



Record of Meeting | October 15, 2020

The Illinois State Toll Highway Authority (“Tollway”) held the regularly scheduled Finance, Administration and Operations (“FAO”) Committee meeting on Thursday, October 15, 2020. The meeting was held pursuant to the By-Laws of the Tollway upon call and notice of the meeting executed by Chairman Willard S. Evans, Jr. and posted in accordance with the requirements of the Open Meetings Act, 5 ILCS 120/1, *et seq.*

Due to necessary precautions relating to COVID-19, in accordance with the Gubernatorial Disaster Proclamation and current conditions, and consistent with the Open Meetings Act, it was determined by Chairman Willard S. Evans, Jr. that an in-person meeting of the body was neither practical nor prudent. In compliance with all conditions of Section 7(e) of the Open Meetings Act, 5 ILCS 120/7(e), the Committee meeting was conducted by audio conference, without the physical presence of a quorum of the members. A telephone access number was provided for members of the public to monitor and/or participate in the meeting.

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

Call to Order / Roll Call

Committee Chair McConnaughay called the meeting to order at approximately 9:46 a.m. She then asked the Board Secretary to call the roll, those Directors present and absent being as follows:

Committee Members Present:
Committee Chair Karen McConnaughay
Director Alice Gallagher
Director Scott Paddock
Director Gary Perinar
Director James Sweeney

Committee Members Not Present:
None

Other Directors Present:
Director James Connolly
Director Stephen Davis
Chairman Willard S. Evans, Jr.



The Board Secretary declared a quorum present.

Public Comment

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

Committee Chair's Items

Committee Chair McConnaughay entertained a motion to approve **Committee Chair's Item 1**, the Minutes of the regular FAO Committee meeting held on September 17, 2020, as presented. Director Gallagher made a motion to approve the Minutes, seconded by Director Paddock. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Chair McConnaughay (5)

Nays: (0)

The motion PASSED.

Having no further items, Committee Chair McConnaughay called on Executive Director José Alvarez.

Executive Director's Items

Executive Director Alvarez stated that in addition to a preview of the 2021 proposed budget, Finance will be presenting for approval a Rolling Owner Controlled Insurance Program, aimed at continuing efforts to increase the participation of small and diverse businesses in the Tollway's capital program.

Executive Director Alvarez then introduced Cathy Williams, Chief Financial Officer, to provide an overview of the Tollway's annual budget process and the Tentative 2021 Budget. [See attached presentation.](#)

Upon conclusion of the presentation, Executive Director Alvarez noted that the meeting agenda contains 23 items for the Committee's consideration. He then proceeded to the presentation of items for consideration.

Items for Consideration



Finance

Executive Director Alvarez called on Cathy Williams, Chief Financial Officer, to present to the Committee the remaining Finance items (having previously presented the Tentative 2021 Budget):

Item 1: Approval of the Tentative 2021 Budget.

Item 2: Award of Contract 19-0171 to Mesirow Insurance Services, Inc. for the purchase of insurance services relating to a Rolling Owner Controlled Insurance Program (ROCIP) in an estimated premium amount of \$3,900,000.00 for a three-year period. The ROCIP will provide General Liability insurance on multiple construction projects available for bid by small businesses (Order Against CMS Master Contract).

Item 3: Authorize issuance of \$100 million worth of Revenue Bonds to finance costs of the Move Illinois Program.

Item 4: Award of Contract 20-0121 to PFM Financial Advisors, LLC for the purchase of Municipal Advisory Services in an amount not to exceed \$150,000.00.

Upon conclusion of the presentation of items, Committee Chair McConnaughay entertained a motion to consolidate for consideration and action Finance Items 1 thru 4. Director Gallagher made a motion to consolidate these items, seconded by Director Paddock. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Chair McConnaughay (5)

Nays: (0)

The motion PASSED.

The motion to consolidate these items having carried, Committee Chair McConnaughay entertained a motion to approve placement of **Finance Items 1 thru 4** on the October Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Gallagher made a motion to approve these items, seconded by Director Paddock. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Chair McConnaughay (5)

Nays: (0)



The motion PASSED.

Operations

Executive Director Alvarez called on Pat Taylor, Chief of Operations, to present to the Committee the following Operations item:

Item 1: Renewal of Contract 17-0172 with Ada S. McKinley Community Services, Inc. for the purchase of Transponder Fulfillment Services in an amount not to exceed \$2,434,198.00 (State Use Program).

Upon conclusion of the item presentation, Committee Chair McConnaughay entertained a motion to approve placement of **Operations Item 1** on the October Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Gallagher made a motion to approve this item, seconded by Director Paddock. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Chair McConnaughay (5)

Nays: (0)

The motion PASSED.

Facilities and Fleet Operations

Executive Director Alvarez called on Dave Donovan, Deputy Chief of Facilities and Fleet Operations, to present to the Committee the following Facilities and Fleet Operations item:

Item 1: Extension to Contract 15-0091 to W.W. Grainger, Inc. for the purchase of Maintenance, Repair, and Operations Catalog Products in an amount not to exceed \$275,000.00 (Order Against CMS Master Contract).

Upon conclusion of the item presentation, Committee Chair McConnaughay entertained a motion to approve placement of **Facilities and Fleet Operations Item 1** on the October Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Gallagher made a motion to approve this item, seconded by Director Paddock. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Chair McConnaughay (5)



Nays: (0)

The motion PASSED.

Information Technology

Executive Director Alvarez called on Joe Kambich, Chief of Information Technology, to present to the Committee the following Information Technology items:

Item 1: Award of Contract 20-0147 to Motorola Solutions, Inc. for the purchase of Motorola TDMA (Time Division Multiple Access) Flash Upgrade in an amount not to exceed \$472,182.90 (Order Against DoIT Master Contract).

Item 2: Renewal of Contract 14-0087 with Sentinel Technologies, Inc. for the purchase of EMC Equipment, Maintenance, Support, and Services in an amount not to exceed \$1,400,000.00 (Tollway Invitation for Bid).

Item 3: Award of Contract 20-0143 to CDW Government LLC for the purchase of NetApp Maintenance and Support for Hardware and Software in an amount not to exceed \$771,798.95 (Cooperative Purchase).

Upon conclusion of the presentation of items, Committee Chair McConnaughay entertained a motion to consolidate for consideration and action Information Technology Items 1 thru 3. Director Gallagher made a motion to consolidate these items, seconded by Director Paddock. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Chair McConnaughay (5)

Nays: (0)

The motion PASSED.

The motion to consolidate these items having carried, Committee Chair McConnaughay entertained a motion to approve placement of **Information Technology Items 1 thru 3** on the October Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Gallagher made a motion to approve these items, seconded by Director Paddock. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Chair McConnaughay (5)



Nays: (0)

The motion PASSED.

Engineering

Executive Director Alvarez called on Paul Kovacs, Chief Engineering Officer, to present to the Committee the following Engineering items:

Item 1: Award of Contract RR-19-4472 to Lizzette Medina & Co. dba Lizzette Medina Landscape Management for Landscape Planting Improvements on the Tri-State Tollway (I-94) between Mile Post 1.50 (IL Route 173) and Mile Post 11.50 (IL Route 120) in the amount of \$1,268,001.50.

Item 2: Award of Contract RR-19-4467 to Semper Fi Yard Services, Inc. for Landscape Planting Improvements on the Reagan Memorial Tollway (I-88) between Mile Post 43.60 (US Route 30) and Mile Post 53.80 (IL Route 26) in the amount of \$758,369.49.

Item 3: Award of Contract I-18-4352 to Lorig Construction Company for Windsor Drive Bridge Replacement on the Illinois Tollway Connector Ramps M & N between the Reagan Memorial Tollway (I-88) & the Tri-State Tollway (I-294) in the amount of \$4,805,346.20.

Item 4: Award of Contract I-20-4541 to Lorig Construction Company for Noise Abatement Wall Construction on the Tri-State Tollway (I-294) between Mile Post 37.7 (O'Hare Oasis) and Mile Post 38.3 (Irving Park Road) in the amount of \$4,331,231.35.

Item 5: Extra Work Order on I-18-4427 to Plote Construction, Inc. / Dunnet Bay Construction Company (JV) for Roadway and Bridge Rehabilitation on the Tri-State Tollway (I-294) between Mile Post 37.85 and Mile Post 40.15 in the amount of \$503,820.63 from \$57,973,500.76 to \$58,477,321.39.

Item 6: Extra Work Order on I-18-4374 to Lorig Construction Company for Roadway and Bridge Reconstruction on the Tri-State Tollway Edens Spur (I-94) between Mile Post 29.0 (West of Union Pacific Railroad) and Mile Post 30.0 (Edens Expressway) in the amount of \$584,985.00 from \$40,770,413.34 to \$41,355,398.34.

Item 7: Extra Work Order on I-19-4449 to Plote Construction, Inc. / Dunnet Bay Construction Company (JV) for Roadway and Bridge Widening and Rehabilitation on the Tri-State Tollway (I-294) between Mile Post 36.3 (Wolf Road) and Mile Post 39.8 (Balmoral Avenue) in the amount of \$500,000.00 from \$62,638,837.48 to \$63,138,837.48.

Item 8: Acceptance of Proposal from T.Y. Lin International Great Lakes, Inc. on Contract I-18-4419 for Supplemental Design Services for Ramp Construction on the I-294 / I-57 Interchange



between Mile Post 6.8 (Southbound I-57) and Mile Post 7.7 (Southbound I-294 Flyover) in an amount of \$69,970.15 from \$2,351,174.60 to \$2,421,144.75.

Item 9: Award of Contract 18-0111RRR to William Charles Construction Company, LLC; Tiles In Style LLC (d.b.a. Taza Supplies) and Civil Constructors, Inc. for the purchase of Stone, Gravel, and Limestone in an aggregate amount not to exceed \$313,545.00 for an initial three-year term and a possible three-year renewal term in an aggregate amount not to exceed \$313,545.00 (Tollway Invitation for Bid).

Item 10: Award of Contract 20-0150 to Cargill, Inc. and Morton Salt, Inc. for the purchase of Bulk Rock Salt in an aggregate amount not to exceed \$5,240,142.48 (Order Against CMS Master Contract).

Item 11: Land Acquisition – Sale of Excess Property in the amount of \$446,236.00 for parcel TW-3B-229.2.EX located west of I-294 and north of 75th Street in the Village of Hodgkins. Cost to Tollway: N/A.

Item 12: Land Acquisition – Transfer of Excess Property authorization for parcels NW-7B-12-901.2.EX and N-7B-45.3EX located along Jarvis Avenue in Des Plaines, IL. Cost to Tollway: N/A.

Upon conclusion of the presentation of items, Committee Chair McConnaughay stated that Director Gallagher has indicated in advance her wish to recuse herself on Engineering Item 8. She requested, without objection, that this item be taken first.

Committee Chair McConnaughay entertained a motion to approve placement of **Engineering Item 8** on the October Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Perinar made a motion to approve this item, seconded by Director Paddock. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Perinar, Director Paddock, Director Sweeney, Chair McConnaughay (4)

Nays: (0)

Recusals: Director Gallagher (1)

The motion PASSED.

Committee Chair McConnaughay next entertained a motion to consolidate for consideration and action Engineering Items 1 thru 7 and 9 thru 12. Director Gallagher made a motion to consolidate these items, seconded by Director Paddock. Committee Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:



Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Chair McConnaughay (5)

Nays: (0)

The motion PASSED.

The motion to consolidate these items having carried, Committee Chair McConnaughay entertained a motion to approve **Engineering Items 1 thru 7 and 9 thru 12**. Director Gallagher made a motion to approve these items, seconded by Director Paddock. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Chair McConnaughay (5)

Nays: (0)

The motion PASSED.

Legal

Executive Director Alvarez requested that consideration of Legal Item 2 be deferred until the Executive Session of the full Board of Directors meeting. He then called on Kathleen R. Pasulka-Brown, General Counsel, to present the remaining Legal Items to the Committee:

Item 1: Approval of an Intergovernmental Agreement with the Village of Hodgkins. Cost to the Tollway: \$0.

Item 2: Authorization to Enter a Worker's Compensation Settlement – Tijuana Williams. Cost to the Tollway: As discussed in Executive Session.

Upon conclusion of the item presentation, Committee Chair McConnaughay stated that without objection, consideration of Legal Item 2 will be deferred.

Committee Chair McConnaughay then entertained a motion to approve placement of **Legal Item 1** on the October Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Gallagher made a motion to approve this item, seconded by Director Paddock. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Chair McConnaughay (5)

Nays: (0)



The motion PASSED.

Adjournment

There being no further Committee business, Committee Chair McConnaughay entertained a motion to adjourn. Director Gallagher made a motion to adjourn, seconded by Director Paddock. Chair McConnaughay asked that the roll be called on the motion, the vote of yeas and nays being as follows:

Yeas: Director Gallagher, Director Paddock, Director Perinar, Director Sweeney, Chair McConnaughay (5)

Nays: (0)

The motion PASSED.

The Meeting was adjourned at approximately 10:59 a.m.

Minutes taken by: _____

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority



TENTATIVE 2021 BUDGET

October 15, 2020

Cathy Williams



2021 Budget Schedule

October

- Tentative 2021 Budget presented to Board

November

- Public review/comment on Tentative 2021 Budget
- Public comments provided to Board
- Incorporate changes arising from review process

December

- Board votes on Final 2021 Budget

2021 Budget Public Hearings

Two public hearings scheduled for the Tentative 2021 Budget

- Wednesday, November 4 – noon
- Wednesday, November 4 – 6 p.m.

Public comments may be shared during the public hearings, mailed or submitted online via the Tollway's website illinoistollway.com through November 13

2021 Budget Highlights

Revenue

- 2021 budgeted revenue is 11 percent* above 2020 estimate but 7.8 percent below the 2020 budget
- Continued anticipated impacts of pandemic and economic recovery

Maintenance and Operations

- Remains flat from the 2020 Budget
- Organizational realignments

Capital Program

- Demonstrates the Tollway's commitment to infrastructure improvements, maintaining system integrity and technology

* Expected revenue projections from CDM Smith



2021 Revenue Sources

Sources of Revenues FY 2019 - FY 2021

(\$ Millions)	2019 Actual	2020 Budget	2020 Estimates	2021 Projections	Percent Change	
					2021 Proj./ 2020 Est.	2021 Proj./ 2020 Budget
CDM Smith Revenue Estimate	\$1,465	\$1,516	\$1,304	\$1,469	12.7%	(3.1%)
Evaded Tolls Net of Evasion Recovery	(2)	(21)	(64)	(74)		
Toll Revenues and Net Evaded Tolls	\$1,463	\$1,495	\$1,240	\$1,395	12.5%	(6.7%)
Investment Income, Concessions and Miscellaneous Revenues	47	40	30	20		
Revenues Total	\$1,510	\$1,535	\$1,270	\$1,415	11.4%	(7.8%)

Potential factors considered by Traffic Engineers' revenue estimates

- Traffic trends
- COVID-19 recovery
- Construction and related lane closures
- Socioeconomic trends
- CPI-based commercial toll rate increases
- Weather-related events
- Weekday/weekend/holiday travel
- Gas prices (if elevated)



2021 Revenue Allocations

MORE THAN 73 PERCENT OF REVENUES ALLOCATED TO SUPPORT INFRASTRUCTURE

Allocation of Revenues FY 2020 - FY 2021

(\$ millions)

(\$ millions)	FY 2020 Budget	FY 2020 Estimates	FY 2021 Projections
Maintenance and Operations	\$380	\$365	\$380
Debt Service and Reserve	450	426	468
Deposits to Renewal and Replacement and Improvement	705	479	567
Allocations Total	\$1,535	\$1,270	\$1,415

The M&O estimate for fiscal year 2020 does not include \$15 million available from the prior year.

Note: Numbers may not add to totals due to rounding

Presented by Cathy Williams on October 15, 2020



2021 Budget – Focus on Customers

The Illinois Tollway serves 1.6 million daily drivers

91 percent of all transactions are I-PASS transactions

2021 Operating Budget includes:

- \$104.0 million in Business Systems and Toll Operations to support tolling and customer service
- \$103.1 million in Engineering and Facilities and Fleet to support roadway maintenance and traffic operations
- \$35.6 million in State Police for safety services
- \$26.8 million in Information Technology

Goal: Enhance the customer driving experience



2021 Maintenance and Operations

KEY DRIVERS OF OPERATING BUDGET

- Increase in total payroll due to increase in salaried positions and wage adjustments
- Increase in equipment maintenance for new and renewed support and software maintenance
- Increase in customer service cost due to increased image reviews and I-PASS communications
- Decrease in credit card usage associated with lower toll revenue
- Decrease in operational materials based on better pricing for winter materials
- Decrease in employee group insurance due to lower headcount and lower administrative costs



2021 Maintenance and Operations By Category

Category (\$ millions)	2019 Actual Expenditures	2020 Budget Expenditures	2021 Budget Request	\$ Change from 2020 Budget	% Change from 2020 Budget
Salary and Wages	\$106,715	\$109,182	\$112,869	\$3,686	3.4%
FICA and Retirement	63,011	66,377	68,984	2,607	3.9%
Group Insurance	31,522	35,800	32,800	(3,000)	-8.4%
All Other Insurance	10,712	11,587	11,099	(488)	-4.2%
Credit Card Fees and Bank Charges	31,408	33,050	30,200	(2,850)	-8.6%
All Other Contractual Services	55,873	66,481	69,776	3,295	5.0%
Equipment/ Office Rental/ Maintenance	24,278	32,372	32,895	523	1.6%
Parts and Fuels	9,154	6,569	5,940	(629)	-9.6%
Utilities	8,437	8,658	8,093	(565)	-6.5%
Operational Materials and Supplies	9,953	10,743	7,606	(3,137)	-29.2%
Other Miscellaneous Expenses	1,091.1	1,733.6	1,449.4	(284)	-16.4%
Recovery of Expenses	(1,947)	(2,305)	(2,194)	111	-4.8%
Total M and O Expenditures	\$350,207	\$380,248	\$379,516	(\$731.1)	-0.2%



2021 Debt Service

Outstanding debt at 1/1/2021 is \$6.4 billion

Assumes issuance of \$600 million of new bonds in 2021

Transfers for debt service estimated at \$468 million

- Principal \$141 million
- Interest \$341 million
- Offset by \$(14) million federal Build America Bonds subsidies

Estimated debt service coverage

- 2.0x in 2020
- 2.1x in 2021

Current Long Term Credit Ratings: Fitch AA- and Moody's A1



2021 Capital Program Summary

(\$ millions)	2012-2019 Expenditures	2020 Estimated Expenditures	2021 Request	Remaining 2022-2027	Move Illinois Program 2012 -2027
Existing System Needs	\$4,657.6	\$775.1	\$1,002.5	\$4,107.0	\$10,542.3
Jane Addams Memorial Tollway (I-90)	2,326.5	5.4	0.7	26.6	2,359.2
Tri-State Tollway (I-94/ I-294/ I-80)	720.7	485.0	690.4	2,423.2	4,319.4
Veterans Memorial Tollway (I-355)	142.0	19.3	1.3	102.7	265.3
Reagan Memorial Tollway (I-88)	244.3	27.3	24.9	69.5	366.0
Systemwide Improvements	1,224.1	238.1	285.3	1,485.0	3,232.5
System Expansion	\$1,745.9	\$386.3	\$531.5	\$1,049.0	\$3,712.8
Tri-State (I-294)/I-57 Interchange	129.6	45.4	78.0	72.3	325.3
Elgin O'Hare Western Access	1,597.1	338.8 *	451.4 **	879.1	3,266.4
Other Emerging Projects	19.3	2.1	2.2	97.6	121.1
<i>Move Illinois</i> Program Total	\$6,403.5	\$1,161.4	\$1,534.1	\$5,156.0	\$14,255.0
Agreement Reimbursements and Other Adjustments	(\$80.6)	(\$67.0)	\$0.0	\$0.0	(\$147.6)
Capital Program Total	\$6,322.9	\$1,094.4	\$1,534.1	\$5,156.0	\$14,107.4

*2020 estimated expenditures include \$176.5 million of ROW payments to UP/CP and CDA.

**2021 Budget includes scheduled payments of \$174 million for UP/CP and CDA.



Capital Program

KEY 2021 CAPITAL PROGRAM HIGHLIGHTS

Elgin O'Hare Western Access Project – \$451.4 million

- Construction of new I-490 Tollway
- Construction of I-490 Interchange and connection to Illinois Route 390 Tollway
- Construction work at I-490/I-294 Interchange and I-490/I-90 Interchange
- Right-of-way acquisition and utility relocation

Central Tri-State Tollway (I-294) Project – \$690.4 million

- Continued design and construction between 95th Street and Balmoral Avenue
- Construction continuing on Mile Long Bridge and BNSF Railway Bridge
- Widening and reconstruction of two mainline segments

Tri-State Tollway (I-294)/I-57 Interchange Project – \$78.0 million

- Phase II ramp construction to continue



Capital Program

KEY 2021 CAPITAL PROGRAM HIGHLIGHTS

Systemwide Projects \$285.3 million

- Bridge, pavement and interchange improvements
- Toll collection and information technology improvements
- Facility upgrades, Job Order Contracting and program support

Reagan Memorial Tollway (I-88) \$24.9 million

- Roadway and bridge rehabilitation between Aurora Toll Plaza and Illinois Route 59
- Deerpath Road Bridge reconstruction and Windsor Road Bridge widening

Veterans Memorial Tollway (I-355) \$1.3 million

- Closeout of Butterfield Road to Army Trail Road improvements



Tentative 2021 Budget Summary

CONSISTENT WITH LONG-TERM FINANCIAL PLAN

Tenth year of *Move Illinois* Capital Program projected to be \$1.5 billion

- 63 percent of the spending, or \$9.0 billion, will be spent on *Move Illinois* Program by end of 2021

2021 budgeted revenue is 11 percent* above 2020 estimate but 7.8 percent below the 2020 budget

Operating costs – remain flat

Debt service coverage projected at 2.1x in 2021





THANK YOU

