

2009 Budget

Published: December 18th, 2008

Governor Rod R. Blagojevich
Chairman John Mitola
Executive Director Jeffrey S. Dailey



Rod R. Blagojevich, Governor
Ex-Officio-Member

John Mitola, Chairman
Term expires May 1, 2011

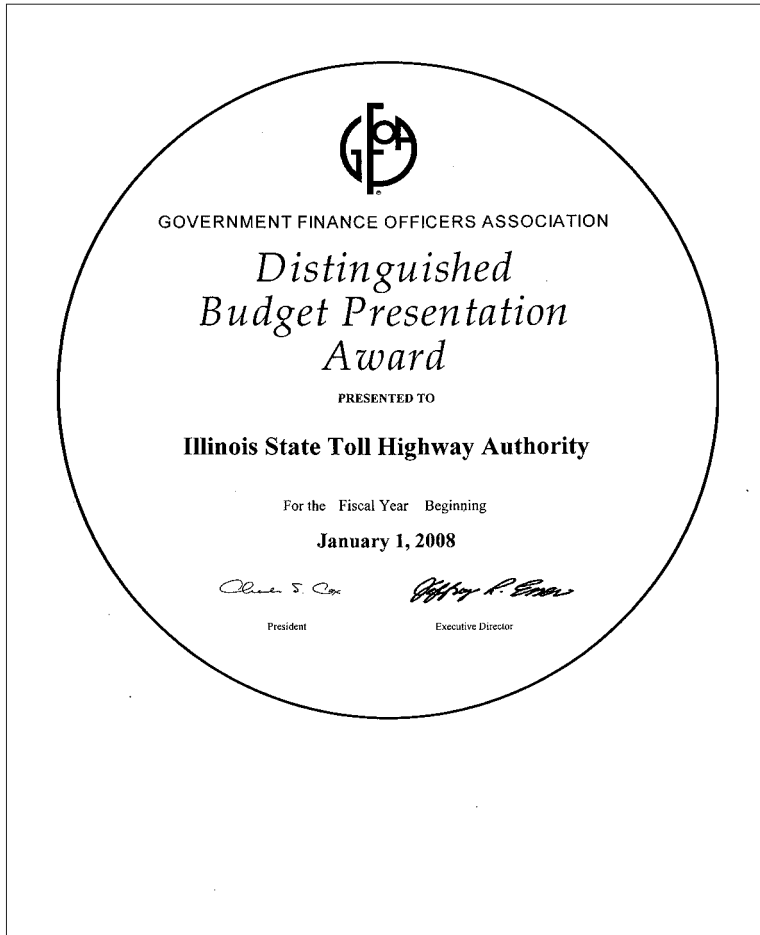


Board of Directors

Top row from left: Thomas Canham, Steven Harris, James M. Roof, David R. Andalcio

Bottom row from left: Carl O. Towns, Chairman John Mitola, George Pradel, Betty-Ann Moore, James J. Banks

Not pictured: Governor Rod R. Blagojevich, Ex-officio; Secretary Milton R. Sees, IDOT, Ex-officio



The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Illinois State Toll Highway Authority for the Annual Budget beginning January 01, 2008. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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Executive Summary

The Illinois Tollway's 2009 Budget reflects the goals of accountability, efficiency and dedication to serving our customers. Throughout 2009, the Tollway will continue to devote resources to provide all necessary support for our customers and employees—whether they are rebuilding roads to reduce congestion, providing the most up-to-date construction-related traffic information, helping stranded motorists, or assisting I-PASS customers.

2008 Accomplishments

The Illinois Tollway is continuing efforts to be accountable to its customers and fulfill the pledge to act as a trustworthy steward of toll revenues.

By the end of 2008, the Tollway will have awarded approximately \$4.5 billion in construction and design contracts in the \$6.3 billion Congestion-Relief Program – Open Roads for a Faster Future.

For the fifth consecutive year, the Government Finance Officers Association (GFOA) awarded the Illinois Tollway with its Distinguished Budget Presentation Award for the 2008 Budget submitted to and approved by the Board, made available to the public through public meetings, and posted on the Tollway's Web site.

2008 is the first full year of usage on the new 12.5 mile southern extension of I-355, which connects I-55 south through Will County to I-80. The new roadway continues to receive rave reviews from area residents and businesses for dramatically cutting average commutes and fostering new growth throughout the corridor.

As the second year of Open Road Tolling on the 286-mile Illinois Tollway System draws to a close, I-PASS continues its steady growth with average usage at 81 percent of the Tollway's 1.4 million daily vehicles. As a result of increasing participation, the number of active I-PASS transponders grew to more than 3.5 million on more than 2.8 million accounts, and customers continue reporting time savings of at least 10 minutes each way on their daily commutes as a result of Open Road Tolling.

Providing Better Service to More Customers

As part of ongoing efforts to enhance customer service and to meet the needs of a growing I-PASS customer base, the Illinois Tollway continued to build on successful customer outreach programs throughout 2008.

Jewel-Osco continues as the Tollway's primary I-PASS retail sales partner, with approximately 180 Jewel-Osco stores in the Chicago metropolitan area. In 2008, Jewel was responsible for the sale of 200,000 I-PASS transponders, while growth of online I-PASS sales exceeded 83,000.

The first full year of service at the Tollway's five Customer Service Centers (CSC), located in Tollway Oases, has successfully extended the availability of I-PASS sales and services and is addressing the needs of occasional and out-of-state users interested in purchasing an active I-PASS transponder while on the road. Staffed by full-time Tollway personnel, the CSC's served approximately 390,000

customers in 2008, facilitating sales and providing complete I-PASS services missed toll payments, as well as violation processing services for traveling customers preferring face-to-face service closer to work or home.

Transponders are also available at the Tollway's Customer Service Center in Downers Grove, through the new Consolidated Call Center at 1-800-UCI-PASS, or online at www.getipass.com.

During 2008, the Tollway continued to enhance its E-Commerce services, which allow I-PASS customers to manage their account on-line, purchase and activate transponders, and now allow on-line payment of violation notices. Currently more than 63 percent of the 2.8 million I-PASS account holders manage their accounts online at www.getipass.com, 24 hours a day, 7 days a week. The Illinois Tollway's E-Commerce service was recognized with a 2008 Toll Excellence award, by the International Bridge, Tunnel and Turnpike Association for its outstanding and innovative customer service.

Congestion-Relief Program - Year Four

Tri-State Tollway (I-94/I-294/I-80)

Within the initial 5 years of the Congestion-Relief Program (CRP), the Tollway is planning to invest nearly \$2.1 billion to reconstruct and widen the majority of the Tri-State Tollway (I-94, I-294, I-80). By mid-2010, 76 miles of the 78.5 mile Tollway will have 4 lanes in each direction. By the end of 2008, all of the contracts required to complete this work will have been obligated and \$1,331.7 million is estimated to have been earned.

Phase II of the South Tri-State Rebuild & Widen Project, to reconstruct and widen from 159th Street to 95th Street, began in early 2007 with work on retaining walls and bridge widening contracts. In 2008, the reconstruction and widening of the southbound lanes will be completed and the construction contracts for the northbound lanes were awarded. Northbound construction is scheduled to begin in 2009 with an anticipated completion in 2010.

In 2008, the Tri-State from Balmoral Avenue to the Wisconsin state line remained under construction. In the central section of the Tri-State Tollway southbound reconstruction and widening from Touhy Avenue to Lake-Cook Road will be completed, while the two remaining southbound construction contracts were awarded in May 2008 with a 2009 scheduled completion. Northbound reconstruction and widening from Balmoral Avenue to Dempster Street will be completed in 2008. The three remaining northbound construction contracts were awarded in September 2008 with a 2009 scheduled completion.

In the northern section of the Tri-State by the end of 2008, reconstruction and widening of the southbound lanes from Stearns School Road to Half Day Road, as well as the northbound reconstruction and widening from Stearns School Road to IL Route 173, reconstruction to Russell Road and resurfacing to the Wisconsin state line will be completed. The remaining four northbound construction contracts have been awarded.

Reagan Memorial Tollway (I-88)

In 2008, an estimated \$296.5 million will be expended bringing total spending for the last four years to approximately \$605 million on the Reagan Memorial Tollway (I-88). In 2008, construction work continued along I-88 between York Road and Orchard Road west of the Fox River with the section between Finley Road and Washington Street, including the Naperville Road and IL Route 53 interchanges, as well as the new eastbound Fox River Bridge scheduled for completion.

By the end of 2008, the reconstruction and widening of the westbound lanes between IL Route 83 and Finley Road and the eastbound lanes between Orchard Road and the Aurora Toll Plaza will be completed. Work continues in both directions between IL Route 83 and York Road. Reconstruction and widening contracts eastbound from IL Route 83 to Finley Road, as well as from Orchard Road to the Aurora Toll Plaza were also awarded.

Jane Addams Memorial Tollway (I-90)

Approximately \$140.3 million is estimated to be expended in 2008 on the Jane Addams Memorial Tollway (I-90) bringing the total CRP spending to \$177.1 million. In 2008, work began on the reconstruction of the Cherry Valley Interchange and the reconstruction and widening on the mainline for the section of I-90 between Cherry Valley and the South Beloit Toll Plaza in the eastbound direction and in both directions between Rockton Road and the South Beloit Toll Plaza. Master planning continued for future work on the corridor and will be completed by the end of the year.

Veterans Memorial Tollway (I-355)

In 2007, the Tollway opened the long-awaited South Extension of I-355 and at the request of the Illinois Legislature, dedicated the entire I-355 roadway as the Veterans Memorial Tollway (I-355). With the completion of the 12.5 mile, six-lane extension, the Veterans Memorial Tollway is now 30 miles in length and extends from Army Trail Road in DuPage County on the north end to I-80 in Will County. By the end of 2008 over \$736.4 million will be spent on widening, rehabilitating, and extending the Veterans Memorial Tollway as part of the Congestion-Relief Program.

In 2008, work began to resurface and construct a fourth northbound lane between 75th Street and Ogden Avenue with an estimated expenditure of \$24.5 million. Work will continue in 2009 to include the resurfacing and widening in the southbound direction.

Open Road Tolling (ORT)

As of year-end 2008, the Tollway is estimated to have expended approximately \$720.6 million to deliver Open Road Tolling at the 21 mainline plazas systemwide and reconstruct or rehabilitate the existing plaza cash lanes and facilities. This included reconstruction of the pavement through the plazas to accommodate the new roadway geometry necessary to implement Open Road Tolling.

**Congestion Relief - Phase Two Proposal
Tomorrow's Transportation Today**

Governor Blagojevich and the Illinois Tollway recently announced approval of a \$1.8 billion second phase of the Congestion-Relief Program – Tomorrow's Transportation Today. The new capital program includes two key elements; an Interchange Improvement Program with funding for two major interstate-to-interstate interchanges and local access enhancements, and development and implementation of a Green Lanes Plan. Public hearings related to the program were held in all 12 counties served by the Illinois Tollway along with public comments submitted prior to Board action on the plan were met with 60 percent approval. An estimated \$85 million has been allocated in the 2009 budget for initial funding of the Tomorrow's Transportation Today capital program to initiate planning, design, and technology development for Green Lane projects, as well as design oversight and right-of-way support for the interchange projects. It is anticipated that these costs would be funded from the proceeds of junior lien bonds that would pay no interest or principal in 2009.

The funding plan includes a phased in rate increase for commercial vehicles from January 1, 2015 through January 1, 2017, plus an annual inflator applied to commercial vehicles in 2018 and thereafter.

Fiscal Year 2009 Budget

In 2009, the rebuilding of the Illinois Tollway continues as we enter the fifth year of Governor Rod R. Blagojevich's Congestion-Relief Program - Open Roads for a Faster Future. The Tollway continues its pursuit towards the five major objectives outlined in the program:

Fix It: Fix the existing infrastructure by rebuilding/restoring and widening much of the roads systemwide.

Congestion Relief: Reduce travel times by converting the entire mainline system to Open Road Tolling to allow I-PASS users to pay tolls electronically at highway speeds. (Completed)

Meet Needs of Growing Communities: Extend I-355 south to accommodate the needs of growing communities. (Completed)

Enhance Local Economies: Establish corridor planning councils to strengthen the partnership between the Tollway and communities it serves.

Cutting-Edge Initiatives: Implement Intelligent Transportation System (ITS) technology and congestion pricing to better manage congestion and serve Tollway customers.

The Tollway is on schedule and well on its way to make the systemwide improvements initiated during the first four years of the Congestion-Relief Program (CRP). While designers, engineers, construction crews and support staff work together on multiple road projects, the Tollway is committed to following the principles of the Governor's reform agenda launched in 2003. The 2009 Budget reflects the priorities of the CRP and the need to maintain operations in support of this extensive program, as well as daily toll operations.

Additionally, funding is allocated in the 2009 Budget for the following initiatives to support the Tollway's Congestion-Relief Program:

Enterprise Resource Planning \$11.0 million (capital)

The Tollway has allocated \$11 million to continue implementation of an Enterprise Resource Planning system to more efficiently manage multiple business activities including: the purchase of equipment and supplies, I-PASS sales, finance management, accounting, inventory management and human resources management.

Information Technology Systems**\$7.5 million (capital)**

To improve and maintain the Tollway's Information Technology systems and facilities, the Tollway has included the following projects in the 2009 Budget: new disaster recovery data center; systemwide computer infrastructure modernization including upgrades and replacements; Tollway Website maintenance and enhancement; replace plaza intercom systems; Next Generation Network (NGN) facilities integration; systemwide communication tower preservation and M-4 tower replacement; public safety radio upgrade and replacement and I-PASS data storage expansion.

Electronic Tolling Systems**\$17.7 million (capital)**

The 2009 Budget allocates funding to continue the Tollway's efforts to improve and enhance the Open Road Tolling System, toll collection and violation processing, and user support network through the Customer Call Center. In addition, \$4.3 million will be spent to implement a Disaster Recovery/Business Continuity strategy that will protect critical information resources and services, minimize the risk of unplanned interruptions, and ensure the availability of the core systems and subsystems associated with the Toll Revenue Management and Maintenance Program (TRMMP).

Intelligent Transportation Systems (ITS)**\$10.8 million (capital)**

For 2009, approximately \$10.8 million is allocated to enhance and upgrade the Intelligent Transportation System (ITS) to improve Tollway incident response time, and monitor and detect traffic incidents. These funds will be deployed to: expand and maintain the Tollway's fiber optics operations; install systemwide new CCTV cameras, Weigh-In-Motion and Video Incident Detection system; install wireless CCTV on the North and South Tri-State; install Remote Traffic Microwave Sensors (RTMS) on the North Tri-State Tollway (I-94) and Jane Addams Memorial Tollway (I-90); procure ITS equipment and services for Next Generation Network migration; deploy Dynamic Message Signs (DMS) systemwide; to improve the Gateway Advanced Traveler Information System (ATMS) in conjunction with IDOT; and modernize the Road Weather Information Systems (RWIS).

Signage**\$2.4 million (capital)**

To help manage traffic through the extensive construction zones throughout the system widespread signage is used to ease congestion by communicating changes in traffic patterns, and night-time and off-peak lane closures. The 2009 Budget allocates funding to provide continuation of systemwide upgrades and enhancements of all roadway signs including new mile markers, exit numbering system signing, improved Open Road Tolling signing and Manual on Uniform Traffic Control Device (MUTCD) electronic toll collecting signing requirements.

**Illinois State Police District 15
Personnel and Equipment - \$2 million (capital)**

District 15 Troopers will provide extra coverage in systemwide construction zones and areas with high speed or crash percentages, and allow officers to work toll violation details to reduce the number of toll scofflaws. The 2009 Budget includes projects to equip Troopers with modernized IT equipment such as, IWIN computers, digital In-Car video cameras, LiveScan machines; as well as training for programs such as Firearms Animated Training System (FATS) and Firing Range Target Retrieval System.

Budget Summary

The Tollway is a non-appropriated entity, which is self-supporting, depending solely on the revenues from operations and proceeds from the issuance of revenue bonds for the expansion, reconstruction and improvement of the Tollway System. The 2009 Budget is a balanced budget in which revenues provide sufficient resources for operating and maintenance expenses, debt service and required deposits to the Renewal/Replacement and Improvement Accounts.

Revenue Estimates for 2009

The Tollway's operating revenues for Fiscal Year 2009 ("FY2009") are estimated to total \$680 million. This is an increase of 1.5 percent over Fiscal Year 2008 ("FY2008") operating revenues of \$670 million.

FY2009's \$680 million of estimated operating revenues consist of (i) \$650 million of Toll Revenues and Evasion Recovery; (ii) \$22 million of Investment Income; and (iii) \$8 million of Concessions and Miscellaneous sources.

The principal source of revenue for the Tollway comes from the collection of tolls and recoveries from the Violation Enforcement Program. The Tollway's Traffic Engineer, Wilbur Smith Associates, estimates Expected Toll Revenue from toll transactions, indicating Toll Revenue that would be collected if all transactions were collected at the appropriate toll. The Tollway adjusts the estimates to reflect the anticipated loss of non-payment or under-payment of tolls and then adds revenues ("Evasion Recovery") collected through its Violation Enforcement System.

Allocation of 2009 Revenues

The Tollway's proposed budget allocates Revenues to four major accounts. These accounts are Maintenance and Operations (M&O), Debt Service, Renewal/Replacement, and Improvements. Revenues allocated to the Renewal/Replacement and Improvements Accounts are the current resources utilized to fund a portion of the Tollway's Capital Program. The majority of the Tollway's Capital Program in 2009 will be financed by proceeds from revenue bonds.

The FY2009 Budget allocates \$680 million of Revenues as follows:

\$258 million to fund maintenance and operations, an increase of \$12.3 million or 5 percent over FY2008 operating expenses of \$245 million.

\$210 million for debt service transfers, consisting of: \$188.5 million for outstanding debt (excludes six months of capitalized interest on the Series 2008B Bonds and three months of capitalized interest on the Series 2009B Bonds); \$16.5 million for interest on new bonds assumed to be issued April 2009 in the amount of \$400 million; and \$5.0 million for bond-related annual costs and variable rate bond interest costs in excess of corresponding index-based receipts from hedge agreements.

The total budgeted transfers of \$210 million for 2009 represent an estimated increase of \$6 million from 2008 amounts.

\$212 million will be allocated to the Renewal/Replacement and Improvement Accounts, providing a portion of the funding for the Congestion-Relief Program and other non-roadway capital investments.

Maintenance & Operations Budget

The FY2009 Operating Budget is \$257.6 million to fund the ongoing operating costs of the Tollway, an increase of \$12.3 million or 5.0 percent over the 2008 Revised Budget.

Personal Services total \$143.6 million including Salaries, Wages, Social Security and Retirement. This category increased \$10.9 million or 8.2 percent over the 2008 amount. Salaries and Wages increased \$5.0 million or 4.8 percent, while Social Security and Retirement contributions increased \$5.9 million or 21.7 percent. The Personal Services category accounts for 55.7 percent of total operating expenses.

The Tollway's insurance costs total \$36.6 million or 14.2 percent of the 2009 Operating Budget, a \$2.0 million or 5.7 percent increase over 2008. The Tollway pays for Group Health Insurance, Property Insurance, Worker's Compensation Insurance as well as the Illinois State Police District 15 Group Health Insurance.

As a result of higher than anticipated Roadway Maintenance and Violation Enforcement costs due to extra-ordinary circumstances, the Tollway amended the 2008 Operating Budget in September. The Budget was increased by \$9 million from \$236.3 million to \$245.3 million. The additional funding was allocated to Materials Operational for Rock Salt; Fuels & Oils; and Other Outside Services, Bank Charges and Telephone to cover expenses for the violation notices.

Funding has been increased in Contracted Outside Service by \$1.3 million in areas such as the ITS maintenance contract (TIMS, DMS, CCTV), the STARCOM radio system and Hearing Officers for violations. Consulting Services increased by \$0.4 million to cover the Tollway's contractual agreement with CTE. Dues, Books, and Subscriptions increased by \$0.2 million to cover the 2009 hosting fees for the IBTTA Conference. Replacement Parts (Fleet), Roadway Equipment (portable arrow boards), and Police Equipment have a combined increase of \$0.3 million.

Tollway Organization and Background

THE TOLLWAY

The Tollway was created under the Act as an instrumentality and administrative agency of the State of Illinois to provide for the construction, operation, regulation and maintenance of a system of toll highways within the State of Illinois. Under the Act, on April 1, 1968, the Tollway assumed all the obligations, powers, duties, functions and assets of its predecessor agency, The Illinois State Toll Highway Commission. The Act authorizes the issuance of revenue bonds for the purposes, among others, of financing expansions of the Tollway System and reconstruction of and improvements to the Tollway System, and authorizes the issuance of refunding bonds for the purpose of refunding any bonds of the Authority then outstanding at maturity or on any redemption date.

The Tollway is empowered to enter into contracts; to acquire, own, use, lease, operate and dispose of personal and real property, including rights-of-way, franchises and easements; to establish and amend resolutions, by-laws, rules, regulations and to fix and revise tolls; to acquire, construct, relocate, operate, regulate and maintain the Tollway System; to exercise the power of eminent domain; and to contract for services and supplies, including services and supplies for the various customer service areas on the Tollway System.

Board of Directors

The Tollway is governed by an 11-member Board of Directors that includes the Governor of Illinois and the Secretary of the Illinois Department of Transportation, ex officio. Nine directors are appointed by the Governor, with the advice and consent of the Illinois Senate, from the State at large with a goal of maximizing representation from the areas served by the Tollway System. These nine directors are appointed for a term of four years, or in the case of an appointment to fill a vacancy, the unexpired term. No more than five directors may be from the same political party. Of the directors appointed by the Governor, one is appointed by the Governor as Chairman of the Tollway. The current Chairman, John Mitola, was initially appointed by Governor Rod Blagojevich as a Director and Chairman of the Tollway on April 29, 2003.

The present directors, and terms of office are listed below.

NAME	INITIAL APPOINTMENT	EXPIRATION OF CURRENT TERM⁽¹⁾
Gov. Rod R. Blagojevich, ex officio	—	—
Secretary Milton R. Sees, ex officio	—	—
John Mitola, Chairman	April 29, 2003	May 1, 2011
David R. Andalco	April 29, 2003	May 1, 2011
James J. Banks	September 29, 1993	May 1, 2009
Steven M. Harris	September 26, 2005	May 1, 2009
Thomas Canham	August 30, 2007	May 1, 2011
Betty-Ann Moore ⁽¹⁾	September 26, 2005	May 1, 2007
Arthur George Pradel ⁽¹⁾	October 26, 2001	May 1, 2007
James M. Roof	April 30, 2004	May 1, 2009
Carl O. Towns	November 14, 2002	May 1, 2009

⁽¹⁾ Directors whose terms have expired will serve until such director resigns, is reappointed or a successor is duly appointed and qualified.

Organizational Structure

The Tollway's organizational structure consists of 12 departments including Administration, Communications, Engineering, Directors and Executive, Finance, Information Technology, Inspector General, Legal, Toll Operations, Procurement, Business Systems, and Illinois State Police District 15. The Executive Director manages the day-to-day operations of the Tollway. Tollway department chiefs report to the Executive Director. The Commander of District 15 of the State Police also reports to the Superintendent of the State Police, and the General Counsel to the Tollway also reports to the Attorney General of the State of Illinois.

The Administration Department is responsible for the development and implementation of administrative policies and procedures and employee compliance therewith. Additionally, it oversees the day-to-day maintenance and upkeep of the Tollway's facilities systemwide.

The Department of Business Systems is responsible for overseeing the design and development of the Open Road Toll System and collecting toll revenue from toll violators, assessing fines and imposing sanctions. The Department's responsibilities include customer service associated with the issuance of I-PASS transponders and toll collection.

The Communications Department is responsible for all external and internal communications between the Tollway and its constituents, including customers, news media, elected and appointed officials, the general public and employees.

The Directors and the Executive Department manage Tollway affairs consistent with the Act.

The Engineering Department is responsible for the design, construction and maintenance of the roadway. It also coordinates with community groups, government agencies, and planning organizations on transportation and land-use policy.

The Finance Department is responsible for all general accounting, budgeting, treasury functions, financial reporting, accounts payable, payroll, risk management and debt management. In addition, the Finance Department manages cash and investments.

The Information Technology Department is responsible for planning, directing, and controlling all information technologies and telecommunications throughout the Tollway.

The Office of the Inspector General is responsible for investigating instances of waste, inefficiencies, fraud, corruption, misconduct and mismanagement in the day-to-day operations of the Tollway. Additionally, the Inspector General recommends policies and procedures to ensure that the Tollway's Board members and employees, contractors and/or vendors adhere to all state and federal laws and internal rules and regulations.

The Legal Department is a Bureau of the Office of the Attorney General of the State of Illinois and is, by law, the legal advisor and attorney for the Tollway.

Procurement is responsible for all purchasing and procurement issues, and is authorized to execute contracts and place orders for goods and services. Additionally, the procurement department is responsible for warehousing and the Tollway's DBE (Disadvantaged Business Enterprise) Program.

Illinois State Police – District 15 – is one of 21 districts of the Illinois State Police, responsible for providing comprehensive law enforcement services. The entire Tollway System comprises District 15. State police patrol the Tollway System to enforce speed limits and traffic laws, assist disabled motorists, and provide special details for operations, such as overweight vehicle enforcement.

The Toll Operations Department is responsible for providing the necessary resources and services to maintain the Tollway's toll operations, as well as managing the collection and counting of tolls.

Labor Relations and Employee Benefits

As of October 2008, unions represent approximately 1531 of the Tollway's 1783 positions. In 2006, the Tollway entered into a three-year agreement ending September 30, 2009 with the State and Municipal Teamsters, Chauffeurs, and Helpers Union Local 726, representing approximately 471 highway maintenance personnel. In addition, the Tollway has entered into two separate collective bargaining agreements with the Metropolitan Alliance of Police (MAP) representing 28 employees. The MAP's Civilian Call Takers agreement was reached in 2005 and runs through October 31, 2008. MAP's Telecommunicators contract runs from May 1, 2007 through April 30, 2010. The Tollway also employs approximately 720 employees represented by the Service Employees International Union Local 73 (SEIU). The agreement reached in 2005 runs through December 31, 2008 and covers Toll Collectors, Money Room employees, Clerks, Custodians, and Warehouse Workers. The final group of employees, being approximately 312 professional and nonprofessional white collar employees is represented by the American Federation of State, County and Municipal Employees, Council 31 and their contract runs from January 1, 2007 through December 31, 2010.

All employees of the Tollway employed for at least six months are covered by the State Employees' Retirement System (SERS), a pension system maintained by the State of Illinois. The Tollway and its employees contribute a percentage of each employee's annual salary to the SERS. This percentage is expected to increase from 19.1% in 2008 to 23.3% in 2009, resulting in the Tollway's budgeted amount for the retirement contribution increasing from \$20.2 million in 2008 to \$25.7 million in 2009. Benefits paid to retirees are based on a fixed benefit plan for vested participants and are computed as a percentage of their salary (calculated at a specified time or as an average during certain periods of their service, as appropriate) multiplied by the number of years of service of the employee.

There are no other material pension plans or similar retirement programs covering Tollway employees.

THE TOLLWAY SYSTEM

The Tollway System presently consists of approximately 286 miles of limited access highway in twelve counties in the northern part of Illinois, and is an integral part of the expressway system in Northern Illinois and the U.S. Interstate Highway System. The entire Tollway System has been designated a part of the U.S. Interstate Highway System.

Since beginning operations in 1958, the Tollway System has served an important role in the development of the Northern Illinois economy. During its initial operation, the Tollway System permitted rapid interstate travel between Northern Illinois, Indiana and Wisconsin. As the suburban areas surrounding Chicago expanded throughout the 1960's and 1970's, the Tollway System evolved into primarily a commuter travel system, serving suburban Chicago and Chicago O'Hare International Airport. At the present time, the four routes of the Tollway System (see "Routes") serve, among other areas, suburban Cook County and the Chicago area collar counties, which together represent one of the fastest growing areas in Illinois in terms of population and employment.

Routes

The Tollway System is currently made up of four Tollways: the Jane Addams Memorial (I-90), the Tri-State (I-94, I-294, I-80), the Veterans Memorial (I-355) and the Ronald Reagan Memorial Tollways (I-88).

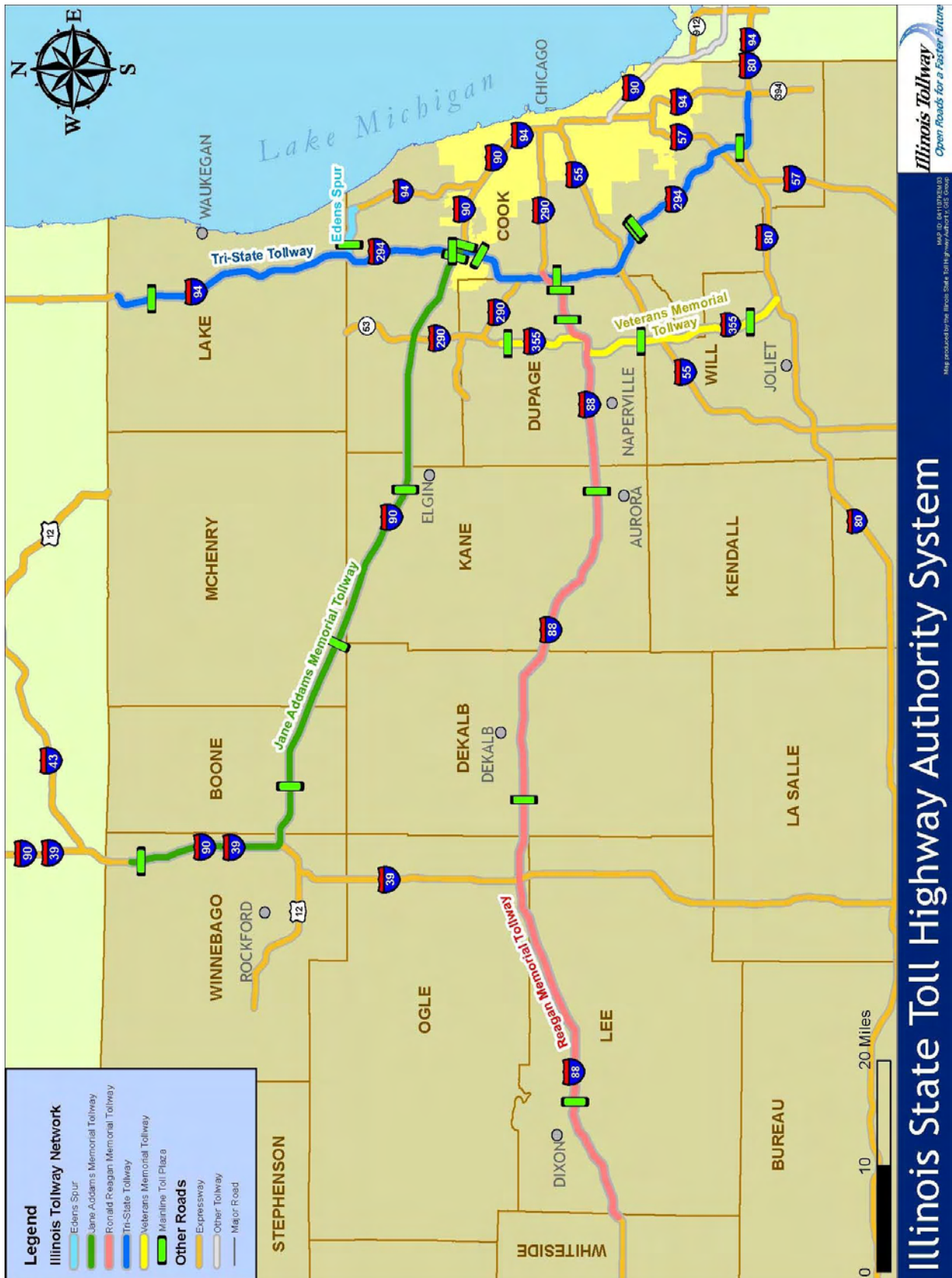
The Jane Addams Memorial Tollway (I-90), formerly the Northwest Tollway, constituting a portion of U.S. Interstate Highway 90, is a 76-mile roadway. The Jane Addams Memorial Tollway begins east of the intersection of the Kennedy Expressway from downtown Chicago and the Tri-State Tollway in the vicinity of O'Hare International Airport, and extends to the west, crossing the Fox River just north of Elgin, Illinois. From there it runs northwesterly to Rockford, Illinois, and then northerly to a point near the Illinois-Wisconsin border, where it feeds into the Wisconsin portion of Interstate 90 leading to Madison, Wisconsin.

The Tri-State Tollway (I-94, I-294, I-80), constituting portions of Interstates 80, 94 and 294 and including the 5-mile Edens Spur, is an 84-mile beltway around the Chicago metropolitan area. It extends from a point near the Indiana State line where it intersects with the Bishop Ford and the Kingery Expressways to a point near the Illinois-Wisconsin border, where it connects with U.S. Route 41 and U.S. Interstate Highway 94 from Milwaukee. The Tri-State also connects with the Reagan Memorial Tollway (I-88) to the western suburbs, the Eisenhower Expressway to downtown Chicago, the Jane Addams Memorial Tollway (I-90) to the northwest suburbs, the Kennedy Expressway to downtown Chicago, the north end of the Edens Expressway to the north shore suburbs and downtown Chicago, and the Stevenson Expressway to downtown Chicago. From its southern terminus the Tri-State Tollway has a direct connection to the Indiana Toll Road via the Kingery Expressway and Interstate 80. The Tri-State Tollway is the most traveled Tollway in the Tollway System, accounting for approximately 44% of the volume of the Tollway System.

The Veterans Memorial Tollway (I-355), formerly the North-South Tollway, is a 30-mile highway generally paralleling Illinois Route 53 in DuPage and Will Counties between approximately the

intersection of Army Trail Road and the Interstate 290 spur in Addison on the north and Interstate 80 (near Joliet) on the south. The Veterans Memorial Tollway, which opened in December 1989, is the newest addition to the Tollway System and consists of six through lanes along its entire length. The Veterans Memorial Tollway runs through or near the communities of Lemont, Lockport, Homer Glen, New Lenox, Bolingbrook, Downers Grove, Naperville, Lombard, Glen Ellyn and Wheaton. As part of the Congestion Relief Program (CRP), a 12.5-mile south extension of the Veterans Memorial Tollway through Will County from Interstate 55 to Interstate 80 (the “South Extension”) opened on November 12, 2007, increasing the size of the Veterans Memorial Tollway to 30 miles.

Reagan Memorial Tollway (I-88), formerly the East-West Tollway, constituting a portion of Interstate 88, covers 96.5 miles and begins east of the junction of the Tri-State Tollway (I-294) and the Eisenhower Expressway and runs southwest and west, providing service to Oak Brook, Naperville, Aurora, DeKalb and Dixon, Illinois, ending at U.S. Route 30 in the Sterling/Rock Falls area. From U.S. Route 30, Interstate 88 is a toll-free facility connecting to Interstate 80 and the Quad Cities.



Toll Rates

The Tollway has undertaken four major toll adjustments. The first major adjustment generally increased toll rates in 1963, the second generally decreased toll rates in 1970, and the third increased toll rates in September, 1983. The fourth adjustment was passed by the Tollway's Board in September of 2004 in conjunction with the authorization of the Congestion-Relief Program.

The new toll rate structure became effective on January 1, 2005. Toll rates are now defined for four classes of vehicles instead of the prior ten classes of vehicles. A passenger car class is the same as the previous Class 1. This class includes all two-axle vehicles with four or fewer tires. The other three classes are for commercial vehicles and consist of the small, medium and large truck classes. A small truck class consists of what was previously a Class 2 vehicle, two-axle vehicles with six tires. A medium truck class encompasses what were previously Class 3, 4, 7 and 8 vehicles. This class is three and four-axle vehicles including two-axle vehicles towing one and two-axle trailers. The fourth class, the large truck class, consists of the previous 5, 6, 9 and 10 classes. This includes all vehicles with five or more axles, including two-axle vehicles towing three-axle trailers.

This last rate change includes certain rates based on the principle of "Congestion Pricing," which charges higher rates for commercial vehicles using the Tollway System during peak time periods of daily travel in order to help with congestion and expedite travel times. The daytime rates for the three commercial vehicle classes of large, medium and small are \$4.00, \$2.25 and \$1.50, respectively, at typical mainline plazas. The daytime commercial vehicle rates apply from 6:00 a.m. to 10:00 p.m. on weekdays and weekends. The corresponding overnight (10:00 p.m. to 6:00 a.m.) rates are discounted to \$3.00, \$1.75 and \$1.00. Also, commercial vehicles using I-PASS receive the discounted overnight toll rate during the off-peak hours of 9:00 a.m. to 3:30 p.m. and 6:30 p.m. to 10:00 p.m. on weekdays and 6:00 a.m. to 10:00 p.m. on the weekends. This off-peak discount expires at the end of 2008. The new toll rate structure allows passenger car I-PASS users to stay at existing rates (\$0.40 at most toll plazas), while passenger car users paying with cash pay double the I-PASS rate.

Under the Act, the Tollway has the exclusive right to fix, adjust, revise and collect tolls for the use of the Tollway System. Such tolls are required to be fixed at rates calculated to provide the lowest reasonable toll rates to provide funds that will be sufficient, together with other revenues of the Tollway, to pay the costs of any authorized new construction, operating and maintaining the Tollway System and paying debt service on Outstanding Bonds. The Tollway may increase tolls by vote of a majority of its Board of Directors, after conducting a public hearing in each county in which the proposed increase is to take place. No other State of Illinois executive, administrative or regulatory body or regional or local government has the authority to limit or restrict such rates and charges.

Revenue Sources and Underlying Assumptions

The Tollway is a non-appropriated entity; it is self-supporting, depending solely on the Revenues derived from operations and proceeds from the issuance of revenue bonds for the purposes, among others, of financing expansions of the Tollway System and reconstruction of and improvements to the Tollway System. The Tollway does not receive any State or Federal Funding for operational uses.

Revenues

“Revenues” are defined per the Trust Indenture as (i) all tolls, fees, charges, rents, and other income and receipts derived from the operation of the Tollway System, (ii) proceeds of any use and occupancy insurance relating to the Tollway System and of any other insurance which insures against loss of revenues, (iii) investment income from any moneys or securities held in Funds, Accounts, or Sub-Accounts established under the Indenture, other than the Construction Fund, and (iv) amounts transferred from the Construction Fund to the Revenue Fund and transfers to the Trustee by the Tollway from the System Reserve Account. Revenues exclude Federal and State grants and appropriations, loan proceeds, gifts or donations of any kind, transfers, if any, to the Tollway as permitted under any Escrow Agreement and receipts not related to the Tollway’s performance of its obligations under the Indenture or to the operations of the Tollway System.

For budgetary purposes the Tollway classifies Revenues into three categories: Tolls and Evasion Recovery, Investment Income and Concessions and Miscellaneous. The revenues generated from toll collection and evasion recovery have been combined to correctly associate revenues from evasion recovery programs with toll revenues.

Toll Revenue Estimates

In October of each year, the Tollway’s independent Traffic Engineer, Wilbur Smith Associates, provides expected toll revenue estimates for the budget process. An estimate is provided for the current year by using actual data for the first eight months and estimates for the last four months of the year. A month by month estimate of toll revenue for the following year is also provided. The estimation process combines traffic trend data with a travel demand modeling process that can take into account the effect of changing socioeconomic and network characteristics on Tollway usage levels.

The travel demand modeling process used is similar to that used in the regional transportation planning process employed by the Chicago Metropolitan Agency for Planning in Northeastern Illinois and the Rockford Area Transportation Study in the Rockford area. The modeling process takes into account current and future socioeconomic conditions and the characteristics of the transportation network. The modeling process is specifically adapted to the unique characteristics of the Tollway system. For most highway trips the path chosen is generally the fastest routing that will get the trip maker to the desired destination. On the Tollway system the additional consideration is the toll cost. Using the Tollway for a portion of the trip involves the trip maker trading off the time savings in using the Tollway verses the additional cost of the tolls. The simulation process uses value of time considerations in modeling path selections.

In addition to travel times and toll costs, the modeling process takes into account the physical characteristics of the roadway system, which can change over time. For example, add lane construction activities temporarily change network characteristics which impact traveler route choices during the time of construction. The construction activity generally reduces the capacity and speed through the construction zone, thus decreasing the desirability of using that section of the Tollway for certain trips resulting in reducing usage levels on the Tollway. After construction is completed the additional lanes add capacity reducing congestion and increasing usage of the Tollway. Both the usage levels during construction and the resulting benefits of the additional lanes are accounted for by the travel demand modeling process.

The Tollway utilizes a general methodology for developing estimates for the following year. Prior year transactions by month by vehicle class for each toll plaza are entered into a database. Recent trend data coupled with a short term estimate of economic conditions are used to develop base transactions by plaza by vehicle type. The base case situation represents what would happen if there were to be no changes to the highway network in general and specifically the Tollway network in the next year. These base estimates are then adjusted for construction projects (both on and off the Tollway) and roadway changes caused by the completion of construction activity. These adjustments are made by using the travel demand modeling process previously described.

Once the monthly transaction estimates are finalized, they are converted into expected toll revenue estimates at each plaza by applying the toll rate, vehicle class and payment type to the number of transactions in that category. The revenue estimates for the year are simply the sum of all the revenues by plaza.

Adjustments to Toll Revenue Estimates

The “expected revenues” provided by the Traffic Engineer represent the revenue that would be collected if every vehicle paid the exact published toll based on vehicle class, time of day and payment type. The expected revenue does not account for overpayments, underpayments, exemptions or revenue lost due to toll avoidance. Expected revenues provided by the Traffic Engineer also does not account for the tolls and fines collected from violations through the violation enforcement process. Amounts of revenue reported in the Tollway’s annual budget, quarterly statements and annual financial reports include these adjustments.



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Fund Structure

Fund and Account Description

The Amended and Restated Trust Indenture (the Indenture), effective March 31, 1999, an agreement between the Tollway and the Trustee (as Fiduciary for Bondholders) pledges the Tollway's revenues, moneys and securities in all funds and accounts to secure payment on the bonds. The Trust Indenture establishes two funds, the Revenue Fund and Construction Fund; all Revenues are deposited to the Revenue Fund, and proceeds from the issuance of revenue bonds are deposited to the Construction Fund (earnings on the Construction Fund are retained therein). Within the Revenue Fund the Indenture establishes the following: Maintenance and Operations, Debt Service, Renewal/Replacement, Improvement, and System Reserve as well as sub-accounts within the Maintenance and Operations and Debt Service Account. The Indenture establishes the order and amount of allocation from the Revenue Fund to the various accounts and sub-accounts.

Revenue Fund

The Tollway covenants to deliver all Revenues (other than investment income, unless otherwise directed by the Indenture), within five Business Days after receipt, for deposit in the Revenue Fund. On or before the 20th day of each month the Treasurer of the State of Illinois, at the direction of the Tollway, will transfer or apply the balance in the Revenue Fund not previously transferred or applied in the following order of priority:

First, to the Operating Sub-Account of the Maintenance and Operations Account;

Second, to the Operating Reserve Sub-Account of the Maintenance and Operations Account;

Third, to the Interest Sub-Account, Principal Sub-Account and Redemption Sub-Account of the Debt Service Account, in that order of priority, for deposits relating to the Senior Bonds;

Fourth, to the Provider Payment Sub-Account of the Debt Service Account to pay Costs of Credit Enhancement or Qualified Hedge Agreements for Senior Bonds or to reimburse Providers of Credit Enhancement or Qualified Hedge Agreements for Senior Bonds for payments of principal or interest made by such Providers and fees of such Providers and to make termination payments then due and owing with respect to any such Credit Enhancement or Qualified Hedge Agreements outstanding prior to the effective date of the Seventh Supplemental Indenture (June 22, 2005), which contained an amendment establishing the Termination Account (but no such deposit for any termination payment for a Qualified Hedge Agreement shall be made if there is any deficiency in the Debt Reserve Account);

Fifth, to the Debt Reserve Account;

Sixth, to any Junior Bond Debt Service Account or any Junior Bond Debt Reserve Account;

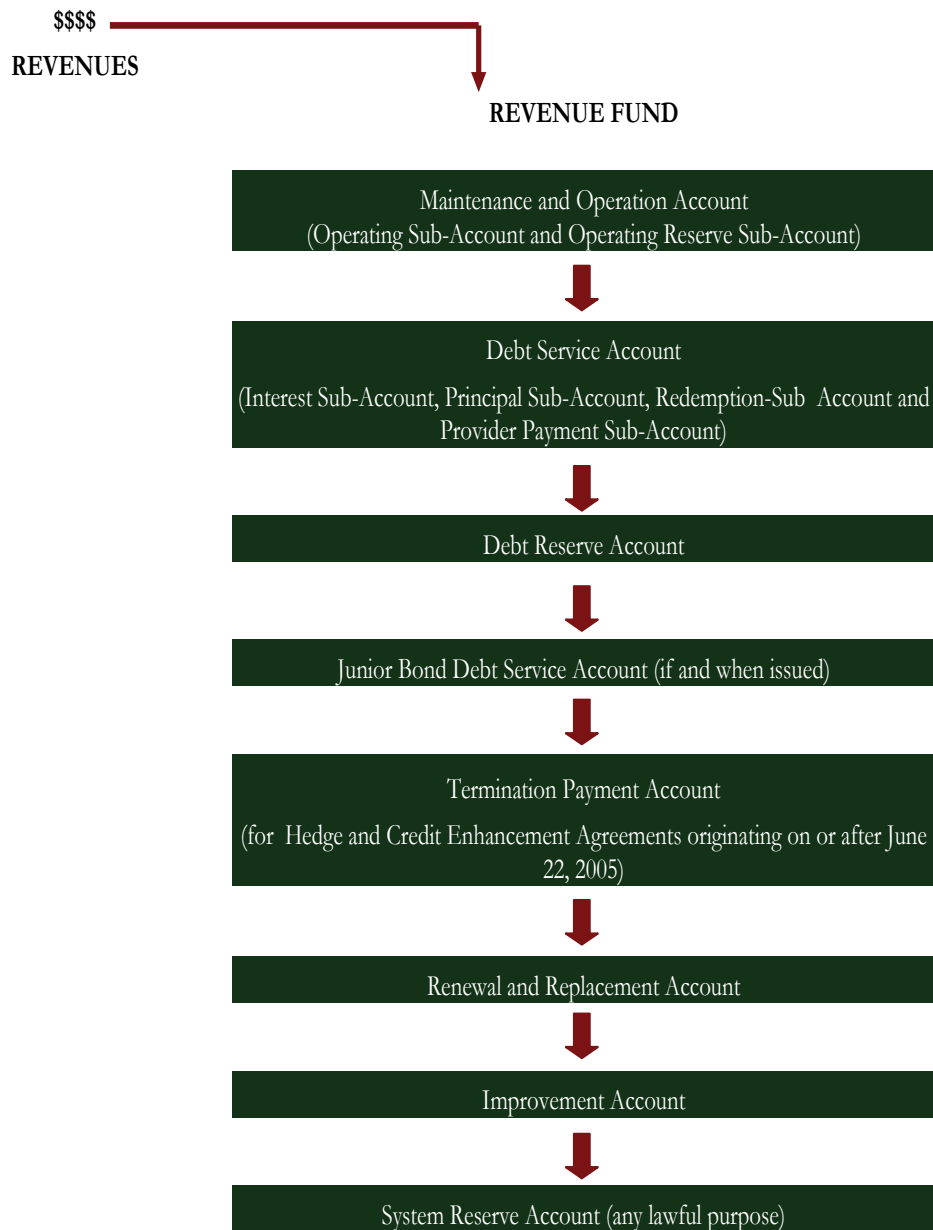
Seventh, to the Termination Payment Account to pay termination payments then due and owing with respect to Credit Enhancement and Qualified Hedge Agreements executed and delivered on or after the effective date of the ammendment establishing the Termination Account (June 22, 2005);

Eighth, to the Renewal and Replacement Account;

Ninth, at the direction of the Tollway, to the Improvement Account; and

Tenth, the balance of such amounts in the Revenue Fund, to the System Reserve Account.

Overview of Flow of Funds



Maintenance and Operations Account

The Maintenance and Operations Account consists of the Operating Sub-Account and the Operating Reserve Sub-Account. Moneys in the Operating Sub-Account are applied to Operating Expenses at the direction of the Tollway.

Revenues are transferred to the Operating Sub-Account to cover the Expenses set forth in the Annual Budget for the current Fiscal Year. One-twelfth of the operating expenses outlined in the annual budget are transferred to this account once a month.

The Operating Reserve Sub-Account receives or retains an amount not to exceed 30 percent of the amount budgeted for Operating Expenses in the Annual Budget for the current Fiscal Year. Monies in the Operating Reserve Sub-Account are held as a reserve for the payment of Operating Expenses and are to be withdrawn from if monies are not available to the credit of the Operating Sub-Account to pay Operating Expenses.

If the Tollway determines that the amount in the Operating Reserve Sub-Account exceeds the amount necessary, the excess will be withdrawn from such Sub-Account and applied as Revenues. By resolution, the Board originally voted to maintain a \$25 million balance in this account and subsequently authorized a balance of \$17 million.

Debt Service Account and Debt Reserve Account

The Debt Service Account consists of the Interest Sub-Account, the Principal Sub-Account, the Redemption Sub-Account, the Provider Payment Sub-Account, to be held by the Trustee.

Revenues are required to be deposited to cover the interest, principal, and sinking fund installment amounts due and unpaid for bonds, the costs and reimbursements (and termination payments for agreements executed before June 22, 2005) of providers of Credit Enhancement or Qualified Hedge Agreements.

Revenues must also be deposited to the credit of the Debt Reserve Account, in an amount sufficient to cause the balance in it to equal the Debt Reserve Requirement (maximum annual debt service) and to make any required reimbursement to Providers of Debt Reserve Account Credit Facilities.

Termination Payment Account

This account was established in the Seventh Supplemental Indenture (June 22, 2005) to pay termination payments due to any providers of Credit Enhancement and Qualified Hedge Agreements executed on or after June 22, 2005. No funds are expected to be allocated to this account in 2009.

Renewal and Replacement Account

Revenues must be credited to the Renewal and Replacement Account in an amount set forth in the Annual Budget. This amount is determined based on recommendations of the Consulting Engineer. Additional funds can be transferred to this account by the Tollway, based on the Capital Program expenditures, but such funds can only be used on Renewal and Replacement projects.

Improvement Account

At the direction of the Tollway, amounts are then applied to the Improvement Account, for allocation to projects determined by the Tollway, until the balance in the Account is equal to the Improvement Requirement.

System Reserve Account

The balance in the Revenue Fund is deposited to the credit of the System Reserve Account to provide for deficiencies in any other account or sub-account. If all accounts have sufficient funds System Reserve Account funds can be used to pay off debt, fund construction projects, make improvements or pay for any other lawful Tollway purpose.

Construction Fund

The Construction Fund is held as a separate segregated fund. The Construction Fund receives funds from the sale of bonds and the investment of such bond proceeds. No toll revenues are deposited in this fund. The Treasurer may deposit any such separate, segregated accounts within the Construction Fund with the Trustee, pursuant to the provisions of a Supplemental Indenture.

Fiscal Year 2007 - 2009
Statement of Revenues/Expenditures/Transfers and Changes in Account/Fund Balances
(\$ in Millions)

	2007	2008	2009
Maintenance & Operations Account	Actual	Estimate	Budget
Beginning Balance	\$25.0	\$21.1	\$18.7
Transfer from Revenue Fund	218.4	242.9	257.6
Expenditures	(222.3)	(245.3)	(257.6)
Ending Balance	\$21.1	\$18.7	\$18.7
Debt Service Account	Actual	Estimate	Budget
Beginning Balance	\$48.4	\$62.2	\$61.2
Transfer from Revenue Fund ¹	175.9	204.0	210.0
Bonds Retired	(47.4)	(50.0)	(52.8)
Interest Payments	(114.7)	(155.0)	(157.2)
Ending Balance	\$62.2	\$61.2	\$61.2
Improvement Account	Actual	Estimate	Budget
Beginning Balance	\$160.5	\$203.1	\$102.1
Transfer from Revenue Fund ¹	35.5	219.1	49.4
Expenditures ²	7.1	(320.1)	(148.0)
Ending Balance	\$203.1	\$102.1	\$3.5
Renewal and Replacement Account	Actual	Estimate	Budget
Beginning Balance	\$224.5	\$351.7	\$71.3
Transfer from Revenue Fund ¹	198.3	4.0	163.0
Reclass of Expenditures from Construction Fund	0.0	(48.6)	0.0
Expenditures	(71.1)	(235.8)	(164.1)
Ending Balance	\$351.7	\$71.3	\$70.2
Construction Fund	Actual	Estimate	Budget
Beginning Balance	\$668.3	\$306.4	\$0.0
Bond Proceeds ³ deposited to Construction Fund	657.3	385.1	700.0
Investment Income	22.5	8.3	0.0
Reclass of Expenditures to Renewal and Replacement	0.0	48.6	0.0
Expenditures (reimbursements) Transfers to RR and I	(1041.7)	(748.4)	(700.0)
Ending Balance	\$306.4	\$0.0	\$0.0

¹ Includes Allocation of Interest Income.

² Expenditures reflect cost recovery of \$10 million in 2008 and \$25 million in 2009 pursuant to Intergovernmental Agreements.

³ 2008 Bond Proceeds includes \$57.9 million from the Debt Reserve Account resulting from purchase of Surety Policy.

Budget Summaries

Sources of Revenue

Fiscal Year 2009

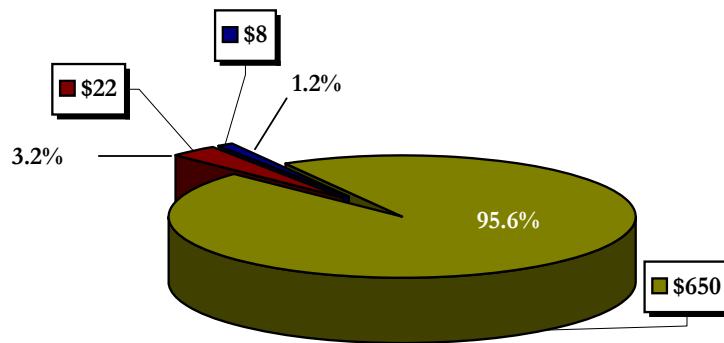
(\$ in Millions)

Sources	FY 2008 <u>Budget</u>	FY 2008 <u>Estimates</u>	FY 2009 <u>Projections</u>
Toll & Evasion Recovery	\$636	\$640	\$650
Investment Income	30	25	22
Concessions & Misc.	4	5	8
Total	\$670	\$670	\$680

2009 Revenue Projections

\$680 Million

(\$ in Millions)



Allocation of Revenue

Fiscal Year 2009

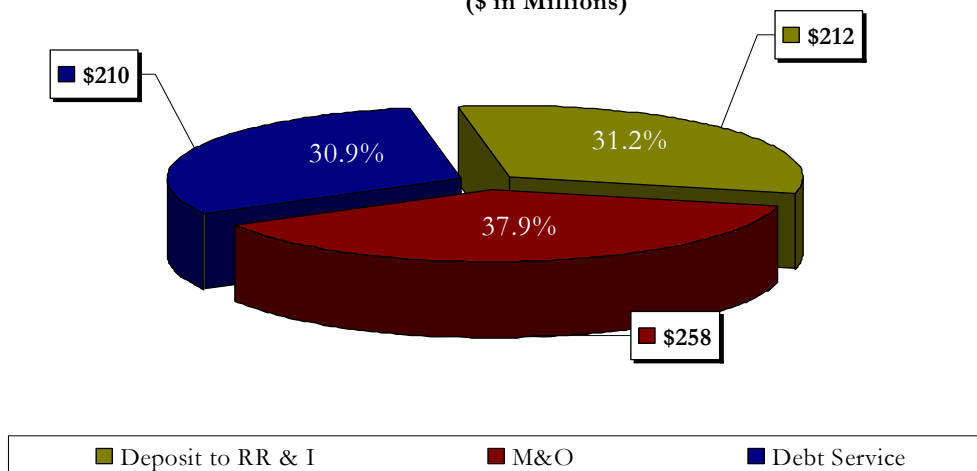
(\$ in Millions)

Allocations	FY 2008 <u>Budget</u>	FY 2008 <u>Estimates</u>	FY 2009 <u>Projections</u>
Deposit to RR & I	\$230	\$223	\$212
M&O	236	243	258
Debt Service	204	204	210
Total	\$670	\$670	\$680

2009 Projected Allocation of Revenue

\$680 Million

(\$ in Millions)

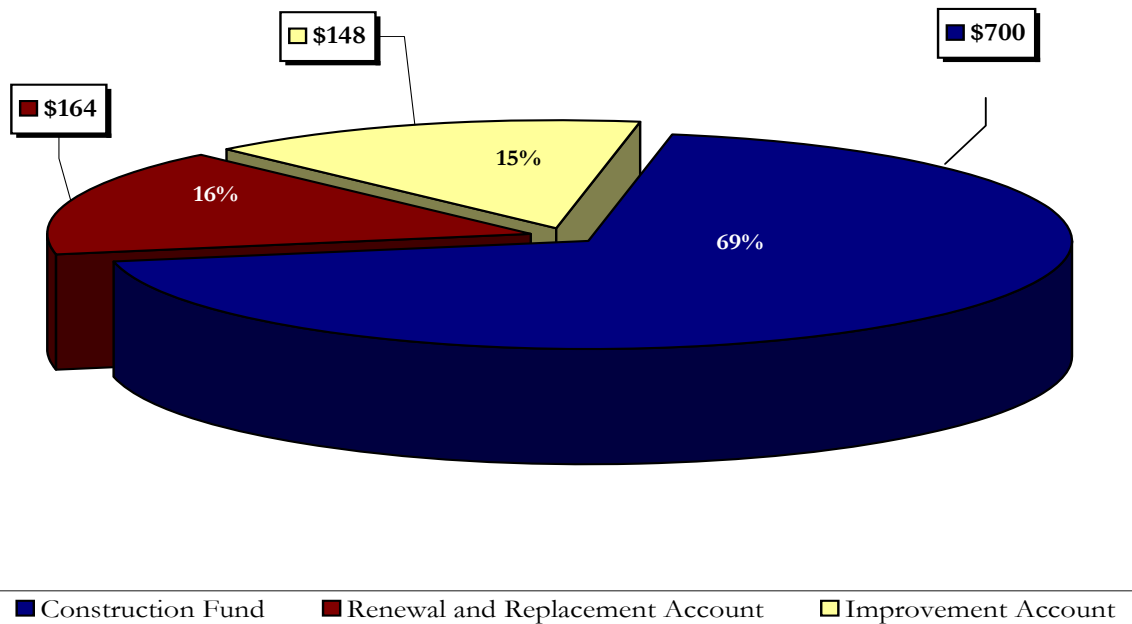


Capital Program Projections
Fiscal Year 2009
(\$ in Millions)

	FY 2007 <u>Actual</u>	FY 2008 <u>Estimates</u>	FY 2009 <u>Projections</u>
Beginning Balance	\$1,053	\$861	\$173
Deposit to RRI	234	223	212
Bond Proceeds	657	385	700
Construction Fund Interest	23	8	0
Expenditures *	(1,106)	(1,304)	(1,012)
Total	\$861	\$173	\$73

* Expenditures reflect cost recovery of \$10 million in 2008 and \$25 million in 2009 pursuant to Intergovernmental Agreements.

2009 Projected Capital Expenditures
\$1,012 Million
(\$ in Millions)



2009 Requested Headcount

Department	2006 Budget	2007 Budget	2008 Budget	2009 Request	Change From 2008 Budget
Administration	88	163	168	171	3
Business Systems	12	56	63	69	6
Communications	8	10	12	11	(1)
Engineering	571	577	594	596	2
Executive Management & Board of Directors	6	6	6	7	1
Finance	57	57	57	58	1
Information Technology	77	75	75	75	-
Inspector General	12	15	15	15	-
Legal	12	12	12	12	-
Procurement	-	55	56	56	-
State Police	19	19	19	19	-
Toll Operations	889	705	706	694	(12)
Total Headcount	1,751	1,750	1,783	1,783	-

- Administration is adding one Deputy Chief and two Carpenter Shop positions.
- Business Systems is adding six positions consisting of Customer Service Specialists, Business Systems Analysts, Software Developers and a Database Administrator.
- Communications has transferred one position to Executive Management & Board of Directors.
- Engineering is adding two Auto Mechanics to its Maintenance & Traffic Division.
- Finance is adding one Financial Reporting position.
- Toll Operations has reduced its number of Toll Collector vacancies by twelve.

2009 Maintenance & Operations Budget
By Category
(\$ in Millions)

Category	2007 Actual Expenditures	2008 Revised Budget	2009 Budget Request	\$ Change
Salary & Wages	\$ 102.0	\$ 105.4	\$ 110.4	\$ 5.0
FICA & Retirement	21.8	27.3	33.2	5.9
Group Insurance	23.7	26.3	28.0	1.7
Contractual Services	25.4	37.6	38.3	0.7
Employee Development	1.0	1.0	1.3	0.3
Utilities	6.4	8.1	7.9	(0.2)
Operational Materials & Supplies	18.3	11.5	10.6	(0.9)
Parts & Fuels	6.0	7.8	7.6	(0.2)
Equipment / Office Rental / Maintenance	10.8	14.1	13.4	(0.7)
All Other Insurance	8.6	8.3	8.6	0.3
Recovery of Expenses	(1.7)	(2.1)	(1.7)	0.4
Total M&O Costs	\$ 222.3	\$ 245.3	\$ 257.6	\$ 12.3

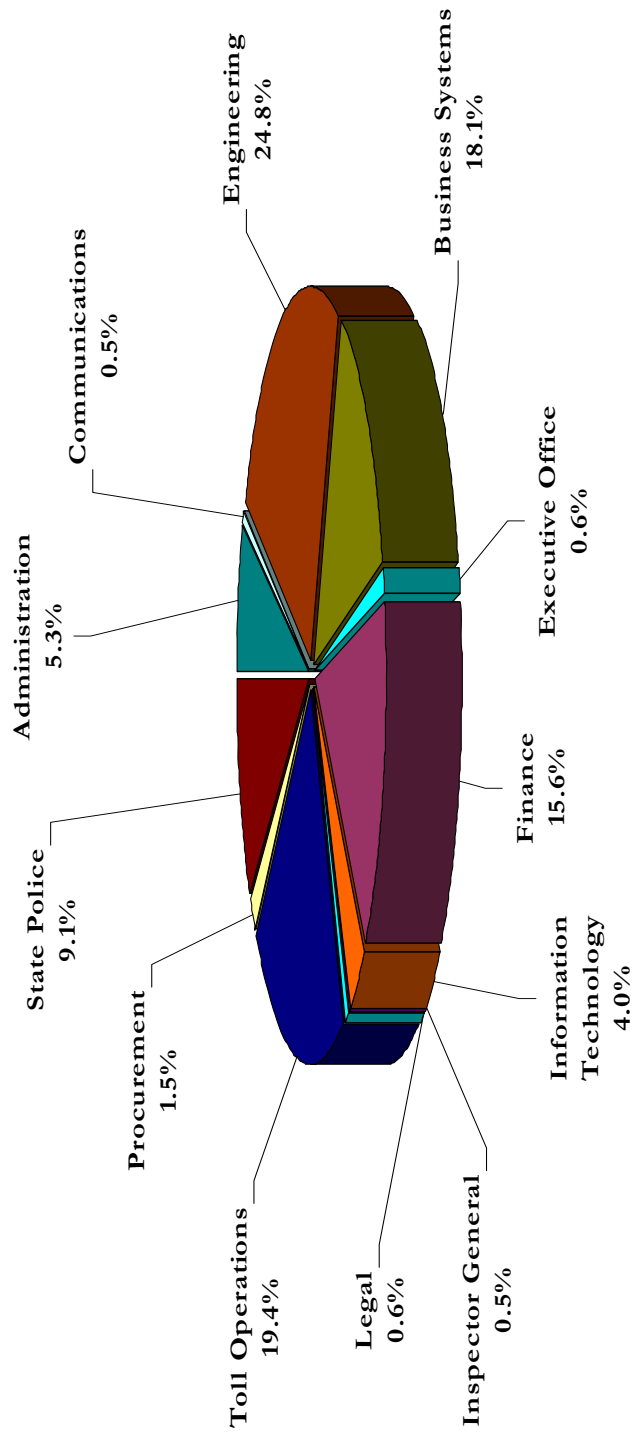
2009 Maintenance & Operations Budget
By Major Account

Major Account Description	2007		2008		2009 Request	\$ Change
	Actual		Revised Budget			
SALARIES & WAGES	\$ 102,048,929	\$	105,374,900	\$	110,406,532	\$ 5,031,632
FICA	\$ 6,781,395	\$	7,136,574	\$	7,477,066	\$ 340,492
RETIREMENT	\$ 15,015,769	\$	20,153,380	\$	25,722,844	\$ 5,569,464
PAYROLL SUB-TOTAL	\$ 123,846,093	\$	132,664,854	\$	143,606,443	\$ 10,941,588
GROUP INSURANCE	\$ 23,660,835	\$	26,317,000	\$	27,950,000	\$ 1,633,000
OTHER OUTSIDE SERVICES	\$ 15,259,476	\$	21,934,371	\$	21,061,177	\$ (873,194)
EQUIPMENT MAINTENANCE	\$ 10,144,269	\$	13,493,150	\$	12,756,872	\$ (736,278)
BANK CHARGES	\$ 7,742,953	\$	11,550,500	\$	11,350,000	\$ (200,500)
MATERIALS - OPERATIONAL	\$ 5,222,206	\$	8,050,171	\$	7,212,300	\$ (837,871)
WORKMAN'S COMP. INSURANCE	\$ 6,860,199	\$	5,873,000	\$	6,100,000	\$ 227,000
FUELS AND OILS	\$ 3,813,886	\$	5,636,415	\$	5,361,150	\$ (275,265)
UTILITIES	\$ 5,098,448	\$	5,000,720	\$	5,001,200	\$ 480
CONSULTING SERVICES	\$ 1,856,798	\$	2,774,389	\$	3,173,400	\$ 399,011
TELEPHONE & TELEGRAPH	\$ 1,340,621	\$	3,082,185	\$	2,849,900	\$ (232,285)
PROPERTY INSURANCE	\$ 1,736,535	\$	2,415,000	\$	2,512,000	\$ 97,000
CONTRACTED OUTSIDE SERVICE	\$ 159,681	\$	865,986	\$	2,194,000	\$ 1,328,014
REPLACEMENT PARTS	\$ 2,099,051	\$	2,034,842	\$	2,156,500	\$ 121,658
SUPPLIES - OPERATIONAL	\$ 919,177	\$	931,292	\$	980,300	\$ 49,008
OTHER EXPENSES	\$ 11,070,270	\$	1,113,334	\$	665,050	\$ (448,284)
EQUIPMENT RENTALS	\$ 690,313	\$	640,150	\$	642,850	\$ 2,700
UNIFORMS & ACCESSORIES	\$ 484,381	\$	529,708	\$	538,800	\$ 9,092
SUPPLIES - OFFICE	\$ 412,692	\$	503,850	\$	515,373	\$ 11,523
POSTAGE AND EXPRESS	\$ 377,388	\$	501,829	\$	473,175	\$ (28,654)
DUES, BOOKS & SUBSCRIP.	\$ 191,591	\$	165,104	\$	402,500	\$ 237,396
EMPLOYEE TRAINING	\$ 195,285	\$	140,200	\$	189,000	\$ 48,800
OTHER CAPITAL EQUIPMENT	\$ 52,787	\$	63,345	\$	184,960	\$ 121,615
BUILDING EQUIPMENT	\$ 115,076	\$	210,963	\$	179,200	\$ (31,763)
TRAVEL AND SUBSISTENCE	\$ 158,452	\$	147,600	\$	179,400	\$ 31,800
ADVERTISING & PROMOTION	\$ 82,370	\$	87,900	\$	158,200	\$ 70,300
PRINTING	\$ 71,027	\$	92,250	\$	146,450	\$ 54,200
ARMORED TRUCK SERVICE	\$ 122,826	\$	160,000	\$	140,000	\$ (20,000)
ROADWAY EQUIPMENT	\$ 49,365	\$	42,500	\$	137,200	\$ 94,700
OFFICE EQUIPMENT	\$ 30,751	\$	97,700	\$	128,500	\$ 30,800
TOOLS & EQUIPMENT	\$ 102,749	\$	108,022	\$	116,800	\$ 8,778
POLICE EQUIPMENT	\$ 36,425	\$	36,000	\$	114,700	\$ 78,700
EMPLOYMENT MEDICAL EXPENSE	\$ 46,978	\$	53,300	\$	54,000	\$ 700
TOLL COLLECTION EQUIPMENT	\$ (38,774)	\$	1,500	\$	50,500	\$ 49,000
BOND TRUSTEE	\$ 9,680	\$	40,000	\$	50,000	\$ 10,000
ADVISORY COMMITTEE EXPENSE	\$ 142	\$	100	\$	100	\$ -
CASH HANDLING EQUIPMENT	\$ 818	\$	1,300	\$	2,000	\$ 700
RECOVERY OF EXPENSES	\$ (1,727,870)	\$	(2,070,200)	\$	(1,688,200)	\$ 382,000
TOTAL NON-PAYROLL COSTS	\$ 98,448,857	\$	112,625,476	\$	114,039,357	\$ 1,413,881
TOTAL M & O COSTS	\$ 222,294,950	\$	245,290,330	\$	257,645,800	\$ 12,355,469

2009 Maintenance & Operations Budget by Department
(\$ in Millions)

Department	2007 Actual Expenditures	2008 Revised Budget	2009 Budget Request	\$ Change
Administration	\$13.5	\$12.5	\$13.6	\$1.1
Business Systems	31.8	47.9	46.5	(1.4)
Communications	1.2	1.2	1.3	0.1
Engineering	56.6	61.5	63.9	2.4
Executive Management & Board of Directors	2.0	1.3	1.6	0.3
Finance	35.3	36.6	40.4	3.8
Information Technology	7.0	8.7	10.4	1.7
Inspector General	0.9	1.1	1.2	0.1
Legal	1.4	1.3	1.5	0.2
Procurement	3.3	3.3	3.9	0.6
State Police	22.0	23.1	23.4	0.3
Toll Operations	47.3	46.8	49.9	3.1
Total M&O Costs	\$222.3	\$245.3	\$257.6	\$12.3

**2009 M&O Budget
% of Total Budget by Department**



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2009 Departmental Budgets and Narratives

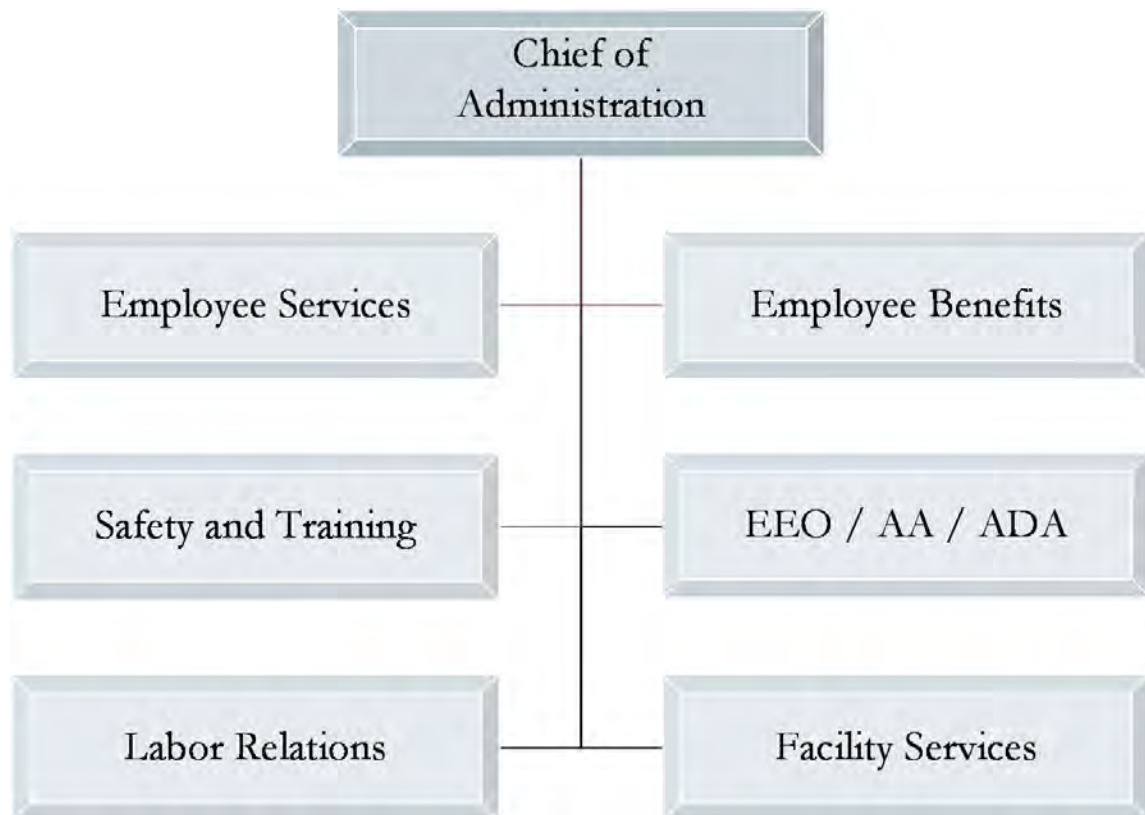
Administration

Description:

The Administration Department is responsible for the development, implementation and compliance of administrative policies and procedures, as well as the day-to-day maintenance and upkeep of the Tollway’s facilities systemwide. In addition, Administration is responsible for appropriating human resources to meet the operational needs of the Tollway. The department serves as the Tollway’s key contact for employee relations and employment issues. The Administration Department insures that intra-departmental, intra-organizational, and facility service issues are addressed so the Tollway functions efficiently and effectively.

The Administration Department oversees the following functions:

- Employee Services (HR, Customer Relations & Central Information Systems)
- Employee Benefits (Health, Medical, Dental, Leaves of Absence & Workers Comp)
- Safety & Training
- EEO/AA/ADA
- Labor Relations (Grievances & Labor Negotiations)
- Facility Services



Departmental Budgets and Narratives

Administration continued

MAJOR ACCOUNT DESCRIPTION	2007	2008	2009	\$ Change
	Actual	Revised Budget	Request	
SALARIES & WAGES	\$7,653,599	\$7,678,600	\$8,459,500	\$780,900
BENEFITS	1,698,960	2,055,024	2,605,195	550,171
TELEPHONE & TELEGRAPH	648,735	700,000	725,000	25,000
OTHER OUTSIDE SERVICES	470,166	375,000	405,300	30,300
EQUIPMENT RENTALS	349,584	314,200	330,650	16,450
SUPPLIES - OPERATIONAL	274,989	296,200	286,000	(10,200)
MATERIALS - OPERATIONAL	212,516	151,200	157,500	6,300
CONTRACTED OUTSIDE SERVICE	88,724	115,000	115,000	-
REPLACEMENT PARTS	127,848	102,200	107,300	5,100
BUILDING EQUIPMENT	33,930	62,500	100,000	37,500
SUPPLIES - OFFICE	75,537	112,100	94,300	(17,800)
UNIFORMS & ACCESSORIES	29,731	83,600	67,500	(16,100)
OFFICE EQUIPMENT	13,329	46,200	66,200	20,000
EMPLOYMENT MEDICAL EXPENSE	46,978	53,300	54,000	700
EQUIPMENT MAINTENANCE	26,873	331,000	47,000	(284,000)
TOOLS & EQUIPMENT	17,820	31,000	31,000	-
EMPLOYEE TRAINING	15,215	20,500	26,000	5,500
POSTAGE AND EXPRESS	42,446	3,820	10,700	6,880
DUES, BOOKS & SUBSCRIP.	7,510	6,000	9,000	3,000
TRAVEL AND SUBSISTENCE	1,970	2,000	8,900	6,900
ADVERTISING & PROMOTION	-	2,400	5,000	2,600
OTHER EXPENSES	1,589,171	4,112	5,000	888
OTHER MINOR ACCOUNTS	32,764	3,150	4,250	1,100
<i>SUBTOTAL</i>	\$13,458,395	\$12,549,106	\$13,720,295	\$1,171,189
RECOVERY OF EXPENSES	\$(6,343)	\$(12,500)	\$(54,500)	\$(42,000)
<i>DEPARTMENT TOTAL</i>	\$13,452,052	\$12,536,606	\$13,665,795	\$1,129,189

Administration continued

The Fiscal Year 2009 Budget Request is \$13.6 million, an increase of \$1.1 million or 9.0% over the Fiscal Year 2008 Revised Budget amount. Total payroll is \$11.1 million and includes 171 positions.

Department M&O Highlights:

- Salaries and Wages increased \$781 thousand over the 2008 Revised Budget. This increase reflects annual salary increases; increases required by collective bargaining agreements; an increase of 3 positions; and funding for currently vacant positions.
- Benefits increased by \$550 thousand over the 2008 Revised Budget due to the SERS Pension Contribution Rate increase from 19.1% to 23.3%.
- Telephone and Telegraph increased by \$25 thousand or 3.6% based on additional usage and price increases.
- Other Outside Services increased by \$30 thousand to cover the Employee Health Fair as well as maintenance projects for Facility Services.
- Equipment Rentals increased by \$16 thousand to cover maintenance of copy closet copiers/fax machines.
- Building Equipment increased by \$38 thousand to handle anticipated repairs/replacement at CA and remote sites.
- Office Equipment increased by \$20 thousand to cover planned replacement of worn out chairs at CA.
- Equipment Maintenance decreased by \$284 thousand due to the transfer of KRONOS maintenance to the IT Department.

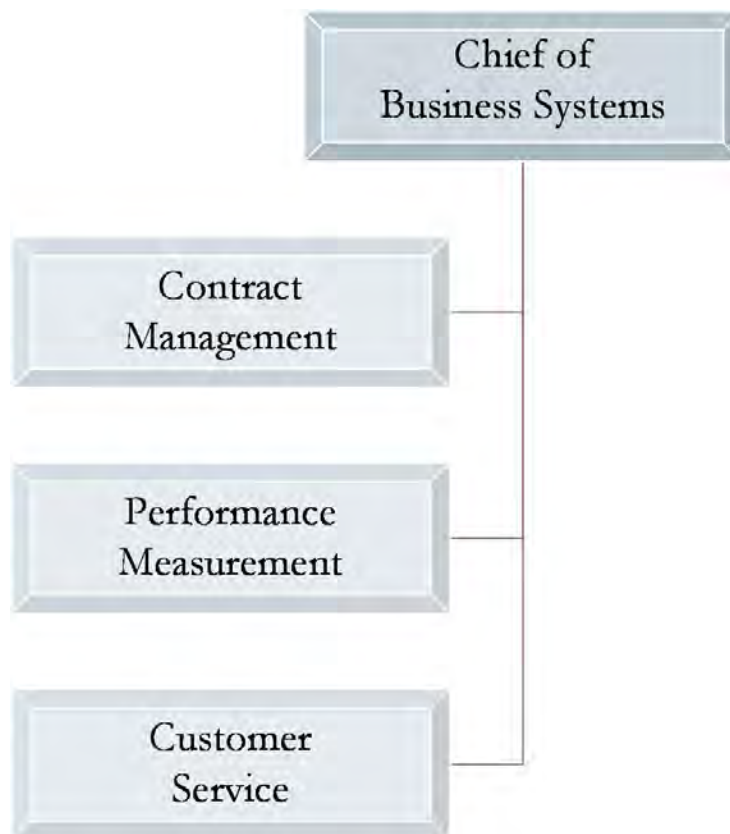
Business Systems

Description:

The Department of Business Systems is responsible for the operation and maintenance of the Electronic Tolling System hardware and software which includes collecting toll revenue from toll violators and assessing fines and imposing sanctions. The Department monitors the contracts and performance of the structure surrounding the Electronic Tolling System Open Road Toll System. Additionally, they provide support through the Customer Call Center which provides a single point of contact for all customer calls that relate to I-PASS, violations processing and services and missed tolls.

Business Systems oversees the following functions:

- Violation Enforcement Systems
- Customer Service
- Contract Management
- Performance Measurement



Business Systems continued

MAJOR ACCOUNT DESCRIPTION	2007 Actual	2008 Revised Budget	2009 Request	\$ Change
SALARIES & WAGES	\$2,219,003	\$2,551,000	\$3,248,000	\$697,000
BENEFITS	481,209	682,724	1,004,395	321,670
OTHER OUTSIDE SERVICES	11,611,013	19,198,529	16,972,012	(2,226,517)
BANK CHARGES	8,492,486	11,410,500	11,200,000	(210,500)
EQUIPMENT MAINTENANCE	8,257,450	11,103,000	10,346,272	(756,728)
TELEPHONE & TELEGRAPH	363,957	1,908,285	1,560,000	(348,285)
OTHER EXPENSES	3,661	-	600,000	600,000
CONTRACTED OUTSIDE SERVICE	14,750	250,000	434,000	184,000
POSTAGE AND EXPRESS	281,716	445,500	400,750	(44,750)
EQUIPMENT RENTALS	242,679	246,200	243,600	(2,600)
SUPPLIES - OFFICE	103,282	128,000	129,073	1,073
OTHER CAPITAL EQUIPMENT	-	-	108,700	108,700
DUES, BOOKS & SUBSCRIP.	-	70,000	96,000	26,000
CONSULTING SERVICES	-	373,000	96,000	(277,000)
PRINTING	-	5,000	40,000	35,000
ADVERTISING & PROMOTION	6,470	-	15,000	15,000
EMPLOYEE TRAINING	1,995	2,000	14,000	12,000
TRAVEL AND SUBSISTENCE	1,859	3,000	9,000	6,000
OFFICE EQUIPMENT	1,212	3,800	8,500	4,700
OTHER MINOR ACCOUNTS	(32,587)	10,822	5,000	(5,822)
<i>SUBTOTAL</i>	\$32,726,655	\$48,391,360	\$46,530,302	\$(1,861,059)
RECOVERY OF EXPENSES	\$(855,996)	\$(500,000)	-	\$500,000
<i>DEPARTMENT TOTAL</i>	\$31,870,659	\$47,891,360	\$46,530,302	\$(1,361,059)

The Fiscal Year 2009 Budget Request is \$46.5 million; a decrease of \$1.4 million or 2.8% under the Fiscal Year 2008 Revised Budget amount. Total payroll is \$4.3 million and includes 69 positions.

Business Systems continued

Department M&O Highlights:

- Salaries and Wages increased by \$700 thousand over the 2008 Revised Budget. This increase includes annual salary increases as well as increases required by collective bargaining agreements. This increase is partially offset by the phasing of currently vacant positions.
- Benefits increased by \$322 thousand over the 2008 Revised Budget due to the SERS Pension Contribution Rate increase from 19.1% to 23.3%.
- During 2008, the Authority increased its violation collection efforts. One component of that effort was to review backlogged images in order to produce violation notices. This significantly increased the expenses in the Other Outside Services category. In 2009, it is expected that the Authority will have completed the review of backlogged images so the 2009 Budget reflects a decrease of \$2.2 million in this category.
- Bank Charges decreased by \$211 thousand due to the completion of the Post-Pay to Pre-Pay conversion and backlogged violation notice payment.
- Equipment Maintenance has decreased by \$757 thousand due to efficiencies in contract management and the transfer of licensing fees from the vendor to the Tollway.
- Telephone and Telegraph decreased by \$348 thousand due to the completion of the backlogged violation notices. The Call Center should start to see less call volume when it returns to normal operation.
- Other Expenses increased by \$600 thousand due to the transfer of the Oracle License fee from the vendor to the Tollway.
- Additional staff will require both hardware and software purchases in 2009 so Other Capital Equipment has been increased by \$109 thousand.
- Consulting Services has decreased by \$277 thousand due to contracts being paid from this account ending early in the year.

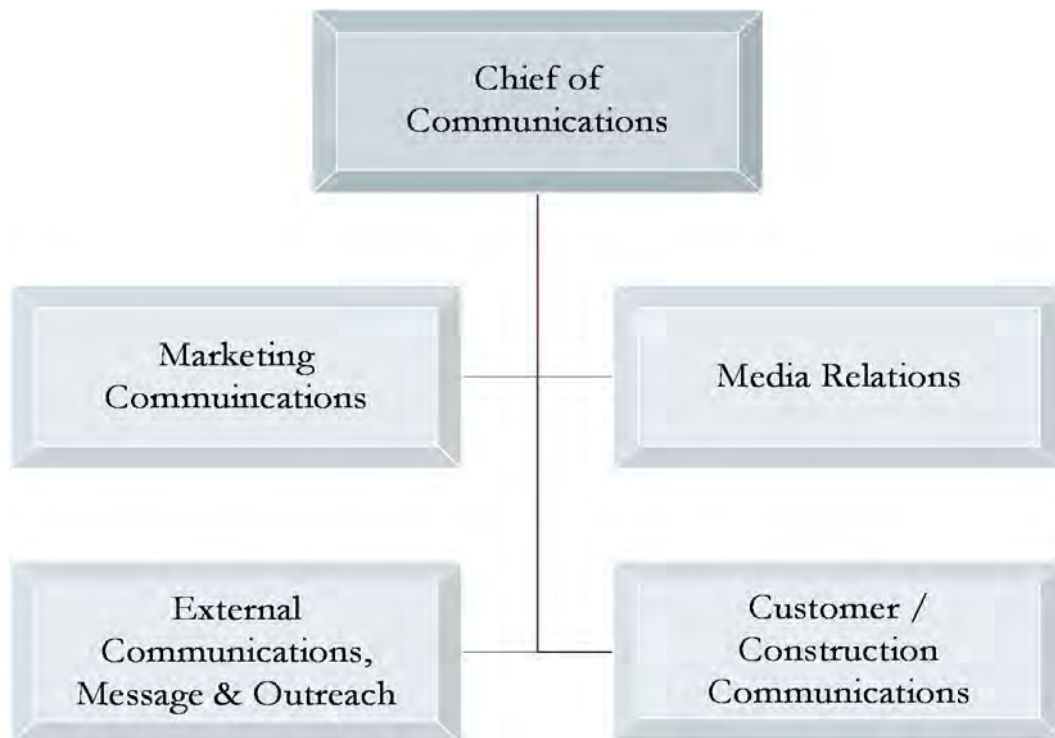
Communications

Description:

The Communications Department is responsible for all external and internal communications between the Tollway and its constituents who include customers, news media, elected and appointed officials, the general public and employees. The Department’s focus is effective communication with all constituencies in order to improve customer service and restore public confidence in the Tollway.

The Communications Department oversees the following functions:

- Customer/Construction Communications
- External Communications, Message and Outreach
- Media Relations
- Marketing Communications



Communications continued

MAJOR ACCOUNT DESCRIPTION	2007	2008	2009	\$ Change
	Actual	Revised Budget	Request	
SALARIES & WAGES	\$646,439	\$760,711	\$739,000	\$(21,711)
BENEFITS	123,078	203,589	228,720	25,131
ADVERTISING & PROMOTION	64,616	70,000	115,000	45,000
PRINTING	50,160	50,000	66,000	16,000
CONSULTING SERVICES	-	55,000	60,000	5,000
OTHER OUTSIDE SERVICES	327,376	15,000	44,465	29,465
OTHER CAPITAL EQUIPMENT	4,382	6,400	26,560	20,160
EQUIPMENT RENTALS	-	8,000	18,900	10,900
SUPPLIES - OFFICE	7,451	7,400	10,500	3,100
TRAVEL AND SUBSISTENCE	6,805	5,500	10,000	4,500
EMPLOYEE TRAINING	598	4,000	5,000	1,000
POSTAGE AND EXPRESS	6,793	5,000	4,000	(1,000)
DUES, BOOKS & SUBSCRIP.	2,942	3,000	3,200	200
OTHER MINOR ACCOUNTS	5,094	6,200	8,100	1,900
DEPARTMENT TOTAL	\$1,245,734	\$1,199,800	\$1,339,445	\$139,645

The Fiscal Year 2009 Budget Request is \$1.3 million, an increase of \$140 thousand or 11.6% over the Fiscal Year 2008 Revised Budget amount. Total payroll is \$968 thousand and includes 11 positions.

Department M&O Highlights:

- Salaries and Wages decreased by \$22 thousand from the 2008 Revised Budget. This decrease reflects the reduction of one position in the Communications Department.
- Benefits increased by \$25 thousand over the 2008 Revised Budget due to the SERS Pension Contribution Rate increase from 19.1% to 23.3%.
- Advertising & Promotion increased by \$45 thousand. The primary focus will be for the Congestion-Relief Program Phase II and the IBTTA awards submission.
- Printing increased by \$16 thousand to cover printing costs associated with the IBTTA Meeting, the annual Veterans Memorial Tollway Run, and various child safety events.

Communications continued

- Other Outside Services increased by \$29 thousand to fund various services for the Congestion-Relief Program Phase II and the annual Veterans Memorial Tollway Run.
- Other Capital Equipment increased by \$20 thousand for the purchase of departmental software, video equipment, and peripherals.
- Equipment Rentals increased by \$11 thousand for twelve county public hearings regarding Congestion-Relief Program Phase Two.

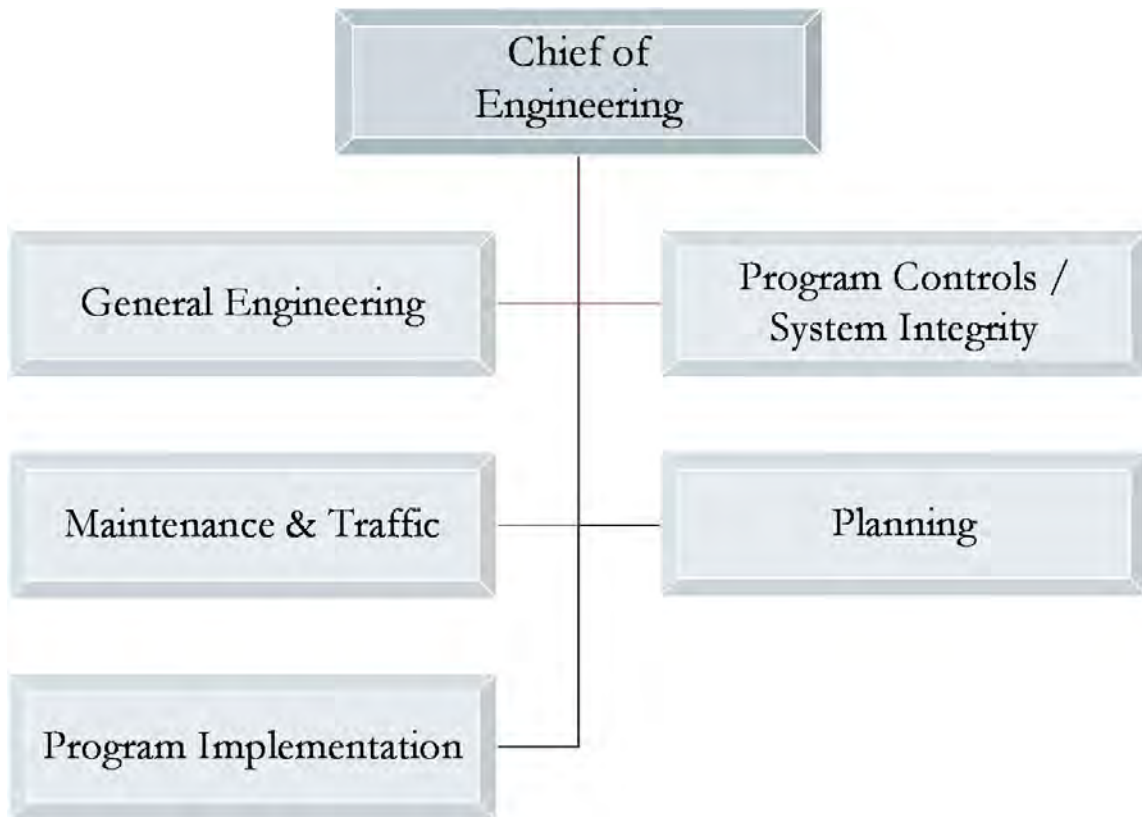
Engineering

Description:

Engineering is responsible for the planning, design, construction, operation and maintenance of our roadway. Additionally, it coordinates with community groups, government agencies, and planning organizations on transportation and land-use policy. The Department oversees the annual inspections of the pavement, bridges and drainage systems, as well as the overall day to day maintenance of the Tollway's fleet and roadway system.

The Engineering Department oversees the following functions:

- Planning
- Design
- Construction
- Program Management
- Maintenance & Traffic



Engineering continued

ACCOUNT DESCRIPTION	2007	2008	2009	\$ Change
	Actual	Revised Budget	Request	
SALARIES & WAGES	\$33,398,117	\$34,625,784	\$35,042,800	\$417,016
BENEFITS	7,297,445	9,266,899	10,845,329	1,578,430
MATERIALS - OPERATIONAL	5,003,955	7,880,671	7,044,500	(836,171)
FUELS AND OILS	3,794,816	5,635,815	5,360,050	(275,765)
REPLACEMENT PARTS	1,690,722	1,726,942	1,793,000	66,058
CONSULTING SERVICES	1,401,768	1,286,389	1,750,000	463,611
CONTRACTED OUTSIDE SERVICE	37,007	83,686	830,000	746,314
EQUIPMENT MAINTENANCE	515,763	617,500	697,150	79,650
OTHER OUTSIDE SERVICES	725,234	663,000	625,900	(37,100)
SUPPLIES - OPERATIONAL	307,396	319,342	373,800	54,458
ROADWAY EQUIPMENT	49,365	42,500	137,200	94,700
UNIFORMS & ACCESSORIES	92,162	105,725	118,000	12,275
SUPPLIES - OFFICE	82,017	75,300	81,000	5,700
TOOLS & EQUIPMENT	74,751	69,500	78,100	8,600
BUILDING EQUIPMENT	58,593	138,625	66,200	(72,425)
DUES, BOOKS & SUBSCRIP.	28,715	10,524	62,500	51,976
EQUIPMENT RENTALS	83,303	61,600	42,000	(19,600)
EMPLOYEE TRAINING	24,926	23,000	37,000	14,000
OTHER CAPITAL EQUIPMENT	16,254	41,800	34,200	(7,600)
TRAVEL AND SUBSISTENCE	39,124	28,000	28,000	-
OFFICE EQUIPMENT	2,923	22,800	15,600	(7,200)
PRINTING	9,685	15,100	15,200	100
POSTAGE AND EXPRESS	9,361	8,509	12,250	3,741
OTHER EXPENSES	2,573,932	3,762	6,000	2,238
OTHER MINOR ACCOUNTS	1,673	5,120	5,900	780
<i>SUBTOTAL</i>	\$57,319,007	\$62,757,893	\$65,101,679	\$2,343,786
RECOVERY OF EXPENSES	\$(718,751)	\$(1,271,200)	\$(1,231,200)	\$40,000
<i>DEPARTMENT TOTAL</i>	\$56,600,256	\$61,486,693	\$63,870,479	\$2,383,786

The Fiscal Year 2009 Budget Request is \$63.9 million, an increase of \$2.4 million or 3.9% over the Fiscal Year 2008 Revised Budget amount. Total payroll is \$45.9 million and includes 596 positions.

Engineering continued

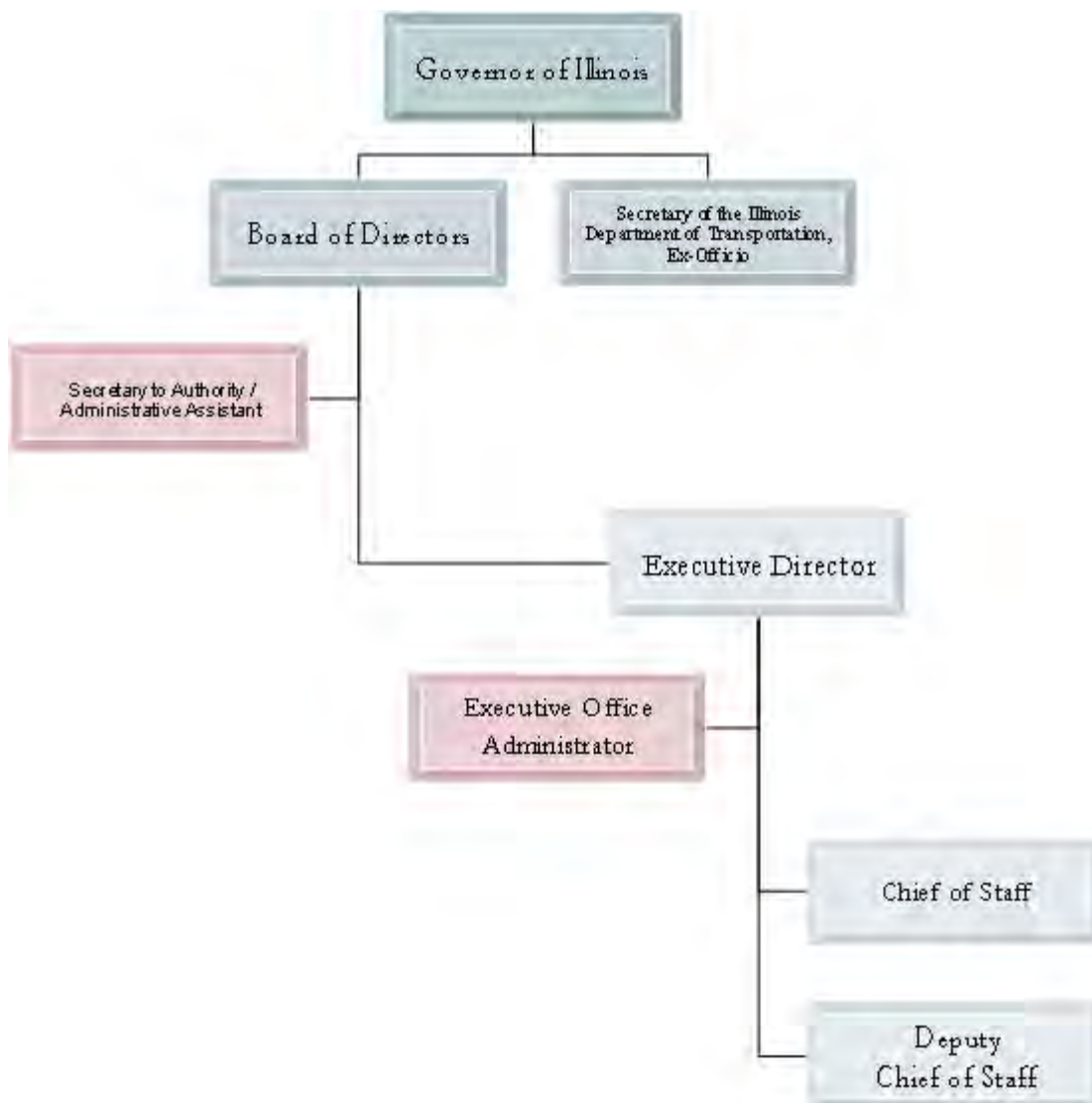
Department M&O Highlights:

- Salaries and Wages reflect an increase of \$417 thousand over the 2008 Revised Budget. This increase includes annual salary increases as well as increases required by collective bargaining agreements; this increase is partially offset by a major reduction in overtime from last winter combined with the phasing of currently vacant positions. The Roadway Maintenance & Traffic Division of Engineering is adding 2 Auto Mechanics for its M-14 site.
- Benefits increased by \$1.6 million over the 2008 Revised Budget due to the SERS Pension Contribution Rate increase from 19.1% to 23.3%.
- Materials-Operational, which includes the supply of de-icing salt and other roadway materials, was severely depleted by last winter's storms. Replenishment of that supply for 2008-09 was met by a significant increase in the cost of salt per ton. This price increase necessitated the transfer of budget funds as well as a 2008 Budget Amendment. Although the 2009 Request reflects higher pricing at the beginning of the year, it also assumes a price reduction on salt in late 2009. Therefore, 2009 shows a decrease of \$836 thousand.
- During 2008, Fuel and Oil pricing also continued to escalate which resulted in budget transfers as well as the eventual 2008 Budget Amendment. As more lane miles are added to the Tollway, additional maintenance trucks and ISP squad cars are required resulting in increased fuel consumption. With estimated fuel consumption and some price stabilization factored in, the 2009 Request reflects a decrease of \$276 thousand.
- Replacement Parts increased by \$66 thousand due to increased Fleet size as well as higher prices for OEM and aftermarket parts such as snow plow blades.
- Consulting Services increased by \$464 thousand based upon estimates provided by CTE for independent engineering consulting services required under the Trust Indenture for on-going and up-coming Tollway projects.
- Contracted Outside Service increased by \$746 thousand to cover the ITS maintenance and support contract for TIMS, Toll Services and Security Cameras throughout the Authority. The contract also includes maintenance and technical support for DMS issues.
- Equipment Maintenance increased by \$80 thousand partially due to the normal escalation of wages and the continued expansion of the system under the Delcan maintenance contract for TIMS. This account also includes maintenance increases for the Fleet AVL System, Dispatch CAD System and Planning's ESRI Software.
- Roadway Equipment for Fleet increased by \$95 thousand for additional solar powered arrow boards, mowers, sandblasters, air compressors, pressure washers, etc.
- Building Equipment for Fleet was decreased by \$72 thousand to accommodate the greater need for Roadway Equipment mentioned above.

Executive Management and Board of Directors Office

Description:

The Executive Management and Board of Directors Office is comprised of the Chairman of the Board, eight Board of Directors, two Ex-Officio and the executive management staff. This office provides the management expertise to conceptually identify and set policies for the organization. This Office also develops and implements a strategic plan that allows for the efficient and effective use of all available resources to accomplish the mission of the Tollway.



Executive Office continued

MAJOR ACCOUNT DESCRIPTION	2007 Actual	2008 Revised Budget	2009 Request	\$ Change
SALARIES & WAGES	\$447,165	\$861,000	\$982,000	\$121,000
BENEFITS	92,849	230,429	303,925	73,496
DUES, BOOKS & SUBSCRIP.	40,157	33,900	184,100	150,200
OTHER OUTSIDE SERVICES	79,033	75,000	80,000	5,000
TRAVEL AND SUBSISTENCE	11,340	12,850	16,000	3,150
OTHER EXPENSES	1,284,635	96,000	8,500	(87,500)
ADVERTISING & PROMOTION	-	1,000	4,600	3,600
SUPPLIES - OFFICE	2,335	2,500	4,500	2,000
EMPLOYEE TRAINING	125	500	3,300	2,800
OTHER CAPITAL EQUIPMENT	-	1,200	3,000	1,800
OTHER MINOR ACCOUNTS	3,274	2,450	5,975	3,525
DEPARTMENT TOTAL	\$1,960,913	\$1,316,829	\$1,595,900	\$279,071

Fiscal Year 2009 Budget Request is \$1.6 million; an increase of \$279 thousand or 21.2 % over the Fiscal Year 2008 Revised Budget amount. Total payroll is \$1.3 million and includes 7 positions.

Department M&O Highlights:

- Salaries and Wages reflect an increase of \$121 thousand over the 2008 Revised Budget. This increase reflects annual salary increases and funding for currently vacant positions.
- Benefits increased by \$73 thousand over the 2008 Revised Budget due to the SERS Pension Contribution Rate increase from 19.1% to 23.3%.
- Dues, Books & Subscriptions increased by \$150 thousand due to the hosting fees for the 2009 IBTTA conference.
- Other Expenses decreased by \$88 thousand dollars due to the discontinuation of the state administrative surcharge.

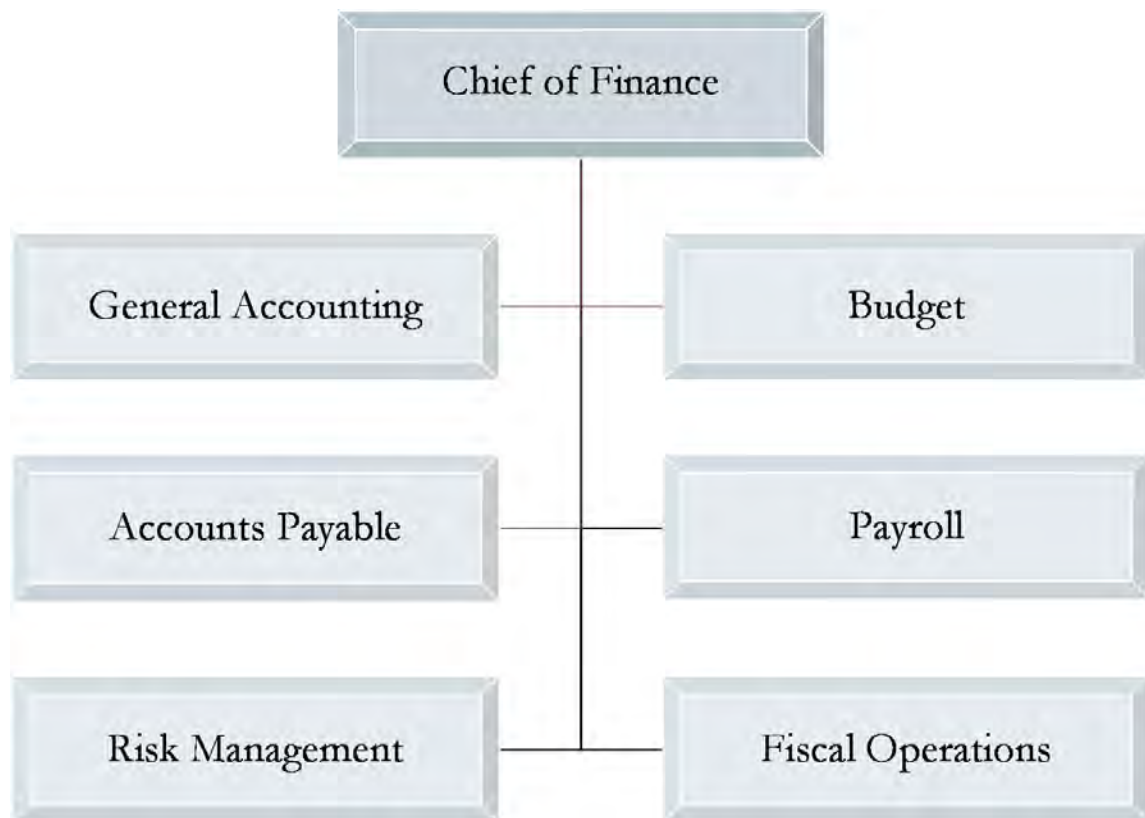
Finance

Description:

The Finance Department is responsible for all general accounting, financial reporting, capital and operations budgeting, treasury functions, major contract review, accounts payable, payroll, and risk management. In addition, Finance manages all bond, cash and investment analysis and coordinates the annual audit of the agency.

Finance oversees the following functions:

- General Accounting
- Budget
- Accounts Payable
- Payroll
- Risk Management
- Fiscal Operations



Finance continued

MAJOR ACCOUNT DESCRIPTION	2007 Actual	2008 Revised Budget	2009 Request	\$ Change
SALARIES & WAGES	\$2,596,655	\$2,550,033	\$2,914,912	\$364,879
BENEFITS	573,767	695,541	902,288	206,747
GROUP INSURANCE	21,392,951	23,800,000	25,500,000	1,700,000
WORKER'S COMPENSATION INSURANCE	6,860,199	5,873,000	6,100,000	227,000
OTHER OUTSIDE SERVICES	1,530,095	1,275,000	2,450,000	1,175,000
PROPERTY INSURANCE	1,736,535	2,415,000	2,512,000	97,000
BANK CHARGES	(1,190,997)	140,000	150,000	10,000
BOND TRUSTEE	9,680	40,000	50,000	10,000
SUPPLIES - OFFICE	21,101	20,000	22,000	2,000
DUES, BOOKS & SUBSCRIP.	6,659	10,000	10,000	-
POSTAGE AND EXPRESS	6,711	8,000	8,500	500
EQUIPMENT MAINTENANCE	2,467	7,700	8,000	300
OFFICE EQUIPMENT	1,739	10,000	8,000	(2,000)
EMPLOYEE TRAINING	4,929	3,000	6,000	3,000
OTHER EXPENSES	1,788,762	4,300	5,000	700
OTHER MINOR ACCOUNTS	11,699	12,150	16,200	4,050
<i>SUBTOTAL</i>	<i>\$35,352,952</i>	<i>\$36,863,724</i>	<i>\$40,662,900</i>	<i>\$3,799,176</i>
RECOVERY OF EXPENSES	\$(102,349)	\$(250,000)	\$(305,000)	\$(55,000)
<i>DEPARTMENT TOTAL</i>	<i>\$35,250,603</i>	<i>\$36,613,724</i>	<i>\$40,357,900</i>	<i>\$3,744,176</i>

The Fiscal Year 2009 Budget Request is \$40.4 million; an increase of \$3.7 million or 10.2% over the Fiscal Year 2008 Revised Budget amount. Total payroll is \$3.8 million and includes 58 positions.

Department M&O Highlights:

- Salaries and Wages increased by \$365 thousand over the 2008 Revised Budget. This increase reflects annual salary increases; increases required by collective bargaining agreements; and funding for currently vacant positions.
- Benefits increased by \$207 thousand over the 2008 Revised Budget due to the SERS Pension Contribution Rate increase from 19.1% to 23.3%.

Finance continued

- Group Insurance was increased by \$1.7 million or 7.1% due to rising healthcare costs and projected employee enrollment. This account includes group medical, dental, optical and life as well as retiree health and life insurance.
- Worker's Compensation Insurance increased by \$227 thousand or 3.9% based on the latest actuarial study which projects a rise in the value of claims for 2009.
- Other Outside Services increased by \$1.2 million based on projected collection agency fees, external audit fees and emergency road services (fire & ambulance).
- Property Insurance increased by \$97 thousand or 4.0% to cover buildings, bridges, vehicles and liability insurance.

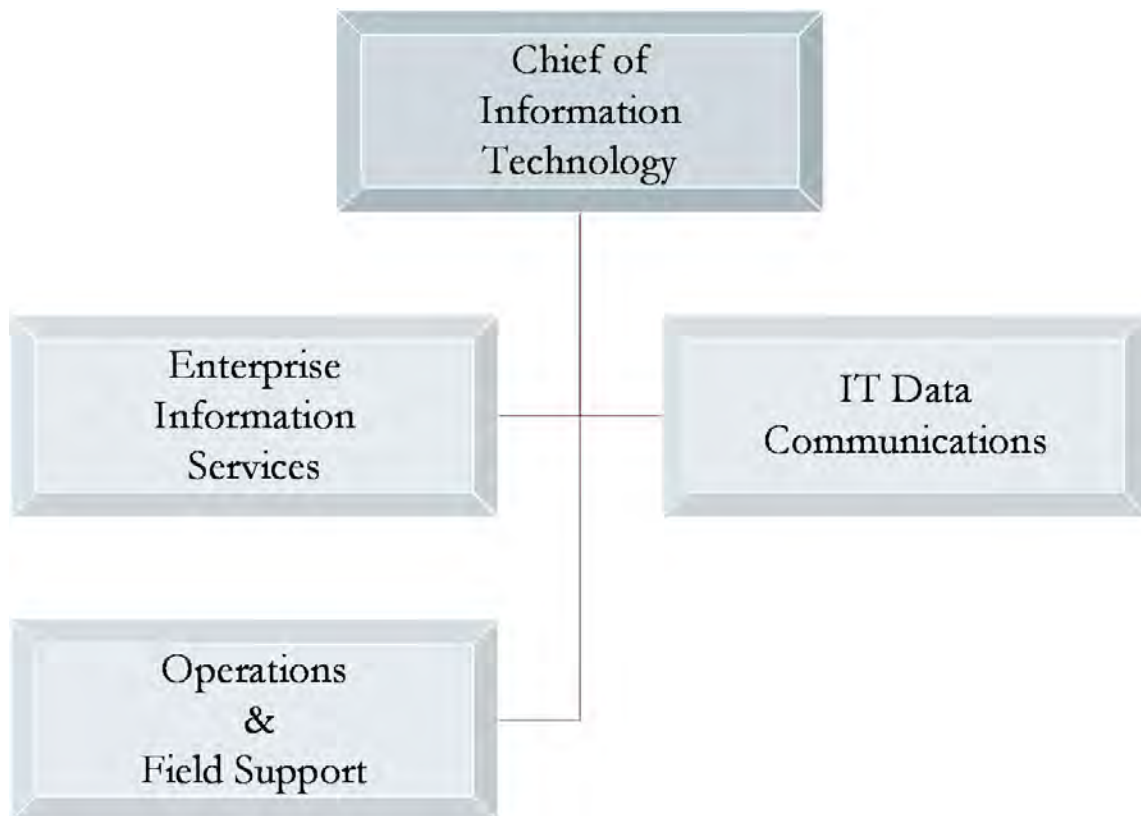
Information Technology

Description:

The Information Technology Department is responsible for planning, directing, and controlling all information technologies and telecommunications as well as providing the Tollway with strategic guidance and user/client services.

Information Technology oversees the following functions:

- Enterprise Information Services
- IT Data Communications
- IT Operations & Field Support



Information Technology continued

MAJOR ACCOUNT DESCRIPTION	2007	2008	2009	\$ Change
	Actual	Revised Budget	Request	
SALARIES & WAGES	\$4,028,650	\$4,148,964	\$4,492,000	\$343,036
BENEFITS	861,667	1,110,387	1,390,250	279,863
EQUIPMENT MAINTENANCE	963,755	1,250,300	1,425,000	174,700
CONSULTING SERVICES	452,930	1,060,000	1,267,400	207,400
CONTRACTED OUTSIDE SERVICE	-	370,300	770,000	399,700
TELEPHONE & TELEGRAPH	266,002	445,000	530,000	85,000
OTHER OUTSIDE SERVICES	191,685	50,342	191,000	140,658
REPLACEMENT PARTS	90,333	128,000	150,000	22,000
EMPLOYEE TRAINING	104,611	45,000	47,700	2,700
SUPPLIES - OPERATIONAL	37,319	52,700	45,300	(7,400)
MATERIALS - OPERATIONAL	15,360	15,000	10,000	(5,000)
SUPPLIES - OFFICE	9,275	7,650	10,000	2,350
TRAVEL AND SUBSISTENCE	3,927	6,000	6,000	-
UNIFORMS & ACCESSORIES	353	2,625	6,000	3,375
OTHER MINOR ACCOUNTS	3,755	22,373	20,350	(2,023)
DEPARTMENT TOTAL	\$7,029,622	\$8,714,641	\$10,361,000	\$1,646,359

The Fiscal Year 2009 Budget Request is \$10.4 million; an increase of \$1.6 million or 18.9% over the Fiscal Year 2008 Revised Budget amount. Total payroll is \$5.9 million and includes 75 positions.

Department M&O Highlights:

- Salaries and Wages increased by \$343 thousand over the 2008 Revised Budget. This increase reflects annual salary increases; increases required by collective bargaining agreements; and funding for currently vacant positions.
- Benefits increased by \$280 thousand over the 2008 Revised Budget due to the SERS Pension Contribution Rate increase from 19.1% to 23.3%.
- Equipment Maintenance increased by \$175 thousand to cover anticipated failure rate of older PC's and Printers as well as increased cost for E-Commerce, KRONOS and Unisys mainframe maintenance.
- Consulting Services increased by \$207 thousand to cover Web and IVR hosting services using new hardware as well as the hosting of the DBE-EEO server. This account also includes consulting services for KRONOS and the mainframe.

Information Technology continued

- Contracted Outside Service increased by \$400 thousand to support 1220 user fees for the STARCOM State-wide Public Safety Radio System.
- Telephone increased by \$85 thousand reflecting the addition of nine T1 Lines for the Customer Call Center, wireless card charges and PBX maintenance fees.
- Other Outside Services increased by \$141 thousand to cover Intellect circuit card repairs.

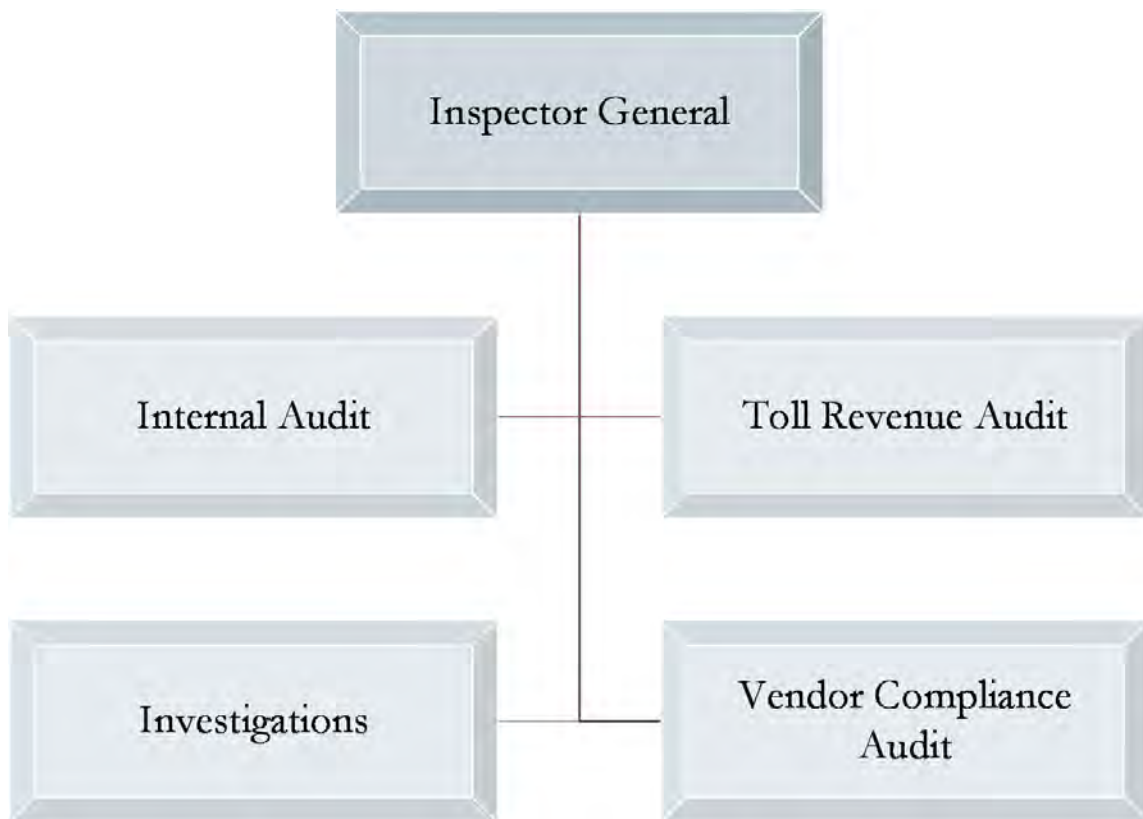
Office of Inspector General

Description:

The Office of Inspector General (“OIG”) at the Illinois Tollway was created in accordance with Governor Blagojevich’s reform agenda for the Agency. It is the intent of this Office to provide accountability and protect the integrity of the Illinois Tollway. The Inspector General has independent autonomy to root out and fairly investigate all instances of waste, inefficiencies, fraud, corruption, misconduct and mismanagement in the day-to-day operations of the Illinois Tollway, and recommend policies and procedures to ensure that the Tollway’s Board members and employees, contractors and/or vendors adhere to all state and federal laws, as well as internal rules and regulations.

The Office of Inspector General oversees the following functions:

- Internal Audit
- Toll Revenue Audit
- Investigations
- Vendor Compliance Audit



Inspector General continued

MAJOR ACCOUNT DESCRIPTION	2007 Actual	2008 Revised Budget	2009 Request	\$ Change
SALARIES & WAGES	\$681,745	\$852,000	\$926,500	\$74,500
BENEFITS	145,612	228,021	286,700	58,680
DUES, BOOKS & SUBSCRIP.	7,516	5,000	8,000	3,000
EMPLOYEE TRAINING	8,349	7,700	7,500	(200)
EQUIPMENT MAINTENANCE	-	-	6,500	6,500
SUPPLIES - OFFICE	5,508	5,000	5,500	500
OFFICE EQUIPMENT	-	3,000	3,000	-
BUILDING EQUIPMENT	15,346	1,000	3,000	2,000
TRAVEL AND SUBSISTENCE	601	2,000	2,000	-
OTHER CAPITAL EQUIPMENT	-	1,000	2,000	1,000
OTHER MINOR ACCOUNTS	143	1,218	2,300	1,082
DEPARTMENT TOTAL	\$864,820	\$1,105,939	\$1,253,000	\$147,062

The Fiscal Year 2009 Budget Request is \$1.3 million; an increase of \$147 thousand or 13.3% over the Fiscal Year 2008 Revised Budget amount. Total payroll is \$1.2 million and includes 15 positions.

Department M&O Highlights:

- Salaries and Wages increased by \$75 thousand over the 2008 Revised Budget. This increase reflects annual salary increases; increases required by collective bargaining agreements; and funding for currently vacant positions.
- Benefits increased over the 2008 Revised Budget by \$59 thousand due to the SERS Pension Contribution Rate increase from 19.1% to 23.3%.
- Dues, Books & Subscriptions increased by \$3 thousand to cover additional certifications, memberships and reference materials for new employees.
- Equipment Maintenance increased by \$7 thousand to cover software and hardware maintenance.

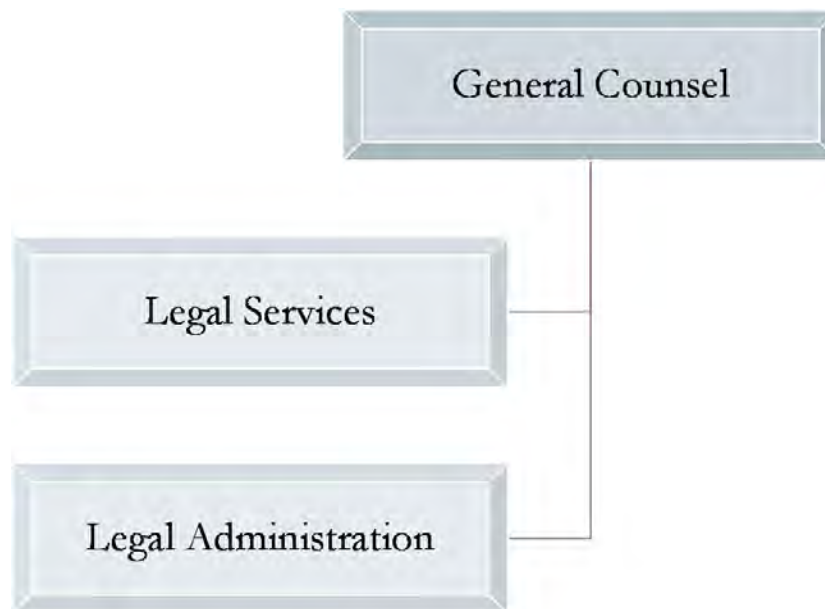
Legal

Description:

The Law Department is a Bureau of the Office of the Attorney General of the State of Illinois assigned to provide legal services to the Tollway. The General Counsel reports to the Executive Director and to the Attorney General. The Department provides legal assistance in all aspects of the Tollway operations, including contract preparation, financing operations, construction activities and employee labor relations.

The Legal Department oversees the following functions:

- Contracts
- Bond Issues
- Personal Injury Cases
- Recovery of Expenses
- Violation Enforcement Collection Efforts



Legal continued

MAJOR ACCOUNT DESCRIPTION	2007 Actual	2008 Revised Budget	2009 Request	\$ Change
SALARIES & WAGES	\$938,006	\$855,308	\$944,150	\$88,842
BENEFITS	201,494	228,906	292,200	63,294
OTHER OUTSIDE SERVICES	233,199	185,000	200,000	15,000
OTHER EXPENSES	9,443	10,000	20,000	10,000
DUES, BOOKS & SUBSCRIP.	17,357	18,000	18,000	-
TRAVEL AND SUBSISTENCE	4,850	6,500	6,500	-
SUPPLIES - OFFICE	4,783	5,000	6,000	1,000
OFFICE EQUIPMENT	472	500	5,000	4,500
EMPLOYEE TRAINING	3,896	1,500	4,000	2,500
OTHER MINOR ACCOUNTS	4,238	3,500	5,350	1,850
<i>SUBTOTAL</i>	\$1,417,738	\$1,314,214	\$1,501,200	\$186,986
RECOVERY OF EXPENSES	\$(3,511)	\$(3,500)	\$(5,000)	\$(1,500)
<i>DEPARTMENT TOTAL</i>	\$1,414,227	\$1,310,714	\$1,496,200	\$185,486

The Fiscal Year 2009 Budget Request is \$1.5 million; an increase of \$185 thousand or 14.2% over Fiscal Year 2008 Revised Budget amount. Total payroll is \$1.2 million and includes 12 positions.

Department M&O Highlights:

- Salaries and Wages increased \$89 thousand over the 2008 Revised Budget. This increase reflects annual salary increases; increases required by collective bargaining agreements; and funding for currently vacant positions.
- Benefits increased by \$63 thousand over the 2008 Revised Budget due to the SERS Pension Contribution Rate increase from 19.1% to 23.3%.
- Other Outside Services increased by \$15 thousand due to projected costs for required outside counsel.

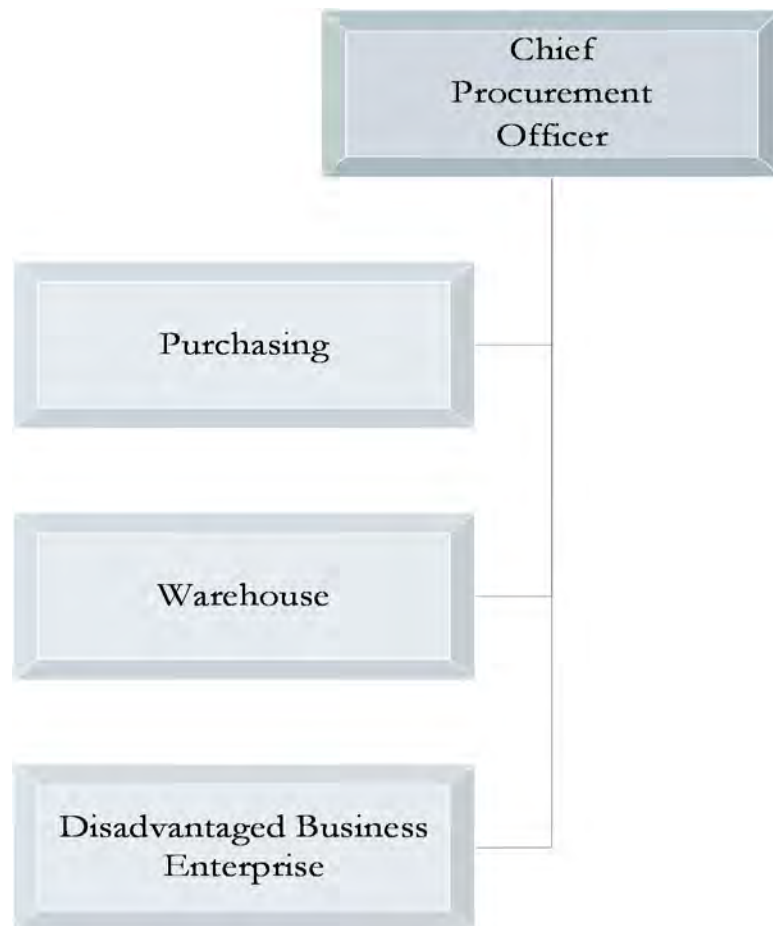
Procurement

Description:

The Procurement Department is responsible for all purchasing and procurement activities of the Tollway. The Department is authorized to execute contracts and place orders for goods and services; they are also responsible for the warehouse function. Additionally, the Department is responsible for administration of the Tollway's DBE Program.

The Procurement Department oversees the following functions:

- Purchasing
- Central Warehouse
- Disadvantaged Business Enterprise Program



Procurement continued

MAJOR ACCOUNT DESCRIPTION	2007 Actual	2008 Revised Budget	2009 Request	\$ Change
SALARIES & WAGES	\$2,451,844	\$2,542,500	\$2,942,500	\$400,000
BENEFITS	529,351	680,449	910,700	230,251
SUPPLIES - OFFICE	1,178	15,000	18,000	3,000
ADVERTISING & PROMOTION	11,284	14,000	17,600	3,600
OTHER OUTSIDE SERVICES	29,312	11,000	11,000	-
EMPLOYEE TRAINING	4,824	4,500	8,500	4,000
PRINTING	2,325	10,100	8,000	(2,100)
TRAVEL AND SUBSISTENCE	3,758	2,250	6,000	3,750
EQUIPMENT RENTALS	4,862	3,000	6,000	3,000
DUES, BOOKS & SUBSCRIP.	6,732	2,500	5,000	2,500
SUPPLIES - OPERATIONAL	8,208	2,400	5,000	2,600
OFFICE EQUIPMENT	3,453	3,000	4,000	1,000
POSTAGE AND EXPRESS	2,060	3,250	3,500	250
EQUIPMENT MAINTENANCE	11,817	3,000	3,200	200
OTHER CAPITAL EQUIPMENT	1,759	2,000	2,000	-
OTHER MINOR ACCOUNTS	188,462	5,890	4,500	(1,390)
<i>SUBTOTAL</i>	<i>\$3,261,229</i>	<i>\$3,304,839</i>	<i>\$3,955,500</i>	<i>\$650,661</i>
RECOVERY OF EXPENSES	\$(6,335)	\$(3,000)	\$(5,000)	\$(2,000)
<i>DEPARTMENT TOTAL</i>	<i>\$3,254,894</i>	<i>\$3,301,839</i>	<i>\$3,950,500</i>	<i>\$648,661</i>

The Fiscal Year 2009 Budget Request is \$4.0 million; an increase of \$649 thousand or 19.6% over the Fiscal Year 2008 Revised Budget amount. Total payroll is \$3.9 million and includes 56 positions.

Procurement continued

Department M&O Highlights:

- Salaries and Wages increased by \$400 thousand over the 2008 Revised Budget. This increase reflects annual salary increases; increases required by collective bargaining agreements; and funding for currently vacant positions.
- Benefits increased by \$230 thousand over the 2008 Revised Budget due to the SERS Pension Contribution Rate increase from 19.1% to 23.3%.
- Supplies-Office increased by \$3 thousand to support anticipated price increases during 2009.
- Advertising & Promotion increased by \$4 thousand to support vendor outreach and Diversity Program which requires a ready stock of promotional materials throughout the year.
- Employee Training increased by \$4 thousand to maintain and enhance skills of Procurement as well as Warehouse staff.
- Travel and Subsistence also increased by \$4 thousand to cover vendor outreach efforts as well as outreach to CMS in Chicago and Springfield.

State Police

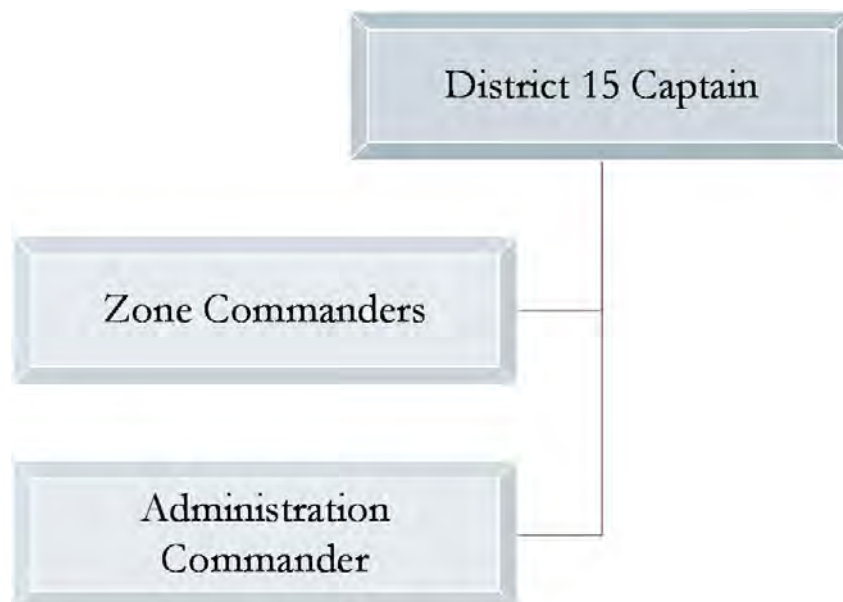
Description:

Illinois State Police (ISP) – District 15 – is one of 21 districts of the Illinois State Police, responsible for providing comprehensive law enforcement services. The entire Tollway System comprises District 15. State Police patrol the Tollway System to enforce speed limits and traffic laws, assist disabled motorists, and provide special details for operations, such as overweight vehicles. The District Commander reports to the Executive Director of the Tollway and to the Director of the ISP.

District 15 is a unique ISP district serving a mobile community made up of travelers from across the country and local commuters. Troopers assigned to District 15 cover 12 different counties, coordinate with five state police districts and four toll roads. The District operates and is solely responsible for a Truck Task Force, Special Enforcement Teams made up of a K-9 anti-drug unit and motorcycle patrol unit, a Comprehensive Investigative Unit, an Administrative team, and Tollway patrol operations.

District 15 State Police oversees the following functions:

- Zone Commanders
- Administration Commander
- Support Services
- Video Surveillance



State Police continued

MAJOR ACCOUNT DESCRIPTION	2007 Actual	2008 Revised Budget	2009 Request	\$ Change
SALARIES & WAGES	\$15,575,658	\$15,731,000	\$16,217,170	\$486,170
BENEFITS	2,390,229	3,285,482	4,062,908	777,426
GROUP INSURANCE	2,267,884	2,517,000	2,450,000	(67,000)
EQUIPMENT MAINTENANCE	110,179	150,000	174,000	24,000
POLICE EQUIPMENT	36,425	36,000	114,700	78,700
SUPPLIES - OPERATIONAL	98,978	89,000	106,000	17,000
UNIFORMS & ACCESSORIES	73,704	92,000	99,500	7,500
OTHER OUTSIDE SERVICES	52,504	75,000	75,000	-
SUPPLIES - OFFICE	19,918	28,000	35,000	7,000
REPLACEMENT PARTS	15,439	28,000	30,000	2,000
TELEPHONE & TELEGRAPH	67,891	25,000	30,000	5,000
POSTAGE AND EXPRESS	21,977	22,000	24,000	2,000
EMPLOYEE TRAINING	17,153	20,000	20,000	-
TRAVEL AND SUBSISTENCE	5,048	5,000	8,000	3,000
OTHER EXPENSES	1,313,751	980,000	-	(980,000)
OTHER MINOR ACCOUNTS	8,785	6,300	8,800	2,500
<i>SUBTOTAL</i>	<i>\$22,075,523</i>	<i>\$23,089,782</i>	<i>\$23,455,078</i>	<i>\$365,296</i>
RECOVERY OF EXPENSES	\$(34,585)	\$(30,000)	\$(87,500)	\$(57,500)
<i>DEPARTMENT TOTAL</i>	<i>\$22,040,938</i>	<i>\$23,059,782</i>	<i>\$23,367,578</i>	<i>\$307,796</i>

The Fiscal Year 2009 Budget Request is \$23.4 million; an increase of \$308 thousand or 1.3% over the Fiscal Year 2008 Revised Budget amount. Total payroll is \$20.3 million for 19 civilian positions and 196 troopers.

Department M&O Highlights:

- Salaries and Wages increased by \$486 thousand or 3.1% over the 2008 Revised Budget. This increase reflects annual salary increases; increases required by collective bargaining agreements; and funding for currently vacant positions.
- Benefits increased by \$777 thousand over the 2008 Revised Budget due to the SERS Pension Contribution Rate increase from 19.1% to 23.3%.
- Group Insurance decreased by \$67 thousand due to the transfer of troopers to other districts throughout the year.

State Police continued

- Equipment Maintenance increased by \$24 thousand due to increased contract costs for the district's laptop computer system (IWIN).
- Police Equipment increased by \$79 thousand in order to outfit the district's new squad cars.
- Operational Supplies increased by \$17 thousand due to the increased contract cost for ammunition.

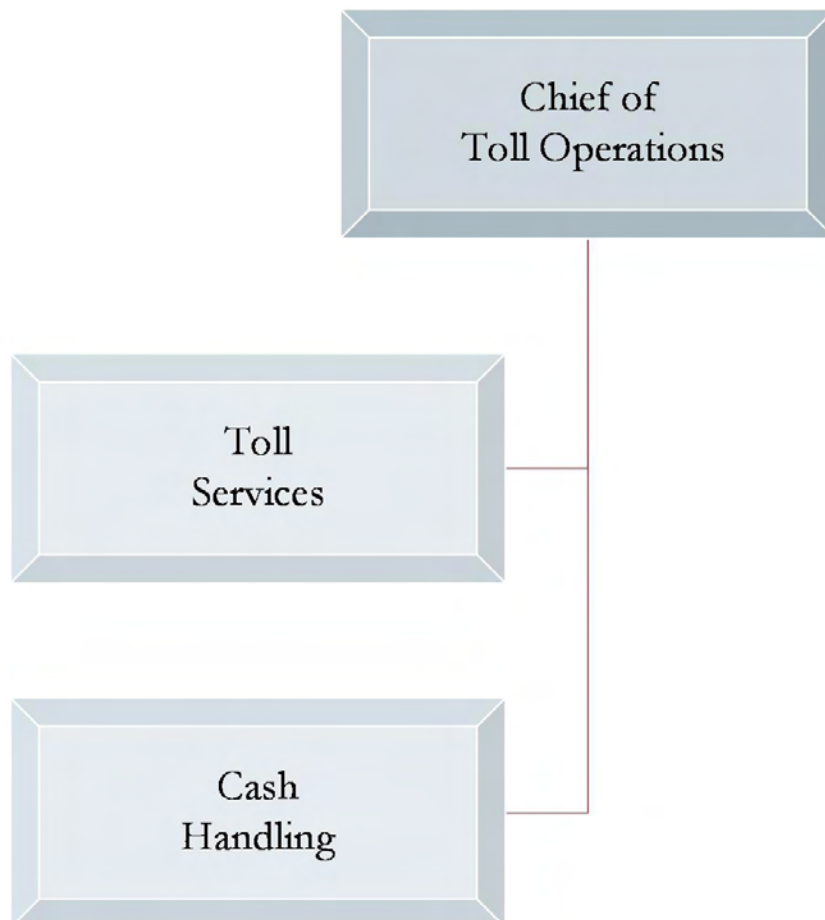
Toll Operations

Description:

The Toll Operations Department is responsible for providing the necessary resources and support services to manage and control the Tollway's toll collection and counting operations.

The Toll Operations Department oversees the following functions:

- Toll Collection
- Cash Handling
- Operational Support Services



Toll Operations continued

MAJOR ACCOUNT DESCRIPTION	2007 Actual	2008 Revised Budget	2009 Request	\$ Change
SALARIES & WAGES	\$31,412,048	\$32,218,000	\$33,498,000	\$1,280,000
BENEFITS	7,401,503	8,622,503	10,367,300	1,744,797
UTILITIES	5,098,448	5,000,000	5,000,000	-
UNIFORMS & ACCESSORIES	228,478	240,600	242,000	1,400
SUPPLIES - OPERATIONAL	181,183	162,000	156,000	(6,000)
ARMORED TRUCK SERVICE	122,826	160,000	140,000	(20,000)
SUPPLIES - OFFICE	80,307	97,900	99,500	1,600
REPLACEMENT PARTS	64,645	46,000	75,200	29,200
TRAVEL AND SUBSISTENCE	77,480	72,000	75,000	3,000
TOLL COLLECTION EQUIPMENT	-	1,500	50,500	49,000
EQUIPMENT MAINTENANCE	20,765	29,000	46,500	17,500
CONTRACTED OUTSIDE SERVICE	19,200	47,000	45,000	(2,000)
OTHER EXPENSES	2,490,139	11,600	16,500	4,900
OFFICE EQUIPMENT	3,152	3,000	10,500	7,500
EMPLOYEE TRAINING	8,664	8,500	10,000	1,500
BUILDING EQUIPMENT	7,207	8,500	10,000	1,500
OTHER OUTSIDE SERVICES	9,859	11,500	6,000	(5,500)
PRINTING	1,755	1,700	2,000	300
CASH HANDLING EQUIPMENT	818	1,300	2,000	700
DUES, BOOKS & SUBSCRIP.	69,896	1,000	1,500	500
OTHER MINOR ACCOUNTS	11,859	8,800	4,200	(4,600)
DEPARTMENT TOTAL	\$47,310,232	\$46,752,403	\$49,857,700	\$3,105,297

The Fiscal Year 2009 Budget Request is \$49.9 million, an increase of \$3.1 million or 6.6% over the Fiscal Year 2008 Revised Budget amount. Total payroll is \$43.9 million and includes 694 positions.

Department M&O Highlights:

- Salaries and Wages increased by \$1.3 million over the 2008 Revised Budget. This increase reflects annual salary increases; increases required by collective bargaining agreements; and funding for currently vacant positions.

Toll Operations continued

- Benefits increased by \$1.7 million over the 2008 Revised Budget due to the SERS Pension Contribution Rate increase from 19.1% to 23.3%.
- Armored Truck Service decreased by \$20 thousand due to efficiencies and volume decrease.
- Replacement Parts increased by \$29 thousand to maintain ready inventory of parts for coin counting machines.
- Toll Collection Equipment increased by \$49 thousand to cover the purchase of new currency counting machines at all Plazas.
- Equipment Maintenance increased by \$18 thousand to cover maintenance contract costs associated with the new currency counting machines.
- Office Equipment increased by \$8 thousand for the purchase of filing cabinets, printers and 23 shredders.



Capital Program

The fiscal year 2009 capital budget reflects the Tollway's pledge to maintain and upgrade the existing facilities and infrastructure of the system. The budget includes funding for the fifth year of the \$6.3 billion, multi-year, Congestion-Relief Program (CRP), the largest capital improvement program in its 50 year history. In fiscal year 2009, \$977.1 million is allocated to the CRP and \$118.6 million is allocated to support other needs such as roadway equipment and vehicles, building repair and improvements, and technological equipment and enhancements.

Fiscal Year 2009 - Capital Program

(\$ in millions)

	2007 Actual (earned)	2008 Budget	2009 Request
Tri-State Tollway (I-294/ I-94)	\$ 350.1	\$ 738.6	\$ 562.9
Jane Addams Memorial Tollway (I-90)	30.9	112.6	121.6
Reagan Memorial Tollway (I-88)	172.9	272.4	140.2
Veterans Memorial Tollway (I-355)	352.6	38.2	40.9
Open Road Tolling (ORT)	102.5	20.5	-
Systemwide Improvements	38.9	88.5	111.6
Congestion-Relief Program Subtotal	\$ 1,047.9	\$ 1,270.8	\$ 977.1
* "Other" Capital Projects Subtotal	\$ 52.1	\$ 108.6	\$ 118.6
TOTAL CAPITAL PROGRAM	\$ 1,100.0	\$ 1,379.4	\$ 1,095.7

* \$60m Estimated to be Earned in 2009

The Tollway's capital budget is a financial plan of capital project expenditures for the fiscal year beginning January 1st and ending December 31st. The capital budget provides funding for non-recurring expenditures for the preservation, replacement, repair, renewal, reconstruction, modification, and expansion of the Tollway System. Expenditures within the capital budget tend to be high-cost in nature, requiring more stringent control and accountability. The capital budget is funded from current revenues, proceeds from the sale of revenue bonds and interest income. In 2009, approximately \$212 million of current revenues and \$700 million in new bond proceeds will be combined with balances in the Renewal/Replacement Account, Improvement Account and Construction Fund to finance the capital budget.

The Tollway adheres to the covenants of its Trust Indenture and Generally Accepted Accounting Principles (GAAP) to provide direction for capital budgeting. Per the Trust Indenture, a capital project of the Tollway is to be classified as either (a) Improvement; or (b) Renewal and Replacement. These categories are defined as follows:

Improvement: means any System Expansion Project or any acquisition, installation, construction, reconstruction, modification or enhancement of or to any real or personal property (other than Operating Expenses) for which a currently effective resolution of the Authority has been adopted authorizing the deposit of Revenues to the credit of the Improvement Account for such System Expansion Project or acquisition, installation, construction, reconstruction, modification or enhancement including, without limitation, the cost of related feasibility studies, plans, designs or other related expenditures.

Renewal and Replacement: means any preservation, replacement, repairs, renewals and reconstruction or modification of the Tollway System or any part of it constituting real or personal property, whether leased or purchased, but does not include System Expansion Projects.

The Tollway's 2009 capital budget is comprised of the fifth year projects from the CRP and other capital projects necessary to maintain, improve and enhance Tollway assets, including new technologies, building improvements, and machinery/equipment. The goals of the 2009 capital budget mirror those established with the Congestion-Relief Program and include maintaining and improving the capital infrastructure of the existing system by:

- Ensuring the system remains in a state of good repair;
- Providing congestion relief by converting the entire mainline system to Open Road Tolling (*complete*) and widening many miles of toll roads;
- Extending I-355 south to accommodate the needs of growing communities (*opened to traffic November 2007*);
- Establishing corridor planning councils to strengthen the partnership between the Tollway and the communities it serves;
- Improving mobility for communities served by the Tollway through a revamped interchange policy, inter-modalism and context sensitive improvements such as noise walls and bike paths; and
- Implementing Intelligent Transportation Systems to better serve its customers.

Capital Planning

The Tollway works in partnership with local communities and officials to provide the 12-county region it serves with comprehensive strategic transportation solutions, recognizing the value of an integrated approach to project development and implementation. This helps balance the local interests with a shared vision for the region and promotes a fair distribution of benefits by meeting the needs of one community.

This approach is highlighted in the Tollway's Local Advisory Committee for the I-355 South Extension and Corridor Working Groups. Input from corridor planning committees has been instrumental in the successful development and implementation of regionally significant projects. Additionally, ongoing dialog with local businesses promotes that long-term benefits of an improved transportation network are understood and the short-term impact of construction is clearly communicated.

The Tollway's leadership continues to work closely with residents, business owners, local and state government officials, as well as other transportation agencies to continuously evaluate its needs and to establish priorities for providing Northern Illinois with a coordinated plan to balance travel demand with population and economic growth.

Planning Process

The Tollway uses a comprehensive capital planning process, where decisions are made in a transparent fashion. The process includes analyzing and evaluating the needs of the Tollway and its surrounding communities, developing strategies to increase system efficiency, taking into consideration the condition of Tollway assets.

The program development process begins by stakeholder departments, including Finance, Engineering, Communications, Information Technology, etc. sharing information on departmental needs. During this process, projects are reviewed for consideration in accordance with near term and long-range Tollway goals. Projects are evaluated through a rigorous and thoughtful prioritization process based on several criteria including:

- Condition – assessment of existing roadway network and facilities
- Benefit – congestion relief, improved operations, etc.
- Safety – reduce crashes, improved traffic flow and response time, etc.
- Community – anticipated local and regional growth
- Financing – impact on revenue, future maintenance and operational costs
- Cost – estimated project cost and risk
- Multi-agency implementation support.

The proposed projects are evaluated against detailed asset inventories and condition assessments to assist the Tollway in developing priorities and investment strategies. Then a thorough cost-benefit analysis is performed to justify the proposed capital expenditures and impacts to the operating budget resulting from project implementation.

After the proposed projects are rated, the Tollway develops several, preliminary alternative plans based on budget constraints, and recommendations are presented to key decision makers. Alternatives continue to be developed until a final program is established. The public has several opportunities to get involved during the comprehensive planning process when the Tollway reaches out to communities by attending local board meetings, meeting with city and municipal leaders, and during the Tollway's annual budget adoption process.

Debt Financing Strategy

The Tollway uses a variety of tools to assist in developing long-term financial planning strategies. A detailed proforma cashflow model produces projections of both operations and capital programming, providing all line-items related to revenues and expenditures as well as fund balances. The proforma cashflow model allows the Tollway to assess alternative debt structures, and provides an analysis of the impact of various debt financing options on net revenues considered for debt service and fund balances.

The Tollway has issued \$2.85 billion par amount of debt in 2005-2008 to finance a portion of its \$6.3 billion CRP, and will issue another \$800 million par amount during 2009. The Tollway's debt financing program includes several strategies which have served the Tollway well in producing a debt profile that:

- (a) meets the financing needs of the Tollway's ambitious capital program; and
- (b) produces debt service coverage that allows the Tollway to maintain its Aa3/AA-/AA- ratings from Moodys, Standard & Poor's, and Fitch Ratings.

The Tollway is one of a very small number of toll authorities to possess ratings in the AA letter category from each of the top three rating agencies. Maintaining these ratings for revenue bonds in the midst of the \$6.3 billion CRP is an important achievement. Two significant reasons are (a) the Tollway's proactive approach to keeping the rating agencies apprised of Tollway developments; and (b) maintaining regular contact with the rating agencies so that the Tollway understands which factors may make the difference between a lower and higher rating.

Some of the strategies utilized by the Tollway are:

- managing expenses to 2X debt service coverage;
- utilizing hedge agreements to manage interest rate risk and lower borrowing cost;
- appropriately managing counterparty risk in its hedge portfolio by incorporating stringent one-way collateral requirements (only for counterparties – the Tollway is never required to post collateral), minimum counterparty rating requirements (A1/A+) and a high level of diversification of counterparties (currently 11 different counterparties for 11 outstanding hedge agreements, one of which is rated A1/A+ and 10 of which are in the Aa/AA or Aaa/AAA letter categories); and
- appropriately managing the variable rate /fixed rate balance of its debt portfolio.

Capital Budget Development

Program and project reviews are on-going throughout the fiscal year; however, capital budget development begins in the summer of each fiscal year. The Budget Division meets with the Tollway's department chiefs and division managers to explain the overall process and to provide pertinent information regarding any funding or expenditure issues, budget process changes, and general instructions. At this meeting the Budget Manager outlines the Tollway's goals and direction for the new budget.

The Budget Division works with each department to compile a comprehensive list of capital needs which is used in identifying new projects to be recommended for funding. This list identifies preliminary project information such as name, location, description or scope, estimated cost, and any operating impact. A specific form – Capital Program Project Request Form – is used to document new project requests. This form is designed to guide the preparer in providing all necessary information including the priority of the project (scale of high, medium or low), schedule of the project (start and completion dates), purpose/objective of the project, the proposed project description, location and scope, operating budget impacts, cost-benefit analysis, future year funding impact analysis, alternatives, other affected departments, and basis for cost estimate.

Along with identifying new projects, the Budget Division works with the departments to gather updated information regarding on-going projects. Draft documents showing all projects both ongoing and proposed are developed. These draft documents are distributed to the departments for review and the opportunity to add or revise any information. In conjunction with department chiefs, the Budget Division compiles a list of proposed and on-going projects to be presented to key decision makers. The Budget Manager meets with the Chief of Finance to discuss financial impacts and projects to be included in the proposed capital budget. The Budget Division coordinates with the department chiefs and managers to obtain further justification of projects as requested by the Chief of Finance.

The revised proposed project list is compiled and reviewed again with the department chiefs prior to presentation to Executive Management. Review and sign off is completed by the Executive Director, and a tentative capital budget is presented to the Board of Directors in October for approval. Requested changes by the Board of Directors and Executive Management are incorporated into the tentative budget. Public Hearings are held in November and public comments are relayed to the Board of Directors for incorporation into the final budget. The Budget Division reviews and incorporates changes from the Board of Directors, Executive Management, and public comments. A final budget is then presented to the Board of Directors for adoption in December.

Funding Sources

Funding for capital projects comes from three sources: current revenues, proceeds from the sale of revenue bonds, and interest income. Current revenues are deposited in the Revenue Fund and transferred to the Renewal/Replacement Account and the Improvement Account; bond proceeds are deposited into the Construction Fund.

Use of Funds

Fiscal year 2009 capital expenditures are related to the fifth year of the Congestion-Relief Program and other capital needs such as roadway equipment and vehicles, building repair and improvements, and technological equipment and enhancements. The CRP is broken into six corridors for reporting purposes: Tri-State Tollway, Jane Addams Memorial Tollway, Reagan Memorial Tollway, Veterans Memorial Tollway, Open Road Tolling, and Systemwide Improvements. Other capital needs are divided into Building Repairs and Maintenance, Equipment, Professional Services, and Roadway.

Tri-State Tollway (I-80/I-294/I-94)

The 2009 capital budget for the Tri-State Tollway corridor is \$562.9 million. The Tri-State Tollway (I-294) is the main by-pass around the Chicago-Metro Area, starting from an intersection with Interstate 80/94/294/IL Route 394, near South Holland, to just south of the Wisconsin State Line. As part of the Congestion-Relief Program (CRP), the Tollway is planning to invest nearly \$2.1 billion to improve the Tri-State Tollway.

By mid-2010, 76 miles of the 78.5 mile I-94/I-294/I-80 Tollway will have 4 lanes in each direction. By the end of 2008, all of the contracts required to complete this work will have been obligated and nearly \$1,331.7 million will have been earned since the start of the CRP program in 2005.

South Tri-State Tollway

In early 2005, road work began to rebuild and widen a 17.6 mile stretch of the Tri-State Tollway from IL Route 394 in South Holland to 95th Street in Oak Lawn. The project is divided into two phases. Phase I includes the portion from IL Route 394 to 167th Street and was completed in late 2006, for a total cost of approximately \$279.1 million; four lanes are now open in both directions. Phase II includes the reconstruction and widening of approximately 11.3 miles in both directions from 159th Street to 95th Street which began in 2007.

Approximately \$177.4 million is budgeted for 2009 mainline rebuild and widen work from 159th Street to 95th Street. Northbound construction is scheduled to begin in 2009. Rebuild and widen work includes reconstruction of the 95th Street and Cicero Avenue/127th Street interchanges as well as noise walls. Fourteen local crossroads that run underneath the Tollway will be impacted by construction with daily lane closures affecting; 147th Street, Kedzie Avenue, Rexford Road, Crawford Road, Midlothian Turnpike, 135th Street, 131st Street, Ridgeland Avenue, 115th Street, 111th Street, 107th Street, SW Highway, Harlem Avenue, and 95th Street.

Central/North Tri-State Tollway

In fall 2006, construction began to rebuild and widen a 12.7 mile portion of I-294 from Balmoral Avenue to Lake-Cook Road. This work is divided into two sections Balmoral Avenue to Dempster Street and Dempster Street to Lake-Cook Road. Several of the Tollway's mainline bridges will be either reconstructed or rehabilitated as part of these projects. Additional work within the central Tri-State area includes new retaining walls, noise walls, and the addition of a fourth lane. Additional maintenance projects to rehabilitate the section of the central Tri-State between 95th Street and Balmoral Avenue are scheduled after 2010.

A total of \$133.6 million and \$125.7 million is estimated to be expended in 2008, with a 2009 projected spending of \$44.8 million and \$124.9 million for the Balmoral Avenue to Dempster Street and Dempster Street to Lake-Cook Road projects respectively.

The Tri-State Corridor includes reconstruction and widening of approximately 19.5 miles of the North Tri-State Tollway from Half Day Road to IL Route 137. The northern most 2.5 miles from IL Route 173 to Russell Road will be reconstructed only; as the traffic levels do not currently warrant widening this section. The Tollway will also resurface from Russell Road to the Wisconsin State Line. The 2009 capital budget allocates \$214.5 million for the north Tri-State Tollway work. By year end, \$100.2 million and \$135.9 million is estimated to be expended in 2008, with 2009 projected spending of \$136.7 million and \$77.8 million for both sections respectively. Construction began in early 2007 with work on the southbound lanes from the Wisconsin State Line to Grand Avenue. Several bridges will be improved including: Lake-Cook Road, Half Day Road, Townline Road, Rockland Road, O’Plaine Road, Belvidere Road, Washington Street, Grand Avenue, Rosecrans Road (IL Route 173) and U.S. Route 41.

Tri-State Tollway (I-294 / I-94)

Project	Scope	Length (miles)	Estimated Construction Period	2009 Request (millions)
Reconstruct				
Reconstruct / Add Lane	159 th Street to 95 th Street (MP 6.3 to 17.6)	11.3	2007-2009	\$177.4
Reconstruct / Add Lane	Balmoral Avenue to Dempster Street (MP 40.2 to 44.5)	4.3	2006-2009	\$44.8
Reconstruct / Add Lane	Dempster Street to Lake Cook Road (MP 44.5 to 52.9)	8.4	2007-2010	\$124.9
Reconstruct / Add Lane	Half Day Road to IL 137 (MP 56.5 to 64.4)	7.9	2007-2009	\$136.7
Reconstruct / Add Lane	IL 137 to Russell Road (MP 64.4 to 78.5)	14.1	2007-2009	\$77.8
Sub Total:				\$561.6
Regional Growth				
Interchange Improvement	I-294/ I-57 Interchange Inter-Agency Project	0	2016	\$1.3
Sub Total:				\$1.3
Tri-State Tollway Total:				\$562.9



Concrete pavement being recycled on site with portable crushers for reuse in new pavement section on the South Tri-State (I-294)

Jane Addams Memorial Tollway (I-90)

The current CRP budget for the Jane Addams Memorial Tollway is \$777.3 million. The Jane Addams Memorial Tollway runs in a northwest direction from near O'Hare International Airport to near South Beloit. By the end of 2008 \$177.1 million is estimated to be expended, which includes approximately \$140.3 million expended solely in 2008. The 2009 capital budget for the Jane Addams Memorial Corridor is \$121.6 million.

By the end of 2009, the 14.3 mile section of the corridor north of Rockford will be widened from 2 to 3 lanes in each direction and the Cherry Valley Interchange at I-90/I-39 will be reconstructed and reconfigured to allow for more efficient traffic movements. Advance work was completed in late 2007, and in early 2008, the contracts required to reconstruct and widen the section of roadway from Newburg Road to Rockton Road in the eastbound direction were awarded. By late spring, all traffic was shifted to the westbound side of the road while the eastbound lanes are reconstructed. Westbound construction is scheduled in 2009.

The projects included in this Corridor consist of constructing a new, two-lane flyover ramp bridge over eastbound I-90, constructing a new ramp bridge over I-90 for westbound I-90 traffic heading southbound on I-39, removing and replacing the Newburg Road Bridge over I-90. Additionally, there are nine crossroad bridges over I-90 between the South Beloit Toll Plaza and Newburg Road that will be impacted by the reconstruct and widen projects along this corridor, including Elevator Road, Burr Oak Road, Belvidere Road, Swanson Road, Rock Cut State Park, Harlem Road, Spring Creek Road, Rote Road and State Street in Rockford. Additional maintenance projects to rehabilitate the section of the Jane Addams Memorial Tollway between O'Hare International Airport and Rockford are scheduled after 2010.

Jane Addams Memorial Tollway (I-90)

Project	Scope	Length (miles)	Estimated Construction Period	2009 Request (millions)
Reconstruct				
Interchange Improvement	I-39/ I-90 Interchange (MP 60.8 to 62.4)	0	2008-2009	\$27.1
Reconstruct / Add Lane	Newburg Road to Rockton Road (MP 61.8 to 76.1)	14.3	2008-2009	\$88.1
Sub Total:				\$115.2
Regional Growth				
Interchange Improvement	East Riverside Interchange Inter-Agency Project	0	2008	\$6.5
Sub Total:				\$6.5
Design				
Master Plan for Reconstruct / Add Lane	Kennedy Expressway to Newburg Road (MP 0.0 to 61.8) - Design Only	61.8	2007-2009	\$0.0
Sub Total:				\$0.0
Jane Addams Memorial Tollway Total:				\$121.6

Reagan Memorial Tollway (I-88)

The current CRP budget for the Reagan Memorial Tollway (I-88) is \$1,027.4 million. In 2008, an estimated \$296.5 million will be expended bringing total spending to approximately \$605 million. The 2009 capital budget for the Reagan Memorial Tollway Corridor is \$140.2 million. The Reagan Memorial Tollway runs east-west from Hillside to Rock Falls.

York Road to IL Route 83

This project will rebuild and widen the 2-mile section of I-88 between York Road in Oak Brook and IL Route 83, including the completion of a new westbound York Road Toll Plaza. The 2009 capital budget for this project is \$31.0 million.

The project will add a fourth lane in each direction, complete the cash plaza and add a fourth Open Road Tolling (ORT) lane at the new westbound York Road Toll Plaza. Reconstruction of the connector ramp bridges between I-88 and the Tri-State Tollway (I-294) is included in this project to increase capacity from one lane to two lanes and permit access to the York Road Toll Plaza ORT lanes from the northbound Tri-State Tollway (I-294). In addition, the project includes rebuilding the Harger Road entrance ramp to westbound I-88, and rebuilding the bridge over 22nd Street.

IL Route 83 to Finley Road

This project will rebuild and add a fourth lane to the 5-mile section of I-88 between IL Route 83 and Finley Road. In 2009, \$49.9 million is allocated for the initial phases of work. Pre-stage work for the project began in December 2007, and construction is scheduled to be complete by the end of 2009. The project includes rebuilding and widening from three lanes to four in each direction.

Finley Road to Washington Street

With this project the Tollway will rebuild and widen the 5.7-mile section of I-88 between Washington Street and Finley Road to four lanes; completion is scheduled by the end of 2009. The project includes interchange improvements at Naperville Road, IL Route 53, and the Veterans Memorial Tollway (I-355), as well as bridge rebuilding and widening at IL Route 53, Warrenville Road, the DuPage River, and Naperville Road. The 2009 capital budget allocates \$12.9 million for this project.

Aurora Toll Plaza to Orchard Road

The 2009 capital budget for work from the Aurora Toll Plaza to Orchard Road is \$46.4 million. This project will rebuild and widen the 3.4-mile section of I-88 between the Aurora Toll Plaza and Orchard Road. A third lane in each direction will be added and a new Fox River Bridge is being constructed immediately south of the existing bridge. Additional work includes replacement of the existing Fox River Bridge beginning in 2009, rebuilding the bridge carrying IL Route 31 over the Tollway and rebuilding the ramp bridge at the IL Route 31 interchange. Plans are included to rebuild portions of the entrance and exit ramps at IL Route 31 and Orchard Road. The project will also remove the Burlington Northern Santa Fe Railroad Bridge structure over I-88, just west of the IL Route 31 interchange.

Ronald Reagan Memorial Tollway (I-88)

Project	Scope	Length (miles)	Estimated Construction Period	2009 Request (millions)
Reconstruct				
Reconstruct / Add Lane	York Road to IL 83 (MP 137.0 to 139.2)	2.2	2007-2009	\$31.0
Reconstruct / Add Lane	IL 83 to Finley Road (MP 131.9 to 137.0)	5.1	2008-2009	\$49.9
Reconstruct / Add Lane	Finley Road to Washington Street (MP 126.5 to 132.2)	5.7	2006-2009	\$12.9
Reconstruct / Add Lane	Aurora Plaza to Deerpath Road (MP 114.3 to 117.5)	3.2	2007-2009	\$46.4
Reconstruct / Add Lane	Deerpath Road to IL 56 (MP 113.3 to 114.3)	1.0	2015	\$0.0
Sub Total:				\$140.2
Ronald Reagan Memorial Tollway Total:				\$140.2



Fox River Bridge

Veterans Memorial Tollway (I-355)

The Veterans Memorial Tollway is the newest of the four Tollways in Illinois with the section from Addison to I-55 opening in 1989. On Veterans Day 2007, a new 12.5 mile extension opened connecting I-55 to I-80, lengthening the tollway to 29.8 miles. By the end of 2008 over \$736.4 million will be spent on widening, rehabilitating and extending the Veterans Memorial Tollway as part of the Congestion-Relief Program. The 2009 capital budget for the Veterans Memorial corridor is \$40.9 million.

75th Street to Ogden Avenue

This project will resurface and widen a 4-mile section of I-355 between 75th Street and Ogden Avenue. Work to resurface and construct a fourth northbound lane from 75th Street to Ogden Avenue began in April 2008 and will be completed in late 2008. Southbound resurface and widen work will begin in April 2009

Additional work includes the installation of noise walls and retaining walls, as well as widening existing mainline bridges over Jackson Avenue, Hitchcock Avenue and Burlington Northern Railroad.

I-355 South Extension

The Illinois Tollway has completed construction of the \$730 million, 12.5-mile, six-lane South Extension of the Veterans Memorial Tollway (I-355) from I-55 through Will County to I-80.

Additional work which began in late 2008 included two landscaping projects covering the north and the south portions of the South Extension and a roadside improvement project which includes roadside enhancements, noise analysis, fuel tanks, installation of access roads, and environmental work.



Des Plaines River Valley Bridge

Veterans Memorial Tollway (I-355)

Project	Scope	Length (miles)	Estimated Construction Period	2009 Request (millions)
Restore				
Resurfacing / Add Lane	75th Street to I-88 (MP 15.5 to 20.0)	4.5	2008-2009	\$37.9
Resurfacing	I-55 to Army Trail Road	13.0	2009-2011	\$1.5
Sub Total:				\$39.4
Regional Growth				
South Extension	I-355 South Extension (I-55 to I-80)	12.5	2004-2007	\$1.4
Sub Total:				\$1.4
Veterans Memorial Tollway Total:				\$40.9



Northbound view of the Des Plaines River Valley Bridge

Open Road Tolling

The work to convert 20 mainline toll plazas to Open Road Tolling (ORT) for non-stop I-PASS travel, was completed on budget and on schedule in 2006. As part of the Congestion-Relief Program the Tollway invested nearly \$730 million to provide for systemwide non-stop I-PASS travel.

The schedule to complete conversion to Open Road Tolling was designed to deliver non-stop toll collection by the end of 2006. Work was completed in two phases:

Phase I: Construction began in summer 2005 and ORT was delivered by the end of the year at nine plazas, including Boughton Road and Army Trail Road on I-355; Edens Spur on I-94; Irving Park Road, Touhy Avenue, Cermak, 82nd Street and 83rd Street on I-294 and the Aurora Toll Plaza on I-88.

Phase II: ORT lanes are now available at all 20 mainline toll plazas as ORT lanes opened in 2006 at York Road/Meyers Road, DeKalb and Dixon on I-88; River Road, Devon Avenue, Elgin, Marengo, Belvidere and South Beloit on I-90, Waukegan on I-94, and at 163rd Street on I-294.



Open Road Tolling at the South Beloit Toll Plaza

Systemwide Projects

The 2009 capital budget allocates \$111.6 million to maintain the integrity of the existing Tollway System. This includes the preservation, replacement, repairs, renewals and reconstruction or modification of the Tollway's infrastructure system. The Tollway is expected to expend approximately \$664.7 million as part of the Congestion-Relief Program on projects including bridge rehabilitations, pavement improvements, and other system-wide miscellaneous infrastructure improvements.

This work is part of a maintenance and repair plan that was derived from an extensive review of the Tollway's 286 miles of roadway and structures. The scope of work was developed from assessment reports of pavement condition evaluations, bridge inspections and the review of various roadway appurtenances by the Tollway's general Consulting Engineer. Appurtenances included drainage structures, embankments, guardrails, barriers, pavement markings, fencing, signage, lighting, and other miscellaneous structures.

Systemwide Improvements

Project	Scope	Length (miles)	Estimated Construction Period	2009 Request (millions)
Systemwide Needs				
Bridge Improvements	Bridge Improvements	-	Annual	\$38.3
Plaza Improvements	Plaza Improvements	-	Annual	\$0.0
Interchange Improvements	Interchange Improvements	-	Annual	\$34.7
Environmental / Program Mgmt & Miscellaneous	Systemwide	-	Annual	\$15.3
Pavement Improvements	Pavement Improvements	-	Annual	\$23.2
Systemwide Total:				\$111.6

2009 Other Capital Projects

In addition to the Congestion-Relief Program, other capital projects are needed to support on-going operations of the Tollway and ensure that the existing roadway network is maintained and safe for travel. While the CRP is the largest component of the Tollway's Capital Program, other elements include new technologies to manage congestion, reduce travel time and provide enhanced customer service; improvements to maintenance buildings and other structures to maintain the Tollway's assets; and additional equipment for the State Police and maintenance staff to improve efficiency and enhance public safety. The 2009 capital budget allocates \$118.6 million which includes \$58.6 million for 2008 carryovers and \$60.0 million for 2009 new requests. The Tollway anticipates that approximately \$60 million will be expended in 2009.

Building Repairs and Maintenance

The 2009 capital budget allocates \$22.2 million for Building Repairs and Maintenance. This includes nearly \$11.8 million for upgrades to 12 maintenance yard facilities, repairs to salt domes, and HVAC unit replacements and expansions. Additionally, \$3.9 million is included for roof replacements, UPS units, lighting upgrades, and other similar improvements systemwide. Also included is \$2.6 million of upgrades to the Central Administration Building, such as fire safety/prevention improvements and electrical upgrades. Approximately \$3.9 million is allocated for plazas and radio towers, which includes oases automatic access gates, a new disaster recovery center, tower preservation, and M4 tower replacement.

Equipment

The Tollway has allocated nearly \$61.6 million to the Equipment portion of the 2009 capital budget. Approximately \$35.5 million will be devoted to upgrade various technologies, including electronic tolling disaster recovery implementation and system enhancements, transponder purchases, Next Generation Network, LAN/WAN, Oasis Mobile I-PASS, and security improvements. The 2009 capital budget for Equipment also includes \$13.5 million for replacement and new roadway vehicles and trucks; approximately \$1.8 million for equipment machinery/ tools, and other miscellaneous equipment purchases.

The Equipment portion of the capital budget also includes nearly \$10.8 million for Intelligent Transportation Systems (ITS), which provides real time feedback on major roadway traffic conditions. ITS collaborates vital data from field equipment, such as Closed Circuit TV (CCTV) cameras, Dynamic Message Signs (DMS), Road Weather Information Systems (RWIS), and Remote Traffic Microwave Systems (RTMS). This timely data is further integrated by the Traffic Information Management System (TIMS) which allows the Tollway to manage incidents quickly and proficiently in an effort to improve traffic flow and alleviate congestion. ITS budgeting also includes Phase I implementation of a Weigh-in-Motion System which helps protect the integrity of the pavement by detecting overweight loads moving on the roadway, in real time. This enables the accurate deployment of overweight vehicle enforcement by the Illinois State Police.

Professional Services

The 2009 capital budget for Professional Services related to capital projects is \$17.3 million. This includes environmental services required for road improvements, management services related to maintenance facilities, general engineering and traffic engineering consulting, as well as financial services necessary for the implementation of the capital program.

Roadway

The Tollway allocated \$17.4 million for the roadway portion of the capital budget. This includes annual roadway and facility maintenance costs, parking lot expansions, systemwide pavement marking, aerial surveying, and other miscellaneous improvements to support the Congestion-Relief Program.

2009 OTHER CAPITAL PROJECT HIGHLIGHTS	2008 Carryover	2009 New Request	2009 Budget
\$'s in thousands (1,000)			
BUILDING REPAIRS AND MAINTENANCE	15,006.1	7,229.8	22,235.8
MAINTENANCE SITES	6,811.5	4,971.2	11,782.7
Roadway Maintenance Yard Facility Repairs - M1 thru M14	4,636.7	4,347.2	8,983.9
Salt Dome Repairs - M2 Cermak, M14 Finley & M12 IL Route 251	933.6	-	933.6
Boiler Replace - M11 DeKalb & M12 Dixon	-	380.0	380.0
Rebuild & Remodel Restrooms - M4 Grand, M6 Marengo & M7 Rockford	180.0	180.0	360.0
Replace Air Make-Up Units - CSC Finley	300.0	-	300.0
Inground Vehicle Hoist Replacement - M3 Touhy, M4 Grand & CAG Finley	210.0	-	210.0
HVAC Rooftop Units Replace & Upgrade - M3 Touhy, M14 Finley & CW	155.2	35.0	190.2
Install Generator - CSC Finley	160.0	-	160.0
Coray Vac Infrared Heating System Replacement - M1, M2 & M4 thru M8	100.0	-	100.0
Other Miscellaneous Projects	136.0	29.0	165.0
SYSTEMWIDE	2,130.0	1,765.5	3,895.5
Roof Replace, excluding new ORT Plazas & Plaza 89 Bldg Facility	550.0	500.0	1,050.0
Upgrade HVAC Network Control System	400.0	600.0	1,000.0
Replace UPS Units	-	665.5	665.5
Asbestos Removal	500.0	-	500.0
Upgrade HVAC	350.0	-	350.0
Lighting Upgrades	300.0	-	300.0
Modular Partitions	30.0	-	30.0
CENTRAL ADMINISTRATION	2,533.0	68.0	2,601.0
Replace Liebert Units AC Backup System	622.9	-	622.9
Replace Main Fire Panel	616.1	-	616.1
Electrical Main Service & Back-Up Emergency Electrical Upgrade	250.0	-	250.0
Update Halon Fire Suppression System	230.0	-	230.0
Cooling Tower Upgrades	222.0	-	222.0
Upgrade VAV System & Perimeter Radiation Controls	186.0	-	186.0
Plant Renovation/ Display Cases	111.0	-	111.0
Cafeteria Sliding Door w/ Controlled Access	100.0	-	100.0
Other Miscellaneous Projects	195.0	68.0	263.0
PLAZAS	2,611.6	125.0	2,736.6
Oases Automatic Access Gates	1,125.0	125.0	1,250.0
New Disaster Recovery Data Center	1,121.6	-	1,121.6
Replace Heating & AC Units (Electric) - Unmanned Sites	200.0	-	200.0
Replace Portable AC Units (2) with Central Air - DR Site PL-35 Cermak	85.0	-	85.0
Replace Heating & AC Units (Gas) - Unmanned Sites	80.0	-	80.0
RADIO TOWER	920.0	300.0	1,220.0
Tower Preservation	470.0	-	470.0
Replace Tower M4 Grand	450.0	-	450.0
Generator Replace & Electrical Services Upgrade - Lisle	-	300.0	300.0

2009 OTHER CAPITAL PROJECT HIGHLIGHTS	2008 Carryover	2009 New Request	2009 Budget
	\$'s in thousands (1,000)		
EQUIPMENT	31,697.4	29,870.8	61,568.2
TECHNOLOGY	17,509.7	18,013.6	35,523.2
Transponder Purchases	-	11,000.0	11,000.0
Enterprise Resource Planning System	11,000.0	-	11,000.0
TRMMP Disaster Recovery Services & Implementation	-	4,264.9	4,264.9
Mainframe Legacy System Replacement and Upgrade	1,000.0	-	1,000.0
Electronic Tolling Operations System Enhancements	-	989.0	989.0
Cameras Digital/ Video In-Car - State Police	902.7	-	902.7
Web and E-Commerce	585.3	200.0	785.3
LAN/ WAN Maintenance Upgrade	521.9	-	521.9
Computer Infrastructure Modernization	-	500.0	500.0
Oasis Mobile I-PASS/ Customer Service Stores	485.2	-	485.2
Security Improvements	50.0	345.0	395.0
Disaster Recovery System	358.4	-	358.4
1 Giga Ethernet Upgrade	350.0	-	350.0
Replace Plaza Intercom	350.0	-	350.0
Next Generation Network (NGN)	342.4	-	342.4
IWIN Computers	331.9	-	331.9
800 HZ Communication Upgrade Radio Replacement	250.0	-	250.0
Dispatch Logging Recorder	195.0	-	195.0
Replace Field Server	184.9	-	184.9
Contingency Software Needs	80.1	100.0	180.1
Help Truck Incident Camera System	-	168.0	168.0
DVD Security Cameras and Equipment	150.0	-	150.0
LiveScan Machines	-	120.0	120.0
Other Miscellaneous Projects	371.9	326.6	698.5
INTELLIGENT TRANSPORTATION SYSTEMS	6,140.0	4,634.3	10,774.3
ITS and Fiber Optics Program Management and Support	200.0	1,234.3	1,434.3
Weigh-In-Motion Installation	-	1,000.0	1,000.0
CCTV and RTMS Installation Tri-State Balmoral - Russell	1,380.0	-	1,380.0
CCTV Install & Relocate - Systemwide	1,225.0	-	1,225.0
TIMS Operation and Maintenance	50.0	1,000.0	1,050.0
TIMS Security - NGN Migration	1,000.0	-	1,000.0
Dynamic Message Sign Installation	700.0	700.0	1,400.0
Wireless CCTV Installation Tri-State IL 394 - I-55	500.0	100.0	600.0
Fiber Optics Design Upon Request	500.0	-	500.0
ITS Design and Construction Upon Request	-	500.0	500.0
Gateway ATMS Enhancement	150.0	100.0	250.0
Video Incident Detection	200.0	-	200.0
Upgrade Road Weather Information System (RWIS)	150.0	-	150.0
Other Miscellaneous Projects	85.0	-	85.0
ROADWAY VEHICLES AND TRUCKS	6,938.2	6,578.0	13,516.2
Vehicles and Trucks	6,838.2	6,578.0	13,416.2
Fleet Emission Reduction Initiative	100.0	-	100.0
EQUIPMENT MACHINERY/TOOLS	594.0	45.0	639.0
Trailer Mounted Portable Generators (Six)	300.0	-	300.0
Standby Generators for Plazas (Fourteen)	135.0	-	135.0
Other Miscellaneous	159.0	45.0	204.0

2009 OTHER CAPITAL PROJECT HIGHLIGHTS	2008 Carryover	2009 New Request	2009 Budget
	\$'s in thousands (1,000)		
EQUIPMENT (Continued)	31,697.4	29,870.8	61,568.2
MISCELLANEOUS EQUIPMENT SYSTEMWIDE	320.0	500.0	820.0
Capital Equipment Purchases	320.0	300.0	620.0
Replace Automatic Coin Machine Cabinet	-	200.0	200.0
STATE POLICE	195.5	100.0	295.5
Automatic External Defibrillator	195.5	-	195.5
Indoor Firing Range Target Retrieval System	-	100.0	100.0
PROFESSIONAL SERVICES	4,942.4	12,400.0	17,342.4
MISCELLANEOUS PROJECTS	1,414.6	12,400.0	13,814.6
General and Traffic Engineering Consulting Services	450.0	8,550.0	9,000.0
Pavement Roadway Management Services	500.0	1,250.0	1,750.0
Maintenance Facility Program Manager	-	1,500.0	1,500.0
Manpower for Construction Sites - State Police OT	-	500.0	500.0
Right-of-Way & Survey Services	-	500.0	500.0
Congestion Pricing Study	364.6	-	364.6
Print & Web Plan Services, Advertising	100.0	100.0	200.0
ENVIRONMENTAL	2,461.0	-	2,461.0
Biotic and Aquatic Species Surveys	1,808.8	-	1,808.8
IL State Geological Survey	498.3	-	498.3
Salt Spray Studies - Veterans Memorial	154.0	-	154.0
DIVERSITY AND EEO PROGRAMS	401.8	-	401.8
Diversity Program	401.8	-	401.8
GEOGRAPHIC INFORMATION SYSTEM	225.0	-	225.0
Infrastructure Management Services	225.0	-	225.0
FINANCIAL	440.0	-	440.0
Trustee and Bond Transactional Advisors Fees	152.0	-	152.0
Miscellaneous Project Wrap-Up Costs	100.0	-	100.0
General Financial Advisors	88.0	-	88.0
Other Miscellaneous Services	100.0	-	100.0
ROADWAY	6,944.3	10,494.5	17,438.8
MAINTENANCE, REPAIRS AND IMPROVEMENTS	5,331.8	9,744.5	15,076.3
CRP Phase II Start-Up	-	5,000.0	5,000.0
Annual Roadway & Facility Maintenance	-	3,600.5	3,600.5
Misc Repairs, Clean Drainage System, Guardrail, Fence	3,504.3	-	3,504.3
Pavement Marking	909.5	940.0	1,849.5
Aerial Photograph Survey Update	500.0	-	500.0
CA Parking Lot Expansion	390.0	-	390.0
Oasis Truck Parking Expansion at Lake Forest	-	200.0	200.0
Other Miscellaneous Projects	28.0	4.0	32.0
SIGNAGE	1,612.5	750.0	2,362.5
Roadway Signing for Sign Shop	-	750.0	750.0
Aluminum Extrusion Refurbishing	112.5	-	112.5
Roadway Sign Upgrades and Enhancements	1,500.0	-	1,500.0
2009 OTHER CAPITAL PROJECTS TOTAL	58,590.2	59,995.1	118,585.3

Capital Projects Operating Impacts

The capital program is an integral element of the Tollway's budgeting process. The cost of operating new and enhanced infrastructure is included in the operating budget in the fiscal year the asset becomes operational. Debt service payments on the debt issued for capital projects is also included in the debt service budget. In addition, many capital assets, such as buildings, require annual operating expenses for utilities and maintenance, among other items.

The existing Tollway system to be maintained and operated includes 286 miles of limited access highways featuring a toll collection system incorporating mainline plazas and ramp plazas with the combined use of I-PASS, automatic coin collection and manual lanes. As the Congestion-Relief Program is implemented, the system will be expanded. The expansion includes the 12.5 mile extension of the Veterans Memorial Tollway; the widening of existing routes through the addition of lanes; and the construction of additional interchanges. Measured in terms of lane miles, the System will grow during the CRP by approximately 15.9%. Additionally, the toll collection system has been converted to an Open Road Tolling system with cash lanes only for non I-PASS users.

The departments of Toll Operations and Engineering make up over 19% and 25% of the operating expenses, respectively. The Toll Operations Department is responsible for toll operations, including managing the collection and counting of tolls. The Engineering Department's responsibilities include design, construction and maintenance of the roadway. These two departments are most affected by the changes to the system involved with the implementation of the CRP. Additional costs associated with the maintenance and operations of the expanded system are reflected in the increase in the operating costs of the Engineering Department. With the conversion of the toll collection system to Open Road Tolling, there has already been a reduction in the operating costs of the Toll Operations Department as the number of I-PASS lanes has increased and the number of automatic and manual lanes have decreased.

In 2009, Toll Operations has a budgeted headcount of 694 employees. The headcount for this department has decreased substantially as the Open Road Tolling projects have come on-line and the total number of manned toll lanes has been reduced. The need for lane walkers has been eliminated, while staffing within the Electronic Tolling Department has increased as the I-PASS program continues to grow.

Other trends occurring within the operating budget include an increase in bank charges associated with a rise in credit card usage by patrons. However, it is estimated that this growth will not continue as the total percentage of I-PASS usage stabilizes over the next few years. Additionally, some increase will be seen in utilities as the expanded system will incur additional electrical and fiber optic costs. However, it is estimated that, as the capital program is implemented buildings and energy costs will decrease; equipment repairs will decrease; and new technology efficiencies will be created.

The Engineering Department oversees three areas of operations:

- Planning / Design – Project plans and specifications are prepared for various construction and maintenance activities according to the capital improvement program schedule.
- Construction – Implements the construction phase of projects by maintaining the desired quality, agreed budget and schedule.
- Maintenance / Traffic – Maintains the roadway system by keeping roads clean, well lit and safe in all weather conditions; manages incidents and informs motorists of traffic and travel concerns.

From 2005 to 2009 the number of Engineering personnel has increased by 36. The implementation of the CRP has had two effects on the Engineering Department. In the design and construction areas, additional engineers are required to implement the design and construction phases of the projects. The second effect of the CRP implementation is the increase in staffing needs within the Maintenance/Traffic unit. The Consulting Engineer reviewed the activities that are performed by the Maintenance/Traffic unit and assessed the general impact on each activity by the implementation of the CRP.

Cost Monitoring

The Tollway maintains a project management database which is used to monitor and measure program status, provide early identification of problem areas, provide for alternative analysis, and to ensure that pertinent information is communicated to project participants. It allows for real time access for information on budgets, commitments, expenditures, cash flows, forecasts, and performance status. Timely reporting of this information allows decisions to be made in advance, permitting effective cost control of the project.

Regularly published reports include performance measures to assess the magnitude of variations that occur on projects. The Tollway analyzes the causes of the variances and determines what corrective actions are required. Examples of financial reports that are developed to assist in the variance analysis include:

- Monthly Project Status Reports focus on schedule and cost status, proposed/pending changes, and current project issues. These reports include detailed financial and schedule performance for each project, including change orders, forecast-at-completion and expenditure tracking. In addition, these reports provide a tool for management to follow the progress of each project.
- Exception Reports provide a forum for the initial disclosure of project issues that will potentially cause a project delay, or cause a project budget overrun. These reports provide an opportunity to quickly address project impediments and trigger necessary actions to bring the anticipated project performance into line with the project plan.

- Change Order Reports reflect the original budget and indicate all subsequent changes approved by the Tollway or currently in the approval process. By also recording anticipated changes, the report allows a realistic assessment of the program and shows the remaining contingency by contract.

Schedule Monitoring

Program status and schedule changes are monitored and reported on a monthly basis via the Master Program Schedule. The main goal of the schedule reporting process is to detect adverse trends in design, construction, and administrative activities early enough to correct them. Modifications to the schedule information may or may not require adjustments to other aspects of the overall project plan.

The Master Program Schedule serves the following purposes:

- Validates the funding schedule and budget presently established by the capital budget;
- Explores various combinations of project implementation;
- Projects a consistent and reasonable level of effort and expenditure over the program term;
- Adjusts scopes of work and/or the distribution of funding as needed to respond to unforeseen conditions or capitalize on opportunities so as to meet implementation goals; and
- Establishes funding requirements for subsequent capital budgets.

Revisions to start and finish dates for the approved project schedule are generally made in response to scope changes. As potential delays/changes become apparent, a special schedule study will be initiated to determine if the lost time could be recovered and how changes to the originally anticipated schedule logic/sequence should best be reflected.

Change Management Control

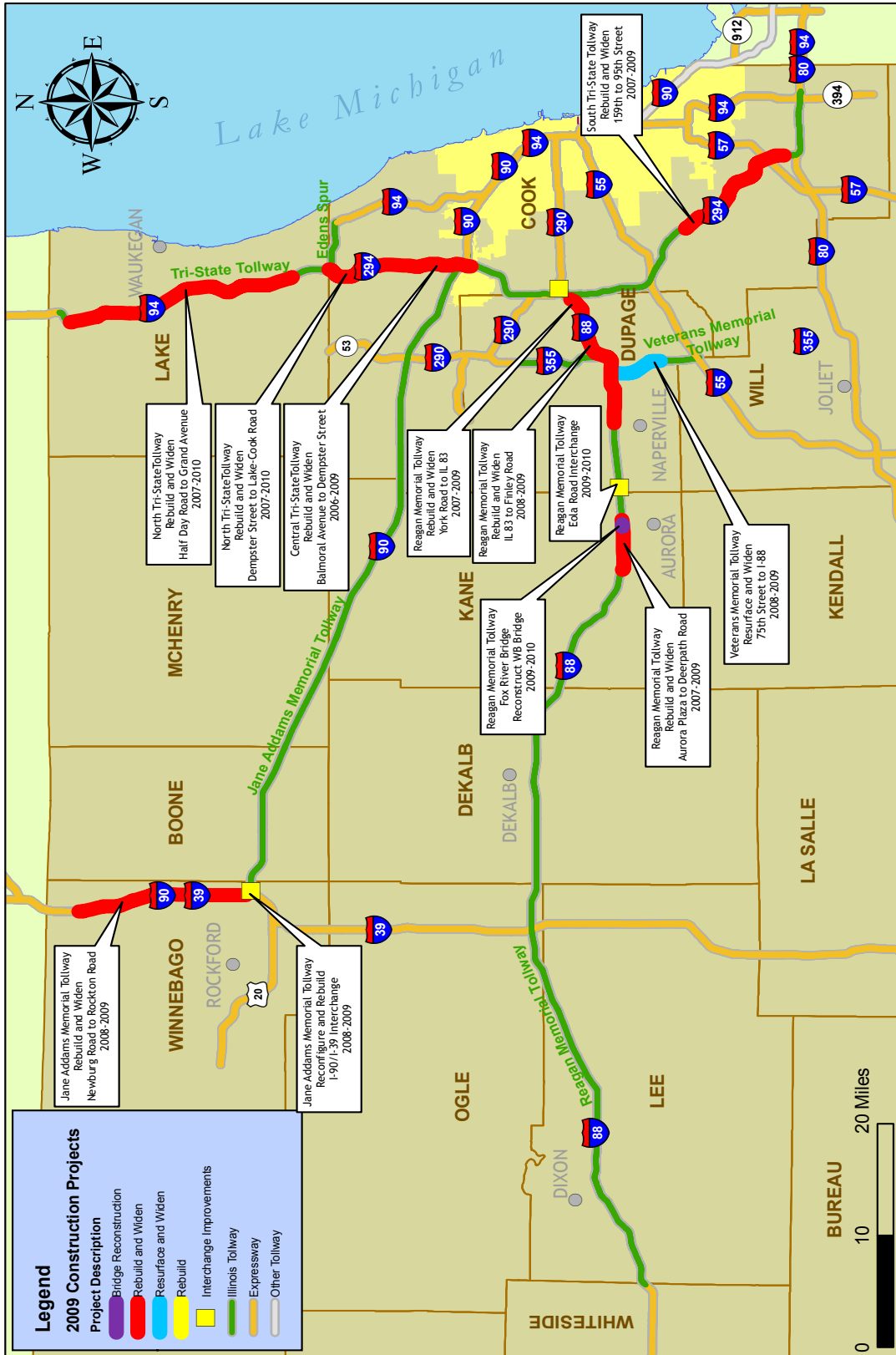
In order to reduce delay claims and complete projects on-time and within budget, the Tollway has empowered staff to direct field changes to reduce the time for authorizing construction contractors to proceed, which helps maintain construction schedules. The process begins when the Contract Cost Change Controls Committee (C5) analyzes the scope of work, the estimated cost of the proposed change and identifies the cause of the change (design error, owner requested change, change in conditions, etc). The committee recommends approval, rejection or requests additional information and provides an authorization to proceed for those changes that are recommended for approval.

The Tollway's approval authority model is as follows:

Project Manager	Up to \$30,000
Chief Engineer	Up to \$100,000
Executive Director	Up to \$150,000
Chairman	Up to \$200,000
Board	Over \$200,000

On a weekly basis a list of potential change orders is entered into the project management database along with the pending and approved change orders. This information is used to develop various change management reports including:

- Program Change Order/ Potential Change Order log – this report is used to compare the current change order status vs. the allocated construction contingency reserve funds at a summary level for all projects within the program;
- Outstanding Change Order Report – this report provides an analysis of pending and potential change orders, including number of days outstanding, ball-in-court reporting, forecasted final contract amount;
- Project Change Order/ Potential Change Order log – this log identifies all approved, pending and potential contract changes at a detail level for all projects. It has the ability to provide process related performance measures for all participants.



Congestion-Relief Program: 2009 Construction

Debt Management

DEBT MANAGEMENT

In September 2004, the Tollway's Board of Directors approved the 10-year \$5.3 billion Congestion-Relief Plan. The plan, now the Congestion-Relief Program (the "CRP"), allowed for financing as much as \$3 billion of program costs through the issuance of Tollway revenue bonds. In September 2007 the Authority approved an update to the CRP which lengthened the CRP by two years from 2014 to 2016 and increased the cost of the CRP to \$6.3 billion. The update increased the amount of costs targeted to be financed from revenue bonds from \$3.0 billion to \$3.5 billion. The remaining costs will be financed from Tollway revenues deposited into the Renewal and Replacement Account and the Improvement Account.

Debt Profile

Currently Outstanding Debt

On January 1, 2009, the Tollway has scheduled principal payments due totaling \$52,750,000. After making these principal payments on January 1, 2009, the Tollway has \$3,340,140,000 par amount of bonds outstanding. Bonds which have financed a portion of the CRP total \$2,877,860,000, and the remaining \$462,280,000 financed or refinanced pre-CRP projects. The following table lists each outstanding series and its respective final maturity, total principal outstanding and rate type, as of January 1, 2009.

Illinois Tollway Outstanding Bonds as of January 1, 2009*

<u>Series</u>	<u>Maturing</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>
1992 Series A	1/1/2012	\$100,665,000	Fixed
1993 Series B	1/1/2010	44,400,000	Variable
1998 Series A	1/1/2016	194,115,000	Fixed
1998 Series B	1/1/2017	123,100,000	Variable
2005 Series A**	1/1/2023	770,000,000	Fixed
2006 Series A-1**	1/1/2031	291,660,000	Fixed
2007 Series A-1**	7/1/2030	350,000,000	Variable
2007 Series A-2**	7/1/2030	350,000,000	Variable
2008 Series A-1**	1/1/2031	383,100,000	Variable
2008 Series A-2**	1/1/2031	383,100,000	Variable
2008 Series B	1/1/2033	<u>350,000,000</u>	Fixed
Totals		\$3,335,030,000	

* Amounts shown are after any payments due on 1/01/2009, the funds for which are remitted to the Trustee in the previous fiscal year.

** CRP financing.

Bond issues listed as Variable Rate are weekly mode (rates are reset weekly by a remarketing agent per then-current market conditions). In order to reduce exposure to interest rate risk, the Tollway has entered into interest rate swap agreements for all of its outstanding variable rate bond issues. Per these agreements, swap providers pay a variable rate in exchange for fixed rate payments from the Tollway.

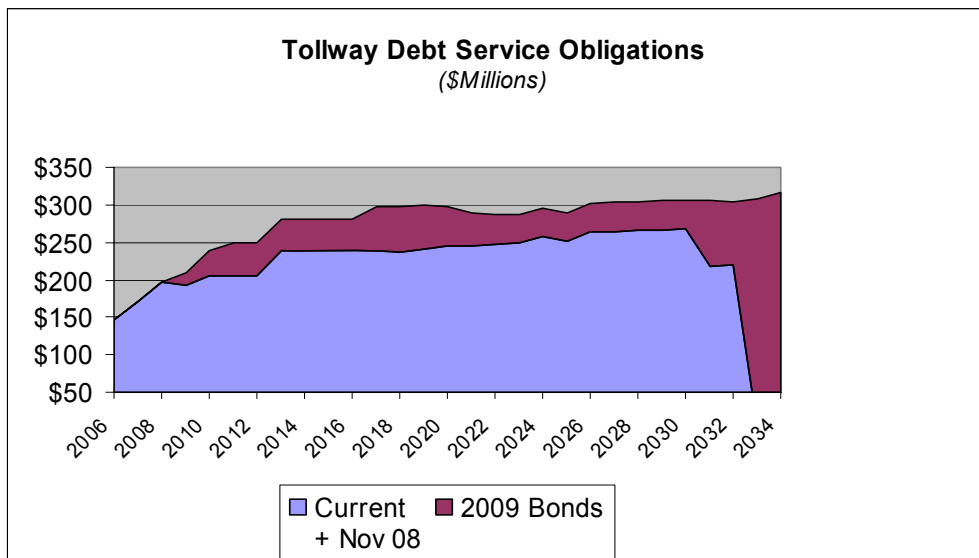
Planned 2009 Debt Issuance

An additional \$800 million of bond financing is expected to be issued in 2009 to finance the Congestion-Relief Program. This budget assumes that the \$800 million bonds will be issued as follows: \$400 million on April 1, 2009 and \$400 million on October 1, 2009. These financings represent the expected completion of the debt financed portion of the Congestion-Relief Program financing.

In addition to the financings described in the preceding paragraph, there may also be 2009 bond financing needs associated with the recently announced Congestion-Relief Program Phase Two – Tomorrow's Transportation Today. An estimated \$85 million will be allocated for Phase Two initiatives in 2009. It is anticipated that these costs would be funded from the proceeds of junior lien bonds that would pay no interest or principal in 2009.

Debt Service Obligations

The Tollway's budget for debt service assumes \$800,000,000 of bonds expected to be issued in 2009. Interest on a portion of the 2009 bonds will be capitalized through June 30, 2010. The following graph shows debt service net of any actual and projected amounts of capitalized interest.



The duration of the Tollway's Bonds and level of graduation of its debt service are very reasonable given the long average economic life of the assets financed and the projected growth of Tollway revenues.

Security for the Bonds

The Tollway's bonds are secured by a pledge of and lien on the Net Revenues generated by the Tollway system in accordance with the Amended and Restated Trust Indenture of 1999 ("Master Indenture") and each respective Supplemental Indenture. Net Revenues are defined in the Master Indenture as the annual revenues of the system less operating expenses. To help ensure a sufficient amount of revenues to cover debt service, the Master Trust Indenture, through which all of the Tollway's outstanding debt has been issued, includes a Toll Rate Covenant which requires that tolls be set at rates which will produce a minimum of 1.3X debt service coverage. Furthermore, additional bonds may be issued only to the extent that the Tollway's Traffic and Consulting Engineers certify that the Tollway was compliant with the Toll Rate Covenant in the preceding 12 months and projects to be compliant with the Toll Rate Covenant for each year through five years after the completion of the projects financed by those additional bonds. The Tollway's 2007 debt service coverage was 2.4x, 2008 debt service coverage is estimated at 2.2x and 2009 debt service coverage is projected at 2.0x, all well over the 1.3x covenant level.

Additional security is provided by the Debt Reserve Requirement which dictates that the Tollway's Debt Reserve Account be funded at maximum annual debt service ("MADS") on all senior lien debt. Currently all of the Tollway's debt is senior lien. As of December 1, 2008, MADS is \$261.7 million (the debt service obligation for fiscal year 2030), and the Debt Reserve Account has a market value of \$263.3 million, consisting of \$163.3 million in investments and a \$100 million surety bond policy from Berkshire Hathaway Assurance Corporation. Taking into account the projected debt service on the 2009 new issues, MADS would increase to \$310 million. The Debt Reserve Account also includes a Surety Policy from MBIA, but this policy is currently not accorded any value in the Debt Reserve Account due to downgrades of MBIA's ratings during 2008. The surety from MBIA was originally purchased in connection with the Series 1993 bonds and it expires when the 1993 Bonds mature on January 1, 2010. As a result of the rating downgrades, the Tollway may choose to replace the MBIA surety in advance of its expiration.

Debt Service Coverage Ratios

The Tollway has historically maintained debt service coverage ratios well in excess of required ratios. Debt Service Coverage Ratios are calculated by dividing the Net Revenues (i.e. revenues less operating expenses) by the Aggregate Debt Service for a given year. The following chart shows actual debt service coverage for fiscal years 2003 through 2007, estimated debt service coverage for 2008 and budgeted debt service coverage for 2009.

	Actual					Estimated	Budgeted
	2003	2004	2005	2006	2007	2008	2009
Operating Revenues	\$430,804	\$423,427	\$613,034	\$606,954	\$637,794	\$670,000	\$680,000
Operating Expenses	<u>\$187,300</u>	<u>\$198,302</u>	<u>\$205,575</u>	<u>\$213,510</u>	<u>\$222,295</u>	<u>\$244,600</u>	<u>\$258,000</u>
Net Operating Revenues	\$243,504	\$225,125	\$407,459	\$393,444	\$415,499	\$425,400	\$422,000
Debt Service Net Revs After Debt Service	<u>\$109,552</u>	<u>\$48,380</u>	<u>\$99,366</u>	<u>\$145,643</u>	<u>\$172,168</u>	<u>\$195,949</u>	<u>\$210,000</u>
Debt Service Coverage (X)	2.22	4.65	4.10	2.70	2.41	2.17	2.01

Municipal Bond Ratings

In concert with each new bond issuance, the Tollway applies for a municipal bond rating from Fitch Ratings, Moody's Investor Services and Standard & Poor's Corporation. Each rating agency reviews the Tollway's current fiscal condition, capital financing plan, debt coverage ratios and various other factors to the Tollway's ability to repay its debt obligations. The underlying ratings of the Tollway's bonds are Aa3, AA- and AA- by Moody's Investor Services, Fitch Ratings and Standard and Poor's, respectively. These ratings were confirmed in February 2008 in connection with the Tollway's issuance of the 2008 Series A-1 & A-2 Senior Refunding Revenue Bonds and again in November 2008 in connection with the Tollway's issuance of the 2008 Series B Senior Priority Revenue Bonds.

Interest Rate Exchange Agreements

To lower its borrowing costs, the Tollway has entered into multiple variable-to-fixed interest rate exchange agreements (swaps). These agreements produce a "synthetic fixed interest rate" which the Authority pays to the swap provider in exchange for the swap provider's assumption of a variable rate of interest intended to approximate the variable rate of interest owed to bondholders. In all cases the synthetic fixed rates were lower than the fixed interest rates otherwise accessible in the market at the times the various bonds were issued. The Tollway has entered into one swap for the Series 1993B Bonds, two swaps for the Series 1998B Bonds, four swaps for the Series 2007 Bonds and four swaps for the Series 2008 Bonds.

The Series 1993B and 1998B Swaps were entered into as "interest-cost-based" swaps – swaps in which swap providers pay a variable rate amount equal to the variable rate amount owed to bondholders. In certain events, these swaps may convert to SIFMA-based Swaps, in which the swap providers pay a variable interest rate amount based on an index known as the USD SIFMA Municipal Swap Index. In the third quarter of 2008 an event occurred which changed the 1993B Swap from an interest-cost-based swap to a SIFMA-based swap. The Tollway has assumed that the actual interest rates on the Series 1993B Bonds will be approximately the same as the SIFMA Index in 2009, so minimal budgetary impact is expected. The term of the 1993B Swap ends on January 1, 2010 when the Series 1993B Bonds mature. No such events have occurred on the 1998B Swaps; thus the 1998B swaps remain interest-cost-based.

The Series 2007 swaps and Series 2008 swaps are all SIFMA-based swaps. The Tollway exchanges a fixed rate payment to swap providers for a variable rate payment based on the USD SIFMA Municipal Swap Index. Historically the difference between the interest rates set on Tollway variable rate bonds and the SIFMA Index have been immaterial. That changed in the first quarter of 2008 when the credit deterioration of the 2007 bond insurer, XLCA, caused the variable rates on the 2007 bonds to rise significantly above the SIFMA Index, increasing to levels several hundred basis points above the SIFMA Index. The Tollway immediately began the process of removing the bond insurer and this process was completed on March 20, 2007.

The removal of the bond insurer returned the interest rates on Tollway variable rate bonds to approximately the same as the SIFMA Index until September of 2008, when credit concerns regarding financial institutions escalated dramatically. Given that the Tollway's variable rate bonds (as well as nearly all variable rate bonds) require a bank to provide liquidity in the event bondholders tender their bonds for purchase, the increased concerns about the banks providing such liquidity caused interest rates on variable rate bonds to increase significantly – the SIFMA Index began September 2008 at 1.84% and finished September at 7.96%. The impact of this increase to the Tollway during this month of September was negligible because the variable rates on Tollway bonds were approximately the same as the SIFMA Index. During October, however, the variable rates on Tollway bonds rose significantly above the SIFMA Index, primarily because the Tollway's liquidity bank for its 2007 and 2008 bonds, Dexia, began trading unfavorably relative to some other liquidity providers.

Thus far, the negative impact of the divergences of Tollway variable rates from the SIFMA Index on the 2008 budget for debt service is \$3.7 million. This negative variance is offset by debt service reductions related to delaying the scheduled sale of bonds in 2008. Also the 2008 budget assumed a \$500 million new money issue closing September 1, 2008, which instead was a \$350 million new money issue which closed on November 18, 2008.

Budget Process and Documents

The Trust Indenture requires a tentative budget of the Operating Expenses for the ensuing Fiscal Year on or before October 31st of each Fiscal Year. The tentative budget must also be submitted to the Trustee and the Consulting Engineer. The tentative budget must include the recommendations of the Consulting Engineers as to the Renewal and Replacement Deposit (for preservation of the Tollway System). The Tollway must provide accompanying estimates of the amount which will be available for credit to the Improvement Account (for improvements to the Tollway System). The Tollway must also provide a statement of the actual revenues for the first eight months of the current Fiscal Year and estimated revenues for the next four months of the current Fiscal Year and for the ensuing Fiscal Year. The budget must be divided into reasonable classifications and divisions. The tentative budget shall include the amounts budgeted for Operating Expenses and amounts required to be deposited into the Renewal and Replacement Account.

The Trust Indenture and budgetary calendar govern the budget process. The Tollway budget is required to generate revenues sufficient to pay for operating costs, debt service, and a required deposit for the maintenance and repair of the toll roads as certified by an independent engineer.

Budget Review Process and Implementation

The Tollway's budget process begins in early July of each year. The Budget Office prepares and distributes a preliminary budget for each department at department and cost center levels based on actual and projected expenditures. Departments are asked to submit planning requirements, new initiatives, programs, headcount changes or other assumptions to be incorporated into both their upcoming maintenance and operations budget as well as their capital budget. Once the departmental budget requests are returned to the Budget Office, the initial Preliminary Budget is compared to the Departmental Budget Request indicating dollar and percent changes along with proper justification.

The Preliminary/Departmental comparison Budget is then presented to the Chief of Finance by the Budget Office. Financial impacts are discussed and the Chief of Finance will approve or deny certain requests based on the justification provided. The Budget Office will then meet with the Department Chiefs to obtain further justification on items denied by the Chief of Finance.

Revised budget requests are returned to the Budget Office and Chief of Finance for review. Meetings are held with Budget staff, department chiefs and the Chief of Finance to discuss and finalize the budget requests. Final review and sign off is completed by the Chief of Finance and the Executive Director. This process results in the Tentative Budget.

The Tentative Budget is presented to the Board of Directors in October. Requested changes by the Board and Executive Management will be incorporated into the Tentative Budget and Public Hearings will be held at this time. The Budget Office will review and incorporate changes from the Board of Directors, Executive Management, and Public comments. The Final Budget is then presented to the Board and adopted by the Board in December.

The budget is monitored throughout the Fiscal Year. Analysis comparing actual expenditures to budget are conducted monthly and sent to the Chief of Finance and Department Chiefs. Quarterly budget reports are provided to the Board of Directors and posted on the Illinois Tollway's website.

Budget Amendment

The Tollway Board may at any time adopt an amended Annual Budget. If the Tollway adopts an amended budget for total Operating Expenses exceeding one hundred ten percent of the Annual budget initially adopted, the Tollway shall give the Consulting Engineers not less than ten days prior written notice, including a copy of the proposed amended Annual Budget. If the Consulting Engineer files an objection to such notice, such amended budget shall not be effective or supersede any prior Annual Budget until the Tollway Board of Directors adopts the amended budget by not less than a three-fifths vote of all Directors at a public meeting. Notice of such public meetings shall be given in accordance with the law.

Budgetary Basis of Accounting

The Tollway is required by its Trust Indenture to prepare a Tentative Budget for the ensuing Fiscal Year, on or before October 31 of each Fiscal Year, and to adopt the Annual Budget for such Fiscal Year on or before January 31 of each Fiscal Year.

The Tollway uses the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized in the period in which it is earned, and expenses are recognized in the period in which they are incurred. This is a flow of economic resources measurement focus. The Tollway uses accrual basis of accounting for its proprietary funds (enterprise and internal service funds). Revenues are recognized in the accounting period they are earned and become measurable. Expenses are recognized in the accounting period in which the liability is incurred.

The Tollway's Budgetary Basis of Accounting (as required by its Trust Indenture) differs from the Tollway's GAAP Basis of Accounting with respect to the following:

For budgetary purposes, the Tollway does not capitalize purchases of furniture, fixtures, and operating equipment; construction costs are not depreciated; investments are recorded at cost; bond issue costs are expensed as incurred; capital lease obligations are not recorded; interest is capitalized before, during and after the construction period; gains or losses from early retirement of debt, interest income and interest expense derived from the proceeds of revenue bonds during construction are treated as reductions or additions to construction costs; refunds of previously paid expenses decrease current year expenses and are not treated as a prior period adjustment; and revenue is measured on a cash basis, where as under GAAP, revenue for financial statement purposes is recognized when measurable.

Last of all, the Tollway's Budget allocates Revenue to four major accounts. These accounts include Maintenance and Operations (M&O), Debt Service, Renewal and Replacement, and Improvements. The Renewal and Replacement and Improvements accounts comprise current resources allocated to fund the Tollway's Capital Program.



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Financial Policies and Practices

The Tollway will follow a defined set of policies and practices for directing the Tollway's fiscal affairs. These policies and practices have been reviewed as part of the financial planning process and are the basis for developing this Financial Plan.

All of the policies and practices are aimed at keeping the cost of operating and maintaining the Tollway as low as possible while providing excellent customer service.

The Financial Plan provides the opportunity for making well-informed decisions, based on adherence to solid, carefully considered policies, and provides a forecast of what the results of today's decisions may reasonably be in the future.

Fiscal Policies and Practices

General

The Tollway has established policies to foster sound financial management and encourage progressive approaches to financing. The annual budget includes a set of policies to be followed in managing the financial and budgetary affairs of the Tollway. These policies will allow the Tollway to maintain its strong financial condition, while providing quality services.

Revenue

Traffic volume assumptions are derived by reviewing historical data and analyzing the impact of current economic conditions, local and regional economic indices, energy price trends, demographic and population trends, employment trends, industry and home building development, household income, and roadway capital projects.

Surpluses identified but not included in the annual base-operating budget are dedicated to the capital plan.

1. The Tollway will maintain a revenue monitoring system to assist in trend analysis and revenue forecasting.
2. The Tollway will support legislation that will allow for expanded, progressive, and fiscally responsible financing measures.
3. The revenue model assumes the toll schedule, which became effective January 1, 2005. The toll rates were passed coinciding with approval of the Congestion-Relief Program on September 30, 2004.

Expenditures

1. The Tollway will maintain a level of expenditures, which will provide for the public well-being and safety of its roads.
2. Expenditures will be within the availability of generated revenue, bonds issued for construction and unreserved fund balances.
3. The Tollway will maintain expenditure categories according to state statutes, the Trust Indenture and administrative rules.
4. The Tollway will forecast its capital expenditures for the duration of the Congestion-Relief Program and may update this forecast annually with multi-year plans. Expenditure forecasts will be cognizant of the elastic and inelastic structure of revenues.
5. Annual operating budgets should provide for adequate design, construction, maintenance, and replacement in the Tollway's Capital Program.

Debt Administration

1. The Tollway will maintain regular communication with credit rating agencies and facilitate disclosure of financial and management issues important to investors. The Tollway will follow a policy of full disclosure in financial reporting.
2. Capital plans proposed for financing through debt should be accompanied by an analysis of the future maintenance and operations costs associated with the projects.
3. The Tollway will oversee and coordinate the timing, process of issuance, and marketing of bonds and other capital financing activities required in support of its Capital Program.
4. The Tollway will set aside sufficient current revenues to finance ongoing maintenance needs.
5. No debt will be issued for the purpose of funding capital projects until approved by the Board of Directors at a public meeting.
6. Borrowing should be of a duration that does not exceed the economic life of the improvement that it finances and, where feasible, should be shorter than the projected economic life. To the extent possible, the Tollway will design the repayment of debt to recapture rapidly its credit capacity for future use.

7. The Tollway will seek to issue its debt obligations through a sale method that will produce the best results for the Tollway.
8. When determined appropriate and approved by the Board of Directors, the Tollway may elect to sell its debt obligations through competitive sealed bid, competitive selection and negotiation, or a private placement.
9. The Tollway may issue advance refunding bonds and current refunding bonds (as defined for federal tax law purpose) when advantageous, legally permissible, prudent, and in the best interest of the Tollway and its patrons.
10. The Tollway may choose to defease its outstanding indebtedness through purchase of its securities on the open market when market conditions make such an option financially feasible.

Reserve Policy

1. The Tollway will maintain an operating reserve. This budget will maintain a balance of \$17 million in 2009. The Board may alter the reserve to best suit financial levels of the Tollway. This reserve shall be created and maintained to provide the capacity to:
 - Offset unexpected downturns or revisions in revenues
 - Provide a sufficient cash flow for daily financial needs at all times
 - Offset unexpected increases in expenditures

Cash Management

1. The Illinois State Toll Highway's Investment Policy ("Policy"), describes the Tollway's intent to invest all funds under the Tollway's control in a manner that provides the highest investment return using safe authorized instruments while meeting the Tollway's daily cash flow demands in conformance with all state statutes and any amended and revised Indenture governing the investment of Tollway funds.
2. The primary objective in the investment of Tollway funds is to ensure the safety of principal, while managing liquidity to pay the financial obligations of the Tollway, and providing the highest investment return using authorized instruments.
3. The cash management system is designed to accurately monitor and forecast expenditures and revenues, enabling the Tollway to invest funds to the fullest extent possible. The Tollway will match fund flows to projected disbursements.

4. In order to maximize interest earnings, the Tollway co-mingles funds. Interest revenue derived from co-mingled investments is allocated to the participating funds monthly.

Criteria for selecting investments and the order of priority are:

- (a) **Safety.** The safety of principal is the foremost objective of the investment program. Tollway investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To attain this objective, diversification is required to ensure that the Tollway prudently manages market, interest rate and credit risks.
- (b) **Liquidity.** The investment portfolio shall remain sufficiently liquid to enable the Tollway to meet all operating requirements that might be reasonably projected.
- (c) **Return on Investment.** The investment portfolio shall be designed to obtain the highest available return, taking into account the Tollway's investment risk constraints and cash flow requirements.

Accounting, Auditing and Financial Reporting Policies

1. The Tollway is a compartmental unit of the State of Illinois and is accounted for as a proprietary fund (enterprise fund) using the flow of economic resources measurement focus.
2. The Tollway uses the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized in the period in which it is earned, and expenses are recognized in the period in which they are incurred.
3. The Tollway is established to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.
4. The Tollway will establish and maintain a high standard of accounting practices in conformance with Generally Accepted Accounting Principals for governmental entities as promulgated by the Governmental Accounting Standards Board.
5. The accounting system will maintain records on a basis consistent with accepted standards for governmental accounting.

6. An independent firm of certified public accountants will perform an annual financial and compliance audit in accordance with Generally Accepted Auditing Standards (GAAS) and will publicly issue an opinion, which will be incorporated in the Comprehensive Annual Financial Report (CAFR).
7. The Tollway will annually seek the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting Program.
8. The Tollway will use accrual basis accounting for its proprietary funds. Revenues are recognized in the accounting period they are earned and become measurable. Expenses are recognized in the accounting period in which they are incurred.
9. The Tollway will promote full disclosure in its annual financial statements and its bond presentations.
10. For purposes of the Statement of Cash Flows, the Tollway considers all highly liquid investments including restricted assets with a maturity of three months or less when purchased and all investments held by the Illinois State Treasurer's office to be cash equivalents, as these investments are available upon demand.
11. All investments in U.S. Treasury and agency issues are reported at fair value. All other Tollway investments, which consist of repurchase agreements, are recorded at face value which approximates fair value.

Appendix



October 23rd, 2008

Michael Colsch
Chief of Finance
Illinois State Toll Highway Authority
2700 Ogden Avenue
Downers Grove, IL 60515

Re: Annual Toll Revenue Certificate

Dear Mr. Colsch:

As Traffic Engineers for the Illinois State Toll Highway Authority, Wilbur Smith Associates (WSA) is pleased to provide the toll revenue estimates required by the Trust Indenture, Section 713(3). This letter provides updated monthly toll revenue estimates for 2008 and toll revenue estimates for 2009. Estimates are based on the current toll rate structure that went into effect on January 1, 2005.

Toll revenue estimates presented herein incorporate adjustments for the current state of the national and regional economy, and expectations of the depth and duration of the current economic slowdown. The recent sharp increase in gasoline prices and their anticipated persistence over the forecast period was another significant factor addressed in developing the toll revenue estimates.

The toll revenue estimates are estimates of expected revenue—the revenue that would be collected if each vehicle passing through a toll collection plaza paid exactly the published toll rate based on the vehicle's classification, time of day, and payment method. Expected revenue does not include the effects of overpayments, underpayments or toll evasion.

Estimated Toll Revenue

The revised 2008 system-wide expected toll revenue estimate is \$634,666,000. This estimate includes the Illinois Tollway's adjusted expected revenues for the first eight months of 2008, and WSA estimates for the four remaining months. Monthly figures are presented in Table 1.

Estimated system-wide expected revenue for 2009 is \$646,160,000. Monthly expected revenue estimates for 2009 are presented in Table 2. The estimates take into account available information from the Illinois Tollway revenue and transaction reporting system through August 2008. The estimates assumed 2009 construction activity as per the approved Congestion-Relief Program.

Estimates for both 2008 and 2009 are based on a detailed review of recent traffic and revenue trends; an assessment of economic conditions within the Tollway study area; and evaluations of potential impacts of construction projects on and off the Tollway system.

Michael Colsch
October 23, 2008
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Construction Impacts

Construction projects associated with the Illinois Tollway's Congestion-Relief Program will continue through 2009. Several active projects on the Tri-State Tollway are scheduled to continue through 2009, including widening of the southern section between 159th Street and 95th Street; widening on the northern portion from Balmoral Avenue to Lake-Cook Road, from Half Day Road to IL 173 and reconstruction between IL 173 and Russell Road. Reconstruction and widening is scheduled for two segments of the Ronald Reagan Memorial Tollway in 2008 and 2009: between York Road and Washington Street and between Orchard Road and the Aurora Plaza. On the Jane Addams Tollway major reconstruction and reconfiguration of the Cherry Valley interchange and an add lane project between Newburg and Rockton Roads began in 2008 and are scheduled to be completed by the end of 2009. On the Veterans Memorial Tollway an add lane/resurfacing project between 75th Street and Ogden Avenue that began in 2008 will continue through 2009. While it is anticipated that the existing number of mainline lanes will be in operation at reduced width at all times during all the add lanes projects, construction activity is still expected to negatively impact usage. This has been assumed in developing the toll revenue estimates provided herein.

WSA believes the construction impacts on toll revenue that are included in these estimates are reasonable given the information available at this time. As additional information becomes available on 2009 construction activity and maintenance of traffic plans, the estimates may be revised.

National and Regional Economy

The national economy has experienced a significant downturn since early to mid 2007. According to the Federal Reserve's July 2008 Monetary Policy Report, weakness in housing-related activity that was initially triggered by a sharp increase in delinquencies and defaults on subprime mortgages, continued through the second quarter of 2008. The spillover of problems in the housing and financial markets to other sectors was initially limited, with the national real Gross Domestic Product (GDP) rising in the third quarter of 2007 at almost 5 percent. In the fourth quarter of 2007, however, revised real GDP showed a decrease of 0.2 percent, with only a 0.9 percent increase in real GDP in the first quarter of 2008. Real GDP grew in the second quarter of 2008 by 2.8 percent, although much of this growth has been attributed to the economic stimulus payments to tax payers and improved exports due to the weaker U.S. dollar.

The Federal Reserve, in its July 2008 Monetary Policy report projected real GDP to increase by 1 to 1.6 percent for the entire year of 2008, increasing to between 2 and 2.8 percent in 2009. In 2010, real GDP was projected to increase by 2.5 to 3 percent. However, the Congressional Budget Office, in its September 2008 Budget and Economic Outlook Update, projects real GDP to only increase by 1.5 percent in 2008 and 1.1 percent in 2009.

The recent turmoil in the financial markets stemming from the mortgage crisis has resulted in the failure of several large banks, the placement of Fannie Mae and Freddie Mac into conservatorship by the government, and the takeover of some investment banks by commercial banks brokered by the Federal Reserve Bank and the US Treasury Department.

Consumer confidence has moderated somewhat in the last three months. The Conference Board's Consumer Confidence Index declined for the seven straight months, bottoming out at 49.2 in June. However, the index showed gains in July, August and September, recovering to 58.5 in September, although the September consumer confidence survey did not capture all of the tumultuous events in the financial sector in the month.

Michael Colsch
October 23, 2008
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In the labor market, private sector payrolls slowed markedly in late 2007 and early 2008. Private sector employment declined in the first half of 2008 at an average monthly rate of 94,000 jobs nationally, and the national unemployment rate rose to 5.5 percent.

The sluggish pace of hiring, higher energy prices, lower equity prices and softening home prices have impacted consumer confidence and consumer spending. The Federal Reserve took several steps to stabilize the financial markets, extending credit to financial institutions and cutting the Federal Funds Rate beginning with a 50 basis point cut in September 2007. The Federal Reserve's Open Market Committee has cut the Federal Funds Rate six more times since September 2007, bringing the Federal Funds Rate to its current 2.0 percent level.

Motor Fuel Prices

A critical factor affecting the national and regional economy has been the sharp rise in energy prices, with crude oil trading at about \$83 per barrel higher in early July 2008 compared to June 2007. According to the September 2008 Energy Information Administration's (EIA) Short Term Energy Outlook, the price of West Texas Intermediate crude oil increased sharply from approximately \$58 per barrel in the first quarter of 2007 to approximately \$145 per barrel in July 2008, falling back to approximately \$117 per barrel in August 2008. National retail gasoline prices have moderated similarly, from a peak of \$4.11 per gallon for regular gasoline for the week of July 14, 2008 to \$3.81 per gallon for the week of August 11, 2008. Retail diesel prices have changed similarly, up from a national average of \$2.55 per gallon in the first quarter of 2007 to approximately \$4.76 per gallon on July 14th, to \$4.35 per gallon on August 11, 2008.

The EIA's September 2008 Short-Term Energy Outlook report forecasts crude oil prices to average \$116 per barrel in 2008, and \$126 per barrel in 2009. Regular-grade gasoline is projected to average \$3.61 per gallon nationally in 2008. Prices are forecast to remain high in 2009, with the average price of \$3.88 per gallon in 2009. Diesel prices are forecast to average \$4.09 per gallon nationally in 2008, and \$4.26 per gallon in 2009. The domestic economic slowdown has dampened demand for gasoline and diesel, contributing to lower forecast prices later this year.

Impact of Economy and Motor Fuel Prices on Travel

The effect of the slowing economy and rising motor fuel prices on travel has been felt both nationally and regionally. The July 2008 issue of Traffic Volume Trends, published by the Federal Highway Administration (FHWA), based on approximately 4,000 continuous traffic counting locations nationwide, indicated that the estimated vehicle-miles of travel on all roads and streets nationwide declined by 3.6 percent compared to July 2007. The cumulative vehicle-miles of travel for the first seven months of 2008 was estimated to be 3.0 percent lower than the same period in 2007.

The FHWA estimated that travel on urban arterial roads in Illinois declined by 0.8 percent in July 2008 compared to July 2007. This follows a decline of 4.5 percent in vehicle-miles traveled in June 2008 compared to the same month a year ago.

It is anticipated that the effects of the economic slowdown and high gasoline prices will continue to be felt through the rest of 2008 and 2009.

Traffic and Revenue Forecasts

It was observed that revenues for the first eight months of 2008 were 3.6 percent lower than our prior forecast. We believe the decline in travel caused by the economic situation and motor fuel price increases will continue through 2009. The toll revenue forecasts provided herein reflect negative adjustments for the economy and high motor fuel prices for the rest of 2008 and all of 2009.

Michael Colsch
October 23, 2008
Page 4 of 6

WSA will continue to monitor economic activity, traffic growth and the impacts of construction on the Illinois Tollway. We trust the information herein meets your needs. Please let me know if you have questions or need additional information.

Yours truly,

WILBUR SMITH ASSOCIATES



Eugene Ryan
Regional Manager

Attachments

Michael Colsch
 October 23, 2008
 Page 5 of 6

Table 1
Illinois Tollway
2008 Monthly Systemwide
Expected Revenue Estimates

EXPECTED REVENUES		
(thousands)		
JANUARY	\$50,180	¹
FEBRUARY	47,365	¹
MARCH	52,218	¹
APRIL	52,859	¹
MAY	55,362	¹
JUNE	54,867	¹
JULY	56,924	¹
AUGUST	56,799	¹
SEPTEMBER	52,060	²
OCTOBER	54,210	²
NOVEMBER	51,000	²
DECEMBER	50,821	²
TOTAL	\$634,666	

¹ Adjusted expected revenue from the Illinois Tollway

² WSA estimate of expected revenue

Michael Colsch
 October 23, 2008
 Page 6 of 6

Table 2
Illinois Tollway
2009 Monthly Systemwide
Expected Revenue Estimates

EXPECTED REVENUES	
(thousands) ¹	
JANUARY	\$51,176
FEBRUARY	46,608
MARCH	53,213
APRIL	53,960
MAY	56,494
JUNE	56,066
JULY	58,110
AUGUST	57,990
SEPTEMBER	53,232
OCTOBER	55,399
NOVEMBER	52,073
DECEMBER	51,841
YEARLY TOTAL	\$646,160

¹ WSA estimate of expected revenue

CTE
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October 22, 2008

Mr. Michael Colsch
Chief of Finance
Illinois State Toll Highway Authority
2700 Ogden Avenue
Downers Grove, IL 60515

Subject: 2008 Renewal and Replacement Deposit - Amended

Dear Mr. Colsch:

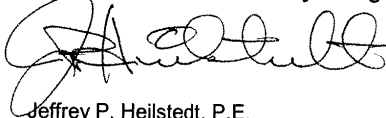
Based on actual 2008 expenditures and revised cash flow projections, Tollway Finance has asked CTE to review the 2008 Renewal and Replacement (R&R) deposit recommendation for the R&R Account. Tollway Finance has provided a cash flow analysis for the account for 2008-2009. In addition, CTE obtained program expenditures from the Program Manager which includes the General Engineering Consultant's input for system-wide improvements. Tollway Finance is projecting that without the recommended \$100,000,000 deposit, the R&R account will have a balance of approximately \$70 million dollars by the end of 2008.

Based on the information provided, it is our opinion that the \$100,000,000 deposit for 2008 could be deferred until 2009. The projected balance of approximately \$70 million dollars is an adequate reserve for any unanticipated maintenance and rehabilitation needs of the system for 2009. The R&R deposit of the deferred \$100,000,000 will be included in the amount recommended for deposit in 2009. The 2009 R&R Deposit will be addressed under a separate letter.

If you have any questions or need additional information, please contact the undersigned.

Sincerely,

Consoer Townsend Envirodyne Engineers, Inc.



Jeffrey P. Heilstedt, P.E.
Vice President

c: D. Catuara, Tollway
P. Kovacs, Tollway
G. Stukel, Tollway
R. Zuccherro, Tollway
S. Banak, Tollway
M. Molliconi, Tollway
File: 60040580, 201, 207

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December 1, 2008

Mr. Michael Colsch
Chief of Finance
Illinois State Toll Highway Authority
2700 Ogden Avenue
Downers Grove, IL 60515

Subject: 2009 Renewal and Replacement Deposit

Dear Mr. Colsch:

We have reviewed the renewal and replacement needs of the Tollway system in order to develop our recommendation for the deposit to be made to the Renewal and Replacement (R&R) Account in 2009. In addition to the maintenance and rehabilitation needs of the system, the Amended and Restated Trust Indenture, dated March 31, 1999 also permits the purchase of capital equipment under the R&R Account.

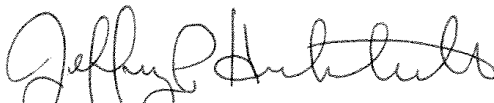
A cash flow analysis prepared by the Program Manager and Tollway Finance was furnished to CTE on October 21, 2008. Based on this analysis, we recommend depositing \$161,000,000 to the R&R Account for 2009 in order to fund the projects in the Tollway's Final Program of roadway, bridge, and facility repair, rehabilitation and reconstruction. We also estimate that approximately \$50 million of additional revenue will be available for projects.

Total draws for the R&R Program in 2009 are estimated to be \$164.1 million. Based upon revenue generated from bond sales being committed to the Capital Program, the combination of bond revenue, deposits and draws on the cash balance of the R&R Account will fund the projects in the Program including \$60.0 million for Capital Projects such as fleet vehicle purchases, I-PASS Transponders, Information Technology projects, the Intelligent Transportation Systems program, and other Capital Projects.

If you have any questions or need additional information, please contact the undersigned.

Sincerely,

Consoer Townsend Envirodyne Engineers, Inc.



Jeffrey P. Heistert, P.E.
Vice President

c: J. Dailey, Tollway
D. Catuara, Tollway
G. Stukel, Tollway
S. Banak, Tollway
P. Kovacs, Tollway
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M. Molliconi, Tollway
File: 60040580, 201, 207

2009 BUDGET
ILLINOIS STATE TOLL HIGHWAY AUTHORITY
CERTIFICATE OF AUTHORIZED OFFICER

Set forth below is a statement showing actual and estimated Revenues (including estimates of Toll Revenues prepared by the Traffic Engineer, Wilbur Smith Associates, Inc.), Operating Expenses, Aggregate Debt and Service and Renewal and Replacement Deposit (formerly Major Improvement and prepared by the Consulting Engineer, Conseor Townsend Envirodyne Engineers, Inc.) for the years 2008 and 2009. This statement is prepared for the purpose of determining whether the Net Revenues, as projected will be sufficient to at least equal the Net Revenue Requirements for such years, in accordance with the requirements of Section 713 of the Trust Indenture.

		(millions)	
		FY 2008	FY 2009
Net Revenues :			
Actual Revenues - First Eight Months :			
	Toll Revenue *	\$391.4	
	Evasion Recovery	35.7	
	Investment Income	18.2	
	Concession and Miscellaneous	4.2	
	First Eight Months Revenues	\$449.5	
Estimated Revenues - Last Four Months :			
	Toll Revenue *	\$193.6	
	Evasion Recovery	19.3	
	Investment Income	\$6.8	
	Concession and Miscellaneous	\$0.8	
	Last Four Months Revenues	\$220.5	
Estimated Revenues :			
	Toll Revenue *	\$585.0	\$605.0
	Evasion Recovery	55.0	45.0
	Investment Income	25.0	22.0
	Concession and Miscellaneous	5.0	8.0
	Total Estimated Revenues	\$670.0	\$680.0
	Less: Total Budgeted Operating Expenses	\$245.3	\$257.6
	Estimated Net Revenues	\$424.7	\$422.4
Net Revenue Requirement			
	Aggregate Debt Service Requirement	\$204.0	\$210.0
	Renewal/Replacement Deposit per CTE	0.0	161.0
	Estimated Investment Income on Renewal and Replacement Account	4.0	2.0
	Estimated Net Revenue Requirement	\$208.0	\$373.0
	Additional Available for Deposit to Renewal, Replacement and Improvement	\$216.7	\$49.4

* Wilbur Smith and Associates has estimated expected toll revenues to total \$634,666,000 in 2008 and \$646,148,000 in 2009. The amounts included in this certificate are adjusted to reflect the Tollway's estimate of overpayments, underpayments, and evaded tolls. The adjustments reduce toll revenues by \$49,666,000 for 2008, and \$41,148,000 for 2009.

