

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

March 19, 2014

The Illinois State Toll Highway Authority held the Finance, Administration and Operations (FAO) Committee Meeting on Wednesday, March 19, 2014, at approximately 8:35 a.m. at the Central Administration Building in Downers Grove, Illinois.

Committee Members Present:

Committee Chair Mark Peterson
Director David Gonzalez

Committee Members Absent:

Director Terry D'Arcy

Also Attending:

Chair Paula Wolff (entered at 8:50 a.m.)

Committee Chair Peterson called the meeting to order and opened the floor for public comment. No public comment was offered.

CHAIR – FINANCE, ADMINISTRATION AND OPERATIONS

Committee Chair Peterson called for a motion to approve the Minutes of the Finance Administration Operations Committee Meeting and Executive Session held on February 19, 2014. Director Gonzalez made

a motion for approval; seconded by Director Peterson. The motion was approved unanimously, with Chair Wolff abstaining from casting a vote.

EXECUTIVE DIRECTOR

Committee Chair Peterson introduced Kristi Lafleur, Executive Director. Executive Director Lafleur then introduced Mike Colsch, Chief of Finance, and Cathy Williams, Deputy Chief of Finance, to present the Quarterly Financial Report for the 4th Quarter of 2013. [See attached presentation.](#)

During Mr. Colsch's presentation, he noted budget-to-actual variances in workers' compensation and discussed how actuarial data collected by the Authority's actuaries often are made available after the Authority's budget process has been completed in the following year. Executive Director Lafleur invited discussion and guidance about the timing of receiving actuarial reviews. Discussion ensued about timing challenges in this and other areas of the budget process. **Mr. Colsch added that management will consider addressing some of these challenges in this and other areas of the budget process in an upcoming RFP for the actuarial work connected to the Tollway's workers' compensation program.**

Director Peterson inquired about the lower cost of debt service in 2013. Mr. Colsch stated that this lower cost was the result of a lower than planned amount of bonds issued in 2013, lower than budgeted rates on the new money issued, and savings associated with the Tollway's bond refunding actions.

Director Gonzalez inquired if the timing of the acquisition of land for Tollway right-of-way would result in overall cost savings or if cost savings from 2014 would later be incurred in 2014. Mr. Colsch stated that timing of the land acquisition would affect when costs may be

incurred. Executive Director Lafleur stated that some costs would appear in 2014. Paul Kovacs, Chief of Engineering, concurred.

Executive Director Lafleur then introduced Mr. Colsch and Bill O'Connell, Debt Manager, for a presentation on Tollway investment and debt management policies. [See attached presentation.](#)

Chair Wolff inquired about a recent downgrade of Mizuho Bank by Fitch Ratings. Discussion ensued on the bank's ratings, with Chair Wolff inquiring if the Tollway's financial advisor was confident in Mizuho Bank. Mr. O'Connell confirmed that the Tollway's financial advisor was deemed the bank suitable as a liquidity provider.

Director Peterson then inquired about the term for which Mizuho Bank would be utilized as a Credit/Liquidity Service Provider. Mr. O'Connell stated that the term would be two years.

Director Peterson asked when Tollway investment guidelines were last updated. Mr. Colsch stated that the last update was about two years ago.

Chair Wolff requested Directors be provided with a copy of the guidelines which were updated two years ago utilizing a format which would allow for Directors to track changes made at that point. Mr. Colsch stated these documents would be provided.

Director Peterson thanked staff for their work on the presentation and then asked if the presentation could be provided at the Board of Directors meeting the following week. **Executive Director Lafleur stated that the process for updating the investment policy was anticipated to be about three months and would include further Committee input before presentation to the full Board.**

Director Gonzalez inquired if the Tollway could invest in municipal bonds. Mr. O'Connell stated that the Public Funds Investment Act (PFIA) prohibited the Tollway from investing in municipal bonds. Mr.

Colsch further stated that investments made by the Tollway are governed by PFIA, the Illinois State Toll Highway Act, the trust indenture and Board policy.

Director Gonzalez then inquired by what means the Tollway refunds bonds. Mr. Colsch stated that, for bonds to be fully defeased, they are to be refunded in U.S. Treasury Bonds.

Committee Chair Peterson then called on Mr. Colsch to present the following Finance items:

Item 1: Award of Contract with CorVel Enterprise Comp Inc. for the Workers' Compensation Claim Administration for a five-year period commencing May 1, 2014 through April 30, 2019 in an amount not to exceed \$795,650 (Tollway RFP).

Director Peterson asked as to the reason for the term of the contract. Mr. Colsch stated that the term was selected to provide an appropriate amount of time for the vendor to work on the program.

Director Peterson asked if the contractor will be meeting the Business Enterprise Program (BEP) goal. John Donato, Chief of Procurement, confirmed that the vendor would meet the goal.

Chair Wolff asked as to the reason the current vendor was disqualified from the bid. Mr. Donato stated that the vendor's BEP sub-contractor was not certified by the Illinois Department of Central Management Services (CMS). Discussion ensued on the CMS BEP vendor certification process.

Chair Wolff asked if guidance could be provided on Tollway solicitations to encourage potential vendors to ensure that BEP sub-

contractors are properly certified with CMS. Executive Director Lafleur stated certain guidance could be provided.

Item 2: Award of Contract with Minnesota Life Insurance Company for the Employee Life Insurance Benefit Program for a three-year period commencing May 1, 2014 through April 30, 2017 in an amount to exceed \$1,416,000 (Tollway RFP).

Item 3: Award of Contract with Mesirow Insurance Services for the Cyber Liability Insurance Program for a five-year period commencing May 1, 2014 through July 31, 2019 in an amount not to exceed \$39,000 (Tollway RFP).

Committee Chair Peterson asked what liability coverage the Tollway currently maintains, should a data breach occur. John Hauk, Insurance Risk Manager, stated certain liability in this area may be covered through other Tollway policies. Mr. Hauk further stated that cyber-liability is a new insurance product, as a result of advancing technology, and that such insurance would provide needed coverage to the Tollway.

Director Gonzalez made a motion for approval of **Finance Items 1 through 3**; seconded by Committee Chair Peterson. The motion was approved unanimously, with Chair Wolff abstaining, to move to the full Board consent agenda.

Committee Chair Peterson called on Mr. Donato to present the following **Procurement** items:

Item 1: Award of Contract 13-0140 to Standard Industrial & Automotive Equipment, Inc. for the purchase of In Ground Vehicle and Truck Hoists in an amount not to exceed \$549,858.00 (Tollway Invitation for Bid).

Committee Chair Peterson noted a single bid was received for the item and asked if outreach was performed on the bidding opportunity. Mr. Donato stated outreach was performed.

Item 2: Award of Contract 13-0130 to Macklin Inc. and William Charles Construction Company, LLC for the purchase of Sand, Stone, and Gravel in an aggregate amount not to exceed \$156,892.50 (Tollway Invitation for Bid).

Item 3: Renewal of Contract 09-0015 to Infor Public Sector, Inc. for the purchase of Computer-Aided Dispatch (“CAD”) System Maintenance in an amount not to exceed \$159,954.00 (Tollway Sole Source).

Chair Wolff inquired as to when the Tollway installed the equipment to be maintained by this contract. Mr. Donato stated that the equipment was purchased through a competitive bid in 2001 and maintenance of the equipment would likely continue until the end of its useful life. Chair Wolff then asked as to the time frame for the useful life of the equipment. Mr. Donato stated that current guidance was that many years remained in the useful life of the equipment. **Executive Director Lafleur stated that a more detailed time for the useful life of this equipment would be provided.**

Director Gonzalez made a motion for approval of **Procurement Items 1 through 3**; seconded by Committee Chair Peterson. The motion was approved unanimously, with Chair Wolff abstaining, to move to the full Board consent agenda.

Committee Chair Peterson called on Mr. Kovacs to present the following **Engineering** Items:

Item 1: Award of Contract I-13-4157 to Allied Landscaping Corporation for Landscaping on the Tri-State Tollway (I-294) from Milepost 6.3 (159th Street) to Milepost 8.8 (Kedzie Avenue) and from Milepost 21.9 to Milepost 22.2 (75th Avenue); and I-57 from Milepost 348.0 to Milepost 349.9, in the amount of \$1,287,014.00.

Mr. Kovacs stated this contract was awarded as a part of the Tollway's small business program. Discussion then ensued as to whether item summary sheets could also state whether bidders are certified Disadvantaged Business Enterprises (DBEs). Executive Director Lafleur stated that, should such listing be added to items under the small business program, a consistent process should be utilized.

Item 2: Award of Contract RR-13-5671R to Superior Paving, Inc. for Parking Lot Rehabilitation on the Tri-State Tollway (I-294) at Milepost 19.3 (83rd Street Plaza 39), Milepost 19.7 (82nd Street Plaza 36), Milepost 29.9 (Cermak Plaza 35) and Milepost 38.7 (Irving Park Plaza 33); and Veterans Memorial Tollway (I-355) at Milepost 14.4 (Boughton Plaza 89) and Milepost 29.2 (Army Trail Plaza 73), in the amount of \$438,676.22.

Item 3: Award of Contract RR-13-9145 to Pagoda Electric & Construction for Roof and HVAC System Repairs at the Maintenance Facility M-14 (Downers Grove) on the Veterans Memorial Tollway (I-355) at Milepost 21.2 (I-88), in the amount of \$818,000.00.

Before voting commenced on Engineering items, Mr. Goldberg affirmed Chair Wolff, in her *ex officio* Committee role, could vote on items considered by the Committee. Director Gonzalez made a motion for approval of **Engineering Items 1 through 3**; seconded by Chair Wolff.

The motion was approved unanimously to move to the full Board consent agenda.

Item 4: Award of Contract RR-14-9154 to TBD for Sign Panel Fabrication and Installation Upon Request, Systemwide, in the amount of \$TBD. Bid Opening 3/18

Item 5: Award of Contract RR-14-9155 to TBD for Pavement Markings, Systemwide, in the amount of \$TBD. Bid Opening 3/18

Item 6: Award of Contract RR-14-4175 to TBD for Various Repairs on the Jane Addams Memorial Tollway (I-90) from Milepost 2.6 (Rockton Road) to Milepost 17.8 (Mill Road), in the amount of \$TBD. Bid Opening 3/18

Item 7: Award of Contract RR-14-4176 to TBD for Drainage Structures Cleaning on the Veterans Memorial Tollway (I-355) from Milepost 12.3 (I-55) to Milepost 29.8 (Army Trail Road), in the amount of \$TBD. Bid Opening 3/18

Committee Chair Peterson stated **Engineering Items 4 through 7** would be deferred to the March Board meeting.

Item 8: Award of Contract RR-13-5670R to K-Five Construction Corporation for Intermittent Pavement, Ramp and Bridge Repairs, and Parking Lot Rehabilitation on the Tri-State Tollway (I-294) from Milepost 0.0 (I-94/IL 394) to Milepost 42.2 (Touhy Avenue), in the amount of \$4,667,759.77.

Director Gonzalez made a motion for approval of **Engineering Item 8**; seconded by Chair Wolff. The motion was approved unanimously to

move to the full Board consent agenda.

Item 9: Award of Contract RR-13-5690 to TBD for Various Bridge Repairs on the Tri-State Tollway (I-294) from Milepost 0.2 (Canadian National RR) to Milepost 12.0 (Cicero Avenue), in the amount of \$TBD. Bid Opening 3/18

Committee Chair Peterson stated **Engineering Item 9** would be deferred to the March Board meeting.

Item 10: Award of Contract RR-14-5691 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Ramp, Drainage, Guardrail and Structural Repairs on the Tri-State Tollway (I-294) from Milepost 10.9 (Cal-Sag Channel) to Milepost 39.4 (South of Balmoral Avenue), in the amount of \$15,583,939.23.

Chair Wolff noted the engineers' estimate was lower than the final bids on this item. Mr. Kovacs explained that these estimates are made by the individual designer on each project, with review of the Tollway Project Management Office, and that many factors are included in estimates.

Committee Chair Peterson asked if each designer uses a different system to perform the estimates. Mr. Kovacs stated that designers use several means to perform the estimates, but such estimates may not be able to take into account how bidders may view the project.

Chair Wolff requested that a review of engineers' estimates be undertaken to review whether there are any potential patterns of estimates by firms or individuals, whether lower or higher than final awarded contract amounts.

Chair Wolff made a motion for approval of **Engineering Item 10**; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda.

Item 11: Award of Contract RR-13-4170 to TBD for Oases Parking Lot Rehabilitation on the Tri-State Tollway (I-94) at Milepost 18.1 (Lake Forest Oasis); and Tri-State Tollway (I-294) at Milepost 0.8 (Lincoln Oasis), Milepost 25.0 (Hinsdale Oasis) and Milepost 37.9 (O'Hare Oasis), in the amount of \$TBD. Bid Opening 3/18

Item 12: Award of Contract RR-13-4171 to TBD for Oases Parking Lot Rehabilitation on the Jane Addams Memorial Tollway (I-90) at Milepost 24.2 (Belvidere Oasis); and Reagan Memorial Tollway (I-88) at Milepost 93.3 (DeKalb Oasis), in the amount of \$TBD. Bid Opening 3/18

Committee Chair Peterson stated **Engineering Items 11 and 12** would be deferred to the March Board meeting.

Item 13: Award of Contract I-13-4618 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Elmhurst Road West Bridge and Interchange on the Jane Addams Memorial Tollway (I-90) at Milepost 73.5 (Elmhurst Road); and Elmhurst Road from South of Landmeier to Oakton, in the amount of \$29,837,596.37.

Item 14: Award of Contract I-13-4630 to Dunnet Bay Construction Co. / Plote Construction, Inc. (JV) for Roadway and Bridge Construction on the Elgin O'Hare Expressway (IL 390) at Milepost 15.3 (Lively Blvd.); and Eastbound Frontage Road from Wood Dale Road to Edgewood Avenue, in the amount of \$14,670,337.46.

Committee Chair Peterson inquired as to the number of DBE sub-contractors included in the bid on this project. Gustavo Giraldo, Chief of Diversity and Strategic Development, stated six DBE firms were included in the bid.

Item 15: Amendment to Resolution 20252 to reflect the award amount of \$44,867,874.97 for Contract I-13-4602 to F.H. Paschen, S.N. Nielsen & Associates, LLC.

Director Gonzalez made a motion for approval of **Engineering Items 13 through 15**; seconded by Chair Wolff. The motion was approved unanimously to move to the full Board consent agenda.

Item 16: Acceptance of Proposal from Stanley Consultants, Inc., on Contract I-13-4622 for Design Services for the Western Terminal Interchange on the Elgin O'Hare Expressway (IL 390) at Elgin O'Hare Western Access (I-490), in an amount not to exceed \$22,659,275.00. (Director Peterson recusal)

Chair Wolff made a motion for approval of **Engineering Item 16**; seconded by Director Gonzalez. The motion was approved by all voting Directors to move to the full Board consent agenda, with Director Peterson recusing himself.

Item 17: Acceptance of Proposal from Knight E/A, Inc., on Contract I-13-4623 for Design Services for the IL 19 Interchange on the Elgin O'Hare Western Access (I-490) at IL 19 (West Irving Park Road), in an amount not to exceed \$5,526,800.72.

Item 18: Acceptance of Proposal from Chastain & Assoc. / Autumn Const. Joint Venture, on Contract RR-13-4146 for Construction

Management Services at the Maintenance Facility M-1 (Alsip) on the Tri-State Tollway (I-294) at Milepost 12.0 (Cicero Avenue), in an amount not to exceed \$3,075,322.24.

Item 19: Acceptance of Proposal from Cotter Consulting, Inc. (D/WBE) / CivCon Services, Inc. (D/MBE) / SE3, LLC, (DBE), Joint Venture on Contract RR-12-4047 for Supplemental Construction Management Services for Roadway Resurfacing on the Veterans Memorial Tollway (I-355) from Milepost 0.0 (I-80) to Milepost 29.8 (Army Trail Road) in the amount of \$203,606.00 from \$1,998,845.00 to \$2,202,451.00.

Item 20: Extra Work Order on Contract I-13-4133 to Curran Contracting Company for Widening and Reconstruction on the Westbound Jane Addams Memorial Tollway (I-90) from Milepost 24.9 (Genoa Road) to Milepost 33.5 (Anthony Road), in the amount of \$500,000.00. Under review.

Item 21: Partial Release of Retainage on Contract I-12-4070 to Lorig Construction Company for Eastbound Bridge Reconstruction and Widening on the Jane Addams Memorial Tollway (I-90), at Milepost 18.3 (Kishwaukee River), by \$396,926.19 from \$432,926.19 to \$36,000.00.

Item 22: Partial Release of Retainage on Contract I-12-4075 to Plote Construction, Inc. for Widening and Reconstruction on Eastbound Jane Addams Memorial Tollway (I-90), from Milepost 41.5 (US Route 20) to Milepost 45.5 (IL 47), by \$428,225.64 from \$908,033.64 to \$479,808.00.

Committee Chair Peterson inquired if this item had a shortfall in meeting the DBE goal on the contract. Mr. Kovacs stated that he anticipated that, once all work was accounted for, the DBE goal would be met. Mr.

Giraldo agreed.

Item 23: Partial Release of Retainage on Contract I-12-4077 to Plote Construction Inc. for Widening and Reconstruction on the Eastbound Jane Addams Memorial Tollway (I-90), from Milepost 49.7 (Union Pacific Railroad) to Milepost 53.6 (Elgin Toll Plaza), by \$598,041.40 from \$1,660,677.40 to \$1,062,636.00.

Item 24: Partial Release of Retainage on Contract RR-12-4088 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Ramp Reconstruction on the Tri-State Tollway (I-294) at Milepost 33.6 (US-20, Lake Street); and Tri-State Tollway (I-94) at Milepost 11.2 (IL-120, Belvidere Road), by \$168,483.09 from \$189,785.61 to \$21,302.52.

Item 25: Final Release of Retainage on Contract I-12-4063 to Copenhaver Construction for Building Removal on the Tri-State Tollway (I-294) at I-57, from Milepost 7.95 to Milepost 8.65.

Item 26: Final Release of Retainage on Contract RR-11-5636 to R.W. Dunteman Company for Roadway and Bridge Rehabilitation on the Tri-State Tollway (I-294) from Milepost 30.0 (Cermak Toll Plaza) to Milepost 36.9 (Bensenville Bridge).

Chair Wolff made a motion for approval of **Engineering Items 17 through 26**; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda.

Item 27: Amended DiBenedetto (Identification of Real Estate Parcels associated with the Elgin O'Hare Western Access Project (EOWA)). Cost to the Tollway: N/A.

Item 28: Amended DiBenedetto (Identification of Real Estate Parcels associated with the Jane Addams Memorial Tollway (I-90)). Cost to the Tollway: N/A.

Committee Chair Peterson stated **Engineering Items 27 and 28** would be deferred to the March Board of Directors meeting.

Committee Chair Peterson called on David Goldberg, General Counsel, to present the following **Legal** items:

Item 1: An Intergovernmental Agreement with Cook County and the Village of Schaumburg. Cost to the Tollway: \$ 0.

Committee Chair Peterson asked if the Village of Schaumburg would be responsible for maintaining median improvements once completed. Rocco Zuccherro, Deputy Chief of Engineering for Planning, stated the Village would be responsible.

Chair Wolff asked for the details for the reimbursement to the Tollway of funds expended as a part of the Intergovernmental Agreement (IGA). Mr. Zuccherro detailed the reimbursement schedule for this item.

Item 2: An Intergovernmental Agreement with the Forest Preserve District of DuPage County for Waters Mitigation and Restoration at the Spring Brook No. 1 Creek. Cost to the Tollway: Not to exceed \$2,000,000.

Committee Chair Peterson stated **Legal Item 2** would be deferred to a future meeting.

Item 3: An Intergovernmental Agreement with the Illinois Department of Transportation, the Metropolitan Water Reclamation District of Greater Chicago and the Mount Prospect Park District. Cost to the Tollway: \$ 0.

Item 4: An Intergovernmental Agreement with the Village of Schaumburg. Cost to the Tollway: \$ 0.

Item 5: An Intergovernmental Agreement with McHenry County. Cost to the Tollway: 0.\$

Director Gonzalez made a motion for approval of **Legal Items 1, and 3 through 5**; seconded by Chair Wolff. The motion was approved unanimously to move to the full Board consent agenda.

Item 6: A Workers Compensation Settlement – Stanley Peca, Jr. Cost to the Tollway: As Discussed in Executive Session.

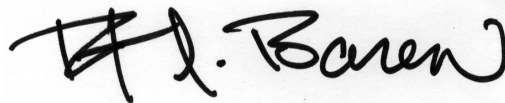
Item 7: A Workers Compensation Settlement – Sam Sparacino. Cost to the Tollway: As Discussed in Executive Session.

Committee Chair Peterson stated **Legal Items 6 and 7** would be deferred to the March Board meeting.

There being no further business, Committee Chair Peterson requested a motion to adjourn. Motion to adjourn was made by Director Gonzalez; seconded by Chair Wolff. The motion was approved unanimously.

The meeting was adjourned at approximately 10:23 a.m.

Minutes taken by: _____



Robert J. Baren

Assistant Board Secretary

Illinois State Toll Highway Authority



Debt Management Update

Finance, Administration Operations Committee

March 19, 2014

Topics

- Refunding
- Liquidity facilities
- New money issuance for *Move Illinois*
- Upcoming items

Refunding Issuance - *\$57.3 million NPV Savings*

REFUNDING OF SERIES 2005A BONDS COMPLETE

Date of Issuance	<u>8/13/2013</u>	<u>2/26/2014</u>	<u>Total</u>
Amount Refunded	\$228,195,000	\$436,545,000	\$664,740,000
Net Present Value (“NPV”) Savings	\$13.2 million	\$44.1 million	\$57.3 million
NPV Savings as % of Refunded Bonds	5.8%	10.1%	8.6%

Remaining refunding authorizations

- Authorization remains to refund \$76 million Series 2005A and/or \$292 million Series 2006A
- Up to \$571 million to refund synthetic fixed rate bonds (from among \$1.3 billion total of Series 1998B, 2007A, 2008A)



Liquidity – Continued diversification at reduced cost

Renewal/Replacement of liquidity facilities complete

UPDATED LIQUIDITY/CREDIT FACILITY PROVIDER PROFILE						
Series	Par	Facility	Prior Provider	Prior Expiration	New Provider	New Expiration
1998B	\$123.1M	SBPA	Helaba	12/27/2013	Helaba	1/01/2017
2007A-1a	\$175.0M	LOC	Citibank	1/31/2014	Citibank	1/31/2017
2007A-1b	\$175.0M	LOC	PNC	3/18/2014	Mizuho	3/18/2016
2007A-2a	\$100.0M	LOC	Bank of Tokyo	3/18/2014	Bank of Tokyo	3/17/2017
2007A-2b	\$107.5M	LOC	BMO (Harris)	3/18/2014	BMO (Harris)	3/18/2017
2007A-2c	\$55.0M	LOC	Northern Trust	3/18/2014	Northern Trust	3/17/2017
2007A-2d	\$87.5M	LOC	Wells Fargo	3/18/2015	RBC	3/17/2017
2008a-1a	\$191.5M	SBPA	JPMorgan	6/07/2013	JPMorgan	2/05/2016
2008A-1b	\$191.6M	SBPA	PNC	2/07/2014	Bank of America	2/05/2016
2008A-2	\$95.8M	SBPA	JPMorgan	6/07/2013	JPMorgan	2/05/2016
			Prior Avg Annual Fee	0.68%	New Avg Annual Fee	0.44%



New Money Issuance for *Move Illinois*

Amount

- \$450 million planned in April (*\$500 million authorized*)**
 - Additional \$450 million in November or December (*authorization needed*)
- Current estimate of Tollway 25-year rate roughly 4.70%**
 - Budget/projections assumed 5% in 2014 and 5.5% thereafter

Timing

- Print Official Statement week of April 7**
- Price/sell bonds week of April 14 or 21**



Upcoming Items in 2014

Policies, procedures and guidelines

- Review/update investment policy
- Review/update debt management guidelines
- Annual review of post-issuance procedure compliance

Authorize additional new money bond issuance

- Continue to evaluate new money hedging options

Continue to monitor refunding opportunities

- Series 2006A
- Consider hedging alternatives to facilitate refunding



THANK YOU

Potential Review Items for Investment Policy and Debt Management Guidelines

Investment Policy

- Assess investment objectives (safety / liquidity / investment return)
- Review consistency of investment options among Investment Policy, Public Funds Investment Act and Indenture (incl. municipal bonds, money market funds)
- Update to reflect current committees for reporting requirements and current job titles

Debt Management Guidelines

- Review new / proposed municipal advisor rules / regulations for applicability to the Guidelines
- Incorporate Dodd Frank and Qualified Investment Representatives policies/procedures with respect to swap agreements
- Review guidelines on variable rate exposure (current target 25%)
- Update continuing disclosure obligations to reference the MSRB's EMMA dataport
- Consider use of disclosure counsel
- Change reporting obligations from Audit Committee to FAO Committee
- Clarify reporting requirements on financial counterparties



**2013 Year-End
Budget to Actual Review**
(Preliminary and Unaudited)

March 19, 2014

2013 Highlights – *Revised Estimate* vs. Actual*

❑ Revenue exceeded \$1 billion

- ***\$11.8 million greater than the 2013 revised estimate***
 - ✓ Commercial vehicle transactions grew 3.7 percent compared to 2012; 0.6 percent greater than the 2013 revised estimate
 - ✓ Passenger vehicle transactions grew 1.2 percent compared to 2012; 0.2 percent greater than the 2013 revised estimate
 - ✓ Evasion recovery 8 percent greater than the revised estimate

❑ Maintenance and Operations

- ***\$5.9 million below 2013 budget***
 - ✓ Primarily due to vacancies, lower than projected contractual services and material/operational supplies, partially offset by additional allocation to workers' compensation claim reserve fund

❑ Capital Program

- ***\$87 million below the 2013 revised estimate***
- ***Including Intergovernmental Agreement reimbursements of \$12 million, the variance to the revised estimate totaled \$99 million***

*Revenue and Capital Program estimates for 2013 were revised in October and presented in the 2014 Budget.

2013 Revenue Sources and Allocations

*Revenue estimate was revised upward in October 2013
from \$986 million to \$998 million*

2013 Revenue Sources and Allocations

SOURCES OF REVENUE		(\$ millions)
	2013 Budget	2013 October Estimate
Toll Revenue and Evasion Recovery	\$977	\$987
Investment Income	1	1
Concessions Revenue and Miscellaneous Income	8	10
Total Revenue	\$986	\$998

ALLOCATIONS OF REVENUE		(\$ millions)
	2013 Budget	2013 October Estimate
Maintenance and Operations	\$283	\$269
Debt Service Transfers	317	295
Deposits to Renewal/Replacement and Improvement	386	435
Total Allocations	\$986	\$998

2013 Revenue

Total revenue was \$11.8 million greater than the revised estimate

(\$ thousands)

	2013		Variance	
	Revised Estimate	Actual	\$	%
Toll Revenue and Evasion Recovery	\$987,000	\$997,373	\$10,373	1.1%
Concessions	2,300	2,306	6	0.2%
Investment Income	1,000	866	(134)	-13.4%
Miscellaneous	7,700	9,232	1,532	19.9%
Total Revenue	\$998,000	\$1,009,776	\$11,776	1.2%

Note: Numbers may not add to totals due to rounding.

2013 Maintenance and Operations

Variance mainly due to vacancies, reduced spending for contractual services and material/operational supplies, partially offset by additional allocation to workers' compensation claim reserve fund

(\$ thousands)

	2013		Variance	
	Budget	Actual	\$	%
Payroll and Related Costs	\$154,914	\$150,273	(\$4,640)	-3.0%
Group Insurance	29,190	28,637	(553)	-1.9%
Contractual Services	54,332	50,924	(3,408)	-6.3%
Materials/Operational Supplies/Other Expenses	8,309	7,296	(1,013)	-12.2%
Utilities	5,588	6,341	753	13.5%
All Other Insurance	9,882	12,664	2,782	28.2%
Parts and Fuel	7,087	7,608	521	7.4%
Equipment/Office Rental and Maintenance	15,544	15,138	(406)	-2.6%
Professional Development	1,003	890	(114)	-11.3%
Recovery of Expenses	(2,431)	(2,258)	173	7.1%
Total Maintenance and Operations Expenditures	\$283,418	\$277,512	(\$5,906)	-2.1%

Note: Numbers may not add to totals due to rounding.

2013 Capital Program

Capital Program expended less than revised estimate mainly due to timing of right-of-way acquisition, scheduling changes and project cost savings

(\$ thousands)

	2013		Variance	
	Revised Estimate	Actual ⁽¹⁾	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$46,368	\$41,723	(\$4,645)	-10.0%
Reagan Memorial Tollway (I-88)	7,860	7,695	(165)	-2.1%
Jane Addams Memorial Tollway (I-90)	323,758	298,919	(24,839)	-7.7%
Veterans Memorial Tollway (I-355)	17,521	20,938	3,417	19.5%
Open Road Tolling (ORT)	2,704	3,091	387	14.3%
Systemwide Improvements	133,844	106,880	(26,965)	-20.1%
Tri-State Tollway (I-294)/I-57 Interchange	43,353	55,353	12,000	27.7%
Elgin O'Hare Western Access	95,556	53,109	(42,446)	-44.4%
Illinois Route 53/120/Other Planning Studies	819	979	160	19.5%
Move Illinois and CRP Subtotal	\$671,782	\$588,686	(\$83,096)	-12.4%
"Other" Capital Projects	47,206	43,111	(4,095)	-8.7%
Capital Program Subtotal	\$718,988	\$631,797	(\$87,191)	-12.1%
Intergovernmental Agreement Reimbursements and Other Adjustments	-	(11,820)	(11,820)	N/A
Total Capital Program Expenditures	\$718,988	\$619,977	(\$99,011)	-13.8%

⁽¹⁾ Capital Program Actual included \$110.8 million in work completed for which payments have not been made as of December 31, 2013.

Note: Details by corridor can be found on Page 10.
Numbers may not add to totals due to rounding.

2013 Capital Program – Revised Estimate vs. Actual Variance

**Capital Program expended \$87 million less than the revised estimate
(\$99 million - net of IGA reimbursements)**

	<u>Variance</u>
Move Illinois/CRP	\$ (83.1) million
<input type="checkbox"/> <i>Timing of right-of-way acquisition</i>	(\$49.7)
<input type="checkbox"/> <i>Scheduling changes</i>	(\$30.6)
<input type="checkbox"/> <i>Project cost savings</i>	(\$ 2.8)*
Other capital projects	\$ <u>(4.1) million</u>
<i>Capital Program - total</i>	<i>\$ (87.2) million</i>
IGA and other adjustments	\$ (11.8) million

* Project bid savings against original budget were (\$81) million

Note: Numbers may not add to totals due to rounding.

2013 Summary

- ❑ Revenue - \$11.8 million above target mainly due to
 - *Increased traffic and evasion recovery revenue*
- ❑ Maintenance and operations expenditures - \$5.9 million below budget primarily due to
 - *Vacancies, lower contractual services and material/operational supplies spending, partially offset by additional allocation to workers' compensation claim reserve fund*
- ❑ Debt Service transfers - \$21.9 million less than budget
- ❑ Capital program (*Move Illinois* and CRP) expenditures - \$87 million below the revised estimate
 - *Move Illinois program key deliverables achieved in 2013*
 - *Reduced expenditure a result of schedule modification and bid savings*
 - *2013 expended nearly two times as much as 2012*

Appendix

2013 Capital Program

Move Illinois/CRP key variance highlights

- ❑ **Elgin O'Hare Western Access** **(\$42.4) million**
 - *Timing of right-of-way acquisition* *(\$48.5)*
 - *Schedule changes* *\$ 6.0*

- ❑ **Systemwide** **(\$27.0) million**
 - *Schedule changes*
 - ✓ Interchange expansion, bridge and pavement repairs (\$28.7)
 - ✓ Business Systems and Information Technology \$ 1.8

- ❑ **Jane Addams Memorial Tollway (I-90)** **(\$24.8) million**
 - *Schedule changes* *(\$22.2)*
 - *Timing of right-of-way acquisition* *(\$ 1.2)*
 - *Bid Savings* *(\$ 1.4)*

Capital Program

Original Projection vs. Revised Estimate

(\$ thousands)

	Approved Budget	Revised Estimate	Variance
Tri-State Tollway (I-94/I-294/I-80)	\$36,873	\$46,368	\$9,495
Reagan Memorial Tollway (I-88)	5,525	7,860	2,334
Jane Addams Memorial Tollway (I-90)	415,201	323,758	(91,443)
Veterans Memorial Tollway (I-355)	23,187	17,521	(5,665)
Open Road Tolling (ORT)	4,135	2,704	(1,431)
Systemwide Improvements	217,970	133,844	(84,125)
Tri-State Tollway (I-294/I-57) Interchange	66,737	43,353	(23,385)
Elgin O'Hare Western Access	95,556	95,556	0
Illinois Route 53/120/Other Planning Studies	6,833	819	(6,015)
Move Illinois and CRP Total	\$872,018	\$671,782	(\$200,235)
Other Capital Projects*	50,000	47,206	(2,794)
Total Capital Program	\$922,018	\$718,988	(\$203,030)

*The 2013 approved budget for "Other Capital Projects" totaled \$79.3 million; \$50 million was anticipated to be spent.

Note: Numbers may not add to totals due to rounding.

Capital Program

Original Projection vs. Actual

(\$ thousands)

	2013		Variance	
	Projection	Actual ⁽¹⁾	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$36,873	\$41,723	\$4,850	13.2%
Reagan Memorial Tollway (I-88)	5,525	7,695	2,170	39.3%
Jane Addams Memorial Tollway (I-90)	415,201	298,919	(116,282)	-28.0%
Veterans Memorial Tollway (I-355)	23,187	20,938	(2,249)	-9.7%
Open Road Tolling (ORT)	4,135	3,091	(1,044)	-25.2%
Systemwide Improvements	217,970	106,880	(111,090)	-51.0%
Tri-State Tollway (I-294)/I-57 Interchange	66,737	55,353	(11,384)	-17.1%
Elgin O'Hare Western Access	95,556	53,109	(42,446)	-44.4%
Illinois Route 53/120/Other Planning Studies	6,833	979	(5,855)	-85.7%
Move Illinois and CRP Subtotal	\$872,018	\$588,686	(\$283,331)	-32.5%
"Other" Capital Projects	50,000	43,111	(6,889)	-13.8%
Capital Program Subtotal	\$922,018	\$631,797	(\$290,221)	-31.5%
Intergovernmental Agreement Reimbursements and Other Adjustments	-	(11,820)	(11,820)	N/A
Total Capital Program Expenditures	\$922,018	\$619,977	(\$302,040)	-32.8%

⁽¹⁾ Capital Program Actual included \$110.8 million in work completed for which payments have not been made as of December 31, 2013.

Note: Numbers may not add to totals due to rounding.

Revenue

2013 vs. 2012 Actual

(\$ thousands)

	2012	2013	Variance	
			\$	%
Toll Revenue and Evasion Recovery	\$954,989	\$997,373	\$42,384	4.4%
Concessions	2,273	2,306	33	1.4%
Investment Income	1,389	866	(523)	-37.7%
Miscellaneous	5,104	9,232	4,128	80.9%
Total Revenue	\$963,755	\$1,009,776	\$46,021	4.8%

Note: Numbers may not add to totals due to rounding.

Maintenance and Operations

2013 vs. 2012 Actual

(\$ thousands)

	2012	2013	Variance	
			\$	%
Payroll and Related Costs	\$145,215	\$150,273	\$5,058	3.5%
Group Insurance	27,601	28,637	1,036	3.8%
Contractual Services	42,708	50,924	8,215	19.2%
Materials/Operational Supplies/Other Expenses	5,835	7,296	1,461	25.0%
Utilities	6,153	6,341	188	3.1%
All Other Insurance	7,845	12,664	4,819	61.4%
Parts and Fuel	6,604	7,608	1,004	15.2%
Equipment/Office Rental and Maintenance	12,419	15,138	2,719	21.9%
Professional Development	784	890	106	13.5%
Recovery of Expenses	(2,105)	(2,258)	(153)	-7.3%
Total Maintenance and Operations Expenditures	\$253,059	\$277,512	\$24,453	9.7%

Note: Numbers may not add to totals due to rounding.

Capital Program

2013 vs. 2012 Actual

(\$ thousands)

	2012	2013	Variance	
			\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$98,853	\$41,723	(\$57,131)	-58%
Reagan Memorial Tollway (I-88)	60,515	7,695	(52,820)	-87%
Jane Addams Memorial Tollway (I-90)	89,265	298,919	209,654	235%
Veterans Memorial Tollway (I-355)	2,288	20,938	18,650	815%
Open Road Tolling (ORT)	1,395	3,091	1,696	122%
Systemwide Improvements	67,450	106,880	39,430	58%
Tri-State Tollway (I-294)/I-57 Interchange	9,726	55,353	45,627	469%
Elgin O'Hare Western Access	6,167	53,109	46,943	761%
Illinois Route 53/120/Other Planning Studies	-	979	979	N/A
Move Illinois & CRP Subtotal	\$335,659	\$588,686	\$253,028	75%
"Other" Capital Projects	36,852	43,111	6,259	17%
Capital Program Subtotal	\$372,510	\$631,797	\$259,287	70%
Intergovernmental Agreement Reimbursements and Other Adjustments	(\$21,019)	(11,820)	\$9,200	44%
Total Capital Program Expenditures	\$351,491	\$619,977	\$268,486	76%

Note: Numbers may not add to totals due to rounding.

2013 Transactions – Revised Estimate vs. Actual

Transaction (millions)

2013	Revised Estimate	Actual	Variance \$	Variance %	Revised Estimate	Actual	Variance \$	Variance %
	PASSENGER VEHICLES				ALL COMMERCIAL VEHICLES (TIER 2-4)			
January	54.6	54.6	-	0.0%	7.3	7.3	-	0.0%
February	50.3	50.3	-	0.0%	6.8	6.8	-	0.0%
March	58.3	58.3	-	0.0%	7.5	7.5	-	0.0%
April	58.8	58.8	-	0.0%	7.9	7.9	-	0.0%
May	63.7	63.7	-	0.0%	8.5	8.5	-	0.0%
June	62.3	62.3	-	0.0%	8.1	8.1	-	0.0%
July	65.2	65.2	0.0	0.0%	8.4	8.4	-	0.0%
August	66.8	66.8	0.0	0.0%	8.7	8.7	-	0.0%
September	60.2	60.5	0.3	0.5%	8.2	8.2	(0.0)	-0.1%
October	62.8	63.4	0.6	1.0%	8.9	8.9	0.0	0.5%
November	58.3	58.6	0.2	0.4%	7.6	7.8	0.2	2.7%
December	57.8	58.1	0.3	0.5%	7.1	7.4	0.3	4.1%
	719.1	720.5	1.4	0.2%	95.0	95.5	0.5	0.6%
	ALL VEHICLES							
January	61.9	61.9	-	0.0%				
February	57.1	57.1	-	0.0%				
March	65.7	65.7	-	0.0%				
April	66.7	66.7	-	0.0%				
May	72.2	72.2	-	0.0%				
June	70.3	70.3	-	0.0%				
July	73.6	73.6	0.0	0.0%				
August	75.5	75.5	0.0	0.0%				
September	68.4	68.7	0.3	0.4%				
October	71.7	72.3	0.6	0.9%				
November	65.9	66.4	0.5	0.7%				
December	64.9	65.5	0.6	0.9%				
	814.1	816.0	2.0	0.2%				

Note: Numbers may not add to totals due to rounding.



2013 vs. 2012 Transactions

2013	Transactions (millions)	% Change 2013 to 2012	Transactions (millions)	% Change 2013 to 2012
	PASSENGER VEHICLES (TIER 1)		LARGE COMMERCIAL VEHICLES (TIER 4)	
January	54.6	3.0%	5.3	5.8%
February	50.3	-5.4%	4.9	-1.8%
March	58.3	-1.1%	5.4	-2.2%
April	58.8	1.0%	5.6	5.5%
May	63.7	1.5%	5.9	4.6%
June	62.3	-1.1%	5.5	0.2%
July	65.2	2.6%	5.7	7.0%
August	66.8	3.7%	6.0	2.4%
September	60.5	3.1%	5.6	7.9%
October	63.4	3.4%	6.2	6.4%
November	58.6	1.3%	5.5	2.5%
December	58.1	2.3%	5.2	9.4%
	720.5	1.2%	66.8	3.9%
2013	ALL COMMERCIAL VEHICLES (TIER 2-4)		ALL VEHICLES	
January	7.3	5.1%	61.9	3.2%
February	6.8	-1.6%	57.1	-5.0%
March	7.5	-2.7%	65.7	-1.3%
April	7.9	5.0%	66.7	1.4%
May	8.5	3.1%	72.2	1.7%
June	8.1	-0.3%	70.3	-1.0%
July	8.4	6.9%	73.6	3.0%
August	8.7	2.9%	75.5	3.6%
September	8.2	8.1%	68.7	3.6%
October	8.9	6.3%	72.3	3.8%
November	7.8	2.5%	66.4	1.5%
December	7.4	9.8%	65.5	3.1%
	95.5	3.7%	816.0	1.5%

Note: Numbers may not add to totals due to rounding.





THANK YOU