

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

July 16, 2014

The Illinois State Toll Highway Authority (the “Tollway”) held the Finance, Administration and Operations Committee Meeting on Wednesday, July 16, 2014, at approximately 8:30 a.m. at the Central Administration Building in Downers Grove, Illinois.

Committee Members Present:

Committee Chair Mark Peterson (entered at 8:46 a.m.)

Director David Gonzalez

Director James Sweeney (serving as alternate)

Committee Members Absent:

Director Terry D’Arcy

Also Attending:

Chair Paula Wolff (by telephone)

Presiding in Committee Chair Peterson’s absence, Director Gonzalez called the meeting to order.

David Goldberg, General Counsel, stated that due to Chair Wolff’s advance notice to the Board Secretary of a health issue, in accordance with the Illinois Open Meetings Act Section 7(a) and the Illinois State Toll Highway Authority’s bylaws Section 8, there

requires a motion, approved by a majority of the Committee, to approve Chair Wolff's participation by telephone. Director Sweeney made such a motion to approve; seconded by Director Gonzalez. The motion was approved unanimously by those directors present.

Director Gonzalez opened the floor for public comment. No public comment was offered.

CHAIR – FINANCE, ADMINISTRATION AND OPERATIONS

Director Gonzalez called for a motion to approve the Minutes of the Finance, Administration and Operations Committee Meeting held on June 18, 2014. Director Sweeney made a motion for approval; seconded by Chair Wolff. The motion was approved unanimously.

EXECUTIVE DIRECTOR

Director Gonzalez introduced Kristi Lafleur, Executive Director. Executive Director Lafleur then introduced Shana Whitehead, Chief of Business Systems, for a presentation on the creation of a new Tolling Technology Test Site. [See attached presentation.](#) Committee Chair Peterson entered at 8:46 a.m.

Chair Wolff inquired into the methods and the participants engaged for testing of "feedback" transponders and smartphone applications. Ms. Whitehead responded that Tollway employees will be utilized initially to test new technologies with the potential

introduction of test groups of customers once a successful framework has been established.

Committee Chair Peterson inquired if data from equipment testing could be shared or offered for sale. Executive Director Lafleur responded that there may be entities within the toll road industry with an interest in test data.

Director Sweeney inquired if the manufacturers of the equipment to be tested, or those within the industry that might benefit from the results, will share in the costs of the Tolling Technology Test Site. Executive Director Lafleur responded that in competitive Requests for Proposals (“RFP’s”) often utilized when testing new equipment, vendors typically share in some portion of the test costs. Ms. Lafleur further stated that interest expressed in utilizing Tollway testing facilities by a manufacturer or outside agency may also present additional business opportunities for the agency to consider in the future.

Chair Wolff asked if the upcoming camera testing RFP process is anticipated to narrow the submissions to a single model selection or to procure multiple camera models. Ms. Whitehead responded that due to efficiencies of management and maintenance, the intention of the testing is to produce a single camera model selection. Chief of Procurement, John Donato, added that only vendors that meet specific requirements and have scored sufficiently high in the preliminary portion of the RFP process are chosen to participate in the physical testing at the Tolling Technology Test Site.

Chair Wolff inquired whether vendors are limited to a single camera submission. Mr. Donato responded that vendors who are able to score sufficiently high in the RFP process are permitted to submit multiple cameras for testing.

Committee Chair Peterson inquired into the location selection process for the new Tolling Technology Test Site. Ms. Whitehead responded that the location was chosen for its traffic mix and its ability to provide “captive traffic”. **Ms. Whitehead stated that more specific information on the location selection criteria would be provided.**

Committee Chair Peterson inquired into the overall costs for the project. Executive Director Lafleur responded that the contract that provides for installation of the tolling location test site is to be presented to the Committee later today. She further stated that the RFP’s for procurement of readers, cameras, and other new electronic tolling technologies are pending, therefore the cost of these items is yet to be determined.

Chair Wolff inquired into the expected obsolescence of the Tolling Technology Test Site. Executive Director Lafleur responded that the test site is anticipated to remain a valuable resource, and to operate indefinitely.

Director Sweeney inquired if staff was aware of any other tolling technology test sites that may exist with similar capabilities. Ms. Whitehead responded that the new Tolling Technology Test Site will be the first of its kind in the nation, allowing the capture of data from “captive traffic”. Director Sweeney noted that the

facility would offer value to equipment manufacturers, especially considering the variation of local weather conditions.

Director Gonzalez acknowledged the earlier arrival of Committee Chair Peterson. Committee Chair Peterson thanked Director Gonzalez and then called on Mike Colsch, Chief of Finance, to present the following **Finance** items:

Item 1: Extension of Contract for Collections and Collection Litigation Services to NCO Financial and Harris & Harris Ltd. and an increase to NCO Financial in an amount not to exceed \$500,000.00 (Tollway Request for Proposal).

Committee Chair Peterson inquired as to the length of the contract with NCO Financial. Mr. Colsch responded that the original contract began in October, 2009 with a three year term and was subsequently extended for a total of five years. Mr. Colsch further stated that the contract expires at the end of September, 2014.

Committee Chair Peterson inquired as to the length of the proposed contract extensions. Mr. Colsch responded that the Tollway is seeking 90-day extensions to provide continuity of services until the new contract for these services is awarded next month. Mr. Colsch added that the extensions anticipate a transition period needed to accommodate the transition of services, and consequent transfer of data, to a potential new vendor.

Director Gonzalez inquired as to the anticipated start dates for potential new vendors. Mr. Colsch responded that he expects the

transition to commence immediately upon completion of the contracting process.

Committee Chair Peterson asked if 90 days will be sufficient time to accommodate transition of these services under new contracts. John Donato, Chief of Procurement, responded that the extension term is expected to be sufficient but an additional extension could be required. Mr. Donato noted that the Illinois Procurement Code limits an initial contract extension to a maximum of 90 days.

Item 2: Renewal of Contract for Merchant Card Services to Vantiv Holding LLC for the period of December 1, 2014 through November 30, 2016 in an amount not to exceed \$40,000,000.00 (Tollway Request for Proposal). (Recusal: Director Peterson)

Director Gonzalez made a motion for approval of **Finance Item 1**; seconded by Director Sweeney. The motion was approved unanimously to move to the full Board consent agenda.

Director Sweeney made a motion to approve **Finance Item 2**; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda with Committee Chair Peterson recusing himself.

Committee Chair Peterson called on John Donato, Chief of Procurement, to present the following **Procurement** items:

Item 1: Award of Contract 14-0098 to 3M Company for the purchase of Reflective Sheeting in an amount not to exceed \$450,000.00 (Order Against CMS Master Contract).

*Item 2: Renewal of Contract 06-0081 to Marketing Alternatives, Inc. for the purchase of *999 Motorist Assistance Program Services in an amount not to exceed \$300,000.00 (Tollway Request for Proposal).*

Director Sweeney made a motion for approval of **Procurement Items 1 and 2**; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda.

Committee Chair Peterson called on Paul Kovacs, Chief of Engineering, to present the following **Engineering** Items:

Item 1: Award of Contract RR-13-5685R to Western Remac, Inc. for Signing Improvements on the Tri-State Tollway (I-294) from Milepost 25.00 (Hinsdale Oasis) to Milepost 52.75 (North Terminus) and the Tri-State Tollway (I-94) from Milepost 0.0 (Wisconsin State Line) to Milepost 30.0 (Edens Expressway), in the amount of \$4,424,880.11.

Item 2: Award of Contract RR-14-8122 to F.H. Paschen, S.N. Nielsen & Associates, LLC for a Tolling Test Site, Equipment Enclosure and other Plaza Improvements on the Tri-State Tollway (I-294) from Milepost 41.5 to Milepost 42.5 (Touhy Plaza 29), from Milepost 38.5 to Milepost 39.0 (Irving Park Plaza 33), at Milepost 13.5 (North of Cicero Avenue) and from Milepost 2.5 to Milepost 2.6 (Halsted Street Plaza 47A), in the amount of \$3,357,342.39.

Committee Chair Peterson inquired into the difference between the engineer's estimate and the award amount. Mr. Kovacs responded

that while the contract award amount was larger than the engineer's estimate, the competitive bids received were close to each other in amount. Mr. Kovacs further stated that upon examination, several reasons were identified for the disparity including not accurately accounting for: 1) the premium cost of an expedited schedule which provides for installation of the tolling test site before the end of the year, 2) the premium cost often experienced on late season package bids from vendors with already full schedules and 3) the unique features of the project for which historical data is unavailable and for which estimating labor hours is challenging. Mr. Kovacs stated that considerable time was taken to evaluate the engineer's estimate and the bids received in order to determine the best course of action, and the conclusion reached was that re-bidding the project was not likely to produce better pricing.

Chair Wolff inquired into the rationale for the expedited schedule, requiring a work completion date prior to year end. Mr. Kovacs responded that the expedited schedule was to facilitate the implementation of electronic tolling equipment upgrades. Ms. Whitehead added that installation of the tolling test site is a critical element to keeping planned system upgrades on track, allowing initiation of the RFP process for new cameras, multiprotocol readers, "feedback" transponders, smartphone apps and other tolling technologies. Executive Director Lafleur pointed out that the premium for the expedited schedule is not believed to be substantial and that the majority of the difference between the engineer's estimate and the award amount is due to the unique features of the project for which historical data was unavailable.

Item 3: Extra Work Order on Contract I-13-4126 to William Charles Construction Company, LLC for Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90) from Milepost 33.5 (Anthony Road) to Milepost 41.5 (US Route 20), in the amount of \$422,000.00.

Mr. Kovacs stated that this extra work order is to expedite concrete pavement construction which will provide for the work to be completed in five weeks as opposed to seven, returning it to schedule, and will allow for the opening of three lanes of traffic before the substantial completion date. Mr. Kovacs noted that while the I-90 West Corridor projects are tracking near their maximum budget allowances, the overall I-90 Corridor project is currently \$100 million under budget.

Committee Chair Peterson asked for confirmation that the extra work order will reduce construction time by two weeks as well as allow for the expedited return of three lanes of traffic. Mr. Kovacs responded affirmatively.

Chair Wolff inquired into the zero amounts listed for some vendors on the Diversity Program detail page of the item summary. Executive Director Lafleur responded that the column in question tracks the percentage of the Disadvantaged Business Enterprise (“DBE”) goal achieved to-date and, as this project is still in process, some vendors have not yet contributed their portion of the work.

Item 4: 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 \$1,012,636.00 from \$1,062,636.00 to \$50,000.00.

Item 5: Partial Release of Retainage on Contract RR-12-4047 to Plote Construction Inc. for Roadway Resurfacing and Bridge Repair on the Veterans Memorial Tollway (I-355) from Milepost 0.0 (I-80) to Milepost 29.8 (Army Trail Road), by \$771,352.77 from \$877,750.77 to \$106,398.00.

Item 6: Partial Release of Retainage on Contract I-12-4072 to William Charles Construction Company, LLC / Rock Road Companies, Inc., Joint Venture for Widening and Reconstruction on the Eastbound Jane Addams Memorial Tollway (I-90), from Milepost 17.7 (Mill Road) to Milepost 24.9 (Genoa Road), by \$1,400,366.55 from \$1,475,366.55 to \$75,000.00.

Item 7: Partial Release of Retainage on Contract I-13-4127 to Illinois Constructors Corporation for Bridge Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90) at Milepost 20.8 (Irene Road over I-90) and at Milepost 21.8 (Stone Quarry Road over I-90), by \$176,132.70 from \$236,330.72 to \$60,198.02.

Mr. Kovacs stated that the DBE goal achievement information on this item is under review.

Committee Chair Peterson asked if the DBE goal results on this contract are being reconciled. Mr. Kovacs responded affirmatively. Mr. Kovacs further stated that DBE goal performance on all contracts is closely monitored by the Diversity

Department throughout the contract, including through releases of retainage. Mr. Kovacs noted that all final DBE goal achievement results are reported in the quarterly reports provided to the Directors.

Item 8: Partial Release of Retainage on Contract I-13-4131 to Illinois Constructors Corporation for Bridge Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90) at Milepost 17.6 (Mill Road over I-90), by \$105,747.84 from \$136,817.84 to \$31,070.00.

Item 9: Final 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).

Item 10: Final Release of Retainage on Contract I-13-4129 to Illinois Constructors Corporation for Bridge Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90) at Milepost 43.7 (Brier Hill Road over I-90) and at Milepost 45.0 (Sandwald Road over I-90).

Mr. Kovacs stated that the DBE goal achievement information on this item is under review.

Committee Chair Peterson asked if the DBE performance evaluation is pending documentation. Gustavo Giraldo, Chief of Diversity & Strategic Development, responded that the DBE Final Payment Report is still pending. Committee Chair Peterson then inquired if there were any concerns in regard to DBE goal performance on this contract. Mr. Giraldo responded that he had

no concerns. Mr. Kovacs added that the contractor is anticipated to meet their DBE commitment.

Director Sweeney made a motion for approval of **Engineering Items 1 through 10**; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda.

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

Item 1: An Intergovernmental Agreement with Pace Suburban Bus. Cost to the Tollway: \$0.

Item 2: An Intergovernmental Agreement with Pace Suburban Bus and the Illinois Department of Transportation. Cost to the Tollway: \$0.

Item 3: An Intergovernmental Agreement with the New Jersey Turnpike. Cost to the Tollway: \$0.

Chair Wolff inquired as to how arrangements for transfer of surplus equipment, such as the automatic coin machine vaults, come about. Ms. Whitehead responded that professional networking is common within the tolling industry, often driven by the need to locate spare parts. Ms. Whitehead further stated that industry publications also offer a venue for equipment sale and transfer.

*Item 4: General Utility Agreement – Wide Open West (WOW).
Cost to the Tollway: \$0.*

Committee Chair Peterson inquired as to the length of the agreement. Mr. Goldberg responded that the agreement is binding in perpetuity, or as long as the utility owns communication and internet infrastructure assets in or about the area to be traversed by Tollway work.

Director Sweeney asked for confirmation that WOW is not a public utility. Mr. Goldberg stated that the utility is a private corporation providing internet, cable and phone services.

*Item 5: Amendment of Board Resolution with the Illinois Treasurer's Office for American Express Credit Card Services.
Cost to the Tollway: \$10,000,000.00.*

Committee Chair Peterson inquired into the term of the amendment. Mr. Goldberg responded that the amendment will extend the Tollway's participation in the Treasurer's agreement by three additional years, through December 31, 2017.

Committee Chair Peterson asked if the \$10 million cost encompasses the three year extension. Mr. Colsch responded affirmatively.

Item 6: Outside Counsel – Bond Counsel. Cost to the Tollway: \$0.

Mr. Goldberg stated that this item is to inform the Committee that as a result of a partner's move between firms, Polsinelli, PC will

replace Michael Best & Friedrich, LLP in the pool of ten firms contracted to assist the Tollway in connection with the issuance of bonds. On March 14, 2014, Michael Best & Friedrich, LLP, entered into an Assignment and Assumption Agreement with Polsinelli, PC, whereby Michael Best & Friedrich, LLP, assigned its rights, interests and title in its contract with the Tollway to Polsinelli, PC.

Committee Chair Peterson asked if there was precedent in such matters. Mr. Goldberg responded that while there is not Tollway precedent, at least not during his tenure, there are substantial precedents for contract assignment in circumstances of corporate succession or mergers. Mr. Goldberg further stated that the Tollway's State Purchasing Officer and the Illinois Attorney General's Office have no objection to this contract assignment.

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

Item 8: A Workers Compensation Settlement – Ronald Lullo. Cost to the Tollway: As Discussed in Executive Session.

Director Gonzalez made a motion for approval of **Legal Items 1 through 6**; seconded by Director Sweeney. The motion was approved unanimously to move to the full Board consent agenda.

Committee Chair Peterson stated **Legal Items 7 and 8** would be deferred to Executive Session at the July Board meeting.

There being no further business, Committee Chair Peterson requested a motion to adjourn. Motion to adjourn was made by

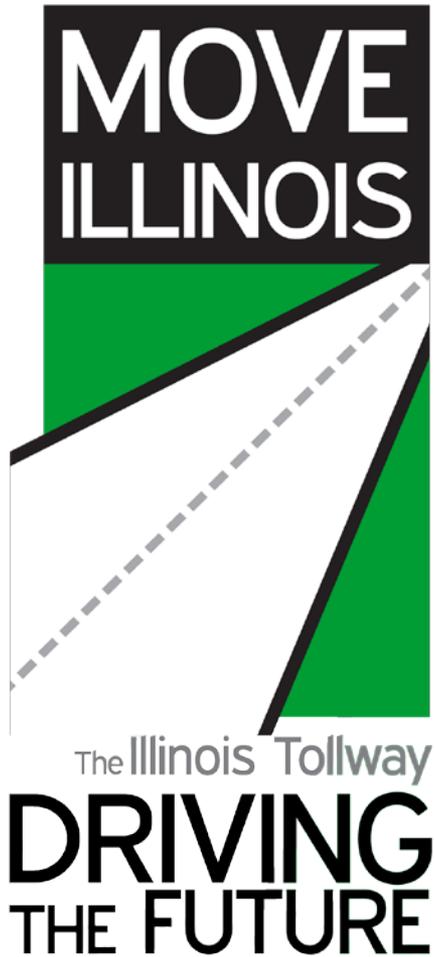
Director Gonzalez; seconded by Director Sweeney. The motion was approved unanimously.

The meeting was adjourned at approximately 9:24 a.m.

A handwritten signature in black ink that reads "Christi Regnery". The signature is written in a cursive, flowing style.

Minutes taken by: _____

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority



New Tolling Technology Test Site

July 16, 2014

What Are the Goals of the New Tolling Test Site?

- ▶ **Enable best customer experience when the Tollway selects and implements new technologies. An example of this is feedback (beeping) transponders.**
- ▶ **Enable ongoing innovation with cutting-edge technologies. An example of this is smartphone tolling.**
- ▶ **Enable ongoing tuning of existing technologies to maximize efficiencies and to minimize costs. An example of this is the triangulation of antenna signals for the best transponder reads.**

What Is the New Tolling Technology Test Site?

- ▶ **First of its kind in the nation, allowing the capture of data from “captive traffic”**
- ▶ **A “living laboratory” for the adoption and management of future tolling products**
- ▶ **A tool to maximize revenues and control costs**
- ▶ **An opportunity to remain at the forefront of the industry**

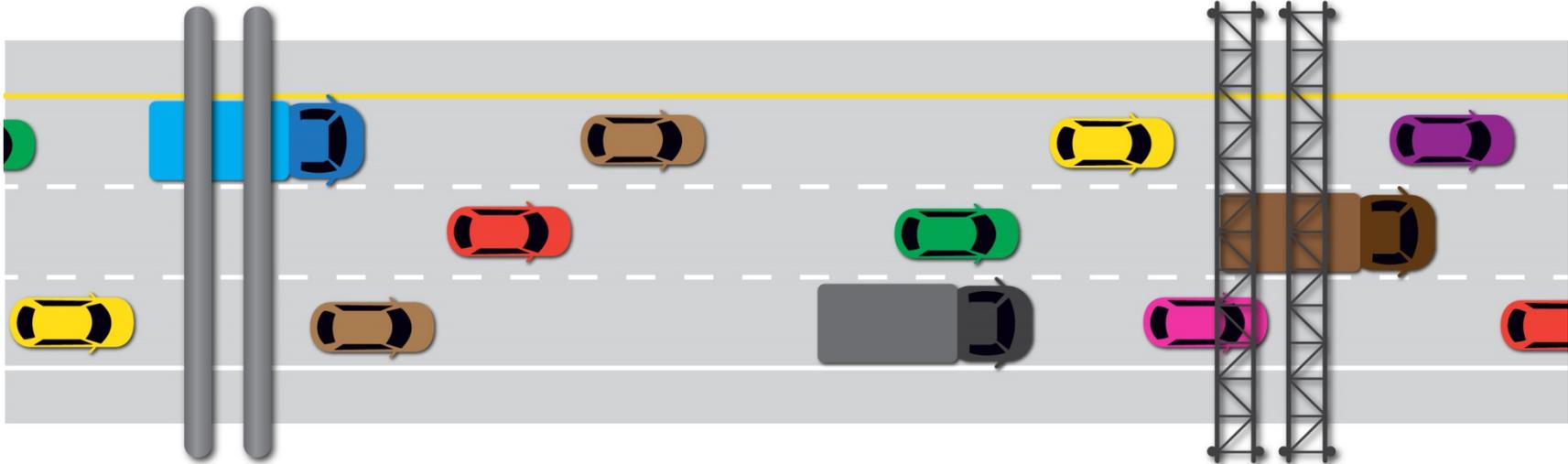
How It Works

TOUHY AVENUE TOLL PLAZA
(exists today)

Control Tolling Scenario

TOLLING TECHNOLOGY TEST SITE
(operational early 2015)

Experimental Tolling Scenario



Data transaction #1 -----> Transaction Comparison <----- Data transaction #2
Analyzed

Rendering of new tolling test site with proposed signage.

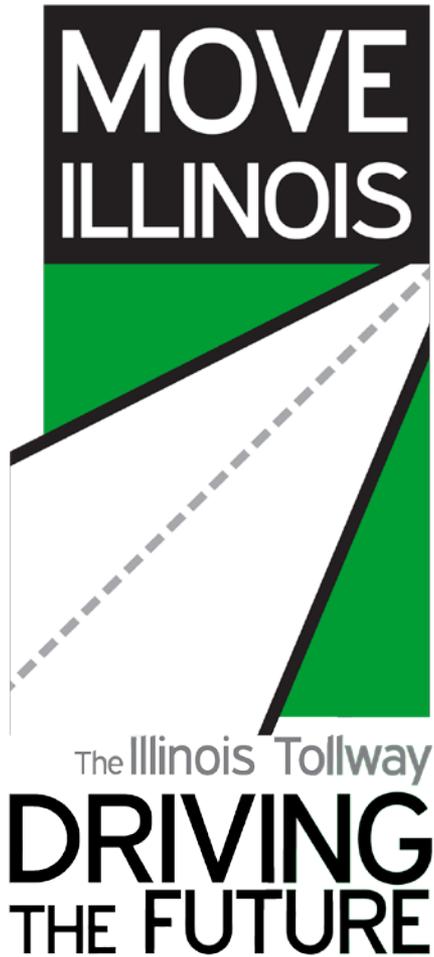


Potential 2015 Test Subjects

- ▶ Q1 - Transponders with multi-protocol readers, like TollTag, Fastrak and SunPass



- ▶ Q1 - New image capture camera technology
- ▶ Q2 - Feedback transponders (confirm toll paid and low balance)
- ▶ Q2 - Smartphone tolling applications



THANK YOU
