

The Illinois State Toll Highway Authority

Minutes of the Audit Committee Meeting

August 25, 2005

The Illinois State Toll Highway Authority held an Audit Committee Meeting on Thursday, August 25, 2005 at approximately 10:25 a.m. at the Central Administration Building in Downers Grove, Illinois. Those in attendance were as follows:

Acting Committee Chairman Banks	Ms. Leslie Savickas
Director David Andalcio	Ms. Carol Reckamp
Director Carl Kramp	Ms. Maria Molliconi
Director George Pradel	Ms. Cathy Kendrick
Director Jim Roof	Mr. Joe Catalano
Director Carl Towns	Ms. Georgia Raymond
Mr. Jack Hartman	Mr. Billy Glunz
Ms. Marilyn Johnson	Ms. Eva Panek
Mr. Mike Colsch	Ms. Trudy Steinhauser
Ms. Kathleen Cantillon	Ms. Joelle McGinnis
Ms. Elizabeth Looby	Mr. James Wright
Mr. Jeff Dailey	Ms. Cathy Kendrick
Ms. Leanne Redden	

Acting Chairman Banks called the meeting to order and requested a motion for approving the Minutes of the July 28, 2005 Audit Committee meeting. Director Kramp moved for approval; seconded by Director Roof.

Acting Chairman Banks called for a voice vote, and there being “Ayes” and no “Nays”, declared the motion carried.

Mr. Mike Colsch briefed the Committee on the Interest Rate Risk Management Guidelines which have been put together to provide better guidance and understanding to ourselves, the rating agencies, and the financial community with respect to our potential use of various financial tools or products that we might use to manage interest rate risks and other risks associated with capital financing.

The interest rate strategy that we might use would include interest rate exchange agreements that were authorized in May when we approved the bond issue as well.

All of these strategies are constrained and governed by state law and the Tollway's Indenture. One of the major provisions of this policy is that the Board of Directors must approve all capital financial transactions including the interest rate and financial strategies before we proceed. Also, the Chief of Finance will act as the administrator of this policy and will be responsible for ensuring that we remain in conformance with the policy, that it will be updated periodically and reviewed when necessary by the Audit Committee. That as a part of this policy, the Department of Finance shall monitor, report and disclose annually to the Audit Committee a summary of all the agreements that we have outstanding, the market value or termination value of those agreements, the credit standing of counter-parties that we have which act as the counter-parties for the exchange agreements, and any other material events that occurred during the last year.

One of the specific items in the policy is that the Tollway will only enter into transactions with parties that have the financial strength to protect the Tollway's financial interests. We will document the management agreements that we have with all counter-parties using documents that are widely accepted in the marketplace. The agreements themselves will be limited to no longer than the term of the debt that we can have outstanding.

With respect to variable rate, we've put some limits in the policy that no more than 30 percent of debt outstanding plus our anticipated issuance would be in the form of a variable rate of interest.

Mr. Colsch asked the Committee to review the guidelines and get back to him with any changes or suggestions.

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There being no further business, Acting Chairman Banks called for a motion to adjourn. Director Roolf moved to adjourn; seconded by Director Kramp.

Acting Chairman Banks called for a voice vote, and there being "Ayes" and no "Nays", declared the motion carried.

Minutes taken by: _____
Trudy Steinhauser