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# Unlocking the Box:

**Best Practices for Financing Illinois' Infrastructure**

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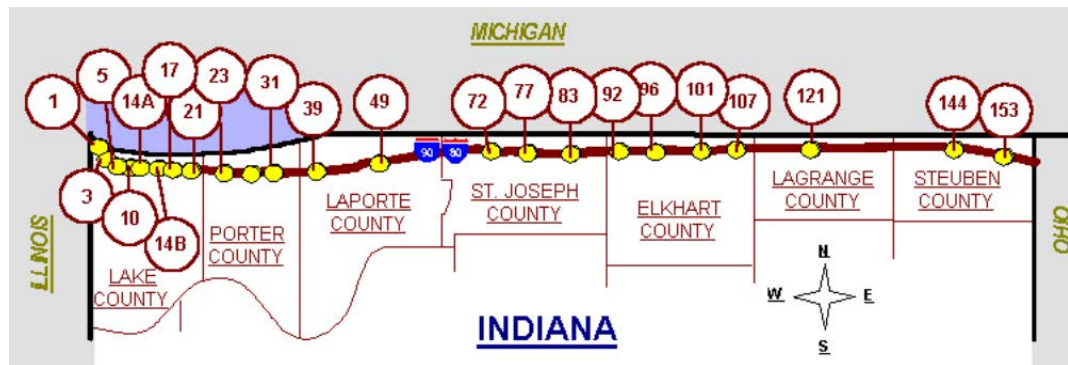
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# Indiana Toll Road



- The Indiana Toll Road is 156 miles, from Illinois to Ohio.
- A significant portion of toll road users are interstate and truck users.
- In 2005, the Indiana Toll Road experienced:
  - Revenues: \$96.6 million
  - Expenses: \$114.7 million
  - Net loss: \$16.1 million



# Indiana Toll Road



- Under Gov. Mitch Daniels, the Indiana Finance Authority entered into a 75-year concession agreement with the ITR Concession Company LLC in June 2006.
- The concessionaire is required to:
  - Undertake capital improvements
  - Operate and maintain the toll road
  - Finance its up-front payment and ongoing costs with private debt
- The concessionaire is permitted to charge and collect tolls:
  - Toll rates were stipulated in the contract from 2006 – 2010
  - After 2010, maximum toll rates could be increased by greater of 2% or the increase in CPI or per capita GDP.

# Indiana Toll Road



- The concessionaire offered to the State:
  - \$3.8 billion at closing
  - \$200 million in immediate capital improvements (first three years), and an estimate \$4.4 billion in capital improvements over the term
- The State of Indiana used the proceeds to:
  - Balance budget and improve its credit rating
  - Fund a \$3.1 billion, 10-year “Major Moves” program
  - Complete 6,300 miles of roadway repair and improvements (49% of state’s inventory)
  - Rehabilitate or replace 1,400 bridges (25% of state’s inventory)
  - Complete major programs, including expansion of I-69 and construction of new Louisville bridge

# Indiana Toll Road



## Post-Closing Events

- The original concessionaire entered bankruptcy protection to restructure its financing
- The concession was bought out of bankruptcy in 2015 by IFM for \$5.7 billion for the remaining 66 years
- In September 2018, the State permitted the concessionaire to increase truck tolls by 35% in exchange for an additional \$1 billion payment to the State. (The payments were spread out over 3 years).
- The Owner-Operator Independent Drivers Association has sued the state, challenging the increase under the U.S. Constitution's commerce clause.

# Indiana Toll Road



## Where did the value come from?

User Class	2006 Toll Rate (full trip)	2018 Toll Rate (full trip)
2-axle car	\$4.65	\$10.75
5-axle truck	\$14.55	\$43.01

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