



Record of Meeting | November 18, 2021

The Illinois State Toll Highway Authority (“Tollway”) held the regularly scheduled Finance, Administration and Operations (“FAO”) Committee meeting on Thursday, November 18, 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 9:48 a.m. She then asked the Board Secretary to call the roll, those Directors present and absent being as follows:

Committee Members Present:	Committee Members Not Present:
Committee Chair Karen McConnaughay	Director James Sweeney
Director Alice Gallagher	
Director Scott Paddock	
Director Gary Perinar	
Other Directors Present:	
Director James Connolly	
Director Jacqueline Gomez	
Chairman Willard S. Evans, Jr.	
Director Stephen Davis	



The Board Secretary declared a quorum present.

Public Comment

Committee Chair McConnaughay opened the floor for public comment. Tracey Bailey, President and CEO of BSquared Consulting Group, LLC, Schaumburg, IL, addressed the committee regarding concerns about her firm being removed from Contract 19-0097R.

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 October 21, 2021, as presented. Director Perinar made a motion to approve the Minutes, seconded by Director Gallagher. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Perinar, Director Gallagher, Director Paddock, Committee Chair McConnaughay (4)

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 Patti Pearn, Controller, to present to the Committee the 2020 Annual Comprehensive Financial Report. [See attached presentation.](#)

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

Executive Director Alvarez then stated that the meeting agenda contains 14 items for the Committee's consideration.

Items for Consideration

Finance



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

Item 1: Authorization of payment to the Illinois Auditor General Audit Expense Fund for the 2020 Financial and Compliance Audit.

Item 2: Extend authorization to refund the Series 2013A and 2014B bonds.

Upon conclusion of the presentation of items, Committee Chair McConnaughay entertained a motion to approve placement of **Finance Item 1** on the November Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Perinar made a motion to approve this item, seconded by Director Gallagher. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Perinar, Director Gallagher, Director Paddock, Committee Chair McConnaughay (4)

Nays: (0)

The motion PASSED.

Committee Chair McConnaughay entertained a motion to approve placement of **Finance Item 2** on the November Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Perinar made a motion to approve this item, seconded by Director Gallagher. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Perinar, Director Gallagher, Director Paddock, Committee Chair McConnaughay (4)

Nays: (0)

The motion PASSED.

Information Technology

Executive Director Alvarez called on Dave Cibulskis, Deputy Chief of Information Technology, to present the following items:

Item 1: Award of Contract 21-0158 to CDW Government LLC for the purchase of NetApp Maintenance and Support for Hardware and Software in an amount not to exceed \$749,804.02 (Cooperative Purchase).



Item 2: Award of Contract 20-0208 with Great Arc Technologies, Inc. for the purchase of Infrastructure Management System Services in an amount not to exceed \$1,200,000.00 (Tollway Sole Source).

Item 3: Award of Contract 21-0095 with Dynamic Interactive Business System Inc. and Alert IT Solutions, Inc. for the purchase of Tripwire Software Licenses, Support, Maintenance and Services in an aggregate amount not to exceed \$398,413.00 for an initial two-year term and a possible one-year renewal term in an aggregate amount not to exceed \$234,252.00 (Tollway Invitation for Bid).

Item 4: Renewal of Contract 14-0087 with Sentinel Technologies, Inc. for the purchase of EMC Equipment, Maintenance, Support, and Services in an amount not to exceed \$4,200,000.00 (Tollway Invitation for Bid).

Item 5: Amendment to Contract 13-0218 with SDI Presence LLC for the purchase of Technology Professional Services in an amount not to exceed \$1,000,000.00 (Tollway Request for Proposal).

Upon conclusion of the presentation of items, Committee Chair McConnaughay entertained a motion to consolidate for consideration and action Information Technology Items 1 thru 5. Director Perinar made a motion to consolidate these items, seconded by Director Gallagher. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Perinar, Director Gallagher, Director Paddock, Committee Chair McConnaughay (4)

Nays: (0)

The motion PASSED.

The motion to consolidate these items having carried, Committee Chair McConnaughay entertained a motion to approve placement of **Information Technology Items 1 thru 5** on the November Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Perinar made a motion to approve these items, seconded by Director Gallagher. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Perinar, Director Gallagher, Director Paddock, Committee Chair McConnaughay (4)

Nays: (0)



The motion PASSED.

Engineering

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

Item 1: Award of Contract I-21-4739 to Metromex Contractors, Inc. for York Road Rehabilitation on the Elgin O'Hare Western Access (I-490) and IL Route 390 Interchange from Mile Post 3.2 (South Thorndale Avenue) to Mile Post 3.9 (South of Supreme Drive) at Mile Post 16.9 (IL Route 390) in the amount of \$165,710.40.

Item 2: Award of Contract RR-21-4595 to Western Remac, Inc. for Overhead Sign Structure Repairs on the Jane Addams Memorial Tollway (I-90) from Mile Post 62.0 (Barrington Road) to Mile Post 75.8 (Higgins Road) in the amount of \$1,192,238.60.

Item 3: Award of Contract I-21-4738 to Lorig Construction Company for Railroad Track Relocation, Retaining Wall Construction, Earthwork Excavation on the Elgin O'Hare Western Access Tollway (I-490), South of Grand Avenue to Irving Park Road (IL 19), Tri-State Tollway (I-294) to Franklin Avenue, Mile Post 5.6 (Touhy Avenue IL 72) to Mile Post 5.75 (Old Higgins Road) in the amount of \$107,409,756.98.

Item 4: Extra Work Order on RR-18-4445 to W.E. O'Neil Construction Company for M-8 Maintenance Facility and Site Improvements on the Reagan Memorial Tollway (I-88) at Mile Post 117.8 (Mettel Road) in the amount of \$395,000.00, increasing the upper limit of compensation from \$35,941,436.04 to \$36,336,436.04.

Item 5: Change Order on RR-19-4503 to Curran Contracting Company for Eastbound Pavement and Structural Preservation and Rehabilitation on the Jane Addams Memorial Tollway (I-90) Mile Post 2.6 (Rockton Road) to Mile Post 18.3 (Kishwaukee River Bridge) in the amount of \$259,237.26, increasing the upper limit of compensation from \$4,302,542.20 to \$4,561,779.46.

Item 6: Award of Contract 21-0176 to Compass Minerals America, Inc. for the purchase of Bulk Rock Salt in an amount not to exceed \$4,539,820.80 (Order Against CMS Master Contract).

Upon conclusion of the presentation of items, Committee Chair McConnaughay entertained a motion to consolidate for consideration and action Engineering Items 1 thru 6. Director Perinar made a motion to consolidate these items, seconded by Director Gallagher. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:



Yeas: Director Perinar, Director Gallagher, Director Paddock, Committee Chair McConnaughay (4)

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 1 thru 6** on the November Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Perinar made a motion to approve these items, seconded by Director Gallagher. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Perinar, Director Gallagher, Director Paddock, Committee Chair McConnaughay (4)

Nays: (0)

The motion PASSED.

Legal

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

Item 1: Approval of a Third Addendum Intergovernmental Agreement with the University of Illinois at Urbana-Champaign.

Upon conclusion of the item presentation, Committee Chair McConnaughay entertained a motion to approve placement of **Legal Item 1** on the November Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Perinar made a motion to approve this item, seconded by Director Gallagher. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Perinar, Director Gallagher, Director Paddock, Committee Chair McConnaughay (4)

Nays: (0)

The motion PASSED.

Adjournment



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

Yeas: Director Perinar, Director Gallagher, Director Paddock, Committee Chair McConnaughay (4)

Nays: (0)

The motion PASSED.

The Meeting was adjourned at approximately 10:35 a.m.

Minutes taken by: _____

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority



ILLINOIS TOLLWAY

Financial Results Year Ended December 31, 2020

Patricia J. Pearn
November 18, 2021



Audit Timeline

The annual external audit normally begins in November and is concluded in the following June

The 2020 audit was delayed due to the Auditor General's review of statewide employee census data, which led to the conclusion that an error was made in the method by which Department of Central Management Services allocated a portion of the unfunded Other Post Employment Benefits (OPEB) liability to state agencies, including the Tollway

The 2020 audited financial statements were released on October 26, 2021



Annual Comprehensive Financial Report

Contains audited financial statement and footnotes prepared in accordance with Generally Accepted Accounting Principles (GAAP)

Supplementary information includes

- Trust Indenture financial statements

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Statistical information includes

- Traffic and revenue statistics
- Economic and demographic information

Submitted to Government Finance Officers' Association for Certificate of Achievement of Excellence in Financial Reporting – the Tollway has received this award for 24 years



Basis of Accounting

Tollway financial statements are prepared in accordance with GAAP

GAAP accounting differs 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



2020 Financial Highlights

Toll revenue decreased by 16.8 percent (\$232 million) as the result of the COVID-19 pandemic

The Tollway still posted favorable operating results of \$124 million (compared to \$375 million in 2019) due in part to a decrease (\$14 million) in 2020 operating expenses, excluding depreciation

Investment in capital assets increased by \$653 million

The beginning net position was restated (reduced) by \$506 million due to an error in prior years in the allocation of the state's unfunded net OPEB (other post employment benefits) liability to the Tollway



2020 Financial Results (GAAP Basis)

Operating revenues decreased 15.1 percent (\$224 million) to \$1.26 billion

- Traffic impacts from COVID-19 pandemic
- Evasion recovery increased 13.4 percent (\$11 million) due to implementation of Tolling 2020

Operating expenses (excluding depreciation) totaled \$380 million, about \$14 million less than 2019



Statement of Changes in Net Position

	2020	2019	Percent Change
Tolls	1,149	1,381	-16.8%
Evasion Recovery	93	82	13.4%
Concessions	1	2	-50.0%
Other	18	20	-10.0%
Total operating revenue	1,261	1,485	-15.1%
Depreciation and Amortization	495	476	4.0%
Other Operating Expenses	380	394	-3.6%
Total operating expenses	875	870	0.6%
Operating income	386	615	-37.2%
Net -Non-Operating Expense	-262	-240	9.2%
Change in net assets	124	375	-66.9%

(Amounts in Millions)



Statement of Net Position

Assets and Deferred Outflows

	2020	2019	Percent Change
Unrestricted cash and cash equivalents	1,085	1,231	-11.9%
Accounts receivable, net	61	31	96.8%
IGA receivables - current portion	53	105	-49.5%
Other	5	5	0.0%
Total current unrestricted	1,204	1,372	-12.2%
Restricted cash - debt service	181	166	9.0%
IPASS cash in escrow	199	194	2.6%
Other current restricted	-	3	-100.0%
Total current restricted	380	363	4.7%
Total current assets	1,584	1,735	-8.7%
Capital assets, net of depreciation	10,165	9,512	6.9%
Other non-current assets & deferred outflow of resources	995	854	16.5%
Total assets	12,744	12,101	5.3%

(Amounts in Millions)



Statement of Net Position

Liabilities and Net Position

	<u>2020</u>	<u>2019</u>	<u>Percent Change</u>
Accounts payable and accruals	257	256	0.4%
Deposits and retainage	55	51	7.8%
Other unrestricted liabilities	83	77	7.8%
Current - payable from unrestricted	395	384	2.9%
Bonds payable- current portion	137	129	6.2%
Interest payable	135	114	18.4%
Deposits - IPASS escrow	199	194	2.6%
Current - payable from restricted	471	437	7.8%
Total current liabilities	866	821	5.5%
Revenue bonds payable	7174	6713	6.9%
Other	42	25	68.0%
Net pension and OPEB liability and related deferred inflows	1592	1090	46.1%
Total liabilities	9,674	8,649	11.9%
Net position	3,070	3,452	-11.1%

(Amounts in Millions)



An aerial photograph of a highway toll plaza at dusk. The scene shows multiple lanes of traffic moving through toll gantries. The gantries are illuminated with warm lights, and the sky is a mix of blue and orange. In the background, there's a building and some parked cars. The overall atmosphere is that of a busy infrastructure project.

THANK YOU

A long-exposure photograph of a multi-lane highway at night. The sky is a deep blue with some clouds. In the foreground, a streetlight pole with two glowing lamps stands on the left. The road is filled with light trails from cars, with white and yellow trails on the left side and red trails on the right side. In the background, there are some buildings and trees. A semi-transparent dark blue banner is overlaid across the middle of the image, containing white text.

2021 Third Quarter Budget to Actual

(Preliminary and Unaudited)

Cathy Williams
November 18, 2021

2021 Third Quarter YTD - Budget vs. Actual

CATEGORY	BUDGET	(\$ millions)		% CHANGE
		ACTUAL	\$ CHANGE	
Revenue	\$1,061	\$1,108	\$47	4.4%
M&O Expenditures	\$286	\$282	(\$3)	(1.2%)
Debt Service Transfers	\$348	\$344	(\$4)	(1.1%)
Capital Expenditures	\$1,125	\$878	(\$247)	(22.0%)

Key Drivers

Revenue

- Toll Revenue is 1 percent higher than budget, but after including evasion recovery the total Toll Revenue is 3.7 percent higher than budget
- Investment income below budget due to short term interest rate remaining close to zero percent

Capital expenditures

- Primarily due to impact on construction, utility relocation associated with delays in right-of-way acquisition

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

REVENUE



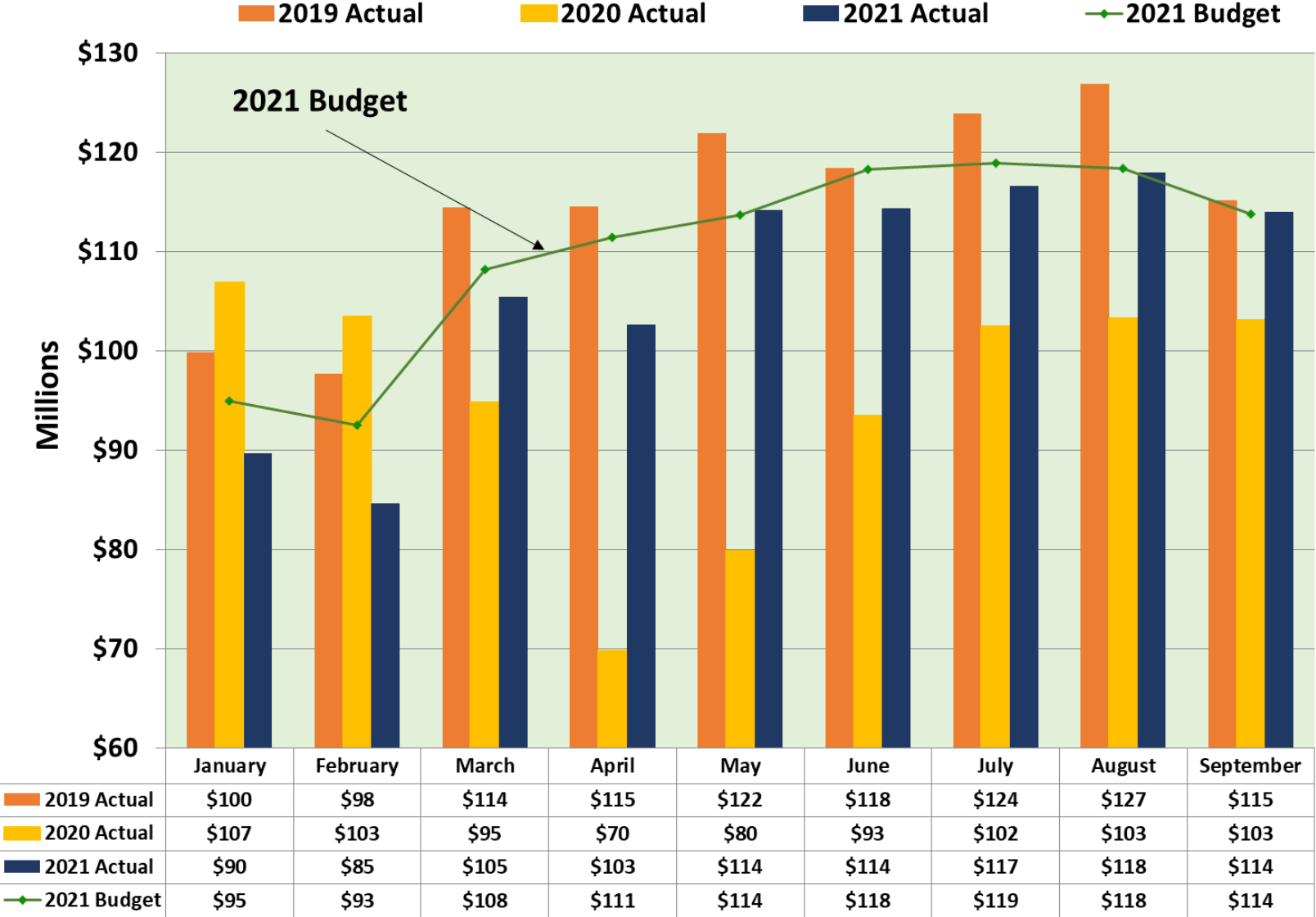
2021 Third Quarter YTD - Revenue

CATEGORY	BUDGET	(\$ millions)		% CHANGE
		ACTUAL	\$ CHANGE	
Total Revenue	\$1,061.2	\$1,108.4	\$47.2	4.4%
Toll Revenue and Evasion Recovery	\$1,046.2	\$1,085.0	\$38.7	3.7%
Concessions	\$1.5	\$1.1	(\$0.4)	(26.4%)
Investments	\$7.5	\$2.0	(\$5.5)	(73.8%)
Miscellaneous	\$6.0	\$20.4*	\$14.4	NA

* Includes payment of \$16 million on sale of warehouse in September 2021

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

Monthly Toll Revenue 2019 – 2021



2021 Third Quarter YTD – Maintenance & Operations

CATEGORY	BUDGET	(\$ millions)		% CHANGE
		ACTUAL	\$ CHANGE	
Total M&O	\$285.7	\$282.4	(\$3.3)	(1.2%)
Payroll and Related Costs	\$136.7	\$133.6	(\$3.1)	(2.2%)
Contractual Services	\$75.2	\$70.1	(\$5.1)	(6.7%)
Group Insurance	\$21.0	\$25.9	\$4.9	23.3%
Other Post Employment Benefits	\$3.6	\$5.4	\$1.8	50.0%
Equipment Maintenance	\$25.6	\$23.1	(\$2.5)	(9.7%)
All Other Insurance	\$8.5	\$7.9	(\$0.6)	(6.9%)
Materials/Operational Supplies/Other Expenses	\$5.6	\$5.7	\$0.1	1.0%
Utilities	\$5.9	\$5.2	(\$0.7)	(12.3%)
Parts and Fuel	\$4.3	\$6.3	\$2.0	47.7%
Other Miscellaneous Expenses	(\$0.6)	(\$0.8)	(\$0.1)	16.3%

Key Drivers

Contractual Services

- Amnesty-related reduction in collection costs
- Reduction in outsourced customer service costs
- Minor contract execution delays

Group Insurance

- Larger claims
- Higher percentage of claims than anticipated

Equipment Maintenance

- Reduced monthly lane maintenance

Utilities

- ComEd rebate

Parts and Fuel

- Maintaining older fleet
- Supply chain Issues
- Increase in price and fuel usage

Note: Numbers may not add to totals due to rounding

CAPITAL PROGRAM



2021 Third Quarter YTD - Capital Program

CATEGORY	BUDGET	(\$ millions)		% CHANGE
		ACTUAL	\$ CHANGE	
Tri-State (I-94/I-294/I-80)	\$500.6	\$487.0	(\$13.6)	(2.7%)
Reagan Memorial (I-88)	\$18.9	\$16.6	(\$2.3)	(12.1%)
Jane Addams Memorial (I-90)	\$0.6	\$1.0	\$0.4	68.9%
Veterans Memorial (I-355)	\$1.2	\$5.0	\$3.8	NA
Systemwide Improvements	\$192.8	\$161.6	(\$31.2)	(16.2%)
Tri-State (I-294)/I-57 Interchange	\$54.7	\$61.0	\$6.3	11.4%
Elgin O'Hare Western Access	\$354.9	\$161.4	(\$193.5)	(54.5%)
Total Capital Expenditures	\$1,125.4	\$894.7	(\$230.7)	(20.5%)
Agreement Reimbursements and Other Adjustments	\$0.0	(\$16.6)	(\$16.6)	NA
Total Capital with Reimbursements	\$1,125.4	\$878.2	(\$247.2)	(22.0%)

Key Drivers

EOWA

- Timing of right-of-way agreements and combined effect on utility relocations and construction

Central Tri-State

- Utility relocations done earlier than planned and timing of right-of-entry agreements resulted in slightly less spending than planned

Systemwide

- Underspend in bridge, pavement, ramp repairs and interchange improvements
- Less than planned spending on Business Systems and IT projects

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



THANK YOU



APPENDIX

2021 vs 2020 Results



Third Quarter YTD - 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	\$131.6	\$133.9	\$136.7	\$133.6	(\$0.3)	(0.2%)
Contractual Services	\$69.4	\$56.6	\$75.2	\$70.1	\$13.5	23.9%
Group Insurance	\$23.9	\$19.9	\$21.0	\$25.9	\$6.0	29.9%
Other Post Employment Benefits	\$3.0	\$3.1	\$3.6	\$5.4	\$2.3	72.7%
Equipment Maintenance	\$23.0	\$21.4	\$25.6	\$23.1	\$1.7	7.9%
All Other Insurance	\$8.5	\$7.2	\$8.5	\$7.9	\$0.7	9.8%
Materials/Operational Supplies/Other Expenses	\$5.8	\$3.1	\$5.6	\$5.7	\$2.6	84.1%
Utilities	\$6.2	\$4.4	\$5.9	\$5.2	\$0.8	17.1%
Parts and Fuel	\$4.1	\$4.0	\$4.3	\$6.3	\$2.3	58.1%
Other Miscellaneous Expenses	(\$0.5)	(\$0.9)	(\$0.6)	(\$0.8)	\$0.1	(11.1%)
Total Maintenance and Operations Expenditures	\$274.8	\$252.9	\$285.7	\$282.4	\$29.5	11.7%

Note: Numbers may not add to totals due to rounding

Third Quarter YTD - 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)	\$347.2	\$334.1	\$500.6	\$487.0	\$152.9	45.8%
Reagan Memorial (I-88)	\$23.6	\$33.7	\$18.9	\$16.6	(\$17.1)	(50.7%)
Jane Addams Memorial (I-90)	\$6.7	\$1.8	\$0.6	\$1.0	(\$0.8)	(42.4%)
Veterans Memorial (I-355)	\$10.8	\$8.6	\$1.2	\$5.0	(\$3.6)	(41.9%)
Systemwide Improvements	\$248.1	\$159.0	\$192.8	\$161.6	\$2.7	1.7%
Tri-State (I-294)/I-57 Interchange	\$49.3	\$27.7	\$54.7	\$61.0	\$33.3	120.4%
Elgin O'Hare Western Access	\$473.3	\$259.8	\$354.9	\$161.4	(\$98.4)	(37.9%)
Total Capital Expenditures	\$1,162.1	\$825.0	\$1,125.4	\$894.7	\$69.7	8.4%
Agreement Reimbursements and Other Adjustments	\$0.0	(\$66.3)	\$0.0	(\$16.6)	(\$49.8)	(75.0%)
Total Capital with Reimbursements	\$1,162.1	\$758.7	\$1,125.4	\$878.2	\$119.5	15.7%

Presented by Cathy Williams on November 18, 2021