THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE EXECUTIVE SESSION OF THE FINANCE, ADMINISTRATION AND OPERATIONS COMMITTEE MEETING

November 12, 2014

On November 12, 2014 at approximately 9:57 a.m., the Finance, Administration and Operations Committee met in Executive Session to discuss Tollway matters related to sale of securities, pursuant to Section 2(c)(7) of the Illinois *Open Meetings Act*.

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

Directors Present:	Staff present for all or portions of the meeting:
Committee Chair Peterson	Kristi Lafleur (Executive Director)
Director David Gonzalez	Michael Stone (Chief of Staff)
Chair Paula Wolff	David Goldberg (General Counsel)
	Mike Colsch (Chief of Finance)

Directors discussed an SEC matter.

[*Discussions related to litigation and the sale and purchase of securities are redacted.]*

At approximately 10:22 a.m., Committee Chair Peterson called for a motion to re-enter the public session of the Finance, Administration and Operations Committee Meeting. Chair Wolff made the motion; seconded by Director Gonzalez. The motion was approved unanimously.

Minutes taken by: /s/ on original

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE EXECUTIVE SESSION OF THE REGULAR BOARD MEETING

November 20, 2014

On November 20, 2014 at approximately 10:42 a.m., the Board of Directors met in Executive Session to discuss Tollway matters related to personnel matters, collective bargaining matters, sale of securities, and litigation matters, pursuant to Sections 2(c)(1), 2(c)(2), 2(c)(7) and 2(c)(11) of the Illinois *Open Meetings Act*.

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

Directors Present:	Staff present for all or portions of the meeting:
Chair Paula Wolff	Kristi Lafleur (Executive Director)
Director James J. Banks	Mike Stone (Chief of Staff)
Director Terry D'Arcy	Mike Colsch (Chief of Finance)
Director Earl Dotson, Jr.	David Goldberg (General Counsel)
Director David Gonzalez	
Director Mark Peterson	
Director Jeff Redick	
Director Tom Weisner	

Directors discussed an SEC matter.

[*Discussions related to litigation and the sale and purchase of securities are redacted.]*

Directors discussed collective bargaining.

[*Discussion redacted related to collective bargaining negotiations*.]

Directors discussed litigation matters.

Staff provided an update on the case of ***Cochran v. Tollway***, a class action suit filed in the northern District of Ohio in which all the Directors were served.

*[Discussion related to litigation and litigation strategy are redacted.]*Staff reported that the Tollway, working with local counsel in Ohio, requested the case be transferred to Illinois, and that request has been granted.

A Director inquired whether a judge had been assigned to the case. Staff responded affirmatively, providing the name of the judge assigned.

A Director requested confirmation that the attorney representing the plaintiff in this action is a family member of the plaintiff. Staff responded affirmatively.

Staff briefed the Board on the case of ***Specialty Contractors, Inc., v. Tollway. Staff*** stated that the plaintiff in this case is seeking damages related to loss of business and harm to reputation as a result of its inclusion on the Tollway's "super scofflaw" list in August 2013. Staff reported that the Tollway's motion requesting transfer of this case from the Circuit Court of Cook County, where originally filed, to DuPage County has been granted.

Staff provided an update on the case of ***Carollo v. Tollway and Village of Schiller Park***, a suit emanating from a sledding collision with a raised water main pipe (owned by Schiller Park) on Tollway property. Staff described the Tollway's contention that the work permit issued to the Village indemnifies the Tollway from personal injury claim. Staff reported that the plaintiff in this case has now requested mediation, and as a result, Tollway negotiations were initiated with the Village to determine the division of liability for any agreement reached through mediation. Staff then provided the plaintiff's current settlement demand and estimated Tollway loss exposure. Staff reported that an agreement has been reached with the Village of Schiller Park that would assign the Village a 75% share, and the Tollway a 25% share, of responsibility for any settlement agreement reached through mediation. Staff noted that the agreement is to include a $100,000 cap on Tollway liability. Staff then requested an endorsement of the Board for the agreed-upon division of liability, before proceeding to the mediation process.

The Board expressed its comfort with the agreement reached as to division of liability.

A Director inquired regarding the status of the Sanders matter. Staff responded that this complaint was recently filed with the Equal Employment Opportunity Commission and the deadline for Tollway response has not yet occurred.

A Director inquired whether the complainant is currently employed at the Tollway. Staff responded that the complainant was an intern at the Tollway, and that her internship reached its scheduled conclusion several weeks ago.

Directors met with Executive Director Lafleur to discuss personnel matters.

Directors met without Executive Director Lafleur to discuss personnel matters.

Directors discussed personnel matters including the annual evaluation of the Executive Director.

There being no further questions, at approximately 11:12 a.m., Chair Wolff called for a motion to re-enter the public session of the Regular Board Meeting. Director Banks made the motion; seconded by Director D'Arcy. The motion was approved unanimously.

Minutes taken by: /s/ on original

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority

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THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE EXECUTIVE SESSION OF THE FINANCE, ADMINISTRATION AND OPERATIONS COMMITTEE MEETING

December 10, 2014

On December 10, 2014 at approximately 10:38 a.m., the Finance, Administration and Operations Committee met in Executive Session to discuss Tollway matters related to real property acquisition and litigation matters, pursuant to Sections 2(c)(5) and 2(c)(11) of the Illinois *Open Meetings Act*.

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

Directors Present:	Staff present for all or portions of the meeting:
Committee Chair Peterson	Kristi Lafleur (Executive Director)
Director Terry D'Arcy	Michael Stone (Chief of Staff)
Director David Gonzalez	David Goldberg (General Counsel)
Chair Paula Wolff	Paul Kovacs (Chief of Engineering)
	Rocco Zucchero (Deputy Chief of Eng. for Planning)
	Joanne Fehn (Land Acquisition Manager)

Directors discussed Workers' Compensation Settlements.

General Counsel provided a summary of the workers' compensation matter of Shawn Holmer. Staff provided the recommendation of outside counsel to settle this workers' compensation claim in an amount not to exceed $220,000.

A Director inquired whether the claimant is still employed by the Tollway. Staff responded the claimant is still a Tollway employee but was medically released to work with restrictions that the Tollway could not accommodate. Staff further

stated that upon settlement, the claimant is expected to leave the Tollway's employ.

A Director inquired how the injury was sustained. Staff provided the circumstances under which the injury was sustained, advising the accepted injury was deemed as compensable by the Tollway's third-party administrator.

A Director requested confirmation that the proposed settlement terminates future Tollway liability in this matter. Staff responded affirmatively.

General Counsel then provided a summary of the workers' compensation matter of Brandon Clatch. Staff provided the recommendation of outside counsel to settle this workers' compensation claim in an amount not to exceed $118,000. Staff added that Mr. Clatch has returned to work at the Tollway.

A Director inquired whether the driver of the vehicle that collided with the Tollway snow plow truck was insured. Staff responded that an investigation conducted by the Tollway's third-party administrator indicates that this individual's insurance coverage was cancelled prior to the incident.

Directors discussed land acquisition matters.

Staff updated the Board regarding land acquisition activities for the Elgin O'Hare Western Access Project ("EOWA"). Staff reported that the Land Acquisition team has been working with Prologis, Inc., in order to potentially acquire 10-15 of their properties along the EOWA corridor. Staff then presented for consideration an Administrative Settlement with Prologis, Inc., to acquire a grouping of five of these properties (Group 1) essential to commence construction. Staff stated the Tollway's external appraisers' aggregate valuation for these five parcels is approximately $30 million, while Prologis, Inc., is asserting a valuation of approximately $51 million. Staff further stated that Prologis, Inc., has offered settlement in the amount of $39 million, noting an administrative settlement in this amount requires Board approval.

A Director inquired about Prologis, Inc. Staff responded that Prologis, Inc., is a global industrial real estate investment trust owning considerable industrial property in the region and throughout the world.

A Director inquired as to the number of parcels along the EOWA corridor owned by Prologis, Inc. Staff responded that Prologis, Inc., owns 18 parcels on the EOWA corridor, 10 of which are currently anticipated to be impacted by Tollway land acquisition activities including the five parcels (Group 1) subsumed in the

proposed Administrative Settlement. Staff noted that potential impact to the remaining eight properties is still being evaluated.

A Director asked for the combined size of the Group 1 parcels. Staff responded approximately 564,000 square feet.

A Director inquired whether the Group 1 parcels are improved property. Staff responded that the parcels largely consist of improved property.

A Director requested that information about Prologis, Inc., including the Board of Directors, ownership interests and record owners be provided in order to inform Directors of any potential conflicts. **Staff responded this information will be provided.**

A Director inquired if there were impediments to a lump-sum acquisition of all 10 identified Prologis, Inc., parcels. Staff responded there was not sufficient time, without risking the delay of project construction, to compile the information necessary for a lump-sum acquisition of all 10 parcels, therefore, the identified parcels were divided for acquisition into two groupings of five parcels each (Group 1 and Group 2).

A Director inquired regarding the second grouping of five Prologis, Inc., parcels (Group 2) identified for acquisition. Staff responded that the Group 1 parcels are costlier and more involved acquisitions in comparison to Group 2, which consists largely of temporary and partial acquisitions with little or no relocation assistance needed.

A Director inquired whether a map showing the identified Prologis, Inc., parcels can be made available to Directors. **Staff responded this information will be provided.**

A Director asked whether the pricing achieved for the Group 1 parcels in the proposed Settlement Agreement can be accommodated within the land acquisition budget established for EOWA. Staff responded affirmatively.

A Director inquired regarding the basis for Prologis, Inc.'s, valuation of the Group 1 parcels. Staff responded that Prologis, Inc.'s, valuation of $51,841,000 is based on market data they have compiled for comparison and provided the Tollway. Staff noted the Land Acquisition team has some concerns with the market data used to produce an estimate of value for one of the Group 1 parcels.

A Director inquired regarding the appraisers engaged by the Tollway to assess the value of the Group 1 parcels and whether they have experience with these types of appraisals. Staff provided the names, firms, and parcel assignments of the appraisers utilized and confirmed they are all experienced.

A Director asked which parcel elicited concerns regarding the market data provided as comparison. Staff identified the parcel as #101, indicating the market data provided by Prologis, Inc., for this parcel did not appear as precise as others.

Staff expressed comfort with the settlement amount offered by Prologis, Inc., and advised there will be complex relocation assistance required on certain Group 1 parcels that include numerous tenants and subtenants, so timely acquisition will be critical to preventing delay in project construction.

A Director inquired about the process and potential outcomes of the activities related to acquiring the Group 1 parcels. Staff stated that Prologis, Inc., rather than proceeding to court where they might expect the difference between the valuations to be split (at potentially $40-$41 million), has offered settlement with the Tollway in the amount of $39 million. Staff added that should the Board approve this settlement offer, the Tollway would enter into an administrative settlement with Prologis, Inc., with a goal of closing on the Group 1 parcels prior to yearend.

A Director requested confirmation that entering into the proposed Administrative Settlement would avoid litigation. Staff confirmed, clarifying that court action would only be necessary if title could not be cleared.

Staff stated that relocation of tenants and subtenants in the Group 1 parcels could potentially take a year's time, advising that Tollway acquisition will provide statutory authority that will help facilitate relocation efforts.

A Director inquired about Prologis, Inc.'s, vacancies within the same industrial parks that might accommodate the relocation of Group 1 parcel tenants. Staff responded that the affected buildings are largely standalone and do not offer opportunities for relocation within the same industrial park. Staff stated the Tollway has requested that Prologis, Inc., attempt relocation of tenants to vacancies within their other properties on the corridor. Staff further stated that Tollway efforts will focus on relocation of tenants locally, in order to minimize the financial impact to local communities. **Staff added that information on commercial vacancies available within the community and corridor will be provided.**

A Director requested, if available, sales figures for comparable properties recently acquired by the Tollway that might be useful for comparison. **Staff responded they will attempt to locate and provide if available.**

A Director inquired regarding the precedent set by agreeing to an administrative settlement for the Group 1 parcels. Staff responded that once closed, the transaction would be published and certain Tollway records would be subject to disclosure under the Freedom of Information Act. Staff noted, however, there is only one, if any, owner with parcels identified for acquisition within the EOWA corridor for which the proposed Administrative Settlement could reasonably be deemed a comparable.

Staff remarked that using the highest sales figures for comparable properties to the Group 1 parcels, as compiled by Tollway appraisers, would result in a valuation of approximately $41 million. **A Director suggested this information be shared with the full Board.**

A Director inquired whether there would be any Tollway revenue generated from the sale of recyclable materials during demolition. Staff responded that any potential revenue from materials salvage is typically factored by vendors into their Tollway bid submissions for the demolition contract.

A Director asked if there are any environmental issues identified within the Group 1 parcels that might result in additional costs to the Tollway for mitigation or demolition. **Staff responded this information will be provided.**

The Committee deferred the proposed Administrative Settlement (Engineering Item 23) to the Executive Session of the December Board of Directors meeting for further consideration.

At approximately 11:06 a.m., Committee Chair Peterson called for a motion to re-enter the public session of the Finance, Administration and Operations Committee Meeting. Chair Wolff made the motion; seconded by Director D'Arcy. The motion was approved unanimously.

Minutes taken by: /s/ on original

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority

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THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE EXECUTIVE SESSION OF THE REGULAR BOARD MEETING

December 18, 2014

On December 18, 2014 at approximately 11:12 a.m., the Board of Directors met in Executive Session to discuss Tollway matters related to personnel matters, collective bargaining matters, acquisition of real property, security procedures, and litigation matters, pursuant to Sections 2(c)(1), 2(c)(2), 2(c)(5), 2(c)(8) and 2(c)(11) of the Illinois *Open Meetings Act*.

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

Directors Present:	Staff present for all or portions of the meeting:
Chair Paula Wolff	Kristi Lafleur (Executive Director)
Director James J. Banks	Michael Stone (Chief of Staff)
Director Terry D'Arcy	David Goldberg (General Counsel)
Director Earl Dotson, Jr.	Joe Kambich (Chief of Information Technology)
Director Mark Peterson	Gustavo Giraldo (Chief of Diversity)
Director Jeff Redick	Joanne Fehn (Land Acquisition Manager)
Director James Sweeney	Mike Colsch (Chief of Finance)
Director Tom Weisner	Lisa Williams (Ethics Officer)

Directors discussed security procedures.

[*Discussions related to information security procedures are redacted.]*

Directors discussed a litigation matter and preparation of litigation defense.

General Counsel provided a summary and update on the *Midwest Fence Corp. v. Illinois State Toll Highway Authority* litigation… [*Discussion related to litigation and litigation strategy are redacted*.]

Directors discussed land acquisition matters.

Staff updated the Board regarding land acquisition activities for the Elgin O'Hare Western Access Project ("EOWA"). Staff presented for consideration an Administrative Settlement with Prologis, Inc., and certain related entities, to acquire a grouping of five parcels (Group 1) consisting of approximately 28 acres. Staff stated the Tollway's external appraisers' aggregate valuation for these five parcels is approximately $30 million. Staff further stated that as a result of additional negotiation efforts, Prologis, Inc., has since reduced their settlement offer from $39 million (noted in prior FAO Committee Executive Session) to $36 million.

Staff, referring Directors to materials provided, then presented responses to questions raised at Committee, including those regarding size of the parcels (Group 1 and Group 2) identified for acquisition, sales figures available for comparable properties as well as company information on Prologis, Inc., their property holdings and vacancy rates on the EOWA corridor, and the relocation requirements of the Group 1 and Group 2 parcels. In reference to a question raised at Committee concerning mitigation or demolition costs associated with potential environmental issues, staff responded that, although not fully completed, soil borings have commenced on the Group 1 parcels with no environmental issues being identified to date. Staff further informed the Board that Illinois case law establishes that the Tollway may not introduce alleged environmental remediation costs in eminent domain litigation in determining the fair market value of the subject property.

Staff then addressed a question, raised at Committee, by confirming that the land acquisition budget established for EOWA can accommodate acquiring the Group 1 parcels through administrative settlement at the proposed price.

A Director inquired regarding the value Prologis, Inc. would pursue for the Group 1 parcels. Staff responded that Prologis, Inc. is asserting a value, based on market data they have compiled, of approximately $47 million, plus inclusion of potential additional damage components that would raise this amount to approximately $52 million. Staff remarked, however, that if the acquisition proceeds to court, Prologis, Inc. may assert a higher valuation.

Directors and staff then discussed potential environmental mitigation costs, related budgetary considerations and planning, and possible Tollway recourse.

The Board expressed consensus in support of authorizing the proposed Administrative Settlement with Prologis, Inc., to acquire five identified parcels (Group 1) for an amount not to exceed $36 million.

Directors discussed collective bargaining.

[Discussion redacted related to collective bargaining negotiations.]

Directors discussed personnel matters.

Staff stated that Paul Kovacs, Chief of Engineering, is seeking a waiver to the Tollway's "Employment of Relatives by Tollway Vendors" Policy that will apply to any company for which his son works and which does, or seeks to do, business with the Tollway, provided certain safeguards (listed in a memorandum provided by Mr. Kovacs and to remain on file) are established. Staff detailed that Mr. Kovacs' son, a recent engineering graduate, received an offer of employment by a Tollway vendor, Omega and Associates, and Mr. Kovacs now wishes to avoid any appearance of conflict by avoiding involvement in decisions about this company or any company for which his son works that does, or seeks to do, business with the Tollway. Staff also noted that the owner of Omega and Associates has indicated that Mr. Kovacs' son will not be assigned to any Tollway projects. Staff further stated that the Tollway Ethics Officer, given the safeguards laid out, is recommending this wavier be granted. Staff then requested Board input regarding the waiver request.

A Director requested confirmation that a waiver would not be needed had Mr. Kovacs' son only elected not to live in the same dwelling as Mr. Kovacs. Staff confirmed.

The Board expressed consensus in support of granting the waiver request.

Directors met with Executive Director Lafleur to discuss personnel matters.

Directors met without Executive Director Lafleur to discuss personnel matters.

There being no further questions, at approximately 1:15 p.m., Chair Wolff called for a motion to re-enter the public session of the Regular Board Meeting. Director Sweeney made the motion; seconded by Director Weisner. The motion was approved unanimously.

Minutes taken by: /s/ on original

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority

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THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE EXECUTIVE SESSION OF THE REGULAR BOARD MEETING

January 29, 2015

On January 29, 2015 at approximately 10:12 a.m., the Board of Directors met in Executive Session to discuss Tollway matters related to personnel matters, collective bargaining negotiations, acquisition of real property, and pending litigation, pursuant to Sections 2(c)(1), 2(c)(2), 2(c)(5), and 2(c)(11) of the Illinois *Open Meetings Act*.

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

Directors Present:	Staff present for all or portions of the meeting:
Chair Paula Wolff	Kristi Lafleur (Executive Director)
Director James J. Banks	Michael Stone (Chief of Staff)
Director Earl Dotson, Jr.	David Goldberg (General Counsel)
Director David Gonzalez	Joanne Fehn (Land Acquisition Manager)
Director Mark Peterson	
Director Jeff Redick	
Director Tom Weisner	

Directors discussed Land Acquisitions.

Staff provided a summary table of the Elgin O'Hare Western Access Project ("EOWA") and the Jane Addams Memorial Tollway (I-90) parcel identification reports noting the addition of twelve parcels on the EOWA report, including three in DuPage County and nine in Cook County.

Directors discussed collective bargaining.

MAP: Staff reported that a tentative agreement has been reached with Metropolitan Alliance of Police ("MAP") Chapter 336, comprised of seven civilian call-takers. Staff then provided a summary of key terms of the tentative agreement that include a four-year contract term with 2% annual wage increases and a doubling of the employee health insurance premium contribution by the final year (with exception of the Blue Advantage Plan)... [Discussion redacted related to collective bargaining negotiations.]Staff informed the Board that the MAP bargaining unit recently voted to ratify the agreement and that staff will be presenting the Collective Bargaining Agreement with MAP for consideration and approval at the February Board of Directors meeting.

[*Discussion redacted related to collective bargaining negotiations*.]

Staff responded that the previous agreement expired in October 2014 and a 2% wage increase would be effective retroactively beginning on November 1, 2014.

[*Discussion redacted related to collective bargaining negotiations*.]

Staff announced that the Illinois Labor Relations Board ("ILRB") recently released its decision on a petition filed by Teamsters Local 700 seeking to include certain Tollway employees in the bargaining unit. [*Discussion redacted related to collective bargaining negotiations*.]

Directors discussed litigation matter.

Staff provided an update on the case of *Carollo v. Tollway and Village of Schiller Park*, a suit emanating from a sledding collision with a raised water main pipe (owned by Schiller Park) on Tollway property. Staff reminded the Board that an agreement was previously reached with the Village of Schiller Park that would assign the Village a 75% share, and the Tollway a 25% share, of responsibility for any settlement agreement reached through mediation. Staff reported that a settlement agreement has been reached for $150,000, the Tollway's share of which is $37,500. Staff expressed satisfaction with the settlement amount and informed the Board that approval for payment is expected to be sought at the February Board of Directors meeting.

Directors met with Executive Director Lafleur to discuss personnel matters.

Directors met without Executive Director Lafleur to discuss personnel matters.

There being no further questions, at approximately 10:55 a.m., Chair Wolff called for a motion to re-enter the public session of the Regular Board Meeting. Director Weisner made the motion; seconded by Director Peterson. The motion was approved unanimously.

Minutes taken by: /s/ on original

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority