

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

September 21, 2011

The Illinois State Toll Highway Authority held a Finance Administration Operations Committee Meeting on Thursday, September 21, 2011 at approximately 8:05 a.m. at the Central Administration Building in Downers Grove, Illinois.

Directors on the Committee in attendance were as follows:

Committee Chair Maria Saldaña

Director Tom Canham

Director Bill Morris

Committee Chair Saldaña called the meeting to order and called for a motion to approve the minutes of the Finance Administration Operations Committee meeting held on August 19, 2011. Director Morris made the motion to approve; seconded by Director Canham. The motion was approved unanimously.

Committee Chair Saldaña opened the floor to public comment. No comment was offered.

Committee Chair Saldaña introduced Mike Colsch, Chief of Finance, to present the following item:

Resolution approving funding for the Workers' Compensation Insurance Claim Reserve Fund for the 2011-2012 program year in the amount of \$7,171,000, and approving a reduction for the program years prior to April 30, 2011 in the amount of \$4,144,000.

Director Canham asked how much money is currently in the Claim Reserve Fund. Mike Colsch indicated that approximately \$13 million is in the fund. Director Morris asked about the number of claims that the Tollway receives annually. Mr. Colsch indicated that approximately 200 claims annually or recent years and that the number of claims has been stable throughout the program.

Director Saldaña asked whether a new law had been passed this year regarding workers' compensation. Ms. Looby responded that the new workers' compensation law went into effect on September 1, 2011. However, the law does affect pre-existing claims. Director Morris moved for approval; seconded by Director Canham. The motion was approved unanimously.

Mr. Colsch added that the reduction of the required amount for the Tollway workers' compensation reserve positively affects the 2011 budget with a \$4.7 million savings and provides a means for covering overages in fuel, winter overtime and other costs as indicated in the memo sent to the Board prior to the Committee meeting.

Director Morris asked whether the Board needs to approve the transfer of funds. Mr. Colsch indicated that because the transfer is done within the overall budget limit, the Board does not need to approve the transfer. However, staff will keep the Board informed of future transfers.

Mr. Colsch then informed the Committee that the procurement process for a new pool of financial advisory and investment banking service providers will start next week. He indicated that the process could take up to five months which was confirmed by John Donato, Procurement Chief. As a result, staff is considering requesting a renewal of the current contract for the current pool of financial advisors. The renewal would include a termination for convenience clause which would allow termination of the renewal upon completion of the procurement process for the new pool of advisors. **Director Morris suggested that the Directors receive notifications when key procurements are scheduled to be initiated to ensure that Directors do not unintentionally violate procurement rule.** Executive Director, Kristi

Lafleur indicated that the PBC will be submitted next week. She indicated a note will be sent to the entire Board indicating that this procurement will be initiated next week. **She indicated that staff will develop a process to keep the Board informed of all major procurement initiations.** Director Saldaña indicated that she refers all inquiries from financial firms to staff.

Mr. Colsch indicated staff will recommend a similar extension to the Board next month for property insurance services. The current contract is scheduled to expire before the procurement process for new services can be completed. **Director Morris asked Acting General Counsel Liz Looby whether it is possible to include language in the Request For Quote that requires financial advisors to present new ideas to the Finance staff at least annually as a condition of their selection.** He explained that Financial Advisory firms are hesitant to present new ideas because it may preclude them from executing the idea. Ms. Looby indicated that she would work with Finance to come up with the appropriate language for future contracts.

Director Canham moved for approval; seconded by Director Morris. The motion was approved unanimously. Committee Chair Saldaña called on Shana Whitehead, Acting Chief of Business Systems, to present the following:

Award of Contract Number 11-0049 to TBD for Call Center and Payment Processing in the amount of TBD. (State Use)

Ms. Whitehead indicated that consideration of this item will be deferred because staff is still working through all information needed. Committee Chair Saldaña called on John Donato, Procurement Chief to present the following:

Award of Contract No. 11-0050 to Office Depot, Incorporated, OfficeMax, Incorporated and Staples Contract & Commercial for Office Supplies, in an amount not to exceed \$130,000.00 (CMS Master Contract).

Award of Contract No. 11-0140 to Lakeside International Trucks for Navistar Truck Parts, in an amount not to exceed \$1,200,000.00 (CMS Master Contract).

Award of Contract No. 11-0206 to Shelby County Community Service, Incorporated for Plastic Trash Liners, in an amount not to exceed \$40,000.00 (CMS Master Contract).

Renewal to Contract No. 10-0144 to Gasaway Maintenance Company and Sicalco, Ltd. for Calcium Chloride Liquid, increasing the contract upper limit by \$25,809.00 from \$25,809.00 to \$51,618.00 (CMS Master Contract).

Dollar limit increase to Contract No. 11-0122 to A-1 Corporate Hardware d/b/a A-1 Lock, Incorporated for Hirsch Security System – Software and Hardware, increasing the contract upper limit by \$100,000.00 from \$50,000.00 to \$150,000.00 (CMS Master Contract).

Award of Contract No. 11-0136 to Conserv FS, Incorporated, Christian County, G Cooper Oil Company, Incorporated and Carroll Service Company for Gasoline and Diesel/Biodiesel Fuel, in an amount not to exceed \$11,731,352.00 (CMS for Tollway).

Director Morris asked why the Tollway selected a company located in Springfield for the lock contract when all of Tollway facilities are located in Northern Illinois. He also inquired whether the Tollway pays travel expenses for the company to conduct that work. Ms. Lafleur indicated that when a CMS Master Contract is in place, the Tollway is required to use the vendor selected by CMS. Mr. Donato added that although that the company is headquartered in Springfield, the company has a local presence also. Director Morris expressed a similar concern about the fuel vendor located in Taylorville, IN. Tom Deldin, Fleet Manager, indicated that the vendor acts as a fuel broker but the distribution of the fuel is local. **Director Morris asked that future**

Item Summary Sheets indicate whether local distribution of the product/service is available in addition to the vendor headquarters.

Director Canham asked whether the Board needs to approve items such as Item 3 for trash liners with such a low dollar threshold. **Ms. Lafleur indicated that the current dollar threshold set for Board approval is \$25,000. Those requirements could be re-evaluated to determine the best use of the Board's time.** Director Saldaña added that Board review of Tollway product/services that are obtained via CMS Master Contracts might also be unnecessary. Director Morris suggested that approval of such items should be delegated to the Chair and the Board and/or committee would receive a monthly report listing the approved items.

Director Canham moved for approval; seconded by Director Morris. The motion was approved unanimously.

Paul Kovacs, Chief Engineer, noted a discrepancy in the contract amount that appears on the agenda compared to the information presented by Mr. Donato. Mr. Donato stated that the amount should be \$52,618.00.

Director Canham moved for approval; seconded by Director Morris. The motion was approved unanimously. Mr. Donato then presented the following item:

*Renewal to Contract No. 06-0081 to Marketing Alternatives, Incorporated for *999 Motorist Assistance Program, increasing the contract upper limit by \$300,000.00 from \$1,500,000.00 to \$1,800,000.00 (Tollway RFP).*

Director Saldaña suggested that the Tollway consider issuing an RFP for this service given its long initial contract term – 5 years. Mr. Donato and Ms. Lafleur indicated that staff will work to coordinate the completion of the RFP for new service with the expiration of the one year renewal of the current contract.

Director Canham moved for approval; seconded by Director Morris. The motion was approved unanimously. Committee Chair Saldaña called on Paul Kovacs, Chief Engineer, to present the following:

Full Release of Retainage on Contract No. RR-08-5572 to Lorig/Geneva (Joint Venture) for Roadway and Bridge Rehabilitation on the Veterans Memorial Tollway (I-355) Milepost 21.8 (Finley Road) to Milepost 29.9 (Army Trail Road) in the amount of \$613,552.80.

Full Release of Retainage on Contract No. I-07-7720R to Allied Landscaping Corporation for Corridor Landscape on the Veterans Memorial Tollway (I-355) from Milepost 6.07 (151st Street) to Milepost 13.27 (Boughton Road) in the amount of \$77,434.31.

Director Canham moved for approval; seconded by Director Morris. The motion was approved unanimously. Mr. Kovacs then presented the following:

Assignment and Sub-lease from Lessee, Transwestern Great Lakes, LP to ADM2, LLC, of Tollway parcels N-7B-294, N-7B-294.1 and N-7B294.2 within the Tollway right-of-way (ROW) boundary adjacent to Janes Addams Memorial Tollway (I-90) and Lee Street in Des Plaines, IL.

Director Saldaña asked whether there was a termination clause in this lease. Ms. Looby indicated that she needs to review the lease to verify whether a termination clause is included.

Director Saldaña called for a motion to **approve the assignment subject to review by legal of the appropriate termination clause.** Director Morris moved for approval; seconded by Director Canham.

The motion was approved unanimously. Committee Chair Saldaña called on Liz Looby, Acting General Counsel, to present the following:

An Intergovernmental Agreement with the Cook County Highway Department. Amount paid to Tollway: \$159,042.00.

An Intergovernmental Agreement with the Illinois Department of Transportation. (Willow Road). Amount paid to Tollway: \$19,122,468.61.

An Intergovernmental Agreement with the Department of Transportation. Amount paid to the Tollway: \$1,083,898.00.

Regarding the IGA with IDOT, Director Morris asked whether the Tollway is constructing the bridge and then receiving reimbursement from IDOT. Mr. Kovacs responded yes and that it is in the best interest of the public to do all of the work at the same time – on the portions of the bridge under IDOT's and the Tollway's jurisdiction. Director Morris asked about the State's ability to make timely payments to the Tollway and other vendors. Mr. Colsch added that this agreement specifies that IDOT will pay upon presentation of the invoice. Ms. Lafleur clarified that the complaints of slow payment by the State are from vendors that are paid from the State's general fund. This project will not be paid from the State's general fund but from capital and/or federal funds. Director Canham asked about the balance owed by IDOT to the Tollway. Leslie Savickas, Controller, indicated that the balance owed by IDOT to the Tollway is approximately \$55 million – IDOT owes the Tollway approximately \$120 million and the Tollway owes IDOT approximately \$65 million. She indicated that additional payments had been made to the Tollway recently. **She will provide an updated report on the balance to the Board.**

Director Morris moved for approval; seconded by Director Canham. The motion was approved unanimously. Committee Chair Saldaña called on Liz Looby, Acting General Counsel, to present the following:

An Intergovernmental Agreement with West Virginia Parkways. Cost to the Tollway: \$6,000 plus shipping costs.

Director Morris moved for approval; seconded by Director Canham. The motion was approved unanimously. Committee Chair Saldaña called on Liz Looby, Acting General Counsel, to present the following

Renewal of Bond Counsel. Cost to the Tollway: \$0

Director Morris asked whether the three firms listed are the only three firms that can be used. Ms. Looby indicated that the initial contract included a pool of seven firms. However, only three firms were used as bond counsel, while three were used as underwriting counsel and one firm was not used at all. Ms. Lafleur indicated that because this is a contract renewal, procurement code requires that the Tollway renew services with the three firms that were actually used for bond counsel under the initial contract.

Director Morris asked the staff to inform the Board when the new RFQ process is scheduled to start because the current pool seems to be small. Director Saldaña asked whether the new procurement code precludes firms from being used as both bond and underwriting counsel. Ms. Looby responded that she was uncertain of the procurement code requirements but noted that the resolution passed by the Board designated each firm in the pool for either bond or underwriting counsel.

Director Morris moved for approval; seconded by Director Canham. The motion was approved unanimously. Committee Chair Saldaña called on Liz Looby, Acting General Counsel, to present the following:

Correction of Resolution Number 19480. Cost to the Tollway: \$0.

Director Canham moved for approval; seconded by Director Morris. The motion was approved by a vote of (2) yes votes (Directors Canham and Saldaña) and (1) no vote (Director Morris).

At approximately 9:00 a.m., Acting General Counsel Elizabeth Looby requested that the Board enter into Executive Session to discuss matters related to collective bargaining and litigation pursuant to Section 2(c) (2) and Section 2(c) (11) of the Open Meetings Act. Director Canham moved to enter into Executive Session; seconded by Director Morris. The motion was approved unanimously.

At approximately 9:40 a.m., the Board re-entered the public Board session.

There being no further business, Committee Chair Saldaña requested a motion to adjourn. Director Morris moved to adjourn; seconded by Director Canham. The motion was approved unanimously.

Meeting adjourned at approximately 9:40 a.m.

Minutes taken by: _____

Tranece Artis
Board Secretary
Illinois State Toll Highway Authority