

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
March 22, 2012**

The Illinois State Toll Highway Authority met in regular session on Thursday, March 22, 2012, at approximately 9:00 a.m. in the Board Room of The Illinois State Toll Highway Authority's Administration Building in Downers Grove, Illinois. The Meeting was held pursuant to By-Laws of the Authority upon call and notice of the Meeting executed by Chair Paula Wolff and posted in accordance with the requirements of the Open Meetings Act.

Bolded entries indicate issues which will require follow-up to present to the Board.

Chair Wolff stated that this is the regularly scheduled meeting of the Board of The Illinois State Toll Highway Authority and asked the Board Secretary to call the roll. Those Directors present and absent were as follows:

Present:

Chair Paula Wolff

Director Terry D'Arcy

Director David Gonzalez

Director Mark Peterson

Director Jeff Redick

Director James Sweeney

Director Carl Towns

Director Tom Weisner

Absent:

Governor Pat Quinn

Secretary Schneider

Director Banks

Chair Wolff called the meeting to order and then opened the floor to public comment. No public comment was offered. Chair Wolff requested a motion to approve the minutes of the Regular Board Meeting and Executive Session held on February 23, 2012. Director Peterson made a motion to approve the minutes; seconded by Director Towns. The motion was approved unanimously.

STANDING COMMITTEE REPORTS

Chair Wolff asked each Chair of the standing Committees to provide reports on the Committee's recent activities.

Finance Administration Operations Committee

Director Peterson, Chair of the Finance Administration Operations Committee, indicated that the Committee met the previous week on March 14. He indicated that Mike Colsch gave a presentation on the Quarterly Financial Review for the fourth quarter ending December 31, 2011. He noted that the Tollway's revenue in 2011 exceeded the budget projections by \$17 million, the operating expenses were \$9 million less than expected and the capital expenditures were also lower than expected due to project scope changes in 2011. He also noted that the 2011 traffic and revenue projections provided in traffic engineering reports closely matched actual traffic flow and revenue generated in 2011.

Director Peterson reviewed the list of contract recommendations approved by the Committee as shown on the committee agenda and highlighted three exceptions in Engineering and in Legal. The Committee deferred approval of Engineering Item #1 to the full board due to a late bid opening; approved Engineering Item #4 contingent on resolution of a bid protest which was resolved just prior to the Board meeting; and deferred discussion of Legal item 1 to the Executive Session of March Board meeting.

Lastly, Director Peterson indicated that Michael Stone gave a presentation on compensation and overtime and showed that there has been a downward trend in employee headcount since 2008 and a downward trend in overtime pay during that same time period. To promote transparency, beginning in April, staff will post online which Tollway employees are receiving overtime pay and the amount of overtime pay.

Re-cap of the 2011 Fourth Quarter Financial Review

Mike Colsch, Chief of Finance, provided a brief re-cap of his presentation to the FAO Committee as shown in the [attached](#).

Mr. Colsch noted that the fund balances at the end of the 2011 were higher than projected: \$9 million in Maintenance & Operations, \$22 million in Renewal & Replacement and \$35 million in Improvement accounts. Chair Wolff asked whether the better than expected fund balances will affect the Tollway's bond rating. Mr. Colsch responded that it should positively affect the bond rating. However, he noted that other factors could have a larger effect on the bond rating such as 2012 revenue performance relative to the new pricing structure.

Regarding the impact of gas prices on traffic growth, Mr. Colsch noted that traffic has rebounded somewhat since gas prices surpassed \$3.50 per gallon in March of 2011. However, he indicated that rising gas prices and its impact on traffic revenue will continue to be monitored.

Re-cap of the Compensation & Overtime Presentation

Michael Stone, Chief of Staff, reviewed the [attached slides](#) which highlighted the downward trends in employee headcount and the amount of overtime compensation since 2008 and outlined new Tollway policies regarding overtime approval and public reporting.

Director Gonzalez commended the staff for simultaneously managing downward trends in overtime compensation and headcount.

Director Redick asked whether the additional management sign-off referenced on the last slide of the presentation is obtained before or after the overtime hours are earned. Ms. Lafleur indicated that generally pre-approval is required for overtime. Mr. Stone added that previously pre-approval by the immediate supervisors only – now additional management approval is required.

Director Sweeney asked what percentage of overtime is incurred due to weather related events. Ms. Lafleur estimated that 40-50% of all overtime incurred was in the Maintenance department and a significant percentage can be attributed to cash collection positions because the trust indenture requires collection within certain time periods.

Additional Chair Discussion Items

Chair Wolff reminded Directors that the Earth Day Transportation Summit will be held on April 23, 2012 and encouraged their participation. The Summit is convened by the Board Chairs of the Chicago Metropolitan Agency for Planning, Chicago Transportation Authority, Illinois Tollway, Metra, Pace, the Regional Transportation Authority as well as the Secretary of Transportation.

Chair Wolff congratulated the Directors, all of whom have either completed the full senate approval process or have received approval at the Senate Committee level.

EXECUTIVE UPDATE

Executive Director Lafleur introduced Ted Gibbs as the new Deputy Chief of Staff. She also acknowledged Trooper Zachary Peters for his heroic efforts in pulling a woman out of a burning vehicle near Tollway Plaza 47 earlier that month.

Inspector General's Report

Ms. Lafleur then introduced Inspector General (IG) Jim Wagner to give his semi-annual report of the Office of the Inspector General (OIG) as required by statute for the period beginning October 2011 to March 2012. She noted that to date the investigative work of the IG has

resulted in \$32,000 returned to the Tollway and indicated that this number will grow as these investigations continue to unfold.

Mr. Wagner summarized multiple investigations of employee activity as outlined in the [attached report](#).

He highlighted an investigative review that was conducted to provide a description of Tollway procedures with regard to Tollway construction contracts to ensure that proper procedures and documentation is available to guarantee compliance with all appropriate policies and procedures. Due to that investigation, management agreed that an independent review or audit of current practices should be conducted in 2012 with respect to construction contracts. The audit will include review of vendor bids, contract change orders, and adherence to the C5 committee rules.

Mr. Wagner noted that while investigating another matter, the OIG discovered the movement of Tollway funds to the State's general revenue fund in 2004, 2005 and 2006. The transfers were said to be made in payment for services provided to the Tollway by other State agencies in the amount of \$33,695,000. Records show that the transfer for the 2007 payment was never completed by the Illinois Treasurer despite approval by the Board because the legislative authority for the transfers expired. No additional transfer of funds from the Tollway were made. Mr. Wagner indicated that fund transfers of this nature could raise concerns about whether the Tollway is fulfilling its fiduciary duty to its bondholders and customers.

Regarding the employee investigations, Director Peterson asked about the use of background checks in the hiring process. Mr. Wagner

responded that the employees subject to the investigations cited earlier were hired before background checks were standard practice for the Tollway.

Director Weisner asked whether the Tollway received restitution in the transponder related cases. Mr. Wagner responded that the employees did pay for the tolls at the cash rate.

Ms. Lafleur indicated that the Tollway has made some procedural changes in response to overuse of the emergency vehicle (EV) button uncovered by the IG's investigation. Mr. Stone indicated that Executive Management is addressing this issue by increasing training for Operations management and toll collectors, requiring management to conduct thorough periodic review of the EV button use and is currently considering consulting with a third party to review current cash collection procedures.

Director Sweeney asked whether video recordings are being used to audit the use of the emergency vehicle button. Ms. Lafleur indicated that the camera technology is currently used to verify misconduct however the technology needs to be updated.

Chair Wolff invited Jeff Redding, Chief of Operations, to comment on this activity because it involved his area of responsibility. Mr. Redding acknowledged that Operations had some system weaknesses that were uncovered by the OIG investigation. He indicated that his staff is working to be proactive in reviewing not only the procedures related to the use of the EV button but all other non-pay buttons available to the toll collectors. His staff plans to use the booth cameras in the future to monitor and verify this activity.

Move Illinois – Major Contract Presentation

Ms. Lafleur introduced Paul Kovacs, Chief Engineer, to provide an overview of the Move Illinois program. She indicated that staff will periodically provide program updates to the Board.

Mr. Kovacs then reviewed the steps that led to the approval of the Move Illinois capital plan, provided the current status of the program, highlighted the program challenges and risks, and presented a look ahead as shown in the [attached presentation](#).

Mr. Kovacs indicated that some of the implementation challenges associated with large capital programs involve coordinating efforts with external entities for relocating utilities, purchasing and managing the right-of-way (ROW) and obtaining various permits. Chair Wolff asked whether the Legal department is primarily responsible for working with those external players. Mr. Kovacs responded that multiple departments are involved in that process, including Legal, but the primary responsibility is held in Engineering – particularly in the Planning group.

Mr. Kovacs indicated that the greatest challenge the Tollway faces in delivering Move Illinois in a timely manner is the new procurement law, Public Act 96-795, which went into effect recently and has increased the period of time needed to complete a procurement. He indicated that while Public Act 96-795 is well-intentioned ethics legislation, it has the potential for enormous delays on program delivery. Although the basic steps for contract approval are the same, the time it takes to get a Notice to Proceed which allows engineers and contractors to start working under an approved contract, has been extended from less than 30 days in most cases to more than 97 days in some cases.

As an example, Mr. Kovacs indicated that despite the current weather conditions which are suited for construction, the Tollway has not been able to start new construction projects due to the prolonged/strenuous procurement processes. He indicated that approximately 600 contracts will be involved with the work needed to complete Move Illinois. If the Tollway had to delay \$1 billion in construction by one year due to procurement delays, it could result in a \$500 million cost increase over the life of the program. Mr. Kovacs believes fewer, larger, broader contracts with longer durations would be needed to minimize risks associated with procurement delays.

Director Sweeney noted that extending contract durations is going in the opposite direction from Tollway Board's goal – providing more contracting opportunities to smaller contractors and a diverse group of contractors.

Ms. Lafleur acknowledged that the Board has expressed a desire to unbundle contracts to increase competition and provide more opportunities to a broader range of vendors. However, she noted that increasing the number of vendors also increases the risks and challenges related to procurement delays. She noted that this topic will be covered more extensively in April in planned meetings of the Strategic Planning and FAO committees.

Director Peterson asked whether costs associated with the new procurement rules imposed by external entities were anticipated and included in the cost of the Move Illinois program when it was approved last year. Mr. Kovacs indicated that these delays were not anticipated and therefore not included in the program cost.

Chair Wolff asked whether the Tollway has discovered information about any prospective vendor during the time delays imposed by the new Procurement Act that was unknown previously, and caused a contract award to be changed. Mr. Kovacs responded that it was difficult to assess the effectiveness of the Act because every contract has eventually been approved.

Regarding the added approvals needed from multiple external entities, Director Weisner asked whether these entities act in series or parallel and how difficult it is to determine the progress of a particular procurement through the process. Mr. Kovacs responded that the entities are operating in series as described by John Donato, Chief of Procurement, in a previous presentation and that it is difficult to predict the length of the procurement timeline and to determine at which point in the process the procurement is being held up.

Chair Wolff asked whether the Illinois Department of Transportation (IDOT) has experienced the same level of delays since enactment of this legislation. Mr. Kovacs responded that he was unfamiliar with delays at IDOT but noted that IDOT received some relief from the requirements of the new Procurement Act in that, due to federal requirements, they are not required to report on subcontractors beyond the first tier, unlike other agencies.

Regarding the Elgin O'Hare Western Bypass (EOWB) project, Director Redick indicated that the Finance committee of the EOWB Council is actively looking for creative options to fill the \$300 million gap in local funding for the project with federal dollars. Director Sweeney asked whether the Finance committee has considered public private

partnerships to fill the \$300 million gap. Director Redick responded that he was unaware of discussions related to public private partnerships.

Legislative Report

Ms. Lafleur reminded Directors that the Tollway is spearheading legislation (Senate Bill 3634) along with Senator Althoff, to streamline Illinois' Procurement Process in order to provide a more efficient, effective process for doing business, as well as to keep Move Illinois on schedule and budget through 2026. She indicated that she will update the Board on the progress of this Bill.

She reminded the Board that the Joint Committee on Administrative Rules (JCAR) is currently reviewing proposed procurement rules. During the review, JCAR and the Chief Procurement Officer can agree to modifications in the rules that are adopted through written JCAR agreements. At a hearing on March 19, Tollway staff presented testimony about the potential impact that the proposed rules may have on the Tollway's day-to-day operations and the Move Illinois program. Chair Wolff and Ms. Lafleur expressed their intent to find solutions that maintain the integrity of the procurement process in an efficient manner.

Village of Green Oaks

Ms. Lafleur informed Directors that noise mitigation work has begun in partnership with the Village of Green Oaks on the road adjacent to the Village as approved by the Board in an intergovernmental agreement with Village of Green Oaks last month. The agreement was approved by the Village of Green Oaks and they will be wholly responsible for the costs relating to design, construction engineering and the construction of pavement improvements on a segment of the Tri-State Tollway within the Village limits - approximately \$337,838.

Consent Agenda

Chair Wolff began the consent agenda (which consisted of items reviewed earlier in detail by Committees) by calling for a motion adopting the following **Finance** resolutions:

Item 1: Resolution approving the Workers' Compensation Claim Administration Services for the period of May 1, 2012 through April 30, 2013. (Recusal by Director Redick)

Director Weisner moved for adoption of the Finance Item 1 resolution; seconded by Director Towns. The motion was approved unanimously.

Item 2: Renewal of the Life Insurance Benefit Program with Minnesota Life Insurance for a period of one-year commencing May 1, 2012 through April 30, 2013 in an estimated amount of \$450,660.00.

Item 3: Amend Resolution No. 16239 modifying the description of authorized payments from the locally held Renewal and Replacement Account.

Item 4: Amend Resolution No. 13850 modifying the description of authorized payments from the locally held Capital Improvement Revolving Account.

Director Peterson moved for adoption of the resolutions for Finance Items 2-4; seconded by Director Towns. The motion was approved unanimously. Chair Wolff called for a motion adopting the following **Business Systems** resolution:

Item 1: Contract Extension No. 06-0040 to IGOR, The Watchdog Corporation by \$853,050.00 from \$6,405,000 to \$7,258,050 (Tollway RFP).

Director Weisner moved for adoption of the **Business Systems** resolution; seconded by Director Redick. The motion was approved unanimously. Chair Wolff called for a motion adopting the following **Procurement** resolutions:

Item 1: Award of Contract 12-0145 to Resource One for the purchase of Knoll Proprietary Modular Cubicle Components, in an amount not to exceed \$200,000.00 (CMS Master Contract).

Item 2: Award of Contract 12-0002 to Morrow Brothers Ford for the purchase of Police Sport Utility Vehicles (SUV) in an amount not to exceed \$108,660.00 (CMS Master Contract).

Item 3: Renewal of Contract 11-0022 to Raeco-LIC LLC, for Carbon Monoxide Detectors, increasing the contract upper limit by \$21,993.60 from \$21,993.60 to 43,987.20 (Tollway Invitation For Bids).

Item 4: Award of Contract 12-0051 to Harland Clarke Corporation dba SubscriberMail LLC, for the purchase of E-Mail Distribution Services in an amount not to exceed \$136,700.00 (Tollway Request for Proposals).

Item 5: Emergency Contract to Gillie Hyde Ford Lincoln, Inc. for Ford Auto and Light Truck Parts in an amount not to exceed \$65,000.00. (Tollway Emergency Contract)

Director D'Arcy moved for adoption of the **Procurement** resolutions; seconded by Director Gonzalez. The motion was approved unanimously. Chair Wolff called for a motion adopting the resolutions for the following **Engineering Items**:

Item 1: Award of Contract No. I-11-4000 to Plote Construction, Inc. for Reconstruction on the Jane Addams Memorial Tollway (I-90) from Milepost 45.6 (Sandwald Road) to Milepost 47.3 (IL Route 47) in the amount of \$35,708,679.81.

Item 2: Award of Contract No. I-12-4035 to Lorig Construction Company for Roadway and Bridge Reconstruction and Widening on the Tri-State Tollway (I-294) 147th Street Bridge from Milepost 8.2 (over IL Route 83) to Milepost 8.5 (Kedzie Avenue) in the amount of \$7,705,272.95.

Item 3: Award of Contract No. I-11-5624 to Plote Construction, Inc. for Roadway Reconstruction and Widening on the Reagan Memorial Tollway (I-88) from Milepost 11.2 (Deerpath Road) to Milepost 113.4 (IL Route 56) in the amount of \$9,408,706.71.

Item 4: Award of Contract No. RR-12-9121 to Senstrom Excavation and Blacktop Group for Fuel System Rehabilitation, Systemwide in the amount of \$3,597,432.

Item 5: Acceptance of Proposal from Knight E/A, Inc. on Contract I-11-4026 for Project Management and Construction Management on the Tri-State Tollway (I-294) and I-57 in the amount of \$16,848,331.21.

Director D'Arcy moved for adoption of the resolutions for **Engineering Items 2, 3, & 5**; seconded by Director Gonzalez. The motion was approved unanimously.

Paul Kovacs, Chief Engineer, indicated that he could not recommend approval of Engineering Item 1 at the committee meeting because the bid opened a day prior to the meeting and the accuracy of the bid

amount had not been confirmed. He indicated that Engineering arranged the delayed bid opening to avoid a scheduling conflict with an IDOT bid thereby giving vendors sufficient time to prepare for both bids if desired. He noted that this is common practice. Having confirmed the bid amount, he recommended that the Board now approve this contract.

Regarding Engineering Item 4, Mr. Kovacs indicated that the Tollway received a bid protest from the second lowest bidder. To avoid a month long delay, he asked that the FAO Committee approve this contract under the condition that the protest is resolved as expected prior to this Board meeting. He indicated that the bid protest has been resolved and recommended that this item now be approved by the full board.

Director Peterson moved for adoption of the resolutions for **Engineering Items 1 & 4**; seconded by Director Towns. The motion was approved unanimously.

Chair Wolff called for a motion adopting the following **Legal** resolutions:

Item 1: An Intergovernmental Agreement with the Northeastern Illinois University. Cost to the Tollway: \$0.

Item 2: A Workers Compensation Settlement – James Narel. Cost to the Tollway is not to exceed \$97,213.73.

Director Sweeney moved for adoption of the resolutions for **Legal Item 1**, and deferred discussion of Legal Item 2 to the Executive Session; seconded by Director Weisner. The motion was approved unanimously.

At approximately 11:00 a.m., General Counsel David Goldberg indicated a need to discuss personnel matters, bargaining matters and pending litigation in Executive Session pursuant to Section 2(c)(1), 2(c)(2) and Section 2(c)(11) of the Open Meetings Act.

Director Peterson made a motion to enter into Executive Session; seconded by Director Redick. The motion was approved unanimously.

At approximately 12:00 p.m., the Board re-entered the public session of the Board Meeting.

Chair Wolff called for a motion to approve **Legal Item 2** in the amount discussed during Executive Session. Director D'Arcy made the motion to approve; seconded by Director Towns. The motion was approved unanimously.

There being no further business, Chair Wolff requested a motion to adjourn. Director Weisner made the motion to adjourn; seconded by Director Towns. The motion was approved unanimously.

The meeting was adjourned at approximately 12:05 p.m.

Minutes taken by: _____

Tranece Artis
Board Secretary