



Record of Meeting | August 31, 2023

The Illinois State Toll Highway Authority (“Tollway”) held the regularly scheduled Finance & Audit Committee meeting on Thursday, August 31, 2023, in the Boardroom of Tollway headquarters in Downers Grove, Illinois. The meeting was held pursuant to the By-Laws of the Tollway upon call and notice of the meeting executed by Chairman Arnaldo Rivera and posted in accordance with the requirements of the Open Meetings Act, 5 ILCS 120/1, *et seq.*

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

Call to Order / Roll Call

Director Perinar stated that in accordance with Tollway By-laws, Article III, Section 4(c), Chairman Rivera has appointed him to serve as Committee Chair for the purposes of the meeting. Committee Chair Perinar called the meeting to order at approximately 8:47 a.m. He then asked the Board Secretary to call the roll, those Directors present and absent being as follows:

Committee Members Present:
Committee Chair Gary Perinar
Director James Connolly
Director Jacqueline Gomez
Director Scott Paddock

Other Directors in Attendance:
Director Karen McConnaughay
Director Melissa Neddermeyer
Director James Sweeney
Director Mark Wright
Chairman Arnaldo Rivera

Committee Members Not Present:
None

The Board Secretary declared a quorum present.

Public Comment

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

Committee Chair’s Items

Committee Chair Perinar entertained a motion to approve **Committee Chair’s Item 1**, the minutes of the regular Finance & Audit Committee meeting held on July 27, 2023, as presented. Director



Gomez made a motion to approve the minutes, seconded by Director Paddock. The motion PASSED unanimously by voice vote.

Having no further items, Committee Chair Perinar called on Executive Director Cassandra Rouse.

Executive Director's Items

Executive Director Rouse introduced Chief Financial Officer, Cathy Williams, to present the June 2023 YTD financial review. [See attached presentation.](#)

Upon conclusion of the presentation and discussion, Committee Chair Perinar thanked Ms. Williams.

Executive Director Rouse introduced Chief Operating Officer, Jeff Donoghue, to provide an update on the Enterprise Risk Management program. [See attached presentation.](#)

Upon conclusion of the presentation and discussion, Committee Chair Perinar thanked Mr. Donoghue.

Adjournment

There being no further Committee business, Committee Chair Perinar entertained a motion to adjourn. Director Gomez made a motion to adjourn, seconded by Director Paddock. The motion PASSED unanimously by voice vote. The meeting was adjourned at approximately 9:08 a.m.



Minutes taken by: _____

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority



2023 JUNE YTD BUDGET TO ACTUAL
(Preliminary and Unaudited)

Cathy Williams
August 31, 2023



June YTD 2023 – Budget vs. Actual

CATEGORY	(\$ millions)			% CHANGE
	BUDGET	ACTUAL	\$ CHANGE	
Revenue	\$763	\$785	\$22	2.8%
M&O Expenditures	\$216	\$205	(\$11)	(5.3%)
Debt Service Transfers	\$254	\$245	(\$8)	(3.3%)
Capital Expenditures	\$599	\$432	(\$167)	(27.9%)

Key Drivers

Revenue

- Higher-than-expected investment income from short-term investment rates
- Toll revenue better than expected due to passenger cars transactions and revenue

M&O

- Less than the budget due to vacancies

Debt Service

- Less than budget due to new bond issuance later than assumed in the budget

Capital Expenditures

- Less than budget primarily due to additional time required for I-490 Tollway Project railroad and utility coordination
- Timing of Central Tri-State Tollway (I-294) Project construction activities

Note: Numbers may not add to totals due to rounding

REVENUE

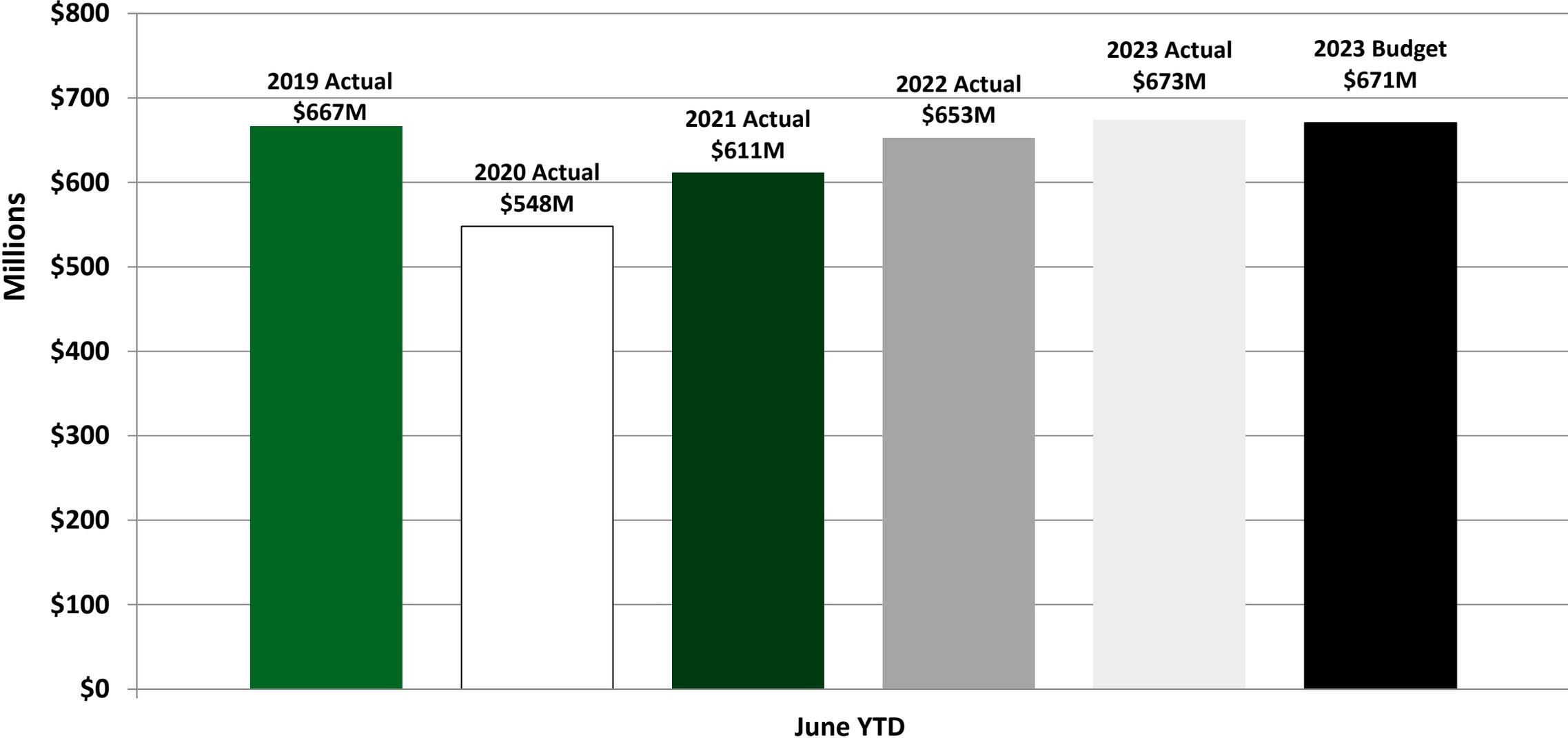


June YTD 2023 - Revenue

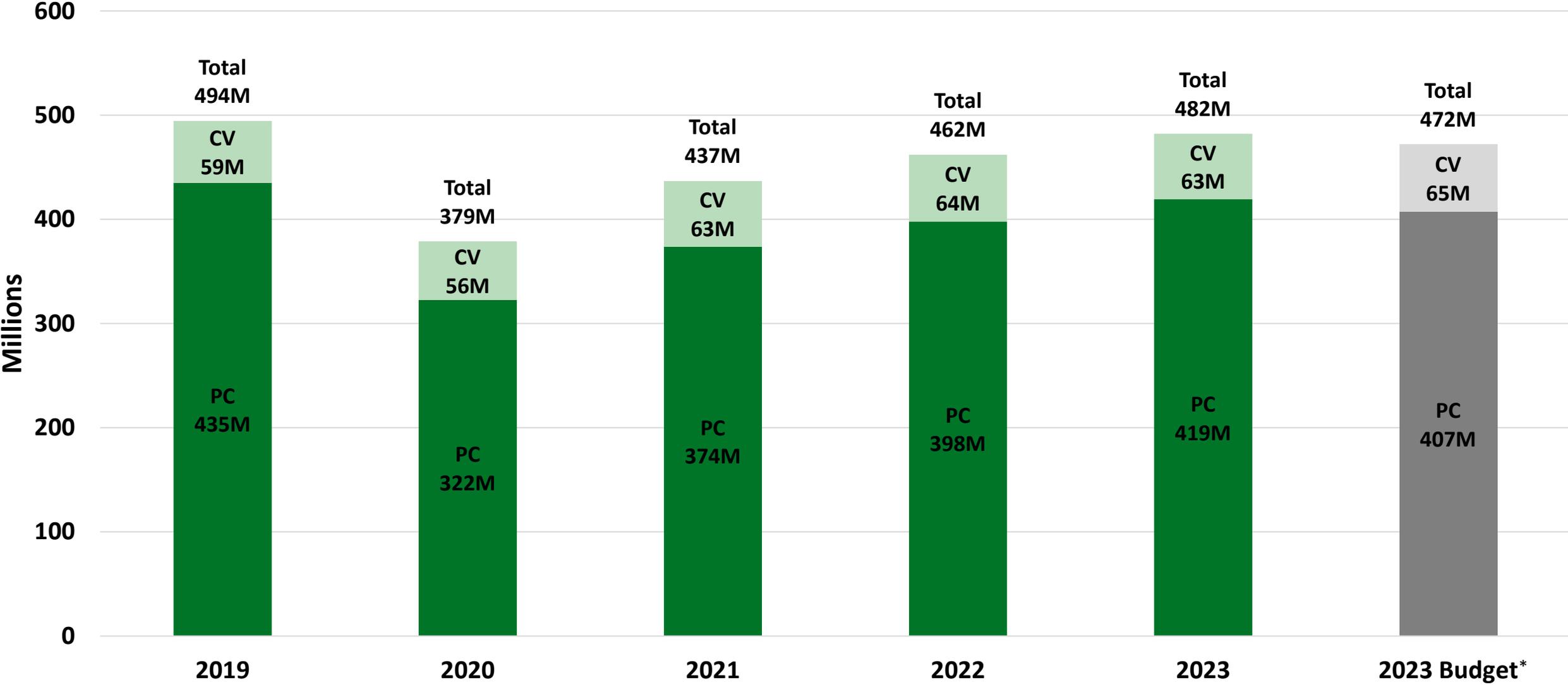
CATEGORY	BUDGET	(\$ millions)		% CHANGE
		ACTUAL	\$ CHANGE	
Total Revenue	\$763.0	\$784.6	\$21.5	2.8%
Toll Revenue and Evasion Recovery	\$745.7	\$747.2	\$1.5	0.2%
Concession and Miscellaneous Income	\$3.3	\$3.2	(\$0.1)	(2.2%)
Investments	\$14.0	\$34.1	\$20.1	143.9%

Note: Numbers may not add to totals due to rounding

June YTD Toll Revenue 2019 – 2023

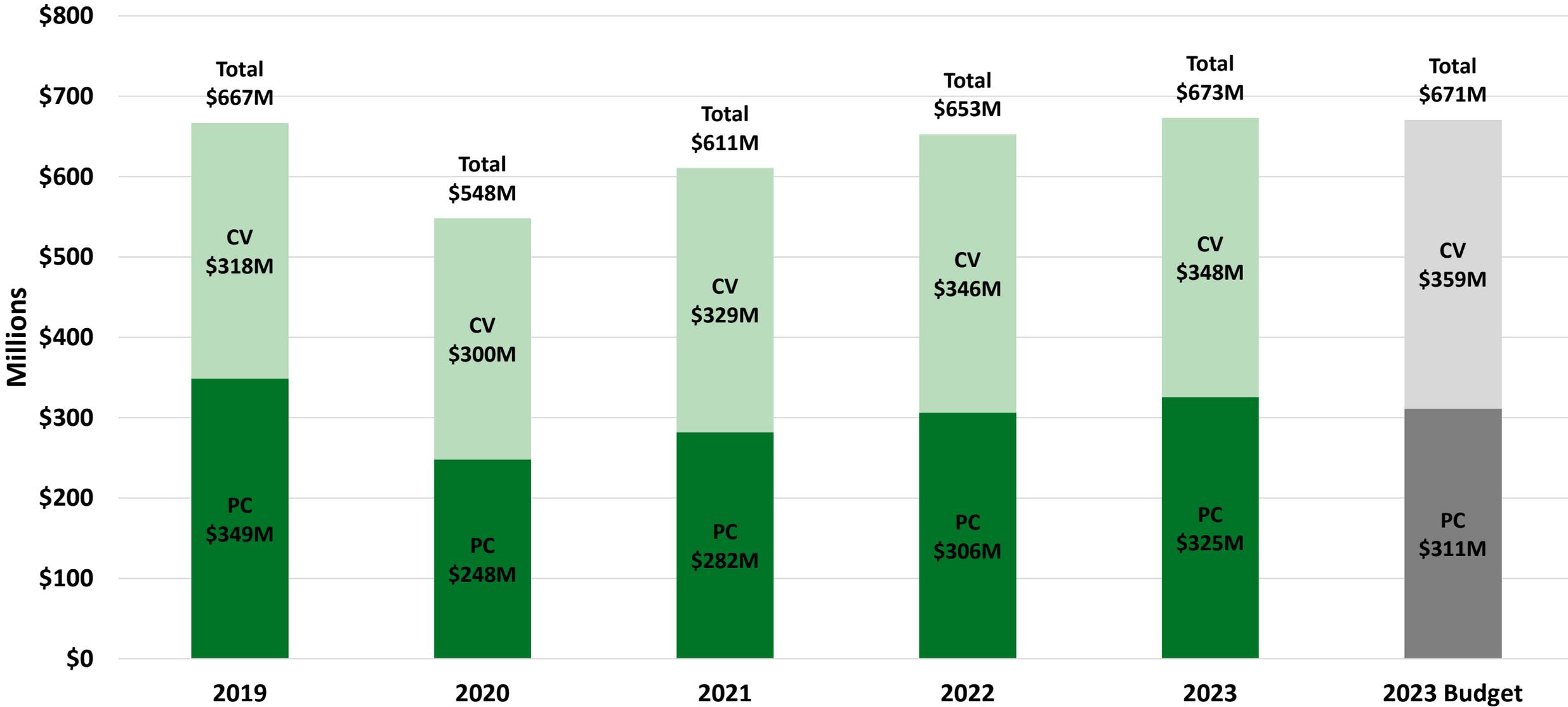


June YTD Vehicle Transactions 2019 - 2023



* Source CDM Smith

June YTD Toll Revenue 2019- 2023



June YTD 2023 – Maintenance and Operations

CATEGORY	BUDGET	(\$ millions)		% CHANGE
		ACTUAL	\$ CHANGE	
Total M&O	\$216.2	\$204.7	(\$11.5)	(5.3%)
Payroll and Related Costs	\$97.1	\$88.3	(\$8.8)	(9.1%)
Contractual Services	\$54.6	\$51.9	(\$2.7)	(4.9%)
Group Insurance	\$18.1	\$17.9	(\$0.2)	(1.1%)
Other Post Employment Benefits	\$4.1	4.5	\$0.5	12.2%
Equipment Maintenance	\$20.5	\$20.7	\$0.2	0.8%
All Other Insurance	\$6.3	\$6.4	\$0.2	2.4%
Materials/Operational Supplies/Other Expenses	\$6.6	\$6.4	(\$0.2)	(2.4%)
Utilities	\$4.4	\$4.3	(\$0.1)	(2.9%)
Parts and Fuel	\$4.5	\$4.0	(\$0.4)	(9.9%)
Other Miscellaneous Expenses	(\$0.0)	\$0.2	\$0.2	NA

Key Drivers

Payroll and Related Costs

- Less than budget due to vacant positions

Contractual Services

- Less than budget primarily due to outside and consulting services

Note: Numbers may not add to totals due to rounding

CAPITAL PROGRAM



June YTD 2023 - Capital Program

CATEGORY	BUDGET	(\$ millions)		% CHANGE
		ACTUAL	\$ CHANGE	
Tri-State (I-94/I-294/I-80)	\$297.8	\$253.1	(\$44.7)	(15.0%)
Reagan Memorial (I-88)	\$1.5	\$5.4	\$3.9	NA
Jane Addams Memorial (I-90)	\$1.0	(\$7.5)	(\$8.5)	NA
Veterans Memorial (I-355)	\$2.2	\$0.3	(\$1.9)	(86.7%)
Systemwide Improvements	\$103.9	\$96.9	(\$7.0)	(6.8%)
Tri-State (I-294)/I-57 Interchange	\$9.0	\$6.5	(\$2.4)	(27.1%)
Elgin O'Hare Western Access	\$180.7	\$82.7	(\$98.0)	(54.2%)
Total Capital Expenditures	\$599.0	\$437.9	(\$161.1)	(26.9%)
Agreement Reimbursements and Other Adjustments	\$0.0	(\$5.8)	(\$5.8)	NA
Total Capital with Reimbursements	\$599.0	\$432.1	(\$166.9)	(27.9%)

Note: Numbers may not add to totals due to rounding

Key Drivers

I-490 Tollway Project

- Less than budget primarily due to additional time required for railroad and utility coordination

Central Tri-State (I-294) Project

- Less than budget as a result of timing of construction activities
- This variance was partially offset by greater than expected progress on the I-290/I-88 Interchange and timing of utility payments

Jane Addams Memorial Tollway (I-90)

- Less than budget due to an accounting adjustment during project closeout

Systemwide

- Less than budget primarily due to timing of construction



THANK YOU



APPENDIX

2023 vs 2022 Results



June YTD – Maintenance and Operations – 2023 vs 2022

CATEGORY	(\$ millions)					
	2022		2023		2023 ACTUAL/ 2022 ACTUAL CHANGE	
	BUDGET	ACTUAL	BUDGET	ACTUAL	\$ CHANGE	% CHANGE
Payroll and Related Costs	\$95.9	\$88.3	\$97.1	\$88.3	\$0.0	0.0%
Contractual Services	\$52.6	\$44.3	\$54.6	\$51.9	\$7.6	17.2%
Group Insurance	\$16.6	\$17.0	\$18.1	\$17.9	\$0.9	5.4%
Other Post Employment Benefits	\$4.1	\$0.7	\$4.1	\$4.5	\$3.8	NA
Equipment Maintenance	\$16.9	\$16.7	\$20.5	\$20.7	\$4.0	24.1%
All Other Insurance	\$6.9	\$6.8	\$6.3	\$6.4	(\$0.4)	(6.1%)
Materials/Operational Supplies/Other Expenses	\$4.9	\$4.1	\$6.6	\$6.4	\$2.3	54.9%
Utilities	\$3.5	\$4.3	\$4.4	\$4.3	(\$0.1)	(1.4%)
Parts and Fuel	\$3.3	\$5.0	\$4.5	\$4.0	(\$0.9)	(18.6%)
Other Miscellaneous Expenses	(\$0.1)	(\$0.6)	(\$0.0)	\$0.2	\$0.8	NA
Total Maintenance and Operations Expenditures	\$204.4	\$186.6	\$216.2	\$204.7	\$18.1	9.7%

Note: Numbers may not add to totals due to rounding

June YTD - Capital Program 2023 vs 2022

CATEGORY	(\$ millions)					
	2022		2023		2023 ACTUAL/ 2022 ACTUAL CHANGE	
	BUDGET	ACTUAL	BUDGET	ACTUAL	\$ CHANGE	% CHANGE
Tri-State (I-94/I-294/I-80)	\$295.1	\$252.7	\$297.8	\$253.1	\$0.4	0.2%
Reagan Memorial (I-88)	\$4.5	\$0.8	\$1.5	\$5.4	\$4.6	NA
Jane Addams Memorial (I-90)	\$1.5	\$0.1	\$1.0	(\$7.5)	(\$7.6)	NA
Veterans Memorial (I-355)	\$1.1	\$1.1	\$2.2	\$0.3	(\$0.8)	(74.2%)
Systemwide Improvements	\$113.1	\$75.5	\$103.9	\$96.9	\$21.4	28.3%
Tri-State (I-294)/I-57 Interchange	\$29.3	\$18.7	\$9.0	\$6.5	(\$12.2)	(65.1%)
Elgin O'Hare Western Access	\$154.0	\$177.5	\$180.7	\$82.7	(\$94.8)	(53.4%)
Total Capital Expenditures	\$600.7	\$527.0	\$599.0	\$437.9	(\$89.1)	(16.9%)
Agreement Reimbursements and Other Adjustments	\$0.0	(\$5.7)	\$0.0	(\$5.8)	(\$0.1)	(2.6%)
Total Capital with Reimbursements	\$600.7	\$521.3	\$599.0	\$432.1	(\$89.3)	(17.1%)

Note: Numbers may not add to totals due to rounding



ENTERPRISE RISK MANAGEMENT UPDATE

Jeff Donoghue – Chief Operating Officer
August 31, 2023

ERM PROGRAM UPDATE

Overview

ERM is a structured framework for managing risks which involves:

Enterprise Risk Management

Identifying events or circumstances relevant to the achievement of an organization's strategic objectives (risks and opportunities)

Assessing the upside and downside of risks in terms of likelihood and magnitude of impact

Determining a risk response strategy

Monitoring and reporting on status of action plans, changes to risks and new/emerging risks

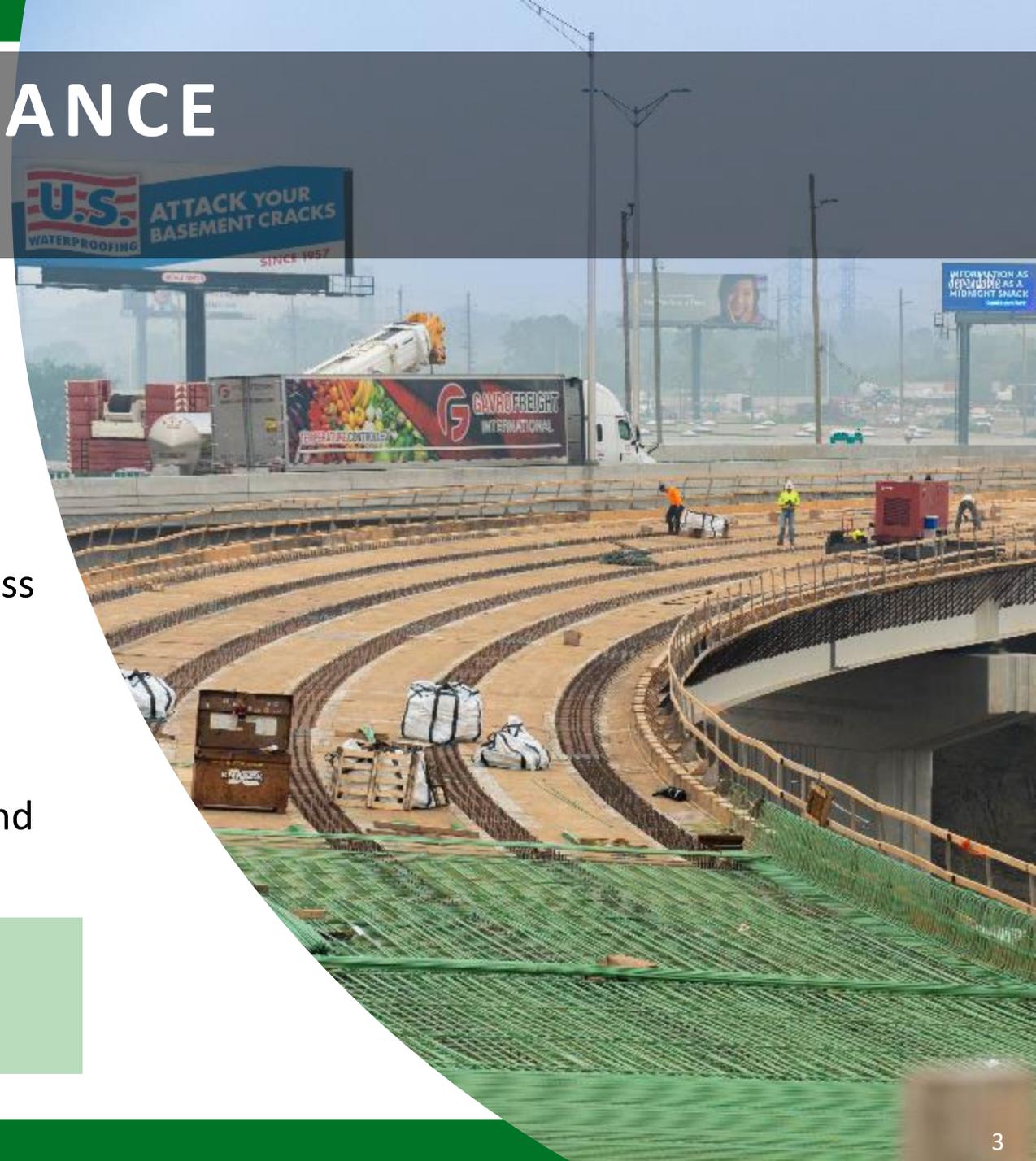


ERM PROGRAM GOVERNANCE

ERM Steering Committee

- ✓ Comprised of executive leaders from various functional areas
- ✓ Facilitates leadership discussions of strategic risk
- ✓ Develops a balanced and practical approach to address and mitigate risk
- ✓ Meets quarterly to review top risks and related risk mitigation strategies
- ✓ Provides program updates to the Audit Committee and Chairman of the Board

Mission: Create a practical, sustainable process assisting with identifying, assessing, and managing risks and opportunities across the entity



CURRENT ERM STEERING COMMITTEE MEMBERS

Cassandra Rouse – Executive Director

Jeffrey Donoghue – Chief Operating Officer

Cathy Williams – Chief Financial Officer

Michael Shay – Chief Information Officer

Manar Nashif – Chief Engineering Officer

Kathleen Pasulka-Brown – General Counsel

Angela Jenkins – Chief of Administration

Peter Foernsler – Chief of Procurement

Terry Miller – Chief of Diversity and Strategic Development

Arthur Grist – Chief Security Officer

Shaun Farmer – Chief of Internal Audit (non-voting member)



2023 ERM PROGRAM ACTIVITY SUMMARY

Jeff Donoghue (Chief Operating Officer) assumed role of ERM Program Steering Committee Chair in Spring 2023

Workshops with risk owners were held over several months to further define their understanding of individual risks and their maturity

Building on improvements to risk maturity, a full assessment of each risk will be updated in the next bi-annual report

Steering Committee reconvened to discuss program objectives and next steps for 2023, committee agreed to focus their efforts on assessing and improving risk maturity

Risk owners provided an assessment of maturity which is included in the August 2023 report

RISK MATURITY SCALE AND DEFINITIONS

Maturity Scale	Description
Ad-Hoc	<ul style="list-style-type: none">• Risk identification and assessment is siloed and unstructured• Process utilizes informal evaluation factors and criteria
Basic	<ul style="list-style-type: none">• Risk identification and assessment is reactive and performed as needed or requested• Process relies solely on qualitative data to identify and assess risks• Limited cross-functional input or collaboration
Managed	<ul style="list-style-type: none">• Risk identification and assessment follows a structured and consistent process• Process incorporates the use of quantitative data to help identify and assess risks• Involves regular input and perspectives from individuals or groups who have knowledge or expertise related to the identified risks
Optimized	<ul style="list-style-type: none">• Risk identification and assessment follows a well-defined methodology and performed continuously as part of key organizational activities and decision making• Process focuses on data-driven analysis for proactive risk monitoring, scenario planning, and identification of emerging risks or changes in risk landscape• Involves feedback and lessons learned from previous risk management activities to refine and enhance the risk identification and assessment process over time

SELECTED PROGRAM HIGHLIGHTS

Recent Improvements due to ERM

- ✓ Establishment of monthly, formal, systemwide IT governance review
- ✓ Integration of ethics training with all new onboards for employees
- ✓ Agreement with Army Corps of Engineers to streamline regulatory reviews and approvals
- ✓ Establishment of cybersecurity management team and IT assessment against NIST Cybersecurity Framework
- ✓ Enhancements to training, post-incident interviews and reporting regarding employee safety



A wide-angle photograph of a construction site at dusk. The sky is a mix of blue and orange, with scattered white clouds. In the foreground, a yellow bulldozer is parked on a dirt and gravel surface. To the left of the bulldozer, a construction worker wearing a yellow safety vest and a hard hat stands near a surveying instrument. The background shows a dirt embankment, a fence line, and some distant construction equipment and vehicles under a streetlight. The overall scene is one of active construction work.

THANK YOU