



2016 Budget Analysis

*(Unaudited)*

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Quarterly Financial Review

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January 1 - March 31, 2016

*Quarterly Financial Review March 31, 2016*

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## **INTRODUCTION**

In December 2015, the Illinois Tollway Board of Directors adopted the annual budget for 2016. To monitor performance against this budget, each quarter the Finance Department reviews and compares actual revenue and expenditures of the Tollway to the budget and presents the resulting analysis in this quarterly report to the Finance, Administration and Operations Committee and the Tollway Board.

The annual budget is prepared in conformance with provisions of the Tollway's Trust Indenture. This quarterly financial report is unaudited and is prepared on a basis of accounting that comports with the Trust Indenture, which is a basis of accounting other than generally accepted accounting principles. Revenue and expenditures are reported on an accrual basis net of certain allowances for bad debt. Capital expenditures are expensed in the period incurred, and no accommodation is made for depreciation of capital assets. Reimbursements for capital expenditures are treated as reduction in expenses.

Tollway revenue sources include toll revenue and evasion recovery, concessions, investment income and miscellaneous income.

- Toll revenue is collected from Tollway users either by cash or electronic toll collection for users of I-PASS and E-ZPass toll accounts, as well as other interoperable toll organizations.
- Evasion recovery revenue includes fines, fees and tolls collected from toll violators.
- Concessions revenue is generated from the Tollway's oases, where third-party vendors provide fuel, food and other conveniences to users of the Tollway.
- Investment income is primarily interest earned on Tollway funds and I-PASS escrow accounts.
- Miscellaneous revenue includes revenue from overweight truck fines, rental and easement income, tower co-location fees, rental income from fiber optic lines and other miscellaneous receipts.

This report provides an analysis of actual revenue and expenditures through the first quarter of fiscal year 2016. The purpose of this analysis is to assess the actual financial performance of the Tollway relative to the 2016 Budget. The report indicates variances from budgeted amounts. A favorable variance contributes to a higher fund balance, while an unfavorable variance reduces the fund balance.

***All figures contained in this report are preliminary and unaudited and should be used for informational purposes only.***

**BUDGET SUMMARY**

**Introduction**

The Illinois Tollway Board of Directors on August 25, 2011, adopted the 15-year, \$12 billion capital program, *Move Illinois: The Illinois Tollway Driving the Future*, funded by bonds and toll revenue generated through a toll rate increase for passenger vehicles in 2012 and previously approved increases for commercial vehicles beginning in 2015. The 2016 Budget, approved by the Board of Directors in December 2015, includes the maintenance and operations budget, debt service transfers and capital budget in support of the fifth year of the *Move Illinois* Program.

**Budgeted Revenue 2016**

The 2016 budget estimates annual revenue totaling \$1,300 million, including \$1,290 million from toll revenue and evasion recovery, \$2.0 million from investment income and \$8.0 million from concessions revenue and miscellaneous income.

The Tollway’s 2016 Budget allocates \$322 million for maintenance and operations expenses, \$399 million for debt service transfers and \$579 million for the *Move Illinois* and Congestion-Relief programs and other non-roadway capital investments (deposits to the renewal/replacement and improvement accounts).

**2016 Revenue Sources and Allocations**

**SOURCES OF REVENUE**

	2016 Budget
Toll Revenue and Evasion Recovery	\$1,290
Investment Income	2
Concessions Revenue and Miscellaneous Income	8
<b>Total Revenue</b>	<b>\$1,300</b>

**ALLOCATIONS OF REVENUE**

	2016 Budget
Maintenance and Operations	\$322
<i>Funds available from prior year</i>	<i>0</i>
Debt Service Transfers	399
Deposits to Renewal/Replacement and Improvement	579
<b>Total Allocations</b>	<b>\$1,300</b>

## FIRST QUARTER RESULTS SUMMARY

### Revenue

Revenue for the 2016 first quarter totaled \$298.6 million, which comprised 23 percent of the \$1,300 million annual budget. Toll and evasion recovery revenue totaled \$295.8 million, miscellaneous income totaled \$1.1 million, concessions revenue totaled \$509 thousand and investment income totaled \$1.3 million.

### Expenditures

The Tollway's 2016 first quarter operating expenditures totaled \$77.7 million, which comprised 24.1 percent of the \$321.8 million annual maintenance and operations budget.

The Tollway's 2016 first quarter debt service transfers totaled \$91.5 million, or \$3.4 million less than the budgeted amount. The first quarter debt service transfers comprise 22.9 percent of the \$399 million annual debt service transfers budget.

Capital program expenditures through March 31, 2016, totaled \$206.3 million, which comprised 14.7 percent of the \$1,404 million annual capital program budget. These capital expenditures included \$208.5 million for the *Move Illinois* Program and the Congestion-Relief Program expenses and \$11.7 million for other capital project expenses. Intergovernmental (IGA) and fiber optic agreement reimbursements for work performed in prior periods and other adjustments reduced first quarter capital expenditures by \$13.9 million.

## REVENUE SUMMARY

**Budget vs. Unaudited Actual**  
**First Quarter 2016**  
 (\$ thousands)

	1st Qtr		Variance	
	Budget	Actual	\$	%
Toll Revenue and Evasion Recovery	\$295,697	\$295,792	\$95	0.0%
Concessions	500	509	9	1.8%
Investment Income	500	1,253	753	150.6%
Miscellaneous	1,301	1,084	(217)	-16.7%
<b>Total Revenue</b>	<b>\$297,998</b>	<b>\$298,638</b>	<b>\$640</b>	<b>0.2%</b>

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

**Percnt of Annual Budget Realized (Unaudited)**  
**Year-to-Date March 31, 2016**  
 (\$ thousands)

	2016	YTD	% Budget
	Budget	Actual	Realized
Toll Revenue and Evasion Recovery	\$1,290,000	\$295,792	22.9%
Concessions	2,200	509	23.1%
Investment Income	2,000	1,253	62.6%
Miscellaneous	5,800	1,084	18.7%
<b>Total Revenue</b>	<b>\$1,300,000</b>	<b>\$298,638</b>	<b>23.0%</b>

### First Quarter Analysis

Revenue for the 2016 first quarter totaled \$298.6 million, \$0.6 million more than budgeted for the period. The first quarter revenue comprised 23 percent of the \$1,300 million annual revenue budget.

Toll and evasion recovery revenue totaled \$295.8 million, \$95 thousand more than budget.

Toll transactions for all vehicle classes grew 6.4 percent compared to the same period in 2015, and exceeded the first quarter projection by 0.9 percent. Passenger car transactions grew 6.7 percent from first quarter 2015 and exceeded the quarterly projection by 1.3 percent. First quarter commercial vehicle transactions grew 3.9 percent from first quarter 2015 and were 1.9 percent less than projected.

Investment income totaled \$1.3 million, or \$753 thousand more than budget. Concessions revenue tracked to budget and totaled \$509 thousand. Miscellaneous income totaled \$1.1 million, or \$ 217 thousand less than budget.

## MAINTENANCE AND OPERATIONS SUMMARY

### Budget vs. Unaudited Actual First Quarter 2016

(\$ thousands)

	1st Qtr		Variance	
	Budget	Actual	\$	%
Payroll and Related Costs	\$41,892	\$41,816	\$76	0.2%
Group Insurance	8,825	8,362	463	5.3%
Contractual Services	15,653	15,400	254	1.6%
Materials/Operational Supplies/Other Expenses	1,485	1,663	(177)	-11.9%
Utilities	2,004	1,821	183	9.1%
All Other Insurance	2,927	2,751	176	6.0%
Parts and Fuel	1,141	952	189	16.5%
Equipment/Office Rental and Maintenance	4,001	5,330	(1,329)	-33.2%
Other Miscellaneous Expenses	270	239	31	11.5%
Recovery of Expenses	(476)	(607)	131	27.5%
<b>Total Maintenance and Operations Expenditures</b>	<b>\$77,721</b>	<b>\$77,725</b>	<b>(\$4)</b>	<b>0.0%</b>

### Year-to-Date March 31, 2016

(\$ thousands)

	YTD		% Budget
	Budget	Actual	Realized
Payroll and Related Costs	\$166,686	\$41,816	25.1%
Group Insurance	36,442	8,362	22.9%
Contractual Services	67,032	15,400	23.0%
Materials/Operational Supplies/Other Expenses	7,778	1,663	21.4%
Utilities	8,091	1,821	22.5%
All Other Insurance	12,065	2,751	22.8%
Parts and Fuel	7,304	952	13.0%
Equipment/Office Rental and Maintenance	17,763	5,330	30.0%
Other Miscellaneous Expenses	970	239	24.6%
Recovery of Expenses	(2,325)	(607)	26.1%
<b>Total Maintenance and Operations Expenditures</b>	<b>\$321,807</b>	<b>\$77,725</b>	<b>24.2%</b>

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

## **Analysis**

The Tollway's 2016 first quarter operating expenditures totaled \$77.7 million, representing an unfavorable variance of \$4 thousand. The first quarter expenditures comprised 24.2 percent of the \$321.8 million annual maintenance and operations budget.

The variances to budget during the first quarter of 2016 are explained below:

**Payroll and related costs** for the first quarter totaled \$41.8 million, \$76 thousand under budget. This favorable variance is mainly attributable to unfilled vacancies, both in the salaries and wages, offset by additional costs related to unused vacation and sick days accrued for the quarter.

**Group insurance expenses** totaled \$8.4 million, \$461 thousand less than budget due to less claims than anticipated in the first quarter.

**Contractual services** for the first quarter totaled \$15.4 million, \$254 thousand under budget. The favorable variance is mainly attributable to the timing of consulting service and contracted maintenance in IT and Engineering departments.

**Materials/operational supplies/other expenses** totaled \$1.7 million during the first quarter, \$177 thousand over budget. This variance is mainly due to timing of payments for operational materials and supplies.

**Utilities**, which include electricity, natural gas, water and telephone expenses, totaled \$1.8 million, \$183 thousand under budget for the first quarter. This favorable variance was in natural gas/electricity category where usage was lower than anticipated due to a mild winter.

**All other insurance** expenses totaled \$2.8 million, \$176 thousand under the first quarter budget. This category includes expenses for property and liability insurance, as well as amounts allocated to the workers' compensation claim fund. The favorable variance is mainly attributable to less property and liability claims.

**Parts and fuel** expenses totaled \$1.0 million, \$189 thousand under the first quarter budget. This favorable variance is partially due to lower fuel prices. In addition, during the quarter, fewer snow events occurred resulting in decreased consumption of fuel by snow plow trucks and of gasoline used by other Tollway vehicles, as well as lower rate of usage for related replacements parts.

**Equipment/office rental and maintenance** expenditures totaled \$5.3 million during the first quarter, \$1.3 million over budget. This variance is mainly due to timing of spending for ETCC and Unisys Oracle annual support expected to be spent in fourth quarter of 2015, which was spent in first quarter of 2016.

**Other Miscellaneous Expenses** totaled \$239 thousand, \$31 thousand under the first quarter budget. This cost category includes travel, training, dues, books, subscriptions, uniforms and accessories.

**Recovery of expenses** totaled \$607 thousand, a \$131 thousand favorable variance in comparison to budget. This category includes reimbursement for services (ambulances and/or fire trucks) or damage to Tollway property caused by others.



**Budget Transfers**

Budget to actual comparisons in this analysis are based on the 2016 maintenance and operations budget adopted by the Tollway Board. During the budget year, management approves transfers from accounts that incur surpluses to those requiring additional funds. These transfers approved by management, do not change the total dollar amount of the maintenance and operations budget approved by the Board in December 2015.

## DEBT SERVICE SUMMARY

For annual budgeting and quarterly reporting purposes, debt service consists of the sum of monthly transfers from the Revenue Account to the Trustee-held Debt Service Account, in accordance with the Indenture, to provide for payment of:

- (i) interest due on outstanding bonds;
- (ii) the retirement of bond principal at maturity or sinking fund redemption;
- (iii) net payments on interest rate exchange (“swap”) agreements; and
- (iv) costs of bond credit/liquidity agreements, bond remarketing agreements and bond ratings.

### Budget vs. Actual (Unaudited)

(\$ thousands)

	Budget	Actual	Variance	
			\$	%
Debt Service Transfers – First Quarter	\$94,909	\$91,484	\$3,425	3.6%

### Percent of Budget Realized (Unaudited)

(\$ thousands)

	Annual Budget	YTD Actual	Realized
Debt Service Transfers	\$398,957	\$91,484	22.9%

### Analysis

For 2016, the Illinois Tollway budgeted \$399.0 million for transfers from the Revenue Account to the Debt Service Account to provide for these payments. That budgeted amount assumes an additional source of funds of \$15.1 million from federal subsidies associated with the Tollway’s Series 2009A and Series 2009B Build America Bonds.

The primary contributor to the \$3.4 million favorable variance was the debt service savings achieved by the Tollway’s issuance on January 14, 2016, of \$333.06 million Series 2016A Bonds to advance refund \$350 million Series 2008B Bonds. Additional contributing factors were an unrealized provision for additional debt service resulting from refunding synthetic fixed rate bonds and/or incurring variable bond interest in excess of variable swap receipts and favorable variances related to the timing of monthly transfers for debt service for the Series 2007A and 2008A synthetic fixed rate bonds.

## DERIVATIVES

The Illinois Tollway employed the use of interest rate exchange (swap) agreements and forward-starting interest rate exchange agreements (forward agreements) to hedge against increases in interest rates by providing synthetic fixed rates associated with the Tollway's variable rate bonds. The following chart presents the Tollway's swap portfolio as of quarter-end March 31, 2016. The four swap agreements related to the Series 2007A Bonds were originally entered into as forward agreements in September 2005 and became effective upon the closing of the Series 2007A Bonds on November 1, 2007. The three swap agreements related to the Series 2008A Bonds were originally entered into in December 2007 and became effective upon the closing of the Series 2008A Bonds on February 7, 2008.

The Illinois State Toll Highway Authority						
Swap Portfolio as of March 31, 2016						
(Note: Valuations are net of accrued interest.)						
(\$ thousands)						
Series	Provider	Notional Amount	Fixed Rate Paid	Variable Rate Rec'd	Maturity	Valuation
1998 SERIES B	Goldman Sachs Mitsui Marine	67,705	4.3250%	Actual	1/1/2017	(\$1,085)
1998 SERIES B	JP Morgan Chase Bank*	55,395	4.3250%	Actual	1/1/2017	(\$888)
<b>1998 SERIES B TOTAL</b>		<b>\$123,100</b>				<b>(\$1,973)</b>
2007 SERIES A-1	Citibank N.A., New York	175,000	3.9720%	SIFMA	7/1/2030	(\$48,561)
2007 SERIES A-1	Goldman Sachs Bank USA	175,000	3.9720%	SIFMA	7/1/2030	(\$48,561)
<b>2007 SERIES A-1 TOTAL</b>		<b>\$350,000</b>				<b>(\$97,122)</b>
2007 SERIES A-2	Bank of America, N.A.	262,500	3.9925%	SIFMA	7/1/2030	(\$73,420)
2007 SERIES A-2	Wells Fargo Bank**	87,500	3.9925%	SIFMA	7/1/2030	(\$24,473)
<b>2007 SERIES A-2 TOTAL</b>		<b>\$350,000</b>				<b>(\$97,893)</b>
2008 SERIES A-1	The Bank of New York	191,550	3.7740%	SIFMA	1/1/2031	(\$48,114)
2008 SERIES A-1	Deutsche Bank AG, NY Branch	191,550	3.7740%	SIFMA	1/1/2031	(\$48,114)
<b>2008 SERIES A-1 TOTAL</b>		<b>\$383,100</b>				<b>(\$96,228)</b>
2008 SERIES A-2	Bank of America, N.A.***	95,775	3.7640%	SIFMA	1/1/2031	(\$23,957)
<b>2008 SERIES A-2 TOTAL</b>		<b>\$95,775</b>				<b>(\$23,957)</b>
<b>TOTAL</b>		<b>\$1,301,975</b>				<b>(\$317,173)</b>

NOTE: 1998B swaps are valued assuming the receipt of SIFMA+8bp, as an approximation of the valuation of these actual-bond-rate swaps.

\* Originally Bear Stearns Financial Products; novated to JP Morgan Chase Bank in May 2009.

\*\* Originally Wachovia Bank, N.A.; acquired by Wells Fargo in December 2008; name changed in March 2010.

\*\*\* Originally Merrill Lynch Capital Services, Inc.; Bank of America acquired Merrill Lynch in December 2008; swap novated to Bank of America, N.A. in October 2011.

Mark-to-market valuations of the Tollway's swap agreements typically decline in value (from the Tollway's perspective) when interest rates decline and increase in value when interest rates increase. To the extent any negative valuation of the Tollway's derivatives were to become realized by a swap agreement termination, it is possible (although not certain) that such a realized loss might be mitigated by a lower cost of capital expected to be available in that lower interest rate market.

## CAPITAL PROGRAM SUMMARY

### Capital Budget 2016

The majority of the expenditures for the capital program are for major capital renewal or repair projects and for improvements made to the system. Variances from year to year are due to the schedule of work and the differing values for projects included in the overall capital program.

The capital budget is comprised of two major programs. The newest program, *Move Illinois: The Illinois Tollway Driving the Future*, was approved by the Board of Directors on August 25, 2011. The *Move Illinois* Program is a 15-year program which extends from 2012 through 2026 and includes anticipated capital investments totaling an estimated \$12 billion. The fiscal year 2016 Capital Budget allocates \$1.2 billion to fund the fifth year of the *Move Illinois* Program.

The second program is the Congestion-Relief Program (CRP). The 12-year Congestion-Relief Program, which began in 2005 and will be substantially completed by 2016, is currently estimated at \$5.7 billion. The fiscal year 2016 Capital Budget allocates \$158.6 million to fund the twelfth year of the CRP. Additionally, the fiscal year 2016 Capital Budget allocates approximately \$60 million to fund "other" capital projects to support ongoing operations of the Tollway.

In April, Tollway reassessed the current status of the capital program that included review of project schedules and cost. As a result, the capital program projections for 2016 were revised downward by \$60 million, from \$1,404 million to \$1,344 million. The first quarter results presented in this report compare performance to the original budget.

**CAPITAL PROGRAM**  
**2015 Estimate and Expenditures; 2016 Approved Budget**  
(\$ millions)

	2015 October Estimate	2015 Expenditure	2016 Budget
Tri-State Tollway (I-94/I-294/I-80)	\$21.3	\$11.4	\$68.0
Reagan Memorial Tollway (I-88)	88.9	98.4	105.3
Jane Addams Memorial Tollway (I-90)	817.4	824.4	577.4
Veterans Memorial Tollway (I-355)	3.0	0.7	7.7
Open Road Tolling (ORT)	3.4	2.3	5.2
Systemwide Improvements	157.8	156.7	189.7
I-294/I-57 Interchange	15.3	10.3	1.5
Elgin O'Hare Western Access	331.5	367.7	383.6
Illinois Route 53/120/Other Planning Studies	1.4	1.3	5.8
<b>Move Illinois and CRP Subtotal</b>	<b>\$1,439.8</b>	<b>\$1,473.4</b>	<b>\$1,344.2</b>
Other Capital Projects	58.9	50.1	59.7
<b>Capital Program Subtotal</b>	<b>\$1,498.6</b>	<b>\$1,523.5</b>	<b>\$1,403.8</b>
Agreement Reimbursements	-	(10.9)	-
Other Miscellaneous Adjustments	-	0.9	-
<b>Total Capital Program</b>	<b>\$1,498.6</b>	<b>\$1,513.5</b>	<b>\$1,403.8</b>

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

## Allocation of Capital Budget 2016

### CORRIDOR

### 2016 Budget

#### **Tri-State Tollway (I-94/I-294/I-80)**

**\$68.0 million**

The *Move Illinois* Program capital budget for the Tri-State Tollway corridor is \$65.2 million for master plan development for the reconstruction from 95th Street to Balmoral Avenue, as well as design services for reconstruction of the Mile-Long Bridge over the Des Plaines River and the BNSF Railroad Bridge over I-294.

The CRP budget for the Tri-State Tollway corridor is \$2.8 million to complete the right-of-way acquisitions for the first phase of the new I-294/I-57 Interchange that is being constructed under *Move Illinois*.

#### **Reagan Memorial Tollway (I-88)**

**\$105.3 million**

The 2016 *Move Illinois* budget of \$3.9 million for this corridor is on design work for roadway reconstruction east of York Road, both on the connector road to the Tri-State Tollway (I-294) and the east segment ending at I-290.

The CRP budget allocates \$101.3 million to complete resurfacing and structural repairs between Illinois Route 251 and U.S. Route 30.

#### **Jane Addams Memorial Tollway (I-90)**

**\$577.4 million**

The *Move Illinois* Program budget allocates \$549.8 million for work on the corridor in 2016. On the east section from the Elgin Toll Plaza to the Tri-State Tollway (I-294), reconstruction and widening of the outside lanes will be completed along with reconstruction of the inside lanes. In addition, construction funds will be provided to continue several multi-year projects including reconstruction of the Fox River Bridge and interchange improvements at Illinois Route 31, Illinois Route 25, and Roselle, Meacham and Barrington Roads. The installation of ITS elements will continue. Right-of-way acquisition, utility and fiber optic relocations will also be completed.

The CRP budget of \$27.6 million for this corridor is required for bridge reconstruction and improvements at Higgins Road (Illinois Route 72) and Barrington Road and the reconstruction of several crossroad bridges including Tripp, Spring Center, Garden Prairie and Anthony roads.

#### **Veterans Memorial Tollway (I-355)**

**\$7.7 million**

The *Move Illinois* Program capital budget for this corridor is \$4.7 million to begin design for resurfacing from I-55 to Army Trail Road, which is scheduled for construction in 2018.

The CRP budget for this corridor is \$3 million for resurfacing and widening the southbound lanes from 71<sup>st</sup> Street to 75<sup>th</sup> Street.

#### **Open Road Tolling**

**\$5.2 million**

The 2016 Capital Budget allocates \$5.2 million for upgrades and enhancement for the Tollway's electronic toll collection equipment - Traffic Revenue Management and Maintenance Project (TRMMP).

**Systemwide**

**\$189.7 million**

The *Move Illinois* Program capital budget allocates \$171 million on systemwide improvements including bridge, pavement and safety improvements; toll collection and IT related projects; and maintenance facility upgrades such as salt dome repairs and replacements, pavement improvements and repairs to liquid chloride storage tanks at various maintenance sites. Interchange improvements are planned on the Reagan Memorial Tollway (I-88) at Farnsworth Avenue. Additionally, funds will be spent on program support activities, including support staff, project management, materials, utility relocations, engineering and land acquisition support services.

The CRP budget allocates \$18.6 million for systemwide improvements including pavement improvements to ensure the integrity of the system, bridge improvements and environmental projects, landscaping, program management and other related projects.

**Tri-State Tollway (I-294/I-57) Interchange**

**\$1.5 million**

The 2016 budget for this corridor is to complete closeout activities for the first phase of construction of the new interchange at the Tri-State Tollway (I-294) and I-57, which was completed in 2014.

**Elgin O'Hare Western Access Project**

**\$383.6 million**

The *Move Illinois* Program 2016 budget for this corridor is \$383.6 million. In 2016, the Tollway is constructing the Illinois Route 390 Tollway east to Illinois Route 83, including construction of bridges and frontage roads to accommodate local traffic. Ongoing construction work includes toll plaza and ITS work from U.S. Route 20 to I-290, reconstruction of the I-290 Interchange and construction of Illinois Route 390 east to Illinois Route 83, including Wood Dale Road Interchange, Illinois Route 83 Interchange, as well as other bridges and frontage roads. Ongoing construction also includes Northwest Suburban Metropolitan Joint Action Water Association (NSMJAWA) water main relocation at Elmhurst Road Interchange and the Elmhurst Road Interchange on the Jane Addams Memorial Tollway as part of the Elgin O'Hare Western Access Project. New construction work commencing in 2016 includes Elmhurst Road/Oakton Street intersection, Illinois Route 390 Interchange advanced earthwork and south frontage roads, Franklin Park drainage improvement, and O'Hare site preparation work. Engineering work includes final design services for ITS and fiber optics east to Illinois Route 83, Illinois Route 19 widening, Illinois Route 390 Interchange, as well as select advance design elements. Right-of-way acquisitions and utility relocations will also continue throughout the year in support of the south leg and north leg segments of the Elgin O'Hare Western Access Project.

**Illinois Route 53/120 Project/Other Planning Studies**

**\$5.8 million**

The 2016 budget for this corridor will fund planning studies, environmental surveys, and the start of phase one design services on the extension of Illinois Route 53/120 from Lake Cook Road north into Lake County.

**Other Capital Projects**

**\$60 million**

In addition to the *Move Illinois* Program and CRP, other projects are needed to support ongoing operations of the Tollway and to ensure that the existing roadway network is maintained and safe for travel. While the *Move Illinois* Program and CRP are the major components of the Tollway's capital program, other elements include new technologies to manage congestion, reduce travel times and provide enhanced customer service, improvements to maintenance buildings and other structures to maintain Tollway assets and additional equipment for the Illinois State Police District 15 and maintenance staff to improve efficiency and enhance public safety. The Tollway anticipates spending \$60 million in 2016 for other capital projects

## Capital Program Expenditures

### Projection vs. Unaudited Actual

First Quarter 2016

(\$ thousands)

	1st Qtr		Variance	
	Projection	Actual <sup>(1)</sup>	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$18,321	\$11,239	\$7,082	38.7%
Reagan Memorial Tollway (I-88)	36,340	4,143	32,196	88.6%
Jane Addams Memorial Tollway (I-90)	205,644	110,487	95,157	46.3%
Veterans Memorial Tollway (I-355)	10	66	(56)	-549.5%
Open Road Tolling (ORT)	1,259	337	922	73.2%
Systemwide Improvements	54,284	19,717	34,567	63.7%
Tri-State Tollway (I-294)/I-57 Interchange	436	808	(371)	-85.1%
Elgin O'Hare Western Access	38,499	61,553	(23,054)	-59.9%
Illinois Route 53/120/Other Planning Studies	204	164	40	19.6%
<b>Move Illinois and CRP Subtotal</b>	<b>\$354,997</b>	<b>\$208,514</b>	<b>\$146,483</b>	<b>41.3%</b>
"Other" Capital Projects	7,665	11,657	(3,992)	-52.1%
<b>Capital Program Subtotal</b>	<b>\$362,662</b>	<b>\$220,171</b>	<b>\$142,491</b>	<b>39.3%</b>
Agreement Reimbursement and other Adjustments <sup>(2)</sup>	-	(13,935)	13,935	N/A
<b>Total Capital Program Expenditures</b>	<b>\$362,662</b>	<b>\$206,236</b>	<b>\$156,426</b>	<b>43.1%</b>

<sup>(1)</sup> Capital Program Actual included accrued expenses for which payments have not been made as of March 31, 2016.

<sup>(2)</sup> Intergovernmental and Fiber Optic Agreement Reimbursements were for work performed in prior periods.

## Analysis

Capital program expenditures are reported on an accrual basis. For the quarter ending March 31, 2016, unaudited capital program expenditures totaled \$208.5 million. This amount included expenses paid during the first quarter, as well as \$129.8 million of work completed during the quarter and/or in prior periods for which payments have not been made as of March 31, 2016. *Move Illinois* and CRP expenditures totaled \$208.5 million and other capital project expenditures totaled \$11.7 million. In addition, other adjustments and reimbursements made during the quarter reduced expenditures by \$13.9 million.

The first quarter expenditures for *Move Illinois* and CRP were \$146.5 million less than projected, primarily due to scheduling changes. On Jane Addams (I-90), there was acceleration and completion of work in fourth quarter 2015 that was budgeted in first quarter of 2016.

**CORRIDOR**

**2016 First Quarter Expenditures**

**Tri-State Tollway (I-94/I-294/I-80)**

**\$11.2 million**

During the first quarter, master plan and design work for the Central Tri-State were ongoing.

The expenditures were \$7.1 million less than the revised projection mainly due to delayed access to parcels required to conduct bridge inspections, geotechnical and survey work as part of the master plan development.

**Reagan Memorial Tollway (I-88)**

**\$4.1 million**

During the first quarter, construction continued on roadway resurfacing from U.S. Route 30 to Illinois Route 251 on the west end of the corridor. Bridge rehabilitation in this section will begin in the second quarter. Design on the east end for reconstruction of the east-west connector ramp continued.

The corridor expenditures were less than projection by \$32.2 million and can be primarily attributed to some remaining work being shifted into the second and third quarters.

**Jane Addams Memorial Tollway (I-90)**

**\$110.5 million**

Closeout progressed for interchanges at Irene and Genoa Roads that were completed in 2015 on the west segment from Mill Road to the Elgin Toll Plaza. Local crossroad bridge reconstruction continued at Higgins Road (Illinois Route 72) in Gilberts and Hoffman Estates and began on Tripp and Spring Center Roads.

Closeout progressed for interchanges at Irene and Genoa Roads that were completed in 2015 on the west segment from Mill Road to the Elgin Toll Plaza. Local crossroad bridge reconstruction continued at Higgins Road (Illinois Route 72) in Gilberts and Hoffman Estates and began on Tripp and Spring Center Roads.

Construction of retaining walls and noisewalls in the east section from the Elgin Toll Plaza to the Tri-State Tollway (I-294) were completed in 2015 and closeout began in the first quarter. Mainline reconstruction and widening of the outside lanes in that section continued throughout the winter in order to better coordinate with the inside lane contracts that began this quarter. Closeout was started for interchange improvements at Lee Street while several mainline interchange improvements continued, including Illinois Route 31, Illinois Route 25, Roselle Road, Barrington Road and Meacham Road. Critical work for the relocation of the Northwest Suburban Metropolitan Joint Action Water Association (NSMJAWA) pipeline was also performed.

First quarter expenditures were \$95.2 million less than projections, due to a variety of reasons including:

- \$43.9 million of expenditures that were originally budgeted for the first quarter of 2016 were accelerated and completed in the fourth quarter of 2015.
- Schedule delays due to utility conflicts pushed \$30.8 million of expenditures originally budgeted in the first quarter to later into 2016.
- Other contributing factors include \$7.2 million less in right-of-way acquisition payments, \$3.0 million in bid savings from inside lane reconstruction and widening contracts in the east segment and \$9.5 million in various other schedule changes.



**Veterans Memorial Tollway (I-355) \$66 thousand**

During the first quarter, there were minor efforts on balancing and closing out previous contracts. Construction for widening southbound between 71<sup>st</sup> Street and 75<sup>th</sup> Street will begin in the second quarter.

Expenditures were \$56 thousand more than projected and can be attributed to the extended closeout schedule of several south extension right of way and study activities.

**Open Road Tolling (ORT) \$337 thousand**

Expenditures for the Traffic Revenue Management and Maintenance Project (TRMMP) were \$922 thousand less than the first quarter projection.

**Systemwide \$19.7 million**

During the first quarter, various pavement, bridge and ramp repair contracts progressed, including completion of the ramp and interchange improvements at Grand Avenue on the Tri-State Tollway (I-94).

First quarter expenditures were \$34.6 million less than projection mainly due to an \$11 million payment on the Starcom system made in late 2015 instead of first quarter 2016. Additionally, spending on Business Systems and IT projects was \$18.4 million less than projection due to shifting to subsequent quarters.

**Tri-State Tollway (I-294/I-57) Interchange \$808 thousand**

Closeout balancing efforts continued along 147th Street and off system roadway and landscaping work were completed.

Expenditures for the corridor during the first quarter were \$371 thousand more than projected due to ongoing land acquisition support activities.

**Elgin O'Hare Western Access Project \$61.6 million**

During the first quarter of 2016, mild winter weather allowed crews to perform construction activities such as earthwork, pier installation and beam removal and replacement on several bridges in support of mainline projects along Illinois Route 390 from I-290 interchange east towards O'Hare International Airport. Active Illinois Route 390 Tollway projects included ITS work from U.S. Route 20 to I-290 and construction of the I-290 Interchange, Illinois Route 390 Tollway roadway construction from Park Boulevard to Arlington Heights Road and from Arlington Heights Road to Lively Boulevard. Active north leg projects included Elmhurst Road Interchange at I-90 and the Northwest Suburban Metropolitan Joint Action Water Association hot tap and water main relocation on at Elmhurst Road Interchange on I-90.

The first quarter actual spending exceeded the anticipated Tollway spending by \$23.1 million. Significant construction phase activities performed during the mild winter were the primary contributor to the quarterly variance. Right-of-way expenditure also exceeded the original quarterly planned projection because all the ComEd properties were closed on as group in the first quarter. All phases remain on target for the annual total expenditure projection.

**Illinois Route 53/120 Project/Other Planning Studies \$164 thousand**

Feasibility studies continued in the first quarter for the possible extension of Illinois Route 53 north of Lake Cook Road.

Expenditures for this corridor were \$40 thousand less than projected.

**Other Capital Projects**

**\$11.7 million**

Spending in the “Other Capital Projects” category includes major items such as fleet, transponders, police equipment, general and traffic engineer consultants, traffic and incident management system (TIMS) and intelligent transportation systems (ITS). Expenses were \$4.0 million more than projection mainly due to timing of spending on general engineering, transponder and fleet purchases.

## Financial Summaries

Quarterly Financial Review March 31, 2016

<b>ILLINOIS TOLLWAY</b>			
<b>Percent of Annual Budget Realized (UNAUDITED)</b>			
<b>Year-to-Date March 31, 2016</b>			
	<b>YTD</b>		<b>% Budget</b>
	<b>Budget</b>	<b>Actual</b>	<b>Realized</b>
<b>REVENUE</b>			
Toll Revenue and Evasion Recovery	\$1,290,000,000	\$295,792,105	22.9%
Concessions	2,200,000	509,192	23.1%
Investment Income	2,000,000	1,252,813	62.6%
Miscellaneous	5,800,000	1,083,740	18.7%
<b>Total Revenue</b>	<b>\$1,300,000,000</b>	<b>\$298,637,850</b>	<b>23.0%</b>
<b>Maintenance and Operations (M and O) Expenditures</b>			
Payroll and Related Costs	\$166,685,500	\$41,815,937	25.1%
Group Insurance	36,442,300	8,361,607	22.9%
Contractual Services	67,031,925	15,399,570	23.0%
Materials/Operational Supplies/Other Expenses	7,777,977	1,662,741	21.4%
Utilities	8,090,500	1,820,528	22.5%
All Other Insurance	12,064,700	2,750,945	22.8%
Parts and Fuel	7,304,499	952,096	13.0%
Equipment/Office Rental and Maintenance	17,763,499	5,330,048	30.0%
Other Miscellaneous Expenses	970,200	238,877	24.6%
Recovery of Expenses	(2,324,500)	(607,293)	26.1%
<b>Total Maintenance and Operations Expenditures</b>	<b>\$321,806,600</b>	<b>\$77,725,055</b>	<b>24.2%</b>
<b>Net Revenue</b>			
<b>Revenue Less M and O Expenditures</b>	<b>\$978,193,400</b>	<b>\$220,912,795</b>	<b>22.6%</b>
<b>Debt Service Transfers</b>			
Existing Debt	\$399,134,357	\$91,483,805	22.9%
New Debt	-	-	0.0%
<b>Total Debt Service Transfers</b>	<b>\$399,134,357</b>	<b>\$91,483,805</b>	<b>22.9%</b>
<b>Net Revenue Less Debt Service Transfers</b>	<b>\$579,059,043</b>	<b>\$129,428,990</b>	<b>22.4%</b>

Quarterly Financial Review March 31, 2016

<b>ILLINOIS TOLLWAY</b>				
<b>PROJECTION vs. UNAUDITED ACTUAL</b>				
<b>First Quarter Ending March 31, 2016</b>				
	1st Quarter		Variance	
	Projection	Actual <sup>(2)</sup>	\$	%
<b>Capital Program <sup>(1)</sup></b>				
Tri-State Tollway (I-94/I-294/I-80)	\$18,320,929	11,239,108	\$7,081,821	38.7%
Reagan Memorial Tollway (I-88)	36,339,748	4,143,345	32,196,403	88.6%
Jane Addams Memorial Tollway (I-90)	205,643,737	110,486,631	95,157,105	46.3%
Veterans Memorial Tollway (I-355)	10,149	65,915	(55,766)	-549.5%
Open Road Tolling (ORT)	1,258,967	337,126	921,841	73.2%
Systemwide Improvements	54,283,622	19,716,571	34,567,051	63.7%
Tri-State Tollway (I-294)/I-57 Interchange	436,252	807,666	(371,414)	-85.1%
Elgin O'Hare Western Access	38,499,253	61,553,222	(23,053,970)	-59.9%
Illinois Route 53/120/Other Planning Studies	204,465	164,293	40,172	19.6%
<b>Move Illinois and CRP Subtotal</b>	<b>\$354,997,121</b>	<b>\$208,513,877</b>	<b>\$146,483,244</b>	<b>41.3%</b>
"Other" Capital Projects	7,664,771	11,656,892	(3,992,120)	-52.1%
<b>Capital Program Subtotal</b>	<b>\$362,661,892</b>	<b>\$220,170,769</b>	<b>\$142,491,124</b>	<b>39.3%</b>
Agreement Reimbursements <sup>(3)</sup> and Other Adjustments	-	(13,935,017)	13,935,017	N/A
<b>Total Capital Program Expenditures</b>	<b>\$362,661,892</b>	<b>\$206,235,751</b>	<b>\$156,426,141</b>	<b>43.1%</b>

<sup>(1)</sup> Capital Program expenses are financed by funds available in the Renewal/ Replacement and Improvement accounts.

<sup>(2)</sup> Capital Program Actual included accrued expenses for which payments have not been made as of March 31, 2016.

<sup>(3)</sup> Intergovernmental and Fiber Optic Agreement Reimbursements were for work performed in prior periods.

Quarterly Financial Review March 31, 2016

ILLINOIS TOLLWAY				
BUDGET vs. UNAUDITED ACTUAL				
First Quarter Ending March 31, 2016				
	1st Quarter		Variance	
	Budget	Actual	\$	%
<b>REVENUE</b>				
Toll Revenue and Evasion Recovery	\$295,697,000	\$295,792,105	\$95,105	0.0%
Concessions	500,000	509,192	9,192	1.8%
Investment Income	500,000	1,252,813	752,813	150.6%
Miscellaneous	1,301,000	1,083,740	(217,260)	-16.7%
<b>Total Revenue</b>	<b>\$297,998,000</b>	<b>\$298,637,850</b>	<b>\$639,850</b>	<b>0.2%</b>
<b>Maintenance and Operations (M and O) Expenditures</b>				
Payroll and Related Costs	\$41,892,270	\$41,815,937	\$76,333	0.2%
Group Insurance	8,825,001	8,361,607	463,394	5.3%
Contractual Services	15,653,290	15,399,570	253,720	1.6%
Materials/Operational Supplies/Other Expenses	1,485,276	1,662,741	(177,465)	-11.9%
Utilities	2,003,736	1,820,528	183,208	9.1%
All Other Insurance	2,926,851	2,750,945	175,906	6.0%
Parts and Fuel	1,140,814	952,096	188,718	16.5%
Equipment/Office Rental and Maintenance	4,000,648	5,330,048	(1,329,400)	-33.2%
Other Miscellaneous Expenses	269,818	238,877	30,941	11.5%
Recovery of Expenses	(476,401)	(607,293)	130,892	27.5%
<b>Total Maintenance and Operations Expenditures</b>	<b>\$77,721,303</b>	<b>\$77,725,055</b>	<b>(\$3,752)</b>	<b>0.0%</b>
<b>Net Revenue</b>				
<b>Revenue Less M and O Expenditures</b>	<b>\$220,276,697</b>	<b>\$220,912,795</b>	<b>\$636,098</b>	<b>0.3%</b>
<b>Debt Service Transfers</b>				
Existing Debt	99,783,589	\$91,483,805	\$8,299,784	8.3%
New Debt	-	-	-	N/A
<b>Total Debt Service Transfers</b>	<b>\$99,783,589</b>	<b>\$91,483,805</b>	<b>\$8,299,784</b>	<b>8.3%</b>
<b>Net Revenue Less Debt Service Transfers</b>	<b>\$120,493,108</b>	<b>\$129,428,990</b>	<b>\$8,935,882</b>	<b>7.4%</b>

Quarterly Financial Review March 31, 2016

ILLINOIS TOLLWAY			
Percent of Projection Realized (UNAUDITED)			
Year-to-Date March 31, 2016			
	2016 Projection	YTD Actual <sup>(2)</sup>	% Projection Realized
<b>Capital Program <sup>(1)</sup></b>			
Tri-State Tollway (I-94/I-294/I-80)	\$68,046,798	11,239,108	16.5%
Reagan Memorial Tollway (I-88)	105,263,124	4,143,345	3.9%
Jane Addams Memorial Tollway (I-90)	577,396,246	110,486,631	19.1%
Veterans Memorial Tollway (I-355)	7,726,559	65,915	0.9%
Open Road Tolling (ORT)	5,165,630	337,126	6.5%
Systemwide Improvements	189,661,994	19,716,571	10.4%
Tri-State Tollway (I-294)/I-57 Interchange	1,522,603	807,666	53.0%
Elgin O'Hare Western Access	383,558,036	61,553,222	16.0%
Illinois Route 53/120/Other Planning Studies	5,822,355	164,293	2.8%
<b>Move Illinois and CRP Subtotal</b>	<b>\$1,344,163,345</b>	<b>\$208,513,877</b>	<b>15.5%</b>
"Other" Capital Projects	59,683,800	11,656,892	19.5%
<b>Capital Program Subtotal</b>	<b>\$1,403,847,145</b>	<b>\$220,170,769</b>	<b>15.7%</b>
Agreement Reimbursements and Other Adjustments <sup>(3)</sup>	-	(13,935,017)	N/A
<b>Total Capital Program Expenditures</b>	<b>\$1,403,847,145</b>	<b>\$206,235,751</b>	<b>14.7%</b>

<sup>(1)</sup> Capital Program expenses are financed by funds available in the Renewal/ Replacement and Improvement accounts.

<sup>(2)</sup> Capital Program Actual included accrued expenses or which payments have not been made as of March 31, 2016.

<sup>(3)</sup> Intergovernmental and Fiber Optic Agreement Reimbursements were for work performed in prior periods.

Quarterly Financial Review March 31, 2016

ILLINOIS TOLLWAY				
2016 vs. 2015 Unaudited Actual				
First Quarter Ending March 31st				
	First Quarter		Variance	
	2015	2016	\$	%
<b>REVENUE</b>				
Toll Revenue and Evasion Recovery	\$269,351,629	\$295,792,105	\$26,440,475	9.8%
Concessions	479,833	509,192	29,360	6.1%
Investment Income	408,848	1,252,813	843,964	206.4%
Miscellaneous	1,400,179	1,083,740	(316,439)	-22.6%
<b>Total Revenue</b>	<b>\$271,640,489</b>	<b>\$298,637,850</b>	<b>\$26,997,361</b>	<b>9.9%</b>
<b>Maintenance and Operations (M and O) Expenditures</b>				
Payroll and Related Costs	\$40,849,025	\$41,815,937	(\$966,912)	-2.4%
Group Insurance	8,146,579	8,361,607	(215,028)	-2.6%
Contractual Services	12,928,406	15,399,570	(2,471,164)	-19.1%
Materials/Operational Supplies/Other Expenses	1,202,917	1,662,741	(459,824)	-38.2%
Utilities	2,147,737	1,820,528	327,209	15.2%
All Other Insurance	2,774,686	2,750,945	23,741	0.9%
Parts and Fuel	1,526,617	952,096	574,521	37.6%
Equipment/Office Rental and Maintenance	4,441,211	5,330,048	(888,837)	-20.0%
Other Miscellaneous Expenses	244,631	238,877	5,754	2.4%
Recovery of Expenses	(429,898)	(607,293)	177,395	41.3%
<b>Total Maintenance and Operations Expenditures</b>	<b>\$73,831,912</b>	<b>\$77,725,055</b>	<b>(\$3,893,143)</b>	<b>-5.3%</b>
<b>Net Revenue</b>				
<b>Revenue Less M and O Expenditures</b>	<b>\$197,808,577</b>	<b>\$220,912,795</b>	<b>\$23,104,218</b>	<b>11.7%</b>
<b>Debt Service Transfers</b>				
Existing Debt	\$91,379,671	\$91,483,805	(\$104,134)	-0.1%
New Debt	-	-	-	N/A
<b>Total Debt Service Transfers</b>	<b>\$91,379,671</b>	<b>\$91,483,805</b>	<b>(\$104,134)</b>	<b>-0.1%</b>
<b>Net Revenue Less Debt Service Transfers</b>	<b>\$106,428,906</b>	<b>\$129,428,990</b>	<b>\$23,000,083</b>	<b>21.6%</b>



Quarterly Financial Review March 31, 2016

ILLINOIS TOLLWAY				
2016 Actual vs. 2015 Unaudited Actual				
First Quarter Ending March 31st				
	1st Quarter		Variance	
	2015	2016	\$	%
<b>Capital Program</b>				
Tri-State Tollway (I-94/I-294/I-80)	\$63,292	11,239,108	(\$11,175,816)	-17658%
Reagan Memorial Tollway (I-88)	938,657	4,143,345	(3,204,688)	-341%
Jane Addams Memorial Tollway (I-90)	109,500,673	110,486,631	(985,958)	-1%
Veterans Memorial Tollway (I-355)	215,285	65,915	149,370	69%
Open Road Tolling (ORT)	902,913	337,126	565,787	63%
Systemwide Improvements	25,286,603	19,716,571	5,570,032	22%
Tri-State Tollway (I-294)/I-57 Interchange	3,872,547	807,666	3,064,881	79%
Elgin O'Hare Western Access	46,884,258	61,553,222	(14,668,964)	-31%
Illinois Route 53/120/Other Planning Studies	238,090	164,293	73,797	31%
<b>Move Illinois and CRP Subtotal</b>	<b>\$187,902,319</b>	<b>\$208,513,877</b>	<b>(\$20,611,558)</b>	<b>-11%</b>
"Other" Capital Projects	11,968,111	11,656,892	311,219	3%
<b>Capital Program Subtotal</b>	<b>\$199,870,429</b>	<b>\$220,170,769</b>	<b>(\$20,300,340)</b>	<b>-10%</b>
Agreement Reimbursements and Other Adjustments	(19,590)	(13,935,017)	13,915,427	-71032%
<b>Total Capital Program Expenditures</b>	<b>\$199,850,839</b>	<b>\$206,235,751</b>	<b>(\$6,384,913)</b>	<b>-3%</b>