

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
October 25, 2012**

The Illinois State Toll Highway Authority met in regular session on Thursday, October 25, 2012, 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 Wolff stated that this is the regularly scheduled meeting of the Board of The Illinois State Toll Highway Authority and asked the Board Secretary to call the roll. Those Directors present and absent were as follows:

Present:

Chair Paula Wolff

Director Jim Banks

Director Terry D'Arcy

Director David Gonzalez

Director Mark Peterson

Director Jeff Redick

Director James Sweeney

Director Carl Towns

Director Tom Weisner

Absent:

Governor Pat Quinn

Secretary Ann Schneider

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

Chair Wolff requested a motion to approve the minutes of the Regular Board Meeting and Executive Session held on September 27, 2012. Director Banks made a motion to approve the minutes; seconded by Director Weisner. Director Gonzalez abstained from the vote because he was not present at the September Board Meeting. The motion was approved unanimously by the remaining Directors.

Chair Wolff then called for a motion to approve the 2013 Employee Holiday Schedule. Director Peterson made the motion to approve; seconded by Director Banks. The motion was approved unanimously.

STANDING COMMITTEE REPORTS

Chair Wolff asked each Chair of the following standing committees to provide reports on the committee's recent activities.

Finance Administration Operations (FAO) Committee

Director Peterson indicated that the FAO Committee last met on October 17, 2012. He indicated that Mike Colsch, Chief of Finance, presented the 2013 Tentative Budget at the Committee meeting and that Mr. Colsch will present the budget to the full Board at this meeting.

Director Peterson indicated that the Finance department presented three items including: a payment approval to the Audit Expense Fund for \$519,750 paid to KPMG for the 2011 financial and compliance audit; extension approval of the existing standby bond purchase agreement; and approval of the proposed 2013 Tentative Budget. All of these items were reviewed and approved by the Committee.

Director Peterson asked Chair Wolff to summarize the outcome of a meeting held with financial advisors prior to the Committee meeting in preparation for the 2013 fiscal year. Chair Wolff indicated that this was a preliminary meeting with financial advisors previously approved by the Board about the Tollway's current financial status and the market outlook for a proposed bond issuance in 2013. Director Peterson, Mr. Colsh and Executive Director Kristi Lafleur also participated in this meeting.

Chair Wolff 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.

Regarding the remaining contracts presented at the Committee meeting, Director Peterson indicated the following: Business Systems presented an amendment to the Toll Revenue Management and Maintenance Program (TRMMP) with Electronic Transaction Consultants Corporation (ETCC) previously approved by the Board; Procurement presented a one year sole source contract awarded to Meridian Systems Inc. to continue services on our Web Based Program Management System while we go through a formal competitive RFP process for a system to replace the current one; Engineering presented four professional services contracts, advertised in PSB 12-3, with a total award value of \$26.4 million and over \$6 million in DBE commitments, a partial release of retainage on a contract that is nearing completion, and one Change Order/Extra Work Order to address an unforeseen condition related to removing and replacing unsuitable material along 8 miles of the western section of the Jane Addams Memorial Tollway (I-90).

Director Peterson also indicated that Paul Kovacs, Chief Engineer, provided a short presentation on the C5 process which the Tollway follows to identify, document, and obtain approval for necessary construction changes to address work items not included in the original contracts but critical to the delivery of the improvement.

Chair Wolff asked Mr. Kovacs to summarize his presentation on the C5 process for the full board. Mr. Kovacs indicated that despite best efforts to designate all work necessary under each contract, changes in work orders are unavoidable and must be processed efficiently to ensure

timely project completion. He indicated that his goal is to make sure the change orders are thoroughly reviewed and the review process is transparent. He indicated that 10,000 advanced notices/change orders have been approved since the creation of the C5 process resulting in approximately \$1,000,000 in net project cost increases. This represents less than one percent of the \$4 billion in total project costs during that time period. He indicated that these cost changes were within the industry average for project cost overruns.

Director Peterson then indicated that the Legal department presented the following items at the Committee meeting; an intergovernmental agreement with IDOT involving pavement patching/rehabilitation on I-355; an intergovernmental agreement with the University of South Dakota for an environmental study required by the Army Corps of Engineering permit; a resolution to establish the guidelines for the local advisory committee for the Elgin-O'Hare Western Access Project and an amendment to prior resolutions regarding financial authorizations for "Change Orders." All of these items were reviewed and approved by the Committee.

Lastly, Director Peterson indicated that the Committee deferred discussion of a workers' compensation settlement to the Executive Session of this Board Meeting.

Strategic Planning Committee

Director Weisner indicated that the Strategic Planning Committee also met on October 17. He indicated that staff provided an update on various planning projects including:

- I-294/I-57 Quarterly Meeting planned for November 13.
- I-90 Eastern Section Outreach Meeting planned for November 2.

- Elgin O'Hare Western Access Local Advisory Meeting planned for October 29.
- CMAP approved an application for a corridor land use plan which will be initiated in early 2013. In addition, the upcoming Professional Services Bulletin will include an item for the 53/120 project.

Director Weisner indicated that TJ Ross, Executive Director of Pace, presented the Pace vision for transit on the I-90 Corridor. Mr. Ross provided an overview of the existing service and the planned expansion of service in tandem with the I-90 Widening and Reconstruction project. He also reviewed service, operations and planned park-n-ride facilities along the corridor. Director Weisner indicated that the Pace vision is in line with Tollway Board discussions regarding transit.

Director Weisner indicated that the Committee discussed public comments about the Interchange Cost Sharing Policy which ranged from support for special projects to comments for a greater level of financing flexibility. Based on this and previous discussions, the Committee approved the proposed changes to the policy shown on the website.

Director Weisner indicated that the committee discussed a pilot program for the Blue Board Sign Program currently underway in the rural areas along I-90. He indicated that staff made a presentation and recommendation to amend the current Sign Policy to include Lodging and Attractions Blue Boards for other rural areas. If adopted by the Board, implementation would be phased based on confirmed participation before signs are erected. The initial and annual fees would be required to participate in the program (\$2000.00 initial; \$950.00 annual).

The proposed policy for Traffic Generator and Specific Signage is posted on the Tollway website and open for public comment through November 7. Public comments will be collected and presented at the December Strategic Planning Committee Meeting.

EXECUTIVE DIRECTOR UPDATE

Kristi Lafleur, Executive Director, introduced Mike Colsch, Chief of Finance to give a presentation on the 2013 Tentative Budget.

2013 Tentative Budget Presentation

Mr. Colsch reviewed revenue changes, maintenance and operations expenses and year two of the Capital Program as shown in the [attached presentation](#).

Mr. Colsch indicated that the \$1.5 billion spending plan for 2013 provides for \$922 million in capital investments – double the capital spending from this year. It also funds key projects in the \$12 billion Move Illinois Capital Program, including rebuilding and adding a lane to the Jane Addams, building the new Elgin O’Hare Western Access and continuing work on the 294/57 Interchange.

Regarding the \$3.4 million increase in the 2013 retirement contribution budget, Mr. Colsch indicated that this increase accounts for one third of the overall operating budget growth. 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 the SERS at the end of the month. Any changes to the number will be reflected in the 2013 Final Budget for the Board's approval.

Director Peterson noted that consulting and credit card fees were decreased by \$1 million in the 2013 Tentative Budget and asked whether the decrease can be attributed to the newly negotiated contract terms with American Express for the processing fees. Mr. Colsh responded affirmatively and noted that the ability to leverage the Treasurer's contract with American Express had a significant impact.

Regarding the new \$1 billion bond issuance, Chair Wolff indicated that the Board will decide with input from the financial advisors whether the new issuance will be done all at once or over a certain time period.

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

Chair Wolff noted that the Tollway's actual expenditures were delayed in 2012 due to late project starts because of unexpected procurement delays. She asked whether the \$922 million in capital expenditures for 2013 were calibrated to reflect a project pace similar to the pace experienced in 2012. Mr. Kovacs responded that the \$922 million expenditure amount reflects a project timeline consistent with recent procurement experience and that it is an aggressive but attainable goal for 2013.

Director Peterson asked how the \$6.8 million designated for IL Route 53 and Illiana Expressway projects will be allocated. Ms. Lafleur indicated

that the allocation was not specified in the capital plan but will be used for feasibility studies and other expenses related to those projects.

Chair Wolff noted that the local contribution funds for the EOWA project were not included in the 2013 Capital Program Budget. She asked for an update on the status of those funds. Ms. Lafleur responded the Tollway has been working with DuPage County and communities along that corridor to identify funding sources to fill the funding gap for that project. At the last meeting with these groups, several funding strategies were suggested, including a joint application for Congestion Mitigation Air Quality (CMAQ) funding with Chicago Metropolitan Agency for Planning (CMAP) and in-kind right of way donations. **She indicated that an update will be provided to the Board on this matter at the December Board meeting.**

Regarding his involvement in the EOWA Advisory Council meetings, Director Redick indicated that the last meeting was very productive and he is cautiously optimistic that the Council would provide recommendations to close the EOWA funding plan in December.

Director Gonzalez commended staff for increasing the budget for diversity initiatives from \$783,000 in 2012 to \$1.3 million in 2013. He indicated that this budget should continue to grow as the Capital Budget has doubled.

Director Peterson asked whether the accelerated 2013 construction project schedule would impact commuters and traffic revenue projections. Mr. Colsch responded that a significant part of the analysis conducted by the traffic engineers includes reviewing the construction project schedule and its impact on projected traffic revenue. The 2013 traffic revenue projections reflect that analysis.

Chair Wolff then reminded Directors that the public hearing and open house for the 2013 Tentative Budget will be held on November 13 and 14, respectively. She invited them to attend one or more of the events.

Elgin O'Hare Western Access Local Advisory Committee Guidelines

Ms. Lafleur indicated that approval of the guidelines for the new Elgin O'Hare Western Access (EOWA) Local Advisory Committee is on the consent agenda for the Board's consideration. As Director Weisner mentioned earlier, the Strategic Planning Committee reviewed the proposed guidelines for this group, which will host its first meeting on Monday, October 29.

The Local Advisory Committee will address local construction issues, such as noise abatement, landscaping options, property access and use, as well as drainage and utility issues.

The communities along the EOWA corridor will provide invaluable feedback to the Tollway prior to the construction phase of the project. Ms. Lafleur indicated that the Tollway is committed to working with a committee that is broadly representative of all points of view, so that the members can provide input which will result in the best possible road being built. To ensure the broadest range of participation, no more than 50 percent of the committee's members will be local elected officials, with the remainder selected from organized citizens' groups.

Each of the 19 communities and townships along the EOWA Project corridor were asked to designate a member on the committee. Most of them have done so but the Tollway is continuing outreach to communities that have not done so to date. In addition, Cook and

DuPage counties have been invited to send representatives to participate as special non-voting liaisons to the committee.

Ms. Lafleur added that all meetings will be open to the public and information will be available on the Illinois Tollway's website.

Rock Valley Expo

Ms. Lafleur indicated that the Tollway will host a contractor expo with Illinois Department of Transportation at Rock Valley College in Rockford on October 31. This will be an opportunity for vendors to learn about the procurement process and opportunities. She invited the Directors to attend.

Construction Industry Career Expo

Director Gonzalez indicated that he attended the Construction Career Expo on Thursday, October 18, at Prairie State College and commended the staff for organizing a successful event which attracted nearly 350 attendees.

The event goal was to bring together people interested in roadway construction careers with unions and training resources to help get new workers started in the industry.

The Expo included a presentation and question-and-answer session by Tom Villanova, President of the Chicago and Cook County Building and Construction Trades Council.

Director Gonzalez acknowledged the following unions and community training organizations that provided on-site assistance and educational presentations to the attendees:

- Architectural and Ornamental Ironworkers
- Chicago Laborers
- Chicago Women in Trades
- City Colleges of Chicago
- Highway Construction Careers Training Program
- Illinois Community College Board
- Illinois Department of Employment Security
- Illinois Department of Transportation
- International Union of Operating Engineers Local 150
- The Link & Option Center, Inc.
- Quad County Urban League
- YouthBuild Lake County

Ms. Lafleur indicated that follow-up emails were sent to all attendees, as well as everyone who received notice about the event. The email included links to download an apprenticeship guide, find apprenticeship information by trade and sign up for Tollway job alerts.

Chair Wolff asked whether there is a mechanism in place for tracking whether attendees actually received construction jobs. **Ms. Lafleur suggested that the Tollway follow-up with the advisory council members who could track how many of the attendees enroll in an apprenticeship program. Ms. Lafleur indicated that the Tollway could also survey the attendees periodically.**

Consent Agenda

Chair Wolff began the consent agenda (which consisted of items reviewed earlier in detail by Committees) by calling for a motion adopting the following Finance resolutions:

Chair Wolff called for a motion to approve resolutions for 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.

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).

Item 3: Approval of the 2013 Tentative Budget.

Director Banks made a motion to approve **Finance Items 1-3**; seconded by Director Redick. The motion was approved unanimously.

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

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

Director Redick made a motion to approve **Business Systems Item 1**; seconded by Director Towns. The motion was approved unanimously.

Item 2: Award of Contract No. 12-0268 to Jewel-Osco for Transponder Retail Placement Services in the amount up to \$3,700,000. (RFP)[Recusal Director Redick]

Shana Whitehead, Chief of Business Systems, presented Business Systems Item 2 as shown in the [attached Item Summary](#).

Regarding the transponder retail placement services contract, Director Peterson asked why staff recommended Jewel-Osco for the contract award even though they made a diversity commitment that is significantly lower than the diversity goal set by Central Management Services (CMS) – ten percent diversity commitment compared to thirty percent diversity goal. Ms. Lafleur responded that CMS ultimately waived the thirty percent diversity goal and deemed Jewel’s contract bid as responsive because Jewel-Osco demonstrated a good faith effort to achieve that goal.

Ms. Whitehead indicated that the Tollway will pay Jewel for each transponder swap and gift card sold; in recent years, the amount equates to approximately 350,000 transponder swap outs and 200,000 gift cards sold.

Director Peterson asked why the contract term is set for 5 years instead of a shorter term. Ms. Whitehead responded that a longer contract term gives the Tollway an opportunity to benefit from its investment in branding Jewel-Osco as a Tollway partner. Frequent shifts in retail placement contracts could be confusing for Tollway customers.

Ms. Lafleur indicated that the procurement code allows contract terms up to 10 years and noted that there is a cancellation clause in the contract to provide some flexibility to the Tollway, if needed. Ms. Lafleur indicated that delays in the procurement process make it necessary for the Tollway to choose longer initial contract terms. It typically takes six months of processing and paperwork to get even a one year contract renewal approved. The Tollway does not have the staff and resources to undertake a lengthy process for contract renewals associated with shorter term contracts.

Director Weisner asked how the transaction costs in the current contract compare to the previous contract. Ms. Whitehead responded that there was a moderate increase in the swap out cost from \$1.65 to \$1.99 per swap out and the gift card cost increased from \$0.00 to \$0.50 per gift card sale.

Director Banks made a motion for approval of **Business Systems Item 2**; seconded by Director D'Arcy. The motion was approved unanimously.

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

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).

Director Peterson made a motion for approval of **Procurement Item 1**; seconded by Director Sweeney. The motion was approved unanimously.

Chair Wolff called for a motion to approve 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.

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.

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.

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 Peterson made a motion for approval of **Engineering Items 1-6**; seconded by Director Gonzalez. The motion was approved unanimously.

Chair Wolff called for a motion to approve 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

Director D'Arcy made a motion for approval of **Legal Items 1, 2, 4 & 5**; seconded by Director Banks. The motion was approved unanimously. General Counsel David Goldberg recommended that discussion of **Legal Item 3** be deferred to the Executive Session.

At approximately 10:20 a.m., David Goldberg, General Counsel indicated the need to discuss personnel matters and pending litigation in Executive Session pursuant to Section 2(c)(1) [THINK IT WAS JUST THIS SECTION THIS TIME---]and 2(c)(11) of the Open Meetings Act. Director Peterson made the motion to enter into Executive Session; seconded by Director Gonzalez. The motion was approved unanimously.

At approximately 10:50 a.m., the Board re-entered the public session of the Board Meeting.

Chair Wolff called for a motion to approve Legal Item 3 as discussed in Executive Session for \$180,000. Director Peterson made the motion; seconded by Director Gonzalez. The motion was approved unanimously.

There being no further business, Chair Wolff requested a motion to adjourn. Director Gonzalez made the motion to adjourn; seconded by Director Towns. The motion was approved unanimously.

The meeting was adjourned at approximately 10:55 a.m.

Minutes taken by: _____

Tranece Artis
Illinois State Toll Highway Authority