

Q & A on the Request for Proposals to Provide Consulting Services for Tollway Privatization

April 21, 2006

Will the selected consultant be required to include the anticipated value of the leases for the seven oases (restaurants and fuel stations) as part of the overall evaluation of the Tollway operation to determine the monetary value of a public-private partnership to the State of Illinois?

The CGFA is seeking an independent consultant to evaluate and determine the potential monetary value of a public-private partnership to the State of Illinois. The partnership would consist of a long term concession and lease agreement between the State of Illinois and a private entity in which the private entity would lease all or a portion of and manage the operations of Illinois' toll highway systems in return for toll revenues valued either at current toll rates or an adjusted rate structure. Concessions were presumed by the Commission, but are not required in the RFP.

Is there a list of companies who have expressed interest in this study?

First Southwest Company
Goldman Sachs
Morgan Kegan
Loop Capital Markets, Inc.
UBS Financial Services, Inc.
Citigroup Global Markets Inc.
Morgan Stanley
Helaba/Deutsche Bank AG
First Albany Capital
Mizuho Corporate Bank, Ltd.
Andrew J. Warcaba & Associates, Inc.
Euclid Infotech
Walsh National Heavy/ Civil Division

Is there a list of items, schedule of requirements, scope of work, terms of reference, or bill of materials required?

At this time, the Commission is only requesting a financial study of what options are possible for the Illinois Tollway and how much a lease and concession agreement could bring to the State of Illinois. All initial information needed is included in the RFP and its introductory letter.

Is there a list of names of countries that will be eligible to participate in this tender?

There are no limitations on who can bid on this RFP.

What are the tendering procedure and guidelines?

At this time, the Commission is taking proposals for a financial study of options for the Illinois Tollway. Tendering procedures and guidelines would apply if the State decides to take proposals for a lease and concession deal for the Tollway.

What is the estimated budget for this purchase?

At the April 4, 2006 CGFA meeting it was discussed that our budget was expected to be approximately \$50,000 to \$60,000 for this financial study, but the amount is only an estimate.

Is there any extension of the bidding deadline?

There has been no extension of the bidding deadline for this RFP at this time.

Are there any addendums or pre-bid meeting minutes?

Appendix I contains an excerpt of the April 4, 2006 CGFA meeting minutes pertaining to the RFP.

APPENDIX I

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

April 4, 2006

SPRINGFIELD, ILLINOIS

COMMISSION MEMBERS IN ATTENDANCE:

REPRESENTATIVE MARK BEAUBIEN (R)

REPRESENTATIVE FRANK MAUTINO (D)

REPRESENTATIVE ROBERT MOLARO (D)

REPRESENTATIVE RICHARD MYERS (R)

REPRESENTATIVE ELAINE NEKRITZ(D)

REPRESENTATIVE TERRY PARKE (R)

SENATOR DON HARMON (D)

SENATOR CHRISTINE RADOGNO (R)

SENATOR JEFFREY SCHOENBERG (D)

SENATOR DAVID SYVERSON (R)

SENATOR DONNE TROTTER (D)

(Excerpt regarding the RFP for Tollway Privatization)

CO-CHAIRMAN SCHOENBERG: Thank you very much everyone for your patience. We have one final item of business, which is a matter that we discussed not last meeting, but the meeting prior, and subsequently, you've

all received an exhaustive amount of material and information on transactions which have transpired pertaining to both the Chicago Skyway and the Indiana Toll Road. We will be following-up on those discussions. I've asked Dan and Trevor and our staff to prepare briefing materials for us to explore the feasibility of issuing an RFP to determine the potential revenue from leasing all or part of the Illinois Toll Highway system on the heels of the State of Indiana's recent transaction. With that, I'll turn it over to Dan to provide a little more background.

CGFA DIRECTOR DAN LONG: Thank you Mr. Chairman. As Senator Schoenberg has indicated, the last tab in your booklet is a draft Request for Proposal for consulting services. Page two of that document shows that the time frame that we would like to try to receive these is by May 5th. The services and terms - that would be the Highway Independent Consultant to evaluate and determine the potential monetary value of a public/private partnership to the State of Illinois. The partnership would consist of a long-term concession and lease agreement between the State of Illinois and a private entity in which the private entity would lease all or a portion of and manage the operation of the Illinois Toll Highway system in return for total revenues valued at either at current toll

rates or adjusted rate structure.

The next page - we would prefer to select a consultant perhaps by May 15th. (These are all tentative dates.) Have a report by June 5th, but that would be determined based on discussions with the selected vendor. We think that we wouldn't spend more than \$50-60,000 for this service.

The rest is pretty standard information that's required. Do you have any questions?

CO-CHAIRMAN SCHOENBERG: Are there any questions from members of the Commission?

I just want to add that the State of Indiana recently concluded that the bidding process and their subsequent approval process by the legislature on their terms of an agreement which provided \$3.85 billion dollars payable over a 75-year period to Indiana.

The only other thing that I would want to add in this, is that we should certainly - as we try to quantify what that range of cost... what that range of yield might be - for leasing all or part of the Tollway System, comparable to many of the other public/private partnerships which are in the pipeline across the world. Something which is growing in this country... my personal view, is that this shouldn't diminish the wages, the benefits, the

collective bargaining agreements, the pensions or any other rights or future rights that director, subcontractor and employees of the Authority and its' successors would have. What we've seen from the transactions so far, that have taken place at the Chicago Skyway and the Indiana Toll Road, is that the benefits to those - up to the private sector partners - have really... their cost for changing their work force arrangement, their savings would be - I think the best way to describe it would be to say, does not move the needle. The benefit is on the tax advantages that they get to realize and the other economic benefits of this passive investment according to a presentation before the National Association of State Treasurers, I think these transactions generally yield for the private sector investor by a 10% return on the investment.

So, does anyone else have any other questions? Is there a motion? So moved by Senator Harmon. Is there a second? Seconded by Senator Radogno. Is there leave for attendance roll call? Leave is granted. Thank you very much.

Seeing that there is no more business before the Commission, the Commission now stands adjourned.