

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING**

March 27, 2014

The Illinois State Toll Highway Authority met in regular session on Thursday, March 27, 2014, at approximately 9:00 a.m. in the Board Room of the Illinois State Toll Highway Authority's Central Administration Building, in Downers Grove, Illinois. The Meeting was held pursuant to By-Laws of the Authority upon call and notice of the Meeting executed by Chair Paula Wolff and posted in accordance with the requirements of the Open Meetings Act.

Bolded entries indicate issues which will require follow-up to present to the Board.

Chair Paula Wolff stated that this is the regularly scheduled meeting of the Board of The Illinois State Toll Highway Authority and asked the Board Assistant Secretary to call the roll. Those Directors present and absent were as follows:

Present:

Chair Paula Wolff
Director Earl Dotson, Jr.
Director David Gonzalez
Director Mark Peterson
Director Jeff Redick
Director Tom Weisner
Director James Sweeney

Not Present:

Governor Pat Quinn
Secretary Ann Schneider
Director Jim Banks
Director Terry D'Arcy

PUBLIC COMMENT

Chair Wolff called for public comment. No public comment was received.

CHAIR'S ITEMS

Chair Wolff deferred approval of the minutes for the Board Meeting held on February 27, 2014.

STANDING COMMITTEE REPORTS

Finance, Operations and Administration Committee

Director Peterson reported on the March 19, 2014 meeting of the Finance, Administration and Operations Committee (FAO).

FINANCE presented the 2013 year-end financial results to the FAO Committee. Revenue for the year exceeded the revised estimates by

\$11.8 million, operations spending was \$5.9 million under budget and capital spending was below the revised estimate by about \$87 million.

Finance also provided a Debt Management Update, which: (i) reviewed results of the two refunding bond issues, Series 2013B-1 and Series 2014A, which advance refunded portions of the Series 2005A Bonds in order to reduce debt service; (ii) reviewed the renewals and replacements of the Authority's Liquidity and Credit Facilities which maintained diversification of providers while significantly lowering annual cost; (iii) reviewed the timing of the Authority's next new money bond issuance for the Move Illinois Capital Program, the sale of which is expected in April; and (iv) previewed potential upcoming bond-related items for Committee/Board consideration, including a review of the Authority's Investment Policy and Debt Management Guidelines expected to occur within the next 2-3 months.

Additionally, Finance presented three items at the committee meeting:

- 1) A recommendation to award a contract to CorVel Enterprise Comp, Inc., in an amount estimated at \$795,650 to provide claim processing and claim administration services for the Tollway's self-funded workers' compensation program. The request is for a 5 year contract with the option of two 2-year renewals. The contract was procured through an RFP. The award amount of \$795,650 includes \$516,750 for claim administration fees, \$98,000 for all open claims for run out and medical discount fees estimated at \$36,000 per year.
- 2) A recommendation to award a contract to Minnesota Life Insurance Company in an amount not to exceed \$1,416,000 for employee term life insurance. The contract was procured through an RFP. The vendor has proposed to offer Basic Life Insurance at \$.195 per \$1000 of coverage and Accidental Death and Dismemberment at \$.02 per \$1,000 of coverage. The request is for a 3 year contract with optional renewals up to 6 years.
- 3) A recommendation to award a contract to Mesirow Insurance Services in the amount of \$39,000 for insurance brokerage services to obtain Cyber Liability insurance protection. This insurance is expected to provide the Tollway with coverage that will help indemnify against costs associated

with a security breach of the customer information database. The request is for a 5 year contract and was procured through an RFP.

PROCUREMENT presented three items which were approved by the FAO Committee. Two were awards of an Invitation for Bid and the other is a renewal of an existing contract. Procurement will also present two additional items today.

The **CHIEF ENGINEER** has 29 items on today's Board agenda for consideration.

Of these, 19 Engineering items were presented to the FAO Committee, reviewed and placed on today's consent agenda. The highlight of this month's engineering items is that they contain 3 small business set-aside contracts and 7 unbundled contracts.

These items presented by Engineering included:

- 7 construction contract awards
- 1 amendment to a resolution
- 3 professional service contract awards
- 1 supplement to an engineering contract
- 1 construction change order
- 4 construction partial releases of retainage
- 2 construction final releases of retainage

Today, the Chief Engineer will present 5 additional construction contract awards which have had recent bid openings.

2 other construction contract awards will be deferred as they are pending review of DBE analysis.

In addition, an extra work order will be presented for work on the west portion of I-90, and

Lastly, 2 land acquisition items will be discussed in Executive session prior to full Board consideration and action.

LEGAL presented 6 items, 4 Intergovernmental Agreements (IGA's) in public session, and 2 worker's compensation litigation items, Stanley Peca and Sam Sparacino, which will be discussed in detail in Executive Session. Additionally, Deputy General Counsel Elizabeth Looby will discuss two additional resolutions pertaining to Board composition and the amendment of By-Laws.

1. An IGA with the Village of Schaumburg and Cook County –

This IGA establishes the parties' cost sharing responsibilities associated with the construction of a full access interchange on I-90 at Roselle Road. In addition to their requested construction enhancements, Cook County will pay for 100% of the bridge deck and will share 50% of the cost of the ramps with Schaumburg. The County's financial obligation is currently estimated at \$4,964,728 and Schaumburg's is at \$352,592. Schaumburg will receive a 1% credit toward its contribution to enable hiring of a community outreach consultant during the project. The Tollway will pay the balance of the estimated \$22,391,150 cost.

2. An IGA with the Illinois Department of Transportation (IDOT), Metropolitan Water Reclamation District of Greater Chicago (MWRD) and the Mount Prospect Park District –

This agreement permits the Tollway to excavate soil from land owned by the MWRD, and provides for property conveyance to the Tollway from MWRD. The Tollway will also relocate a sludge pipeline subject to reimbursement by MWRD for \$85,435.68 and will relocate a bubbler monitoring cabinet operated by MWRD. The Tollway shall deduct MWRD's cost to relocate its bubbler monitoring cabinet from the cost of the sludge pipeline relocation. IDOT will issue permits to facilitate the process and the Mount Prospect Park District is a signatory because they lease part of the land involved from MWRD.

3. **An IGA with the Village of Schaumburg** – This agreement establishes the parties' costs with respect to bridge widening and reconstruction at Meacham Road over I-90 associated with the construction of a future interchange. The Village requested enhancements including installation of aesthetic bridge treatments, ornamental bridge handrail, sidewalk, median removal and replacement, enhanced landscaping, and lighting, and the Village has a section of its water main on property to be acquired by the Tollway and is in conflict with the project, and must be relocated. The estimated cost to the Village is \$3,992,376 and it will reimburse the Tollway for actual costs.

4. **An IGA with McHenry County** – This agreement will allow McHenry County to share the weather data to be collected from the Tollway's weather station that will be installed on the new bridge at Harmony-Riley Road over I-90. In return, McHenry County will assume maintenance responsibilities for the bridge deck.

Customer Service Committee

Director Redick reported on the March 20, 2014 meeting of the Customer Service Committee.

The Committee discussed three main issues: obtaining a commercial partner for transponder service in the Rockford area; the expansion of the Fleet Program; and approving revised settlement guidelines.

The contract for transponder service in the Rockford area is due to expire in 2014. Discussion was held on the requirements for the upcoming Request for Proposal (RFP). Staff will work with local transportation, chamber and business groups to maximize the responses to the RFP when it is advertised.

The Committee also discussed the Tollway fleet program, including enhancements to the existing policies. A dedicated team is being formed to deal exclusively with fleet issues. There was also discussion on greater utilization of email to communicate with fleet representatives.

Additionally, Director Redick provided particulars on the revisions to the settlement guidelines which include the extension of the sunset clause and the ability of the Tollway to communicate directly with third-party representatives of fleet customers.

Status was also provided on the installation of the back office system. The hardware is being tested and the training plan is under development. The installation is on schedule as planned.

Chair Wolff thanked the Chairs and the members of the Committees for their work.

Chair Wolff then presented the two provisions regarding Board Committee Composition and the Amendment of By-Laws to allow the appointment of alternates to the Committees.

Chair Wolff provided background on the formation and structure of the committees. The Customer Service and Electronic Tolling Committee was formed to specifically address issues with impact to the roadway patrons. The Strategic Planning Committee was initially developed to provide advice on critical issues facing the oases. Chair Wolff thanked both current Committee Chair Director Redick and former Committee Chair Director Bill Morris for their work on this committee, as well as Director Weisner. Since the immediate issues facing both committees when they were established have been addressed, it is recommended, with the support of the Board, that Customer Service and Strategic Planning merge into one to address common goals and future plans.

Directors Redick and Weisner have agreed to serve as co-chairs of the new committee.

Chair Wolff also presented the idea of a new provision for the Tollway By-Laws to allow for alternates to serve on a Committee should there be a lack of quorum for a meeting. She indicated her belief that this governance structure will aid in efficient handling of Tollway business in an orderly and transparent fashion.

Chair Wolff stated Inspector General Jim Wagner provided a summary of the Inspector General report to the Board during the prior Executive Session so that Directors could ask questions about the personnel matters that were included in the report.

Chair Wolff then commented on the press conference held on March 21 announcing the Tollway's investment of \$1.4 billion in transportation improvements in 2014 – the largest one-year infrastructure investment in the agency's history. She thanked the staff for the well-organized event and shared comments from an attending company CEO who decided to remain in Illinois because of the exceptional transportation access for his firm. A small business owner also expressed support of the Tollway's efforts to engage minority-owned, women-owned and small businesses in Tollway construction projects. Chair Wolff also thanked all Tollway staff for their work during the winter season.

EXECUTIVE DIRECTOR

Executive Director Lafleur provided further information on the press conference held on March 21st. The event was well-attended by local officials, union leaders and workers, and received extensive broadcast and print media coverage. Governor Pat Quinn described how the Illinois Tollway's 2014 capital construction program will support or create up to 15,000 jobs by rebuilding 160 lane miles of roads, repairing 70 bridges, and building or improving 20 interchanges.

Executive Director Lafleur also updated the Board on the achievements of Tollway staff being publically recognized. Chief Engineer Paul Kovacs is being recognized by the March of Dimes as Professional of the Year for his contributions to the construction industry and service to the community. Lisa G. Williams, the Tollway EEO Officer, is being recognized by the *Chicago Defender* Women of Excellence Award for her professional contributions as well as her volunteer work in the community.

Executive Director Lafleur introduced Captain Kimes for an update on enforcement of commercial vehicle laws. Captain Kimes provided information on Operation Sauter, a state-wide patrol operation to honor the service of Trooper Sauter and others who lost their lives resulting from accidents involving commercial vehicles. The focus will be on enforcement and public awareness of the 'Fatal Five' violations: DUI, seatbelts, speeding, distracting and fatigued driving.

Executive Director Lafleur then provided information on the U.S. Department of Transportation's Federal Motor Carrier Safety Administration (FMCSA) announcement to press ahead with an update to its proposed rule that mandates the installation of electronic logging devices (ELDs) in commercial vehicles. Earlier this year, a tragic crash occurred on the Reagan Memorial Tollway (I-88) that claimed the life of Illinois Tollway maintenance worker Vincent Petrella and seriously injured Illinois State Police District 15 trooper Douglas Balder. The proposed rule would make it more difficult for truck and bus drivers to misrepresent their time on paper logbooks and avoid detection by FMCSA and law enforcement personnel.

The federal safety agency anticipates that the use of ELDs will help reduce crashes by fatigued drivers and prevent approximately 20 fatalities and 434 injuries each year. For those reasons, the Tollway strongly supports efforts to require interstate commercial truck and bus companies to equip their vehicles with electronic logging devices.

Director Sweeney asked if the monitoring would take place intra-state as well as inter-state. Ms. Lafleur responded that this federal rule would cover both jurisdictions.

Chair Wolff asked that the Board be notified once the rules are in place with a summary of the adopted rules.

Executive Director Lafleur introduced Cathy Williams, Deputy Chief of Finance, to present the Quarterly Financial Review Report for the 4th quarter ending December 31, 2013 as shown in the [attached presentation](#).

Highlights include: revenue that exceeded \$1 billion, \$ 11.8 million greater than the 2013 revised estimate; maintenance and operations costs that were \$5.9 million below the 2013 budget; and capital program expenditures that were \$87 million below the 2013 revised budget.

Chair Wolff noted the variances in maintenance and operations may be more indicative of the actuary recommendations to fund the worker's compensation reserve rather than a spending variance. Executive Director Lafleur added that the upcoming actuary services contract is being examined to schedule the annual funding projections more closely with the planning of the annual budget.

The Directors thanked the Finance staff for all of their work on the report.

Executive Director Lafleur then introduced Bill O’Connell, Debt Manager, to present the Debt Management Update as shown in the [attached presentation](#).

There was information provided on refunding, liquidity facilities and new money issuance for the *Move Illinois* program, as well as a preview of future plans being considered.

Director Peterson asked that the Board be kept informed regarding the new money issuance.

Chair Wolff noted the Tollway has saved approximately \$70 million through debt management, which may be applied towards Tollway projects.

Chair Wolff requested clarification on the credit rating of one of the Liquidity Facility providers, Mizuho. Bill O’Connell provided details on how the ratings are developed and their impact to the Tollway.

Executive Director Lafleur then introduced Tollway Inspector General Jim Wagner to present the bi-annual Office of the Inspector General Summary Activity Report for the Period Ending March 31, 2014 as [shown in the attached](#).

Chair Wolff thanked the Inspector General for meeting the Board in the prior Executive Session to discuss certain matters from his office and also thanked Mr. Wagner and his staff for their work.

Consent Agenda

Chair Wolff reminded the Board and guests that items on the Consent Agenda were previously reviewed in detail in Committee.

Chair Wolff then began the Consent Agenda by calling for a motion to approve the following **Finance** resolutions:

Item 1: Award of Contract with CorVel Enterprise Comp Inc. for the Workers' Compensation Claim Administration for a five-year period commencing May 1, 2014 through April 30, 2019 in an amount not to exceed \$795,650 (Tollway RFP). (Director Redick recusal)

Director Peterson made a motion for approval of **Finance Item 1**; seconded by Director Dotson. The motion was approved unanimously with the recusal of Director Redick.

Item 2: Award of Contract with Minnesota Life Insurance Company for the Employee Life Insurance Benefit Program for a three-year period commencing May 1, 2014 through April 30, 2017 in an amount not to exceed \$1,416,000 (Tollway RFP).

Director Weisner made a motion for approval of **Finance Item 2**; seconded by Director Redick. The motion was approved unanimously.

Item 3: Award of Contract with Mesirow Insurance Services for the Cyber Liability Insurance Program for a five-year period in an amount not to exceed \$39,000 (Tollway RFP). (Director Redick recusal)

Director Sweeney made a motion for approval of **Finance Item 3**; seconded by Director Gonzalez. The motion was approved unanimously with the recusal of Director Redick.

Chief of Procurement John Donato presented the following three items to the Board for consideration and approval that had not been ready for presentation to the Finance, Administration and Operations Committee.

Item 1: Amend Resolution No. 20237 – Dollar Amount Correction to Contract 12-0087R to Datamation Imaging Services Corp. for the purchase of an Archive Writer in an amount not to exceed \$73,357.40 (Tollway Invitation for Bid).

Director Peterson asked for the reason for the correction. Mr. Donato responded that the vendor mistakenly put the incorrect pricing for one of the line items. The vendor still remained the low bidder after the price correction.

Discussion took place on the processing of submitted bids to check for differences that may in fact be mistakes.

Item 2: Award of Contract 14-0047 to Motorola Solutions, Inc. for the purchase of Dispatch Radio Console System Upgrade in an amount not to exceed \$2,878,355.00 (Order Against CMS Master Contract).

Director Peterson asked what departments would utilize this equipment and the term of the upgrade. Mr. Donato responded that the equipment would be utilized by Roadway Maintenance, IT and District 15 Police and the life of this system upgrade is approximately ten years.

Director Peterson also inquired about a previous procurement with Motorola. Mr. Donato and Joe Kambich, Chief of Information Technology, confirmed that the previous system upgrade took place in 2006, with an upgrade expected to last until 2022.

Chair Wolff asked that, as much as possible, items should be discussed in committee to take advantage of the opportunity for a full vetting.

Item 3: Award of Contract 13-0140 to Standard Industrial & Automotive Equipment, Inc. for the purchase of In Ground Vehicle and Truck Hoists in an amount not to exceed \$549,858.00 (Tollway Invitation for Bid).

Item 4: Award of Contract 13-0130 to Macklin Inc. and William Charles Construction Company, LLC for the purchase of Sand, Stone, and Gravel in an aggregate amount not to exceed \$156,892.50 (Tollway Invitation for Bid).

Item 5: Renewal of Contract 09-0015 to Infor Public Sector, Inc. for the purchase of Computer-Aided Dispatch (“CAD”) System Maintenance in an amount not to exceed \$159,954.00 (Tollway Sole Source).

Chair Wolff called for a motion to approve the all **Procurement resolutions**.

Director Sweeney made a motion for approval of **Procurement Items 1 through 5**; seconded by Director Dotson. The motion was approved unanimously.

Chair Wolff called for a motion to approve the following **Business Systems resolution**:

Item 1: Approval of Settlement Guidelines.

Director Peterson made a motion for approval of **Business Systems Item 1**; seconded by Director Redick. The motion was approved unanimously.

Chief Engineer Paul Kovacs presented the following five items to the Board for consideration and approval that had not been ready for presentation to the Finance, Administration and Operations Committee due to bid opening dates.

Item 1: Award of Contract I-13-4157 to Allied Landscaping Corporation for Landscaping on the Tri-State Tollway (I-294) from Milepost 6.3 (159th Street) to Milepost 8.8 (Kedzie Avenue) and from Milepost 21.9 to Milepost 22.2 (75th Avenue); and I-57 from Milepost 348.0 to Milepost 349.9, in the amount of \$1,287,014.00.

Item 2: Award of Contract RR-13-5671R to Superior Paving, Inc. for Parking Lot Rehabilitation on the Tri-State Tollway (I-294) at Milepost 19.3 (83rd Street Plaza 39), Milepost 19.7 (82nd Street Plaza 36), Milepost 29.9 (Cermak Plaza 35) and Milepost 38.7 (Irving Park Plaza 33); and Veterans Memorial Tollway (I-355) at Milepost 14.4 (Boughton Plaza 89) and Milepost 29.2 (Army Trail Plaza 73), in the amount of \$438,676.22.

Item 3: Award of Contract RR-13-9145 to Pagoda Electric & Construction for Roof and HVAC System Repairs at the Maintenance

Facility M-14 (Downers Grove) on the Veterans Memorial Tollway (I-355) at Milepost 21.2 (I-88), in the amount of \$818,000.00.

Item 4: Award of Contract RR-14-9154 to GFS Construction, LLC for Sign Panel Fabrication and Installation Upon Request, Systemwide, in the amount of \$1,691,779.06.

Paul Kovacs provided information on the variance found between the engineer's estimate and the awarded amounts. The program management office initiated a trend analysis to evaluate the variance between bids received and the engineer's estimate. The general conclusions of this analysis were that since January 2013 until now, the engineer's estimates have averaged 10% higher than the low bid amounts. For this month's board items the engineer's estimates are within 1% of the low bid amounts. On the larger contracts there appears to be less variance between the bids and the engineer's estimate and on the smaller contracts there is appears to be a larger variance. Overall, it appears that the bids are becoming increasingly in line with the engineer's estimate.

Paul Kovacs committed to providing a full report to the committee on the variance trend analysis.

Item 5: Award of Contract RR-14-9155 to Maintenance Coatings Co. for Pavement Markings, Systemwide, in the amount of \$1,155,980.00.

Item 6: Award of Contract RR-14-4175 to William Charles Construction Company, LLC for Various Repairs on the Jane Addams Memorial Tollway (I-90) from Milepost 2.6 (Rockton Road) to Milepost 17.8 (Mill Road), in the amount of \$1,703,731.29.

Item #6 was deferred to a future meeting.

Item 7: Award of Contract RR-14-4176 to National Power Rodding Inc. for Drainage Structures Cleaning on the Veterans Memorial Tollway (I-355) from Milepost 12.3 (I-55) to Milepost 29.8 (Army Trail Road), in the amount of \$2,177,208.72.

Director Sweeney asked about the scope of work that would be done on this contract. Paul Kovacs responded that the work includes maintenance and video recording the drainage structure with no construction involved.

Item 8: Award of Contract RR-13-5670R to K-Five Construction Corporation for Intermittent Pavement, Ramp and Bridge Repairs, and Parking Lot Rehabilitation on the Tri-State Tollway (I-294) from Milepost 0.0 (I-94/IL 394) to Milepost 42.2 (Touhy Avenue), in the amount of \$4,667,759.77.

Item 9: Award of Contract RR-13-5690 to Lorig Construction Company for Various Bridge Repairs on the Tri-State Tollway (I-294) from Milepost 0.2 (Canadian National RR) to Milepost 12.0 (Cicero Avenue), in the amount of \$3,616,478.46.

Item 10: Award of Contract RR-14-5691 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Ramp, Drainage, Guardrail and Structural Repairs on the Tri-State Tollway (I-294) from Milepost 10.9 (Cal-Sag Channel) to Milepost 39.4 (South of Balmoral Avenue), in the amount of \$15,583,939.23.

Item 11: Award of Contract RR-13-4170 to K-Five Construction Corporation for Oases Parking Lot Rehabilitation on the Tri-State

Tollway (I-94) at Milepost 18.1 (Lake Forest Oasis); and Tri-State Tollway (I-294) at Milepost 0.8 (Lincoln Oasis), Milepost 25.0 (Hinsdale Oasis) and Milepost 37.9 (O'Hare Oasis), in the amount of \$8,084,948.13.

Item 12: Award of Contract RR-13-4171 to R.W. Dunteman Company for Oases Parking Lot Rehabilitation on the Jane Addams Memorial Tollway (I-90) at Milepost 24.2 (Belvidere Oasis); and Reagan Memorial Tollway (I-88) at Milepost 93.3 (DeKalb Oasis), in the amount of \$4,729,620.15.

Item 13: Award of Contract I-13-4618 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Elmhurst Road West Bridge and Interchange on the Jane Addams Memorial Tollway (I-90) at Milepost 73.5 (Elmhurst Road); and Elmhurst Road from South of Landmeier to Oakton, in the amount of \$29,837,596.37.

Item 14: Award of Contract I-13-4630 to Dunnet Bay Construction Co. / Plote Construction, Inc. (JV) for Roadway and Bridge Construction on the Elgin O'Hare Expressway (IL 390) at Milepost 15.3 (Lively Blvd.); and Eastbound Frontage Road from Wood Dale Road to Edgewood Avenue, in the amount of \$14,670,337.46.

Item 15: Amendment to Resolution 20252 to reflect the award amount of \$44,867,874.97 for Contract I-13-4602 to F.H. Paschen, S.N. Nielsen & Associates, LLC.

Item 16: Acceptance of Proposal from Stanley Consultants, Inc., on Contract I-13-4622 for Design Services for the Western Terminal Interchange on the Elgin O'Hare Expressway (IL 390) at Elgin O'Hare

Western Access, in an amount not to exceed \$22,659,275.00. (Director Peterson recusal)

Item 17: Acceptance of Proposal from Knight E/A, Inc., on Contract I-13-4623 for Design Services for the IL 19 Interchange on the Elgin O'Hare Western Access at IL 19 (West Irving Park Road), in an amount not to exceed \$5,526,800.72.

Item 18: Acceptance of Proposal from Chastain & Assoc. / Autumn Const. Joint Venture, on Contract RR-13-4146 for Construction Management Services at the Maintenance Facility M-1 (Alsip) on the Tri-State Tollway (I-294) at Milepost 12.0 (Cicero Avenue), in an amount not to exceed \$3,075,322.24.

Item 19: Acceptance of Proposal from Cotter Consulting, Inc. (D/WBE) / CivCon Services, Inc. (D/MBE) / SE3, LLC, (DBE), Joint Venture on Contract RR-12-4047 for Supplemental Construction Management Services for Roadway Resurfacing on the Veterans Memorial Tollway (I-355) from Milepost 0.0 (I-80) to Milepost 29.8 (Army Trail Road) in the amount of \$203,606.00 from \$1,998,845.00 to \$2,202,451.00.

Item 20: Extra Work Order on Contract I-13-4133 to Curran Contracting Company for Widening and Reconstruction on the Westbound Jane Addams Memorial Tollway (I-90) from Milepost 24.9 (Genoa Road) to Milepost 33.5 (Anthony Road), in the amount of \$500,000.00.

Item 21: Extra Work Order on Contract I-13-4134 to R.W. Dunteman Company for Widening and Reconstruction on the Westbound Jane Addams Memorial Tollway (I-90) from Milepost 18.4 (Kishwaukee River) to Milepost 24.9 (Genoa Road), in the amount of \$500,000.00.

Item 22: Partial Release of Retainage on Contract I-12-4070 to Lorig Construction Company for Eastbound Bridge Reconstruction and Widening on the Jane Addams Memorial Tollway (I-90), at Milepost 18.3 (Kishwaukee River), by \$396,926.19 from \$432,926.19 to \$36,000.00. (Director Sweeney recusal)

Item 23: Partial Release of Retainage on Contract I-12-4075 to Plote Construction, Inc. for Widening and Reconstruction on Eastbound Jane Addams Memorial Tollway (I-90), from Milepost 41.5 (US Route 20) to Milepost 45.5 (IL 47), by \$428,225.64 from \$908,033.64 to \$479,808.00.

Item 24: Partial Release of Retainage on Contract I-12-4077 to Plote Construction Inc. for Widening and Reconstruction on the Eastbound Jane Addams Memorial Tollway (I-90), from Milepost 49.7 (Union Pacific Railroad) to Milepost 53.6 (Elgin Toll Plaza), by \$598,041.40 from \$1,660,677.40 to \$1,062,636.00.

Item 25: Partial Release of Retainage on Contract RR-12-4088 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Ramp Reconstruction on the Tri-State Tollway (I-294) at Milepost 33.6 (US-20, Lake Street); and Tri-State Tollway (I-94) at Milepost 11.2 (IL-120, Belvidere Road), by \$168,483.09 from \$189,785.61 to \$21,302.52.

Item 26: Final Release of Retainage on Contract I-12-4063 to Copenhaver Construction for Building Removal on the Tri-State Tollway (I-294) at I-57, from Milepost 7.95 to Milepost 8.65.

Item 27: Final Release of Retainage on Contract RR-11-5636 to R.W. Dunteman Company for Roadway and Bridge Rehabilitation on the Tri-

State Tollway (I-294) from Milepost 30.0 (Cermak Toll Plaza) to Milepost 36.9 (Bensenville Bridge).

Chair Wolff called for a motion to approve the following **Engineering resolutions**:

Director Peterson made a motion for approval of **Engineering Items 1 through 15 with the deferment of Item 6**; seconded by Director Sweeney. The motion was approved unanimously.

Director Weisner made a motion for approval of **Engineering Item 16**; seconded by Director Dotson. The motion was approved unanimously with the recusal of Director Peterson.

Director Redick made a motion for approval of **Engineering Item 17 through 21**; seconded by Director Weisner. The motion was approved unanimously.

Director Dotson made a motion for approval of **Engineering Item 22**; seconded by Director Redick. The motion was approved unanimously with the recusal of Director Sweeney.

Director Weisner made a motion for approval of **Engineering Item 23 through 27**; seconded by Director Gonzalez. The motion was approved unanimously.

Chair Wolff called for a motion to approve the following **Legal resolutions**:

Item 1: An Intergovernmental Agreement with Cook County and the Village of Schaumburg. Cost to the Tollway: \$ 0.

Item 2: *An Intergovernmental Agreement with the Illinois Department of Transportation, the Metropolitan Water Reclamation District of Greater Chicago and the Mount Prospect Park District. Cost to the Tollway: \$ 0.*

Item 3: *An Intergovernmental Agreement with the Village of Schaumburg. Cost to the Tollway: \$ 0.*

Item 4: *An Intergovernmental Agreement with McHenry County. Cost to the Tollway: \$ 0.*

Item 5: *A Workers Compensation Settlement – Stanley Peca, Jr. Cost to the Tollway: As Discussed in Executive Session.*

Item 6: *A Workers Compensation Settlement – Sam Sparacino. Cost to the Tollway: As Discussed in Executive Session. (Director Redick recusal)*

Item 7: *Board Committee Composition.*

Item 8: *Amendment of By-Laws.*

Director Peterson made a motion for approval of **Legal Items 1-4 and 7 and 8**; seconded by Director Sweeney. The motion was approved unanimously.

At approximately 11:00 a.m., Elizabeth Looby, Deputy General Counsel, indicated the need to discuss Tollway matters related to real estate acquisition and litigation matters pursuant to Sections 2(c)(5) and 2(c)(11) of the Illinois Open Meetings Act. Director Weisner made the

motion to enter into Executive Session; seconded by Director Redick. The motion was approved unanimously.

At approximately 11:09 a.m., the Committee re-entered the public session of the Board meeting.

Chair Wolff called for a motion to approve the following **Engineering** resolutions:

Item 28: Amended DiBenedetto (Identification of Real Estate Parcels associated with the Elgin O'Hare Western Access Project (EOWA)). Cost to the Tollway: N/A.

Item 29: Amended DiBenedetto (Identification of Real Estate Parcels associated with the Jane Addams Memorial Tollway (I-90)). Cost to the Tollway: N/A.

Director Dotson made a motion for approval of **Engineering Item 28 and Item 29**; seconded by Director Peterson. The motion was approved unanimously.

Chair Wolff called for a motion to approve **Legal Items 5 and 6**:

Item 5: A Workers Compensation Settlement – Stanley Peca, Jr. Cost to the Tollway: As Discussed in Executive Session. (Director Redick recusal)

Item 6: A Workers Compensation Settlement – Sam Sparacino. Cost to the Tollway: As Discussed in Executive Session. (Director Redick recusal)

Director D'Arcy made a motion for approval of **Legal Items 5 and 6**; seconded by Director Weisner. The motion was approved unanimously with the recusal of Director Weisner.

There being no further business, Chair Wolff requested a motion to adjourn.

Motion to adjourn was made by Director Sweeney; seconded by Director Gonzalez. The motion was approved unanimously.

The meeting was adjourned at approximately 11:12 a.m.

Minutes taken by: _____



Marlene Y. Vick
Assistant Board Secretary
Illinois State Toll Highway Authority

**ILLINOIS STATE TOLL HIGHWAY
AUTHORITY**

OFFICE OF THE INSPECTOR GENERAL

Summary Activity Report
FOR THE TIME PERIOD
October 1, 2013 through March 31, 2014

James W. Wagner
Inspector General





OFFICE OF THE INSPECTOR GENERAL

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
2700 OGDEN AVENUE, DOWNERS GROVE, IL, 60515

SUMMARY ACTIVITY REPORT FOR October 1, 2013 – March 31, 2014

To: The Office of the Governor
The Board of Directors of the Illinois State Toll Highway Authority
The State of Illinois General Assembly

From: James W. Wagner
Inspector General

Date: March 31, 2014

Re: Office of the Inspector General Summary Activity Report for the Period Ending
March 31, 2014.

INTRODUCTION

On January 1, 2011, the Office of the Inspector General (OIG) became effective at the Illinois State Toll Highway Authority. On July 28, 2010, Governor Pat Quinn signed the legislation (605 ILCS 10/8.5) passed by the General Assembly that created the office of the Inspector General for the Illinois State Toll Highway Authority. On October 18, 2010, Governor Quinn announced the appointment of James W. Wagner to the new position and on November 17, 2010 the Senate Executive Appointments Committee and the Illinois General Assembly approved the appointment, to run until June 30, 2015. The legislation, which became Section 8.5 of the Toll Highway Act, (605 ILCS 10/8.5) includes Subsection (m) of Section 8.5 which states:

(m) "The Toll Highway Inspector General shall provide to the Governor, the Board of the Authority and the General Assembly a summary of reports and investigations made under this Section no later than March 31 and September 30 of each year. The summaries shall detail the final disposition of the Inspector General's recommendations. The summaries shall not contain any confidential or identifying information concerning the subjects of the reports and investigations. The summaries shall also include detailed, recommended administrative actions and matters for consideration by the Governor, the Board of the Authority, and the General Assembly."

There are no recommended administrative actions or matters for consideration by the Governor, the Board of the Authority, or the General Assembly during this period.

MISSION/JURISDICTION

The statute (605 ILCS 10/8.5) further advised in section (d) that *“the Toll Highway Inspector General shall have jurisdiction over the Authority and all Board members, officers and employees of, and vendors, subcontractors, and others doing business with the Authority. The jurisdiction of the Toll Highway Inspector General is to investigate allegations of fraud, waste, abuse, mismanagement, misconduct, nonfeasance, misfeasance, or malfeasance”*.

The statute required in section (f) (3) that: *Final reports and recommendations shall be submitted to the Authority’s Executive Director and the Board of Directors for investigations not involving the Board”*.

INVESTIGATIONS

The OIG now has one Deputy Inspector General, one Senior Investigator, one Investigator and one Administrative Assistant in our Department and will seek to hire a new Investigator/Auditor. In August, 2013 The Deputy IG and Investigator attended training and became Certified Fraud Examiners (CFE’s). The Senior Investigator had completed the CFE training in 2012. The Inspector General, Deputy IG and Senior Investigator have also completed Certified Inspector General and Certified Inspector General Investigator training. The OIG Investigator attended the Certified Inspector General Investigator Training during February, 2014.

The Department also worked closely with the Tollway Information Technology (IT) Department to obtain a separate computer business system for the OIG. This work resulted in the completion of the purchase and installation as of January 2013 of a new system dedicated solely to the work of the OIG in an encrypted format for security and confidentiality of the investigations. All previous investigations have also been moved to a separate secure encrypted server utilized and accessed only by the OIG.

INVESTIGATIONS RESULTING IN DISCIPLINE:

The statute (605 ILCS 10/8.5) further required in Section (e) (3) *“Within 60 days after issuance of a final summary report that resulted in a suspension of at least 3 days or termination of employment, the Toll Highway Inspector General shall make the report available to the public by presenting the report to the Board of the Authority and by posting to the Authority’s public website”*. *“The Toll Highway Inspector General shall redact information in the summary report that may reveal the identity of witnesses, complainants, or informants”*.

Pursuant to these directions, this office is reporting the following investigations for the period of October 1, 2013 – March 31, 2014:

IG-13-0006

The previous OIG report for the period ending September 30, 2013 had reported the dismissal on July 24, 2013 of a Tollway employee for growing and using cannabis following a search by the ISP. As an update to this information, the former employee pled guilty on February 14, 2014 to producing cannabis and was sentenced to court supervision with 200 hours of public service and fines and costs of \$815.00.

IG-13-0016

On August 15, 2013 the OIG interviewed a Tollway employee as a witness regarding a separate investigation. During the interview the employee complained about co-workers and admitted to telling an intern in the Tollway EEO office that he had made a recording of a conversation with a co-worker. He further stated he had told co-workers that he was recording them and told them he was working for the OIG in an undercover capacity wearing a wire. Subsequent investigation of the employee determined that he had provided false information with his initial employee application regarding prior employment and criminal activity, made threats to his supervisor, threatened violence in the workplace, had secondary employment without approval, and alleged knowledge of illegal activities that he failed to report. On March 4, 2014 the OIG was notified by the Tollway that the employee had been dismissed from employment.

IG-13-0022

On September 27, 2013 and September 30, 2013 the OIG received information from a Tollway employee regarding an alleged assault and battery against the employee during a meeting at the Tollway on September 12, 2013. At the September 12, 2013 meeting the employee received a negative performance evaluation. On September 19, 2013 the employee received a corrective action plan. The investigation determined that the employee provided false information regarding the complaint and a witness explained that the alleged assault and battery did not occur. On December 4, 2013 the OIG was notified by the Tollway that the employee had been dismissed from employment.

IG-13-0024

On September 13, 2013 the OIG received information from the Tollway Engineering Department that an employee had been arrested and was reporting to jail as part of a work-release program. The subsequent OIG investigation determined that the employee had been arrested in 2009 for a felony forgery when he stole checks from the mail and cashed them. At that time he provided false statements to the Tollway Criminal Background Review Committee (CBRC) and, as a result of the false information was given a "last chance" agreement. The investigation also determined that the employee had not reported an arrest and conviction for driving on a suspended/revoked driver's license in 2008. On September 5, 2013 the employee pled guilty to a violation of probation and was sentenced to jail. He did not notify the Tollway

of this change until approximately twenty days later. On December 26, 2013 the OIG was advised that the employee had been dismissed from employment.

IA-2013-171

On December 11, 2013 the OIG received information from Internal Audit that a Toll Collector was believed to be stealing funds. On December 11, 2013 the employee was interviewed by the OIG and admitted to stealing approximately \$1000.00 of toll revenue. The employee resigned and agreed to full restitution of the funds.

IA-2013-172

On December 12, 2013 the OIG received information from Internal Audit that a Toll Collector was believed to be stealing funds. On December 13, 2013 the employee was interviewed by the OIG and admitted to stealing toll revenue and resigned.

IG-13-002

The previous OIG report for the period ending September 30, 2013 had reported the dismissal of an I-Pass call taker who had negotiated off line settlements with patrons for cash. The employee admitted taking over \$4000.00 from patrons in exchange for dismissing over \$10,000.00 in violations. The matter had been referred to the DuPage County States Attorney and on January 28, 2014 the individual was indicted in DuPage County on sixteen counts of theft.

DIA-10-052

A previously reported investigation described thefts committed by a Toll Collector in 2010 who was dismissed by the Tollway for the thefts. The OIG referred the information for prosecution. The OIG was advised by the DeKalb County States Attorney that the former employee pled guilty on 2-5-14 to official misconduct and received thirty months probation and agreed to restitution over \$3000.00.

IG-14-003

On 2-25-14 the OIG received information from the Department of Administration that inconsistencies had been noted with the application packet submitted by an employee applying for another Tollway position. The investigation determined that the original application submitted by the employee contained inconsistent and incorrect information and the new application for a different position also contained inconsistent and incorrect information. On 2-26-14 the OIG interviewed the employee and on 2-28-14 the OIG was advised that the employee resigned from Tollway.

ADDITIONAL INVESTIGATIONS RESULTING IN RECOMMENDATIONS:

IG-13-0013

On July 16, 2013 the OIG began an investigation after receipt of information from the Finance Department regarding an allegation of check fraud. A money order and cashier's check had been presented as payment for a Tollway Dodge Caravan that was bid on through the iBid State of Illinois CMS State Surplus Auction online system. The winning bidder signed the appropriate paperwork on July 1, 2013 and took possession of the vehicle. On July 15, 2013 the money order was determined to be fraudulent. Original documents were gathered and in September 2013 the OIG released the information to the Illinois State Police (ISP) District 15 to pursue the criminal charge of deceptive practice. On February 18, 2014 the ISP advised that the subject had been arrested and charged with felony forgery.

The OIG investigation resulted in a report dated October 31, 2013 with the following recommendations with regard to issues discovered:

It was recommended that a policy be created within the Fleet Department to ensure all methods of payment used for iBid purchases are verified through the financial institution or credit union on which the method of payment is written. It was further recommended that the Tollway verify that funds are available for every money order, cashier's check or certified check presented as payment for Tollway property prior to releasing the property. In addition, purchased items should only be released to a winning bidder who presents sufficient verifiable information. And all members of the Fleet Department should be cautioned to not divulge any information regarding criminal investigations conducted by any law enforcement agency or investigations conducted by the OIG.

Management response dated November 7, 2013:

After the incident occurred Fleet took immediate action and implemented a policy that financial institutions would be contacted and a form was developed to log the contact and findings with the institution. If it is found that a payment method could not be verified, the sale will be put on hold until verification has been made or an alternate payment process has been made and verified. It has been determined that money orders are too difficult to verify, and therefore, money orders will no longer be an allowed method of payment. It is noted that all credit card payments have been verified and documented before sales were completed.

Fleet ibid policy requires that persons picking up a sale item provide a driver's license or a photo ID. In the case of the sale to this individual a copy of the license was made and placed in the sale file. It is important to note that the person picking up the sale item is not always the purchaser. This is quite common and occurs when out of state/area buyers send transport companies to pick up vehicles. Fleet has required that when persons other than the buyers are picking up the sale items, the buyer must provide the persons picking up the item(s) a copy of the iBid invoice as proof that they are giving the person approval to pick up the items. Additionally, businesses and other agencies purchase items where multiple persons can pick up the items. Fleet will endeavor to ensure the items are paid for (as noted above) and that the buyer is identified appropriately.

Fleet will revisit the disclosure recommendation with all staff involved with iBid sales. At no time did a Fleet staff member divulge any information regarding the incident with the subject or anyone outside of the agency and District 15 State Police once they learned that an investigation may be forthcoming.

IG-13-0010

On June 27, 2013 the Tollway Board of Directors permitted public comment prior to the Board meeting and were advised by a Tollway patron of a disagreement regarding billing of his company by a company contracted by the Tollway to tow disabled vehicles. As a result of the allegations raised by the patron including overbilling, a review was conducted by the OIG into the details of the Tollway Vehicle Recovery Program (VRP). The VRP was established to document the necessary prerequisites for a recovery. There were nine current companies working for the Tollway VRP and a contract was created by the Tollway which details the terms and rates set by the Tollway for all qualified companies. By the agreement, the towing operator agrees to follow specific Performance Rate Standards as set out in the contract. In addition, the operators are required to use Tollway invoices created for the program and those are reviewed for errors and overcharges.

The incident reported to the Board by the patron was a recovery of a trailer. The patron who made the report was not at the incident at the time of recovery and the Engineering Department had already begun a review of the incident prior to the report to the Board. The Department review had determined that the operator had unnecessarily removed the trailer to their property rather than releasing the trailer to the company at the Tollway maintenance site, therefore resulting in an overcharge. The operator made a refund to the patrons company.

The OIG determined that the Engineering Department conducted a complete review into the allegations filed by the patron against the towing operator and that the review began prior to the complaint at the Board of Directors meeting. The review and subsequent Internal Audit were thorough and did not reveal any misconduct on the part of the Tollway or its employees. The Department review also resulted in a refund to the complainant. In addition, the towing operator was suspended from any Tollway service for a thirty day period because of the overbilling. The OIG report, dated September 25, 2013 recommended that the Tollway continue reviews of the VRP policy and contracts and consider utilizing a competitive bid process for the program.

Management Response Dated January 24, 2014:

Management determined that both the Towing and Road Service and Vehicle Recovery Programs are franchise agreements that do not fall under the purview of the Procurement Code. Instead, the agreements should be treated similarly to other franchise agreements.

The Tollway plans, beginning in 2014, to initiate a new and revised selection process for Vehicle Recovery, followed by a similar effort focused on Towing & Road Services. These selection processes will evaluate potential candidate firms and rank them in priority order. Selection of firms to participate in each program will be done in order of ranking until all segments of the Tollway are covered. Firms not selected would remain on the list for future selection should additional services be required or should an existing agreement be cancelled. The Tollway plans to limit agreements to a five (5) year period thus allowing firms to pursue franchise agreements through an open, transparent process.

PI-11-0048

The OIG had issued a report on January 20, 2012 regarding the possible improper anchoring of temporary concrete barriers and the REACT 350 crash cushions. The Engineering Department did locate some instances of temporary concrete barriers not being correctly anchored. As a result, the Chief Engineer issued construction Bulletin No. 12-01 directing Construction Managers (CM) to inspect and confirm that the devices were being installed in accordance with the Standard Specifications and requirements detailed in the bulletin. During discussions in December 2013 with the Illinois Department of Transportation (IDOT) Office of Quality Compliance and Review (OQCR) the OIG learned that the improper anchoring of temporary concrete barriers was still occurring in some IDOT projects. The OIG therefore recommended another review of barriers by the Tollway.

At the direction of the Engineering Department the Tollway's General Engineering Consultant (GEC) inspected all of the existing Temporary Concrete Barriers (TCB) remaining from 2013 construction activities and identified instances where the TCB's were not appropriately anchored. As a result of the inspection results, the Tollway Chief Engineer issued a directive to have the locations brought into compliance. As of January 27, 2014 all TCB's are now in compliance with requirements. The Chief Engineer also issued the following action plan:

- *Develop and schedule a training session specific to this issue for all Project Managers (PM's) and Construction Managers (CM's) overseeing construction projects on the Tollway system. This session will be scheduled prior to the start of construction activities this spring.*
- *Highlight this as a key issue of the Move Illinois program, attended by Tollway consultants and contractors at the next Move Illinois Quarterly meeting held February 6, 2014.*
- *Task the GEC to independently inspect the TCB's twice per year and after each major stage change to verify the TCB has been anchored in compliance and document locations that are not in compliance.*
- *Contractor fine for non-compliance with Tollway maintenance of traffic will be levied for repeat offenders.*

IG-13-0017

On August 26, 2013, the OIG received a complaint from the Illinois State Police (ISP) regarding the conduct of a Tollway employee who served as a Communications Supervisor in the Dispatch Department. The ISP alleged that the Supervisor assisted an ISP Trooper in monopolizing the ISP radio for over four minutes in an inappropriate "goodbye" retirement message at the time of his last broadcast, thereby jeopardizing the safety of the ISP officers on duty as well as the safety of the general public traveling the Tollway at that time. While the ISP initiated an investigation of the matter, instructions were given that no copies of the broadcast were to be made. However, the Tollway Supervisor submitted two separate Freedom of Information Act (FOIA) requests specifically requesting copies of the radio transmission.

An internal investigation by the ISP resulted in the retiring ISP Trooper admitting to violation of the Rules of Conduct as charged and was issued a letter of Reprimand by the District Commander of the ISP for Improper Conduct and Unsatisfactory Performance. No additional punishment could be imposed since he retired before it could be administered.

It was determined that the Tollway Supervisor had purposefully and intentionally requested to work as Relief Supervisor for the radio on the date in question in order to be in a position to assist in the unauthorized broadcast. It was further determined that the Tollway dispatchers and telecommunicators are aware of the ISP Communications Service Bureau Policies and Procedures Manual and follow “some” of the rules and regulations regarding radio traffic; however, the employees interviewed stated they do not follow all the rules. Although the dispatchers, telecommunicators and call takers are directly responsible for all ISP District 15 communications, they do not report to ISP chain of command.

As a result of this investigation, the recommendations in the OIG report on October 16, 2013 were as follows:

- All Dispatch/Communications personnel and employees with access to LEADS should be ISP employees to clarify the chain of command.
- As ISP employees, the Dispatch/Communications personnel and employees with access to LEADS and responsible for District 15 and ISTHA communications would fall under the direct supervision of the ISP.
- As ISP employees, the Dispatch/Communications personnel and employees with access to LEADS and responsible for District 15 and ISTHA communications would report directly to the ISP District 15 chain of command and therefore be consistent with ISP Districts throughout the State.

On March 6, 2014 a Management Response to the Recommendations was received from the Chief Engineer and General Manager of Maintenance & Traffic as follows:

The Tollway Dispatch Center employees use LEADS as required by LEADS policies and procedures the same as other Public Safety Dispatch Center employees, including Illinois State Police Telecommunicators. If misuse of LEADS is discovered, Tollway dispatch management investigates and takes appropriate action. Neither the LEADS Administrative Rules nor the LEADS Access Security Policy requires personnel who access LEADS to be law enforcement or criminal justice personnel.

The Tollway Dispatch Center is subjected to LEADS audits and in previous audits, the Tollway's Dispatch Center has been placed in the Low Risk category, meaning there were only minor violations. Tollway Dispatch Management, the LEADS Coordinator, (who is a Tollway employee) and the Illinois State Police have always worked together to correct any areas of non-compliance. Many Criminal Justice Agencies in the State of Illinois are dispatched by consolidated dispatch centers who are a separate entity and who are managed by civilian personnel and overseen by a Board of Directors. The majority, if not all the Telecommunicators and Call Takers who work for these agencies and who have access to LEADS are civilian employees who do not work for a Law Enforcement or Criminal Justice Agency.

The Illinois Tollway Dispatch Center has operated successfully as a civilian, Tollway managed Public safety dispatch center for at least thirty (30)years, providing public safety dispatch service to the Illinois

State Police, District 15, Tollway maintenance, Toll Services, as well as alarm notifications services, covering a vast system of security alarms protecting Information Technology and Tollway infrastructure.

We do recognize the importance of on-going communication between the Dispatch Center, Tollway Maintenance Operations and the Illinois State Police, District 15. To ensure positive, on-going communication, we have initiated a monthly meeting between ISP Commander/Command Staff and key Managers in the Maintenance & Traffic Division, including the Dispatch Manager, Incident Manager, Roadway Maintenance Manager and the General Manager of Maintenance & Traffic. While we do not feel there is a communication gap at present, the aforementioned meeting will strengthen existing lines of communication and ensure that Dispatch provides the State Police the required support.

On March 6, 2014 the OIG responded to this response with numerous comments including the following:

The reply to the recommendation with regard to the management of the Dispatch Center contains the information that “Many Criminal Justice Agencies in the State of Illinois are dispatched by consolidated dispatch centers who are a separate entity and who are managed by civilian personnel and overseen by a Board of Directors”. While this may be correct with regard to consolidated centers, the Tollway Dispatch center is not a consolidated center as referred to in that explanation and only provides coverage for transmissions to Illinois State Police, District 15 and the Tollway. The OIG suggestion is that due to the law enforcement requirement with the operation of LEADS and NCIC and training and ISP criminal issues, that the management of the center should be under the control and direction of the ISP. The staff could still be Tollway employees, but would be directed by ISP rules and regulations. This could alleviate the concern that employees do not always follow Tollway rules and regulations.

On March 18, 2013 an additional Management Response was received from the Executive Office with the following information:

In addition to the items noted in the response, the Tollway will be taking the following actions: additional regular meetings between Tollway staff and Illinois State Police; additional formal input into the evaluation process for Illinois State Police; ensuring that similar acts are met with similar discipline; and relocation of the dispatch manager to a location within the dispatch center.

After reviewing any collective bargaining matters and concerns, Tollway staff will work in conjunction with Illinois State Police staff to allow regular formal input into the employee evaluation process to ensure that issues observed by Illinois State Police are reflected in evaluations. This regular input will allow for both positive reinforcement of behavior that is observed by Illinois State Police staff that should be recognized and rewarded, as well identifying observed behavior that is of concern.

After discussing the matter with District 15 leadership, the Tollway has no immediate plans to move supervision of the dispatch unit under the supervision of the Illinois State Police at this time. The dispatch unit serves other functions of the Tollway, including the maintenance areas of the Tollway, and we believe that common supervision of the dispatch unit by the Tollway ensures efficient management of dispatch functions. District 15 leadership and the Executive Director have agreed to continue to monitor the situation and make adjustments as needed.

GENERAL SUMMARY OF ACTIVITY:

In order to provide a more complete summary of the activity of the OIG during this period, it should be noted that in addition to the investigations discussed above, the OIG also received, from Tollway Management and individuals, various allegations and concerns and conducted investigations into numerous additional matters during this period, which were completed with no material findings or procedural recommendations.

During the period of September 19, 2013 through March 18, 2014 the Office of the Inspector General opened seven (7) Inspector General (IG) cases and closed fifteen (15) IG cases. There are currently ten (10) IG cases open

There were seventy-six (76) Investigative Assistance (IA) cases opened and eighty-one (81) IA's closed and four were converted to an IG investigation. Of the IA cases opened, sixty (60) were responding to a subpoena requesting Tollway information.

The office opened four (4) Preliminary Inquiry (PI) Investigations and two (2) PI investigations were closed. Three (3) cases were converted to IG investigations.

The IG office received thirty (30) complaints from citizens and twenty-one (21) complaints were closed.

The above numbers represent a total number of one hundred seventeen (117) cases opened and a total number of one hundred nineteen (119) cases closed for a total of two hundred thirty-six (236) cases handled during this time period.

There were five (5) redacted investigative reports posted on the Tollway website for public review during this six month period and additional ones will be posted when appropriate.



Debt Management Update

March 27, 2014

Topics

- Refunding
- Liquidity facilities
- New money issuance for *Move Illinois*
- Upcoming items

Refunding Issuance - \$57.3 million NPV Savings

REFUNDING OF SERIES 2005A BONDS COMPLETE

Date of Issuance	<u>8/13/2013</u>	<u>2/26/2014</u>	<u>Total</u>
Amount Refunded	\$228,195,000	\$436,545,000	\$664,740,000
Net Present Value (“NPV”) Savings	\$13.2 million	\$44.1 million	\$57.3 million
NPV Savings as % of Refunded Bonds	5.8%	10.1%	8.6%

Remaining refunding authorizations

- Authorization remains to refund \$76 million Series 2005A and/or \$292 million Series 2006A
- Up to \$571 million to refund synthetic fixed rate bonds (from among \$1.3 billion total of Series 1998B, 2007A, 2008A)



Liquidity – *Continued diversification at reduced cost*

Renewal/Replacement of liquidity facilities complete

UPDATED LIQUIDITY/CREDIT FACILITY PROVIDER PROFILE						
Series	Par	Facility	Prior Provider	Prior Expiration	New Provider	New Expiration
1998B	\$123.1M	SBPA	Helaba	12/27/2013	Helaba	1/01/2017
2007A-1a	\$175.0M	LOC	Citibank	1/31/2014	Citibank	1/31/2017
2007A-1b	\$175.0M	LOC	PNC	3/18/2014	Mizuho	3/18/2016
2007A-2a	\$100.0M	LOC	Bank of Tokyo	3/18/2014	Bank of Tokyo	3/17/2017
2007A-2b	\$107.5M	LOC	BMO (Harris)	3/18/2014	BMO (Harris)	3/18/2017
2007A-2c	\$55.0M	LOC	Northern Trust	3/18/2014	Northern Trust	3/17/2017
2007A-2d	\$87.5M	LOC	Wells Fargo	3/18/2015	RBC	3/17/2017
2008a-1a	\$191.5M	SBPA	JPMorgan	6/07/2013	JPMorgan	2/05/2016
2008A-1b	\$191.6M	SBPA	PNC	2/07/2014	Bank of America	2/05/2016
2008A-2	\$95.8M	SBPA	JPMorgan	6/07/2013	JPMorgan	2/05/2016
			Prior Avg Annual Fee	0.68%	New Avg Annual Fee	0.44%



New Money Issuance for *Move Illinois*

Amount

- \$450 million planned in April (*\$500 million authorized*)**
 - Additional \$450 million in November or December (*authorization needed*)
- Current estimate of Tollway 25-year rate roughly 4.70%**
 - Budget/projections assumed 5% in 2014 and 5.5% thereafter

Timing

- Print Official Statement week of April 7**
- Price/sell bonds week of April 14 or 21**



Upcoming Items in 2014

Policies, procedures and guidelines

- Review/update investment policy
- Review/update debt management guidelines
- Annual review of post-issuance procedure compliance

Authorize additional new money bond issuance

- Continue to evaluate new money hedging options

Continue to monitor refunding opportunities

- Series 2006A
- Consider hedging alternatives to facilitate refunding



THANK YOU

Potential Review Items for Investment Policy and Debt Management Guidelines

Investment Policy

- Assess investment objectives (safety / liquidity / investment return)
- Review consistency of investment options among Investment Policy, Public Funds Investment Act and Indenture (incl. municipal bonds, money market funds)
- Update to reflect current committees for reporting requirements and current job titles

Debt Management Guidelines

- Review new / proposed municipal advisor rules / regulations for applicability to the Guidelines
- Incorporate Dodd Frank and Qualified Investment Representatives policies/procedures with respect to swap agreements
- Review guidelines on variable rate exposure (current target 25%)
- Update continuing disclosure obligations to reference the MSRB's EMMA dataport
- Consider use of disclosure counsel
- Change reporting obligations from Audit Committee to FAO Committee
- Clarify reporting requirements on financial counterparties



**2013 Year-End
Budget to Actual Review**
(Preliminary and Unaudited)

March 27, 2014

2013 Highlights – *Revised Estimate* vs. Actual*

❑ Revenue exceeded \$1 billion

- ***\$11.8 million greater than the 2013 revised estimate***
 - ✓ Commercial vehicle transactions grew 3.7 percent compared to 2012; 0.6 percent greater than the 2013 revised estimate
 - ✓ Passenger vehicle transactions grew 1.2 percent compared to 2012; 0.2 percent greater than the 2013 revised estimate
 - ✓ Evasion recovery 8 percent greater than the revised estimate

❑ Maintenance and Operations

- ***\$5.9 million below 2013 budget***
 - ✓ Primarily due to vacancies, lower than projected contractual services and material/operational supplies, partially offset by additional allocation to workers' compensation claim reserve fund

❑ Capital Program

- ***\$87 million below the 2013 revised estimate***
- ***Including Intergovernmental Agreement reimbursements of \$12 million, the variance to the revised estimate totaled \$99 million***

*Revenue and Capital Program estimates for 2013 were revised in October and presented in the 2014 Budget.

2013 Revenue Sources and Allocations

*Revenue estimate was revised upward in October 2013
from \$986 million to \$998 million*

2013 Revenue Sources and Allocations

SOURCES OF REVENUE		(\$ millions)
	2013 Budget	2013 October Estimate
Toll Revenue and Evasion Recovery	\$977	\$987
Investment Income	1	1
Concessions Revenue and Miscellaneous Income	8	10
Total Revenue	\$986	\$998

ALLOCATIONS OF REVENUE		(\$ millions)
	2013 Budget	2013 October Estimate
Maintenance and Operations	\$283	\$269
Debt Service Transfers	317	295
Deposits to Renewal/Replacement and Improvement	386	435
Total Allocations	\$986	\$998

2013 Revenue

Total revenue was \$11.8 million greater than the revised estimate

(\$ thousands)

	2013		Variance	
	Revised Estimate	Actual	\$	%
Toll Revenue and Evasion Recovery	\$987,000	\$997,373	\$10,373	1.1%
Concessions	2,300	2,306	6	0.2%
Investment Income	1,000	866	(134)	-13.4%
Miscellaneous	7,700	9,232	1,532	19.9%
Total Revenue	\$998,000	\$1,009,776	\$11,776	1.2%

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

2013 Maintenance and Operations

Variance mainly due to vacancies, reduced spending for contractual services and material/operational supplies, partially offset by additional allocation to workers' compensation claim reserve fund

(\$ thousands)

	2013		Variance	
	Budget	Actual	\$	%
Payroll and Related Costs	\$154,914	\$150,273	(\$4,640)	-3.0%
Group Insurance	29,190	28,637	(553)	-1.9%
Contractual Services	54,332	50,924	(3,408)	-6.3%
Materials/Operational Supplies/Other Expenses	8,309	7,296	(1,013)	-12.2%
Utilities	5,588	6,341	753	13.5%
All Other Insurance	9,882	12,664	2,782	28.2%
Parts and Fuel	7,087	7,608	521	7.4%
Equipment/Office Rental and Maintenance	15,544	15,138	(406)	-2.6%
Professional Development	1,003	890	(114)	-11.3%
Recovery of Expenses	(2,431)	(2,258)	173	7.1%
Total Maintenance and Operations Expenditures	\$283,418	\$277,512	(\$5,906)	-2.1%

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

2013 Capital Program

Capital Program expended less than revised estimate mainly due to timing of right-of-way acquisition, scheduling changes and project cost savings

(\$ thousands)

	2013		Variance	
	Revised Estimate	Actual ⁽¹⁾	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$46,368	\$41,723	(\$4,645)	-10.0%
Reagan Memorial Tollway (I-88)	7,860	7,695	(165)	-2.1%
Jane Addams Memorial Tollway (I-90)	323,758	298,919	(24,839)	-7.7%
Veterans Memorial Tollway (I-355)	17,521	20,938	3,417	19.5%
Open Road Tolling (ORT)	2,704	3,091	387	14.3%
Systemwide Improvements	133,844	106,880	(26,965)	-20.1%
Tri-State Tollway (I-294)/I-57 Interchange	43,353	55,353	12,000	27.7%
Elgin O'Hare Western Access	95,556	53,109	(42,446)	-44.4%
Illinois Route 53/120/Other Planning Studies	819	979	160	19.5%
Move Illinois and CRP Subtotal	\$671,782	\$588,686	(\$83,096)	-12.4%
"Other" Capital Projects	47,206	43,111	(4,095)	-8.7%
Capital Program Subtotal	\$718,988	\$631,797	(\$87,191)	-12.1%
Intergovernmental Agreement Reimbursements and Other Adjustments	-	(11,820)	(11,820)	N/A
Total Capital Program Expenditures	\$718,988	\$619,977	(\$99,011)	-13.8%

⁽¹⁾ Capital Program Actual included \$110.8 million in work completed for which payments have not been made as of December 31, 2013.

Note: Details by corridor can be found on Page 10.
Numbers may not add to totals due to rounding.

2013 Capital Program – Revised Estimate vs. Actual Variance

**Capital Program expended \$87 million less than the revised estimate
(\$99 million - net of IGA reimbursements)**

	<u>Variance</u>
Move Illinois/CRP	\$ (83.1) million
<input type="checkbox"/> <i>Timing of right-of-way acquisition</i>	(\$49.7)
<input type="checkbox"/> <i>Scheduling changes</i>	(\$30.6)
<input type="checkbox"/> <i>Project cost savings</i>	(\$ 2.8)*
Other capital projects	\$ <u>(4.1) million</u>
Capital Program - total	\$ (87.2) million
IGA and other adjustments	\$ (11.8) million

* Project bid savings against original budget were (\$81) million

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

2013 Summary

- ❑ Revenue - \$11.8 million above target mainly due to
 - *Increased traffic and evasion recovery revenue*
- ❑ Maintenance and operations expenditures - \$5.9 million below budget primarily due to
 - *Vacancies, lower contractual services and material/operational supplies spending, partially offset by additional allocation to workers' compensation claim reserve fund*
- ❑ Debt Service transfers - \$21.9 million less than budget
- ❑ Capital program (*Move Illinois* and CRP) expenditures - \$87 million below the revised estimate
 - *Move Illinois program key deliverables achieved in 2013*
 - *Reduced expenditure a result of schedule modification and bid savings*
 - *2013 expended nearly two times as much as 2012*

Appendix

2013 Capital Program

Move Illinois/CRP key variance highlights

- ❑ **Elgin O'Hare Western Access** **(\$42.4) million**
 - *Timing of right-of-way acquisition* *(\$48.5)*
 - *Schedule changes* *\$ 6.0*

- ❑ **Systemwide** **(\$27.0) million**
 - *Schedule changes*
 - ✓ Interchange expansion, bridge and pavement repairs (\$28.7)
 - ✓ Business Systems and Information Technology \$ 1.8

- ❑ **Jane Addams Memorial Tollway (I-90)** **(\$24.8) million**
 - *Schedule changes* *(\$22.2)*
 - *Timing of right-of-way acquisition* *(\$ 1.2)*
 - *Bid Savings* *(\$ 1.4)*

Capital Program

Original Projection vs. Revised Estimate

(\$ thousands)

	Approved Budget	Revised Estimate	Variance
Tri-State Tollway (I-94/I-294/I-80)	\$36,873	\$46,368	\$9,495
Reagan Memorial Tollway (I-88)	5,525	7,860	2,334
Jane Addams Memorial Tollway (I-90)	415,201	323,758	(91,443)
Veterans Memorial Tollway (I-355)	23,187	17,521	(5,665)
Open Road Tolling (ORT)	4,135	2,704	(1,431)
Systemwide Improvements	217,970	133,844	(84,125)
Tri-State Tollway (I-294/I-57) Interchange	66,737	43,353	(23,385)
Elgin O'Hare Western Access	95,556	95,556	0
Illinois Route 53/120/Other Planning Studies	6,833	819	(6,015)
Move Illinois and CRP Total	\$872,018	\$671,782	(\$200,235)
Other Capital Projects*	50,000	47,206	(2,794)
Total Capital Program	\$922,018	\$718,988	(\$203,030)

*The 2013 approved budget for "Other Capital Projects" totaled \$79.3 million; \$50 million was anticipated to be spent.
 Note: Numbers may not add to totals due to rounding.

Capital Program

Original Projection vs. Actual

(\$ thousands)

	2013		Variance	
	Projection	Actual ⁽¹⁾	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$36,873	\$41,723	\$4,850	13.2%
Reagan Memorial Tollway (I-88)	5,525	7,695	2,170	39.3%
Jane Addams Memorial Tollway (I-90)	415,201	298,919	(116,282)	-28.0%
Veterans Memorial Tollway (I-355)	23,187	20,938	(2,249)	-9.7%
Open Road Tolling (ORT)	4,135	3,091	(1,044)	-25.2%
Systemwide Improvements	217,970	106,880	(111,090)	-51.0%
Tri-State Tollway (I-294)/I-57 Interchange	66,737	55,353	(11,384)	-17.1%
Elgin O'Hare Western Access	95,556	53,109	(42,446)	-44.4%
Illinois Route 53/120/Other Planning Studies	6,833	979	(5,855)	-85.7%
Move Illinois and CRP Subtotal	\$872,018	\$588,686	(\$283,331)	-32.5%
"Other" Capital Projects	50,000	43,111	(6,889)	-13.8%
Capital Program Subtotal	\$922,018	\$631,797	(\$290,221)	-31.5%
Intergovernmental Agreement Reimbursements and Other Adjustments	-	(11,820)	(11,820)	N/A
Total Capital Program Expenditures	\$922,018	\$619,977	(\$302,040)	-32.8%

⁽¹⁾ Capital Program Actual included \$110.8 million in work completed for which payments have not been made as of December 31, 2013.

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

Revenue

2013 vs. 2012 Actual

(\$ thousands)

	2012	2013	Variance	
			\$	%
Toll Revenue and Evasion Recovery	\$954,989	\$997,373	\$42,384	4.4%
Concessions	2,273	2,306	33	1.4%
Investment Income	1,389	866	(523)	-37.7%
Miscellaneous	5,104	9,232	4,128	80.9%
Total Revenue	\$963,755	\$1,009,776	\$46,021	4.8%

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

Maintenance and Operations

2013 vs. 2012 Actual

(\$ thousands)

	2012	2013	Variance	
			\$	%
Payroll and Related Costs	\$145,215	\$150,273	\$5,058	3.5%
Group Insurance	27,601	28,637	1,036	3.8%
Contractual Services	42,708	50,924	8,215	19.2%
Materials/Operational Supplies/Other Expenses	5,835	7,296	1,461	25.0%
Utilities	6,153	6,341	188	3.1%
All Other Insurance	7,845	12,664	4,819	61.4%
Parts and Fuel	6,604	7,608	1,004	15.2%
Equipment/Office Rental and Maintenance	12,419	15,138	2,719	21.9%
Professional Development	784	890	106	13.5%
Recovery of Expenses	(2,105)	(2,258)	(153)	-7.3%
Total Maintenance and Operations Expenditures	\$253,059	\$277,512	\$24,453	9.7%

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

Capital Program

2013 vs. 2012 Actual

(\$ thousands)

	2012	2013	Variance	
			\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$98,853	\$41,723	(\$57,131)	-58%
Reagan Memorial Tollway (I-88)	60,515	7,695	(52,820)	-87%
Jane Addams Memorial Tollway (I-90)	89,265	298,919	209,654	235%
Veterans Memorial Tollway (I-355)	2,288	20,938	18,650	815%
Open Road Tolling (ORT)	1,395	3,091	1,696	122%
Systemwide Improvements	67,450	106,880	39,430	58%
Tri-State Tollway (I-294)/I-57 Interchange	9,726	55,353	45,627	469%
Elgin O'Hare Western Access	6,167	53,109	46,943	761%
Illinois Route 53/120/Other Planning Studies	-	979	979	N/A
Move Illinois & CRP Subtotal	\$335,659	\$588,686	\$253,028	75%
"Other" Capital Projects	36,852	43,111	6,259	17%
Capital Program Subtotal	\$372,510	\$631,797	\$259,287	70%
Intergovernmental Agreement Reimbursements and Other Adjustments	(\$21,019)	(11,820)	\$9,200	44%
Total Capital Program Expenditures	\$351,491	\$619,977	\$268,486	76%

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

2013 Transactions – Revised Estimate vs. Actual

Transaction (millions)

2013	Revised Estimate	Actual	Variance \$	Variance %	Revised Estimate	Actual	Variance \$	Variance %
	PASSENGER VEHICLES				ALL COMMERCIAL VEHICLES (TIER 2-4)			
January	54.6	54.6	-	0.0%	7.3	7.3	-	0.0%
February	50.3	50.3	-	0.0%	6.8	6.8	-	0.0%
March	58.3	58.3	-	0.0%	7.5	7.5	-	0.0%
April	58.8	58.8	-	0.0%	7.9	7.9	-	0.0%
May	63.7	63.7	-	0.0%	8.5	8.5	-	0.0%
June	62.3	62.3	-	0.0%	8.1	8.1	-	0.0%
July	65.2	65.2	0.0	0.0%	8.4	8.4	-	0.0%
August	66.8	66.8	0.0	0.0%	8.7	8.7	-	0.0%
September	60.2	60.5	0.3	0.5%	8.2	8.2	(0.0)	-0.1%
October	62.8	63.4	0.6	1.0%	8.9	8.9	0.0	0.5%
November	58.3	58.6	0.2	0.4%	7.6	7.8	0.2	2.7%
December	57.8	58.1	0.3	0.5%	7.1	7.4	0.3	4.1%
	719.1	720.5	1.4	0.2%	95.0	95.5	0.5	0.6%
	ALL VEHICLES							
January	61.9	61.9	-	0.0%				
February	57.1	57.1	-	0.0%				
March	65.7	65.7	-	0.0%				
April	66.7	66.7	-	0.0%				
May	72.2	72.2	-	0.0%				
June	70.3	70.3	-	0.0%				
July	73.6	73.6	0.0	0.0%				
August	75.5	75.5	0.0	0.0%				
September	68.4	68.7	0.3	0.4%				
October	71.7	72.3	0.6	0.9%				
November	65.9	66.4	0.5	0.7%				
December	64.9	65.5	0.6	0.9%				
	814.1	816.0	2.0	0.2%				

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



2013 vs. 2012 Transactions

2013	Transactions (millions)	% Change 2013 to 2012	Transactions (millions)	% Change 2013 to 2012
	PASSENGER VEHICLES (TIER 1)		LARGE COMMERCIAL VEHICLES (TIER 4)	
January	54.6	3.0%	5.3	5.8%
February	50.3	-5.4%	4.9	-1.8%
March	58.3	-1.1%	5.4	-2.2%
April	58.8	1.0%	5.6	5.5%
May	63.7	1.5%	5.9	4.6%
June	62.3	-1.1%	5.5	0.2%
July	65.2	2.6%	5.7	7.0%
August	66.8	3.7%	6.0	2.4%
September	60.5	3.1%	5.6	7.9%
October	63.4	3.4%	6.2	6.4%
November	58.6	1.3%	5.5	2.5%
December	58.1	2.3%	5.2	9.4%
	720.5	1.2%	66.8	3.9%
2013	ALL COMMERCIAL VEHICLES (TIER 2-4)		ALL VEHICLES	
January	7.3	5.1%	61.9	3.2%
February	6.8	-1.6%	57.1	-5.0%
March	7.5	-2.7%	65.7	-1.3%
April	7.9	5.0%	66.7	1.4%
May	8.5	3.1%	72.2	1.7%
June	8.1	-0.3%	70.3	-1.0%
July	8.4	6.9%	73.6	3.0%
August	8.7	2.9%	75.5	3.6%
September	8.2	8.1%	68.7	3.6%
October	8.9	6.3%	72.3	3.8%
November	7.8	2.5%	66.4	1.5%
December	7.4	9.8%	65.5	3.1%
	95.5	3.7%	816.0	1.5%

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





THANK YOU