

MINUTES OF THE REGULAR MEETING OF THE ILLINOIS
STATE TOLL HIGHWAY AUTHORITY

January 27, 2011

The Illinois State Toll Highway Authority met in regular session on Thursday, January 27, 2011 at approximately 10:00 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 Jim Banks

Director Tom Canham

Director Bill Morris

Director George Pradel

Director Carl Towns

Director Tom Weisner

Absent:

Governor Pat Quinn

Secretary Gary Hannig

Director Maria Saldaña

Chair Wolff called the meeting to order and informed the Board that Director Saldana was out of the country and would not be participating in the meeting.

PROPOSED REGIONAL PROJECTS:

Executive Director Lafleur introduced the presentation on the Tollway's proposed regional projects given by Rocco Zuccherro, Deputy Chief of Engineering. She added that this presentation will provide a framework by which staff and Directors can start to compare and prioritize the regional projects presented to the Board in 2010.

Chair Wolff encouraged Directors to provide feedback on the framework and criteria during the presentation. She emphasized the importance of evaluating each project in an objective and clear manner.

Mr. Zucherro listed the projects that have been reviewed by the Directors to date. Mr. Zucherro noted that the goal of this presentation is to provide information for review and evaluation, and to ensure that this is a data-driven decision making process. He then outlined and detailed the proposed evaluation categories, including: financial sustainability, maximizing use of existing assets, fostering environmental responsibility and sustainability, collaboration with regional transportation agencies, community support, and promotion of economic growth.

Director Canham responded that of the list of projects, he felt that the I-294/I-57 Interchange, I-90 Corridor, and Tollway systemwide needs were the only ones that warranted focus. He added that given the Tollway's current financial status, he does not feel that it is worth staff time to evaluate the other projects until we know they are financially feasible. He suggested looking for other ways to finance these projects.

Executive Director Lafleur responded that innovative or private financing could be explored for each project presented over the last year. She added that, given the interest and community support for the other projects, it makes sense to keep them under consideration. She agreed that prioritizing the Tollway's existing system needs is prudent.

Director Morris highlighted two issues for the Board to consider: 1) does the Tollway focus solely on maintaining the existing system, or 2) should new projects have to pay for themselves without diverting revenue from the existing system?

Executive Director Lafleur responded that the individual components of the Tollway system work together to support the system as a whole.

Director Morris questioned whether the Tollway should have built the I-355 project because it did not provide a new source of revenue. However, he acknowledged that I-355 provided congestion relief.

Chair Wolff clarified that perhaps I-355 was pursued with the

understanding that although not initially financially viable, there were other reasons to build it. For instance, its economic development impact may return a long-term economic benefit greater than that of just tolls, and, as that part of the region grows, the toll revenue will increase.

Director Canham noted that he was looking at prioritizing these projects based on financial feasibility.

Executive Director Lafleur responded that financial sustainability is a big part of the project comparison, but there are other criteria that are important as well.

Director Roof also suggested moving ‘Tollway System Needs’ to the top of the ‘Projects Reviewed to Date’ list, as it is the foremost priority. He then noted that congestion pricing is a strategy that could be used to generate revenue for some of these projects, as well as other innovative pricing methods.

Chair Wolff responded that the Board should consider the Tollway’s overall role in northeastern Illinois and not just to rank among priorities. She added that if there is public demand or policy reasons to support projects that are significant regardless of the current financial situation, the Board should consider whether it has an obligation to figure out how to pursue those other projects. Chair Wolff added that the Board’s initial discussions should not be constrained by current financial status.

Executive Director Lafleur agreed that current system-wide needs and I-90 should be separated on the list because they are considered differently from new infrastructure projects on the list.

Director Banks stated that at the time of the construction of I-355, the Board had known that I-355 would not pay for itself and it was clear that it would be subsidized by the rest of the system.

Director Morris suggested that was an appropriate decision for the time,

but, if done today, the tolls might need to be raised higher to fund that project. He suggested that substantially higher tolls should be considered for the proposed O'Hare Western Access and the I-355 extension into Lake County. Users would have to make the choice as to which road to take. Director Morris advocated a pay-as-you-go system rather than 'taking some from here to pay for there.'

Executive Director Lafleur suggested adding 'tolling scenarios' as a possible data source for evaluation.

Director Morris added that state funding should be added to the Financial Sustainability category in the evaluation. He noted that a significant amount of money is sent to central and southern Illinois from the motor fuel tax collected in Northeastern Illinois. If the Tollway is part of the economic engine of the State of Illinois, it is important that the State become a financial partner on these projects and allocate a portion to Tollway projects. The Tollway system already subsidizes the state highway system through its users, and many of these projects would help create an economic engine which would aid the State.

Director Roof asked if Director Morris was advocating reversing the 55-45 road funding split. Director Morris answered that one day he would likely make a motion to advocate for this in Springfield, but he was not prepared to do that today. He noted that this formula needs to be adjusted.

Chair Wolff clarified that Director Morris' point did not pertain to the formula, as the Tollway is not included in the formula right now, but rather Director Morris was suggesting that the Tollway be considered part of the road system for purposes of the distribution of this funding.

Mr. Zuccherro continued to detail the remaining criteria for project review.

Director Roof asked whether staff could provide a one page summary of

the each part of the Tollway's existing system including: the road length, vehicular travel per day, maintenance costs per road, revenue needs per road, and the funds available on a per road basis, in order to see the financial relationships among the various parts of the system. He said this would be helpful in terms of getting a sense of how much it would cost to maintain these roads and where the revenue would come from.

Chair Wolff asked if any of the Directors had any categories they would add to the suggested one-page summary. Director Canham replied that a breakdown of automobile vs. truck traffic would be helpful.

Mr. Zucchero identified additional criteria for evaluation, including potential transit opportunities. Chair Wolff suggested adding an assessment of the degree of difficulty in transit implementation, as certain projects seem to lend themselves to transit while others are not as readily suited. She suggested comparing both the cost and difficulty of implementation.

Chair Wolff asked for clarification on the right of way - environmental responsibility criteria. Executive Director Lafleur explained that the type of mitigation efforts due to the land acquisition needed for a project should be considered and the associated costs. Mr. Zucchero added that mitigation costs will be included in the Regional Project costs estimates. He then detailed the regional collaboration and community support criteria.

Director Morris suggested that the Tollway keep the Quad Cities and Rockford development areas informed about these projects. Mr. Zucchero answered that the Tollway works with the Rockford Metropolitan Agency for Planning frequently, and in DeKalb as well. Director Roof suggested collaborating with local community economic development organizations. Mr. Zucchero then detailed the Promoting Regional Economy criteria.

Director Morris stressed that freight mobility should be a high priority in

promoting overall regional economy. Director Roolf suggested that staff contact Lake County partners and MEGA Metropolitan Economic Growth Advisory as sources of information in addition to Chicago Metropolitan Area Planning when evaluating these projects.

Mr. Zuccherro then detailed next steps: incorporating the Directors' suggestions, staff development of evaluation models, collection and distribution of data and future community outreach sessions.

Director Weisner added that one of the most important elements of this project selection is that the public will know that there was a fair, evenly applied process. Chair Wolff agreed that the Strategic Advisory Team helped shape some of these criteria, and Team members will be an important group of stakeholders in this process.

Director Canham suggested adding other funding sources to the information sheet including: federal, private, bonding capacity, etc.

Director Morris suggested that Tollway staff inform mayors of affected municipalities to keep them informed on the process. Chair Wolff suggested presenting this information to various mayors' organizations. She asked Directors to join the staff at these presentations and engage with these communities.

SIGNAGE POLICY:

Executive Director Lafleur introduced John Benda, General Manager of Maintenance and Traffic, to give an overview of the Tollway signage policy. Mr. Benda briefed the Directors on the Tollway signage guidelines. He then showed several examples of different types of signage seen on Tollway roadways.

Director Weisner noted that Aurora has multiple interchanges, and that several points of interest could be equidistant from two of those interchanges. He asked whether there was a rule limiting signage frequency. Mr. Benda confirmed that the signage would only appear at

one interchange - typically at the closest or largest interchange.

Mr. Benda then detailed proposed new signage programs, including a special service “blue board” signs that are only allowed in rural areas. These would operate on a fee-based system, where hotels or attractions would provide the logos and pay an annual fee. This program is currently not funded in the Tollway’s 2011 budget.

Executive Director Lafleur added that these signs are desirable to communities for economic development particularly in rural areas. Although the sign revenue for the Tollway is relatively insignificant, it will generate goodwill between the community and the Tollway. Director Rooff commented that this program has been the desired by various communities and is a good resolution to their requests.

Chair Wolff called for public comment. No members of the public were present for public comment.

Director Morris moved for approval of the Minutes of the Regular Board Meeting and Executive Session held on December 16, 2010; seconded by Director Weisner. The motion was approved unanimously.

Chair Report:

BOARD ORGANIZATION:

Chair Wolff introduced the presentation on Board organization and future Board activity, which included Directors feedback during the recent discussions with each Director, the Administrative Manager to the Board, Tranece Artis, and herself.

Ms. Artis summarized the Directors’ feedback on: the Board’s role and performance, the incorporation of the Governor’s priorities, Directors’ job satisfaction, meeting logistics and committee work.

She also reviewed suggestions from Directors on how to make the existing Committees more interactive and policy-oriented. For instance, combining some of the current functions of the Finance and Engineering

Committees into a Contract or Procurement Committee. Adding committees that focus on different functional areas such as a Human Resources Committee was also suggested. Nearly all Directors suggested a separate Planning and Project Assessment Committee to focus on evaluating major projects, emphasizing regional and environmental impacts. Ms. Artis also noted that the results of a management audit expected in March could inform the Board on what committees are needed.

Ms. Artis also noted logistical changes that were suggested such as: rotating Board meeting sites to broaden public access, holding committee meetings in smaller rooms, changing seating arrangements and including fewer staff in the meetings. Chair Wolff commented that the latter suggestion had already been implemented. Next steps proposed by Ms. Artis included continued benchmarking best practices of other public Boards, a special Board meeting to discuss the Board reorganization and establishing a timeline for implementation.

Chair Wolff reminded the Board that Ms. Artis creates a Board Action Item List based on the feedback from Directors in the Board and Committee meetings. Ms. Artis will update it to indicate when Directors' requests are acted upon.

OASIS WORKING GROUP:

Chair Wolff asked that Director Weisner give an update from the Oasis Working Group. He stated that based upon Tollway staff's evaluation of ExxonMobil's proposed assignment, and based on 7-Eleven's qualifications, on December 30, 2010, the Tollway conditionally approved the proposed assignment. The Tollway is awaiting final agreements from Exxon, at which point it is anticipated that the Tollway will formally approve the assignment. ExxonMobil has indicated that it hopes to start the transition this Spring. He also shared that the Oases Working Group Report will be presented at the February Board meeting.

Executive Director Report:

INDIANA VIOLATIONS:

Executive Director Lafleur introduced Shana Whitehead, Acting Chief of Business Systems, to give an update on the status of Indiana violations collection and the settlement guidelines for toll violations.

Ms. Whitehead shared that of the 116,000 license plates associated with backlogged violations from Indiana drivers, approximately 85,000 license plates ultimately went to notice. Of the remainder, approximately 14,900 aged out of the system while the registered owner information was being requested from Indiana and 16,100 did not match with the registered owner information. Of the license plates that went to notice, approximately 1400 have not been closed and \$4.9 million has been collected from the 83,700 notices that have been closed. She commented that a system audit expected to be completed in April will help staff identify other opportunities for process improvements.

Director Morris commented that the Tollway collected more revenue than expected from the Indiana violations and that some adjustments have been implemented in the system to prevent the significant delays in sending violation notices.

Executive Director Lafleur thanked the Customer Service Working Group for their contributions to resolving the Indiana violations issues.

SETTLEMENT GUIDELINES

Ms. Whitehead then reviewed the settlement guidelines that are now posted on the Tollway website for customer review. The guidelines state that when customers receive the first notice, they have 21 days to pay the unpaid toll in addition to \$20 per violation or request a hearing. The second violation notice confirms that the first notice deadline was missed and the option to request a hearing is no longer available. The second notice also warns of an additional \$50 fine per violation if second notice is not paid in full within 14 days. At the third notice, the \$50 fine per violation is added and warnings of additional penalties if

this deadline is ignored including: license plate and driver's license suspension, referral to a collection agency and reporting to credit rating bureau.

Ms Whitehead explained the difference between standard and non-standard settlements. If you are an I-PASS user and pay the tolls before the deadline on the second notice, the fines can be waived. If an I-PASS user misses that deadline he/she will be held accountable for some of the fines. Your options are fewer if you are not an I-PASS user. Once you go into collections there is not an option to settle the violation directly with the Tollway. For more details on the settlement guidelines, Toll users can go to www.illinoistollway.com .

She also noted that nonstandard settlements are allowed when a customer completes and submits nonstandard settlement application which is reviewed by Tollway's Business Systems and Legal departments. For violation notices below or at \$7500, three managers and an assistant Attorney General must approve the settlement; for notices between \$7500 and \$15,000 additional approval is needed from the Chief of Business Systems; for notices between \$15,001 and \$30,000, additional approval from Chief of Finance is required. For notices above or at \$50,000, Board approval is required.

Director Morris added that this process helps address the Tollway's 2010 audit finding.

Ms. Whitehead reviewed the evaluation considerations for non-standard settlements, which include: the merits of the Tollway's claim, the amount that can be collected, the cost of pursuing further enforcement, the likelihood of collecting the full amount owed and the burden of the judiciary. The write-off policy is an admission that the tolls are not collectable. This option is also available after the collection agency returns files to the Tollway as uncollectable.

Looking forward, Ms. Whitehead noted that she would be presenting a plan for evaluating the violations collection the process which will include a review of the current technology and implementation

guidelines.

Director Morris added that the Tollway loses money on 40-50 percent of the violation notices because it costs \$6-\$7 to send the notices that on cases where the Tollway ultimately collects \$1-\$2. Ms. Whitehead noted that the Tollway breaks even overall on its toll violation system.

PERFORMANCE IMPROVEMENT INITIATIVES:

Ms. Whitehead then reviewed five performance improvement initiatives for 2010 including: establish customer campaign to keep I-PASS accounts up-to-date; evaluate and update violations fines and fees structure; establish fleet account solutions; establish automated credit card expiration date updates; and decrease average length of calls to the call center. She also shared the key objectives of the performance measures including: track Tollway performance throughout 2011; improve financial accountability; improve transparency; and improve accountability. Status updates will be distributed to the Board quarterly beginning in April.

Director Roolf thanked all staff involved in developing the framework for the settlement guidelines and noted that Tollway users will appreciate the information.

Chair Wolff asked Directors to review the list of performance measures provided to them and identify which measures they would like to receive quarterly updates on. She noted two benefits of this process (1) better allocation of budget resources due to performance improvement initiatives and (2) objective outcome data on which the ED can measure the performance of the Chiefs.

PROCUREMENT:

Executive Director Lafleur noted that of the 149 procurement communications reported on the Policy Board website pursuant to the

new State procurement communications reporting requirement, 120 of them are from the Tollway.

RETIREMENT CONTRIBUTION:

Mike Colsch, Director of Finance, shared that in January he received notice from the State Retirement System that effective July 1, 2011 the certified retirement rate of employer contributions will increase from 31 to 35 percent. This was attributed to two factors: (1) revision in the actuarial assessment of the investment return and (2) conservative assumptions about what the State might contribute from GRF to the plan. The Tollway is looking for opportunities to accommodate this change in the budget.

LONGTERM BOARD AGENDA ITEMS:

Ms. Lafleur also mentioned that a master list of Board presentation and major contracts expirations is available for review and invited the Directors suggest additional topics.

Chair Wolff called for public comment. No members of the public were present for public comment.

Consent Agenda:

Chair Wolff began the consent agenda by calling for a motion adopting the following resolutions:

Approval of an amendment to existing tower co-location agreement with AT&T for locations at Plazas 25 and 63.

Approval of an amendment to existing tower co-location agreement with AT&T at Plaza 20.

Director Morris moved for adoption. Seconded by Director Roof. The motion was approved unanimously. Chair Wolff called for a motion adopting the following resolution:

Approval of the Retiree Health Insurance payment to Central Management Services (CMS) per ILCS 375-11 for the fiscal year ending December 31, 2010 in the amount of \$4,317,857.28.

Director Morris moved for adoption. Seconded by Director Roof. The motion was approved unanimously.

Director Morris showed a double sided money bag that was discussed during the Finance Committee and noted that it is barcoded. He suggested that Director's take a tour of the money room to learn more about the process.

Chair Wolff called for a motion adopting the following resolutions:

Award Contract No. 11-0027 to Miles Chevrolet for five (5) Police Package Utility Vehicles, in an amount not to exceed \$120,101.25 (CMS Master Contract).

Award Contract No. 11-0028 to Landmark Ford, Incorporated for forty-three (43) Police Pursuit Vehicles, in an amount not to exceed \$919,106.00 (CMS Master Contract).

Award Contract No. 11-0029 to Prairie/Archway International Trucks for seven (7) Snow Plow Trucks, in an amount not to exceed \$963,623.29 (CMS Master Contract).

Award Contract No. 11-0030 to Energy Absorption Systems, Incorporated for sixteen (16) Trailer Mounted Attenuators, in an amount not to exceed \$305,600.00 (CMS Master Contract).

Award Contract No. 11-0031 to Wright Automotive, Incorporated for seven (7) Vehicles – Minivans, in an amount not to exceed \$131,068.00 (CMS Master Contract).

Extension and dollar limit increase to Contract No. 08-0176 to K & M Tire Company and Brad's Tire, Incorporated for Tires, by \$45,000.00, from \$346,000.00 to \$391,000.00, through February 9, 2011 (CMS Master Contract).

Award Contract No. 10-0135 to Valk Manufacturing Company for Snow Plow Blades, in an amount not to exceed \$180,000.00 (CMS for Tollway).

Award Contract No. 11-0001 to Badger Truck Center for General Motors Auto and Light Truck Parts, in an amount not to exceed \$80,000.00 (CMS for Tollway).

Award Contract No. 11-0008 to Thelen Sand and Gravel, Incorporated for Winter Roadway Abrasives, in an amount not to exceed \$149,882.50 (CMS for Tollway).

Award Contract No. 11-0059 to Gillie Hyde Ford for Ford Auto and Light Truck Parts, in an amount not to exceed \$220,000.00 (CMS for Tollway).

Award Contract No. 11-0119 to Alta Equipment Company for two (2) Battery Powered Forklifts, in an amount not to exceed \$68,686.00 (CMS for Tollway).

Renewal of Contract No. 10-0098 with Dunbar Bank-Pak, Incorporated for Plastic Money Bags, increasing the contract upper limit by \$67,500.00, from \$67,500.00 to \$135,000.00 (CMS for Tollway).

Renewal of Contract No. 09-0037 with Auto Color, Incorporated for Automotive Paints and Supplies (PPG), increasing the contract upper limit by \$28,000.00, from \$28,000.00 to \$56,000.00 (Tollway IFB).

Director Weisner moved for adoption. Seconded by Director Roof. The motion was approved unanimously. Chair Wolff called for a motion adopting the following resolutions:

Renewal of Contract No. 08-001 to Meade Electric Company for Traffic & Security Monitoring and Management Systems Maintenance, Systemwide in the amount of \$800,000.

Partial Release of Retainage on Contract RR-06-9961 to Divane Bros. Electric Co. for Wireless CCTV Installation on the Tri-State Tollway (I-

294) Milepost 0.0 (Calumet Expressway/I-394) to Milepost 24.3 (I-55) by \$116,227.45, from \$126,427.45 to \$10,200.00.

Director Towns moved for adoption. Seconded by Director Roof. The motion was approved unanimously. Chair Wolff called for a motion adopting the following resolutions:

Full Release of Retainage on Contract RR-09-5497 to William Charles Construction Company, LLC (formerly known as Rockford Blacktop Construction Co.) for Culvert Repairs on the Jane Addams Memorial Tollway (I-90) from Milepost 24.1 (IL Route 31) to Milepost 59.35 (By-Pass US 20); and the Reagan Memorial Tollway (I-88) from Milepost 50.18 (Atkinson Road) to Milepost 113.4 (IL Route 56) in the amount of \$66,000. (Recusal by Director Towns)

Director Canham moved for adoption. Seconded by Director Pradel. The motion was approved unanimously. Chair Wolff called for a motion adopting the following resolutions:

Full Release of Retainage on Contract RR-07-5528 to Lorig Construction Company for Bridge Repairs on the Tri-State Tollway (I-294) Milepost 18.8 (87th Street) to Milepost 31.8 (I-290) in the amount of \$502,795.21.

Full Release of Retainage on Contract RR-09-9057 to RoadSafe Traffic Systems, Inc. for Pavement Marking, Systemwide, in the amount of \$71,655.88.

Amendment to Resolution 19242 to reflect a Full Release of Retainage instead of a Partial Release of Retainage to Lorig Construction Company on Contract I-06-5215 in the amount of \$1,305,684.84 .

Property Acquisition fund established from the Interchange Fund 5305 to include appraisal and title work for future improvements on the Jane Addams Memorial Tollway (I-9) at Milepost 46.4 (IL Route 47 Interchange) in the amount of \$320,000.

Director Roof moved for adoption. Seconded by Director Weisner. The motion was approved unanimously. Chair Wolff called for a motion adopting the following resolutions:

An Intergovernmental Agreement with the Illinois Department of Transportation. Cost to the Tollway is \$0.

An Intergovernmental Agreement Second Addendum with the Cook County Highway Department and the Village of Deerfield conforming the IGA to the actual construction costs. Cost to the Tollway is \$0.

A Settlement with the Cincinnati Insurance Company. Cost to the Tollway is \$0.

Director Roof moved for adoption. Seconded by Director Weisner. The motion was approved unanimously.

Chair asked for Unfinished and New Business. There being none she requested a motion to go into Executive Session.

Tom Bamonte, General Counsel, requested that the Board enter into Executive Session pursuant to Sections 2(c)(1), 2(c)(2), and 2(c)(11) of the Open Meetings Act.

Director Canham moved to enter into Executive Session; seconded by Director Roof. The motion was approved unanimously.

(Whereupon the Board entered into Executive Session)

The Board came out of Executive Session at approximately 1:30 p.m.

Motion to adjourn was made by Director Morris; seconded by Director Roof. The motion was approved unanimously.