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## Record of Meeting | July 19, 2018

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The Illinois State Toll Highway Authority (the “Tollway”) held the regularly scheduled Finance, Administration and Operations Committee Meeting on Thursday, July 19, 2018 in the Boardroom of Tollway Headquarters in Downers Grove, Illinois. The Meeting was held pursuant to By-Laws of the Tollway upon call and notice of the Meeting executed by Chairman Robert J. Schillerstrom and posted in accordance with the requirements of the Illinois *Open Meetings Act*. The Meeting was open to the public.

*[Bolded entries indicate issues which may require follow-up to present or report to Directors.]*

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### Call to Order / Pledge of Allegiance / Roll Call

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Having prior notice that Committee Chair Dotson would be unable to attend, the Board Secretary called the meeting to order at approximately 9:02 a.m. Director Johnson made a motion to appoint Director Banks to serve as committee chair pro tem for the duration of the Meeting; Director Gonzalez seconded the motion. The motion was PASSED unanimously by all Directors present.

Committee Chair pro tem Banks stated that this is the regularly scheduled meeting of the Finance, Administration and Operations Committee (“FAO Committee”) of the Tollway Board of Directors. He invited attendees to rise and join in the Pledge of Allegiance. Committee Chair pro tem Banks then asked the Board Secretary to call the roll, those Directors present and absent being as follows:

Committee Members Present:
Director Jim Banks
Director David Gonzalez
Director Craig Johnson

Committee Members Not Present:
Committee Chair Earl Dotson, Jr.

The Board Secretary declared a quorum present.

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### Public Comment

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Committee Chair pro tem Banks opened the floor for public comment. No public comment was offered.

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### Committee Chair’s Items

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Committee Chair pro tem Banks called for a motion to approve **Committee Chair's Item 1**, the Minutes of the regular Finance, Administration and Operations Committee meeting held on June 21, 2018, as presented. Director Johnson made a motion for approval; seconded by Director Gonzalez. Committee Chair pro tem Banks asked if there are any questions, concerns or requests for amendment. Hearing nothing, Committee Chair pro tem Banks called for a vote. The motion was PASSED unanimously.

Having no further items, Committee Chair pro tem Banks called on Executive Director Liz Gorman.

### Executive Director's Items

**Lt. Rich Kozik Memorial Park Motorcycle Run:** Executive Director Gorman reported that the annual Heritage Motorcycle Run, a fundraiser for the Illinois State Police Memorial Park recognizing those who have given their lives in the line of duty, was renamed this year to honor District 15 Lt. Kozik who passed away February 6<sup>th</sup> while on duty. She highlighted that hundreds of participating riders will depart this Saturday, July 21<sup>st</sup> from Tollway Headquarters for the ride to Springfield.

**Illinois Speed Awareness Day:** Ms. Gorman reported that July 25<sup>th</sup> will be recognized as Illinois Speed Awareness Day with enforcement details statewide to raise awareness of the importance of safe driving and the dangers of speeding.

**Comprehensive Annual Financial Report:** Ms. Gorman then introduced Mike Colsch, Chief Financial Officer, to present to the Committee an overview of the agency's Comprehensive Annual Finance Report for 2017. [See attached presentation.](#)

### Items for Consideration

#### Finance

Committee Chair pro tem Banks called on Mike Colsch, Chief Financial Officer, to present to the Committee the following Finance items:

*Item 1: Payment to the Illinois Auditor General Audit Expense Fund for the Fiscal Year 2017 Financial and Compliance Audit in the amount of \$510,000.00.*

*Item 2: Approval of funding for the Workers' Compensation Insurance Claim Reserve Fund in the amount of \$7,424,000.00 for the 2018-2019 program year and a reduction of \$1,966,875.00 for open claims for program years prior to April 30, 2018.*



Upon conclusion of the presentation of items, Committee Chair pro tem Banks called for a motion to approve placement of **Finance Item 1** on the July Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Johnson made a motion for approval; seconded by Director Gonzalez. Committee Chair pro tem Banks asked if there are any questions, concerns or requests for discussion. Hearing nothing, Committee Chair pro tem Banks called for a vote. The motion was PASSED unanimously.

Committee Chair pro tem Banks then called for a motion to approve placement of **Finance Item 2** on the July Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Johnson made a motion for approval; seconded by Director Gonzalez. Committee Chair pro tem Banks asked if there are any questions, concerns or requests for discussion.

Director Johnson inquired about the program year for the Workers' Compensation Claim Reserve Fund. Mr. Colsch responded that the program year runs from May 1 through April 30.

Director Johnson requested clarification that when staff referenced open workers' compensation claims dating from as far back as 15 years, the "open" indicates that costs of these prior year claims persist, not that these claims remain unsettled. Mr. Colsch confirmed.

Hearing nothing further, Committee Chair pro tem Banks called for a vote. The motion was PASSED unanimously.

## **Business Systems**

Committee Chair pro tem Banks called on Shana Whitehead, Chief of Business Systems, to present to the Committee the following Business Systems item:

*Item 1: Renewal of Contract 12-0163 to Accenture LLP for the purchase of the Customer Service Center and Violation Processing System in an amount not to exceed \$17,620,000.00 (Tollway Request for Proposal).*

*Item 2: Award of Contract 18-0101 to Accenture LLP for the purchase of Toll Technology Revenue Enhancements in an amount not to exceed \$10,000,000.00 (Tollway Sole Source).*

Upon conclusion of the presentation of items, Committee Chair pro tem Banks called for a motion to approve placement of **Business Systems Item 1** on the July Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Johnson made a motion for approval; seconded by Director Gonzalez. Committee Chair pro tem Banks asked if there are any questions, concerns or requests for discussion.



Director Johnson inquired about patron response to the “Put an I-PASS in Every Car” initiative intended to decrease video tolling costs. Ms. Whitehead commented on the positive response rates achieved, highlighting that transponder usage continues to increase.

Directors and staff then discussed generally the breakdown of cash vs. I-PASS electronic tolling transactions.

Hearing nothing further, Committee Chair pro tem Banks called for a vote on the pending motion. The motion was PASSED unanimously.

Committee Chair pro tem Banks called for a motion to approve placement of **Business Systems Item 2** on the July Board of Directors meeting agenda with the Committee’s recommendation for approval by the Board. Director Johnson made a motion for approval; seconded by Director Gonzalez. Committee Chair pro tem Banks asked if there are any questions, concerns or requests for discussion. Hearing nothing, Committee Chair pro tem Banks called for a vote. The motion was PASSED unanimously.

## Procurement

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

*Item 1: Increase to Contract 17-0043 to RSM US LLP for the purchase of additional Workforce Analysis Consulting Services (Phase IV) in an amount not to exceed is \$490,000.00 (Order Against CMS Master Contract).*

Mr. Donato requested that consideration of Item 1 be deferred.

*Item 2: Renewal of Contract 16-0070 to Thelen Materials, LLC for the purchase of Winter Roadway Abrasives in an amount not to exceed \$322,078.00 (Tollway Invitation for Bid).*

*Item 3: Award of Contract 18-0092 to Law Enforcement Systems, LLC for the purchase of Out-of-State Registration Retrieval Services in an amount not to exceed \$700,000.00 (Tollway Emergency).*

Director Johnson inquired as to the need for an emergency procurement. Mr. Donato explained that it was determined that the vendor recently awarded this contract is incapable of fully providing the services that the solicitation required. He further responded that an emergency contract in the interim of a new competitive bid being issued is needed in order to prevent disruption of critical services that affect the collection of revenues.



Directors and staff briefly discussed aspects of the process and solicitation which might be amended to avoid such occurrence in the future. Director Johnson asked if the agency incurred financial loss as a result of the inability of the vendor to provide these services. Mr. Donato responded in the negative. Director Johnson further asked if the emergency contract award amount exceeds that of the original award. Mr. Donato responded affirmatively, highlighting, however, that the new vendor selected is appropriately equipped to provide the services needed.

Upon conclusion of the presentation of items, Committee Chair pro tem Banks called for a motion to approve placement of **Procurement Item 2** on the July Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Gonzalez made a motion for approval; seconded by Director Johnson. Committee Chair pro tem Banks asked if there are any questions, concerns or requests for discussion. Hearing nothing, Committee Chair pro tem Banks called for a vote. The motion was PASSED unanimously.

Committee Chair pro tem Banks then called for a motion to approve placement of **Procurement Item 3** on the July Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Gonzalez made a motion for approval; seconded by Director Johnson. Committee Chair pro tem Banks asked if there are any questions, concerns or requests for discussion. Hearing nothing, Committee Chair pro tem Banks called for a vote. The motion was PASSED unanimously.

## Engineering

Committee Chair pro tem Banks called on Paul Kovacs, Chief Engineering Officer, to present to the Committee the following Engineering items:

Prior to his presentation of items, Mr. Kovacs alerted Committee members that due to a bid opening which occurred after the required public posting of the Finance, Administration & Operations Committee agenda, an additional Engineering item will be presented for consideration at the full Board meeting.

*Item 1: Award of Contract RR-18-4396 to Western Remac, Inc. for Exit Ramp Advisory Signing and Toll Plaza Signing Improvements, Systemwide, in the amount of \$873,976.40.*

Director Johnson inquired if the selected vendor has worked previously for the Tollway. Mr. Kovacs responded affirmatively, clarifying that award of this contract would represent this vendor's fourth time serving as prime on a Tollway contract.



*Item 2: Award of Contract RR-18-4406 to National Power Rodding Corporation for Clean and Televisive Drainage System, on the Tri-State Tollway (I-94) from Mile Post 21.8 (IL 22 Half Day Road) to Mile Post 25.2 (North of Lake-Cook Road), in the amount of \$1,567,680.00.*

*Item 3: Award of Contract RR-18-4407 to Aldridge Electric, Inc. for Systemwide Intelligent Transportation Systems (ITS) Preservation and Rehabilitation, Systemwide, in the amount of \$3,174,786.40.*

*Item 4: Award of Contract I-18-4695 to Lorig Construction Company for I-90 Collector-Distributor Bridge Construction Over Higgins Creek, on the Jane Addams Memorial Tollway (I-90) from Mile Post 73.9 to Mile Post 74.2, in the amount of \$4,385,014.00.*

*Item 5: Award of Contract I-18-4694 to Lorig Construction Company for Bridge Construction and Building Removal, on the Jane Addams Memorial Tollway (I-90) from Mile Post 73.50 (Elmhurst Road) to Mile Post 74.4 (Mount Prospect Road) and Elgin O'Hare Western Access Tollway (I-490) at Mile Post 6.25, in the amount of \$11,280,765.35.*

*Item 6: Acceptance of Proposal from Wood Environment & Infrastructure Solutions, Inc. (formerly AMEC Foster Wheeler Environment & Infrastructure, Inc.), on RR-18-4379 for Design Services for Roadway and Bridge Rehabilitation on the Reagan Memorial Tollway (I-88) from Mile Post 117.8 (Aurora Toll Plaza) to Mile Post 123.4 (IL 59), in an amount not to exceed \$3,000,000.00.*

*Item 7: Acceptance of Proposal from Lochmueller Group, Inc., on RR-18-4381 for Design Services for Pavement and Structural Preservation and Rehabilitation on the Reagan Memorial Tollway (I-88) from Mile Post 113.3 (IL 56) to Mile Post 117.8 (Aurora Toll Plaza), in an amount not to exceed \$1,512,000.00.*

*Item 8: Acceptance of Proposal from AECOM Technical Services, Inc., on Contract RR-16-4265 for Supplemental Design Corridor Management, on the Tri-State Tollway (I-294), in an amount of \$2,000,000.00 from \$78,086,000.00 to \$80,086,000.00.*

*Item 9: Acceptance of Proposal from Hamilton Consulting Engineers, Inc., on Contract I-13-4111 for Supplemental Construction Management for Document Compliance Systemwide, in an amount of \$300,000.00 from \$6,704,000.00 to \$7,004,000.00.*

Committee Chair pro tem Banks then requested a motion to consolidate for consideration and action Engineering Items 1 through 9. Director Gonzalez made a motion to consolidate; seconded by Director Johnson. Committee Chair pro tem Banks called for a vote. The motion was PASSED unanimously.



The motion to consolidate these items having carried, Committee Chair pro tem Banks called for a motion to approve placement of **Engineering Items 1 through 9** on the July Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Gonzalez made a motion for approval; seconded by Director Johnson. Committee Chair pro tem Banks asked if there are any questions, concerns or requests for discussion. Hearing nothing, Committee Chair pro tem Banks called for a vote. The motion was PASSED unanimously.

## Legal

Committee Chair pro tem Banks called on Liz Oplawski, Acting General Counsel, to present to the Committee the following Legal items:

*Item 1: Approval of an Intergovernmental Agreement with the Village of Deerfield in connection with improvements to the Edens Spur (I-94). Cost to the Tollway: \$0.*

*Item 2: Approval of an Intergovernmental Agreement Addendum with the City of Northlake in connection with improvements to I-294 at County Line Road, Illinois Route 64 and US Route 20 related to improvements to the Elgin O'Hare Western Access. Cost to the Tollway: an addition of \$495,812.44 to the original estimated total of \$422,478.40 for a revised estimated upper limit of \$918,290.84.*

Upon conclusion of the presentation of items, Committee Chair pro tem Banks called for a motion to approve placement of **Legal Item 1** on the July Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Johnson made a motion for approval; seconded by Director Gonzalez. Committee Chair pro tem Banks asked if there are any questions, concerns or requests for discussion. Hearing nothing, Committee Chair pro tem Banks called for a vote. The motion was PASSED unanimously.

Committee Chair pro tem Banks then called for a motion to approve placement of **Legal Item 2** on the July Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Johnson made a motion for approval; seconded by Director Gonzalez. Committee Chair pro tem Banks asked if there are any questions, concerns or requests for discussion. Hearing nothing, Committee Chair pro tem Banks called for a vote. The motion was PASSED unanimously.

## New Business

Director Johnson, pointing out the poor condition of the Boardroom chairs, inquired about procuring replacements. Mr. Donato responded that staff would look into procuring new chairs.



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## Adjournment

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There being no further business before the Committee, Committee Chair pro tem Banks requested a motion to adjourn. Motion to adjourn was made by Director Johnson; seconded by Director Gonzalez. Committee Chair pro tem Banks called for a vote. The motion was PASSED unanimously.

The Meeting was adjourned at approximately 9:48 a.m.

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

Christi Regnery  
Board Secretary  
Illinois State Toll Highway Authority



# Illinois Tollway Financial Results Year Ended December 31, 2017

July 19, 2018

Michael J. Colsch



# Audited Annual Financial Reports

## Financial Report and Compliance Examination (Issued by Illinois Auditor General)

- Contains audited Generally Accepted Accounting Principles (GAAP) financial statement and footnotes and supplementary info
  - Trust Indenture financial statements
- Contains External Audit material findings

# Audited Annual Financial Reports

## Comprehensive Annual Financial Report

- Contains audited Generally Accepted Accounting Principles (GAAP) financial statement and footnotes
- Supplementary information including
  - Trust Indenture financial statements
- Statistical information
  - Traffic and revenue statistics
  - Economic and demographic information
- Submitted to Government Finance Officers' Association for Certificate of Achievement in Financial Reporting

# Basis of Accounting

**Tollway financial statements are prepared in accordance with GAAP**

**GAAP accounting is different from Trust Indenture accounting used for budgeting and quarterly budget-to-actual presentations**

## **Major differences in Trust Indenture accounting**

- Fixed assets are expensed, no depreciation
- Bond principal retirements are expensed when paid
- Long-term fiber-optic revenue recorded as revenue when received
- GASB 68 pension liability and increased expense are not recognized

# 2017 Financial Results (GAAP Basis)

**Operating revenues increased 7.3 percent (\$95.2 million) to \$1.4 billion**

- Passenger and commercial traffic continued to increase
- Commercial vehicle toll rates increased
- Full year of tolling on the first phase of the Illinois Route 390 Tollway

**Operating expenses (excluding depreciation) increased 2.3 percent (\$9.1 million)**

- Increased credit card fees and consulting fees

# 2017 Financial Results (GAAP Basis)

**Tollway proportionate share of the State net pension liability under GASB 68 and 71 decreased by \$12.4 million to \$888.5 million**

**Tollway net position improved by \$356 million**

**Tollway maintains a healthy balance sheet with a net position of \$2.9 billion**

# Statement Of Changes In Net Position

	<u>2017</u>	<u>2016</u>	<u>Percent Change</u>
Tolls	1,309	1,216	7.60%
Evasion Recovery	66	65	1.50%
Concessions	2	2	-
Other	21	20	0.10%
<b>Total Operating Revenue</b>	<b>1,398</b>	<b>1,303</b>	<b>7.30%</b>
Depreciation and Amortization	418	370	13.00%
Other Operating Expenses	403	394	14.80%
<b>Total Operating Expenses</b>	<b>821</b>	<b>764</b>	<b>13.80%</b>
<b>Operating Income</b>	<b>577</b>	<b>539</b>	<b>7.00%</b>
Net -Non-Operating Expense	-221	-220	-
<b>Change in Net Assets</b>	<b>356</b>	<b>319</b>	<b>11.60%</b>

(Amounts in Millions)



# Statement of Net Position Assets and Deferred Outflows

	<u>2017</u>	<u>2016</u>	<u>Percent Change</u>
Unrestricted cash and cash equivalents	1,257	1,047	20.1%
Accounts receivable, net	21	18	16.7%
IGA receivables - current portion	48	31	54.8%
Other	8	2	300.0%
<b>Total current unrestricted</b>	<b>1,334</b>	<b>1,098</b>	<b>21.5%</b>
Restricted cash - debt service	147	129	14.0%
IPASS cash in escrow	180	178	1.1%
Other current restricted	2	1	-
<b>Total current restricted</b>	<b>329</b>	<b>308</b>	<b>6.8%</b>
<b>Total current assets</b>	<b>1,663</b>	<b>1,406</b>	<b>18.3%</b>
Capital assets, net of depreciation	8599	8204	4.8%
Other non-current assets & deferred outflow of resources	2696	1095	146.2%
<b>Total assets</b>	<b>11,295</b>	<b>10,705</b>	<b>5.5%</b>

(Amounts in Millions)



# Statement of Net Position Liabilities and Net Position

	<u>2017</u>	<u>2016</u>	<u>Percent Change</u>
Accounts payable and accruals	284	197	44.2%
Deposits and retainage	35	68	-48.5%
Other unrestricted liabilities	60	29	106.9%
<b>Current - payable from unrestricted</b>	<b>379</b>	<b>294</b>	<b>28.9%</b>
Bonds payable- current portion	113	89	27.0%
Interest payable	113	112	0.9%
Deposits- IPASS escrow	180	178	1.1%
<b>Current - payable from restricted</b>	<b>406</b>	<b>379</b>	<b>7.1%</b>
<b>Total current liabilities</b>	<b>785</b>	<b>673</b>	<b>16.6%</b>
Revenue bonds payable	6474	6265	3.3%
Other	1064	323	229.4%
Net pension liability and related deferred inflows	889	931	-4.5%
<b>Total liabilities</b>	<b>8,427</b>	<b>8,192</b>	<b>2.9%</b>
<b>Net position</b>	<b>2,868</b>	<b>2,512</b>	<b>14.2%</b>

(Amounts in Millions)



THANK YOU

