



2013 Budget Analysis

(Unaudited)

Quarterly Financial Review

January 1 - March 31, 2013

Quarterly Financial Review March 31, 2013

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INTRODUCTION

In December 2012, the Tollway Board of Directors adopted the annual budget for 2013. To monitor performance against this budget, each quarter the Finance Department reviews and compares actual revenue and expenditures of the Tollway to the budget and presents the resulting analysis in this quarterly report to the Finance, Administration and Operations Committee meeting.

The annual budget is prepared in conformance with provisions of the Tollway's Trust Indenture. This quarterly financial report is unaudited and is prepared on a basis of accounting that comports with the Trust Indenture, which is a basis of accounting other than generally accepted accounting principles. Revenue and expenditures are reported on an accrual basis net of certain allowances for bad debt. Capital expenditures are expensed in the period incurred, and no accommodation is made for depreciation of capital assets.

Tollway revenue sources include toll revenue and evasion recovery, concessions, investment income, and miscellaneous income.

- Toll revenue is collected from Tollway users either by cash or electronic toll collection for users of I-PASS.
- Evasion recovery revenue includes fines, fees and tolls collected from toll violators.
- Concessions revenue is generated from the Tollway's Oases, where third-party vendors provide fuel, food and other conveniences to users of the Tollway.
- Investment income is primarily interest earned on Tollway funds and I-PASS escrow accounts.
- Miscellaneous income includes revenue from overweight truck fines, rental and easement income, tower co-location fees, rental income from fiber optic lines and other miscellaneous receipts.

This report provides an analysis of actual revenue and expenditures through the first quarter of fiscal year 2013. The purpose of this analysis is to assess the actual financial performance of the Tollway relative to the 2013 Budget. The report indicates variances from budgeted amounts. A favorable variance contributes to a higher fund balance, while an unfavorable variance reduces the fund balance.

All figures contained in this report are preliminary and unaudited, and should be used for informational purposes only.

BUDGET SUMMARY

Introduction

The Illinois Tollway Board of Directors on August 25, 2011 adopted the 15-year, \$12 billion capital program, *Move Illinois: The Illinois Tollway Driving the Future*, funded by bonds, and toll revenue generated through a toll rate increase for passenger vehicles in 2012 and previously approved increases for commercial vehicles beginning in 2015. The 2013 Budget, approved by the Board of Directors in December 2012, includes the maintenance and operations budget, debt service transfers and capital budget in support of the second year of the *Move Illinois* Program.

Budgeted Revenue 2013

The 2013 budget estimates annual revenue totaling \$986 million, including \$977 million from toll revenue and evasion recovery, \$1 million from investment income and \$8 million from concessions revenue and miscellaneous income.

The Tollway's 2013 Budget allocates \$283 million for maintenance and operations expenses, \$317 million for debt service transfers and \$386 million for the *Move Illinois* and Congestion-Relief programs and other non-roadway capital investments (deposits to the renewal/replacement and improvement accounts).

2013 Revenue Sources and Allocations

SOURCES OF REVENUE		(\$ millions)
	2013 Budget	
Toll Revenue and Evasion Recovery	\$977	
Investment Income	1	
Concessions Revenue and Miscellaneous Income	8	
Total Revenue	\$986	
ALLOCATIONS OF REVENUE		(\$ millions)
	2013 Budget	
Maintenance and Operations	\$283	
Debt Service Transfers	317	
Deposits to Renewal/Replacement and Improvement	386	
Total Allocations	\$986	

FIRST QUARTER RESULTS SUMMARY

Revenue

Revenue for the first quarter 2013 totaled to \$228.5 million, \$3.3 million more than budgeted for the period. Toll and evasion recovery revenue totaled \$226.8 million, \$3.8 million more than budget. Concessions revenue totaled \$550 thousand and investment income totaled \$291 thousand, \$50 thousand and \$41 thousand more than budgeted for the first quarter respectively. Miscellaneous income totaled \$934 thousand, \$506 thousand less than budget. The first quarter revenue comprises 23.2 percent of the \$986 million annual revenue budget.

Expenditures

The Tollway's 2013 first quarter operating expenditures totaled \$64.5 million, representing a \$3.7 million favorable variance compared to budget. The first quarter expenditures comprise 22.7 percent of the \$283 million annual maintenance and operations budget.

The Tollway's 2013 first quarter debt service transfers totaled \$68.7 million, or \$7.7 million less than the budgeted amount. The first quarter debt service transfers comprise 21.7 percent of the \$317 million annual debt service transfers budget.

Capital program expenditures through March 31, 2013, totaled \$78.9 million compared to the budget projection of \$922 million. The first quarter capital expenditures included \$70.9 million for the *Move Illinois* and the Congestion-Relief programs expenses and \$7.9 million for other capital projects expenses. In addition, other adjustments made for the first quarter totaled \$148 thousand.

Outlook

First quarter toll revenue and evasion recovery totaled \$3.8 million more than budget. While revenue results were favorable during the first quarter, slower economic growth and/or an increase in fuel prices could impact the Tollway's ability to meet or exceed budgeted revenue projection for the remainder of the year. The Tollway will continue to monitor such external factors and their impact on revenue.

Maintenance and operations expenses were under budget for the first quarter. The Tollway will continue to monitor payroll/related costs and vacancies, as well as other categories that are sensitive to price fluctuations including fuels, utilities and roadway materials.

Capital program expenditures were under the budget projection by \$56.7 million for the first quarter. In March 2013, the Tollway's PMO (HNTB Corporation), in advance of issuance of the Illinois State Toll Highway Authority 2013 Series A Bonds, revised downward the 2013 capital program budget projection by \$50.1 million. Based upon improvements in procurement process, favorable weather conditions, and recent Board approvals of contracts to start the 2013 construction season, capital expenses are anticipated to track closer to estimates for future quarters.

REVENUE SUMMARY

Budget vs. Unaudited Actual First Quarter 2013

(\$ thousands)

	1st Qtr		Variance	
	Budget	Actual	\$	%
Toll Revenue and Evasion Recovery	\$222,992	\$226,755	\$3,763	1.7%
Concessions	500	550	50	10.0%
Investment Income	250	291	41	16.2%
Miscellaneous	1,440	934	(506)	-35.1%
Total Revenue	\$225,182	\$228,530	\$3,347	1.5%

% of BUDGET REALIZED (Unaudited) Year-To-Date March 31, 2013

(\$ thousands)

	2013	YTD	% Budget
	Budget	Actual	Realized
Toll Revenue and Evasion Recovery	\$977,000	\$226,755	23.2%
Concessions	2,000	550	27.5%
Investment Income	1,000	291	29.1%
Miscellaneous	6,000	934	15.6%
Total Revenue	\$986,000	\$228,530	23.2%

Analysis

Revenue for the first quarter 2013 totaled to \$228.5 million, \$3.3 million more than budgeted for the period. The first quarter revenue comprises 23.2 percent of the \$986 million annual revenue budget.

Toll and evasion recovery revenue totaled \$226.8 million, \$3.8 million more than budget. Concessions revenue totaled \$550 thousand and investment income totaled \$291 thousand, \$50 thousand and \$41 thousand more than budgeted for the first quarter respectively. Miscellaneous income totaled \$934 thousand, \$506 thousand less than budget. The unfavorable miscellaneous income variance is mainly due to reduced revenue from fiber optic agreements, transponder replacements and asset sales.

Toll transactions for the first quarter for all vehicle classes declined one percent compared to the same period in 2012 and were two percent less than the 2013 projection. Passenger vehicle transactions declined 1.2 percent from first quarter 2012 and were 2.5 percent less than the 2013 projection. Commercial vehicle transactions grew 0.2 percent compared to first quarter 2012 and were 2.6 percent greater than the 2013 projection.

MAINTENANCE AND OPERATIONS SUMMARY

Budget vs. Unaudited Actual First Quarter 2013

(\$ thousands)

	1st Qtr		Variance	
	Budget	Actual	\$	%
Payroll and Related Costs	\$38,728	\$38,403	\$326	0.8%
Group Insurance	7,298	6,760	537	7.4%
Contractual Services	10,866	7,730	3,136	28.9%
Materials/Operational Supplies/Other Expenses	2,077	1,958	119	5.7%
Utilities	1,397	1,559	(162)	-11.6%
All Other Insurance	2,471	2,305	165	6.7%
Parts and Fuel	1,772	1,712	60	3.4%
Equipment/Office Rental and Maintenance	3,886	4,497	(611)	-15.7%
Employee Development	251	252	(1)	-0.3%
Recovery of Expenses	(608)	(708)	100	16.5%
Total Maintenance and Operations Expenditures	\$68,138	\$64,468	\$3,670	5.4%

Notes:

1. Positive variance indicates lower than estimate, while negative variance indicates higher than estimate.
2. Number may not add to totals due to rounding.

% of BUDGET REALIZED (Unaudited) Year-To-Date March 31, 2013

(\$ millions)

	2013	YTD	% Budget
	Budget	Actual	Realized
Payroll and Related Costs	\$154.9	\$38.4	24.8%
Group Insurance	29.2	6.8	23.2%
Contractual Services	54.3	7.7	14.2%
Materials/Operational Supplies/Other Expenses	8.3	2.0	23.6%
Utilities	5.6	1.6	27.9%
All Other Insurance	9.9	2.3	23.3%
Parts and Fuel	7.1	1.7	24.2%
Equipment/Office Rental and Maintenance	15.5	4.5	28.9%
Employee Development	1.0	0.3	25.1%
Recovery of Expenses	(2.4)	(0.7)	29.1%
Total Maintenance and Operations Expenditures	\$283.4	\$64.5	22.7%

Analysis

The Tollway's 2013 first quarter operating expenditures totaled \$64.5 million, representing a favorable variance of \$3.7 million. The first quarter expenditures comprise 22.7 percent of the \$283.4 million annual maintenance and operations budget.

The variances to budget during the first quarter of 2013 are explained below:

Payroll and related costs for the first quarter totaled \$38.4 million, \$326 thousand under budget. This favorable variance is attributable to vacant positions in both the salary and wage categories partially offset by hourly overtime. This category also includes wage adjustments for the SEIU, Teamster, AFSCME and MAP collective bargaining units.

Group insurance totaled \$6.8 million during the first quarter, \$537 thousand under budget. This variance reflects a significant number of vacant positions resulting in paid claims being less than anticipated in the first quarter.

Contractual services for the first quarter totaled \$7.7 million, \$3.1 million under budget. This first quarter variance is mainly attributable to less than anticipated expenditures for the pavement specialist quality assurance, construction management audit, underwater inspections, bioswale maintenance and the diversity initiative that were all re-classed from capital in 2012 to maintenance and operations budget in 2013. In addition, the Customer Call Center transitional expenses, as well as information technology consulting services (Web production and disaster recovery, qualified security assessor audit, e-recruiting, diversity managed services, IBM disaster recovery services, sharepoint resources and PMO for enterprise resource planning) were less than budget during the first quarter.

Materials/operational supplies/other expense totaled \$2.0 million during the first quarter, \$119 thousand under budget. This variance is the result of the mild winter weather and reduced demand for winter roadway materials such as rock salt, calcium chloride and abrasives.

Utilities, which include electricity, natural gas, water and telephone expenses, totaled \$1.6 million, \$162 thousand over budget during the first quarter. This negative variance was mainly due to incorrect invoicing for the Business Systems 800 number. A subsequent credit will appear in future billing statements.

All other insurance expenses totaled \$2.3 million, \$165 thousand under the first quarter budget. This category includes expenses for property and liability insurance as well as amounts allocated to the workers' compensation claim fund. The variance is due to the fact that no claims were made during the first quarter.

Parts and fuel expenses totaled \$1.7 million, \$60 thousand under the first quarter budget. This favorable variance is attributable to the mild winter resulting in reduced consumption of gasoline and diesel fuel by snowplow trucks combined with the ongoing effort by the Fuel Task Force Team to reduce Tollway vehicle fuel consumption in general. Unfortunately, these favorable results may be negatively impacted by additional spikes in fuel prices or the changeover to seasonal gasoline blends during the summer months.

Equipment/office rental and maintenance expenditures totaled \$4.5 million during the first quarter, \$611 thousand over budget. This variance is due to software maintenance for the Toll Revenue Management and Maintenance Program (TRMMP). Although there is a negative variance in this cost category, it should be noted that some aspects of electronic tolling

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equipment maintenance and application development have been scaled back pending the expected future procurement of a next generation back office toll collection system.

Employee development expenses totaled \$252 thousand, \$1 thousand over the first quarter budget. This cost category includes travel, training, dues, books, subscriptions, uniforms and accessories.

Recovery of expenses totaled \$708 thousand, \$100 thousand favorable variance in comparison to budget. This category includes reimbursement for services (ambulances or fire trucks) or damage to Tollway property caused by others.

Budget Transfers

Budget to actual comparisons in this analysis are based on the Original 2013 maintenance and operations budget adopted by the Tollway Board in December 2012. During the budget year, management approves transfers from accounts that incur surpluses to those requiring additional funds due to shortfalls. These transfers do not change the dollar amount of the 2013 maintenance and operations budget.

DEBT SERVICE SUMMARY

For annual budgeting and quarterly reporting purposes, debt service consists of the sum of monthly transfers from the revenue account to the trustee-held debt service account, in accordance with the Indenture, to provide for payment of:

- (i) Interest due on outstanding bonds;
- (ii) the retirement of bond principal at maturity or sinking fund redemption;
- (iii) Net payments on interest rate exchange (“swap”) agreements; and
- (iv) Costs of bond credit/liquidity agreements, bond remarketing agreements, and bond ratings.

For 2013, the Tollway budgeted \$316.6 million for transfers from the revenue account to the debt service account to provide for these payments. That budgeted amount assumed an additional source of funds of \$16.2 million from federal subsidies associated with the Tollway’s Series 2009A and Series 2009B Build America Bonds.

Following are unaudited quarterly results through March 31, 2013 with comparisons to budget.

Budget vs. Actual (Unaudited)

(\$ thousands)

	Budget	Actual	Variance	
			\$	%
Debt Service Transfers – 1 st Qtr	\$76,340	\$68,667	\$7,673	10.1%

% of Budget Realized (Unaudited)

(\$ thousands)

	Annual	YTD	Realized
	Budget	Actual	
Debt Service Transfers	\$316,610	\$68,667	21.7%

Analysis

The \$7.7 million favorable variance for the quarter was primarily due to assumed interest expense on a new bond issuance that did not materialize because the assumed bonds were not issued until the second quarter. The lack of new bond interest accounted for \$5.6 million of the \$7.7 million favorable variance. Approximately \$1 million of the favorable variance was due to a provision for additional debt service for refunding synthetic fixed rate bonds that did not materialize because no such refunding occurred. Most of the remaining favorable variance was related to the timing of the monthly transfers for debt service for the Series 2007A and 2008A synthetic fixed rate bonds.

DERIVATIVES

The Tollway employed the use of interest rate exchange (swap) agreements and forward-starting interest rate exchange agreements (forward agreements) to hedge against increases in interest rates by providing synthetic fixed rates associated with the Tollway's variable rate bonds. The following chart presents the Tollway's swap portfolio as of quarter-end March 29, 2013. The four swap agreements related to the Series 2007A Bonds were originally entered into as forward agreements in September 2005, and became effective upon closing of Series 2007A on November 1, 2007. The three swap agreements related to the Series 2008A Bonds were originally entered into in December 2007, and became effective upon the closing of Series 2008A on February 7, 2008.

The Illinois State Toll Highway Authority						
Swap Portfolio as of March 29, 2013						
(Note: Valuations are net of accrued interest.)						
(\$ thousands)						
Series	Provider	Notional Amount	Fixed Rate Paid	Variable Rate Rec'd	Maturity	Valuation
1998 SERIES B	Goldman Sachs Mitsui Marine	67,705	4.3250%	Actual	1/1/2017	(8,513)
1998 SERIES B	JP Morgan Chase Bank*	55,395	4.3250%	Actual	1/1/2017	(6,966)
1998 SERIES B TOTAL		\$123,100				(\$15,479)
2007 SERIES A-1	Citibank N.A., New York	175,000	3.9720%	SIFMA	7/1/2030	(\$41,239)
2007 SERIES A-1	Goldman Sachs Bank USA	175,000	3.9720%	SIFMA	7/1/2030	(\$41,239)
2007 SERIES A-1 TOTAL		\$350,000				(\$82,477)
2007 SERIES A-2	Bank of America, N.A.	262,500	3.9925%	SIFMA	7/1/2030	(\$62,546)
2007 SERIES A-2	Wells Fargo Bank**	87,500	3.9925%	SIFMA	7/1/2030	(\$20,849)
2007 SERIES A-2 TOTAL		\$350,000				(\$83,395)
2008 SERIES A-1	The Bank of New York	191,550	3.7740%	SIFMA	1/1/2031	(\$40,529)
2008 SERIES A-1	Deutsche Bank AG, New York Branch	191,550	3.7740%	SIFMA	1/1/2031	(\$40,529)
2008 SERIES A-1 TOTAL		\$383,100				(\$81,059)
2008 SERIES A-2	Bank of America, N.A.***	95,775	3.7640%	SIFMA	1/1/2031	(\$20,145)
2008 SERIES A-2 TOTAL		\$95,775				(\$20,145)
TOTAL		\$1,301,975				(\$282,555)

NOTE: 1998B swaps are valued assuming the receipt of SIFMA+8bp, as an approximation of the valuation of these actual-bond-rate swaps.

* Originally Bear Stearns Financial Products; novated to JP Morgan Chase Bank in May 2009.

** Originally Wachovia Bank, N.A.; acquired by Wells Fargo in December 2008; name changed in March 2010.

*** Originally Merrill Lynch Capital Services, Inc.; Bank of America acquired Merrill Lynch in December 2008; swap novated to Bank of America, N.A. in October 2011.

Mark-to-market valuations of the Tollway's swap agreements typically decline in value (from the Tollway's perspective) when interest rates decline and increase in value when interest rates increase. To the extent any negative valuation of the Tollway's derivatives were to become realized by a swap agreement termination, it is possible (although not certain) that such a realized loss might be mitigated by a lower cost of capital expected to be available in that lower-interest rate market.

CAPITAL PROGRAM SUMMARY

Capital Budget 2013

The majority of the expenditures for the capital program are for major capital renewal or repair projects and for improvements made to the system. Variances from year to year are due to the schedule of work and the differing values for projects included in the overall capital program.

The capital budget is comprised of two major programs. The newest program, *Move Illinois: The Illinois Tollway Driving the Future*, was approved by the Board of Directors on August 25, 2011. The *Move Illinois* Program is a 15-year program which extends from 2012 through 2026 and includes anticipated capital investments totaling an estimated \$12 billion. The fiscal year 2013 Capital Budget allocates \$770.9 million to fund the second year of the *Move Illinois* Program.

The second program is the Congestion-Relief Program (CRP). The 12-year Congestion-Relief Program, which began in 2005 and will be completed by 2016, is currently estimated at \$5.8 billion. The fiscal year 2013 Capital Budget allocates \$101.1 million to fund the ninth year of the CRP. Additionally, the fiscal year 2013 Capital Budget allocates approximately \$79.3 million to fund "other" capital projects to support ongoing operations of the Tollway; it is anticipated \$50 million will be spent in 2013.

Finally, capital expenditures for 2012 totaled \$48.1 million less than estimated in October 2012. Approximately \$16.2 million was credited to realized project savings, and \$30.1 million was due to schedule changes. The Tollway estimates, based on 2013 first quarter results, the rescheduled work from 2012 can be accommodated within the 2013 Capital Budget of \$922 million.

2012 October Estimate and Expenditures; 2013 Approved Budget
(\$ millions)

	2012	2012	2013
	October Estimate	Expenditure	Budget
Tri-State Tollway (I-94/I-294/I-80)	\$123.1	\$98.9	\$36.9
Reagan Memorial Tollway (I-88)	71.0	60.5	5.5
Jane Addams Memorial Tollway (I-90)	73.9	89.3	415.2
Veterans Memorial Tollway (I-355)	2.7	2.3	23.2
Open Road Tolling (ORT)	0.8	1.4	4.1
Systemwide Improvements	70.9	67.4	218.0
I-294/I-57 Interchange	14.90	9.7	66.7
Elgin O'Hare Western Access	20.37	6.2	95.6
IL Route 53 Extension/ Other Planning Studies	0.17	-	6.8
Move Illinois and CRP Subtotal	\$377.9	\$335.7	\$872.0
Other Capital Projects	41.0	36.9	79.3*
Capital Program Subtotal	\$418.9	\$372.5	\$951.4
Intergovernmental Agreement Reimbursements	(19.3)	(21.0)	-
Total Capital Program	\$399.6	\$351.5	\$951.4

*The Other Capital Projects portion of the Capital Program Budget for 2013 totals \$79.3 million; \$50 million is anticipated to be spent.

Revised Estimate 2013

Revision to expenditure projections are made during the course of the year. In March 2013, the Tollway's PMO (HNTB Corporation), in advance of issuance of the Illinois State Toll Highway Authority 2013 Series A Bonds, revised the estimate for the 2013 *Move Illinois* and CRP portion of the capital program downward from \$872 million to \$821.9 million. The other capital projects estimate remains at \$50 million.

For the purpose of the first quarter 2013 review, the capital program actual expenditures are compared to the original budget approved at the December 2012 Board meeting.

Allocation of Capital Budget 2013

The Tri-State Tollway (I-94/I-294/I-80) **\$36.9 Million**

The *Move Illinois* Program capital budget for the Tri-State Tollway corridor is \$18.1 million which entails bridge and ramp repairs throughout the corridor.

The CRP budget for the Tri-State Tollway corridor is \$18.8 million to complete the 2012 resurfacing and bridge repairs from 95th street to Balmoral Avenue. The relocation of Dixie Creek is also scheduled to be completed by the end of 2013 for the new I-294/ I-57 Interchange that is being constructed under *Move Illinois*.

The Reagan Memorial Tollway (I-88) **\$5.5 Million**

The 2013 budget for this corridor is \$5.5 million to complete the rehabilitation and repair of pavement and bridges between Illinois Route 251 and Illinois Route 56, as well as the mainline rebuilding and widening from Illinois Route 56 to Deerpath Road.

The Jane Addams Memorial Tollway (I-90) **\$415.2 Million**

The *Move Illinois* Program includes \$411.7 million to begin rebuilding and widening work on the eastbound I-90 mainline from Mill Road to the Elgin Toll Plaza. This work will also incorporate the reconstruction of local crossroad bridges, as well as rebuild and widen bridges at the Union Pacific (formerly C&NW) Railroad, Mosquito Creek, Coon Creek, U.S. Route 20, Sleepy Hollow Road and the Kishwaukee River.

The CRP budget of \$3.5 million for this corridor is associated with advance design work for *Move Illinois* I-90 rebuilding and widening projects.

The Veterans Memorial Tollway (I-355) **\$23.2 Million**

The *Move Illinois* Program capital budget for this corridor is \$19.5 million to complete the resurfacing of portions of the pavement and collector-distributor roadways between I-55 to Army Trail Road.

The CRP budget for this corridor is \$3.7 million to fund the replacement of the tunnel lighting under the Reagan Memorial Tollway (I-88).

Open Road Tolling **\$4.1 Million**

The 2013 Capital Budget allocates \$4.1 million for the Traffic Revenue Maintenance and Management Program and to accommodate modifications to existing cash lanes at several toll plazas.

Systemwide

\$218 Million

The *Move Illinois* Program capital budget allocates \$152.5 million on systemwide improvements, including the interchange at the Jane Addams Memorial Tollway (I-90) and Illinois Route 47, bridge, pavement and safety improvements, toll collection, IT/ ITS and maintenance facility upgrades. Of this, \$22.6 million will be spent on program support activities, including project management services, materials engineering services, support staff and land acquisition support services.

The CRP budget allocates \$65.4 million for systemwide improvements including pavement improvements to ensure the integrity of the system, bridge improvements and environmental projects, landscaping, program management and other related projects.

Tri-State Tollway (I-294/ I-57) Interchange

\$66.7 Million

The budget for this corridor is \$66.7 million to fund the construction of a new ramp from northbound I-57 to northbound I-294, a new ramp from southbound I-294 to southbound I-57, an exit ramp from southbound I-294 to 147th Street and an entrance ramp from 147th Street to northbound I-294, construction of a toll plaza and retaining walls, land acquisition and utility relocations, as well as ongoing inspection and construction.

Elgin O'Hare Western Access

\$95.6 Million

The 2013 budget for this corridor is \$95.6 million. Noise-wall design will continue and construction will begin later in the year along with other advanced construction. A number of right-of-way purchases and design for utility relocation will occur on the existing Elgin O'Hare Expressway. Design will continue on the extension from I-290 to York Road and the I-90/ Elmhurst Road Interchange, including local road improvements. Construction of the southbound Elmhurst Road Bridge over I-90 at the interchange will begin once right-of-way has been purchased. Master plan design and right-of-way purchases will begin on the south leg of the western access and corridor wide surveying will also continue.

Illinois Route 53 Extension/ Other Planning Studies

\$6.8 Million

The 2013 budget for this corridor is \$6.8 million to fund feasibility studies for possible extension of Illinois Route 53 north of Lake-Cook Road and other planning studies.

Other Capital Projects

\$79.3 Million

In addition to the *Move Illinois* and CRP, other projects are needed to support ongoing operations of the Tollway and to ensure that the existing roadway network is maintained and safe for travel. While the *Move Illinois* and CRP are the major components of the Tollway's capital program, other elements include new technologies to manage congestion, reduce travel times and provide enhanced customer service, improvements to maintenance buildings and other structures to maintain Tollway assets and additional equipment for the Illinois State Police District 15 and maintenance staff to improve efficiency and enhance public safety. The 2013 Budget anticipates spending \$50 million of the \$79.3 million budgeted for other capital projects.

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Capital Program Expenditures

Projection vs. Unaudited Actual

First Quarter 2013

(\$ thousands)

	1st Qtr		Variance	
	Projection	Actual ⁽¹⁾	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$12,132	\$11,201	\$932	7.7%
Reagan Memorial Tollway (I-88)	2,156	3,018	(863)	-40.0%
Jane Addams Memorial Tollway (I-90)	48,091	32,646	15,446	32.1%
Veterans Memorial Tollway (I-355)	1,674	242	1,432	85.5%
Open Road Tolling (ORT)	1,034	226	808	78.1%
Systemwide Improvements	34,534	12,512	22,022	63.8%
Tri-State Tollway (I-294/I-57) Interchange	8,314	2,780	5,534	66.6%
Elgin O'Hare Western Access	18,391	8,259	10,132	55.1%
IL Route 53 Extension/ Other Planning Studies	1,750	-	1,750	100.0%
Move Illinois and CRP Subtotal	\$128,077	\$70,884	\$57,193	
"Other" Capital Projects	7,500	7,892	(392)	-5.2%
Capital Program Subtotal	\$135,577	\$78,775	\$56,801	41.9%
Intergovernmental Agreements Reimbursement and Other Adjustments ⁽²⁾	-	148	(148)	N/A
Total Capital Program Expenditures	\$135,577	\$78,923	\$56,654	41.8%

⁽¹⁾ Capital Program Actual included \$69,610,975 in work completed for which payments have not been made as of March 31, 2013.

⁽²⁾ Intergovernmental Agreement Reimbursements were for work performed in prior periods.

% of PROJECTION REALIZED (Unaudited)

Year-To-Date March 31, 2013

(\$ thousands)

	2013	YTD	% Projection
	Projection	Actual ⁽¹⁾	Realized
Tri-State Tollway (I-94/I-294/I-80)	\$36,873	\$11,201	30.4%
Reagan Memorial Tollway (I-88)	5,525	3,018	54.6%
Jane Addams Memorial Tollway (I-90)	415,201	32,646	7.9%
Veterans Memorial Tollway (I-355)	23,187	242	1.0%
Open Road Tolling (ORT)	4,135	226	5.5%
Systemwide Improvements	217,970	12,512	5.7%
Tri-State Tollway (I-294/I-57) Interchange	66,737	2,780	4.2%
Elgin O'Hare Western Access	95,556	8,259	8.6%
IL Route 53 Extension/ Other Planning Studies	6,833	-	0.0%
Move Illinois and CRP Subtotal	\$872,018	\$70,884	8.1%
"Other" Capital Projects ⁽²⁾	50,000	7,892	15.8%
Capital Program Subtotal	\$922,018	\$78,775	8.5%
Intergovernmental Agreement Reimbursements and Other Adjustments ⁽³⁾	-	148	N/A
Total Capital Program Expenditures	\$922,018	\$78,923	8.6%

⁽¹⁾ Capital Program Actual included \$69,610,975 in work completed for which payments have not been made as of March 31, 2013.

⁽²⁾ The Other Projects portion of the Capital Program Budget for 2013 totaled \$79.3 million, of which \$50 million is anticipated to be spent.

⁽³⁾ Intergovernmental Agreement Reimbursements were for work performed in prior periods.

Analysis

Capital program expenditures are reported on an accrual basis. For the quarter ending March 31, 2013, unaudited capital program expenditures totaled \$78.9 million. This amount included expenses paid during the first quarter, as well as \$69.6 million of work completed during the quarter and/or in prior periods for which payments have not been made as of March 31, 2013. *Move Illinois* and CRP expenditures totaled \$70.9 million, and other capital project expenditures totaled \$7.9 million. In addition, other adjustments made during the quarter totaled \$148 thousand.

The first quarter favorable variance of \$56.7 million for the capital program can be attributed to:

- Savings/lower cost of construction – an estimated \$7.1 million
- Scheduling changes – an estimated \$47.4 million
- Reduced scope of projects – an estimated \$(0.6) million
- Other miscellaneous – \$2.8 million

CORRIDOR

2013 First Quarter Expenditures

The Tri-State Tollway (I-94/I-294/I-80)

\$11.2 million

During the first quarter, closeout efforts continued for roadway resurfacing and bridge improvements on the Central Tri-State between 95th Street and Balmoral Avenue in both the southbound and northbound directions.

The favorable variance of \$932 thousand can be substantially attributed to \$4.5 million in contract closeout savings, which was partially offset by \$(3.6) million in schedule changes on right-of-way expenditures for the I-294/I-57 Interchange.

The Reagan Memorial Tollway

\$3 million

During the first quarter, closeout efforts continued for roadway reconstruction and widening of between IL Route 56 and Deerpath Road.

The unfavorable variance of \$863 thousand was primarily due to cash flow variations between previous projections and accruals.

The Jane Addams Memorial Tollway

\$32.6 million

During the first quarter, design continued on reconstruction and widening efforts from the Kennedy Expressway to the Elgin Toll Plaza, as well as on the westbound contracts from the Elgin Toll Plaza to I-39. Notice to proceed was issued on the eastbound contracts from Elgin Plaza to I-39, and on mainline bridge reconstruction at the Kishwaukee River, Coon Creek, Mosquito Creek and US-20. Advance work contracts on the I-39 to Elgin Plaza section continued with closeout. Design progressed for the crossroad bridge reconstruction contracts at Mill Road, Irene Road, Stone Quarry Road, Genoa Road, Getty Road, Brier Hill Road, Sandwald Road and Powers Road, with bids scheduled late in the second quarter. Design progressed on the retaining and noise wall contracts east of Elgin Plaza, with bid openings scheduled later in 2013. Design also continued on crossroad bridge replacements at IL 25, Beverly Road, Bartlett Road, Higgins Road, Barrington Road, Roselle Road, Meacham Road and Lee Street, as well as the mainline bridges at the Fox River; all of which are scheduled for bid in 2013.

The favorable variance of \$15.4 million for this corridor was mostly due to schedule changes and bid savings. \$1.1 million in bid savings was realized this quarter on the eastbound contracts

from Mill Road to the Elgin Plaza. The amount of utility work required on the western section was determined to be lower than projected, with \$6.1 million from the first quarter being rescheduled for later in the program. The remaining variance can be attributed to compressed design schedules and early completion of advanced work contracts during the 4th quarter of 2012.

The Veterans Memorial Tollway **\$242 thousand**

During the first quarter, design efforts continued for resurfacing I-55 to Army Trail Road, minor roadway resurfacing of the eastbound I-88 ramp to northbound I-355, and to replace tunnel lighting under I-88 on the Veterans Memorial Tollway.

The favorable variance of \$1.4 million was a result of \$231 thousand in bid savings on the tunnel lighting project, \$193 thousand in utility and ROW delays, and \$1 million in cash flow variations between previous projections and accruals.

Open Road Tolling (ORT) **\$226 thousand**

The favorable variance of \$808 thousand was due to slower spending than projected on the Traffic Revenue and Maintenance Management project (TRMMP).

Systemwide **\$12.5 million**

During the first quarter, construction work continued for the interchange improvement on the Jane Addams Memorial Tollway I-90 at IL Route 47. Intermittent pavement repairs and micro-surfacing continued on the Reagan Memorial Tollway. Design work also progressed along the Veterans Memorial to repair three flyover bridges connecting I-88 to I-355 and the Finley Road overhead bridge.

The favorable variance of \$22 million for this corridor was mainly attributed to \$6.5 million in slower spending for Business Systems, IT/ITS, and maintenance facility projects, \$7.6 million associated with ROW delays at the I-90/IL Route 47 interchange, \$2.2 million in systemwide pavement repairs are now rescheduled to be spent starting in the second quarter.

The Tri-State Tollway (I-294/I-57) Interchange **\$2.8 million**

During the first quarter, construction work on the I-294/I-57 Interchange pier construction for the northbound I-57 to northbound I-294 flyover ramp bridge, and continued building and tree removal.

The favorable variance of \$5.5 million for this corridor is mostly due to \$3.5 million in schedule changes for utility projects. In addition, \$852 thousand in right-of-way delays, which in turn contributed to a delay of contract award schedule.

The Elgin O'Hare Western Access **\$8.3 million**

During the first quarter, expenditures in this corridor were primarily for final design services for the EOWA widening section and the I-290 Interchange; land acquisition services for titles, plats and appraisals; and corridor design management services.

The favorable variance of \$10.1 million was mainly due to right-of-way delays due to pending approval of an updated joint resolution that aligns with the recommendations in the Final Environmental Impact Statement, which includes new access to O'Hare Airport, transit accommodations and numerous environmental measures. Delays in right-of-way in turn affected the award of contracts and design.

Other Capital Projects

\$7.9 million

Project expenditures in this corridor include Fleet, General Engineering and Traffic Consultant services, the purchase of transponders, Maintenance Facility Management Program services, Traffic Incident Management System (TIMS), Intelligent Transportation Systems (ITS), IT Web/e-Commerce and computer infrastructure upgrades, new salt dome construction at M-3, fuel stations rehabilitation and other small capital equipment purchases. The unfavorable variance of \$392 thousand is mainly due to ramp up of transponder purchases during the first quarter.

Financial Summaries

Quarterly Financial Review March 31, 2013

ILLINOIS TOLLWAY				
BUDGET vs. UNAUDITED ACTUAL				
First Quarter Ending March 31, 2013				
	1st Quarter		Variance	
	Budget	Actual	\$	%
REVENUE				
Toll Revenue and Evasion Recovery	\$222,992,422	\$226,755,222	\$3,762,799	1.7%
Concessions	500,000	549,913	49,913	10.0%
Investment Income	250,000	290,517	40,517	16.2%
Miscellaneous	1,440,000	934,059	(505,941)	-35.1%
Total Revenue	\$225,182,422	\$228,529,711	\$3,347,288	1.5%
Maintenance and Operations (M and O) Expenditures				
Payroll and Related Costs	\$38,728,416	\$38,402,854	\$325,562	0.8%
Group Insurance	7,297,500	6,760,450	537,050	7.4%
Contractual Services	10,866,391	7,729,933	3,136,458	28.9%
Materials/Operational Supplies/Other Expenses	2,077,319	1,958,392	118,927	5.7%
Utilities	1,397,109	1,559,095	(161,986)	-11.6%
All Other Insurance	2,470,500	2,305,136	165,364	6.7%
Parts and Fuel	1,771,632	1,711,846	59,786	3.4%
Equipment/Office Rental and Maintenance	3,885,955	4,496,523	(610,569)	-15.7%
Employee Development	250,829	251,561	(732)	-0.3%
Recovery of Expenses	(607,750)	(707,789)	100,039	16.5%
Total Maintenance and Operations Expenditures	\$68,137,900	\$64,468,002	\$3,669,898	5.4%
Net Revenue				
Revenue Less M and O Expenditures	\$157,044,522	\$164,061,709	\$7,017,186	4.5%
Debt Service Transfers				
Existing Debt	\$65,090,000	\$68,666,573	(\$3,576,573)	-5.5%
New Debt	11,250,000	-	11,250,000	N/A
Total Debt Service Transfers	\$76,340,000	\$68,666,573	\$7,673,427	10.1%
Net Revenue Less Debt Service Transfers	\$80,704,522	\$95,395,136	\$14,690,613	18.2%

Quarterly Financial Review March 31, 2013

ILLINOIS TOLLWAY				
PROJECTION vs. UNAUDITED ACTUAL				
First Quarter Ending March 31, 2013				
	1st Quarter		Variance	
	Projection	Actual ⁽²⁾	\$	%
Capital Program ⁽¹⁾				
Tri-State Tollway (I-94/I-294/I-80)	\$12,132,197	\$11,200,606	\$931,591	7.7%
Reagan Memorial Tollway (I-88)	2,155,523	3,018,361	(862,838)	-40.0%
Jane Addams Memorial Tollway (I-90)	48,091,404	32,645,579	15,445,826	32.1%
Veterans Memorial Tollway (I-355)	1,674,405	242,267	1,432,138	85.5%
Open Road Tolling (ORT)	1,033,791	226,007	807,784	78.1%
Systemwide Improvements	34,534,151	12,512,034	22,022,118	63.8%
Tri-State Tollway (I-294/I-57) Interchange	8,313,761	2,780,034	5,533,727	66.6%
Elgin O'Hare Western Access	18,391,315	8,258,976	10,132,339	55.1%
IL Route 53 Extension/Other Planning Studies	1,749,999	-	1,749,999	100.0%
Move Illinois and CRP Subtotal	\$128,076,548	\$70,883,864	\$57,192,684	
"Other" Capital Projects	7,500,000	7,891,516	(391,516)	-5.2%
Capital Program Subtotal	\$135,576,548	\$78,775,381	\$56,801,168	41.9%
Intergovernmental Agreement Reimbursements and Other Adjustments	-	147,510	(147,510)	N/A
Total Capital Program Expenditures	\$135,576,548	\$78,922,890	\$56,653,658	41.8%
⁽¹⁾ Capital Program expenses are financed by funds available in the Renewal/ Replacement and Improvement accounts.				
⁽²⁾ Capital Program Actual included \$69,610,975 in work completed for which payments have not been made as of March 31, 2013.				

Quarterly Financial Review March 31, 2013

ILLINOIS TOLLWAY			
% of BUDGET REALIZED (UNAUDITED)			
Year-To-Date March 31, 2013			
	2013 Budget	YTD Actual	% Budget Realized
REVENUE			
Toll Revenue and Evasion Recovery	\$977,000,000	\$226,755,222	23.2%
Concessions	2,000,000	549,913	27.5%
Investment Income	1,000,000	290,517	29.1%
Miscellaneous	6,000,000	934,059	15.6%
Total Revenue	\$986,000,000	\$228,529,711	23.2%
Maintenance and Operations (M and O) Expenditures			
Payroll and Related Costs	\$154,913,665	\$38,402,854	24.8%
Group Insurance	29,190,000	6,760,450	23.2%
Contractual Services	54,331,954	7,729,933	14.2%
Materials/Operational Supplies/Other Expenses	8,309,275	1,958,392	23.6%
Utilities	5,588,435	1,559,095	27.9%
All Other Insurance	9,882,000	2,305,136	23.3%
Parts and Fuel	7,086,528	1,711,846	24.2%
Equipment/Office Rental and Maintenance	15,543,818	4,496,523	28.9%
Employee Development	1,003,316	251,561	25.1%
Recovery of Expenses	(2,431,000)	(707,789)	29.1%
Total Maintenance and Operations Expenditures	\$283,417,991	\$64,468,002	22.7%
Net Revenue			
Revenue Less M and O Expenditures	\$702,582,009	\$164,061,709	23.4%
Debt Service Transfers			
Existing Debt	\$260,360,000	\$68,666,573	26.4%
New Debt	56,250,000	-	0.0%
Total Debt Service Transfers	\$316,610,000	\$68,666,573	21.7%
Net Revenue Less Debt Service Transfers	\$385,972,009	\$95,395,136	24.7%

Quarterly Financial Review March 31, 2013

ILLINOIS TOLLWAY			
% of PROJECTION REALIZED (UNAUDITED)			
Year-To-Date March 31, 2013			
	2013 Projection	YTD Actual ⁽¹⁾	% Projection Realized
Capital Program			
Tri-State Tollway (I-94/I-294/I-80)	\$36,873,092	\$11,200,606	30.4%
Reagan Memorial Tollway (I-88)	5,525,463	3,018,361	54.6%
Jane Addams Memorial Tollway (I-90)	415,201,319	32,645,579	7.9%
Veterans Memorial Tollway (I-355)	23,186,764	242,267	1.0%
Open Road Tolling (ORT)	4,135,163	226,007	5.5%
Systemwide Improvements	217,969,540	12,512,034	5.7%
Tri-State Tollway (I-294/I-57) Interchange	66,737,418	2,780,034	4.2%
Elgin O'Hare Western Access	95,555,539	8,258,976	8.6%
IL Route 53 Extension/ Other Planning Studies	6,833,330	-	0.0%
Move Illinois and CRP Subtotal	\$872,017,628	\$70,883,864	8.1%
"Other" Capital Projects ⁽²⁾	50,000,000	7,891,516	15.8%
Capital Program Subtotal	\$922,017,628	\$78,775,381	8.5%
Intergovernmental Agreement Reimbursements and Other Adjustments ⁽³⁾	-	147,510	N/A
Total Capital Program Expenditures	922,017,628	78,922,890	8.6%

⁽¹⁾ Capital Program Actual included \$69,610,975 in work completed for which payments have not been made as of March 31, 2013.

⁽²⁾ The Other Projects portion of the Capital Program Budget for 2013 totaled \$79.3 million, of which \$50 million is anticipated to be spent.

⁽³⁾ Intergovernmental Agreement Reimbursements were for work performed in prior periods.

Quarterly Financial Review March 31, 2013

ILLINOIS TOLLWAY				
2012 Actual vs. 2013 Unaudited Actual				
First Quarter Ending December 31st				
	First Quarter		Variance	
	2012	2013	\$	%
REVENUE				
Toll Revenue and Evasion Recovery	\$223,836,257	\$226,755,222	\$2,918,965	1.3%
Concessions	532,124	549,913	17,788	3.3%
Investment Income	198,477	290,517	92,041	46.4%
Miscellaneous	1,227,005	934,059	(292,946)	-23.9%
Total Revenue	\$225,793,863	\$228,529,711	\$2,735,847	1.2%
Maintenance and Operations (M and O) Expenditures				
Payroll and Related Costs	\$37,248,487	\$38,402,854	(\$1,154,367)	-3.1%
Group Insurance	7,172,941	6,760,450	412,491	5.8%
Contractual Services	7,724,737	7,729,933	(5,196)	-0.1%
Materials/Operational Supplies/Other Expenses	1,271,955	1,958,392	(686,437)	-54.0%
Utilities	1,640,216	1,559,095	81,122	4.9%
All Other Insurance	2,215,615	2,305,136	(89,521)	-4.0%
Parts and Fuel	690,117	1,711,846	(1,021,729)	-148.1%
Equipment/Office Rental and Maintenance	3,041,433	4,496,523	(1,455,090)	-47.8%
Employee Development	214,116	251,561	(37,445)	-17.5%
Recovery of Expenses	(486,956)	(707,789)	220,833	45.3%
Total Maintenance and Operations Expenditures	\$60,732,661	\$64,468,002	(\$3,735,341)	-6.2%
Net Revenue				
Revenue Less M and O Expenditures	\$165,061,202	\$164,061,709	(\$999,493)	-0.6%
Debt Service Transfers				
Existing Debt	\$60,506,260	\$68,666,573	(\$8,160,313)	-13.5%
New Debt	-	-	-	N/A
Total Debt Service Transfers	\$60,506,260	\$68,666,573	(\$8,160,313)	-13.5%
Net Revenue Less Debt Service Transfers	\$104,554,942	\$95,395,136	(\$9,159,806)	-8.8%

Quarterly Financial Review March 31, 2013

ILLINOIS TOLLWAY				
2012 Actual vs. 2013 Unaudited Actual				
First Quarter Ending March 31st				
	1st Qtr		Variance	
	2012	2013	\$	%
Capital Program				
Tri-State Tollway (I-94/I-294/I-80)	\$580,827	\$11,200,606	(\$10,619,779)	-1828.4%
Reagan Memorial Tollway (I-88)	395,177	3,018,361	(2,623,185)	-663.8%
Jane Addams Memorial Tollway (I-90)	6,488,556	32,645,579	(26,157,022)	-403.1%
Veterans Memorial Tollway (I-355)	(350,820)	242,267	(593,088)	169.1%
Open Road Tolling (ORT)	258,919	226,007	32,912	12.7%
Systemwide Improvements	4,985,588	12,512,034	(7,526,446)	-151.0%
Tri-State Tollway (I-294/I-57) Interchange	-	2,780,034	(2,780,034)	N/A
Elgin O'Hare Western Access	-	8,258,976	(8,258,976)	N/A
IL Route 53 Extension/ Other Planning Studies	-	-	-	N/A
Move Illinois and CRP Subtotal	\$12,358,247	\$70,883,864	(\$58,525,617)	-473.6%
"Other" Capital Projects	5,232,681	7,891,516	(2,658,835)	-50.8%
Capital Program Subtotal	\$17,590,929	\$78,775,381	(\$61,184,452)	-347.8%
Intergovernmental Agreement Reimbursements and Other Adjustments	(33,162)	147,510	(180,672)	544.8%
Total Capital Program Expenditures	\$17,557,766	\$78,922,890	(\$61,365,124)	-349.5%
⁽¹⁾ Intergovernmental Agreement Reimbursements were for work performed in prior periods, and Other Adjustments were accounting adjustments made for the quarter.				