

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

**November 12, 2014**

The Illinois State Toll Highway Authority (the “Tollway”) held the Finance, Administration and Operations Committee Meeting on Wednesday, November 12, 2014, at approximately 8:32 a.m. at the Tollway’s Central Administration Building in Downers Grove, Illinois.

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

Committee Members Present:

Committee Chair Mark Peterson  
Director David Gonzalez

Committee Members Absent:

Director Terry D’Arcy

Also Attending:

Chair Paula Wolff

**PUBLIC COMMENT**

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

## **CHAIR'S ITEMS**

Committee Chair Peterson called for a motion to approve the Minutes of the Finance, Administration and Operations Committee Meeting and Executive Session held on October 15, 2014. Director Gonzalez made a motion for approval; seconded by Chair Wolff. The motion was approved unanimously.

Committee Chair Peterson then called on Kristi Lafleur, Executive Director.

## **EXECUTIVE DIRECTOR**

Executive Director Lafleur introduced Mike Colsch, Chief of Finance, and Cathy Williams, Deputy Chief of Finance, to present the Quarterly Financial Review for the 3rd Quarter of 2014. [See attached presentation.](#)

Chair Wolff inquired whether both Finance and Engineering were comfortable with the negative variances (under budget) in Capital Program expenditures. Paul Kovacs, Chief of Engineering, responded that Engineering is satisfied with the progress of Capital Program investment, noting a substantial portion of the negative variances are related to bid savings and schedule modifications. Mr. Kovacs added that significant Capital Program spending is still to occur in the 4<sup>th</sup> quarter.

At the conclusion of his presentation, Mr. Colsch reported to the Committee the recent successful completion of a new money bond issue. Mr. Colsch stated the bond issuance achieved a final overall

yield to maturity of 4.1%, the lowest cost of borrowing of the new money issues this year.

Chair Wolff inquired about the carryover to 2015 of the \$9.4 million year-to-date positive variance in revenues. Mr. Colsch responded that a \$7 million increase was made to the 2014 estimate for revenues and an increase of \$3.5 million was allocated to Maintenance and Operations spending which will result in the budget reflecting a net additional \$3.5 million positive variance. Mr. Colsch stated that the Tollway has also experienced a positive variance in debt service costs, noting that all revenue or resources not needed for 2014 may be expended as part of the 2015 budget.

Committee Chair Peterson inquired whether the \$3.5 million increase to Maintenance and Operations spending was reflected in the year-to-date budget. Mr. Colsch responded that the \$3.5 million supplemental increase was approved by the Board in October 2014 and is to be spent in the 4<sup>th</sup> quarter.

Executive Director Lafleur reported that in furtherance of the holiday spirit, a convoy of vehicles carrying the White House Christmas tree has been granted permission to travel the Tollway system in route from Minnesota to Washington, D.C.

## **ITEMS FOR CONSIDERATION**

Committee Chair Peterson called on Mike Colsch, Chief of Finance, to present the following **Finance** Items:

*Item 1: Emergency extension of Contract 09-0065 for Collections and Collection Litigation Services with NCO Financial Services, Inc. in an amount not to exceed \$450,000.00 (Tollway Request for Proposal).*

Committee Chair Peterson asked if the Tollway is currently in a contract negotiation process with Law Enforcement Systems, LLC. Mr. Colsch responded affirmatively.

Committee Chair Peterson asked if the \$450,000 cost is for a six-month emergency extension with NCO Financial Services, Inc. Mr. Colsch responded affirmatively.

Committee Chair Peterson asked if the six month extension is expected to allow sufficient time for transition of collection services to the new vendor. Mr. Colsch responded affirmatively, noting that the extension can conclude earlier than six months if the transition is accomplished sooner.

Committee Chair Peterson inquired regarding compensation and transition of collection actions in process, initiated by NCO Financial Services, Inc., at the conclusion of the extension. Mr. Colsch responded that the accounts currently held by NCO Financial Services, Inc., will be transitioned to Law Enforcement Systems, LLC. Executive Director Lafleur added that further discussion may be needed to address transition and compensation for collection items at advanced stages of recovery at the conclusion of the extension.

*Item 2: Award of Contract 13-0118 for Cyber Liability Insurance with Beazley Insurance Company in an annual amount not to exceed \$130,111.00 (Tollway Request for Proposal). Recusal: Director Redick.*

Committee Chair Peterson inquired regarding the number of responses received to the solicitation. Mr. Colsch responded that 15 firms were solicited through a contracted insurance broker from which the Tollway received eight rate indications. Mr. Colsch stated that the broker then made a request of the vendor, which indicated the most favorable coverage and premium rate, to develop a proposal.

Committee Chair Peterson requested confirmation that this award will provide for the Tollway's first policy for cyber liability insurance coverage. Mr. Colsch confirmed.

Committee Chair Peterson inquired whether existing or previous insurance policies provided the Tollway this specialized coverage. Mr. Colsch responded in the negative, explaining that the purpose for acquiring this insurance product was to address an identified gap in insurance coverage and to manage the risks related to a potential data breach.

Executive Director Lafleur inquired whether staff was satisfied with the method of procurement utilized, obtaining proposals through a contracted insurance broker. John Hauk, Insurance Risk Manager, responded affirmatively, noting that the method provided advantages in soliciting proposals for this specialized coverage.

Chair Wolff inquired whether the method of procurement utilized was a collaborative process between the Tollway and the contracted insurance broker. Mr. Hauk responded that the process was collaborative, involving sharing of information throughout.

Committee Chair Peterson inquired whether the elements of the cyber liability coverage were developed by the Tollway. Mr. Hauk responded that the coverage was developed by the vendor and represents a standard policy offering.

Committee Chair Peterson inquired whether staff were comfortable with the policy's liability limits. Mr. Hauk responded that the \$10 million aggregate limit is the current maximum offered by the vendor. Mr. Hauk added that the Tollway is exploring, with assistance from the contracted insurance broker, cost-effective methods of increasing liability limits.

Chair Wolff inquired about the overall length of the procurement process for this insurance coverage. Mr. Colsch responded that the insurance broker received their contract award in approximately May of this year, with the proposal submission occurring in October.

*Item 3: Renewal of Contract 11-0195 for the Property Insurance Program with RSUI Indemnity Company and Chubb Insurance Company through Mesirow Insurance Services for a combined annual premium of \$820,281.00 (Tollway Request for Proposal).*

*Recusal: Director Redick.*

Committee Chair Peterson asked if, when establishing the insured value for business interruption coverage for loss of toll income, consideration was given to the increased commercial vehicle toll rates. Mr. Colsch responded affirmatively.

Committee Chair Peterson inquired regarding estimates for total Tollway revenues. Mr. Colsch responded the fiscal year 2014 estimate for total revenue is \$1,022 million, with projected total revenues of \$1,170 million in fiscal year 2015.

Committee Chair Peterson inquired regarding coverage for noise abatement walls and retaining walls. Mr. Hauk responded that noise abatement walls are excluded and losses for retaining walls have a sub-limit of \$100 million. Mr. Hauk noted that coverage sought is based on risk assessment and recommendation provided by the Tollway's Consulting Engineer.

Committee Chair Peterson asked for confirmation that new construction was incorporated into the valuations used to determine the Total Insured Value of the road system structures that the insurance carrier will cover. Mr. Colsch confirmed, with the exception of items excluded from coverage such as noise abatement walls.

Committee Chair Peterson asked for the difference in Total Insured Value compared to last year's policy. Mr. Colsch responded that the new policy includes a 5.7% increase to the Total Insured Value of the assets covered. Mr. Hauk added that the replacement cost valuation of road structure assets, established by the Consulting Engineer, includes an approximately 3.5% increase.

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

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

*Item 1: Award of Contract 14-0159 to Mythics, Inc. for the purchase of Oracle Software Licensing Support and Maintenance in an amount not to exceed \$1,126,912.06 (Order Against CMS Master Contract).*

Committee Chair Peterson inquired whether the vendor was under separate contract with the Tollway to provide other services. Mr. Donato responded in the negative.

*Item 2: Award of Contract 14-0087 to Sentinel Technologies, Inc. for the purchase of EMC Equipment, Maintenance, Support, and Services in an amount not to exceed \$7,975,000.00 (Tollway Invitation for Bid).*

Chair Wolff inquired whether the Procurement department was satisfied with the response to the solicitation, receiving only two bids. Mr. Donato responded affirmatively, explaining that the requirement of vendors to be an Authorized Partner of EMC in order to sell or support EMC equipment and software limited the pool of available vendors.

*Item 3: Award of Contract 13-0052 to KM International, Inc.; McCann Industries, Inc.; and Cummings, McGowan & West, Inc. (d.b.a. CMW Equipment) for the purchase of Asphalt-Repair Equipment in an aggregate amount not to exceed \$861,905.00 (Tollway Invitation for Bid).*

Committee Chair Peterson requested confirmation that there are three vendors for award under this contract. Mr. Donato confirmed, explaining that there are three separate sources for the three types of asphalt-repair equipment required by the Tollway.

Committee Chair Peterson requested confirmation that the purpose of this award is to replace existing asphalt-repair equipment that has reached the end of its useful life. Mr. Donato confirmed, adding that all of the equipment procured under this award will replace existing equipment with the exception of one of the two portable asphalt-recycling machines.

Director Gonzalez made a motion for approval of **Procurement Items 1 through 3**; seconded by Chair Wolff. 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 I-14-4198 to Aldridge Electric, Inc. for Ramp Queue Detection and Dynamic Message Sign (DMS) Installation on the Jane Addams Memorial Tollway (I-90) from Milepost 17.1 (I-39) to Milepost 52.5 (Randall Road), in the amount of \$2,522,122.38.*

Committee Chair Peterson inquired about ramp queue detection. Mr. Kovacs responded that ramp queue detection uses a system of sensors to monitor vehicle traffic on high-use ramps and informs the controlling traffic signals in an effort to alleviate traffic conditions and prevent backups from extending onto the mainlines.

*Item 2: Award of Contract I-13-4621 to R.W. Dunteman Company for Roadway Improvements on Illinois Route 390 at Milepost 13.1 (Hamilton Lakes Drive, Park Boulevard, Pierce Road, and Ketter Drive), in the amount of \$4,887,978.73.*

Committee Chair Peterson inquired about the award amount being higher than the engineer's estimate. Mr. Kovacs responded that the solicitation receiving seven bids indicates that Tollway advertising and outreach was successful and that the price achieved is a reflection of strong bid competition. Mr. Kovacs added that the engineer's estimate may have reflected estimates for efforts to achieve this work on contiguous locations, rather than the disconnected location work required.

Chair Wolff inquired concerning the disadvantaged business enterprise ("DBE") goal for this award. Mr. Kovacs responded that the DBE goal for this award is 19.0% with the vendor having made a DBE commitment of 19.31%.

*Item 3: Award of Contract I-14-4210 to Lorig Construction Company for Outside Roadway and Bridge Reconstruction and Widening on the Jane Addams Memorial Tollway (I-90) from*

*Milepost 73.3 (Oakton Street) to Milepost 75.1 (Wolf Road), in the amount of \$54,880,569.09.*

Mr. Kovacs noted that although Engineering Items 3 and 4 were bid together as part of a combination bid option, resulting in savings to the Tollway of approximately \$630,000.00, these contracts are to be awarded and administered separately.

*Item 4: Award of Contract I-14-4211 to Lorig Construction Company for Outside Roadway and Bridge Reconstruction and Widening on the Jane Addams Memorial Tollway (I-90) from Milepost 75.1 (Wolf Road) to Milepost 76.6 (Mannheim Road), in the amount of \$46,754,351.69.*

Committee Chair Peterson asked for the location where the vendor is presently performing other work on the Tollway system. Mr. Kovacs responded the vendor is currently concluding work on the Tri-State Tollway (I-294)/I-57 Interchange Project.

Mr. Kovacs stated that a second solicitation allowing a combination bid option is being advertised currently, from which results will dictate whether to proceed with a third combination bid offering.

Committee Chair Peterson inquired regarding the vendor's Diversity Program performance on work recently completed on the Tri-State Tollway (I-294)/I-57 Interchange Project. Gustavo Giraldo, Chief of Diversity & Strategic Development, responded that the vendor met the contract's DBE goals.

Chair Wolff inquired whether the savings to the Tollway of approximately \$630,000.00 achieved as a result of the combination bid offering were in line with expectations. Mr. Kovacs responded that savings resulting from economies of scale provided by the combination bid option were anticipated but the Engineering department did not have specific expectations.

Committee Chair Peterson inquired concerning the engineers' estimates on these contracts (Items 3 and 4) being developed for an amount higher than the award amounts. Mr. Kovacs responded that the engineers' estimates more typically correspond with the average of the bids received. Mr. Kovacs further responded that engineers' estimates are developed using historical pricing and are not always able to anticipate savings opportunities that can be foreseen by the bidders.

Committee Chair Peterson requested confirmation that Engineering is confident the vendor can achieve the work at the award amount. Mr. Kovacs confirmed, referencing the vendor's record on previous Tollway work.

Committee Chair Peterson inquired concerning change order/extra work order requests made by the vendor during their contract work performed on the Tri-State Tollway (I-294)/I-57 Interchange Project. Mr. Kovacs responded that the vendor has been responsive and reasonable and have demonstrated that they value providing high quality work delivered on time.

Chair Wolff inquired about the Tollway Earned Credit Program ("ECP"). Executive Director Lafleur responded that the ECP

initiative, which allows contractors and subcontractors to earn bid credits toward future Tollway construction bids when they hire from a pool of qualified, pre-screened job candidates, incentivizes providing continuing employment for ECP hires, rather than utilizing them on a project basis.

Chair Wolff inquired whether staff has concern that the structure of the ECP could provide a continuing bid advantage to long time adopters and affect a barrier to new entrants into the program. Executive Director Lafleur responded in the negative, noting the robust response to Tollway solicitations and the Tollway's encouragement of the ECP's effort to diversify and expand the pool of firms and individuals doing business with the Tollway. Mr. Kovacs stated that prime contractors are able to be strategic in selection of subcontractors in order to take advantage of ECP credits, while in the process of earning their own. Ms. Lafleur added that ECP credits are earned by the participating employer regardless of whether the work being performed by the ECP hire is contracted by the Tollway. Mr. Kovacs added that the Tollway sets a maximum allowance for submission of ECP credit on any one request for proposal.

Mr. Kovacs then reported to the Committee the robust interest of the consulting community in Tollway work, noting the response to the bulletin advertising the following nine professional services items included receipt of 386 statements of interest from 117 firms on just 19 items.

*Item 5: Acceptance of Proposal from Burns & McDonnell Engineering Co., Inc., on Contract I-14-4186 for Construction*

*Management Services for Roadway, Retaining Wall and Bridge Reconstruction and Widening on the Jane Addams Memorial Tollway (I-90) from Milepost 73.3 (East of Oakton Street) to Milepost 76.6 (East of Lee Street), in an amount not to exceed \$TBD.*

Mr. Kovacs stated this item is still in negotiation and requested that this item be deferred to the November Board meeting.

*Item 6: Acceptance of Proposal from PB-GSG Construction Management (Parsons Brinckerhoff, Inc., GSG Consultants, Inc. (D/MBE), and GSG Materials Testing, Inc. (D/MBE) Joint Venture), on Contract I-14-4187 for Construction Management Services for Roadway, Retaining Wall and Bridge Reconstruction and Widening on the Jane Addams Memorial Tollway (I-90) from Milepost 70.7 (Arlington Heights Road) to Milepost 73.3 (East of Oakton Street), in an amount not to exceed \$TBD.*

Mr. Kovacs stated this item is still in negotiation and requested that this item be deferred to the November Board meeting.

*Item 7: Acceptance of Proposal from Civiltech Engineering, Inc., on Contract I-14-4637 for Construction Management Services for Bridge Construction on Illinois 390 at Milepost 14.8 (Wood Dale Road), in an amount not to exceed \$2,986,500.00.*

*Item 8: Acceptance of Proposal from Delta Engineering Group, LLC (D/MBE) / CH2M Hill, Inc. (JV), on Contract I-14-4638 for Intelligent Transportation Systems (ITS) and Fiber Optic Design Services Upon Request on Illinois 390 from Milepost 11.2*

*(Meacham/Medinah Road) to Milepost 15.8 (IL 83) and Systemwide, in an amount not to exceed \$4,000,000.00.*

*Item 9: Acceptance of Proposal from Geo Services, Inc. (D/MBE), on Contract I-14-4639 for Geotechnical Services Upon Request, Systemwide, in an amount not to exceed \$3,000,000.00.*

Mr. Kovacs stated that the following four items (Items 9-12) are “Upon Request” contracts which are task order based contracts that have assigned upper limits.

Committee Chair Peterson inquired regarding the estimated contract completion schedule of the “Upon Request” contracts being presented. Mr. Kovacs responded that the Tollway has provided a generous schedule but noted that each of the following “Upon Request” contracts has a prepared list of tasks ready for immediate vendor action upon approval.

*Item 10: Acceptance of Proposal from Interra, Inc. (D/MBE), on Contract RR-14-4195 for Materials Engineering Services Upon Request, Systemwide, in an amount not to exceed \$3,750,000.00.*

*Item 11: Acceptance of Proposal from Parsons Transportation Group, Inc., on Contract I-14-4194 for Construction Management Services Upon Request on the Jane Addams Memorial Tollway (I-90) and Systemwide, in an amount not to exceed \$5,000,000.00.*

Chair Wolff requested confirmation that the vendor is 100% employee owned. Mr. Kovacs confirmed.

*Item 12: Acceptance of Proposal from Rubinos & Mesia Engineers, Inc. (D/MBE), on Contract I-14-4196 for Design Services Upon Request on the Jane Addams Memorial Tollway (I-90) and Systemwide, in an amount not to exceed \$3,000,000.00.*

Mr. Giraldo noted a correction to the Diversity Detail of this item, stating that the ethnic group reported for the prime contractor's DBE certification should be listed as Asian Indian (not Hispanic).

Mr. Kovacs stated that change orders/extra work orders are anticipated to be requested at an upcoming meeting for winterization costs to accommodate completion over the winter season of bridge work being performed along I-90 that experienced delays resulting from logistical challenges encountered during coordination with adjacent utilities.

*Item 13: Partial Release of Retainage on Contract I-12-4078 to Acura, Inc. (D/MBE), for Reconstruction and Widening on the Jane Addams Memorial Tollway (I-90) at Milepost 42.3 (US 20 Bridge), by \$244,317.98 from \$284,317.98 to \$40,000.00.*

*Item 14: Partial Release of Retainage on Contract RR-13-4125 to Lorig Construction Company for Corridor Repairs and Bridge Rehabilitation on the Tri-State Tollway (I-294) from Milepost 0.0 (IL 394) to Milepost 48.9 (Willow Road), and the Tri-State Tollway (I-94) from Milepost 10.5 (IL 21) to Milepost 30.0 (Edens Expressway), by \$291,355.65 from \$341,355.65 to \$50,000.00.*

*Item 15: Partial Release of Retainage on Contract I-13-4163 to Lorig Construction Company for Bridge Widening and*

*Reconstruction on the Jane Addams Memorial Tollway (I-90) at Milepost 26.5 (Johnson Road) and Milepost 28.8 (Shattuck Road), by \$228,163.82 from \$278,163.82 to \$50,000.00.*

*Item 16: Final Release of Retainage on Contract RR-13-4138 to Herlihy Mid-Continent Company for Bridge and Noise Wall Repairs on the Veterans Memorial Tollway (I-355) from Milepost 3.8 (167th Street) to Milepost 26.3 (Prairie Path).*

Mr. Kovacs noted that the DBE shortfall experienced on this contract was reviewed and accepted by the Diversity department.

Committee Chair Peterson requested confirmation that the adjustments made to the maintenance of traffic plan that resulted in creating a DBE shortfall were initiated at Tollway request. Mr. Kovacs confirmed.

Director Gonzales requested confirmation that the projected adjustment amount of \$3,113,726.10 reported in the financial summary is the expected final cost of this contract. Mr. Kovacs confirmed.

Director Gonzales inquired whether, and if so, how an approximately \$70,000 variance from the original award amount of \$3,065,909.35 resulted in causing a 7% DBE shortfall. Mr. Kovacs detailed the extra work that composed the variance from original award amount. Mr. Kovacs then stated that the Tollway's requested use of barrier wall, with existing reflectors and striping, precluded the need for temporary roadway reflective striping work

and affected the DBE performance of the original contract, not just the variance.

Committee Chair Peterson requested the dollar amounts paid to the three certified DBE subcontractors on this contract. Mr. Giraldo responded that Interra's original award was \$49,950.00 with final contract amount paid of \$72,940.88, Tough Cut Concrete Services' original award was \$19,500.00 with final contract amount paid of \$11,700.00, and Work Zone Safety's original award was \$463,133.25 with final contract amount paid of \$238,218.38.

Mr. Kovacs stated that a report issued by the Construction Manager on the certified DBE firm subcontracted to perform work related to work zone safety indicates that as a result of Tollway changes to scope this work was divided, the number of lane closures were significantly reduced, and placement of barrier wall was utilized to increase safety for workers and the motoring public.

Director Gonzalez expressed his preference for DBE shortfall as a result of Tollway modification to the scope of work rather than prime contractors subcontracting with certified DBE's that are unable to complete their portion of the work.

Chair Wolff inquired about steps the Tollway takes when a contractor incurs out-of-pocket costs in advance of an unanticipated project change. Mr. Giraldo indicated the Tollway will look to ameliorate, for example by purchasing materials that can be applied to other work, or, as Mr. Kovacs indicated, reimbursing certain purchase costs.

*Item 17: Final Release of Retainage on Contract I-13-4159 to John Burns Construction Company for Fiber Optic Relocation on the Jane Addams Memorial Tollway (I-90) from Milepost 56.8 (IL 25) to Milepost 68.15 (I-290).*

*Item 18: Final Release of Retainage on Contract I-13-4160 to John Burns Construction Company for Fiber Optic Relocation on the Jane Addams Memorial Tollway (I-90) from Milepost 68.15 (I-290) to Milepost 78.5 (River Road Plaza).*

Director Gonzalez made a motion for approval of **Engineering Items 1 through 4 and 7 through 18**; seconded by Chair Wolff. The motion was approved unanimously to move to the full Board consent agenda.

Committee Chair Peterson stated **Engineering Items 5 and 6** would be deferred to the November Board of Directors meeting.

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

*Item 1: An Intergovernmental Agreement with the University of Illinois. Cost to the Tollway: Not to exceed \$80,000. **Recusal: Director Redick.***

Mr. Goldberg requested that this item be deferred to a future meeting.

Committee Chair Peterson stated **Legal Item 1** would be deferred.

At approximately 9:55 a.m., David Goldberg, General Counsel, indicated the need to discuss Tollway matters related to sale of securities, pursuant to Section 2(c)(7) of the Illinois Open Meetings Act. Director Gonzalez made the motion to enter into Executive Session; seconded by Chair Wolff. The motion was approved unanimously.

At approximately 10:23 a.m., the Board re-entered the public session of the Committee 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: \_\_\_\_\_

Christi Regnery  
Board Secretary  
Illinois State Toll Highway Authority



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**2014 Third Quarter  
Budget to Actual Review**  
*(Preliminary and Unaudited)*

**November 12, 2014**

# 2014 Year-to-Date Highlights

## *Original Budget to Actual Comparisons*

### ***Strong second and third quarter revenues offset winter impact***

#### **Revenue - \$773.1 million**

- ***\$9.4 million more than budget***

- ✓ Toll revenue and evasion recovery 1 percent more than budget
  - ***Commercial vehicle transactions 2.2 percent higher than projection***
  - ***Passenger vehicle transactions 0.5 percent lower than projection***
- ✓ Miscellaneous revenue \$3.9 million more than budget

#### **Maintenance and Operations**

- ***\$945 thousand less than budget***

- ✓ 2014 revised annual M and O budget includes a supplemental increase of \$3.5 million for winter-related payroll, materials and fuel

#### **Capital Program - \$816.4 million**

- ***Highest year-to-date spending in Tollway history***

Note: Revenue estimates for 2014 increased by \$7 million in the 2015 Tentative Budget

# Year-to-Date 2014 – Revenue

**Total revenue was \$9.4 million greater than the 2014 year-to-date budget**

<i>(\$ millions)</i>	<u>Budget</u>	<u>Actual</u>	<u>\$ Var.</u>	<u>% Var.</u>
Toll and Evasion Recovery	\$756.3	\$762.7	\$6.5	0.9%
Concessions	1.6	1.6	0	-2.4%
Investment Income	1.5	0.7	(0.8)	-56.0%
Miscellaneous	4.3	8.1	3.9	90.6%
<b>Total Revenue</b>	<b>\$763.7</b>	<b>\$773.1</b>	<b>\$9.4</b>	<b>1.2%</b>

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

## During the 3<sup>rd</sup> Quarter

- ✓ **Commercial vehicles**
  - Grew 6.1 percent year-over-year
  - 2.5 percent greater than budget
- ✓ **Passenger vehicles**
  - Grew 2.4 percent year-over-year
  - 0.4 percent greater than budget

# Year-to-Date 2014 – Maintenance and Operations

*Year-to-date budget does not reflect a supplemental increase of \$3.5 million, approved in October 2014, for winter-related costs*

<i>(\$ millions)</i>	<u>Budget</u>	<u>Act.</u>	<u>\$ Var.</u>	<u>% Var.</u>
Payroll and related costs	\$119.1	\$119.8	\$0.8	0.6%
Group Insurance	22.1	22.3	0.2	0.7%
Contractual Services	42.7	39.8	(2.9)	-6.8%
Materials/Operations Supplies	4.3	3.9	(0.4)	-8.8%
Utilities	4.3	5.1	0.8	19.4%
All Other Insurance	7.9	8.1	0.2	3.2%
Parts and Fuel	4.5	5.8	1.3	28.9%
Equipment Rental/Maintenance	11.9	11.4	(0.5)	-4.4%
Other Miscellaneous Expenses	0.8	0.5	(0.3)	-38.5%
Recovery of Expenses	(1.9)	(2.0)	(0.1)	-6.4%
<b>Total</b>	<b>\$215.6</b>	<b>\$214.7</b>	<b>(0.9)</b>	<b>-0.4%</b>

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

## Key Drivers

- ✓ **Winter related payroll costs**
- ✓ **Timing of purchases/payments**
  - Contractual services and equipment maintenance
- ✓ **Utilities rates and new locations**

# Year-to-Date 2014 – Capital Program

## Capital Program spending at record level

(\$ millions)	<u>Proj.</u>	<u>Act.</u>	<u>\$ Var.</u>	<u>% Var.</u>
Tri-State Tollway	\$8.7	\$3.6	(\$5.1)	-58.7%
Reagan Memorial Tollway	7.9	9.5	1.6	20.0%
Jane Addams Memorial Tollway	542.2	455.5	(86.7)	-16.0%
Veterans Memorial Tollway	9.8	2.3	(7.5)	-76.8%
Open Road Tolling	3.6	1.3	(2.3)	-63.9%
Systemwide Improvements	196.8	116.9	(79.9)	-40.6%
Tri-State (I-294)/I-57 Interchange	68.4	34.9	(33.5)	-49.0%
Elgin O'Hare Western Access	184.8	165.6	(19.1)	-10.4%
Illinois Route 53/120 Project	3.8	1.1	(2.7)	-70.6%
<b>Move Illinois and CRP</b>	<b>\$1,025.9</b>	<b>\$790.7</b>	<b>(\$235.2)</b>	<b>-22.9%</b>
Other Capital Projects	38.5	38.5	0	0%
<b>Capital Program Subtotal</b>	<b>\$1064.4</b>	<b>\$829.2</b>	<b>(\$235.2)</b>	<b>-22.1%</b>
IGA Reim. and Other Adjust.	0	(12.8)	(12.8)	N/A
<b>Total Capital Program</b>	<b>\$1,064.4</b>	<b>\$816.4</b>	<b>(\$248.0)</b>	<b>-23.3%</b>

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

# Third Quarter 2014 – Budget vs. Actual

## *Summary*

- ❑ Revenue - \$7.8 million above target
  - *Increased traffic and miscellaneous revenue*
- ❑ Maintenance and operations - \$76 thousand more than budget
- ❑ Debt service transfers - \$2.3 million less than budget
- ❑ Capital Program - \$393.8 million
  - *Highest quarterly spending in Tollway history*

# Year-to-Date 2014 – Budget vs. Actual

## *Summary*

- ❑ Revenue - \$9.4 million above target
  - *Strong second and third quarters offset negative impact from first quarter severe winter conditions*
- ❑ Maintenance and operations - \$945 thousand below budget
- ❑ Debt service transfers - \$14.7 million less than budget
- ❑ Capital Program - \$816.4 million
  - *Highest year-to-date spending in Tollway history*

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# Appendix

# Revenue – Third Quarter 2014

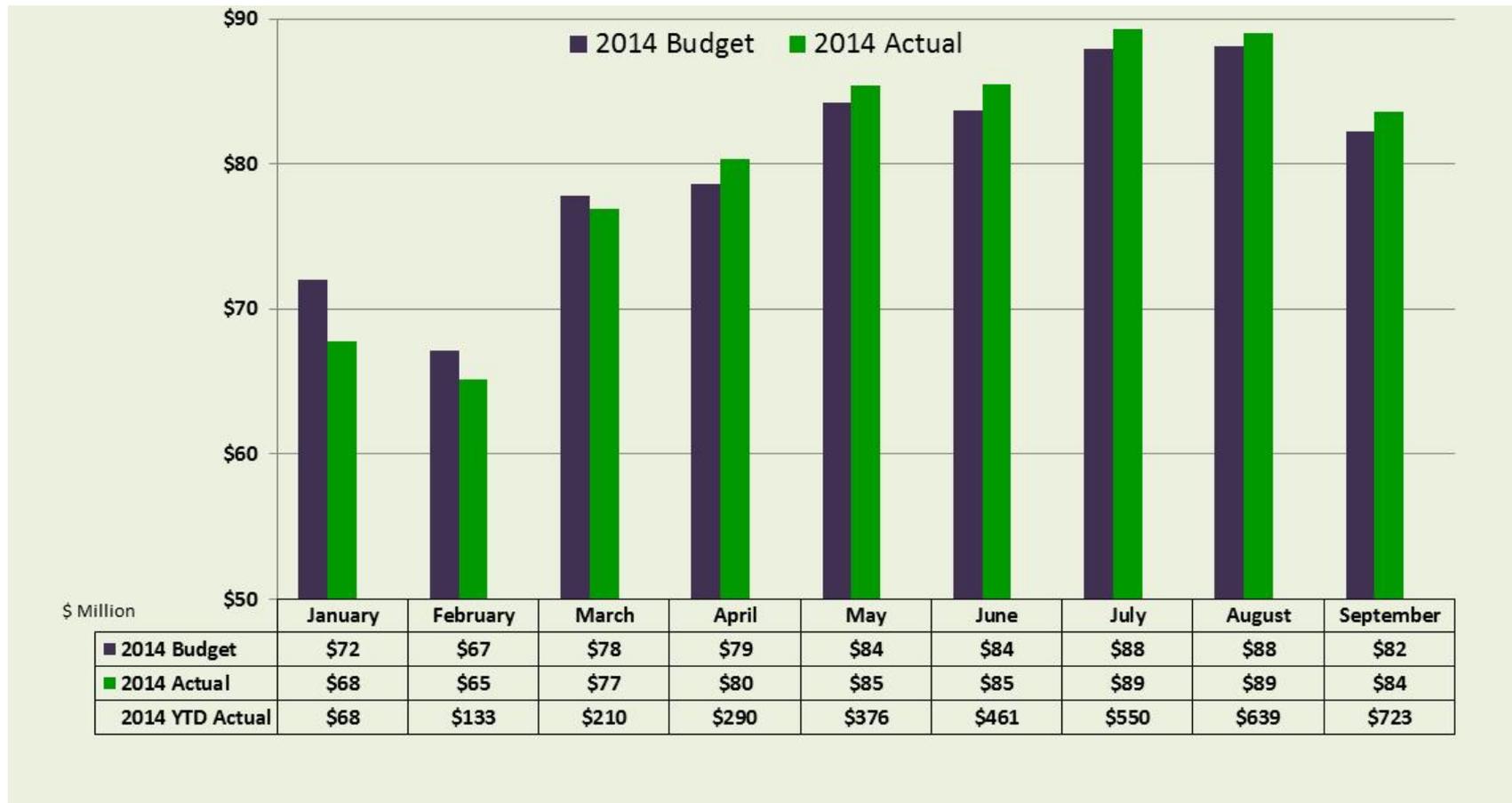
**Budget vs. Unaudited Actual**  
**Third Quarter 2014**  
(\$ thousands)

	3rd Qtr		Variance	
	Budget	Actual	\$	%
Toll Revenue and Evasion Recovery	\$269,814	\$276,841	\$7,027	2.6%
Concessions	560	542	(18)	-3.2%
Investment Income	500	333	(167)	-33.4%
Miscellaneous	1,569	2,509	940	59.9%
<b>Total Revenue</b>	<b>\$272,443</b>	<b>\$280,225</b>	<b>\$7,782</b>	<b>2.9%</b>

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

# 2014 Monthly Toll Revenue

*Year-to-date toll revenue exceeded projections*



# Maintenance and Operations – Third Quarter 2014

Budget vs. Unaudited Actual  
Third Quarter 2014  
(\$ thousands)

	3rd Qtr		Variance	
	Budget	Actual	\$	%
Payroll and Related Costs	\$39,161	\$39,704	\$543	1.4%
Group Insurance	7,134	7,832	698	9.8%
Contractual Services	16,762	14,770	(1,992)	-11.9%
Materials/Operational Supplies/Other Expenses	860	902	41	4.8%
Utilities	1,420	2,012	592	41.7%
All Other Insurance	2,725	3,130	405	14.9%
Parts and Fuel	1,805	1,925	121	6.7%
Equipment/Office Rental and Maintenance	3,824	3,601	(223)	-5.8%
Other Miscellaneous Expenses	217	122	(95)	-43.9%
Recovery of Expenses	(592)	(604)	(13)	-2.2%
<b>Total Maintenance and Operations Expenditures</b>	<b>\$73,316</b>	<b>\$73,393</b>	<b>\$76</b>	<b>0.1%</b>

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

# Capital Program – Third Quarter 2014

## Budget vs. Unaudited Actual

Third Quarter 2014

(\$ thousands)

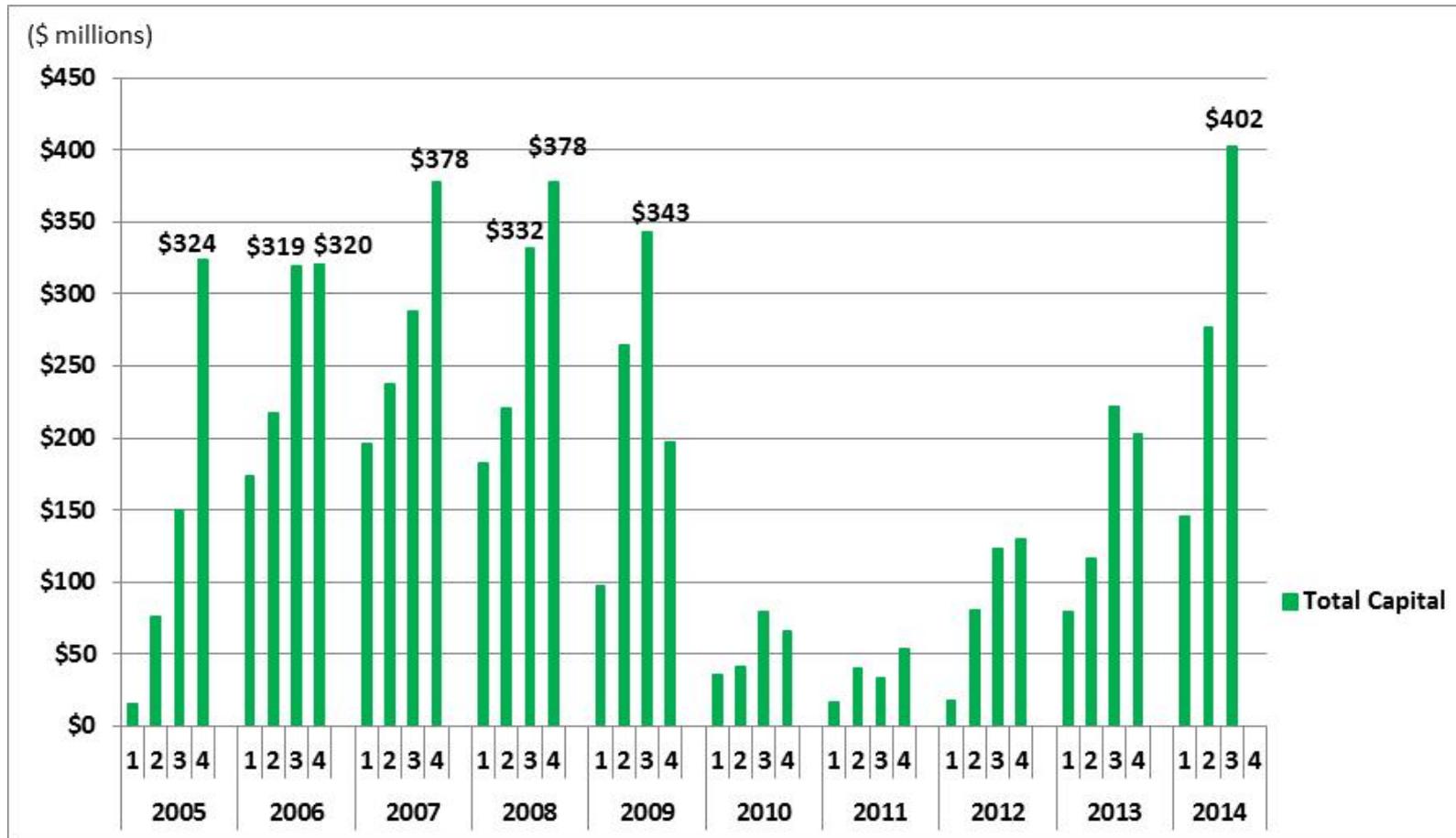
	3rd Qtr		Variance	
	Projection	Actual <sup>(1)</sup>	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$905	\$73	(\$833)	-92.0%
Reagan Memorial Tollway (I-88)	2,670	4,547	1,877	70.3%
Jane Addams Memorial Tollway (I-90)	264,986	232,107	(32,879)	-12.4%
Veterans Memorial Tollway (I-355)	633	805	172	27.1%
Open Road Tolling (ORT)	1,612	860	(752)	-46.7%
Systemwide Improvements	101,570	57,766	(43,804)	-43.1%
Tri-State Tollway (I-294)/I-57 Interchange	24,740	17,638	(7,101)	-28.7%
Elgin O'Hare Western Access	102,557	72,875	(29,681)	-28.9%
Illinois Route 53/120/Other Planning Studies	1,286	480	(806)	-62.7%
<b>Move Illinois and CRP Subtotal</b>	<b>\$500,959</b>	<b>\$387,151</b>	<b>(\$113,807)</b>	<b>-22.7%</b>
"Other" Capital Projects	13,750	14,853	1,103	8.0%
<b>Capital Program Subtotal</b>	<b>\$514,709</b>	<b>\$402,004</b>	<b>(\$112,704)</b>	<b>-21.9%</b>
Intergovernmental Agreement Reimbursement and Other Adjustments <sup>(2)</sup>	-	(8,224)	(8,224)	N/A
<b>Total Capital Program Expenditures</b>	<b>\$514,709</b>	<b>\$393,781</b>	<b>(\$120,928)</b>	<b>-23.5%</b>

<sup>(1)</sup> Capital Program Actual included accrued expenses for which payments have not been made as of September 30, 2014.

<sup>(2)</sup> Intergovernmental Agreement Reimbursements were for work performed in prior periods.

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

# Capital Program – Historical Spending by Quarter 2005-2014



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

# Capital Program – Third Quarter 2014

## *Projections vs. Actual*

### *Key variance highlights*

<input type="checkbox"/> <b>Systemwide Improvements</b>	
▪ Schedule changes	(\$42.4) million
▪ Project cost savings	(\$ 1.5)
<input type="checkbox"/> <b>Jane Addams Memorial Tollway (I-90)</b>	
▪ Project cost savings	(\$36.6)
▪ Schedule changes	\$ 3.7
<input type="checkbox"/> <b>Elgin O’Hare Western Access Project</b>	
▪ Schedule changes	(\$29.7)
<input type="checkbox"/> <b>Tri-State Tollway (I-294)/I-57 Interchange</b>	
▪ Pchedule changes	(\$ 7.0)
▪ Project cost savings	(\$ 0.1)

# Capital Program – Third Quarter 2014

## *Projections vs. Actual*

### *Key variance highlights*

- Open Road Tolling**
  - *Schedule changes* (\$ 0.8) million
- Illinois Route 53/120 Project**
  - *Schedule changes* (\$ 0.8)
- Tri-State Tollway (I-94/I-294/I-80)**
  - *Schedule changes* (\$ 0.8)
- Reagan Memorial Tollway (I-88)**
  - *Schedule changes* \$ 1.9
- Veterans Memorial Tollway (I-355)**
  - *Schedule changes* \$ 0.2

# Revenue

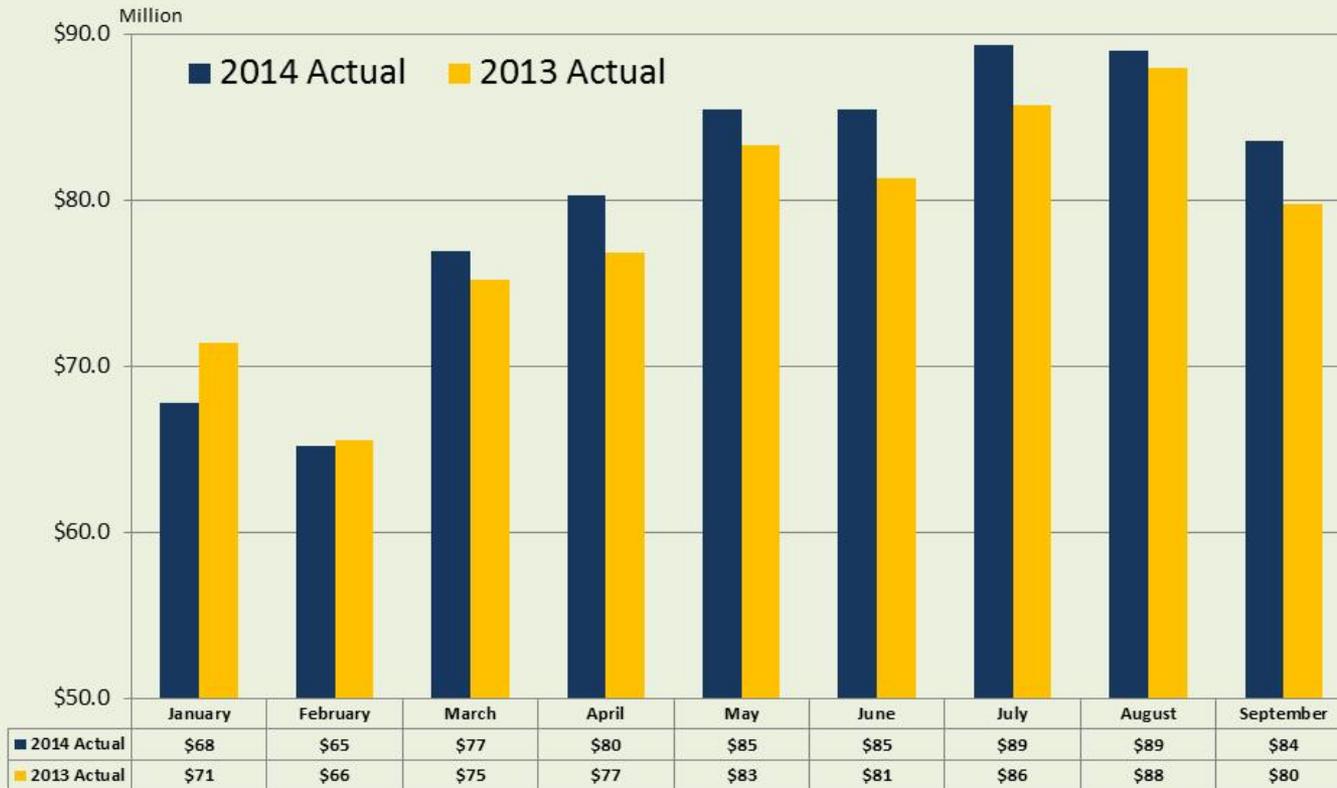
## 2014 vs. 2013 Year-to-Date Actual

(\$ thousands)

	YTD		Variance	
	2013	2014	\$	%
Toll Revenue and Evasion Recovery	\$747,333	\$762,724	\$15,391	2.1%
Concessions	1,737	1,602	(135)	-7.8%
Investment Income	719	660	(59)	-8.2%
Miscellaneous	2,912	8,103	5,191	178.3%
<b>Total Revenue</b>	<b>\$752,701</b>	<b>\$773,089</b>	<b>\$20,389</b>	<b>2.7%</b>

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

# Monthly Toll Revenue – 2014 vs. 2013



# Maintenance and Operations

## 2014 vs. 2013 Year-to-Date Actual

(\$ thousands)

	YTD		Variance	
	2013	2014	\$	%
Payroll and Related Costs	\$110,686	\$119,813	\$9,127	8.2%
Group Insurance	20,811	22,257	1,445	6.9%
Contractual Services	35,304	39,771	4,466	12.7%
Materials/Operational Supplies/Other Expenses	3,566	3,944	379	10.6%
Utilities	4,186	5,111	925	22.1%
All Other Insurance	10,069	8,124	(1,946)	-19.3%
Parts and Fuel	5,367	5,779	412	7.7%
Equipment/Office Rental and Maintenance	11,222	11,400	178	1.6%
Other Miscellaneous Expenses	631	503	(129)	-20.4%
Recovery of Expenses	(1,853)	(2,044)	(192)	-10.3%
<b>Total Maintenance and Operations Expenditures</b>	<b>\$199,989</b>	<b>\$214,657</b>	<b>\$14,667</b>	<b>7.3%</b>

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

# Capital Program

## 2014 vs. 2013 Year-to-Date Actual

(\$ thousands)

	YTD		Variance	
	2013	2014	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$36,472	\$3,582	(\$32,890)	-90.2%
Reagan Memorial Tollway (I-88)	7,470	9,492	2,023	27.1%
Jane Addams Memorial Tollway (I-90)	210,704	455,502	244,798	116.2%
Veterans Memorial Tollway (I-355)	11,739	2,276	(9,464)	-80.6%
Open Road Tolling (ORT)	3,202	1,292	(1,910)	-59.6%
Systemwide Improvements	67,853	116,907	49,054	72.3%
Tri-State Tollway (I-294)/I-57 Interchange	31,718	34,870	3,152	9.9%
Elgin O'Hare Western Access	31,223	165,648	134,425	430.5%
Illinois Route 53/120/Other Planning Studies	143	1,119	976	N/A
<b>Move Illinois &amp; CRP Subtotal</b>	<b>\$400,524</b>	<b>\$790,688</b>	<b>\$390,164</b>	<b>97.4%</b>
"Other" Capital Projects	26,374	38,493	12,120	46.0%
<b>Capital Program Subtotal</b>	<b>\$426,897</b>	<b>\$829,181</b>	<b>\$402,284</b>	<b>94.2%</b>
Intergovernmental Agreement Reimbursements and Other Adjustments	(\$9,827)	(12,766)	(\$2,939)	-29.9%
<b>Total Capital Program Expenditures</b>	<b>\$417,070</b>	<b>\$816,415</b>	<b>\$399,345</b>	<b>95.8%</b>

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

# 2014 Transactions – *Projection vs. Actual*

2014

Transactions (millions)

	Projections	Actual	Variance	Variance %
<b>PASSENGER VEHICLES</b>				
January	55.4	51.7	(3.7)	-6.6%
February	51.8	50.6	(1.2)	-2.4%
March	60.1	59.4	(0.7)	-1.2%
April	60.5	61.0	0.6	0.9%
May	64.9	65.4	0.5	0.8%
June	64.0	64.7	0.8	1.2%
July	66.6	67.5	0.8	1.3%
August	67.7	67.1	(0.6)	-0.8%
September	62.0	62.5	0.5	0.8%
	<b>553.0</b>	<b>550.1</b>	<b>(3.0)</b>	<b>-0.5%</b>
<b>2014 ALL COMMERCIAL VEHICLES (TIER 2-4)</b>				
January	7.5	7.4	(0.1)	-1.9%
February	7.0	7.1	0.1	0.8%
March	7.8	8.0	0.2	2.3%
April	8.2	8.4	0.3	3.2%
May	8.5	8.8	0.3	3.5%
June	8.5	8.8	0.3	3.7%
July	8.8	9.1	0.3	3.1%
August	8.7	8.9	0.2	2.1%
September	8.7	8.9	0.2	2.3%
	<b>73.8</b>	<b>75.4</b>	<b>1.6</b>	<b>2.2%</b>
<b>2014 ALL VEHICLES</b>				
January	62.9	59.1	(3.8)	-6.0%
February	58.8	57.7	(1.2)	-2.0%
March	67.9	67.4	(0.6)	-0.8%
April	68.7	69.5	0.8	1.2%
May	73.5	74.3	0.8	1.1%
June	72.4	73.5	1.1	1.5%
July	75.4	76.6	1.1	1.5%
August	76.4	76.1	(0.4)	-0.5%
September	70.7	71.4	0.7	1.0%
	<b>626.8</b>	<b>625.4</b>	<b>(1.4)</b>	<b>-0.2%</b>

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

# 2014 vs. 2013 Transactions

(millions)

	2014 Transactions	% Change 2014 to 2013	2014 Transactions	% Change 2014 to 2013
	<b>PASSENGER VEHICLES (TIER 1)</b>		<b>LARGE COMMERCIAL VEHICLES (TIER 4)</b>	
January	51.7	-5.2%	5.3	0.0%
February	50.6	0.6%	5.1	3.9%
March	59.4	2.0%	5.7	6.5%
April	61.0	3.8%	6.0	6.8%
May	65.4	2.8%	6.1	4.2%
June	64.7	4.0%	6.0	9.6%
July	67.5	3.5%	6.2	7.9%
August	67.1	0.5%	6.1	2.5%
September	62.5	3.2%	6.2	9.9%
	<b>550.1</b>	<b>1.8%</b>	<b>52.7</b>	<b>5.7%</b>
	<b>ALL COMMERCIAL VEHICLES (TIER 2-4)</b>		<b>ALL VEHICLES</b>	
January	7.4	1.2%	59.1	-4.5%
February	7.1	4.0%	57.7	1.0%
March	8.0	6.9%	67.4	2.5%
April	8.4	6.5%	69.5	4.1%
May	8.8	4.3%	74.3	2.9%
June	8.8	9.0%	73.5	4.5%
July	9.1	7.5%	76.6	4.0%
August	8.9	2.1%	76.1	0.7%
September	8.9	9.0%	71.4	3.9%
	<b>75.4</b>	<b>5.7%</b>	<b>625.4</b>	<b>2.2%</b>

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



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**THANK YOU**