

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

March 24, 2011

The Illinois State Toll Highway Authority met in regular session on Thursday, March 24, 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 Tom Canham

Director Bill Morris

Director George Pradel

Director Maria Saldana

Director Carl Towns

Director Tom Weisner

Absent:

Governor Pat Quinn

Secretary Gary Hannig

Director James Banks

Chair Wolff called the meeting to order. Executive Director Lafleur thanked Director Morris for his input on the Debt Profile Update and Basic Bonding presentations that will be given by Mike Colsch, Chief of Finance. She also commended the Finance team and the Liquidity Working Group for their efforts to enhance the agency's debt portfolio, on the successful completion of the liquidity agreements on a large portion of the Tollway's synthetic fixed rate bonds, and on the increase in the Tollway's bond rating by Moody.

BASIC BONDING PRESENTATION

Mr. Colsch introduced the new Deputy Director of Finance, Cathy Williams, prior to starting his presentation. During the presentation he highlighted the definition and types of bonds; key bond features; reasons for issuing the bonds; assessing risk of bonds; and the bond issuance

process. Regarding bond maturity, he noted that under State statute, the Tollway is limited to issuing bonds with a maximum maturity of 25 years.

Director Saldana noted that the Tollway could reduce its debt service cost if it were allowed to issue bonds with a maturity comparable to the life cycle of its assets which is generally longer than 25 years. Mr. Colsch responded that the life of a newly constructed road could be up to 50 or 60 years. **Chair Wolff suggested that the Tollway consider seeking legislation that would allow bond issues with maturities of up to 50 years.**

Mr. Colsch explained the bond ratings from each rating agency. Currently, the Tollway's bond ratings are Aa3 by Moody and AA- by Fitch. He noted that the Illinois Tollway is one of the highest rated tollways in the country largely due to the essentially of the system, the low toll rates and the stability of the income generated by the system.

Mr. Colsch explained the outlook indicators of each rating agency. Moody and Standard & Poor's rate the Tollway as stable and Fitch rates it as negative. He indicated that Fitch is concerned about the debt service coverage ratio being below 2 and whether the Tollway's will increase toll rates to balance the coverage ratio.

Director Roof commended Mr. Colsch for distilling a complex topic into understandable terms.

DEBT PROFILE UPDATE

Mr. Colsch began the presentation by recognizing Bill O'Connell, Capital Budget Specialist, for the time and effort he put into developing the bank agreements for the recent bond issue.

Chair Wolff commented on the diversity of underwriters present at the recent bond closing. Director Saldana thanked Chair Wolff for emphasizing diversity in the finance field.

Mr. Colsch proceeded with the presentation by highlighting financial goals set in January 2010, which included: reducing variable rate debt; diversifying variable rate debt liquidity providers; and defining a debt management policy. He reported that the following had been accomplished toward those goals: \$287.3 million in synthetic fixed rate bonds were refunded to fixed rate bonds and diversification of liquidity was completed in March 2011.

Mr. Colsch asked for the Board's feedback on whether the current 5-5.5% target should be adjusted. He would like to convene a team that was previously authorized to prepare for refunding up to \$570 million of synthetic fixed rate bonds.

Director Morris suggested that the Tollway seek expert guidance on how our debt service costs can be managed over time to avoid debt service increases higher than the projected \$30 million increase in 2014. **Chair Wolff asked that the Liquidity Working Group meet to review any recommendations that come from those experts before it is presented to the Board.** Chair Wolff asked Director Saldana to Chair the Liquidity Working Group.

Chair Report:

Director Morris moved for approval of the Minutes of the Regular Board Meeting and Executive Session held on February 24, 2011; seconded by Director Canham. The motion was approved unanimously.

Chair Wolff called for a motion to amend the 2011 Regular Board Meeting Schedule to switch the meeting date from June 23, 2011 to June 30, 2011. Director Morris moved for adoption; seconded by Director Canham. The motion was approved unanimously.

Chair Wolff called for a motion to amend the 2011 Regular Board Meeting Schedule to change the regular Board Meeting date from September 23, 2011 to September 30, 2011. Director Morris moved for

adoption; seconded by Director Canham. The motion was approved unanimously.

SPECIAL BOARD MEETING UPDATE

Chair Wolff provided an update on the Special Board Meeting that was held on March 16, 2011. She highlighted the Directors' discussion on the Board organization, which included: defining guiding principles of the Board, pertinent best practices in board governance, modes of board governance and a new committee structure. She also mentioned that experts suggest that high performing boards operate in three modes – fiduciary, strategic, and generative or innovative modes. The new committee structures will include: an executive committee, a finance/administration/operation committee, a customer service committee, a strategic planning and project assessment committee and an audit committee.

The next steps described for the Board organization process include: writing a clear charge for each committee, asking Board members to choose a committee(s) that are of interest to them, and then selecting committee Chairs.

Director Morris suggested that this new committee structure be memorialized in a resolution drafted by General Counsel. Director Saldana suggested that the process for developing the committee structure be memorialized also similar to a legislative history. Executive Director Lafleur emphasized that the new committee structure is expected to be implemented in July 2011.

Director Roolf suggested that the Strategic Planning and Assessment Committee reach out to the Strategic Advisory Team and other external groups such as the Trucking Association for feedback on strategic planning projects.

Chair Wolff asked that staff provide a copy of the planned committee structure to the Strategic Advisory Team.

Executive Director Lafleur showed a list of potential regional projects that the Directors discussed at the meeting. The Directors agreed that the Tollway's system-wide needs should be a priority but there are other projects of regional importance that should be considered. She described an outreach strategy for sharing information and soliciting feedback from key stakeholders.

Director Morris suggested having cluster meetings with key elected officials.

Chair Wolff informed the Board that Executive Director Lafleur will solicit their feedback on a presentation that will be developed for the presentations to key stakeholders.

Executive Director Report:

Executive Director Lafleur informed the Board that Joe Kambich, Chief of Information Technology, is leading an effort to test a new system that allows customers to view violation images online. This system may be done in March, but there is the possibility it may not go live until the second quarter of 2011.

NON-TOLL REVENUE PRESENTATION

Executive Director Lafleur introduced Diana Stewart, Senior Manager of Marketing and Communications, to give a presentation on the Tollway's efforts to generate non-toll revenues.

Ms. Stewart highlighted the non-toll revenue group's goals, which include: identifying and securing non-traditional revenue sources; reviewing other transportation agency programs; developing a pool of innovative ideas; and continuing to foster a safe driving experience.

One of the non-toll revenue opportunities highlighted by Ms. Stewart was selling advertising presence associated with the Tollway's H.E.L.P. Truck Program. This program costs the Tollway \$2 million annually. The advertising sell has the potential to significantly offset those costs.

A request for proposal will be posted at the end of March and the contract would be brought to the Board for consideration in April.

Director Morris expressed concern that appropriate limitations be placed on the type of advertising allowed on the H.E.L.P. Truck, such as no liquor or tobacco advertising. Director Roof also expressed that political campaign advertising should be prohibited also. General Counsel Tom Bamonte commented that he can work with staff to include the appropriate restrictions in the contracts.

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 resolutions:

Approval of change to authorized approval signature for all routine tower co-location agreements.

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

Award Contract No. 11-0115 to John Deere Company for Attachable Rotary Mowers, in an amount not to exceed \$166,010.76 (CMS Master Contract).

Award Contract No. 11-0122 to A-1 Corporate Hardware d/b/a A-1 Lock, Incorporated for Hirsch Security System - Software and Hardware, in an amount not to exceed \$50,000.00 (CMS Master Contract).

Renewal to Contract No. 10-0012 to Alamo Sales Corporation for

Alamo Mower Parts, increasing the contract upper limit by \$25,000.00, from \$25,000.00 to \$50,000.00 (CMS Master Contract).

Renewal to Contract No. 05-0001 to O'Hare Record Retention Center, increasing the contract upper limit by \$42,000.00, from \$101,000.00 to \$143,000.00 (Tollway IFB).

Award Contract No. 11-0011 to Vaisala, Incorporated for Roadway Weather Information System (RWIS), in an amount not to exceed \$182,981.88 (Tollway Sole Source).

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

Proposal from HBM Engineering Group, LLC. on Contract RR-10-5613 for Bridge Rehabilitation on the Tri-State Tollway (I-294) Milepost 0.0 (I-94/IL-394) to Milepost 5.3 (167th Street) in the amount of \$234,000.

Proposal from Reynolds, Smith and Hills, Inc. on Contract RR-10-5614 for Roadway and Bridge Rehabilitation on the Reagan Memorial Tollway (I-88) Milepost 76.1 (IL Route 251) to Milepost 91.4 (Annie Glidden Road) in the amount of \$2,000,000.

Proposal from Bowman, Barrett & Associates, Inc. on Contract RR-09-5591 for Bridge Rehabilitation on the Tri-State Tollway (I-294/I-94) Milepost 1.2 (Chicago Road) to Milepost 24.2 (I-55 Ramps), and Milepost 20.3, formerly Milepost 58.0 (Everett Road) in the amount of \$700,000.

Proposal from GIS Solutions, Inc. on Contract RR-10-9097 for Infrastructure Management Services Systemwide in the amount of \$150,000.

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

Proposal from Strand Associates, Inc. on Contract RR-10-5615 for Roadway and Bridge Rehabilitation on the Reagan Memorial Tollway (I-88) Milepost 91.4 (Annie Glidden Road) to Milepost 113.6 (IL Route 56) in the amount of \$2,250,000. (Recusal by Director Roolf)

Full Release of Retainage on Contract RR-09-5589 to Plote Construction, Inc. for Hot Mix Asphalt Repairs on the Jane Addams Memorial Tollway (I-90) Milepost 0.0 (I-90 Merge) to Milepost 62.0 (Newburg Road) in the amount of \$456,307.51. (Recusal by Director Roolf)

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

Full Release of Retainage on Contract I-06-5518 to Martam Construction, Inc. for 22nd Street Reconstruction and Widening on the Reagan Memorial Tollway (I-88) in the amount of \$93,306.

Full Release of Retainage on Contract RR-09-5590 to Illinois Constructors Corporation for Bridge Rehabilitation on the Reagan Memorial Tollway (I-88) Milepost 121.9 (CN/EJ&E RR) in the amount of \$53,550.30.

Full Release of Retainage on Contract RR-10-5609 to Alliance Contractors, Inc. for Ramp Reconstruction on the Tri-State Tollway (I-94) Milepost 9.9 to Milepost 10.1 (Milwaukee Avenue/IL Route 21) in the amount of \$42,287.47.

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

Personal Injury Settlement – Raymond Cordell. Cost to Tollway: \$27,000.

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

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.

At approximately 12:05 p.m., Director Canham moved to re-enter into Executive Session; seconded by Director Morris. The motion was approved unanimously.

(Whereupon the Board entered into Executive Session)

The Board came out of Executive Session at approximately 2:00 p.m.

Motion to move into regular session was made by Director Saldana; seconded by Towns.

Motion to adjourn was made by Director Canham; seconded by Director Saldana. The motion was approved unanimously.

Minutes taken by: _____

Tranece Artis
Board Secretary