

Illinois Route 53/120 Project
Finance Committee Meeting #4
March 18, 2014
Meeting Minutes issued by Lake County

PRESENT	NAME	REPRESENTING
Present	Chris Meister	Co-Chair
Present	Doug Whitley	Co-Chair
Present	Aaron Lawlor	Lake County
Present	George Ranney	Co-Chair, BRAC
Present	Charles Witherington-Perkins	Village of Arlington Heights
Present	Jeffrey Braiman	Village of Buffalo Grove
Present	Michael Ellis	Village of Grayslake
Present	Stephen Park	Village of Gurnee
Present	Linda Soto	Village of Hainesville
Present	Joseph Mancino	Village of Hawthorn Woods
Present	Mike Talbett	Village of Kildeer
Present	Tom Poynton	Village of Lake Zurich
		Village of Lakemoor
		Village of Libertyville
Present	Angie Underwood	Village of Long Grove
Present	Steve Lentz	Village of Mundelein
		Village of Palatine
Present	Barry Krumstock	Village of Rolling Meadows
Present	George Monaco	Village of Round Lake
		Village of Round Lake Park
Present	Dave Brown	Village of Vernon Hills
		Village of Volo
Present	Doug Maxeiner	Village of Wauconda
		City of Waukegan
Present	John Yonan	Cook County Department of Transportation and Highways
Present	Jim Heisler	McHenry County
		Metropolis Strategies
		BRAC Founding Co-Chair
Present	Brad Leibov	Liberty Prairie Foundation
Present	Michael Stevens	Lake County Partners
Present	Marty Buehler	Lake County Transportation Alliance
		Illinois State Senator
Present	Tony Small	Illinois Department of Transportation
Present	Robin Helmerichs	Federal Highway Administration

General Business

Call to Order, Roll Call and Approval of Meeting Minutes

Chris Meister (CM) Opened the meeting by reviewing the objectives of the Finance Committee and a summary of the February 13, 2014 meeting. He then stated the items to be covered in today's agenda: Results of the Travel Demand Modeling, Revenue forecasting results, Bond capacity estimates, Refined estimate of the funding gap and Funding options. He then stated that further along in the meeting the Committee would divide into break-out sessions to explore the various options in greater depth. He then introduced Ron Shimizu from Parsons Brinkerhoff to explain the travel demand modeling results.

Ron Shimizu (RS) Began his presentation with a brief background on how the traffic forecasts were developed. A traffic forecasting model is basically a computerized model that estimates the mode and how people travel throughout the region. The inputs to the model include population and employment forecasts for the region that result in estimates of the future travel in the region. Travel demand models are used by Metropolitan Planning Organizations like CMAP to develop their regional transportation plans. They are also used by major implementers like the Tollway or IDOT to develop corridor and major project level studies. Travel demand models are very important planning tools that have been used for the past several decades.

RS Described that the starting point for the IL 53/120 analysis was the CMAP regional travel demand forecasting model. The CMAP model is a very large model that covers the entire region. CMAP has forecast that population and employment will increase in the region about 28% by the year 2040. The Lake County portions of the CMAP forecasts indicate population growth of about 31% to 954,000 over that same time frame. Certain refinements were made for the 53/120 analysis with the addition of the CMAP tolling model. He indicated that this is an advanced travel demand model developed for CMAP that has been updated for use in the 53/120 analysis. He indicated that the project was coded using the recommendations from the BRAC report and assumed a 20-cent per mile toll. Feeding the BRAC recommendations, the tolling rate, the population and employment forecasts as inputs into the model resulted in traffic forecasts for the facility of approximately 62,000 vehicles per day in the year 2040. He indicated that based on that volume of traffic estimates of revenue were developed for the years 2025 (\$56 million) and 2040 (\$107 million). He indicated that these revenue projections are consistent with the findings in the BRAC report. He presented a graphic that indicated what the anticipated congestion on the facility would look like in the peak travel times in 2040. Indications are that in the 2040 am peak approximately two-thirds of southbound 53 will experience congestion and over one-half of eastbound 120 will be congested. Similarly, the reverse would be true to a greater or lesser extent in the pm peak with congestion affecting northbound and westbound movements. Using another graphic, he indicated how the implementation of the facility will draw traffic and relieve congestion on the arterial network in south and central Lake County by about seven percent on average in 2040. That same graphic indicated higher levels of traffic on the arterial network in close proximity to the proposed interchanges. He then presented a graphic showing that the primary beneficiaries of the facility would be coming from Lake County and that more than one-half of the peak-hour travel would be work related. Cook and McHenry County users would also benefit from the facility. He indicated that the facility will be serving both regional traffic as well as Lake County. His final slide included a table comparing am peak travel times between a sampling of origins/destinations for the no-build scenario and with the implementation of the BRAC

recommended facility. During the peak of the peak, estimated travel time savings were as high as 30 minutes with the BRAC recommended facility over the no-build scenario in 2040, while the average time savings are estimated to range from 17 to 22 minutes.

Chris Meister (CM) Introduced Jill Jaworski (JJ) to present information on bonding capacity.

JJ Indicated that her analysis is based on the information presented at the February Finance Committee meeting. Today's information is presented in 2020 dollars, an assumed opening year of 2023 for the facility, using the currently authorized bonding term of 25 years, using two debt coverage sensitivities (1.5x or 2.0x revenues) with 2.0x being the Tollway's standard policy to illustrate the differences in revenue that will be available depending on the credit quality. Important factors that the credit agencies look for is the demand and the demographics. The most important financial consideration is the debt service coverage. Determining how much net revenue will be available over and above the operating and maintenance costs will dictate the debt service coverage. The higher the debt service coverage, the higher the credit quality of the bonds and this will result in a lower interest rate. Maintaining a debt service coverage of 2.0x or greater is key to achieving a high bond rating.

JJ Presented a slide comparing revenues, bond proceeds and total project cost between the BRAC report and the current feasibility analysis. The Feasibility Analysis indicates that annual revenues are expected to increase from \$56 million in 2025 to \$107 million in 2040 compared to \$60 million and \$95 million in the BRAC report. Bond proceeds in the Feasibility Analysis, based on the two coverage scenarios with the same 25-year terms, range from \$250 million using the 2.0x coverage to \$327 million using the 1.5x coverage. A higher interest rate was assumed in the 1.5x coverage scenario. The bond proceeds from the BRAC report ranged from \$360 million to \$410 million using only 1.5x coverage but with a 35-year term to achieve the higher number. Other than the differences indicated on the slide, more refined operating and maintenance costs have been develop in the Feasibility Analysis than were used in the BRAC report which contributed to the different bond proceed ranges.

Chris Meister summarized the bottom line by indicating the total project cost from the Feasibility Analysis is estimated to be \$2.87 billion with bonding capacity ranging from \$0.25 to \$0.33 billion leaving a funding gap of roughly \$2.23 to \$2.62 billion.

At this point in time the Committee organized into four breakout groups to discuss strategies for closing the funding gap.

After approximately 30 minutes the Committee reconvened to summarize the discussions in the breakout groups.

****A summary of the break out group discussions is captured in a separate document.****

Doug Whitley praised the groups for their work today and indicated that the Tollway staff will use the results to frame the discussions in future meetings. He then asked the Committee members if they had any questions. There being no questions, he then opened the floor to public comments. There were no public comments.

Aimee Lee informed the Committee that the next meeting of the Finance Committee is scheduled for 1:00 pm on Thursday May 8th at the Lake County Permit Facility in Libertyville.