

**DRAFT MINUTES OF THE DECEMBER 21, 2011
MEETING OF THE ELGIN O'HARE WESTERN BYPASS
FINANCE COMMITTEE**

The Finance Committee of the Elgin O'Hare Western Bypass (EOWB), pursuant to notice duly given, held a Finance Committee Teleconference Meeting at 10:00 a.m. at the DuPage County Complex, 421 North County Farm Road, Wheaton, IL 60187.

EOWB Council Members Participating:

Mr. Dan Cronin, DPC Chairman, Finance Committee Co-Chairman
Mr. Michael Zonsius, Chicago Dept. of Aviation (designee of Ms. Rosemarie Andolino, Commissioner)
Mr. Alex Beata, CMAP (designee of Mr. Randall Blankenhorn, Executive Director, CMAP)
Mr. Rocco Zucchero, IL Tollway (designee of Ms. Kristi Lafleur, Finance Committee Co-Chairman, Executive Director, IL Tollway)
President Rodney Craig, Hanover Park
Mr. Jim Grabowski, Elmhurst (designee of Mayor Peter DiCianni, Elmhurst)
Mayor Larry Hartwig, Addison
Mayor Craig Johnson, Elk Grove Village
President Alan Larson, Schaumburg
Mr. Christopher B. Meister, IFA
Mr. Derek Peebles, Des Plaines (designee of Mayor Martin Moylan, Des Plaines)
Mayor Barrett Pedersen, Franklin Park
Mr. Evan Teich, Itasca (designee of President Jeff Pruyn, Itasca)
Mr. Ross Klicker, Wood Dale (designee of Mayor Nunzio Pulice)
Mr. Robert Schillerstrom, Partner, Ice Miller, LLP
Mr. Bob Zimmerer, Roselle (designee of Mayor Gayle Smolinski, Roselle)

By Telephone:

Mr. John Gates, Jr., Chairman RTA
President Frank Soto, Bensenville

Finance Committee Members Absent:

Ms. MarySue Barrett, President, MPC
Mr. James Pandolfi, Crowe Horwath
Mr. Jerry Roper, Chicago Chamber of Commerce
Secretary Ann Schneider, IDOT

Others Participating:

Ms. Nicole Aranas, Village of Itasca
Mr. Alan Boffice, Elk Grove Village
Mr. John Brining, Construction Industry Service Corp.
Mr. Tom Cuculich, DuPage County
Mr. Paul Fichtner, DuPage County Board Member
Mr. Dick Furstenaus
Ms. Jan Janowicz, DuPage County
Ms. June Johnson, Schaumburg
Mr. John Kos, DuPage County
Ms. Tam Kutzmark, DMMC
Mr. John Loper, DuPage County
Mr. Larry Martin, CH2M Hill
Ms. Sohair Omar, Illinois Financial Authority
Ms. Lidia Pilecky, CH2M Hill
Mr. Jeff Ragsdale, Office of Congressman Peter Roskam
Mr. Ray Rummel, Elk Grove Village
Ms. Courtney Shea, Acacia Financial
Ms. Kitty Weiner, Office of Congressman Peter Roskam
Ms. Rebekah Young, Hanover Park

By Telephone:

Mr. George Letavish, Office of Governor Pat Quinn
Ms. Chrissy Nichols, Metropolitan Planning Council

Ms. Diane O'Keefe, IDOT
Mr. Sean O'Shea, Office of Governor Pat Quinn

General Business

Call to Order and Roll Call

Co-chairman Cronin called the Finance Committee meeting to order at 10:12 a.m. with the above EOWB Council Members, IFA staff and other participants present. Roll call was taken by DuPage County Administrative Assistance Jan Janowicz. It was determined a quorum was present.

Approval of Minutes

Co-Chairman Cronin requested a motion to approve and adopt the Minutes of the November 30, 2011 regular meeting of the Finance Committee. Motion by Mayor Craig, seconded by Mayor Johnson to approve the Minutes. On voice vote all members present voted aye. Motion carried.

Local Finance Update

Co-Chairman Cronin stated that our biggest task is to demonstrate how the local governments will collectively come up with the \$300 million dollar portion of the funding on this Project of national significance. He introduced Chris Meister with IFA, who proceeded to present and explain the TIFIA Draft Letter.

TIFIA Draft Letter

Mr. Meister distributed a series of documents. This included a Draft Letter of Intent for the U.S. Department of Transportation TIFIA Credit Program, a cover memo from Chapman and Cutler, LLP and a one-page document breaking down the price of the Project. Mr. Meister stated that it has been a privilege working with this group on the project which was initiated by the Governor's Commission last October. During the countless meetings we have hashed out, in a collegial and respectful manner, a number of very tough financing issues. The deeper we get into these questions of infrastructure financing; it appears that the model for the future will be this type of regional, collegial, collective effort that is also fiscally responsible.

Mr. Meister stated that the Letter of Interest for TIFIA is due on December 30, 2011. This Letter of Interest is a good work product and represents a fair picture of the Project. The IFA's goal and/or task, after the meeting on November 30, 2011, was to develop a proposed finance plan, on what is broadly characterized as the local share. Of all the various programs, proposals, ideas, etc. that have been vetted over the last fifteen (15) months, TIFIA appears to be, without a doubt, the cheapest way to finance the local share on a Project of national significance. There are two (2) immediate difficulties with it:

- TIFIA is a national program and it is hyper competitive. There are orders of magnitude of billions of dollars in requests over what the available Federal dollars are.
- Illinois has had no interest participating in the past; therefore, as we have never applied, we cannot say we have had success.

Mr. Meister does feel our Project has advantages. It is a Project designated as a Project of national significance. It has been well documented what the economic impact will be. The various works that IDOT and the Tollway have done, the work of this group at the Governor's commission, and the continuation of that work under the leadership of Chairman Cronin define a very compelling story to deliver to the decision makers.

The TIFIA Letter of Interest has a very quick timeline. Under the direction of this committee IFA undertook the burden to put together this draft Letter of Interest. It was done in close partnership with the Tollway and IDOT. The need is to finalize this document and submit it to the U.S. Department of Transportation by December 30, 2011. Mr. Meister would like to support this application since the Illinois Finance Authority would be the applicant on behalf of all of the local governments and counties involved. If there is collective interest with moving forward he would like to have Letters of Support from the committee. Due to the quick timeline, we could hear from the federal government regarding the invitation, by the end of February. If invited, we would have to finalize our Plan of Finance, pay the fee and start incurring finance costs in a rather serious manner within sixty (60) days of the date of the invitation. We could be looking at a financial closing by August or September 2012. These are ambitious timelines which are set by the federal government. Here is an opportunity to leverage the collective work and commitment of resources from all the communities that will be impacted in a positive manner by this Project.

Mr. Meister proceeded to explain the document breaking down the price of the Project. Mr. Meister stressed that these are conservative assumptions. The real lesson here is the order of magnitude, not the specifics. There are five (5) columns, and we have used a proposed debt schedule over 35 years. This includes level, principle and interest repayment over 35 years. If the decision is

made to move forward, there may be some things we could all do collectively to reduce this number and push principle payments out into the future. One of the flexible elements of TIFIA is that principle and interest payments can be deferred for five (5) years. The first column is the dates pushed out over thirty-five (35) years. Next is "Public Finance" which is utilizing the IFA's Statutory Power to pool local governments and counties together and then issue on behalf of that collective. Mr. Meister explained that they used this premise on an A Credit rating and took it out over 35 years. They rolled the debt service reserve one year interest payments into the financing along with the cost of issuance. Over the life of the financing it comes out to approximately \$744 million dollars. This is based on borrowing \$350 million dollars. It is always best to approve an "up to" amount. The \$350 million dollars can come down because of in-kind contributions and a variety of reasons.

The second column is the TIFIA loan. Over the life of the financing it comes out to approximately \$580 million dollars. The TIFIA interest rate is presently at 3.12%. The difference in real dollars is about \$164 million dollars and net present value over the life of the financing is approximately \$82 million dollars. If we decide to move forward, and if we are successful with TIFIA, it is a great way to finance a local share on this Project. It is the U.S. Government loaning money to the Project. It is Mr. Meister's opinion that TIFIA is the best conceivable and available way to move forward.

Mr. Meister has not taken a crack at what the proper division of cost and benefit among the communities at this table will be. It is easier to pay back \$16.5 million dollars a year than to pay back \$21.25 million dollars a year. The more people contributing to the principle and interest repayment the cheaper it will be for everyone. Taking a crack at what the proper division of cost benefit will take sustained work with everyone at the table and with the decision makers in their communities. Because there is a large variety of tools, IFA asked Chapman & Cutler LLP to provide a high level overview of what the options are. Another item which needs to be looked at are the options individual communities have to pay for this. Each of the communities who will benefit from the project are different with different finances, ratings, public policy considerations, etc. Mr. Meister gave his personal commitment and the commitment of the IFA to continue to work with this group and expend the resources available to pull this project's financing together. It must be a collective effort and after assuming the decision is made to go forward with submitting the Letter of Interest, we will be on a very tight timeline to demonstrate to the federal government what it is, how the costs will be divided, what tools are available and what commitments communities are willing to make. Courtney Shea, financial advisor to the IFA through Acacia Financial, is available to answer questions in detail.

Mr. Klicker inquired if the \$350 million dollars is a placeholder, with no guarantee we will receive the money. Mr. Meister replied there is no guarantee we will get any money through TIFIA. Mr. Klicker then inquired about the section on page 7 of the Fiscal Year 2012 Letter of Interest; Reduced Federal Grant Assistance, and if that means, if we do receive the TIFIA funding we will not ask for any more federal money. Ms. Shea replied yes, pursuant to this project. Mr. Klicker voiced concern over this statement because the Federal T-Bill being discussed in Washington D.C. and will probably not be decided until August or September of 2012. There was concern that if we receive the TIFIA funding, with this all or nothing statement in the Letter of Interest, will this work against us. Mr. Meister inquired if this statement was included as a requirement of the Letter of Interest. Ms. Shea replied yes, there are a number of point values that are put on various parts of this application, one of which is decreased assistance from actual grants. The fact that the Tollway has funded approximately 90% of the Project and that you have been able to come up with your local share does not preclude other grants for other types of projects. Mr. Schillerstrom asked for clarification, that what we are basically saying is this group is going to ask for this project, and then promise that we will not ask for any more grant monies from the federal government, but also, that the Tollway money may go away if we do not get this TIFIA funding. Ms. Shea explained that the way the process works is that they weigh it; it is not particularly that you are all in or all out, it is basically we have less dependency on grants. Discussion ensued regarding this statement, with possible wordsmithing the sentence. Mayor Hartwig voiced concern over what mechanism is in place for these different communities to shoulder their fair share of the commitment. If we are approved for the entire \$350 million dollars, but only have firm commitment for payment of \$240 million dollars, must we accept it all. Mr. Meister noted that this will be individual choices on individual communities. The commitment of the IFA will be to sit with each community's CFO, City Manager and members of your Council. There will be various streams of revenue which will be unique to each community that may have more flexibility than others. It is going to be work, and it is going to be an individual community decision. Mr. Meister stressed that if we take this exit for TIFIA, we will be on this path very quickly. Concern was voiced by Mayor Hartwig that it would be difficult to obtain community approval in three months and that, based on the Chapman and Cutler memo, there are many communities not mentioned as financial participants that will definitely benefit from this project. Mayor Larson asked what if communities choose to opt out altogether? Mr. Zonsius asked what the City of Chicago is committed to if they endorse the Letter. Mr. Meister stated that as of December 30, the Letter requires no commitment. Mayor Soto's understanding is that this is an application for an invitation, without a commitment. We can look at this, judge the value ultimately for each community and then decide if we wish to proceed down this road. Co-Chairman Cronin felt we need to be mindful of taking the first step. Mayor Soto stated ultimately, the private local share is something we are all going to have to own up some responsibility down the road. Is the overall cost going to be more draconian on each community by going down this road? Co-Chairman Cronin responded that this is what the Governor, the Leadership and Tollway has put in front of us. If we cannot come up with a way to fund the \$350 million dollars, the Project goes away. Mr. Gates inquired if there is a way to cut \$350 million dollars out of the Project so we can go ahead and start a "partial" project to get the vast portion of it done. Mr. Zucchero replied that this is already a bare bones project with several billion already cut out. Mayor Johnson felt that the Elk Grove Plan is still viable. Discussion touched on this issue. Mr. Schillerstrom noted that we are

90% of the way funded, whereas six years ago when we went to Washington D.C. we had nothing. We have made tremendous progress, we agree on the project before us, and the question before us now is the TIFIA Loan. When you borrow money there must be an income stream. This income stream is calling for a coalition of governments which has never been put together before. It will be extremely difficult to get all of these governments to agree to kick in a certain amount of money. This is a highly speculative income stream, and when a highly speculative income stream comes, you should not be borrowing money. Mr. Schillerstrom reiterated his hesitation to approve a document that gives away the corridor's ability to garner other federal grants. We should be asking for free (grant) money from the federal government. We should be asking Governor Quinn to go to Washington D.C. and speak with the delegation on our behalf. Discussion ensued regarding TIFIA and federal funding. Mayor Johnson questioned whether the group is heading down the right path with TIFIA when there is significant doubt that the debt obligations can be fulfilled by the communities. Chairman Cronin agreed with Mayors Hartwig and Johnson on the difficulty of pursuing this option through the communities and receiving unanimous approval by March. Mayor Craig asked Mr. Meister if the individual community financial conversations is triggered as a result of the application, or can we begin to have those conversations now. Mr. Meister replied we can start having them now. Co-Chairman Cronin felt that we owe it to ourselves to go down this path a little farther as opposed to dismissing TIFIA today. Ms. Shea stated that the IFA could meet in roundtables with the communities to explain all the public finance options available. It is the consensus of the committee to put TIFIA on hold.

Mayor Craig again expressed his concern with apparent lack of Western Access into O'Hare Airport. Mr. Zonsius clarified it is the Western Terminal that is demand driven, not Western Access into O'Hare Airport.

TIGER Grant Update

Mr. Loper reminded the Committee that the TIGER Grant was submitted several months ago. He advised that this project was not selected as one of the recipients. Mr. Loper felt a lesson learned from this is to focus future applications more specifically inside the corridor.

In-Kind Contributions

Co-Chairman Cronin introduced Larry Martin to update the committee on In-Kind Contributions. Mr. Martin distributed an updated version of the In-Kind Contributions Table. Discussion will include opportunities to reduce the cost of the local cost share by means of other than cash outlay from the various municipalities. Mr. Martin presented an overview of the Elgin O'Hare – West Bypass Table for Local Contribution Options which is attached hereto and made part of the minutes.. The goal was to identify the opportunities in the Project to contribute to In-Kind Contributions to reduce the cost share. The best example is the right-of-way, with a requirement of over 500 acres at a cost of \$415 million dollars. The municipal lands include approximately 200 acres of Chicago property and 40 acres of scattered parcels throughout the corridor. The balance is mainly the DuPage County Thorndale right-of-way. Mr. Martin stressed that these are conservative numbers with potential "big hits". Mr. Martin discussed the various categories of possible contributions (such as environmental, utility and transit) and the assumed costs and contributions. Mr. Martin suggested that, like TIFIA, there needs to be a lot of responsible parties involved in making the decision on contributions. Mr. Martin answered all questions posed by the committee. Co-Chairman Cronin thanked Mr. Martin for the informative and thorough presentation.

Mr. Zonsius requested that the Minutes of the meeting reflect that the position of the City of Chicago is that Chicago can not endorse In-Kind Contributions of its property at this time.

Sources and Uses Document

This item has been discussed throughout the meeting.

Updates from Washington

Ms. Weiner reported that the news on the Federal T-Bill is they will see mark-up in February or March.

Old Business

Co-Chairman Cronin reported that Commissioner Rosemarie Andolino with the Chicago Department of Aviation is planning to attend the next meeting of the Elgin O'Hare Western Bypass Finance Committee meeting with a presentation on O'Hare Airport. Mr. Zonsius replied that is her intention.

New Business - None

Public Input - None

Next Meeting Date

There will be a Meeting of the Project Finance Working Group of the Elgin-O'Hare West Bypass Adversary Council on January 11, 2012 at 10:00 a.m. at DuPage County Complex in Room 3500 B.

Adjournment

Motion by Member Schillerstrom, seconded by Mayor Craig to adjourn. On a voice vote all members present voted aye. Motion carried.