



Record of Meeting | August 16, 2018

The Illinois State Toll Highway Authority (the “Tollway”) held the regularly scheduled Finance, Administration and Operations Committee Meeting on Thursday, August 16, 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.]

Call to Order / Pledge of Allegiance / Roll Call

Committee Chair Dotson called the meeting to order at approximately 9:03 a.m., stating 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 Dotson then asked the Board Secretary to call the roll, those Directors present and absent being as follows:

Committee Members Present:
Committee Chair Earl Dotson, Jr.
Director David Gonzalez
Director Craig Johnson
Director Bradley Stephens

Committee Members Not Present:
Director Jim Banks

The Board Secretary declared a quorum present.

Public Comment

Committee Chair Dotson opened the floor for public comment. No public comment was offered.

Committee Chair’s Items

Committee Chair Dotson called for a motion to approve **Committee Chair’s Item 1**, the Minutes of the regular Finance, Administration and Operations Committee meeting held on July 19, 2018, as presented. Director Stephens made a motion for approval; seconded by Director Johnson. Committee Chair Dotson asked if there are any questions, concerns or requests for amendment.



Hearing nothing, Committee Chair Dotson called for a vote. The motion was PASSED unanimously.

Having no further items, Committee Chair Dotson called on Executive Director Liz Gorman.

Executive Director's Items

Quarterly Financial Review for the period ending June 30, 2018: Executive Director Gorman introduced Mike Colsch, Chief Financial Officer, to present to the Committee an overview of the 2018 Second Quarter Budget to Actual Review. [See attached presentation.](#)

Director Johnson inquired about the negative variance to budget of toll revenue, given the increase in both commercial and passenger vehicle transactions. Mr. Colsch responded that although transactions grew, budget estimates for growth were higher than realized. He noted that excluding capacity added on Illinois Route 390 (IL 390), passenger vehicle transactions were essentially flat year-over-year.

Director Dotson asked about capital program expenses (which exceeded budget estimates) on the Veterans Memorial Tollway (I-355). Mr. Colsch responded that construction work between I-55 and Army Trail Road was advanced, resulting in higher than projected expenditures in the quarter.

Director Johnson inquired about year-over-year transaction growth on IL 390 and whether vehicle traffic is in line with projections. **Rocco Zuccherro, Chief Planning Officer, responded that detailed traffic data will be provided post-Meeting.**

Director Johnson suggested that more signage on IL 390 reflecting the toll amounts (most ranging between \$0.20 and \$0.35 cents for cars) may spur additional usage. **Mr. Zuccherro responded that toll signage on IL 390 will be examined.**

Items for Consideration

Finance

Committee Chair Dotson called on Mike Colsch, Chief Financial Officer, to present to the Committee the following Finance item:

Item 1: Amendment of Contract 16-0030 to Crowe LLP for the purchase of Unclaimed Property Reporting Services in an amount not to exceed \$400,000.00 (Tollway Request for Proposal).



Committee Chair Dotson called for a motion to approve placement of **Finance Item 1** on the August 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 Dotson asked if there are any questions, concerns or requests for discussion.

Director Gonzalez requested confirmation that the increase to contract amount is a consequence of many states having revised their unclaimed property statutes to reflect shorter dormancy periods, resulting in higher than anticipated volumes of accounts required to be remitted to unclaimed property jurisdictions. Mr. Colsch confirmed, noting the volume of accounts which require remittance was discovered to be more than twice that estimated by the agency at the time of award.

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

Procurement

Committee Chair Dotson called on John Donato, Chief of Procurement, to present to the Committee the following Procurement item.

Item 1: Award of Contract 18-0110 to Electronic Knowledge Interchange Company for the purchase of an Application Modernization and Data Efficiency Solution in an amount not to exceed \$2,500,000.00 (Order Against CMS Master Contract – Sheltered Market).

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

Committee Chair Dotson indicated that consideration of Procurement Item 1 will be deferred.

Engineering

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

Item 1: Award of Contract RR-16-4277R to Plote Construction Inc./ Peter Baker & Son Company (JV) for Pavement and Structural Preservation and Rehabilitation, on the Tri-State Tollway (I-94) from Mile Post 21.85 (Half Day Road) to Mile Post 26.25 (Edens Spur Plaza), in the amount of \$29,485,412.78.

Item 2: Acceptance of Proposal from T.Y. Lin International Great Lakes, Inc., on RR-16-4277 for Construction Management Services for Pavement and Structural Preservation and Rehabilitation



on the Tri-State Tollway (I-94) from Mile Post 21.8 (Half Day Road) to Mile Post 26.2 (Edens Spur Plaza), in an amount not to exceed \$2,495,492.61.

Item 3: Acceptance of Proposal from Bowman Consulting Group, Ltd., on Contract RR-13-4117 for Supplemental Design Services for Roadway Reconstruction on the Reagan Memorial Tollway (I-88), East West Connector with the Tri-State Tollway (I-294), in an amount of \$471,604.79 from \$3,412,072.08 to \$3,883,676.87.

Upon conclusion of the presentation of items, Committee Chair Dotson requested a motion to consolidate for consideration and action Engineering Items 1 through 3. Director Stephens made a motion to consolidate; seconded by Director Johnson. Committee Chair Dotson called for a vote. The motion was PASSED unanimously.

The motion to consolidate these items having carried, Committee Chair Dotson called for a motion to approve placement of **Engineering Items 1 through 3** on the August Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Stephens made a motion for approval; seconded by Director Gonzalez. Committee Chair Dotson asked if there are any questions, concerns or requests for discussion. Hearing nothing, Committee Chair Dotson called for a vote. The motion was PASSED unanimously.

Legal

Committee Chair Dotson 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 Illinois Department of Transportation, the County of McHenry, and the City of Marengo for Land Acquisition at I-90 and Illinois Route 23. Cost to the Tollway: Estimated at \$1,000,000.00 (50% to be reimbursed to the Tollway).

Director Johnson asked the amount of land being acquired by the Tollway. **Mr. Zucchero responded that specifics regarding the square footage will be provided post-Meeting.**

Director Johnson asked about conveyance of the property following project completion. Mr. Zucchero responded that parcels or portions of parcels not needed for future operations or maintenance of the Tollway will be conveyed to the proper jurisdictional parties for ongoing maintenance.

Item 2: Approval of an Agreement with the BNSF Railroad Company (BNSF). This Agreement concerns the reimbursement of engineering and construction costs necessary to relocate BNSF's



operations center and communication tower to accommodate the Tri-State widening. Cost to the Tollway: Currently estimated at \$3,800,000.00.

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

Committee Chair Dotson then called for a motion to approve placement of **Legal Item 2** on the August 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 Dotson asked if there are any questions, concerns or requests for discussion. Hearing nothing, Committee Chair Dotson called for a vote. The motion was PASSED unanimously.

Executive Session

Committee Chair Dotson called for a motion to enter Executive Session pursuant to exceptions provided in Sections 2(c)11 of the Illinois *Open Meetings Act* to consider Tollway matters related to potential or pending litigation. Director Johnson made a motion, pursuant to the sections specified, to enter Executive Session; seconded by Director Stephens. Committee Chair Dotson called for a vote. The motion was PASSED unanimously.

At approximately 9:34 a.m., the Committee entered into Executive Session.

Return from Executive Session and Action (if any)

At approximately 9:43 a.m., the Committee re-entered the public session of the Meeting.

Adjournment

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



The Meeting was adjourned at approximately 9:44 a.m.

Minutes taken by: _____

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority



2018 Second Quarter Budget to Actual Review

(Preliminary and Unaudited)

August 16, 2018

Mike Colsch



2018 Revenue – Second Quarter

Total revenue was \$3.5 million more than budget

<i>(\$ millions)</i>	Budget	Actual	\$ Var.	% Var.
Toll and Evasion Recovery	\$368.8	\$366.2	(\$2.6)	
Concessions	0.5	0.6	0.1	
Investment Income	3.0	8.4	5.4	
Miscellaneous	1.5	2.2	0.7	
Total Revenue	\$373.8	\$377.3	\$3.5	0.9%

Second Quarter Transactions

- Passenger cars grew 2.7 percent year-over-year
- Commercial vehicles grew 6.8 percent year-over-year
- Total Transactions grew 3.2 percent year-over-year

Note: Numbers may not add to totals due to rounding

Presented by Mike Colsch on August 16, 2018



2018 Maintenance and Operations – Second Quarter

M and O expenses \$0.1 million more than budget

<i>(\$ millions)</i>	<u>Budget</u>	<u>Actual</u>	<u>\$ Var.</u>	<u>% Var.</u>
Payroll and Related Costs	\$41.4	\$39.8	(1.5)	
Group Insurance	10.0	9.5	(0.5)	
Contractual Services	20.3	21.3	1.0	
Materials/Oper.Supplies	1.5	1.3	(0.2)	
Utilities	1.9	2.3	0.4	
All Other Insurance	2.8	2.5	(0.3)	
Parts and Fuel	1.3	1.5	0.2	
Equip.Rental/Maintenance	6.7	7.7	1.1	
Other Misc. Expenses	0.2	0.2	0.0	
Recovery of Expenses	(0.6)	(0.6)	(0.1)	
Total	\$85.5	\$85.6	\$0.1	0.1%

Key drivers

- Payroll related costs
- Group insurance
- Equipment rental/maintenance
- Contractual services
 - Credit card fees
 - Customer service costs

Note: Numbers may not add to totals due to rounding

2018 Capital Program – Second Quarter

(\$ millions)	<u>Projection</u>	<u>Act.</u>	<u>\$ Var.</u>	<u>% Var.</u>
Tri-State Tollway (I-94/I-294/I-80)	\$59.0	\$37.9	(\$21.1)	
Reagan Memorial Tollway (I-88)	50.2	47.2	(2.9)	
Jane Addams Memorial Tollway (I-90)	6.0	11.0	5.0	
Veterans Memorial Tollway (I-355)	2.8	20.2	17.4	
Systemwide Improvements	79.7	84.6	4.9	
Tri-State Tollway (I-294)/I-57 Interchange	0.0	0.0	0.0	
Elgin O'Hare Western Access	92.4	18.5	(73.8)	
Other Emerging Projects	2.4	1.8	(0.6)	
Move Illinois and CRP Subtotal	\$292.3	\$221.3	(\$71.0)	-24.3%
Agreement Reimbursements and Other Adjustments	-	(1.6)	(1.6)	-
Total Capital Program Expenditures	\$292.3	\$219.7	(\$72.6)	-24.8%

Note: Numbers may not add to totals due to rounding

2018 Capital Program – Second Quarter

Capital Program expenses \$72.6 million less than projected

Elgin O’Hare Western Access Project (\$73.8) million

- Schedule changes and right-of-way impacts due to pending acquisitions

Tri-State Tollway(I-94/I-294/I-80) (\$21.1) million

- Schedule changes due to right-of-way acquisition and utility relocations resulting in phasing of construction packages

Veterans Memorial Tollway (I-355) \$17.4 million

- Advanced construction work between I-55 and Army Trail Road resulting in higher than projected expenditures



2018 Debt Service – Six months ended June 30

Budget vs. Unaudited Actual
Six Months ended June 30, 2018
(\$ thousands)

	YTD		Variance	
	Budget	Actual	\$	%
Existing Debt	\$206,538	\$205,777	\$761	0.4%
New Debt	\$0	\$0	\$0	-
Total Debt Service Transfers	\$206,538	\$205,777	\$761	0.4%

\$6.1 billion bonds outstanding, of which \$2.8 billion is for *Move Illinois*

- \$4.9 billion fixed rate + \$1.2 billion variable rate

Remaining *Move Illinois* Program assumes \$2.9 billion additional issuance, including \$300 million expected in the 4th Quarter of 2018

2018 – Second Quarter Summary

Revenue was \$3.5 million more than budget

Maintenance and operations expenditures were \$0.1 million more than budget

Debt service transfers were \$1.9 million less than budget

Capital Program expenditures were \$72.6 million less than projection



2018 – Year-to-Date Summary

Revenue was \$11.6 million more than budget

Maintenance and operations expenditures were \$0.8 million less than budget

Debt service transfers were \$0.8 million less than budget

Capital Program expenditures were \$198.4 million less than projection

Appendix



2018 Revenue – Year-to-Date

(\$ thousands)

	YTD		Variance	
	Budget	Actual	\$	%
Toll Revenue and Evasion Recovery	\$696.9	\$698.9	\$2.0	0.3%
Concessions	1.0	1.1	0.1	10.2%
Investment Income	6.0	14.5	8.5	142.3%
Miscellaneous	3.0	4.0	1.0	32.1%
Total Revenue	\$706.9	\$718.5	\$11.6	1.6%

Note: Numbers may not add to totals due to rounding

Presented by Mike Colsch on August 16, 2018



2018 Maintenance and Operations – Year-to-Date

(\$ thousands)

	YTD		Variance	
	Budget	Actual	\$	%
Payroll and Related Costs	\$84,022	\$81,575	(\$2,447)	-2.9%
Group Insurance	19,915	18,880	(1,035)	-5.2%
Contractual Services	38,936	41,037	2,101	5.4%
Materials/Operational Supplies/Other Expenses	3,552	3,347	(205)	-5.8%
Utilities	3,994	4,600	606	15.2%
All Other Insurance	5,620	5,293	(327)	-5.8%
Parts and Fuel	2,824	2,846	22	0.8%
Equipment/Office Rental and Maintenance	13,164	13,746	582	4.4%
Other Miscellaneous Expenses	475	519	44	9.3%
Recovery of Expenses	(1,067)	(1,225)	(158)	-14.9%
Total Maintenance and Operations Expenditures	\$171,435	\$170,616	(\$818)	-0.5%

Note: Numbers may not add to totals due to rounding

Presented by Mike Colsch on August 16, 2018



2018 Capital Program – Year-to-Date

(\$ thousands)

	YTD		Variance	
	Projection	Actual	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$112,944	\$62,875	(\$50,069)	-44.3%
Reagan Memorial Tollway (I-88)	61,919	61,501	(\$418)	-0.7%
Jane Addams Memorial Tollway (I-90)	15,209	18,937	\$3,727	24.5%
Veterans Memorial Tollway (I-355)	6,811	22,511	\$15,700	230.5%
Systemwide Improvements	150,388	125,019	(\$25,369)	-16.9%
Tri-State Tollway (I-294)/I-57 Interchange	-	139	\$139	-
Elgin O'Hare Western Access	179,411	46,711	(\$132,700)	-74.0%
Other Emerging Projects	4,831	3,546	(\$1,285)	-26.6%
Move Illinois and CRP Subtotal	\$531,514	\$341,239	(\$190,275)	-35.8%
Agreement Reimbursements and Other Adjustments	-	(8,112)	(\$8,112)	-
Total Capital Program Expenditures	\$531,514	\$333,127	(\$198,387)	-37.3%

Note: Numbers may not add to totals due to rounding

Presented by Mike Colsch on August 16, 2018



2018 Revenue – Budget Realized

(\$ thousands)

	2018	YTD	% Budget
	Budget	Actual	Realized
Toll Revenue and Evasion Recovery	\$1,430,000	\$698,929	48.9%
Concessions	2,000	1,102	55.1%
Investment Income	12,000	14,537	121.1%
Miscellaneous	6,000	3,964	66.1%
Total Revenue	\$1,450,000	\$718,533	49.6%

Note: Numbers may not add to totals due to rounding

Presented by Mike Colsch on August 16, 2018



2018 Maintenance and Operations – Budget Realized

(\$ thousands)

	YTD		% Budget
	Budget	Actual	Realized
Payroll and Related Costs	\$167.2	\$81.6	48.8%
Group Insurance	39.8	18.9	47.4%
Contractual Services	85.5	41.0	48.0%
Materials/Operational Supplies/Other Expenses	6.6	3.3	51.0%
Utilities	8.2	4.6	55.8%
All Other Insurance	11.5	5.3	46.1%
Parts and Fuel	6.0	2.8	47.3%
Equipment/Office Rental and Maintenance	29.2	13.7	47.1%
Other Miscellaneous Expenses	1.0	0.5	52.2%
Recovery of Expenses	(2.3)	(1.2)	54.5%
Total Maintenance and Operations Expenditures	\$352.8	\$170.6	48.4%

Note: Numbers may not add to totals due to rounding

Presented by Mike Colsch on August 16, 2018



2018 Capital Program – Projection Realized

(\$ thousands)

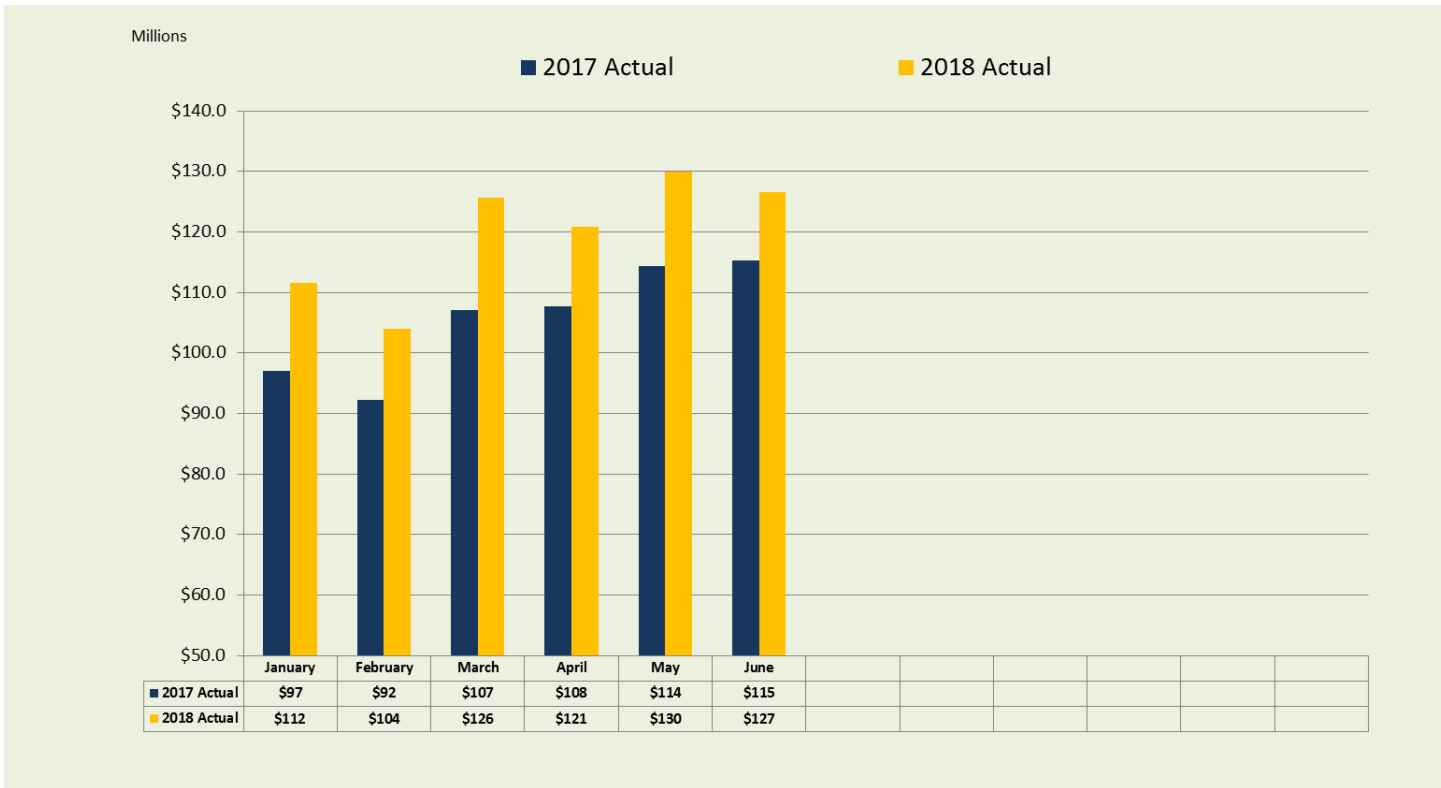
	YTD		% Projection
	Projection	Actual	Realized
Tri-State Tollway (I-94/I-294/I-80)	\$238,096	\$62,875	26.4%
Reagan Memorial Tollway (I-88)	174,959	61,501	35.2%
Jane Addams Memorial Tollway (I-90)	24,439	18,937	77.5%
Veterans Memorial Tollway (I-355)	35,116	22,511	64.1%
Systemwide Improvements	325,478	125,019	38.4%
Tri-State Tollway (I-294)/I-57 Interchange	0	139	-
Elgin O'Hare Western Access	375,912	46,711	12.4%
Other Emerging Projects	9,736	3,546	36.4%
Move Illinois and CRP Subtotal	\$1,183,736	\$341,239	28.8%
Agreement Reimbursements and Other Adjustments	-	(8,112)	-
Total Capital Program Expenditures	\$1,183,736	\$333,127	28.1%

Note: Numbers may not add to totals due to rounding

Presented by Mike Colsch on August 16, 2018



Monthly Toll Revenue 2018 vs. 2017



Note: Numbers may not add to totals due to rounding

Presented by Mike Colsch on August 16, 2018



Second Quarter Maintenance and Operations – 2018 vs. 2017

(\$ thousands)

	2nd Qtr		Variance	
	2017	2018	\$	%
Payroll and Related Costs	\$38,429	\$39,815	1,385	3.6%
Group Insurance	8,022	9,482	1,460	18.2%
Contractual Services	18,288	21,330	3,041	16.6%
Materials/Operational Supplies/Other Expenses	1,437	1,305	(132)	-9.2%
Utilities	2,563	2,266	(298)	-11.6%
All Other Insurance	2,517	2,534	17	0.7%
Parts and Fuel	1,261	1,505	245	19.4%
Equipment/Office Rental and Maintenance	5,697	7,730	2,033	35.7%
Other Miscellaneous Expenses	182	237	55	30.4%
Recovery of Expenses	(563)	(625)	(62)	-11.0%
Total Maintenance and Operations Expenditures	\$77,833	\$85,578	\$7,745	10.0%

Note: Numbers may not add to totals due to rounding

Presented by Mike Colsch on August 16, 2018



Second Quarter Capital Program – 2018 vs. 2017

(\$ thousands)

	2nd Qtr		Variance	
	2017	2018	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$7,001	\$37,881	\$30,880	-
Reagan Memorial Tollway (I-88)	11,595	47,235	\$35,640	307.4%
Jane Addams Memorial Tollway (I-90)	58,781	10,991	(\$47,790)	-81.3%
Veterans Memorial Tollway (I-355)	1,351	20,160	\$18,809	1391.8%
Systemwide Improvements	51,292	84,627	\$33,336	65.0%
Tri-State Tollway (I-294)/I-57 Interchange	230	29	(\$200)	-87.2%
Elgin O'Hare Western Access	139,280	18,520	(\$120,761)	-86.7%
Other Emerging Projects	59	1,839	\$1,780	-
Move Illinois and CRP Subtotal	\$269,589	\$221,282	(\$48,307)	-17.9%
Agreement Reimbursements and Other Adjustments	(3,342)	(1,568)	1,774	-
Total Capital Program Expenditures	\$266,247	\$219,714	(\$46,533)	-17.5%



Year to Date Maintenance and Operations – 2018 vs. 2017

(\$ thousands)

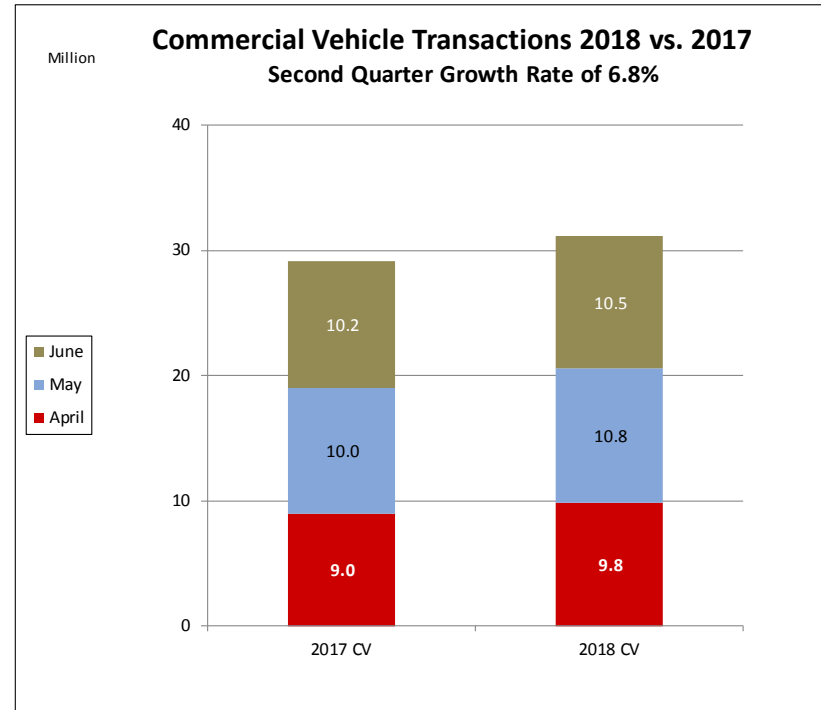
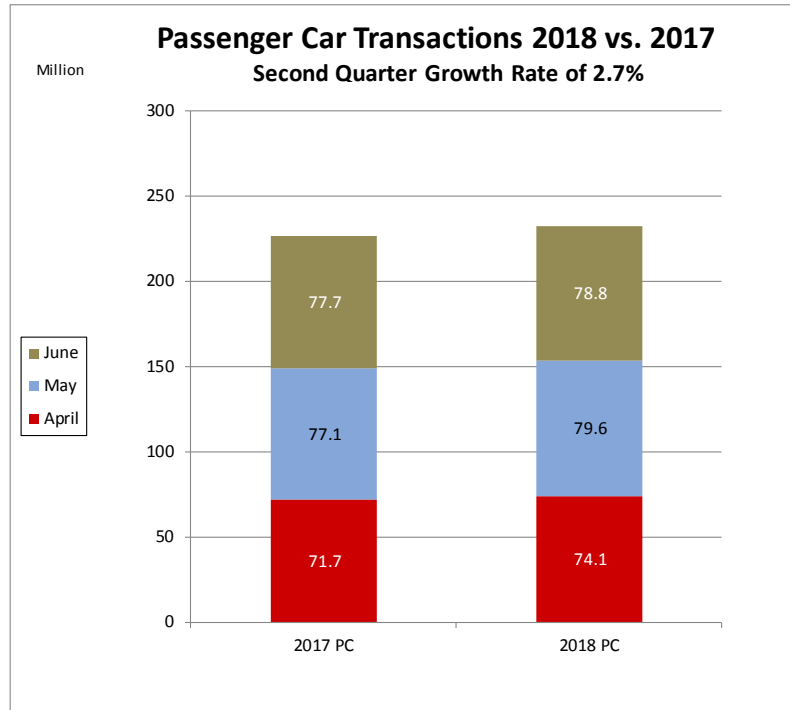
	YTD		Variance	
	2017	2018	\$	%
Payroll and Related Costs	\$78,748	\$81,575	\$2,827	3.6%
Group Insurance	17,809	18,880	1,071	6.0%
Contractual Services	35,070	41,037	5,967	17.0%
Materials/Operational Supplies/Other Expenses	2,358	3,347	988	41.9%
Utilities	4,543	4,600	57	1.3%
All Other Insurance	5,178	5,293	115	2.2%
Parts and Fuel	2,644	2,846	202	7.6%
Equipment/Office Rental and Maintenance	12,699	13,746	1,046	8.2%
Other Miscellaneous Expenses	482	519	37	7.7%
Recovery of Expenses	(1,049)	(1,225)	(176)	-16.8%
Total Maintenance and Operations Expenditures	\$158,481	\$170,616	\$12,135	7.7%

Note: Numbers may not add to totals due to rounding

Presented by Mike Colsch on August 16, 2018



2018 vs. 2017 Transactions—Year over Year



Note: Numbers may not add
due to rounding





THANK YOU

