Record of Meeting | October 17, 2019

The Illinois State Toll Highway Authority (“Tollway”) held the regularly scheduled Finance, Administration and Operations Committee meeting on Thursday, October 17, 2019 in the Boardroom of Tollway Headquarters in Downers Grove, Illinois. The meeting was held pursuant to the By-Laws of the Tollway upon call and notice of the meeting executed by Chairman Willard S. Evans, Jr. and posted in accordance with the requirements of the Open Meetings Act, 5 ILCS 120/1, et seq. The meeting was open to the public.

[Bolded entries indicate issues which may require follow-up to present or report to Directors.]

Call to Order / Roll Call

In the absence of Chair McConnaughay, Chairman Evans called the meeting to order at approximately 9:30 a.m., stating that this is the regularly scheduled meeting of the Finance, Administration and Operations Committee (“FAO Committee”) of the Tollway Board of Directors. He invited attendees to rise and join in the Pledge of Allegiance. Chairman Evans then asked the Board Secretary to call the roll, those Directors present and absent being as follows:

<table>
<thead>
<tr>
<th>Committee Members Present:</th>
<th>Committee Members Not Present:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman Will Evans, Jr. (ex officio)</td>
<td>Committee Chair Karen McConnaughay</td>
</tr>
<tr>
<td>Director Alice Gallagher</td>
<td></td>
</tr>
<tr>
<td>Director Scott Paddock</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Directors Present:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director James Connolly</td>
</tr>
<tr>
<td>Director Stephen Davis</td>
</tr>
<tr>
<td>Director Jim Sweeney</td>
</tr>
</tbody>
</table>

The Board Secretary declared a quorum present.
Public Comment

Chairman Evans opened the floor for public comment.

The following individuals addressed the Committee, each offering comments concerning the Tollway’s diversity initiatives:

- Harold Davis, Truth Radio
- Wali Muhamood
- Karen Hicks, A Few Good Women

Chairman Evans thanked the speakers for their comments.

Committee Chair’s Items

Chairman Evans entertained a motion to approve Committee Chair’s Item 1, the Minutes of the regular FAO Committee meeting held on September 19, 2019, as presented. Director Gallagher made a motion to approve the Minutes, seconded by Director Paddock. The motion was PASSED unanimously.

Having no further items, Chairman Evans called on Executive Director José Alvarez.

Executive Director’s Items

Executive Director Alvarez introduced Mike Colsch, Chief Financial Officer, to provide an overview of the Tollway’s annual budget process and the Tentative 2020 Budget. See attached presentation.

Executive Director Alvarez noted that the meeting agenda contains 22 items for the Committee’s consideration. He then proceeded to the presentation of items for consideration.

Items for Consideration

Finance

Item 1: Approval of the Tentative FY2020 Budget.

Chairman Evans entertained a motion to approve placement of Finance Item 1 on the October Board of Directors meeting agenda with the Committee’s recommendation for approval by the Board. Director Paddock made a motion to approve this item, seconded by Director Gallagher. The motion was PASSED unanimously.
Business Systems

Executive Director Alvarez called on Kathy Goeden, Acting Chief of Business Systems, to present to the Committee the following Business Systems item:

**Item 1:** Award of Contract 18-0152R to Law Enforcement Systems, LLC for the purchase of Non-Illinois License Plate Registration Retrieval Services in an amount not to exceed $4,005,000.00 for an initial three-year term and a possible renewal term for a three-year period, in an amount not to exceed $4,005,000.00 (Tollway Request for Proposal). This contract provides a source for registration retrieval services which enable the Tollway to pursue out-of-state violators for toll collection, fees, and fines.

Upon conclusion of the item presentation, Chairman Evans entertained a motion to approve placement of **Business Systems Item 1** on the October Board of Directors meeting agenda with the Committee’s recommendation for approval by the Board. Director Gallagher made a motion to approve this item, seconded by Director Paddock. The motion was PASSED unanimously.

Information Technology

Executive Director Alvarez called on Joe Kambich, Chief of Information Technology, to present to the Committee the following Information Technology items:

**Item 1:** Award of Contract 19-0119 to CDW Government LLC for the purchase of Cisco IronPort Software, Hardware and Services in an amount not to exceed $477,160.08 (Order Against DoIT Master Contract). This contract allows the Tollway to replace and upgrade our existing Cisco IronPort email and web security appliances. The new Cisco IronPort appliances will provide the Tollway with increased anti-malware, data leakage and security monitoring capabilities for web and email traffic.

**Item 2:** Award of Contract 19-0118 to SHI International Corp. for the purchase of NetApp Hardware and Software Maintenance and Support in an amount not to exceed $448,059.20 (Cooperative Purchase). This contract provides continued maintenance and support for the NetApp storage solution. The NetApp Data Storage System is where the ATS Tolling System’s production and non-production application code and data resides.

**Item 3:** Award of Contract 18-0151 to Alert IT Solutions, Inc. for the purchase of Tripwire Licenses, Maintenance and Services in an amount not to exceed $506,771.02 (Tollway Invitation for Bid). This procurement provides maintenance and support of our existing licenses as well as additional licenses to expand logging and monitoring for the ATPM installation/expansion project. Tripwire
provides cybersecurity threat detection for the Tollway’s Corporate network and Toll collection environments.

Upon conclusion of the presentation of items, Chairman Evans entertained a motion to consolidate for consideration and action Information Technology Items 1 thru 3. Director Paddock made a motion to consolidate these items, seconded by Director Gallagher. The motion was PASSED unanimously.

The motion to consolidate these items having carried, Chairman Evans called for a motion to approve placement of Information Technology Items 1 thru 3 on the October Board of Directors meeting agenda with the Committee’s recommendation for approval by the Board. Director Gallagher made a motion to approve these items, seconded by Director Paddock. The motion was PASSED unanimously.

**Operations**

Executive Director Alvarez called on Pat Taylor, Chief of Operations, to present to the Committee the following Operations items:

**Item 1:** Renewal of Contract 13-0248 with The Gordian Group, Inc. for the purchase of Job Order Contracting (“JOC”) Program Administrator Services for a one-year renewal period, in an amount not to exceed $750,000.00 (Tollway Request for Proposal). This contract provides a source for continued JOC Administration services for the Tollway’s JOC Program and provides the Tollway with proprietary software and construction task order price catalog.

**Item 2:** Award of Contract 19-0118 to SHI International Corp. for the purchase of NetApp Hardware and Software Maintenance and Support in an amount not to exceed $448,059.20 (Cooperative Purchase). This contract provides continued maintenance and support for the NetApp storage solution. The NetApp Data Storage System is where the ATS Tolling System’s production and non-production application code and data resides.

**Item 3:** Award of Contract 18-0015 to Chicago Metro Construction (d.b.a. Arlington Glass & Mirror Co.) for the purchase of Building Glass Repair Services in an amount not to exceed $180,964.00 for an initial two-year term and a possible renewal term for a two-year period, in an amount not to exceed $180,964.00 (Tollway Invitation for Bid – Small Business Set-Aside). This contract provides a source for material and labor services for repairing and replacing existing building glass at various Tollway locations.

Upon conclusion of the presentation of items, Chairman Evans entertained a motion to consolidate for consideration and action Operations Items 1 thru 3. Director Paddock made a
motion to consolidate these items, seconded by Director Gallagher. The motion was PASSED unanimously.

The motion to consolidate these items having carried, Chairman Evans called for a motion to approve placement of Operations Items 1 thru 3 on the October Board of Directors meeting agenda with the Committee’s recommendation for approval by the Board. Director Gallagher made a motion to approve these items, seconded by Director Paddock. The motion was PASSED unanimously.

Engineering

Executive Director Alvarez called on Paul Kovacs, Chief Engineering Officer, to present to the Committee the following Engineering items:

Item 1: Renewal of Contract 13-0056 with Independent Recycling Services, Inc. for the purchase of Roadway Sweepings Pickup and Disposal Services in an amount not to exceed $407,000.00 (Tollway Invitation for Bid). This contract provides a source for continued roadway sweepings pickup and disposal services for the Tollway's maintenance sites. All services are performed in accordance with State and Federal Environmental Protection Act (EPA) regulations.

Item 2: Award of Contract I-17-4673 to Plote Construction Inc. for Roadway Construction on the Elgin O'Hare Western Access (I-490) from Irving Park Road (Illinois Route 19) to Illinois Route 390 Tollway in the amount of $33,474,192.14.

Item 3: Acceptance of Proposal from Wight & Company/Orion Engineers, LLC on I-17-4681R for Construction Management Services on the Elgin O'Hare Western Access (I-490) at Irving Park Road (IL Route 19) Interchange in an amount not to exceed $4,550,000.00.

Item 4: Acceptance of Proposal from Atlas Engineering Group, Ltd. on RR-18-4382 for Construction Management Services for Bridge Reconstruction on the Tri-State Tollway (I-94) Mile Post 7.5 (Stearns School Road) in an amount not to exceed $973,236.00.

Item 5: Acceptance of Proposal from Collins Engineers, Inc. on RR-18-4435 for Construction Management Services for Pavement and Bridge Preservation on the Jane Addams Memorial Tollway (I-90) from Mile Post 2.6 (Rockton Road) to Mile Post 18.3 (Kishwaukee River Bridge) in an amount not to exceed $2,499,800.00.

Item 6: Acceptance of Proposal from STV, Inc. on Contract RR-18-4382 for Supplemental Design Services for Bridge Reconstruction on the Tri-State Tollway (I-94) at Mile Post 7.5 (Stearns School Road) in an amount of $289,279.84, from $1,485,608.40 to $1,774,888.24.
**Item 7**: Acceptance of Proposal from Gannett Fleming, Inc. (formerly Bowman, Barrett & Associates, Inc.) on Contract RR-14-4222 for Supplemental Master Plan and Design Services on the Tri-State Tollway (I-294) at Mile Post 26.6 (Burlington Northern Santa Fe (BNSF) Railroad Bridge) in an amount of $240,600.70, from $7,221,524.08 to $7,462,124.78.

**Item 8**: Acceptance of Proposal from HR Green, Inc. on Contract RR-13-4116 for Supplemental Construction Management Services for Roadway Reconstruction on the Reagan Memorial Tollway (I-88) from Mile Post 138.1 (York Road Plaza) to Mile Post 140.5 (Eisenhower Expressway I-290) in an amount of $254,280.00, from $5,898,000.00 to $6,152,280.00.

Upon conclusion of the presentation of items, Chairman Evans entertained a motion to consolidate for consideration and action Engineering Items 1 thru 8. Director Paddock made a motion to consolidate these items, seconded by Director Gallagher. The motion was PASSED unanimously.

The motion to consolidate these items having carried, Chairman Evans called for a motion to approve placement of **Engineering Items 1 thru 8** on the October Board of Directors meeting agenda with the Committee’s recommendation for approval by the Board. Director Gallagher made a motion to approve these items, seconded by Director Paddock. The motion was PASSED unanimously.

**Legal**

Executive Director Alvarez requested that consideration of Legal Items 1 thru 6 be deferred until the Executive Session of the full Board of Directors meeting.

**Item 1**: Authorization to Enter a Workers Compensation Settlement – Lisa Walker. Cost to the Tollway: As discussed in Executive Session.

**Item 2**: Authorization to Enter a Workers Compensation Settlement – Michael Gebien. Cost to the Tollway: As discussed in Executive Session.

**Item 3**: Amendment to Land Acquisition Resolution 21883 for the Tri-State Tollway Project (I-294), amending Exhibit A; adding 2 parcels that may need to be acquired by condemnation. See ISTHA v. DiBenedetto. Cost to the Tollway: As discussed in Executive Session.

**Item 4**: Land Acquisition seeks to identify 8 parcels needed for the I-57/I-294 Interchange Phase II Project that may need to be acquired by condemnation. See ISTHA v. DiBenedetto. Cost to the Tollway: As discussed in Executive Session.


Chairman Evans stated that without objection, consideration of Legal Items 1 thru 6 will be deferred until the Executive Session of the full Board meeting.

Adjournment

There being no further Committee business, Chairman Evans entertained a motion to adjourn. Director Paddock made a motion to adjourn, seconded by Director Gallagher. The motion was PASSED unanimously.

The Meeting was adjourned at approximately 10:18 a.m.

Minutes taken by: Christi Regnery
Board Secretary
Illinois State Toll Highway Authority
2020 Budget Schedule

October
✓ Tentative 2020 Budget presented to Board

November
✓ Public review/comment on Tentative 2020 Budget
✓ Public comments provided to Board
✓ Incorporate changes arising from review process

December
✓ Board votes on Final 2020 Budget
2020 Budget Public Hearings

Three public hearings scheduled to present the Tentative 2020 Budget and accept public comments

- Tuesday, November 12 – 3 p.m. at Illinois Tollway headquarters
- Wednesday, November 13 – 6 p.m. at the Burr Ridge Police Department
- Thursday, November 14 – 6 p.m. at the Village of Schaumburg Prairie Center for the Arts

Public comments may be mailed or submitted online via the Tollway’s website illinoistollway.com through November 18

Presented by Mike Colsch on October 17, 2019
2020 Budget Highlights

Revenue
✓ Steady growth year-over-year

Maintenance and Operations
✓ Increase in credit card usage and equipment maintenance to support electronic toll collection and customer service activities
✓ Operating costs consistent with financial plan

Capital Program
✓ Demonstrates the Tollway’s commitment to infrastructure improvements, maintaining system integrity and technology

Presented by Mike Colsch on October 17, 2019
# 2020 Revenue Sources

## Sources of Revenues
### FY 2019 - FY 2020

<table>
<thead>
<tr>
<th></th>
<th>FY 2019 Budget</th>
<th>FY 2019 Estimates</th>
<th>FY 2020 Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Toll Revenues and Evasion Recovery</strong></td>
<td>$1,470</td>
<td>$1,450</td>
<td>$1,495</td>
</tr>
<tr>
<td><strong>Investment Income</strong></td>
<td>30</td>
<td>35</td>
<td>30</td>
</tr>
<tr>
<td><strong>Concessions and Miscellaneous Revenues</strong></td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td><strong>Revenues Total</strong></td>
<td><strong>$1,510</strong></td>
<td><strong>$1,495</strong></td>
<td><strong>$1,535</strong></td>
</tr>
</tbody>
</table>

CDM Smith's expected toll revenue estimate for fiscal year 2020 totals $1,515.8 million. Tollway makes adjustments to reflect evaded tolls and underpayments.

Note: Numbers may not add to totals due to rounding.

Presented by Mike Colsch on October 17, 2019
2020 Revenue Allocations

MORE THAN 75 PERCENT OF REVENUES ALLOCATED TO SUPPORT INFRASTRUCTURE

<table>
<thead>
<tr>
<th>($ millions)</th>
<th>FY 2019 Budget</th>
<th>FY 2019 Estimates</th>
<th>FY 2020 Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance and Operations</td>
<td>$365</td>
<td>$349</td>
<td>$380</td>
</tr>
<tr>
<td>Debt Service and Reserve</td>
<td>441</td>
<td>414</td>
<td>450</td>
</tr>
<tr>
<td>Deposits to Renewal and Replacement</td>
<td>704</td>
<td>732</td>
<td>705</td>
</tr>
<tr>
<td>and Improvement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocations Total</td>
<td>$1,510</td>
<td>$1,495</td>
<td>$1,535</td>
</tr>
</tbody>
</table>

The M&O estimate for fiscal year 2019 does not include $16 million allocated from the prior year.

Note: Numbers may not add to totals due to rounding.

Presented by Mike Colsch on October 17, 2019
2020 Maintenance and Operations

KEY DRIVERS OF OPERATING BUDGET

- Increase in total payroll due to salary and wage adjustments and an increase in estimated retirement contributions
- Increase in credit card usage associated with higher toll revenue
- Increase in equipment maintenance for toll collection equipment and new back-office software
- Increase in operational materials based on increased pricing for winter materials
- Decrease in employee group insurance due to decreased employee enrollment and lower coverage cost for employees that changed plans
- Decrease in customer service cost due to a reduction in violations related to increased transponder use
Focus on Customers

The Illinois Tollway serves
- 1.6 million daily drivers
- 90 percent of all transactions are I-PASS transactions

2020 Operating Budget includes
- $98.8 million in Business Systems to support and tolling and customer service
- $34.8 million in State Police for safety services
- $78.5 million in Engineering to support roadway maintenance and traffic operations
- $24.1 million in Information Technology

Goal: Enhance the customer driving experience

Note: Numbers may not add to totals due to rounding
Presented by Mike Colsch on October 17, 2019
2020 Maintenance and Operations by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2018 Actual Expenditures ($ millions)</th>
<th>2019 Budget Expenditures ($ millions)</th>
<th>2020 Budget Request ($ millions)</th>
<th>$ Change from 2019 Budget ($ millions)</th>
<th>% Change from 2019 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and Wages</td>
<td>105.5</td>
<td>105.7</td>
<td>109.2</td>
<td>3.5</td>
<td>3.3%</td>
</tr>
<tr>
<td>FICA and Retirement</td>
<td>58.9</td>
<td>62.6</td>
<td>66.4</td>
<td>3.8</td>
<td>6.1%</td>
</tr>
<tr>
<td>Group Insurance</td>
<td>36.5</td>
<td>39.4</td>
<td>35.8</td>
<td>(3.6)</td>
<td>(9.2%)</td>
</tr>
<tr>
<td>All Other Insurance</td>
<td>7.3</td>
<td>11.6</td>
<td>11.6</td>
<td>(0.0)</td>
<td>(0.3%)</td>
</tr>
<tr>
<td>Credit Card Fees and Bank Charges</td>
<td>27.5</td>
<td>30.3</td>
<td>33.1</td>
<td>2.7</td>
<td>9.0%</td>
</tr>
<tr>
<td>All Other Contractual Services</td>
<td>56.1</td>
<td>66.7</td>
<td>68.2</td>
<td>1.4</td>
<td>2.1%</td>
</tr>
<tr>
<td>Equipment/ Office Rental/ Maintenance</td>
<td>24.7</td>
<td>27.2</td>
<td>31.2</td>
<td>4.0</td>
<td>14.5%</td>
</tr>
<tr>
<td>Parts and Fuels</td>
<td>7.2</td>
<td>6.8</td>
<td>6.7</td>
<td>(0.1)</td>
<td>(1.8%)</td>
</tr>
<tr>
<td>Utilities</td>
<td>7.9</td>
<td>8.5</td>
<td>8.7</td>
<td>0.1</td>
<td>1.5%</td>
</tr>
<tr>
<td>Operational Materials and Supplies</td>
<td>6.2</td>
<td>7.6</td>
<td>10.2</td>
<td>2.5</td>
<td>33.4%</td>
</tr>
<tr>
<td>Other Miscellaneous Expenses</td>
<td>0.8</td>
<td>1.1</td>
<td>1.7</td>
<td>0.7</td>
<td>61.8%</td>
</tr>
<tr>
<td>Recovery of Expenses</td>
<td>(2.5)</td>
<td>(2.3)</td>
<td>(2.3)</td>
<td>(0.1)</td>
<td>2.4%</td>
</tr>
<tr>
<td><strong>Total M and O Expenditures</strong></td>
<td><strong>$336.4</strong></td>
<td><strong>$365.4</strong></td>
<td><strong>$380.2</strong></td>
<td><strong>$14.9</strong></td>
<td><strong>4.1%</strong></td>
</tr>
</tbody>
</table>

**INCREASE IN OPERATING COSTS – 4 PERCENT FROM 2019 BUDGET**

Presented by Mike Colsch on October 17, 2019
Tollway Headcount – As of 12/31 annually
2020 Debt Service

- Assumes issuance of $500 million of new bonds in 2020
- Outstanding debt at 1/1/2020 is $6.1 billion
- Transfers for debt service estimated at $450 million
  - Interest $324 million
  - Principal $136 million
  - Other $3 million (bond-related costs)
  - Offset by $13 million federal Build America Bonds subsidy
- Estimated debt service coverage of 2.6x in 2019 and 2.5x in 2020
# Capital Program Summary

<table>
<thead>
<tr>
<th>($ millions)</th>
<th>2019 Budget</th>
<th>2019 Estimated Expenditures</th>
<th>2020 Request</th>
<th>$ Change from 2019 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Existing System Needs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jane Addams Memorial Tollway (I-90)</td>
<td>12.6</td>
<td>6.7</td>
<td>12.2</td>
<td>5.5</td>
</tr>
<tr>
<td>Tri-State Tollway (I-94/ I-294/ I-80)</td>
<td>444.7</td>
<td>381.3</td>
<td>446.9</td>
<td>65.6</td>
</tr>
<tr>
<td>Veterans Memorial Tollway (I-355)</td>
<td>23.7</td>
<td>27.8</td>
<td>10.8</td>
<td>(17.0)</td>
</tr>
<tr>
<td>Reagan Memorial Tollway (I-88)</td>
<td>66.6</td>
<td>74.4</td>
<td>27.9</td>
<td>(46.5)</td>
</tr>
<tr>
<td>Systemwide Improvements</td>
<td>397.6</td>
<td>377.1</td>
<td>328.7</td>
<td>(48.4)</td>
</tr>
<tr>
<td><strong>System Expansion</strong></td>
<td><strong>$462.0</strong></td>
<td><strong>$215.5</strong></td>
<td><strong>$635.1</strong></td>
<td><strong>$419.5</strong></td>
</tr>
<tr>
<td>Tri-State (I-294)/I-57 Interchange</td>
<td>28.0</td>
<td>16.8</td>
<td>71.6</td>
<td>54.7</td>
</tr>
<tr>
<td>Elgin O'Hare Western Access</td>
<td>423.3</td>
<td>189.8</td>
<td>559.6</td>
<td>369.8</td>
</tr>
<tr>
<td>Other Emerging Projects</td>
<td>10.7</td>
<td>8.9</td>
<td>3.9</td>
<td>(5.0)</td>
</tr>
<tr>
<td><strong>Capital Program Total</strong></td>
<td><strong>$1,407.2</strong></td>
<td><strong>$1,082.8</strong></td>
<td><strong>$1,461.5</strong></td>
<td><strong>$378.8</strong></td>
</tr>
</tbody>
</table>
Capital Program

**KEY 2020 CAPITAL PROGRAM HIGHLIGHTS**

**Elgin O’Hare Western Access Project $559.6 million**
- Construction of new I-490 Tollway
- Construction of I-490 Interchange and connection to Illinois Route 390 Tollway
- Construction work at I-490/I-294 Interchange and I-490/I-90 Interchange
- Right-of-way acquisition and utility relocation

**Central Tri-State Tollway (I-294) Project $446.9 million**
- Continued design and construction between 95th Street and Balmoral Avenue
- Construction continuing on Mile Long Bridge and BNSF Railway Bridge
- Right-of-way acquisition and utility relocation

**Tri-State Tollway (I-294)/I-57 Interchange Project $71.6 million**
- Phase II ramp construction to continue
Capital Program

KEY 2020 CAPITAL PROGRAM HIGHLIGHTS

Systemwide Projects $328.7 million

- Bridge, pavement and interchange improvements
- Toll collection and information technology improvements
- Facility upgrades, Job Order Contracting and program support

Reagan Memorial Tollway (I-88) $27.9 million

- Roadway and bridge rehabilitation between Aurora Toll Plaza and Illinois Route 59
- Closeout of roadway and bridge improvements between York Road and I-290

Veterans Memorial Tollway (I-355) $10.8 million

- Closeout of Butterfield Road to Army Trail Road improvements
Tentative 2020 Budget Summary

CONSISTENT WITH THE LONG-TERM FINANCIAL PLAN

✓ Ninth year of Move Illinois – 2020 Capital Program projected to be $1.5 billion
  • 56 percent of the spending, or $7.9 billion, will be spent on Move Illinois Program by 2020

✓ Revenue - 2.7 percent above 2019 estimate

✓ Operating costs - 4.1 percent increase over 2019

✓ Debt service coverage projected at 2.5x in 2020
THANK YOU