

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE
FINANCE ADMINISTRATION OPERATIONS
COMMITTEE MEETING**

February 15, 2012

The Illinois State Toll Highway Authority held a Finance Administration Operations (FAO) Committee Meeting on Wednesday, February 15, 2012 at approximately 8:30 a.m. at the Central Administration Building in Downers Grove, Illinois.

Directors Present:

Committee Chair Mark Peterson Director David Gonzalez

Director Jim Sweeney

Directors Absent:

Director Jim Banks

Committee Chair Peterson called the meeting to order and opened the floor to public comment. No public comment was offered.

Committee Chair Peterson called for a motion to approve the minutes of the Finance Administration Operations Committee meeting held on Wednesday, January 18, 2012. Director Gonzalez made the motion to approve the minutes; seconded by Director Sweeney. The motion was approved unanimously.

Executive Director Kristi Lafleur introduced Michael Stone, Chief of Staff, to provide a re-cap of the [attached FAO Committee Work Plan](#).

Mr. Stone indicated that two of the key decisions listed on the Work Plan will be discussed today: securing a bond financing team and streamlining the procurement process.

Executive Director Lafleur then called on Mike Colsch, Chief of Finance, to give a history and current status of the bond financing team procurement as shown in the [attached presentation](#).

Mr. Colsch reminded the Committee that the 2012 Budget included an expected \$200 million bond issue and that with the Board's approval that issuance could be increased if the market conditions are favorable. Mr. Colsch indicated that a critical step in the process is to establish a bond financing team which includes: financial advisors, underwriters (a senior management pool and a co-management pool), remarketing agents, bond counsel, bond insurer, liquidity banks and trustee.

Committee Chair Peterson asked how the banks would be selected for the underwriting pools and how many banks would be chosen. Mr. Colsch responded that during the evaluation process staff would choose the firms eligible for the pool based on the firms' scores against pre-determined criteria. During the RFP procurement, a process would be established for selecting firms from the authorized pool. He also indicated that up to 8 firms would be selected for the senior management pool and up to 20 firms for the co-management pools.

Director Peterson asked whether diversity goals would be set for the underwriter procurement. Mr. Colsch responded affirmatively and indicated that diversity commitments over 25% have been achieved for similar procurements in the past.

Ms. Lafleur indicated that staff is seeking to update the bond financing team because the current team has been in place since 2008. Mr. Colsch confirmed that the staff sought and received board approval for a one

year extension of the current underwriting team last Fall to ensure those services would be available even while the procurement process for the new team was underway.

Director Peterson asked whether staff expected this bond issue to be received well in the marketplace. Mr. Colsch responded that he expects a positive response to the bond issue.

Ms. Lafleur indicated that staff plans to post the Request for Proposal (RFP) for the bond financing team soon and welcomed the Directors' input on any priorities that should be included in the RFP. She also indicated that staff will return to discuss the general strategy for the amount and timing of the bond issue once the bond financing team is established.

Director Gonzalez asked about the composition of the selection committee for the bond financing team. Mr. Colsch responded that the selection team will include 2-3 Finance Department staff members, Engineering Department staff and possibly a representative from the Governor's Office of Management and Budget.

Executive Director Lafleur introduced John Donato, Chief of Procurement, to give a presentation on streamlining the procurement process including recommendations for statutory changes as well as changes in the internal process as described in the [attached presentation](#). Ms. Lafleur noted that the Tollway procurement process takes 3-6 months longer to complete now than it did just two years ago largely due to procurement reforms mandated by the Procurement Reform Act PA 96-795 also known as SB51.

Among the recommendations for statutory changes presented by Mr. Donato are: (1) allowing vendors to submit previously approved financial disclosure forms with an affidavit stating that nothing has

changed since the last submission; (2) allowing a three-day cure period if the Board of Election Certificate of Registration is not submitted with the bid initially; (3) allowing vendors to submit previously cleared potential conflict determinations from Procurement Policy Board; and (4) aligning the Tollway with the Illinois Department of Transportation to require disclosures and forms only from Tier 1 subcontractors on construction procurements.

Ms. Lafleur requested the Directors' input on whether all orders against Central Management Services (CMS) Master Contracts should be presented to the Board. She suggested that the Board consider providing periodic (annual or bi-annual) approval of certain commodity items covered by CMS Master Contracts. This could minimize the time the Board spends reviewing these contracts and gives staff flexibility to move forward with these purchases as needed without waiting until upcoming Board and Committee meetings.

Mr. Donato explained that under the Joint Committee on Administration Rules (JCAR) state agencies are required to use CMS Master Contracts for commodity products/services. CMS would have to approve exceptions to the JCAR rule which does not happen often.

Director Gonzalez asked whether CMS would approve a Tollway contract for a product/service otherwise covered under a CMS Master Contract if the Tollway found Illinois-based firms to provide the product/service. Mr. Donato responded that CMS Master Contracts for commodity products are awarded to the lowest responsive bidders and that Illinois law does not allow preferential treatment for Illinois firms unless there is a tied bid.

Director Peterson asked at what dollar threshold is Board contract approval required currently and how was that threshold determined. Mr.

Donato responded that currently any contract in the amount of \$34,000 or more must be approved by the Board. He indicated that the threshold amount was determined based on CMS' definition of small purchases – less than \$34,000. Ms. Lafleur indicated that although the Tollway Board cannot change CMS' definition of a small purchase, the Board can establish a policy that eliminates the need for Board approval on Orders against CMS Master Contracts less than \$50,000, or \$100,000 or whatever amount deemed appropriate by the Board.

Director Sweeney asked how long the current threshold for Board approval has been in effect and whether the current threshold was set because of a specific incident. Mr. Colsch responded that the current threshold has been in place since 2003. Mr. Donato responded that to the best of his knowledge the threshold was not put in place due to a specific incident.

Mr. Donato indicated that 80% of Tollway Orders against CMS Master Contracts are over \$1 million including items such as rock salt, etc. **Ms. Lafleur indicated that staff would evaluate various thresholds to determine how many contracts would fall in that category and share that information with the committee at a future meeting.**

Director Peterson asked whether staff could quantify the time and monetary savings derived from increasing the threshold for approval. **Mr. Donato responded that staff will include that information in its threshold analysis.**

Regarding the contract lengths, Director Peterson asked how lengthening contracts and renewal periods could benefit the Tollway. Ms. Lafleur indicated that typically Tollway contracts are structured with a 3-year term and (2) one-year renewal options. In most cases the Tollway opts to use both renewals. However, because it takes 3-6 months to process a

renewal, once the first renewal is approved staff must start the process for the second renewal. Mr. Donato suggested that new contracts should be structured with (1) two-year renewal instead of (2) one-year renewals. Ms. Lafleur indicated that five year contracts could also be an option especially since contracts can be terminated prior to the end of the five year term with sufficient notice.

Mr. Donato indicated that the following recommendations for improvement to the internal procurement process are underway: (1) developing training manuals and standardized templates for use by all departments; and (2) streamlining the contract signature process.

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

Item 1: Award of Contract 12-0041 to AT&T Incorporated for the purchase of Digital Message Sign (DMS) Upgrades/Improvement, in an amount not to exceed \$90,082.80 (CMS Master Contract).

Item 2: Award of Contract 11-0099 to Midland Paper Company for the purchase of Copier Paper, in an amount not to exceed \$54,000.00 (CMS Master Contract).

Item 3: Award of Contract 12-0024 to Peabody's Incorporated for the purchase of Mowers (Small) and Accessories, in an amount not to exceed \$275,310.00 (CMS Master Contract).

Item 4: Award of Contract 12-0026 to R.F. Houtz & Son Incorporated for the purchase of Mowers (Zero Turn), in an amount not to exceed \$37,800.00 (CMS Master Contract).

Item 5: Award of Contract 12-0028 to John Deere Company for the purchase of Mowers (Bat Wing) and Accessories, in an amount not to exceed \$41,502.69 (CMS Master Contract).

Item 6: Award of Contract 12-0023 to John Deere Company for the purchase of Mowers (Large) and Accessories, in an amount not to exceed \$364,462.56 (CMS Master Contract).

Item 7: Award of Contract 11-0355 to Motorola Solutions for the purchase of Starcom21 Radio User Fees, in an amount not to exceed \$420,000.00 (CMS Emergency Master Contract).

Director Sweeney made a motion for approval of Procurement Items 1-7; seconded by Director Gonzalez. The motion was approved unanimously.

Item 8: Award of Contract 12-0060 to Aurora Wheatland Company, Inc. dba Wheatland Title Guaranty Company, for the purchase of Title Insurance Services, in an amount not to exceed \$2,000,000.00 (Request For Proposals).

Director Peterson asked why the vendor made 0% commitment to meet the 20% diversity goal set by staff. Mr. Donato responded that the Aurora Wheatland Company was the only bidder for this contract and Tollway Diversity team determined that they showed a good faith effort to reach the diversity goal but their efforts were unsuccessful. He added that similar contract will be issued in the near future and that staff will conduct more outreach to potential vendors.

Director Sweeney made a motion for approval of Procurement Item 8; seconded by Director Peterson. Directors Peterson and Sweeney voted

“aye” and Director Gonzalez voted “nay”. The motion was approved by a majority vote.

Committee Chair Peterson called on Joe Kambich, Chief of Information Technology (IT), to present the following IT items:

Item 1: Award of Contract 12-0049 to Hewlett Packard for the purchase of laptops along with 3-year warranties and any associated licensing fees, in an amount not to exceed \$111,125.00 (CMS Master Contract).

Item 2: Award of Contract 12-0108 to Hewlett Packard for the purchase of computer monitors, in an amount not to exceed \$64,500.00 (CMS Master Contract).

Item 3: Award of Contract 12-00066 to CDS Technologies Inc for the purchase of computer workstations, in an amount not to exceed \$583,212.00 (CMS Master Contract).

Director Peterson asked how many computer workstations were replaced in 2004. **Mr. Kambich responded that he was not certain but would forward that information to the committee at a later date.**

Director Gonzalez made a motion for approval of IT Items 1-3; seconded by Director Sweeney. The motion was approved unanimously.

Item 4: Award of Contract 12-0059 to CDW-Government LLC for the purchase of F5 Networks Application Firewall and Load Balancers, in an amount not to exceed \$131,928.48.

Director Sweeney made a motion for approval of IT Item 4; seconded by Director Gonzalez. The motion was approved unanimously.

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

Item 1: Award of Contract No. I-05-5430 to R. W. Dunteman Company for Roadway Pavement Rehabilitation and Diamond Grinding on the Tri-State Tollway (I-94) from Milepost 14.1 (Buckley Road) to Milepost 16.0 (Rockland Road), and from Milepost 21.8 (Half Day Road) to Milepost 25.3 (Lake Cook Road) in the amount of \$5,439,073.01

Director Gonzalez made a motion to approve the award for Engineering Item 1; seconded by Director Sweeney. The motion was approved unanimously.

Item 2: Acceptance of Proposal from TranSystems Corporation on Contract I-11-4021 for Design Services for Reconstruction and Add Lane on the Jane Addams Memorial Tollway (I-90) from Milepost 53.5 (Elgin Plaza) to Milepost 17.6 (I-39) in the amount of \$8,228,192.52

Item 3: Acceptance of Proposal from Hanson Professional Services, Inc. on Contract I-11-4022 for Design Services for Reconstruction and Add Lane on the Jane Addams Memorial Tollway (I-90) from Milepost 46.4 (IL Route 47) to Milepost 25.0 (Genoa Road) in the amount of \$22,000,000.

Item 4: Acceptance of Proposal from MLFG Joint Venture on Contract I-11-4023 for Design Services for Reconstruction and Add Lane on the Jane Addams Memorial Tollway (I-90) from Milepost 25.0 (Genoa Road) to Milepost 17.6 (Mill Road) in the amount of \$7,950,000.

Item 5: Acceptance of Proposal from Environmental Design International, Inc. on Contract RR-11-4024 for Design Services and Construction Management for Ramp Reconstruction on the Reagan

Memorial Tollway (I-88) and the Jane Addams Memorial Tollway (I-90) in the amount of \$944,242.72.

Item 6: Acceptance of Proposal from TAPS Joint Venture on Contract RR-11-4025 for Design Services and Construction Management for Ramp Reconstruction on the Tri State Tollway (I-94 and I-294) in the amount of \$2,500,000.

Item 7: Acceptance of Proposal from Ruettiger, Tonelli & Associates, Inc. on Contract I-11-4029 for Surveying Services and Land Acquisition Services Upon Request Systemwide in the amount of \$3,400,000.

Item 8: Acceptance of Proposal from TBE Group, Inc. d/b/a Cardno TBE on Contract I-11-4030 for Utility Services for Utility Relocation Assistance Upon Request Systemwide in the amount of \$2,000,000.

Item 9: Acceptance of Proposal from Everest Engineering Company on Contract I-11-4031 for Geotechnical Services Upon Request Systemwide in the amount of \$3,000,000.

Item 10: Acceptance of Proposal from S.T.A.T.E Testing, LLC on Contract RR-11-4033 for Quality Assurance Services for Materials Engineering Services Upon Request Systemwide in the amount of \$2,250,000.

Item 11: Acceptance of Proposal from Delcan Corporation (formerly National Engineering Technology Corp.) on Contract RR-03-5142 for Supplemental Design Services for Traffic and Incident Management Systems (TIMS) Systemwide in the amount of \$1,403,708 from \$8,853,372 to \$10,257,080.

Director Gonzalez made a motion to accept the proposals for Engineering Items 2-11; seconded by Director Sweeney. The motion was approved unanimously.

Item 12: Final Release of Retainage on Contract No. I-07-5227 to Walsh Construction Company of Illinois for Roadway and Bridge Reconstruction and Widening on the Northbound Tri-State Tollway (I-94) from Milepost 18.9, formerly Milepost 59.7, (IL Route 60) to Milepost 16.0, formerly Milepost 62.4, (IL Route 176), and Milepost 15.2, formerly Milepost 62.5, (along Atkinson Road), and Milepost 6.0, formerly Milepost 72.2, (along Dilley's Road) in the amount of \$108,500.

Director Gonzalez made a motion to approve the final release of retainage for Engineering Item 12; seconded by Director Sweeney. The motion was approved unanimously.

Committee Chair Peterson called on Dave Wilson, Senior Assistant Attorney General, to present the following Legal items:

Item 1: An Intergovernmental Agreement with the Village of Green Oaks. Cost to the Tollway: \$0

Item 2: An Intergovernmental Agreement with the Illinois Department of Transportation and Winnebago County. Cost to the Tollway: \$503,406.00 (estimated)

Mr. Wilson asked that discussion of Legal Items 3-5 be deferred to Executive Session.

Item 3: Amended DiBenedetto – Identification of Real Estate Parcels. Cost to the Tollway: \$0

Item 4: Potential Final Contract Payment Request – Walsh Construction Company. Cost to the Tollway: not to exceed \$181,687.89

Item 5: Settlement Proposal – Fields of Cambridge. Cost to the Tollway: not to exceed \$47,900

Director Sweeney made a motion to approve Legal Items 1 – 2 and to defer discussion of Legal Item 3-5 to Executive Session; seconded by Director Gonzalez. The motion was approved unanimously.

Committee Chair Peterson called for discussion of any Old or New Business. Director Gonzalez noted that he along with Committee Chair Peterson and Director Banks were assigned to the FAO committee when he started on the Board. He asked for clarification on the make-up of the Finance Committee going forward because Director Sweeney sat on the committee today and Chair Wolff sat in on the meeting last month. Ms. Lafleur indicated that substitutions are made when a committee member is absent to ensure a quorum is available to conduct business. She also indicated that staff received last minute notice that Director Banks would be unavailable for today's committee meeting. **She asked going forward that the Board Secretary inform committee members when a substitution will be made due to an absence.**

At approximately 9:50 a.m., Dave Wilson, Senior Assistant Attorney General, indicated a need to discuss property acquisition and pending litigation during Executive Session pursuant to Section 2(c)(5) and Section 2(c) (11) of the Open Meetings Act. Director Gonzalez made a motion to enter into Executive Session; seconded by Director Sweeney. The motion was approved unanimously.

At approximately 10:20 a.m., the Board re-entered the public session of the Board Meeting.

Committee Chair Peterson called for a motion to approve Legal Items 3-5. Director Gonzalez made the motion for approval; seconded by Director Sweeney. The motion was approved unanimously.

There being no further business, Committee Chair Peterson 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 10:25 a.m.

Minutes taken by: _____

Tranece Artis
Board Secretary
Illinois State Toll Highway Authority