



Record of Meeting | February 18, 2015

The Illinois State Toll Highway Authority (the “Tollway”) held the Finance, Administration and Operations Committee Meeting on Wednesday, February 18, 2015, at the Tollway’s Central Administration Building in Downers Grove, Illinois. The Meeting was held pursuant to By-Laws of the Tollway upon call and notice of the Meeting executed by Chair Paula Wolff 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 Directors.]

Call to Order / Roll Call

Committee Chair Mark Peterson called the Meeting to order at approximately 9:02 a.m. and stated that this is the regularly scheduled meeting of the Finance, Administration and Operations Committee of the Tollway Board of Directors. He then asked the Board Secretary to call the roll. Those Directors present and absent were as follows:

Committee Members Present:
Committee Chair Mark Peterson
Director Terry D’Arcy
Director David Gonzalez

Committee Members Not Present:
None

Also Attending:
Chair Paula Wolff

The Board Secretary declared a quorum present.

Public Comment

Committee Chair Peterson opened the floor for public comment.

Mr. Marc Brown, Trustee of West Deerfield Township, addressed the Committee. Mr. Brown, stated that he is a frequent traveler to Milwaukee and commended the staff of the Lake Forest Oasis for their cordial character. Committee Chair Peterson thanked Mr. Brown for his comments.



Committee Chair's Items

Committee Chair Peterson called for a motion to approve the Minutes of the Finance, Administration and Operations Committee Meeting held on January 21, 2015. Director Gonzalez made a motion for approval; seconded by Director D'Arcy. The motion was approved unanimously.

Committee Chair Peterson then called on Kristi Lafleur, Executive Director.

Executive Director

Executive Director Lafleur introduced David Schaver, a Tollway equipment operator laborer at the Dixon Maintenance Site (M-12). She then described the dedication Mr. Schaver demonstrated on February 1, during what would become the fifth biggest snow storm in Chicagoland history, by making a ten mile commute in a personal backhoe, traversing snow-blocked roads, so that he could perform his shift contributing to Tollway snow removal efforts. She continued that Mr. Schaver undertook extra shifts which required this same method of commute. Executive Director Lafleur expressed her appreciation to Mr. Shaver for his extraordinary efforts, exemplifying those made by many Tollway employees.

Executive Director Lafleur informed the Committee that the Jane Addams Memorial Tollway (I-90) Rebuilding and Widening Project has been nominated by the Hispanic American Construction Industry Association ("HACIA") for the "Project of the Year Award". She explained that the winner of this competition will be announced at the HACIA's Annual Awards banquet to be held this evening and attended by Tollway representatives. Ms. Lafleur thanked staff for their contributions to the success of this Tollway Project which employed more than 450 construction and professional service firms, including more than 160 Disadvantaged Business Enterprises ("DBEs"). **Chair Wolff requested the Board be apprised of the results of the competition.**

Debt Management: Executive Director Lafleur then introduced Mike Colsch, Chief of Finance, to provide a presentation updating the Committee on Tollway Debt Management. [See attached presentation.](#)

Chair Wolff inquired whether the savings projected from optional early redemption of Series 2005A Bonds and those from the proposed advance refunding of Series 2008A Bonds are net savings after transactional costs. Mr. Colsch responded affirmatively, clarifying that market conditions are fluctuating and would determine the present value savings produced and the appropriate timing for the proposed advance refunding of Series 2008A Bonds.



Committee Chair Peterson asked the rationale behind the 50 basis point incremental cost threshold used as a benchmark to determine the advisability of restructuring synthetic fixed rate bonds into traditional fixed rate bonds. Mr. Colsch responded that the financial advisor that provided this recommendation examined market expectation for savings one should achieve to prefer a variable (synthetic fixed) rate transaction (versus traditional fixed rate) and determined this to be approximately 40-50 basis points. Mr. Colsch further explained that because the marketplace valued the synthetic fixed rate transaction at 50 basis points, the advisors' analysis recommended this be the incremental cost threshold dictating whether to restructure into traditional fixed rate debt.

Committee Chair Peterson inquired whether there is discretion to exceed the 50 basis point cost threshold in reaction to market conditions. Mr. Colsch responded that the Finance department is currently authorized to restructure up to \$570 million of Tollway synthetic fixed rate bonds into traditional fixed rate bonds, however, they do not anticipate executing such a transaction unless the incremental cost is 50 basis points or less.

Chair Wolff asked for confirmation that market conditions and the 50 basis point cost threshold rather than the agency's debt management guideline, targeting reduction of variable (synthetic fixed) rate bonds to a maximum of 25% of the Tollway's debt profile, are the primary drivers for decisions regarding restructuring. Mr. Colsch confirmed, explaining that the 25% variable (synthetic fixed) rate bond target, reached through analysis performed by the Debt Management team and financial advisors, represents the proportion of agency debt profile expected to provide a relative comfort level to the three major municipal bond rating agencies.

Chair Wolff observed that it seems the proportional decline of fixed synthetic rate debt is primarily being accomplished through attrition, opting for traditional fixed rate transactions on refunding and new money bond issuance, rather than through restructuring of existing fixed synthetic rate debt. Mr. Colsch confirmed her observation.

Committee Chair Peterson asked for the projected present value savings desired to support execution of the \$350 million advance refund of Series 2008B Bonds. Mr. Colsch responded that the current target is to achieve a refunding savings of \$35 million or greater. He noted that market conditions in January would have resulted in savings in excess of this amount, however, current rates are not supportive of achieving the agency's target. Executive Director Lafleur emphasized that obtaining Board authorization for optional refunding will provide the Debt Management team the ability to take advantage of opportunities in the market. Mr. Colsch then identified certain inefficiencies in this potential transaction, explaining that because the Series 2008B Bonds have



an initial call date in 2018, the proceeds from the new refunding issuance would be placed into escrow for three years, invested in regulated instruments that are currently providing a relatively low rate of return, before the Series 2008B Bonds can be redeemed. He continued that the cost to service the refunding obligation for this three year period will exceed the rate of return on the proceeds in escrow, thereby consuming a portion of the savings that will be achieved through the advance refunding. Mr. Colsch noted that while the \$35 million target for refunding savings is significant, were it not for this three year net interest expense, the potential savings would be perhaps \$20 million more.

Connected Vehicles: Executive Director Lafleur reported to the Committee that according to Computerworld.com, by 2020 about 150 million cars and trucks will be connected to the internet via Wi-Fi, 60-75 percent of them capable of consuming, creating and sharing web-based data. She continued that the European Commission is striving to have all cars in the European Union retro-fitted by the end of 2018 with a device that will automatically inform motorists about accidents or other emergencies. She further specified BMW, Ford, Mercedes and Tesla as companies already focused on connected vehicles (“CVs”) and emphasized that CV technologies could give drivers additional tools to improve travel efficiency and to anticipate potential crashes, significantly reducing the number of lives lost each year.

Identifying the Tollway as uniquely positioned because of its investment in the I-90 smart corridor, Ms. Lafleur proposed that the agency, in partnership with the private sector, would benefit by pursuing a federal CV pilot project opportunity recently announced. She then introduced Paul Kovacs, Chief Engineer, to provide a presentation on Connected Vehicles and the Federal Highway Administration’s (“FHWA’s”) CV Pilot Deployment Program. [See attached presentation.](#)

Prior to beginning his presentation, Mr. Kovacs acknowledged Jonathon Hart, Principal / Senior Project Manager at CDM Smith, and staff member John Benda, General Manager of Maintenance and Traffic, for their roles in proposing and advancing Tollway participation in CV research. Mr. Kovacs communicated during his presentation that the application submittal deadline for the CV Pilot Deployment Program is March 16, 2015, and that staff is seeking Committee consensus in support of including a letter expressing Tollway commitment to the pilot project should the agency’s proposal be selected by the FHWA for development.

Committee Chair Peterson asked if the Jane Addams Memorial Tollway (I-90) would be the location proposed for deployment of the pilot program and how infrastructure requirements would be addressed. Mr. Kovacs responded affirmatively and asserted that infrastructure elements of the I-90 corridor design, including planned implementation of active traffic management, overhead gantries to be placed every half mile in certain segments, expanded camera coverage and



upgraded fiber optics and power distribution provide an adaptable foundation for incorporation of smart features such as CV technologies. Mr. Kovacs added that CV technologies, once fully developed, could also potentially be implemented in other Tollway capital program projects, for example, the Elgin O'Hare Western Access Project and the planned rebuilding and possible widening of the central Tri-State Tollway (I-294).

Committee Chair Peterson inquired regarding the costs to the Tollway of potential participation in the FHWA CV research program. Mr. Kovacs responded that development costs for the pilot project proposal would be borne by private sector partners. He further stated that if the Tollway's proposal is selected by the FHWA for development, the pilot project would be funded through federal awards ranging between \$2 million and \$20 million. Mr. Kovacs continued that the Tollway's contribution to the development and execution of the pilot project, based on his current understanding, would consist of staff time and expertise. Mr. Kovacs noted that should CV technologies come to fruition and the Tollway see merit in transitioning to permanent operation, the agency would bear the cost of maintenance and operation following the conclusion of the pilot project in approximately 2019.

Chair Wolff inquired whether a cost-benefit analysis has been made of potential Tollway participation in the FHWA initiative in comparison to self-administered testing of CV technologies. She additionally asked whether delaying deployment of CV systems until these technologies have been fully developed has been considered. Mr. Kovacs responded that while many specifics of the FHWA research program are not yet known, a pilot project would provide externally funded evaluation in system performance measures of CV technologies and concepts of operations, saving the Tollway significant expense were it pursuing this research independently. Executive Director Lafleur suggested that as a public agency, the potential contribution to public safety should be a consideration in the Tollway's decision whether to pursue participation in the FHWA initiative and/or to become an active participant in CV research.

The Committee and staff then discussed the benefits and disadvantages of participation in the FHWA CV initiative as well as short- and long-term costs, goals and expectations for CV research and for participation in the FHWA initiative. **Executive Director Lafleur noted that staff will provide more complete information at the February Board of Directors meeting to address Director's questions regarding the required investment of Tollway resources and long term obligations of participation in the FHWA initiative.**

Chair Wolff stated she wishes to clarify that she is not opposed to pursuing participation in the FHWA initiative but that a risk assessment identifying potential Tollway resource investment and obligation would be useful in making an informed decision.



The Committee deferred establishing consensus regarding support for a letter of commitment until after further consideration at the February Board of Directors meeting.

Items for Consideration

Committee Chair Peterson called on Mike Colsch, Chief of Finance, to present the following **Finance** Items:

Item 1: Authorization to issue up to \$375 million of revenue bonds to advance refund the Series 2008B Bonds.

Committee Chair Peterson requested confirmation that he and Chair Wolff are to be notified when the Finance department has determined market conditions are supportive of executing this transaction. Mr. Colsch confirmed.

Item 2: Approval of the assignment of financial firms to provide bond underwriting services.

Committee Chair Peterson inquired whether the rotation of underwriters has resulted in a relatively even distribution of fee income amongst the financial firms approved to provide bond underwriting services. Mr. Colsch responded affirmatively, clarifying that some differences exist as a result of variance in transaction amounts.

Committee Chair Peterson asked whether the existence of a difference in fee income is considered when assigning financial firms for transactions. Mr. Colsch responded affirmatively.

Director D'Arcy made a motion for approval of **Finance Items 1 and 2**; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda.

Committee Chair Peterson then called on John Donato, Chief of Procurement, to present the following **Procurement** Items:

Item 1: Award of Contract 15-0025 to Integrys Energy Services, Inc. for the purchase of Bulk Electricity, Systemwide in an amount not to exceed \$10,500,000.00 (Order Against CMS Master Contract).

Mr. Donato requested that consideration of this item be deferred until the February Board of Directors meeting.



Item 2: Amendment to Contract 11-0114 to System Development Integration, LLC for the purchase of Project Management and Technology Planning Services in an amount not to exceed \$1,993,000.00 (Tollway Request for Proposals).

Committee Chair Peterson requested confirmation that this amendment does not reduce work of the certified Business Enterprise Program (“BEP”) vendor on the original contract. Mr. Donato confirmed.

Item 3: Award of Contract 13-0168 to DVL Enterprises, Inc. (d.b.a. MPGTandem) and Silk Screen Express, Inc. for the purchase of Various Work Uniforms, Outerwear, Accessories, and Polo Shirts in an aggregate amount not to exceed \$800,192.00 (Tollway Invitation for Bids).

Committee Chair Peterson asked the life expectancy of the polo shirts provided Tollway personnel. Mr. Donato responded that it is his belief that uniformed personnel distributed these shirts are allowed up to five shirts per year, dependent upon wear and tear.

Item 4: Award of Contract 14-0121 to Arrow Road Construction Company; Peter Baker & Son Co., Inc.; Central Blacktop Co., Inc.; Curran Contracting Company, Inc.; and Gallagher Materials Corporation for the purchase of Bituminous Hot-Mix Asphalt in an aggregate amount not to exceed \$113,400.00 (Tollway Invitation for Bids).

Item 5: Award of Contract 12-0124R to Johnson Controls, Inc. for the purchase of Chiller Preventive Maintenance and Repair Services in an amount not to exceed \$94,065.00 (Tollway Invitation for Bids).

Committee Chair Peterson stated that consideration of **Procurement Item 1** will be deferred until the February Board of Directors meeting.

Director Gonzalez made a motion for approval of **Procurement Items 2 through 5**; seconded by Director D’Arcy. The motion was approved unanimously to move to the full Board consent agenda.

Committee Chair Peterson then called on Paul Kovacs, Chief Engineer, to present the following **Engineering** Items:



Item 1: Award of Contract RR-14-4213 to TBD for Building Demolition and Abatement at Maintenance Facility M-1 (Alsip) on the Tri-State Tollway (I-294) at Milepost 12.0 (Cicero Avenue), in the amount of \$TBD.

Mr. Kovacs requested that consideration of this item be deferred until a future meeting.

Item 2: Award of Contract RR-15-5707 to Lorig Construction Company for Bridge Repairs on the Tri-State Tollway (I-294) from Milepost 23.0 (I-55) to Milepost 52.8 (Lake Cook Road), in the amount of \$8,176,799.75.

Committee Chair Peterson asked if there are any concerns with the disparity between the Engineer's Estimate and award amount for this item. Mr. Kovacs responded in the negative, explaining that this contract encompasses eight separate locations and the Engineer's Estimate did not adequately account for the correspondent breakdown and setup of equipment. Further addressing this subject, Mr. Kovacs informed the Committee that an examination of construction contracts over the last five years has found that the Engineer's Estimates have averaged 9.3% above the low bid amounts during this period. He additionally noted that the average variance between the Engineer's Estimates and the award amounts on the four construction contracts presented for consideration at this meeting is 0.3%.

Committee Chair Peterson inquired if this contract entails repairs to eight separate bridges. Mr. Kovacs clarified that bridge repairs are to be performed at eight different locations.

Item 3: Award of Contract RR-14-4175R to William Charles Construction Company, LLC for Roadway Repairs on the Jane Addams Memorial Tollway (I-90) from Milepost 2.6 (Rockton Road) to Milepost 17.8 (Cherry Valley Interchange), in the amount of \$3,324,363.16.

Mr. Kovacs requested that consideration of this item be deferred until a future meeting.

Item 4: Award of Contract I-14-5697 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Bridge Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90) at Milepost 30.3 (Garden Prairie Road) and Milepost 33.3 (Anthony Road), in the amount of \$7,793,822.27.

Item 5: Award of Contract I-14-4220 to Plote Construction, Inc. for Interchange Improvements on the Jane Addams Memorial Tollway (I-90) from Milepost 61.7 to Milepost 62.6 (Barrington Road), in the amount of \$34,374,868.37.



Committee Chair Peterson requested confirmation this project has an associated Intergovernmental Agreement (“IGA”) with the Village of Hoffman Estates. Mr. Kovacs responded that as part of the Barrington Road Interchange Project, the Tollway has agreements with the Village of Hoffman Estates, the Illinois Department of Transportation (“IDOT”) and Pace that specify responsibility for cost participation. He summarized that the Project budget is approximately \$68 million, of which currently approximately \$28.5 million is anticipated for Tollway reimbursement pursuant to IGA terms. Mr. Kovacs noted that the actual amounts will be dependent upon final costs.

Item 6: Award of Contract I-14-4641 to TDW Services, Inc. for the Hot Tap of 90" High Pressure Watermain on the Jane Addams Memorial Tollway (I-90) from Milepost 73.5 (Elmhurst Road) to Milepost 74.4 (Des Plaines Oasis), in the amount of \$TBD.

Mr. Kovacs requested that consideration of this item be deferred until a future meeting.

Item 7: Award of Contract I-14-4648 to Benchmark Construction Co., Inc. for NSMJAWA Water Main Relocation on the Jane Addams Memorial Tollway (I-90) at the Elmhurst Interchange, in the amount of \$18,538,027.70.

Committee Chair Peterson requested confirmation that the Northwest Suburban Municipal Joint Action Water Agency (“NSMJAWA”) is to reimburse the Tollway for 100% of the costs associated with this work. Mr. Kovacs confirmed, adding that pursuant to terms of the IGA, for each Tollway contract that includes NSMJAWA cost participation, NSMJAWA is to issue a letter to the Tollway expressing concurrence with both the amount and bidder proposed for award. He informed the Committee that the required NSMJAWA letter of concurrence has been received for this contract.

Item 8: Award of Contract RR-13-5661 to Curran Contracting Company for Roadway and Bridge Rehabilitation on the Reagan Memorial Tollway (I-88) from Milepost 55.1 (US Route 52) to Milepost 67.3 (Midway Road), in the amount of \$58,438,916.89.

Mr. Kovacs requested that consideration of this item be deferred until a future meeting.

Item 9: Award of Contract RR-13-5662 to TBD for Roadway Resurfacing on the Reagan Memorial Tollway (I-88) from Milepost 67.3 (Midway Road) to Milepost 76.8 (IL Route 251), in the amount of \$TBD. Bid opening 2/17.

Mr. Kovacs requested that consideration of this item be deferred until a future meeting.



Item 10: Award of Contract RR-14-5701 to Lorig Construction Company for Emergency Bridge Repairs on the Tri-State Tollway (I-294) at Milepost 31.0 (I-88), in the amount of \$142,000.00.

Item 11: Acceptance of Proposal from Tecma Associates, Inc., on Contract I-14-4192 for Construction Management Services for Interchange Improvements on the Jane Addams Memorial Tollway (I-90) at Milepost 62.2 (Barrington Road), in an amount not to exceed \$2,997,085.68.

Mr. Kovacs noted that this vendor recommended for award would be serving for the first time as prime consultant on a Tollway contract.

Item 12: Acceptance of Proposal from B.L.A., dba Bollinger, Lach & Associates, on Contract I-14-4636 for Construction Management Services for Roadway Extension on Illinois 390 from Park Boulevard to Arlington Heights Road, in an amount not to exceed \$7,989,646.26.

Item 13: Acceptance of Proposal from Delta Engineering Group, LLC / CH2M Hill, Inc. (JV), on Contract I-14-4638 for Intelligent Transportation Systems (ITS) and Fiber Optic Design Upon Request Services on Illinois 390 from Milepost 11.2 (Meacham/Medinah Road) to Milepost 15.8 (IL 83) and Systemwide, in an amount not to exceed \$4,000,000.00.

Mr. Kovacs requested that consideration of this item be deferred until a future meeting.

Item 14: Acceptance of Proposal from d'Escoto, Inc., on Contract RR-14-4200 for Maintenance Facilities Construction Management Upon Request Services, Systemwide, in an amount not to exceed \$600,000.00.

Mr. Kovacs requested that consideration of this item be deferred until a future meeting.

Item 15: Acceptance of Proposal from ESI Consultants, Ltd., on Contract RR-14-4201 for Maintenance Facilities Construction Management Upon Request Services, Systemwide, in an amount not to exceed \$600,000.00.

Item 16: Extra Work Order on Contract I-13-4606 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Roadway and Bridge Construction on Elgin O'Hare Expressway at Milepost 12.5 (I-290), in the amount of \$447,833.86. [Recusal: Director D'Arcy]

Mr. Kovacs noted that this extra work order is for additional structural steel bearing modifications to address structural steel girder alignment issues. He further stated that the cause of the



misalignment is under agency review, results from which are to inform decisions regarding pursuit of Tollway reimbursement.

Committee Chair Peterson requested confirmation that the Committee is to be apprised of the results of this review. Mr. Kovacs confirmed.

Item 17: Extra Work Order on Contract I-14-4180 to Benchmark Construction Co., Inc. for Northwest Suburban Municipal Joint Action Water Agency (NSMJAWA) Transmission Line Relocation on the Jane Addams Memorial Tollway (I-90) from Milepost 62.1 (Barrington Road) to Milepost 73.5 (Elmhurst Road), in the amount of \$300,000.00.

Mr. Kovacs informed the Committee that pursuant to terms of an IGA in effect, the Tollway is to be fully reimbursed for this additional work being performed at the request of NSMJAWA.

Mr. Kovacs then prefaced his presentation of the following partial releases of retainage by identifying circumstances that may temporarily be affecting the appearance of their Disadvantaged Business Enterprise (“DBE”) performance, including 1) underrepresented DBE achievement percentages resulting from contract amounts listed for partial releases that may not yet reflect reductions for contract items undelivered or unneeded, and 2) potential additional DBE work yet to be performed or reflected. He emphasized that final DBE performance is conveyed to Directors in the monthly program reports. Mr. Kovacs added that the work for which partial releases of retainage are being recommended has been performed in accordance with Tollway contract requirements.

Item 18: Partial Release of Retainage on Contract I-12-4066 to Lorig Construction Company for Roadway Widening and Bridge Reconstruction, I-57 Ramp B on the Tri-State Tollway (I-294) at I-57 Interchange, from Milepost 7.5 to Milepost 7.8, by \$1,213,668.77 from \$1,576,124.77 to \$362,456.00.

Item 19: Partial Release of Retainage on Contract I-12-4067 to Lorig Construction Company for Ramp Construction on the Southbound Tri-State Tollway (I-294) at I-294/I-57 Interchange, from Milepost 7.7 to Milepost 8.8, Ramps X and M, by \$900,513.74 from \$1,238,228.34 to \$337,714.60.

Item 20: Partial Release of Retainage on Contract I-12-4087 to Lorig Construction Company for Ramp Construction on the Northbound Tri-State Tollway (I-294) at I-294/I-57 Interchange, from Milepost 7.7 to Milepost 9.1, Ramps B & N, by \$713,083.48 from \$1,114,143.60 to \$401,060.12.



Item 21: Partial Release of Retainage on Contract I-13-4115 to Plote Construction, Inc. for Widening and Reconstruction on the Westbound Jane Addams Memorial Tollway (I-90) from Milepost 49.7 (Union Pacific Railroad) to Milepost 53.6 (West of Elgin Toll Plaza), by \$443,110.01 from \$2,167,493.73 to \$1,724,383.72.

Item 22: Partial Release of Retainage on Contract I-13-4124 to Plote Construction, Inc. for Widening and Reconstruction on the Westbound Jane Addams Memorial Tollway (I-90) from Milepost 45.8 (West of IL Route 47) to Milepost 49.7 (West of the Union Pacific Railroad), by \$395,307.51 from \$1,300,514.12 to \$905,206.61.

Item 23: Partial Release of Retainage on Contract I-13-4136 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Widening and Reconstruction on the Westbound Jane Addams Memorial Tollway (I-90) from Milepost 41.5 (US 20) to Milepost 45.5 (IL 47), by \$351,260.15 from \$1,593,821.75 to \$1,242,561.60.

Item 24: Partial Release of Retainage on Contract I-13-4147 to Divane Brothers Electric Company for Advanced Intelligent Transportation Systems (ITS) Relocation on the Jane Addams Memorial Tollway (I-90) from Milepost 54.2 (Elgin Plaza) to Milepost 79.5 (Kennedy Expressway), by \$82,002.66 from \$122,792.66 to \$40,790.00.

Item 25: Final Release of Retainage on Contract I-13-4128 to Lorig Construction Company for Bridge Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90), at Milepost 25.3 (Genoa Road over I-90) and at Milepost 37.5 (Getty Road over I-90). [Recusal: Director D'Arcy]

Item 26: Final Release of Retainage on Contract RR-13-4142 to William Charles Construction Company, LLC for Bridge and Culvert Repairs on the Reagan Memorial Tollway (I-88) from Milepost 48.9 (Harmon Road) to Milepost 75.0 (West of IL Route 251) and the Jane Addams Memorial Tollway (I-90) from Milepost 3.1 (Rockton Road) to Milepost 10.1 (Rock Cut State Park).

Item 27: Final Release of Retainage on Contract I-13-4161 to Lorig Construction Company for Bridge Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90) at Milepost 21.8 (Town Hall Road) and at Milepost 23.8 (Pearl Street).

Item 28: Final Release of Retainage on Contract RR-14-8120 to Broadway Electric, Inc. for Data Room Infrastructure Upgrades at the Tollway Central Administration Building.



Committee Chair Peterson stated that **Engineering Items 1, 3, 6, 8, 9, 13 and 14** will be deferred until a future meeting.

Director D'Arcy made a motion for approval of **Engineering Items 2, 4, 5, 7 and 10**; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda.

Director Gonzalez made a motion for approval of **Engineering Items 11, 12 and 15**; seconded by Director D'Arcy. The motion was approved unanimously to move to the full Board consent agenda.

Director Gonzalez made a motion for approval of **Engineering Item 16**; seconded by Chair Wolff. The motion was approved by all voting Directors to move to the full Board consent agenda with Director D'Arcy recusing himself.

Director D'Arcy made a motion for approval of **Engineering Items 17 through 24**; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda.

Director Gonzalez made a motion for approval of **Engineering Item 25**; seconded by Chair Wolff. The motion was approved by all voting Directors to move to the full Board consent agenda with Director D'Arcy recusing himself.

Director D'Arcy made a motion for approval of **Engineering Items 26 through 28**; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda.

Committee Chair Peterson then called on David Goldberg, General Counsel, to present the following **Legal** Items:

Item 1: An Intergovernmental Agreement with the City of Des Plaines and the Des Plaines Park District. Cost to the Tollway: \$ 0.

Item 2: An Intergovernmental Agreement with the Village of Hoffman Estates. Cost to the Tollway: \$0.

Item 3: An Intergovernmental Maintenance Agreement with the Illinois Department of Transportation. Cost to the Tollway: \$0.



Item 4: An Intergovernmental Agreement with Elk Grove Village. Cost to the Tollway: Estimated at \$136,645.90.

Item 5: An Intergovernmental Agreement with the University of Illinois (Concrete). Cost to the Tollway: Not to exceed \$750,000.00. [Recusal: Director Redick]

Committee Chair Peterson asked what the research resulting from this IGA is expected to provide. Mr. Kovacs responded that a long life cycle and greater maintenance intervals make continuously reinforced concrete pavement (“CRCP”) a promising alternative to jointed plain concrete, however, CRCP has become costly. He continued that this research is anticipated to develop for Tollway use an innovative structural and material design for CRCP that will reduce costs, provide a favorable concrete surface and perform well in life cycle assessments.

Item 6: An Intergovernmental Agreement with the University of Illinois (Illinois Natural History Survey). Cost to the Tollway: Not to exceed \$7,979,903. [Recusal: Director Redick]

Item 7: An Intergovernmental Agreement with the University of Nebraska. Cost to the Tollway: Not to exceed \$262,603.

Chair Wolff requested clarification that the Tollway does not currently locate light poles adjacent to guardrails. Mr. Kovacs responded affirmatively, explaining that the research resulting from this IGA is to develop design guidelines for safe placement of light poles in proximity to guardrails, providing illumination to critical areas, without affecting their ability to contain and redirect vehicles.

Item 8: A General Utility Agreement – Zayo Group. Cost to the Tollway: \$ 0.

Director D’Arcy made a motion for approval of **Legal Items 1 through 8**; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda.

Adjournment

There being no further business, Committee Chair Peterson requested a motion to adjourn. Motion to adjourn was made by Director Gonzalez; seconded by Director D’Arcy. The motion was approved unanimously.

The meeting was adjourned at approximately 10:36 a.m.



ILLINOIS STATE TOLL HIGHWAY AUTHORITY

Minutes of the
Finance, Administration and Operations Committee Meeting

Meeting Date
February 18
2015



Minutes taken by: _____

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority



DEBT MANAGEMENT
February 2015 Update

February 18, 2015

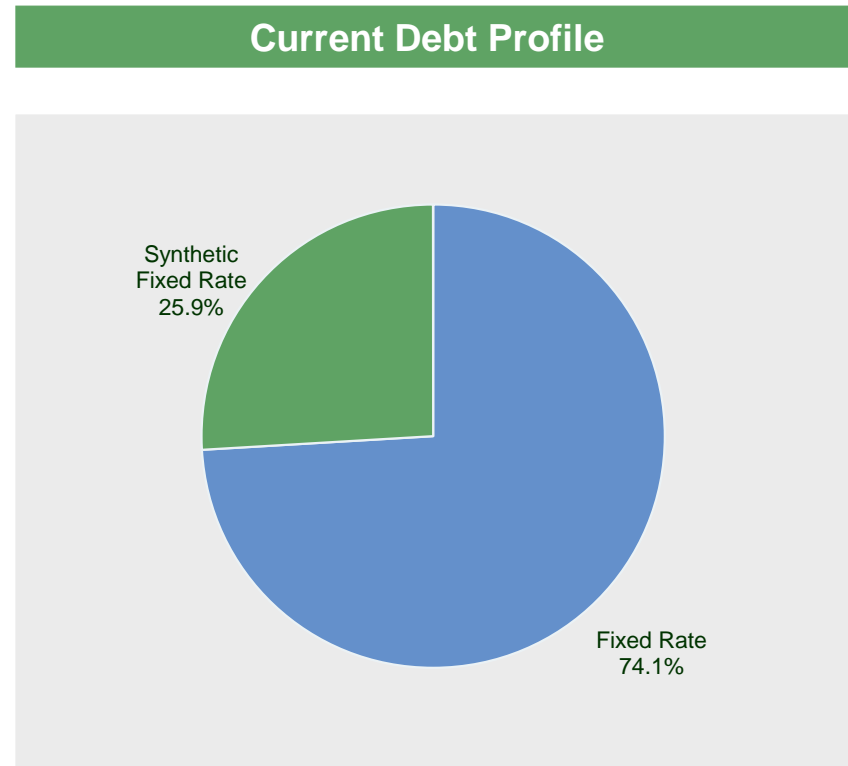
Debt Management – February 2015 Update

- **Successful funding of the *Move Illinois* Program continues with estimated \$800 million new money bond issuance in 2015**
- **Continue to achieve debt service savings from fixed rate bond refundings/redemption**
- **Continued reduction in the synthetic fixed rate percentage of the bond portfolio**



Current Debt Profile

- \$5.0 billion par amount of bonds outstanding
- Percent variable (synthetic fixed) rate bonds declined significantly in recent years, limiting interest rate risk
 - Debt management guidelines target reduction to max. 25%
 - 48.2% on 1/1/09
 - 33.3% on 1/1/13
 - 25.9% current (2/18/15)
 - 21.8% (estimated) 1/1/16
 - August 2011 Financial Advisor recommendation advised to consider fixing out synthetic fixed rate bonds if incremental cost were within 50 basis points (0.50%)



New Money Bond Issuance

- **\$1.46 billion bond proceeds raised to date to fund *Move Illinois* Program costs (Series 2013A, 2014B, 2014C)**
 - Average cost to call date 3.6%
 - Average all-in-cost to maturity 4.2%

- **Estimated new money issuance in 2015**
 - \$400 million in the second quarter
 - \$400 million in the fourth quarter
 - Outstanding authorization is \$600 million
 - Request for increase in authorization expected mid-year



Savings Opportunities - Refund/Redeem Traditional Fixed Rate Bonds

- Recent refunding bond issues (Series 2013B-1, 2014A, 2014D) have produced PV savings of \$90.3M (9% of Refunded Bonds)

- Savings opportunities in 2015
 - Optionally redeem \$36.8 million Series 2005A Bonds
 - 5.0% bonds maturing 1/1/16 and redeemable beginning 7/1/15
 - Savings from early redemption – approximately \$900 thousand

 - Advance refund \$350 million Series 2008B Bonds
 - 5.5% bonds maturing 1/1/33 and redeemable beginning 1/1/18
 - Savings dependent on market conditions; current estimate of PV savings is approximately \$35 million, or 10% of refunded bonds



Management of Synthetic Fixed Rate Bonds

■ Monitor for refunding opportunities

- ❑ To reduce variable rate risk and risks related to credit/liquidity providers, bond insurers and swap counterparties
- ❑ Estimated cost to refund into traditional fixed rate

SERIES	CURRENT COST	COST TO REFUND
1998B	4.8%	5.4%
2007A	4.5%	5.4%
2008A	4.3%	5.3%

Finance to consider refunding if cost to refund within 0.50% of current cost

■ Renew or replace credit/liquidity facilities expiring first quarter 2016

- ❑ \$287 million Series 2008A-1a & 2008A-2 (JPMorgan)
- ❑ \$191 million Series 2008A-1b (Bank of America)
- ❑ \$175 million Series 2007A-1b (Mizuho)

Terms of the other six credit/liquidity facilities expire in 2017



APPENDIX



Fixed Rate Portion of Debt Portfolio

Current Fixed-Rate Debt

Series	Type	Issued (\$000s)	Outstanding (\$000s)
1998A	Fixed	202,035	12,200
2005A	Fixed	770,000	36,810
2008B	Fixed	350,000	350,000
2009A	Fixed	500,000	500,000
2009B	Fixed	280,000	280,000
2010A-1	Fixed	279,300	279,300
2013A	Fixed	500,000	500,000
2013B-1	Fixed	217,390	217,390
2014A	Fixed	378,720	378,720
2014B	Fixed	500,000	500,000
2014C	Fixed	400,000	400,000
2014D	Fixed	264,555	264,555
Total			3,718,975



Synthetic Fixed Rate Portion of Debt Portfolio

Current Synthetic Fixed Rate Debt

Series	Type	Liquidity / Credit Facility Provider (Expiration Date of Facility)	Insurer	Swap Counter Party(ies)	Bonds/Swaps Outst. (\$000s)	Estimated 12/31/14 Swap Valua- tion (\$000s)
1998B	Variable	Landesbank Hessen Thuringen Girozentrale, aka Helaba (1/1/2017)	AGMC	Goldman Sachs Mitsui JP Morgan Chase Bank	123,100	(7,390)
2007A-1	Variable	Citibank (1/31/2017) Mizuho Bank (3/18/2016)	None	Goldman Sachs Bank Citibank	350,000	(77,344)
2007A-2	Variable	Bank of Tokyo-Mitsubishi (3/17/2017) Harris N.A. (3/18/2017) Northern Trust Company (3/17/2017) Royal Bank of Canada (3/17/2017)	None	Bank of America Wells Fargo Bank	350,000	(78,155)
2008A-1	Variable	JPMorgan Chase Bank (2/5/2016) Bank of America (2/5/2016)	AGMC	The Bank of New York Deutsche Bank AG	383,100	(75,519)
2008A-2	Variable	JPMorgan Chase Bank (2/5/2016)	AGMC	Bank of America	95,800	(18,774)
Total					1,302,000	(257,182)





THANK YOU



Connected Vehicles in a Smart Corridor

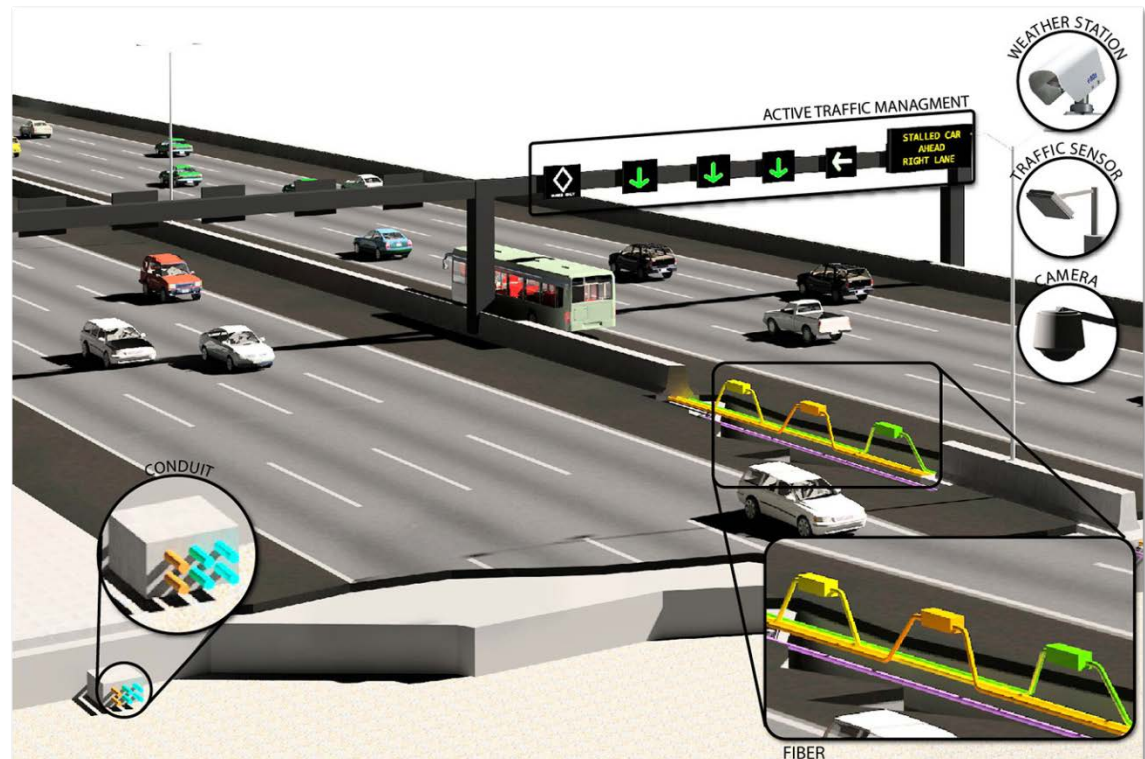
February 18, 2015

Today's Agenda

- ▶ **Building a 21st century corridor**
- ▶ **Connected vehicles**
- ▶ **Federal pilot project opportunity**
- ▶ **Next steps**

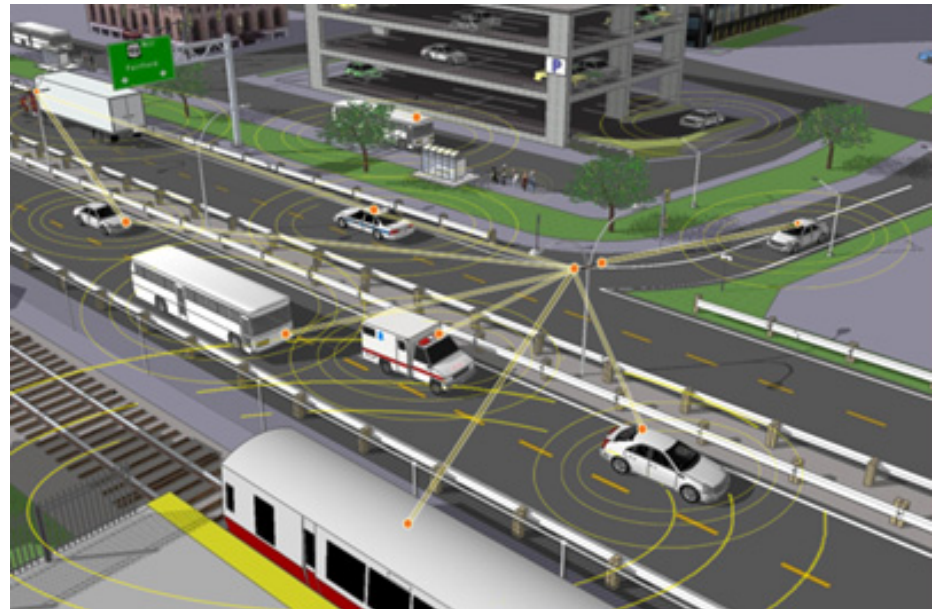
Building a 21st Century Corridor

- ▶ Jane Addams Memorial Tollway (I-90) Rebuilding and Widening Project
- ▶ Flexible infrastructure to incorporate smart features, such as
 - ▶ Active traffic management
 - ▶ Connected vehicles



What is a Connected Vehicle (CV)?

- ▶ Has an independent onboard wireless capability to establish a two-way data linkage
- ▶ Transfers information by vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I)
- ▶ Potential to communicate important safety and mobility information that can help save lives, prevent injuries, ease traffic congestion and improve the environment



Potential Applications of CV

- ▶ **Curve speed warning**
 - ▶ Warns drivers to slow down due to curves
- ▶ **Spot weather impact warning**
 - ▶ Warns drivers of roadway impacts from weather conditions (ice, snow, etc.)
- ▶ **Reduced speed/work zone warning incident scene**
 - ▶ Provides pre-arrival staging guidance for emergency responders in advance of incident scenes
- ▶ **Incident scene work zone alerts for drivers and workers**
 - ▶ Warns drivers of incidents and construction work zones
- ▶ **Queue warning**
 - ▶ Warns drivers of congestion and stop-and-go traffic conditions
- ▶ **Enable advanced traveler information system (ATIS)**
 - ▶ ATIS collects and analyzes roadway information to assist travelers before and during trips



Federal Pilot Project Opportunity

Federal Highway Administration issued a Request for Proposals for Connected Vehicle (CV) Pilot Deployment

- ▶ Encouraged testing and development of CV technology
- ▶ Focus is on CV technology that will allow vehicles to collect, distribute and receive information in real-time
- ▶ Multiple awards available
- ▶ Typically between \$2 million and \$20 million
- ▶ Encouraging multiple stakeholder partnerships lead by private sector

Connected Vehicles
CV Pilots Deployment Project



Tollway is a Strong Candidate

- ▶ **Proven commitment to “smarter” operations**
 - ▶ Significant investments on I-90 and Illinois Route 390
 - ▶ Tollway one of only five federally-affiliated test beds for CV technology that operate roads
- ▶ **Proven success delivering major capital programs**
 - ▶ Delivered Congestion-Relief Program
 - ▶ First three years of *Move Illinois*
- ▶ **Proven partnerships with universities, transportation agencies and the private sector**

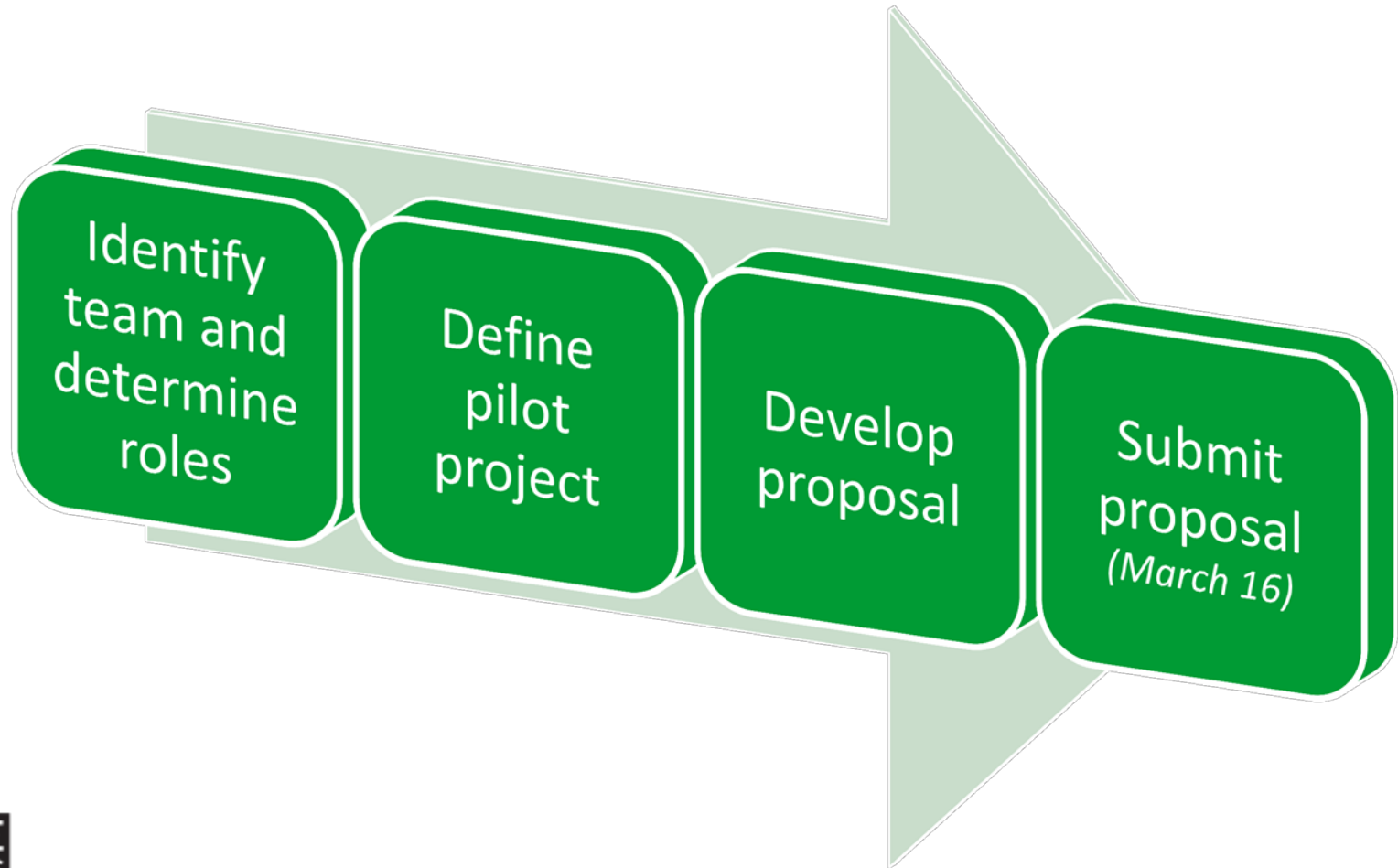
Potential benefits:

- *Cost savings*
- *Frees up resources*
- *Limited risk*
- *National leadership role*

Potential Partners for Pilot Program

- ▶ **Regional and local transportation and transit agencies**
- ▶ **First responders**
- ▶ **Academic institutions and universities**
- ▶ **Consultants with expertise in requisite fields and established relationships with the Tollway and CDM Smith**
- ▶ **Outreach and education experts**
- ▶ **Partnership will include DBE firms**

Next Steps: Submit Proposal



Anticipated Pilot Program Schedule

- ▶ **Planning Phase**

- ▶ 2015-2016

- ▶ **Development and Testing Phase**

- ▶ 2017-2018

- ▶ **Operational Period**

- ▶ 2018-2019

- ▶ **Transition to Permanent Operation**

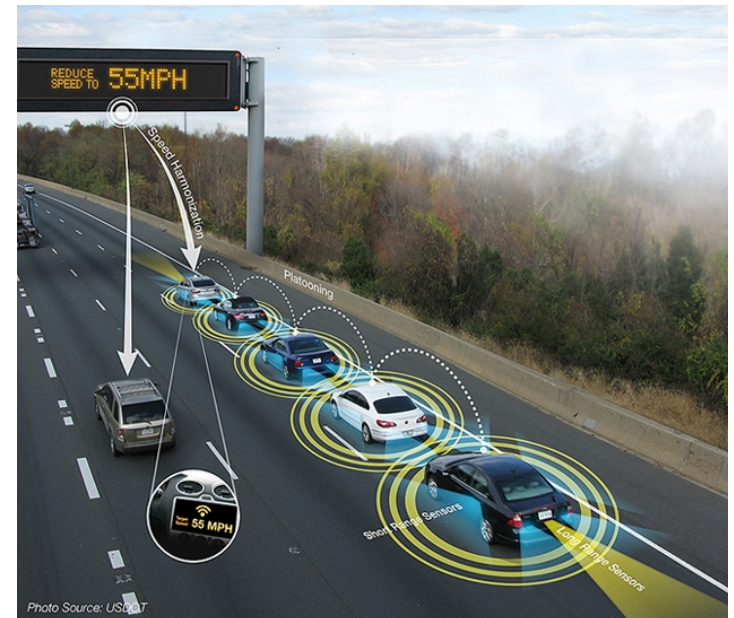
- ▶ After 2019



Promise of Connected Vehicle Technology

“In the past, the U.S. Department of Transportation has focused on helping people survive crashes. Connected vehicle technology will change that paradigm by giving people the tools to *avoid* crashes.”

U.S. Department of Transportation





THANK YOU
