

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

**October 17, 2012**

The Illinois State Toll Highway Authority held a Finance Administration Operations (FAO) Committee Meeting on Wednesday, October 17, 2012 at approximately 9:00 a.m. at the Central Administration Building in Downers Grove, Illinois.

Committee Members Present:

Committee Chair Mark Peterson  
Director Terry D'Arcy  
Director David Gonzalez

Also Present:

Chair Paula Wolff

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

Committee Chair Peterson then called for a motion to approve the minutes of the Finance Administration Operations Committee Meeting and Executive Session held on Tuesday, September 18, 2012. Director D'Arcy made the motion to approve the minutes; seconded by Director Gonzalez. The motion was approved unanimously.

## EXECUTIVE DIRECTOR

### 2013 Tentative Budget

Executive Director Kristi Lafleur introduced Mike Colsch, Chief of Finance, to present the 2013 Tentative Budget as shown in the [attached presentation](#).

Mr. Colsch noted that the decrease in toll revenue and evasion recovery revenue from \$963 million in the 2012 budget to \$951 million in the 2012 budget estimates is due solely to an accounting change recommended by the current auditors. KPMG recommended that the evasion recovery revenues be recorded on a cash basis instead of an accrual basis. Based on that recommendation, the 2011 receivable account was reversed out in 2012.

Committee Chair Peterson asked whether the current projections of 2012 revenues are higher than the budgeted revenues. Mr. Colsch indicated that the total revenues are slightly ahead of the revenue estimates provided by CDM Smith at the beginning of the year but not high enough to require a formal adjustment in the 2012 budget.

Committee Chair Peterson asked about the growth rate for 2013 Revenues. Mr. Colsch indicated that the \$977 million revenue estimate in the 2013 Tentative Budget represents a 1.3 percent growth rate over the 2012 total revenue estimate.

Regarding the 2013 retirement contribution budget item, Director Peterson asked whether the proposed increase in retirement contributions anticipates the General Assembly shifting contribution burdens to the Tollway. Mr. Colsch responded that the 2013 retirement contributions budget reflects the current estimated funding levels required by the Illinois State Employees' Retirement System (SERS)

and does not reflect any anticipated legislative changes. He added that the retirement contributions budget could change based on the final actuarial amount that will be approved by SERS at the end of the month. Any changes to that budget item amount will be reflected in the 2013 Final Budget which will be presented for the Board's approval at the Board Meeting in December.

Mr. Colsch then introduced Cathy Williams, Deputy Chief of Finance, to review the Capital Budget Program as shown on slides 12-18 of the [attached presentation](#).

#### Meeting with Financial Advisors

Chair Wolff indicated there had been a preliminary meeting with Director Peterson, Executive Director Lafleur, Mr Colsch and herself to discuss the board's financial outlook with the previously selected financial managers. She indicated that staff posed questions to the financial advisors about the timing and size of the bond issuance. Staff also posed questions about how to handle the Tollway's existing variable rate bonds. **The financial advisors will address these issues in detail at an upcoming Finance Administration Operations Committee meeting.**

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

*Item 1: Approval of payment to the Office of the Auditor General Audit Expense Fund for the 2011 Financial and Compliance Audit in the amount of \$519,750.*

Director Peterson asked how much time it took last year to complete the audit. Mr. Colsch responded that the equivalent of three full-time employees were at the Tollway all year long to conduct this audit.

Director Gonzalez made a motion for approval of **Finance Item 1**; seconded by Director D’Arcy. The motion was approved unanimously.

*Item 2: Authorize extension of the Standby Bond Purchase Agreement for the Authority’s \$123.1M Series 1998B Bonds from the current expiration date of 12/28/2012 to a date not to exceed the final 1998B Bond maturity (1/1/2017).*

Director Gonzalez made a motion for approval of **Finance Item 2**; seconded by Director D’Arcy. The motion was approved unanimously.

*Item 3: Approval of the 2013 Tentative Budget.*

Director D’Arcy made a motion for approval of **Finance Item 3**; seconded by Director Gonzalez. The motion was approved unanimously.

Committee Chair Peterson called on Ms. Whitehead, Chief of Business Systems, to present the following **Business Systems** items:

*Item 1: Contract Amendment for Toll Revenue Management and Maintenance Program (TRMMP), with Electronic Transaction Consultants Corporation (ETCC) in the amount of \$462,000.*

Chair Wolff asked why staff initially thought it would be easier to have the project planning and design of the electronic tolling software in a separate contract and what since changed their mind. Ms. Whitehead

responded that the disaster refresh project was thought of as a stand-alone project initially. However, once the contract started it was apparent that there was a lot of overlap in the work being performed by the vendor for the Tollway IT and Business Systems departments. The overlap made it difficult to determine under which contract the work would be invoiced. Adjusting the scope of the TRRMP contract to include the previously approved disaster refresh work and budget eliminates the invoicing problem.

*Item 2: Award of Contract No. 12-0268 to TBD for Transponder Retail Placement Services in the amount of \$TBD. (RFP)*

Director D'Arcy made a motion for approval of **Business Systems Item 1**; seconded by Director Gonzalez. The motion was approved unanimously. Ms. Whitehead asked that discussion of Business Systems Item 2 be deferred to the Board Meeting because the bids for this contract were still being evaluated. The Committee agreed.

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

*Item 1: Award of Contract 13-0001 to Meridian Systems, Inc. for the purchase of Web-Based Program Management Services in an amount not to exceed \$900,000.00 (Tollway Sole Source).*

Committee Chair Peterson asked whether this is proprietary software. Mr. Donato responded affirmatively and indicated that the propriety nature of the software precludes subcontracting opportunities for DBE firms. He added that this one year contract addresses current time constraints related to the issuance of a Request for Proposal (RFP) as

well as the potential need for migration/training services in the event the RFP results in a new system.

Director D'Arcy made a motion for approval of **Procurement Item 1**; 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: Acceptance of Proposal from Burns & McDonnell Engineering Company on Contract I-12-4049 for Corridor Construction Management Services for Reconstruction and Widening on the Jane Addams Memorial Tollway (I-90) from Milepost 17.4 (I-39) to Milepost 53.8 (Elgin Toll Plaza), and Construction Management Services from Milepost 45.5 (Illinois Route 47) to Milepost 53.8 (Elgin Toll Plaza) in the amount of \$16,915,232.77.*

Committee Chair Peterson asked whether this contract could have been unbundled to give a DBE firm an opportunity to act as prime contractor on the eight mile stretch described in the contract. Mr. Kovacs added that the contract for this project was not a good candidate for unbundling because it is critical to have one person/firm provide oversight over the entire corridor to ensure consistency and project efficiency.

Mr. Kovacs noted that Burns & McDonnell Engineering has a mentor protégé relationship with d'Escoto, Inc., a DBE firm. On this project, the DBE firm will get exposure to almost every work task performed by the corridor construction manager for the Tollway including schedule coordination, budgeting, right of way and utility conflict resolution, claims and dispute processing, and reviewing Authorizations To Proceed

and Change Orders. Gustavo Giraldo, Chief of Diversity, indicated that prime contractors involved in the Tollway's Mentor Protégé Program must provide documentation periodically demonstrating the protégé company's involvement in the project.

*Item 2: Acceptance of Proposal from G.E.B. JV on Contract I-12-4039 for Design Services for Widening and Resurfacing on the Elgin O'Hare Western Access (EOWA), from U.S. Route 20 to Illinois Route 83, in the amount of \$7,126,831.93.*

*Item 3: Acceptance of Proposal from Alfred Benesch Company (merged with LONCO, Inc.) on Contract I-12-4042 for Design Services for Bridge Reconstruction on the Elgin O'Hare Western Access (EOWA) at Devon Avenue over I-290 and construction of Park Boulevard, Pierce Road and Ketter Drive in the amount of \$1,449,899.60.*

*Item 4: Acceptance of Proposal from HDR Engineering, Inc. on Contract I-12-4061 for Master Plan Services on the Jane Addams Memorial Tollway from Milepost 76.13 (Lee Street) to Milepost 78.65 (Kennedy Expressway), in the amount of \$865,120.18.*

Director D'Arcy made a motion for approval of **Engineering Items 1-4**; seconded by Director Gonzalez. The motion was approved unanimously.

*Item 5: Change Order and Extra Work Order on Contract I-12-4036 to Curran Contracting Company for Shoulder Widening on the Jane Addams Memorial Tollway (I-90) from Milepost 27.6 (Mosquito Creek) to Milepost 45.3 (Sandwald Road), in the amount of \$560,000.00.*

Mr. Kovacs indicated that this change order will provide excavation and stabilization of approximately eight miles of embankment for median widening that was identified as unsuitable. He also indicated that this work/issue was not identified previously because the design process was altered to expedite the approval of this project. However, it was anticipated that a change order might be needed to complete the work described.

**Chair Wolff asked staff to inform the Board going forward when changes are being made to the normal construction/design process to expedite a contract.**

Director D'Arcy made a motion for approval of **Engineering Item 5**; seconded by Director Gonzalez. The motion was approved unanimously.

*Item 6: Partial Release of Retainage on Contract RR-08-5569 to Lorig Construction Company for Bridge Rehabilitation on the Tri-State Tollway (I-294) at Milepost 40.8 (I-90) by \$441,197.74 from \$635,697.74 to \$194,500.00.*

Director D'Arcy made a motion for approval of **Engineering Item 6**; seconded by Director Gonzalez. The motion was approved unanimously.

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

*Item 1: An Intergovernmental Agreement with the Illinois Department of Transportation (I-355). Cost to the Tollway: \$0*



*Item 2: A Third Intergovernmental Agreement Addendum with the University of South Dakota. Cost to the Tollway: \$469,671.00.*

*Item 3: Workers Compensation Settlement – Lisa Streit. Cost to the Tollway: As discussed in Executive Session.*

*Item 4: Establishment of a Local Advisory Committee for the Elgin-O'Hare. Cost to the Tollway: \$0*

*Item 5: Amendment to Resolution Nos. 16832 and 17250 establishing the Contract Cost Change Controls Committee (“C5”). Cost to the Tollway: \$0*

Mr. Goldberg introduced Mr. Kovacs to provide background information related to Legal Item 5. Mr. Kovacs indicated that the resolution amendment clarifies that the C5 process applies not only to the *Congestion Relief Program* but to all capital program projects including the *Move Illinois Program*. The amendment also recognizes the importance of Authorizations To Proceed in the construction change process. Mr. Kovacs provided an overview of the C5 process as shown in the [attached presentation](#).

Committee Chair Peterson asked whether change orders are approved based on a majority vote or consensus of the C5 Committee. Mr. Kovacs responded that a consensus must be reached for each approval.

Committee Chair Peterson also asked whether the C5 Committee members are required to sign waivers indicating they have no conflict of interest in making change order decisions for each vendor. Mr. Kovacs responded that as Tollway employees, the committee members are required to sign forms acknowledging Tollway policies which require

employees to disclose conflicts of interest and confidentiality issues encountered during the course of their work. C5 Committee members are not required to sign additional waivers related to the change orders.

Director Gonzalez asked whether the authorization limits listed in the resolution/presentation are in the aggregate or per change order. Mr. Kovacs responded that the authorization limits listed are per change order. He also noted that the aggregate limit is five percent of the contract amount.

Director D'Arcy made a motion for approval of **Legal Items 1, 2, 4 & 5**; seconded by Director Gonzalez. The motion was approved unanimously. General Counsel asked that Legal Item 3 be deferred to discussion in Executive Session of the Regular Board Meeting on October 25, 2012. The Committee agreed.

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

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

Minutes taken by: \_\_\_\_\_

Marlene Vick

Illinois State Toll Highway Authority