Note: Numbers may not add to totals due to rounding.

Presented by Cathy Williams on May 27, 2021



Trust Indenture Overview

May 2021
Cathy Williams

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

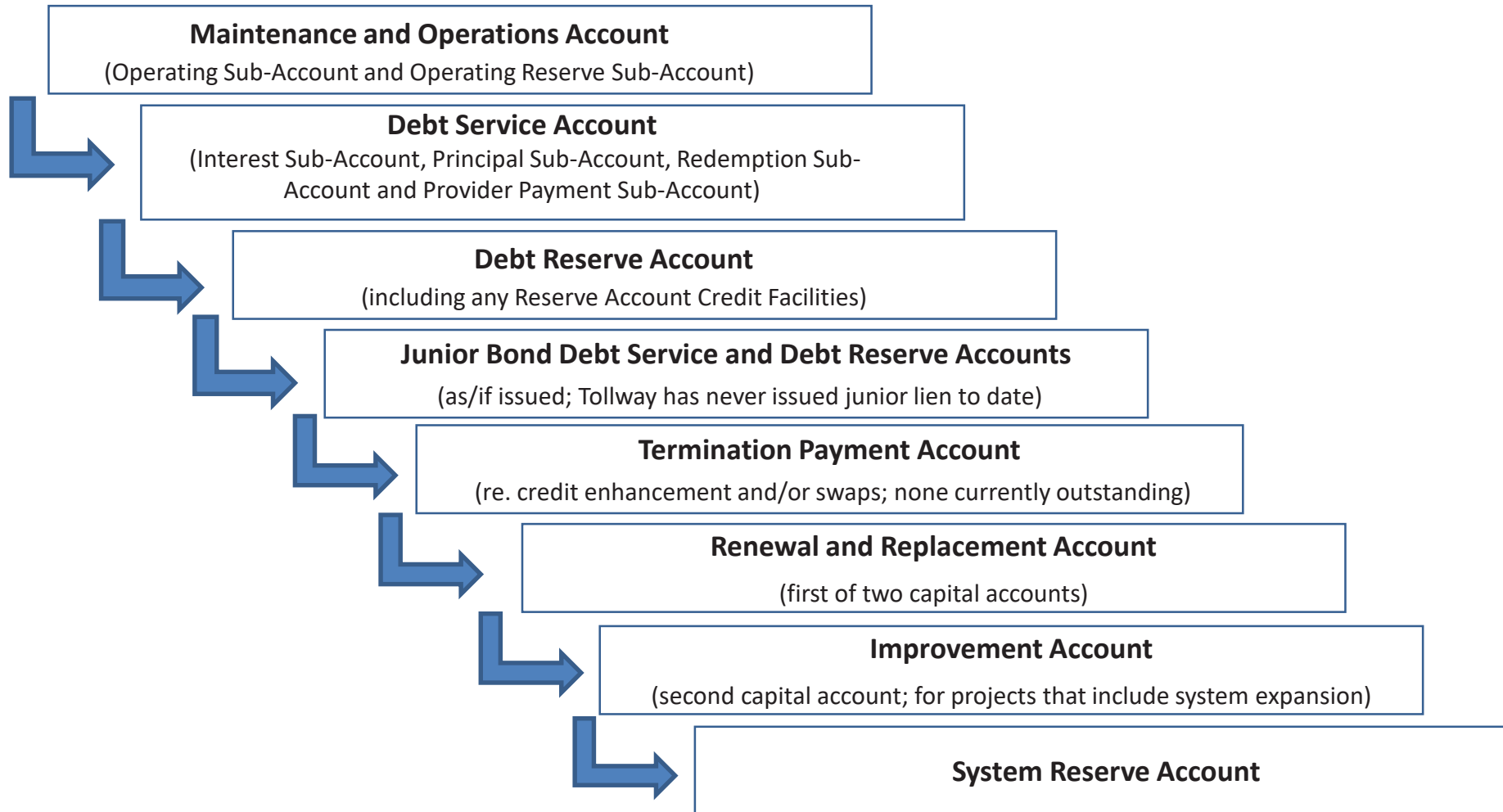
Net Revenue Requirement – Compliance in 2020; Projected Compliance in 2021

(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>

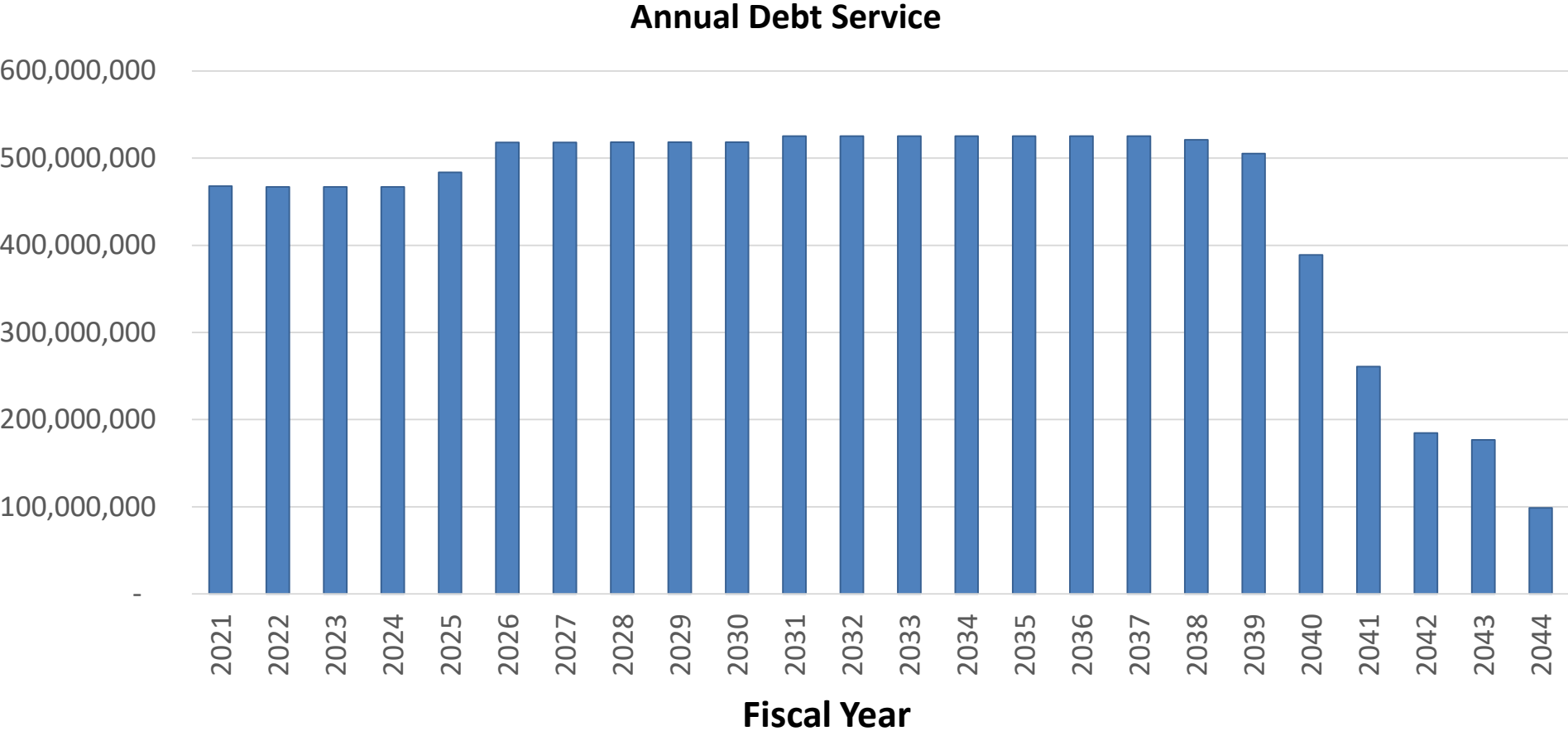


Revenue Fund Priority of Spending



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