



## Record of Meeting | April 18, 2019

The Illinois State Toll Highway Authority (the “Tollway”) held the regularly scheduled Finance, Administration and Operations Committee Meeting on Thursday, April 18, 2019 in the Boardroom of Tollway Headquarters in Downers Grove, Illinois. The Meeting was held pursuant to 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 Illinois *Open Meetings Act*. 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 / Pledge of Allegiance / Roll Call

Committee Chair McConnaughay called the meeting to order at approximately 8:05 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. She invited attendees to rise and join in the Pledge of Allegiance. Committee Chair McConnaughay then asked the Board Secretary to call the roll, those Directors present and absent being as follows:

Committee Members Present:
Committee Chair Karen McConnaughay
Director Alice Gallagher
Director Scott Paddock
Chairman Will Evans, Jr. ( <i>ex officio</i> )

Committee Members Not Present:
None

Other Directors Present:
Director Stephen Davis
Director Gary Perinar
Director Cesar Santoy

The Board Secretary declared a quorum present.



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## Public Comment

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Committee Chair McConnaughay opened the floor for public comment. No public comment was offered.

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## Committee Chair's Items

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Committee Chair McConnaughay called for a motion to approve **Committee Chair's Item 1**, the Minutes of the regular Finance, Administration and Operations Committee meeting held on December 13, 2018, as presented. Director Gallagher made a motion for approval; seconded by Director Paddock. Committee Chair McConnaughay asked if there are any questions, concerns or requests for amendment. Hearing nothing, Committee Chair McConnaughay called for a vote. The motion was PASSED unanimously.

Having no further items, Committee Chair McConnaughay called on Acting Executive Director Kevin Artl.

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## Executive Director's Items

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Acting Executive Director Artl stated that he has no items to report to the Committee.

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## Items for Consideration

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### Finance

Committee Chair McConnaughay called on Mike Colsch, Chief Financial Officer, to present to the Committee the following Finance items.

*Item 1: Amendment of Resolution No. 20458 to reallocate the upper limit of compensation for the Collections and Collection Litigation Services contracts.*

*Item 2: Award of Contract 19-0024 to Mesirow Insurance Services for the purchase of Liability Insurance Services in an amount not to exceed \$1,015,813.00 (Order Against CMS Master Contract).*

Director Paddock requested confirmation that the liability coverage limits are unchanged with exception of the initial layer. Mr. Colsch confirmed, clarifying that the limit totals on the \$20 million initial layer would decrease to \$10 million in the event of a second coverage trigger, but are supported by the same excess layers filling in above that limit.



*Item 3: Resolution authorizing the issuance of up to \$275 million of revenue bonds to refund the outstanding Series 2010 A-1 Bonds.*

Chairman Evans inquired about the agency's course of action if interest rates are not as anticipated at the time of refunding. Mr. Colsch responded that the debt offerings are multi-callable bonds, allowing flexibility to defer to future call dates if market conditions do not support effecting this transaction at the first. Committee Chair McConnaughay noted that to assist in risk management oversight, she has asked that the Committee be provided the call schedules, redemption values, and maturity dates of the agency's debt issuance.

Upon conclusion of the presentation of items, Committee Chair McConnaughay requested a motion to consolidate for consideration and action Finance Items 1 through 3. Director Gallagher made a motion to consolidate; seconded by Director Paddock. Committee Chair McConnaughay called for a vote. The motion was PASSED unanimously.

The motion to consolidate these items having carried, Committee Chair McConnaughay called for a motion to approve placement of **Finance Items 1 through 3** on the April Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Paddock made a motion for approval; seconded by Director Gallagher. Committee Chair McConnaughay asked if there are any questions, concerns or requests for discussion. Hearing nothing, Committee Chair McConnaughay called for a vote. The motion was PASSED unanimously.

## **Procurement**

Committee Chair McConnaughay called on John Donato, Chief of Procurement, to present to the Committee the following Procurement items:

*Item 1: Award of Contract 19-0037 to CDW Government LLC for the purchase of Cisco SmartNet Software and Hardware Maintenance and Support in an amount not to exceed \$524,363.32 (Order Against DoIT Master Contract).*

*Item 2: Award of Contract 19-0021 to Ray O'Herron Company, Inc. for the purchase of Whelen Amber Vehicle Lighting Products and Parts in an amount not to exceed \$400,000.00 (Order Against CMS Master Contract).*

*Item 3: Renewal of Contract 18-0046 with Energy Absorption Systems, Inc. for the purchase of Crash Attenuator Parts in an amount not to exceed \$300,000.00 (Order Against CMS Master Contract).*



*Item 4: Award of Contract 19-0015 to TrafFix Devices, Inc. for the purchase of Trailer-Mounted Crash Attenuators in an amount not to exceed \$295,733.92 (Order Against CMS Master Contract).*

*Item 5: Award of Contract 19-0057 to RSM US LLP for the purchase of Process Improvement and Workforce Analysis Services in an amount not to exceed \$1,064,800.00 (Order Against CMS Master Contract).*

*Item 6: Renewal of Contract 13-0218 with SDI Presence LLC for the purchase of Technology Professional Services in an amount not to exceed \$16,700,000.00 (Tollway Request for Proposal).*

Directors and staff discussed the need for contracting out these services, staffing challenges in the IT department, and anticipated benefits of procuring process improvement and workforce analysis services (*Procurement Item 5*). Chairman Evans emphasized that the Board and management plan to review all external contracting to ensure resources are being allocated efficiently.

*Item 7: Amendment to Contract 13-0187R with BHFX, LLC for the purchase of Web-Based Plan Room and On-Call Printing Services in an amount not to exceed \$100,355.22 (Tollway Request for Proposal).*

*Item 8: Award of Contract 18-0028R to BlueApple Health, LLC for the purchase of Health Fair Screening Services in an amount not to exceed \$161,875.00 (Tollway Invitation for Bid).*

*Item 9: Award of Contract 18-0012 to RoadSafe Traffic Systems, Inc. for the purchase of Traffic Control Channelizers in an amount not to exceed \$117,337.50 (Tollway Invitation for Bid).*

*Item 10: Award of Contract 17-0088RRR to Midwest Mobile Waterjet, LLC (d.b.a. AWT, LLC) for the purchase of Refurbishing Services for Aluminum Sign Blanks and Aluminum Extrusions in an amount not to exceed \$627,000.00 (Tollway Invitation for Bid).*

*Item 11: Award of Contract 16-0081R to Safetylane Equipment Corporation for the purchase of Mobile Column Lifts in an amount not to exceed \$196,968.40 (Tollway Invitation for Bid).*

*Item 12: Award of Contract 17-0147R to Cacioppe Communications Companies, Inc. (d.b.a. Topcon Solutions Store) for the purchase of Global Navigation Satellite System (GNSS) Equipment in an amount not to exceed \$114,240.00 (Tollway Invitation for Bid).*



*Item 13: Renewal of Contract 16-0127 with West Side Tractor Sales Co. and Buck Bros., Inc. for the purchase of John Deere Off-Road Equipment Repairs in an aggregate amount not to exceed \$105,000.00 (Tollway Invitation for Bid).*

Upon conclusion of the presentation of items, Committee Chair McConnaughay requested a motion to consolidate for consideration and action Procurement Items 1 through 13. Director Gallagher made a motion to consolidate; seconded by Director Paddock. Committee Chair McConnaughay called for a vote. The motion was PASSED unanimously.

The motion to consolidate these items having carried, Committee Chair McConnaughay called for a motion to approve placement of **Procurement Items 1 through 13** on the April Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Paddock made a motion for approval; seconded by Director Gallagher. Committee Chair McConnaughay asked if there are any questions, concerns or requests for discussion. Hearing nothing, Committee Chair McConnaughay called for a vote. The motion was PASSED unanimously.

## Engineering

Committee Chair McConnaughay called on Paul Kovacs, Chief Engineering Officer, to present to the Committee the following Engineering items:

*Item 1: Award of Contract I-18-4430 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Roadway and Bridge Reconstruction, on the Tri-State Tollway (I-294) from Mile Post 20.7 to Mile Post 22.3 (Mile Long Bridge), in the amount of \$184,551,677.19.*

Chairman Evans highlighted that the amount of the low bid selected is significantly below the Engineer's Estimate and asked Mr. Kovacs to comment. Mr. Kovacs noted that it is his belief that the responsive low bidder incorporated some aggressive pricing due to increased bid competition in the marketplace. Mr. Kovacs then briefed the Committee on the purpose and utility of engineer's estimates, emphasizing that these estimates generally track towards the average bid amount. He cautioned against extrapolating a direct implication to overall budgets of a variance from the engineer's estimate experienced on a particular contract, considering the length and scope of this project.

Director Gallagher inquired whether, given the current marketplace, there might be advantage to accelerating project work and/or bid letting. Mr. Kovacs highlighted the significant acceleration of work which is already occurring. He noted, however, there are traffic management limitations to accelerating work and risk premiums associated with bid letting too far in advance of work.



Director Paddock inquired if there are mechanisms to mitigate the risk of non- or under-delivery as a result of a vendor underbidding a contract. Mr. Kovacs provided an overview of the Tollway's construction contracts and contract management processes. Director Davis suggested the Committee might benefit from a presentation on the Tollway's construction contracts and processes. **Mr. Kovacs responded that he would prepare such a presentation for a future meeting.**

*Item 2: Award of Contract RR-19-4451 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Pavement and Structural Preservation and Rehabilitation, on the Reagan Memorial Tollway (I-88) from Mile Post 113.6 (Illinois Route 56) to Mile Post 123.9 (East of Illinois Route 59), in the amount of \$8,190,544.95.*

*Item 3: Award of Contract RR-19-4455 to Native Landscape Contractors, LLC for Grading, Erosion Control and Sluice Gate Path Repair, on the Tri-State Tollway (I-294) from Mile Post 44.3 (Dempster Street) to Mile Post 44.6 (Ballard Road), in the amount of \$395,899.65.*

*Item 4: Award of Contract RR-18-4443 to Cardinal State, LLC for Landscape Planting Improvements, on the Jane Addams Memorial Tollway (I-90) from Mile Post 3.3 (Plaza 1 - South Beloit) to Mile Post 13.0 (East Riverside Boulevard), in the amount of \$1,059,800.00.*

*Item 5: Acceptance of Proposal from Knight E/A, Inc. / V3 Companies, Ltd. on I-18-4701 for Construction Corridor Manager and Owner's (Tollway) Representative Services on the Elgin O'Hare Western Access (EOWA) Corridor (Illinois Route 390/I-490), in an amount not to exceed \$94,200,000.00.*

Committee Chair McConnaughay stated that in consultation with Chairman Evans, she will be deferring consideration of Engineering Item 5 to allow for further review.

*Item 6: Acceptance of Proposal from Jacobs Engineering Group, Inc., on I-18-4700 for Design Corridor Manager Services on the Elgin O'Hare Western Access (EOWA) Corridor (Illinois Route 390/ I-90), in an amount not to exceed \$29,500,000.00.*

*Item 7: Acceptance of Proposal from Infrastructure Engineering, Inc., on RR-18-4434 for Construction Management Services Upon Request Services on the Reagan Memorial Tollway (I-88) and Systemwide, in an amount not to exceed \$5,000,000.00.*

*Item 8: Acceptance of Proposal from HDR Engineering, Inc., on Contract I-17-4296 for Supplemental Design Services, on the Tri-State Tollway (I-294), from Mile Post 17.8 (95th Street) to Mile Post 20.7 (LaGrange Road), in an amount of \$2,947,728.00 from \$16,010,435.51 to \$18,958,163.51.*





*Item 9: Acceptance of Proposal from Peralte-Clark, LLC, on Contract I-17-4310 for Supplemental Design, on the Tri-State Tollway (I-294) from Mile Post 29.1 (East West Connector) to Mile Post 40.0 (Balmoral Avenue), in an amount of \$336,000.00 from \$479,820.00 to \$815,820.00.*

*Item 10: Acceptance of Proposal from TransLand Engineering Group, LLC, on Contract RR-17-4312 for Supplemental Construction Management, on the Reagan Memorial Tollway (I-88) from Mile Post 123.4 (IL Route 59) to Mile Post 126.9 (Washington Street), in an amount of \$100,000.00 from \$699,800.00 to \$799,800.00.*

*Item 11: Change Order on I-18-4699 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Ramp Construction on the Jane Addams Memorial Tollway (I-90) from Mile Post 73.20 (Elmhurst Road) to Mile Post 74.50 (Mount Prospect Road) and Elgin O'Hare Western Access (I-490) at Mile Post 6.25, in the amount of \$372,701.40 from \$19,486,606.72 to \$19,859,308.12.*

*Item 12: Land Acquisition – Transfer of Excess Property authorization for Parcel NS-703-053.1 located north of Archer and 143rd Street in Lockport in Will County. Cost to Tollway: N/A.*

Upon conclusion of the presentation of items, Committee Chair McConnaughay stated that without objection, consideration of **Engineering Item 5** will be deferred.

Committee Chair McConnaughay then requested a motion to consolidate for consideration and action Engineering Items 1 thru 4 and 6 thru 12. Director Gallagher made a motion to consolidate; seconded by Director Paddock. Committee Chair McConnaughay called for a vote. The motion was PASSED unanimously.

The motion to consolidate these items having carried, Committee Chair McConnaughay called for a motion to approve placement of **Engineering Items 1 thru 4 and 6 thru 12** on the April Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Paddock made a motion for approval; seconded by Director Gallagher. Committee Chair McConnaughay asked if there are any questions, concerns or requests for discussion. Hearing nothing, Committee Chair McConnaughay called for a vote. The motion was PASSED unanimously.

## Legal

Committee Chair McConnaughay called on Kathleen R. Pasulka-Brown, General Counsel, to present to the Committee the following Legal items:

*Item 1: Approval of an Intergovernmental Agreement with the Village of Hinsdale to address matters related to rehabilitation and reconstruction of the Central Tri-State, including widening*



*and reconstruction of the Mile Long Bridge (Project). Cost to the Tollway: Not to exceed \$2,101,087.80. [Recusal: Director Gallagher]*

Director Gallagher stated she wishes to recuse herself from participating in the decision regarding this item. She observed, however, that the agenda item incorrectly identifies a subject of this contract work as the "Mile Long Bridge," which should instead be indicated as the "BNSF Railway Bridge." Committee Chair McConnaughay confirmed the misprint and thanked the Director for making the Committee aware.

*Item 2: Approval of an Intergovernmental Agreement with the University of Illinois to study superabsorbent polymers in concrete expected to improve durability. Cost to the Tollway: Not to exceed \$320,000.00.*

Director Paddock inquired if Tollway research projects are common practice and if the results are proprietary. Rocco Zuccherro, Chief Planning Officer, responded that the Tollway typically sponsors two to three research projects a year. He confirmed that the research is proprietary and ownership of any deliverables, data or intellectual property is shared between the agency and the institution. He clarified that the agency, however, has never sought to patent results of previous research.

After a brief discussion of the criteria and selection process for research projects, the Committee suggested that the agency weigh more heavily in-state institutions in the selection process.

Chairman Evans inquired about benefits derived from previous research. Mr. Kovacs highlighted as an example the value to the agency of research performed on the use of recycled tires and shingles in asphalt pavement. He estimated cost savings overall from sponsored research in excess of \$100 million, which he contended is a significant return on the approximately \$750,000 investment made annually.

*Item 3: Approval of an Intergovernmental Agreement with the Illinois Department of Transportation regarding the costs associated with repairs the Tollway is making to nine bridges on the Central Tri-State. The bridge repairs being performed by the Tollway are otherwise the responsibility of the Department. Cost to the Tollway: \$0. The Department will be reimbursing the Tollway an estimated \$4,160,000.00 for repairs to nine (9) crossroad bridge structures.*

*Item 4: Approval of an Intergovernmental Agreement with Flagg Creek Water Reclamation District addressing the cost sharing responsibilities associated with the relocation of District pipelines and facilities. It also includes the conveyance of one parcel and a permanent easement from the District to the Tollway. Cost to the Tollway: \$0. Reimbursement by FCWRD to the Tollway will not exceed \$4,938,524.00.*





*Item 5: Authorization to Enter a Worker's Compensation Settlement – Kenneth Nudo. Cost to the Tollway: As discussed in Executive Session.*

*Item 6: Approval of a Real Estate Settlement with BNSF Railway for the purchase of real estate parcels necessary for the reconstruction of the I-294 Mile Long Bridge. Cost to the Tollway: As discussed in Executive Session.*

*Item 7: Approval of a Collective Bargaining Agreement with Teamsters Local 700. Cost to the Tollway: As discussed in Executive Session.*

Committee Chair McConnaughay stated that without objection, consideration of **Legal Items 5, 6 and 7**, concerning potential or pending litigation and collective bargaining, will be deferred to the Executive Session of the full Board Meeting.

Committee Chair McConnaughay then stated that because Director Gallagher has indicated in advance her wish to recuse herself on Legal Item 1, the Committee will consider this item separately. Committee Chair McConnaughay made a motion to approve placement of **Legal Item 1** on the full Board agenda; seconded by Director Paddock. Committee Chair McConnaughay asked if there are any questions, concerns or requests for discussion. Hearing nothing, Committee Chair McConnaughay called for a roll call, the vote of yeas and nays being as follows:

Yeas: Director Paddock, Committee Chair McConnaughay (2)

Nays: None (0)

Recusals: Director Gallagher (1)

The motion was PASSED.

Committee Chair McConnaughay then requested a motion to consolidate for consideration and action Legal Items 2 through 4. Director Paddock made a motion to consolidate; seconded by Director Gallagher. Committee Chair McConnaughay called for a vote. The motion was PASSED unanimously.

The motion to consolidate these items having carried, Committee Chair McConnaughay called for a motion to approve placement of **Legal Items 2 thru 4** on the April Board of Directors meeting agenda with the Committee's recommendation for approval by the Board. Director Gallagher made a motion for approval; seconded by Director Paddock. Committee Chair McConnaughay asked if there are any questions, concerns or requests for discussion. Hearing nothing, Committee Chair McConnaughay called for a vote. The motion was PASSED unanimously.



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## Adjournment

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There being no further business before the Committee, Committee Chair McConnaughay requested a motion to adjourn. Motion to adjourn was made by Director Paddock; seconded by Director Gallagher. Committee Chair McConnaughay called for a vote. The motion was PASSED unanimously.

The Meeting was adjourned at approximately 9:10 a.m.

Minutes taken by: \_\_\_\_\_

Christi Regnery  
Board Secretary  
Illinois State Toll Highway Authority