

Illinois State Toll Highway Authority
Minutes of the
Finance-Administration Committee Meeting

September 30, 2010

The Illinois State Toll Highway Authority held a Finance-Administration Committee Meeting on Thursday, September 30, 2010 at approximately 8:50 a.m. at the Central Administration Building in Downers Grove, Illinois. Directors on the Committee in attendance were as follows:

Committee Chairman James Banks
Director George Pradel
Director Bill Morris
Director Tom Weisner

Committee Chairman Banks called the meeting to order.

Director Morris moved to approve the Minutes of the Finance-Administration Committee meeting held on August 26, 2010; seconded by Director Pradel. The motion was approved unanimously.

Committee Chairman Banks called upon Ed Vargas, Acting Chief of Information Technology. Mr. Vargas gave a presentation on the Payment Card Industry Data Security Standard (PCI-DSS). This standard ensures that merchants have secure and private systems in place to protect customer credit data and prevent credit card fraud through increased controls.

Merchants that must comply with PCI-DSS are categorized according to annual card transaction volumes. The Tollway falls into the second highest merchant level, Merchant Level 2. This level is based on 1 million-6 million card transactions, per credit card brand, per year. The Tollway processed approximately 8.3 million credit card transactions in 2009. The Tollway is the

highest level Illinois state agency, with the Comptroller's Office being a Level 3.

The Level 2 status requires the Tollway to perform annual self-assessments, validation of compliance, and quarterly network security scans. Beginning in 2011 the Tollway will have to have external audits performed. The exception to the external audit requirement would be if the Tollway has an internally certified resource. The Tollway's IT Security Manager is a PCI certified resource, which is considered an internally certified resource. The Tollway can explore either option. The Tollway chooses an outside vendor from an approved vendor list to perform the quarterly network security scans.

The Tollway must satisfy the payment card issuer requirements for external Qualified Security Assessor (QSA) audit by June 30, 2011. The two parts of the audit consist of a gap analysis and a remediation review. Director Saldaña inquired what the next steps would be. Mr. Vargas advised that the Tollway is looking to bring in an external resource specialist in this area between November and the beginning of next year.

Mr. Vargas then requested approval of the following:

Commercial Tower Co-Location Agreement with Verizon Wireless at M4.

Director Morris moved to approve said Co-Location Agreement for the Consent Agenda; seconded by Director Pradel. The motion was approved unanimously.

Committee Chairman Banks called upon Mike Colsch, Chief of Finance. Mr. Colsch requested approval of the following:

Approval of payment to the Office of the Auditor General Audit Expense Fund for the 2009 Financial and Compliance Audit in the amount of \$568,132.

Director Morris asked if the Tollway can do anything to bring the price down for these audits. Mr. Colsch advised that this is at the discretion of the auditor.

Chair Wolff stated that the Tollway could do a review of other agencies with similar budgets and complexities to see what they are paying the Auditor General. Director Banks inquired if this amount proposed for payment varies significantly from that paid in other years. Mr. Colsch advised that this amount is approximately 1% higher than last year.

Mr. Colsch gave a presentation on the 2010 Budget Update. The Maintenance and Operations 2010 Budget is being proposed to be reduced by \$7 million. The Business Systems Department budget will be reduced by \$1,050,000 in the areas of materials and operational supplies, equipment maintenance, contractual services, and telephone charges. The Engineering Department budget will be reduced by \$2,216,000 in the area of vacancies, fuel and fleet costs. The Finance Department budget will be reduced by \$2,200,000 in the areas of workers compensation insurance and group insurance. The Information Technology budget will be reduced by \$1,034,000 in the areas of vacancies, consulting fees, and maintenance fees. The Toll Operations budget will be reduced by \$500,000 in the areas of vacancies and utilities. There will be a \$1 million reduction in Debt Service Transfers and a \$10 million reduction to the Deposit in the Renewal and Replacement and Improvement accounts. These potential reductions are required due to an estimated \$16 million lower toll collection than projected and an estimated \$2 million lower level of investment income than projected.

Executive Director Lafleur discussed other areas that may be reduced for the 2011 budget. Executive Director Lafleur stated that the Tollway will continue to look for areas to improve efficiency and reduce costs. Director Morris asked that Wilbur Smith Associates give more conservative traffic projections so that the future budget can be more accurate. Mr. Colsch advised that

whenever the Tollway goes out for bonds, a long term traffic and revenue projection to 2030 is performed. Chair Wolff stated that it may be useful to check Wilbur Smith Associates projections for the past five years, compared to the actual traffic which was recorded, and to compare freight moving by rail versus highway during the same time period. Chair Wolff also stated that the Tollway may want to check on any changes in traffic routes caused by changes in the intermodal system, which seems to include new distribution centers around the city. Director Roof advised that he will make available for Wilbur Smith Associates a copy of the Will County intermodal study.

Mr. Colsch requested approval of the following:

Amend Resolution No. 18929 by reducing the 2010 Maintenance and Operations Budget by \$7 million, from \$265 million to \$258 million, and reducing the required Deposit to the Renewal and Replacement account by \$10 million, from \$150 million to \$140 million.

Director Morris moved to approve said Amend Resolution for the Consent Agenda; seconded by Director Weisner. The motion was approved unanimously.

Committee Chairman Banks called upon Scott Sims, Acting Chief of Procurement. Mr. Sims introduced himself to the Board. Executive Director Lafleur stated the Albert Murillo has been appointed the Acting State Procurement Officer. Mr. Murillo will now report to the Chief Procurement Officer, which is an independent reporting structure from the Tollway. Director Morris inquired if Mr. Murillo is still a Tollway employee. Executive Director Lafleur stated that Mr. Murillo is still being paid by the Tollway because he has been appointed as an Acting State Procurement Officer. Tom Bamonte stated that the Executive Ethics Commission appoints the permanent State Procurement Officer. Executive Director Lafleur stated that when this position is made permanent, the expectation is that the person who has been named will be paid by the state procurement office of the

Executive Ethics Commission. Executive Director Lafleur stated that due to the Tollway's unique location, the permanent State Procurement Officer will probably be housed at the Tollway. Chair Wolff advised that the Tollway should encourage and **work with the Executive Ethics Commission to develop a set of criteria that the Tollway would like to have in the State Procurement Officer overseeing the Tollway.** Executive Director Lafleur stated that the Tollway would be giving the Board an update on procurement reform in the near future.

Mr. Sims requested approval of the following:

Award of Contract No. 10-0094 to Prairie International Trucks Incorporated for Truck Chassis with Street Sweeper, in the amount of \$200,677 (CMS Master Contract).

Renewal of Contract No. 09-0105 to Christian County Farmers Supply, Conserve FS Incorporated, and CG Cooper Oil Company Incorporated, in the amount of \$2,000,000 (CMS Contract for the Tollway).

Chair Wolff said that the Board had heard a presentation last year at this time about renewal energy and the fleet. **She asked that the Tollway develop a report on progress in moving the fleet to renewable energy.**

Director Weisner moved to approve said Award and Renewal of Contracts for the Consent Agenda; seconded by Director Pradel. The motion was approved unanimously.

Mr. Sims requested approval of the following:

Renewal to Contract No. 05-0093 to Interfleet, Inc. for Automated Vehicle Locating System (AVL), increasing the upper limit of the contract by \$198,000, from \$904,650 to \$1,102,650 (Tollway Contract).

Director Saldaña inquired if there was a DBE component. Mr. Sims advised that there is not a DBE requirement for this contract. Mr. Deldin stated that this is a very complex and detailed system with many separate parts, and the pieces cannot be separated out. Director Saldaña stated that technology has been constantly been changing, and the Tollway should check to see if other vendors are available to provide these components.

Director Weisner moved to approve said Renewal of Contract for the Consent Agenda; seconded by Director Pradel. The motion was approved unanimously.

Committee Chairman Banks called upon Tom Bamonte, General Counsel. Mr. Bamonte requested approval of the following:

An Intergovernmental Agreement with the Village of New Lenox. Cost to Tollway is \$604,000.

An Intergovernmental Addendum Agreement with the Illinois Department of Transportation and the Village of New Lenox.

Cost to Tollway is \$0.

Director Weisner moved to approve said Intergovernmental Agreements for the Consent Agenda; seconded by Director Pradel. Director Roolf recused himself from voting on these items. The motion was approved.

Mr. Bamonte requested approval of the following:

Legal Counsel: Mark Bennett with Laner, Muchin, Dombrow, Becker, Levin and Tominberg Ltd. for Collective Bargaining. Cost to Tollway is \$200 per hour. The budgetary impact will depend on the need for such services, which cannot be predicted accurately.

Director Pradel moved to approve said Legal Counsel for the Consent Agenda; seconded by Director Morris. The motion was approved unanimously.

Mr. Bamonte requested approval of the following:

Legal Counsel: Walter Jones with Pugh Jones Johnson & Quandt for the DBE Program. Cost to Tollway is \$200 per hour. Budgetary impact will depend on the length and complexity of litigation.

Director Pradel moved to approve said Legal Counsel for the Consent Agenda; seconded by Director Morris. The motion was approved unanimously.

Mr. Bamonte requested approval of the following:

Legal Counsel: Workers Compensation. Cost to Tollway – no change in current rates, which are \$115 per hour for Ganan & Shapiro, \$120 per hour for Nyhan, Pfister Bambrick Kinzie & Lowry, and \$125 per hour for Scopelitis Garvin Light & Hanson.

Director Pradel moved to approve said Legal Counsel for the Consent Agenda; seconded by Director Morris. The motion was approved unanimously.

There being no further business, Committee Chairman Banks called for a motion to adjourn. Director Morris moved to adjourn; seconded by Director Weisner. The motion was approved unanimously.

Meeting adjourned at approximately 9:55 a.m.

Minutes taken by: _____

Dawn Sirianni
Assistant Secretary