

**MINUTES OF THE 597th MEETING OF THE OHIO TURNPIKE
AND INFRASTRUCTURE COMMISSION
August 19, 2013**

Chairman Hruby: (10:00 a.m.) Pledge of Allegiance is recited by all in attendance. The meeting will come to order. We ask that all guests please sign in on the sign in sheet so we can keep an accurate record of attendance. If you have not signed in, please do so before you leave today. Today we are offering our Meeting on a trunk line so that reporters and others will be able to call in and listen to the Commission Meeting. Also, today will be the first time in our history in which the Transportation Review Advisory Committee (“TRAC”) will present to us. Twelve projects are going to be presented today. Our Meeting will be much longer than normal, and we will probably be here through lunch. We will take a short break and then continue with the presentations from the Ohio Department of Transportation (“ODOT”) and entertain any questions or comments regarding these projects. Will the Executive Director please call the roll?

Director Hodges: Chairman Hruby.

Chairman Hruby: Here.

Director Hodges: Vice Chairman Balog.

Vice Chairman Balog: Here.

Director Hodges: Commissioner Dixon will be here shortly (arrived at 10:26)

Director Hodges: Secretary-Treasurer Barber.

Secretary Barber: Present.

Director Hodges: Commissioner Murphy.

Mr. Murphy: Present.

Director Hodges: Commissioner Kauffman.

Mr. Kauffman: Here.

Director Hodges: Senator Manning.

Senator Manning: Here.

Director Hodges: Representative Dovilla is on assignment with the Navy.

Director Hodges: We have a quorum.

Chairman Hruby: This is the 597th Meeting of the Ohio Turnpike and Infrastructure Commission. We are here as required by our Bylaws to meet at the Commission headquarters for Commission meetings. Various reports will be received, and there will be several Resolutions that we will take action upon, draft copies have been sent to our Members and updated drafts are in the Members' folders. The Resolutions will be explained during the appropriate report. Can I have a motion to adopt the Minutes of the July 15, 2013, Commission Meeting?

Vice Chairman Balog: So Moved.

Chairman Hruby: I'll second. Are there any questions or corrections to the Minutes of the July 15, 2013 Commission Meeting? Hearing none, all those in favor, signify by saying "aye." (All members say "aye.")

Chairman Hruby: We adopt the Minutes, of the July 15, 2013, Commission Meeting as written, unanimously. If there are no questions, we will proceed with the report of our Secretary-Treasurer, Mrs. Barber.

Secretary Barber: Yes Mr. Chairman. I would like to begin my report with the following items that have been sent to the Members since the last scheduled Meeting of the Commission on July 15, 2013:

1. Six Resolutions;
2. Minutes of the July 15, 2013 Commission Meeting;
3. The Agenda for today's Meeting.

We have also included in their folders for today's meeting, the following additional documents:

4. The list of infrastructure projects to be presented by ODOT for consideration;
5. Traffic Crash Summary Report, June & July, 2013;
6. Comprehensive Annual Financial Report, 2012;
7. The Annual Audit Report by Ciuni & Panichi;
8. Financial Statement, June & July, 2013;
9. Budget Report, January – June, 2013;
10. Traffic and Revenue Report, July, 2013;
11. Investment Report, July, 2013;
12. Total Revenue by Month and Year, July, 2013;
13. Various News Articles.

That concludes my report, Mr. Chairman.

Chairman Hruby: Thank you. Are there any questions for Mrs. Barber? Hearing none, we will move on then to the report of our Executive Director, Mr. Hodges.

Director Hodges: Thank you, Mr. Chairman. My report is brief. We will go through the regular agenda, and then as timing permits, move into the TRAC project presentations after we finish our regular business. It has been an exciting month. The highlight has been that we sold the bonds, and it was an interesting experience to sell \$1 billion of bonds in

one hour and fifteen minutes. A tremendous amount of work went into preparing for the sale. We are very pleased with the outcome, and our Chief Financial Officer will give you the details. We had two other agencies that were in the market about the same time we were. They were very similar to us in their bond ratings and what they were in the market for. But, because of the efforts of our team, I am glad to say, that we finished up better than both of the other agencies. It was a great experience and one of the most rewarding professional experiences that I have had, watching such a large team of professionals come together, with everybody doing their job with such skill, and which gave us this tremendous outcome. We will let Marty talk more about the details later. Thank you.

Chairman Hruby: On behalf of the Commission, I want to thank you for all of the wonderful work that was done and keeping us advised throughout the process. We will move on with our Resolutions, and our Chief Engineer, Mr. Hedrick.

Chief Engineer: Thank you, Mr. Chairman. I have three Resolutions for your consideration this morning. The first Resolution is to award the contract for the Construction Management Services for the Mainline Pavement Replacement Program. On June 7, 2013, Procurement received eleven Letters of Interest from firms interested in performing Construction Management Services for the Mainline Pavement Replacement Program. On July 12, 2013, DLZ Ohio, Inc., Hill International, Inc., TransSystems and URS Corporation submitted proposals for these services. An Evaluation Team consisting of the Assistant Chief Engineer of Highways and Maintenance and two of his staff engineers performed a review of all of the submitted proposals. Each proposal was evaluated individually on its merits and scored by each member of the Evaluation Team. The results were unanimous for the proposal submitted by Hill International of Broadview Heights, Ohio, scoring as the highest ranking proposal. Hill

International has teamed with two additional firms, one of which, G. Stephens, Inc., is a qualified MBE company that will be performing approximately 10% of the work. Hill International has performed similar services for the Commission in the past, and most recently, served as a Construction Manager on the Mahoning Valley/Glacier Hills Service Plazas. Due to the current status of the two Design Projects previously awarded by the Commission, it is premature to secure the full cost proposal for Construction Management Services at this time. However, it is important that Hill International be available for constructability analysis during this period. Therefore, it is recommended to award this contract to Hill International based upon its qualifications, and to pursue a cost proposal for the aforementioned preliminary services. The cost of these preliminary services will not exceed \$150,000. Upon advancement of the Project Design Documents, a full cost proposal for Control Management Services will be negotiated and brought before this Commission for final approval. With your permission, if the General Counsel would please read the Resolved.

Chairman Hruby: Please.

General Counsel: Thank you Mr. Chairman.

RESOLVED that the Commission concurs that **Hill International, Inc.**, of **Broadview Heights, Ohio**, is most qualified to perform the Construction Management Services for the Pavement Replacement Program Projects, and authorizes the Executive Director and the General Counsel to execute an Agreement for Construction Management Services with Hill International, all in accordance with the terms and conditions of the Commission's Request for Proposals and Hill International's response thereto; and

FURTHER RESOLVED that the Commission will be requested to authorize additional expenditures for Hill International to perform Construction Management Services for the various Pavement Replacement Program Projects in accordance with the Commission's Code of Bylaws when Construction Documents for each Pavement Replacement Program Project are finalized, and Hill International submits fee proposals for each such project as deemed reasonable and appropriate by the Chief Engineer.

Chairman Hruby: You have heard the Resolved. What is the pleasure of the Commission?

Vice Chairman Balog: Motion to adopt.

Secretary Barber: Second.

Chairman Hruby: Moved by Mr. Balog, and seconded by Mrs. Barber. Are there any questions or comments?

Chairman Hruby: Is there anything else? Are there any questions? If nothing further, roll call.

Director Hodges: Vice Chairman Balog.

Vice Chairman Balog: Yes.

Director Hodges: Secretary-Treasurer Barber.

Secretary Barber: Yes.

Director Hodges: Chairman Hruby.

Chairman Hruby: Yes.

Director Hodges: Commissioner Murphy.

Mr. Murphy: Yes.

Director Hodges: Four to nothing.

OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION

Resolution Authorizing Construction Management Services Agreement with Hill International, Inc., for Pavement Replacement Program Projects

WHEREAS, on May 8, 2013, in conformance with the requirements set forth in Ohio Revised Code Section 9.331, the Commission published notice of its Request for Proposals (“RFP”) in thirteen counties to select a pre-qualified firm to provide Construction Management Services for multiple Pavement Replacement Program Projects, each encompassing approximately five mile sections located along the mainline of the Ohio Turnpike; and

WHEREAS, on June 7, 2013, Letters of Interest were received from eleven firms expressing their interest in serving as the Commission's Construction Manager, of which four were deemed qualified and invited to submit Technical Proposals in response to the RFP by July 12, 2013; and

WHEREAS, the four proposals submitted by the short-listed firms were reviewed by an evaluation team consisting of the Assistant Chief Engineer for Highway and Maintenance, the Highway Projects Engineer, and the Maintenance Operations Engineer, which team ranked the proposal received from **Hill International, Inc.**, of **Broadview Heights, Ohio** ("Hill International"), as the best proposal received, which proposal has been deemed reasonable and appropriate by the Chief Engineer who, therefore, recommends that the Commission award the Contract for Construction Management Services for the Pavement Replacement Program Projects to Hill International; and

WHEREAS, the first two Pavement Replacement Program Projects to be overseen by Hill International are currently in the early design stages, making it premature for Hill International to submit a full fee proposal to perform the entire Construction Manager Services for those Projects, however, at this time, there are critical pre-construction Services that are necessary for Hill International to perform; and

WHEREAS, total Contract expenditures will eventually exceed \$150,000.00 when full fee proposals are submitted, reviewed and approved for each Pavement Replacement Project and, therefore, in accordance with Article V, Section 1.00 of the Commission's Code of Bylaws, Commission action is requested for said Contract award; and

WHEREAS, when Construction Documents for each Pavement Replacement Program Project are finalized, and Hill International submits fee proposals deemed reasonable and appropriate by the Chief Engineer, the Commission will be requested to authorize such expenditures for Hill International to perform said Construction Management Services in accordance with the Commission's Code of Bylaws; and

WHEREAS, the Commission has been advised by its General Counsel that the RFP selection process and the selection of Hill International conformed with the requirements of Ohio Revised Code Section 9.331, and Sections 153.65 to 153.71, and that Proposals were solicited on the basis of the same terms and conditions with respect to all respondents and potential respondents; and

WHEREAS, the Executive Director has reviewed the recommendation submitted by the Chief Engineer and the General Counsel and concurs that the Agreement for Construction Management Services for the Pavement Replacement Program Projects should be awarded by the Commission to Hill International; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the Commission concurs that **Hill International, Inc., of Broadview Heights, Ohio**, is most qualified to perform the Construction Management Services for the Pavement Replacement Program Projects, and authorizes the Executive Director and the General Counsel to execute an Agreement for Construction Management Services with Hill International, all in accordance with the terms and conditions of the Commission's Request for Proposals and Hill International's response thereto; and

FURTHER RESOLVED that the Commission will be requested to authorize additional expenditures for Hill International to perform Construction Management Services for the various Pavement Replacement Program Projects in accordance with the Commission's Code of Bylaws when Construction Documents for each Pavement Replacement Program Project are finalized, and Hill International submits fee proposals for each such project as deemed reasonable and appropriate by the Chief Engineer.

(Resolution No. 52-2013 adopted August 19, 2013)

Chairman Hruby: Please continue Doug.

Chief Engineer: My second Resolution this morning is for Authorizing Additional Expenditures related to Contract No. 71-12-02. HDR Engineering, Inc., of Cleveland, Ohio, was awarded this contract in November, 2012. HDR was selected as the most qualified firm to perform an engineering inspection for two railroad bridges. These bridges are the CSX Railroad Bridge located at Milepost 160.3 in Cuyahoga County, and the Youngstown Southern Railroad Bridge located at Milepost 233.3 in Mahoning County, Ohio. Phase I of this contract included the inspection of these bridges and the preparation of a Condition Report including a recommendation for corrective work. This report has been completed, and the plan for corrective work has been finalized. HDR has submitted a Fee Proposal for Phase II of this project, which included a development of Construction Documents for the rehabilitation of both of these structures. The fee for Phase I of the project was \$65,860.00. HDR's Phase II Proposal is for \$78,950.00, for total fees to date of \$144,810.00. Whereas these expenditures are anticipated to eventually exceed \$150,000.00 for future phases and, in accordance with Article V, Section 1 of the Commission's Code of Bylaws, such expenditures require the Commission's

approval. I am requesting approval of HDR's Proposal for Phase II in the amount of \$78,950.00, and that Contract No. 71-12-02 be amended as such to provide for the Phase II expenditures. It should be noted that HDR has also included the services of DLZ, Inc., a certified MBE sub consultant, which will perform approximately 12-15% of this contract. With your permission, if the General Counsel would please read the Resolved.

Chairman Hruby: Please.

General Counsel: Thank you Mr. Chairman.

RESOLVED that the Commission concurs that **HDR Engineering, Inc.**, of **Cleveland, Ohio**, having been previously determined to have submitted the best Proposal to perform Project No. 71-12-02, should perform the Phase II Services contemplated under Project No. 71-12-02, and authorizes the Executive Director and the General Counsel to amend the Contract with HDR Engineering, Inc. to perform said services, all in accordance with the terms and conditions of the Commission's RFP for Project No. 71-12-02, HDR's response thereto and its fee proposals therefor.

Chairman Hruby: Thank you. Is there a motion?

Vice Chairman Balog: So moved.

Mr. Murphy: Second.

Chairman Hruby: Mr. Balog moves, and Mr. Murphy seconds. Are there any questions or comments? Hearing none, roll call.

Director Hodges: Vice Chairman Balog.

Vice Chairman Balog: Yes.

Director Hodges: Commissioner Murphy.

Mr. Murphy: Yes.

Director Hodges: Chairman Hruby.

Chairman Hruby: Yes.

Director Hodges: Secretary-Treasurer Barber.

Secretary Barber: Yes.

Director Hodges: Four to nothing.

OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION

Resolution Authorizing Additional Expenditures with HDR Engineering, Inc., Under Existing Contract for Engineering Design and Construction Administration and Inspection Services (Project No. 71-12-02)

WHEREAS, on May 21, 2012, the Commission issued notice of its Request for Proposals (“RFP”) for Project No. 71-12-02 seeking Engineering Design and Construction Administration and Inspection Services required to identify and address key deficiencies in the CSX Railroad Bridge at Milepost 160.3 and the Youngstown Southern Railroad Bridge at Milepost 233.3 in Cuyahoga and Mahoning Counties, Ohio; and

WHEREAS, on June 5, 2012, Letters of Interest were received from nine firms expressing their interest in serving as the Commission’s Engineering Design Consultant for Project No. 71-12-02, of which four were deemed most qualified and invited to submit proposals in response to the RFP, with responses due on July 6, 2012; and

WHEREAS, the four proposals submitted by the short-listed firms were reviewed by an evaluation team consisting of the Assistant Chief Engineer, Facilities and Structures, the Bridges and Structures Engineer, and the Highway Engineer, which team ranked the proposal received from **HDR Engineering, Inc. (“HDR”)**, of **Cleveland, Ohio**, as the best proposal received; and

WHEREAS, a Contract for the aforementioned services was executed in November 2012 with HDR in the total amount of **\$65,860.00** for the performance of Phase I Services, Site Inspections and Engineering Report; and

WHEREAS, HDR has submitted a fee proposal dated July 5, 2013, in the “not-to-exceed” amount of **\$78,950.00** for the performance of Phase II Services, Preparation of Construction Contract Documents; and

WHEREAS, the Chief Engineer has reviewed the HDR fee proposal for the Phase II Services, and has deemed it to be reasonable and acceptable, and he therefore, recommends that the Commission authorize said Phase II Services; and

WHEREAS, the additional expenditures necessary to obtain said Phase II Services for Project No. 71-12-02 will increase the original contract amount to **\$144,810.00**, and the total Contract expenditures will eventually exceed \$150,000.00 when subsequent Phase III, Construction Administration and Inspection Services are performed and, therefore, in accordance with Article V, Section 1.00 of the Commission’s Code of Bylaws, Commission action is requested to authorize said Contract expenditures; and

WHEREAS, the Commission has been advised by its General Counsel that said RFP selection process and the selection of HDR conformed with the requirements of Ohio Revised Code Sections 153.65 to 153.71, and that all legal requirements were performed and proposals were solicited on the basis of the same terms and conditions with respect to all respondents and potential respondents; and

WHEREAS, the Executive Director has also reviewed the recommendation submitted by the Chief Engineer and the General Counsel, and concurs that the proposed Contract with HDR to perform Phase II Services for Project No. 71-12-02 should be approved by the Commission; and

WHEREAS, at the time the construction contract(s) for the repairs of the CSX Railroad Bridge at Milepost 160.3 and the Youngstown Southern Railroad Bridge at Milepost 233.3 are awarded, the Commission will be requested to authorize HDR to perform Phase III, Construction Administration and Inspection Services for said construction project(s); and

WHEREAS, the Executive Director has reviewed the recommendation submitted by the General Counsel and the Chief Engineer, and concurs that the Contract with HDR for Project No. 71-12-02 should be amended to allow for performance of the required Phase II Services, Construction Contract Document Preparation; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the Commission concurs that **HDR Engineering, Inc., of Cleveland, Ohio**, having been previously determined to have submitted the best Proposal to perform Project No. 71-12-02, should perform the Phase II Services contemplated under Project No. 71-12-02, and authorizes the Executive Director and the General Counsel to amend the Contract with HDR Engineering, Inc. to perform said services, all in accordance with the terms and conditions of the Commission's RFP for Project No. 71-12-02, HDR's response thereto and its fee proposals therefor.

(Resolution No. 53-2013 adopted August 19, 2013)

Chairman Hruby: Thank you. The Resolution passes four to zero. Mr. Hedrick, please continue.

Chief Engineer: Thank you. My last Resolution is the award of Contract No. 4202 for the purchase of sodium chloride during the 2013-2014 snow and ice season. Previously, under Resolution No. 30-2013, the Commission authorized participation in the ODOT's

Cooperative Program for the purchase of sodium chloride for our eastern locations along the Turnpike. Contract No. 4202 provides for the furnishing of sodium chloride for the remaining Turnpike locations along the western portion of the Turnpike.

On June 20, 2013, Procurement received four bids for the furnishing of sodium chloride to the various locations in the western maintenance division. These included our Kunkle, Swanton, Elmore and Castalia Maintenance Buildings, as well as remote salt domes located at Interchanges 59 and 34, and our River Road and Humm Road access points. Bids were received from Cargill, Inc., The Detroit Salt Co., The Morton Salt Co. and the North American Salt Company.

These bids contained specific quantities to be provided at each location, and each included delivery. Bid award could be made for any or all locations based upon unit pricing. In addition the bid contained provisions that will allow the Ohio Turnpike to purchase no less than 75% and up to 130% of the estimated quantities.

These bids were evaluated by the Assistant Chief Engineer of Highways and Maintenance and a tabulation of this review is attached. The apparent low bid for all locations was submitted by the North American Salt Company, of Overland Park, Kansas. North American submitted the apparent low bid for each of the eight locations and based upon the following quantities for each location:

Kunkle M.B., Williams County	2700
Interchange 34, Fulton County	500
Swanton M.B., Fulton County	2400
Interchange 59, Lucas County	300
Elmore M.B., Ottawa County	1000
River Road Salt Dome, Sandusky County	300
Castalia M.B., Erie County	2500
Humm Road Salt Dome, Erie County	2900

This resulted in a total bid for all eight locations combined of \$508,986.00. As indicated, the Contract provides the option to purchase up to one hundred thirty 130% percent of the base quantity. Therefore, the award should be based upon this 130% dollar amount, which is \$661,681.80.

This total bid is approximately 10% below the estimated cost and represents an average of 1.2 % percent below 2012 contract pricing. This company has satisfactorily supplied material to the Ohio Turnpike in the past, and has provided no indication it will not be able to perform this contract.

Therefore, based upon the foregoing, it is recommend to award Contract No. 4202 for the Furnishing of Sodium Chloride (Rock Salt) to the eight locations as identified to the North American Salt Company, of Overland Park, Kansas, in the total amount of \$661,681.80.

While this contract represents a savings over our 2012 pricing, I would like to report to the Commission the results of the pricing received under the ODOT cooperative pricing for our Eastern locations, and the potential savings that could have been realized under this contract in the west.

Historically, the Commission has received comparable, and in most instances, favorable pricing in relation to pricing received by ODOT. Pricing in 2012 began to indicate a narrowing of the difference. In the Eastern portion of the Turnpike, prices received by ODOT were lower than those received by the Commission. It was for this reason, we opted to investigate and, ultimately, join in the ODOT Cooperative Purchase Program for this year. In 2013, the trend continued and ODOT received extremely favorable pricing for sodium chloride throughout the State for the 2013-2014 Season. This resulted in the Commission realizing substantial savings over the 2012 pricing for the eight locations in the Eastern portion of the Turnpike. The total

savings for these locations was \$591,604.00. The pricing, received by ODOT for the comparable western counties to those contained in Contract No. 4202, would have netted the Commission approximately \$83,000 in additional savings. Included in your folders, is a more detailed breakdown of both the potential and actual savings realized. Based upon this, we will continue to look for opportunities to join in future cooperative purchases for sodium chloride with ODOT. With your permission, if the General Counsel would please read the Resolved.

Chairman Hruby: Please.

General Counsel: Thank you.

RESOLVED that the bid of **North American Salt Company, of Overland Park, Kansas**, for:

<u>Item No. and Estimated Tons</u>	<u>Delivery Destination</u>	<u>Estimated Quantities and Freight Charges</u>	<u>Total Bid Including 130% of Estimated Quantities</u>
1 - (2,700 tons)	Kunkle M.B.	\$112,428.00	\$146,156.40
2 - (500 tons)	Interchange 34	\$ 19,825.00	\$ 25, 772.50
3 - (2,400 tons)	Swanton M.B.	\$ 92,736.00	\$120,556.80
4 - (300 tons)	Interchange 59	\$ 11,130.00	\$ 14,469.00
5 - (1,000 tons)	Elmore M.B.	\$ 38,640.00	\$ 50,232.00
6 - (300 tons)	River Road	\$ 11,895.00	\$ 15,463.00
7 - (2,500 tons)	Castalia M.B.	\$101,750.00	\$132,275.00
8 - (2,900 tons)	Humm Road	\$120,582.00	\$156,756.00
Totals bid reflecting 130% of estimated quantities (where applicable), including freight.....			\$661,681.80

Invitation No. 4202 is, and is by the Commission deemed to be the lowest responsive and responsible bid received, and the Executive Director and the General Counsel, or either of them, is hereby authorized to: 1) execute a Contract with such successful bidder in the form heretofore prescribed by the Commission pursuant to the aforesaid Invitation, which Contract award reflects 130% of estimated quantities of sodium chloride bid for each applicable delivery destination, 2) direct the return to the bidders of their bid securities at such time as the successful bidder has entered into a Contract, and 3) take any and all action necessary to properly carry out the terms of said Contract.

Chairman Hruby: Thank you. Is there a motion?

Secretary Barber: Moved.

Vice Chairman Balog: I'll second.

Chairman Hruby: Are there any questions or comments? Mr. Balog.

Vice Chairman Balog: Doug, I spoke with Mr. Dixon earlier, and since he has not yet arrived, I will bring this up on his behalf. He had mentioned a provision that you had that referenced in regards to North American Salt. I believe the letter actually came from Kathleen, but, it indicated the possibility of minority participation in the deliveries. How are we going to follow through on that?

Chief Engineer: Mr. Chairman and Commission Member Balog, we will follow-up with North American to determine if minority participation will, and ask them to provide us with the percentage and the dollar amount.

Vice Chairman Balog: If you could encourage that, we would certainly appreciate it. Thank you.

Chairman Hruby: Are there any other questions or comments? I would like to thank ODOT for their assistance. It is a remarkable number that they got and saving us well over \$500,000. Thank you very much. This is the best bid on salt that we have seen in years. I know what we are experiencing in our city with prices, and I look at these and hope somebody is paying attention to what is going on here.

Mr. Murphy: This has been going on for a couple of years, Mr. Chairman. The first thing that happened was the Inspector General's Report broke up the collusion between a couple of bad apples, and then we change how we went out to bid. We are now regionalizing it. It is really making it more competitive. With the help of legislation, we

changed what “Buy Ohio” means. We still want to buy Ohio, but it was so narrow that if there was one bid within 50% of anything, we had to go with them. This allowed them to significantly increase their prices.

Chairman Hruby: Well, good work on the part of everyone. Are there any other comments? Hearing none, roll call.

Director Hodges: Secretary-Treasurer Barber.

Secretary Barber: Yes.

Director Hodges: Vice Chairman Balog.

Vice Chairman Balog: Yes.

Director Hodges: Chairman Hruby.

Chairman Hruby: Yes.

Director Hodges: Commissioner Murphy.

Mr. Murphy: Yes.

Director Hodges: Four to nothing.

OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION

Resolution Concerning Award of Contract for Sodium Chloride Pursuant to Invitation No. 4202

WHEREAS, the Commission has duly advertised in accordance with law for bids for Invitation No. 4202 for furnishing its requirements for sodium chloride for the 2013/2014 snow and ice season estimated at approximately 12,600 tons for eight locations covering the western portion of the Turnpike; and

WHEREAS, to fulfill its sodium chloride needs for the 2013/2014 snow and ice season in the eastern portion of the Turnpike, the Commission has opted to participate in the ODOT Cooperative Purchasing Invitation to make those purchases as previously authorized pursuant to Resolution No. 30-2013; and

WHEREAS, expenditures under the Contracts to be awarded for sodium chloride under Invitation No. 4202 will exceed \$150,000.00 and, in accordance with Article V, Section 1.00 of

the Commission's Code of Bylaws, Commission action is necessary for the award of such Contracts; and

WHEREAS, four bids were received in response to the Invitation, which included quotations for sodium chloride and freight charges to designated delivery locations delineated in the Bid Schedule as Items 1 through 8; and

WHEREAS, the Bidding Documents require that the Commission shall purchase a minimum of 75% of the estimated quantities set forth in the Bid Schedule and, because the severity of the snow and ice season for 2013/2014 is unpredictable, the Bidding Documents also allow for the Commission to purchase up to 130% of the estimated quantities bid for each designated delivery location; and

WHEREAS, the bids were reviewed and analyzed by the Assistant Chief Engineer, Highway and Maintenance, whose report concerning such analysis is before the Commission; and

WHEREAS, the Assistant Chief Engineer, Highway and Maintenance, has reported that **North American Salt Company, of Overland Park, Kansas**, submitted the lowest responsive and responsible bid for the sodium chloride, including freight:

<u>Item No. and Estimated Tons</u>	<u>Delivery Destination</u>	<u>Estimated Quantities and Freight Charges</u>	<u>Total Bid Including 130% of Estimated Quantities</u>
1 - (2,700 tons)	Kunkle M.B.	\$112,428.00	\$146,156.40
2 - (500 tons)	Interchange 34	\$ 19,825.00	\$ 25,772.50
3 - (2,400 tons)	Swanton M.B.	\$ 92,736.00	\$120,556.80
4 - (300 tons)	Interchange 59	\$ 11,130.00	\$ 14,469.00
5 - (1,000 tons)	Elmore M.B.	\$ 38,640.00	\$ 50,232.00
6 - (300 tons)	River Road	\$ 11,895.00	\$ 15,463.00
7 - (2,500 tons)	Castalia M.B.	\$101,750.00	\$132,275.00
8 - (2,900 tons)	Humm Road	\$120,582.00	\$156,756.00
Totals bid reflecting 130% of estimated quantities (where applicable), including freight.....			\$661,681.80

WHEREAS, the Assistant Chief Engineer, Highway and Maintenance, has further reported that the bidder proposes to furnish materials and services in accordance with the Commission's Specifications, and he, therefore, has recommended that the Commission proceed with award of the Contract in the amounts indicated above to North American Salt Company of Overland Park, Kansas; and

WHEREAS, the General Counsel has advised the Commission that the low bid of North American Salt complies with the Commission's Domestic and Ohio Preference Policy; and

WHEREAS, the General Counsel has further advised that all bids for Invitation No. 4202 were solicited on the basis of the same terms, conditions and specifications, that the bid of North American Salt conforms to the requirements of Ohio Revised Code Sections 5537.07 and 9.312, and that a bid guaranty and performance bond of good and sufficient surety has been submitted by this bidder; and

WHEREAS, the Executive Director has reviewed the reports of both the Assistant Chief Engineer, Highway and Maintenance, and the General Counsel and, predicated upon such analysis, has made his recommendation that a Contract be awarded for Items 1, 2, 3, 4, 5, 6, 7 and 8 under Invitation No. 4202 to North American Salt of Overland Park, Kansas; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the bid of **North American Salt Company, of Overland Park, Kansas**, for:

<u>Item No. and Estimated Tons</u>	<u>Delivery Destination</u>	<u>Estimated Quantities and Freight Charges</u>	<u>Total Bid Including 130% of Estimated Quantities</u>
1 - (2,700 tons)	Kunkle M.B.	\$112,428.00	\$146,156.40
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5 - (1,000 tons)	Elmore M.B.	\$ 38,640.00	\$ 50,232.00
6 - (300 tons)	River Road	\$ 11,895.00	\$ 15,463.00
7 - (2,500 tons)	Castalia M.B.	\$101,750.00	\$132,275.00
8 - (2,900 tons)	Humm Road	\$120,582.00	\$156,756.00
Totals bid reflecting 130% of estimated quantities (where applicable), including freight.....			\$661,681.80

Invitation No. 4202 is, and is by the Commission deemed to be the lowest responsive and responsible bid received, and the Executive Director and the General Counsel, or either of them, is hereby authorized to: 1) execute a Contract with such successful bidder in the form heretofore prescribed by the Commission pursuant to the aforesaid Invitation, which Contract award reflects 130% of estimated quantities of sodium chloride bid for each applicable delivery destination, 2) direct the return to the bidders of their bid securities at such time as the successful bidder has entered into a Contract, and 3) take any and all action necessary to properly carry out the terms of said Contract.

(Resolution No. 54-2013 adopted August 19, 2013)

Chairman Hruby: The Resolution passes four to zero. Is there anything else, Mr. Hedrick?

Chief Engineer: No, Mr. Chairman. Thank you very much, and that concludes my report.

Chairman Hruby: We will move on to the report of our CFO/Comptroller, Marty Seekely.

CFO/Comptroller: The first item I have is an update on our Traffic and Revenue for the month of July. This first chart shows the monthly passenger car miles traveled on the Ohio Turnpike over the past two years. Passenger car traffic was strong during the 4th of July holiday. As a result, the passenger car vehicle miles traveled in July were 2.8% higher than last year.

Commercial traffic continued to rebound from the recession, and as a result, commercial vehicle miles traveled in July were 3.3% higher than last year. The 2.8% increase in passenger car miles traveled was partially offset by the increase in *E-ZPass* use and, as a result, passenger car toll revenue in July increased 1.4% from July of last year. The increase in commercial vehicle miles traveled resulted in a 2.8% increase in commercial vehicle toll revenue for the month of July over last year.

This chart shows the year-to-date toll revenues through the month of July during each year over the past decade. Toll revenues for the first seven months of this year were \$1.1 million, or .7% above the amount from last year. If you subtract February 29 from last year's total, total toll revenues are up \$1.7 million, or 1.2% over last year.

That completes my update on the Traffic and Revenue. I would now like to update you on the results of the Commission's Bond Issuance on July 30, 2013.

The Commission issued \$73.5 million Par Amount in Senior Lien Bonds and \$994.8 million Par Amount in Junior Lien Bonds for a total Par Amount of \$1.68 billion. Since the interest rate that will be paid on the bonds is higher than their stated yield, the bonds sold at a premium of \$18.8 million. This generated total proceeds from the bond issuance of \$1,087,131,000.00. \$70 million of the proceeds was deposited into the Construction Fund to be used for Ohio Turnpike construction projects. \$930 million was deposited into the Infrastructure Fund to be used for funding State of Ohio infrastructure projects. \$83.4 million was deposited into the Debt Service Reserve Accounts and \$3.7 million will be used to pay for Bond Issuance Costs. The bonds will amortize each year over the next 35 years at interest rates ranging from 2% to 6.7%. Once the bonds are fully paid off, the amounts in the Debt Service Reserve Account will revert to the Turnpike General Fund.

Our 14-Member Underwriting Syndicate, led by CitiGlobal Markets, did an excellent job of contacting potential investors and generating orders for the Commission's bonds. The top five underwriting firms in terms of placing orders were: CitiGlobal Markets, Fidelity Capital Markets, JPMorgan Securities, Loop Capital Markets and Rice Financial Products. I think it is important to note that Loop and Rice are minority firms, and both performed very well placing in the top five in orders. During the order period for the bonds, we received orders from over 100 institutional investors and many small retail investors. These investors placed \$6.7 billion in orders for the bonds. Due to the large amount of orders, the Commission, with the help of PFM, was able to negotiate lower interest rates on the bonds at the end of the order period. This resulted in lower interest rates on Commission bonds than has been recently realized in the bond market. Compared to the Bay Area Toll Authority's subordinated 2048 bonds, which priced at a yield of 5.3% the week before, the Commission's 2048 Junior Lien Bond price had a yield of

5.05%. The following week, the Pennsylvania Turnpike Commission issued bonds with a maturity that was 4.25 years less, which had a yield of 5.12%. All three of these bond issuances were rated at A1/A+/A+. The 25 basis point reduction, on just this maturity, will save the Commission approximately \$850,000.00 per year in interest. With your permission Mr. Chairman, I would now like to ask Bethany Pugh from Public Financial Management to give a more detailed review of the bond transaction.

Ms. Pugh: Good morning Mr. Chairman and Members of the Commission. As Marty has very well summarized, we had a very successful day in the bond market on July 30 when the bonds were priced in New York. The Turnpike team, as well as PFM and the Senior Management Underwriters, were in New York for the pricing and it was a very successful engagement. We have highlighted members of the team on the first slide. As Marty indicated, there was very strong performance from the 14-Member Underwriting Syndicate. On the transaction, you had some form of participation from every firm who was a member, and almost all of the firms were allotted bonds. It was a very diverse distribution amongst the syndicate, and more importantly, amongst the potential investors – both retail and institutional.

Page Two gives you a little bit of context. If you recall, a couple of weeks before the pricing when both the Senior Managing Underwriter and I talked about the market conditions going in, and we knew we were entering the market in a very volatile time. Over the last 30-90 days prior to pricing, there had been significant movement and increases in yields, and that is reflected on the bottom left corner of the page where we show the movement in MMD, which is the market benchmark. There was significant movement within the 30-90 day timeframe ranging from 30-100 basis points at different points of the curve, given the volatility, the level of performance that you were able to receive in terms of first, effectively placing \$1 billion of

bonds, and then doing it at spreads to the market benchmark that are outperforming comparables as Marty detailed, was quite an accomplishment. It is a testament to your team and the 14-member syndicate that you put together for this transaction.

The chart on the bottom right does, however, put your pricing into a macro perspective. If you look at interest rates over the last 30 years, we are still, essentially, at the trough as it relates to yield levels being very low historically and very attractive. The fact that the team was able to put together this transaction under an accelerated schedule is also a testament, and allowed you to lock in low interest rates from a relative historical basis.

Page Three highlights some of the pricing performance with respect to the serial current interest bonds that were priced for the Turnpike's debt. This provides a bit more detail on a maturity-by-maturity basis of the spreads to MMD, which is that far right column on the table that you were able to realize, this is a very strong performance on a maturity-by-maturity basis in terms of the level of spread or the tightness of that spread relative to the market benchmark.

The table on the far right highlights some of the statistics as they relate to all-in costs of capital for your debt issuance at less than 5% for the Senior Lien Bonds, even though they went out 34 years on an average maturity basis; and, with respect to the Junior Lien Bonds, less than 5.4% going out on an average life basis of just under 25 years.

Finally, in terms of syndicate performance, I again would just echo Marty's comments on the strong performance of the entire syndicate. The MBE firms performed very well and placed some bonds that were very difficult to place, but advantageous from the Turnpike's perspective. It was a very strong performance led by Citi. They did a wonderful job from beginning to end with strong syndicate participation from the host of firms that made up your syndicate.

The table on the left highlights some of the larger investors. There was a significant institutional investor presence, and there were a lot of institutional investors who came in and bought significant chunks of bonds, which contributed to the effective pricing that the Turnpike was able to realize. One thing I will note, as part of our duties as Financial Advisor, we have presented to you a formal Financial Advisor's Memorandum, which has our formal opinion that the bonds were appropriately priced, and that the Turnpike did realize a very effective and appropriate pricing for your transactions. So, with that, we thank you for the opportunity to have served the Commission, and we congratulate you on a successful sale. With that, I will answer any questions.

Chairman Hruby: Thank you. We appreciate your good work. Are there any questions or comments? Yes, Mr. Kauffman.

Mr. Kauffman: Bethany, if you could explain to us a little bit about the firms on here that had large orders, but did not have large allotments. Could you just talk about that?

Ms. Pugh: Absolutely. What are laid out on the bottom of slide 4 are the types of orders. There are three categories: retail, which is "mom & pop" and/or their proxies, and really it is more professional retail who purchase on behalf of "mom & pop" type of investors; which in this context, meant the institutional investors like the mutual funds, insurance companies, et cetera; and then member orders, which are the lowest priority. When orders come in, you have an order of priority. First would be retail, second would be institutional or priority orders, and then last of all would be member orders. The orders were filled based upon that priority. You may have had a number of firms who put in member orders, but if they did so in maturities that already had retail or priority orders, there orders would not be filled just because they were the lowest in the priority. So, you will see a number of firms putting in significant

member orders, but if they put them in maturities that were already subscribed for on a priority basis, they would not get filled. So, really, if you looked at retail and priority orders, those are the two highest priorities. Retail would be filled first, and then with respect to certain maturities, and then you would have priorities. Those are the orders that were most likely to get filled in any given maturity just because they were higher in the priority.

Mr. Kauffman: Thank you.

Chairman Hruby: Are there any more questions? Thank you. Marty.

CFO/Comptroller: With the issuance of the bonds, the Commission deposited approximately \$70 million into the Construction Fund, which will be used to fund Turnpike projects over the next few years. Some of the projects that were included in the original 2013 Capital Budget for the Systems Project Fund will now be paid for out of the Construction Fund in order to meet the Internal Revenue Service spend down requirements for proceeds of the bond issuance. In addition, there are Debt Service payments that are required for the 2013 bond issuance that were not contemplated in the original 2013 Operating Budget.

In order to account for the bond issuance, we must amend the 2013 Operating Budget by increasing the amount budgeted for Debt Service payments by \$16,592,000.00 with a corresponding reduction to the budget amount for deposits into the Systems Project Fund. Included in your materials is a resolution entitled, "Resolution Adopting Amended Annual Operating Budget for the Year 2013 and Providing for Deposits Required under the 1994 Trust Agreement During Said Year." With your permission Mr. Chairman, I would like to ask the General Counsel to please read the Resolved.

Chairman Hruby: Please.

General Counsel: Thank you Mr. Chairman.

RESOLVED that the Commission hereby adopts the following as its amended annual operating budget for the year 2013 and the Executive Director or the CFO/Comptroller are directed to transmit a copy of the amended budget to the Governor, the presiding officers of each Chamber of the General Assembly, the Director of Budget and Management, and the Legislative Budget Office of the Legislative Service Commission in accordance with the provisions of Section 5537.17(F) of the Revised Code of Ohio and to The Huntington National Bank, as Trustee, in accordance with Section 5.01(c) of the Trust Agreement; and

FURTHER RESOLVED that any additional funds remaining after all budgeted transfers are made shall be transferred to the Systems Projects Fund; and

FURTHER RESOLVED, that a certified copy of this Resolution shall be sent to the Trustee at The Huntington National Bank.

**OHIO TURNPIKE COMMISSION
2013 AMENDED ANNUAL OPERATING BUDGET**

	<u>PLEGDED</u>	<u>NON-PLEGDED</u>	<u>TOTAL</u>
REVENUES:			
TOLL	\$ 253,974,000	\$ -	\$ 253,974,000
CONCESSION	13,515,000	590,800	14,105,800
INVESTMENT	323,100	240,000	563,100
FUEL TAX	-	2,100,000	2,100,000
OTHER	3,095,000	-	3,095,000
TOTAL REVENUES	<u>\$ 270,907,100</u>	<u>\$ 2,930,800</u>	<u>\$ 273,837,900</u>
EXPENDITURES:			
OPERATION, MAINTENANCE & ADMINISTRATION:			
ADMINISTRATION & INSURANCE	\$ 10,869,300	\$ -	\$ 10,869,300
MAINTENANCE OF ROADWAY & STRUCTURES	37,262,300	-	37,262,300
SERVICES & TOLL OPERATIONS	53,480,100	-	53,480,100
TRAFFIC CONTROL, SAFETY, PATROL & COMM.	14,338,600	-	14,338,600
TOTAL OPERATION, MAINTENANCE & ADMIN.	<u>115,950,300</u>	<u>-</u>	<u>115,950,300</u>
DEBT SERVICE PAYMENTS	<u>72,786,000</u>	<u>-</u>	<u>72,786,000</u>
TOTAL EXPENDITURES	<u>188,736,300</u>	<u>-</u>	<u>188,736,300</u>
TRANSFERS TO / (FROM):			
EXPENSE RESERVE	(539,000)	-	(539,000)
NON-TRUST FUND	-	227,500	227,500
FUEL TAX FUND	-	2,105,000	2,105,000
SERVICE PLAZAS CAPITAL IMPROVEMENT FUND	(250,000)	598,300	348,300
RENEWAL & REPLACEMENT FUND	4,800,000	-	4,800,000
SYSTEM PROJECTS FUND	78,159,800	-	78,159,800
TOTAL TRANSFERS	<u>82,170,800</u>	<u>2,930,800</u>	<u>85,101,600</u>
TOTAL EXPENDITURES & TRANSFERS	<u>\$ 270,907,100</u>	<u>\$ 2,930,800</u>	<u>\$ 273,837,900</u>

Chairman Hruby: Is there a motion?
Vice Chairman Balog: So moved.
Chairman Hruby: I will second. Are there any comments or questions?

Hearing none, roll call.

Director Hodges: Vice Chairman Balog.
Vice Chairman Balog: Yes.
Director Hodges: Chairman Hruby.
Chairman Hruby: Yes.
Director Hodges: Mr. Dixon.
Mr. Dixon: Yes.
Director Hodges: Secretary-Treasurer Barber.
Secretary Barber: Yes.
Director Hodges: Commissioner Murphy.
Mr. Murphy: Yes.
Director Hodges: Five to zero.
Chairman Hruby: The Resolution is adopted.

OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION

Resolution Adopting Amended Annual Operating Budget for the Year 2013 and Providing for Deposits Required under the 1994 Trust Agreement During Said Year

WHEREAS, the Commission by Resolution No. 57-2012 (copy attached) on December 17, 2012, adopted its annual operating budget for the year 2013 and, on November 14, 2012, the proposed budget was submitted to the Governor, the presiding officers of each Chamber of the General Assembly, the Director of Budget and Management, and the Legislative Budget Office of the Legislative Service Commission in accordance with the provisions of Section 5537.17(F) of the Revised Code of Ohio; and

WHEREAS, Section 5.01(c) of the Amended and Restated Master Trust Agreement dated April 8, 2013 (the "Trust Agreement"), between the Commission and the Huntington National Bank (the "Trustee") provides that the Commission may at any time adopt an amended annual operating budget; and

WHEREAS, the Trust Agreement provides that the Commission shall file a copy of any amended annual budget with the Trustee; and

WHEREAS, the Commission's 2013 bond issuance will provide construction funds for Turnpike projects and will require additional debt service payments that were not contemplated in the original 2013 annual operating budget; and

WHEREAS, the CFO/Comptroller has made the required adjustments to the operating budget to account for the additional debt service payments, and is recommending that the Commission adopt the amended budget with its required adjustments; and

WHEREAS, the Executive Director has reviewed the amended budget, and concurs with the recommendation of the CFO/Comptroller; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the Commission hereby adopts the following as its amended annual operating budget for the year 2013 and the Executive Director or the CFO/Comptroller are directed to transmit a copy of the amended budget to the Governor, the presiding officers of each Chamber of the General Assembly, the Director of Budget and Management, and the Legislative Budget Office of the Legislative Service Commission in accordance with the provisions of Section 5537.17(F) of the Revised Code of Ohio and to The Huntington National Bank, as Trustee, in accordance with Section 5.01(c) of the Trust Agreement; and

FURTHER RESOLVED that any additional funds remaining after all budgeted transfers are made shall be transferred to the Systems Projects Fund; and

FURTHER RESOLVED, that a certified copy of this Resolution shall be sent to the Trustee at The Huntington National Bank.

**OHIO TURNPIKE COMMISSION
2013 AMENDED ANNUAL OPERATING BUDGET**

	<u>PLEGGED</u>	<u>NON-PLEGGED</u>	<u>TOTAL</u>
REVENUES:			
TOLL	\$ 253,974,000	\$ -	\$ 253,974,000
CONCESSION	13,515,000	590,800	14,105,800
INVESTMENT	323,100	240,000	563,100
FUEL TAX	-	2,100,000	2,100,000
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TOTAL REVENUES	<u>\$ 270,907,100</u>	<u>\$ 2,930,800</u>	<u>\$ 273,837,900</u>
EXPENDITURES:			
OPERATION, MAINTENANCE & ADMINISTRATION:			
ADMINISTRATION & INSURANCE	\$ 10,869,300	\$ -	\$ 10,869,300
MAINTENANCE OF ROADWAY & STRUCTURES	37,262,300	-	37,262,300
SERVICES & TOLL OPERATIONS	53,480,100	-	53,480,100
TRAFFIC CONTROL, SAFETY, PATROL & COMM.	14,338,600	-	14,338,600
TOTAL OPERATION, MAINTENANCE & ADMIN.	<u>115,950,300</u>	<u>-</u>	<u>115,950,300</u>
DEBT SERVICE PAYMENTS	<u>72,786,000</u>	<u>-</u>	<u>72,786,000</u>
TOTAL EXPENDITURES	<u>188,736,300</u>	<u>-</u>	<u>188,736,300</u>
TRANSFERS TO / (FROM):			
EXPENSE RESERVE	(539,000)	-	(539,000)
NON-TRUST FUND	-	227,500	227,500
FUEL TAX FUND	-	2,105,000	2,105,000
SERVICE PLAZAS CAPITAL IMPROVEMENT FUND	(250,000)	598,300	348,300
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TOTAL TRANSFERS	<u>82,170,800</u>	<u>2,930,800</u>	<u>85,101,600</u>
TOTAL EXPENDITURES & TRANSFERS	<u>\$ 270,907,100</u>	<u>\$ 2,930,800</u>	<u>\$ 273,837,900</u>

(Resolution No. 55-2013 adopted August 19, 2013)

Director Hodges: Mr. Chairman, if I may.

Chairman Hruby: Please.

Director Hodges: This will be the last time we talk about the bond issue. It has been going on for a long time now. I have said "thank you," but I just want to reinforce my appreciation for everybody and the job they did. It was truly extraordinary. Mr. Kauffman and I were sitting in a meeting back in March where some folks said we could not get this done before

October. I made the comment that we are going to get it done by July 31st. Everybody said, "Okay, go for it." and, as I thought to myself, "Gee, it is just me, Marty and Kathy." Since that point in time, PFM was on board first, and of course, Citi, Squire, Jacobs and the support that we received from Mr. Murphy at ODOT and Mr. Kauffman with his expertise was instrumental. I am so grateful that they made my July 31, 2013 date stick, and I am really proud of that. I just want to single out Bethany and her staff. PFM will have an ongoing relationship with us now as our Financial Advisor. To PFM, Bethany, Ryan, and Scott and Bob who are not here today, thank you very much. It was a job extremely well done.

Chairman Hruby: I just mentioned to the Director that our simple, "thank you" probably is not enough, but thank you again on behalf of the Commission for your fine work, Bethany. We really appreciate it. Are there any other comments or questions? Hearing none, do you have anything else, Mr. Seekely?

CFO/Comptroller: One last thing Mr. Chairman. We just recently completed our annual audit for 2012, and issued our Comprehensive Annual Financial Report (CAFR), and so I would like to ask Frank Eich and Lynn Basconi from Ciuni & Panichi to talk about the results of their audit of our financial statements.

Mr. Eich: Good morning Mr. Chairman and Members of the Commission. Ciuni & Panichi performed the audit of the Commission for the year ended December 31, 2012. We issued and provided an unmodified Opinion on the Financial Statements, which is included in the CAFR on pages 22 and 23. The CAFR was prepared by Martin Seekely and his department, and at the end of the audit, we must submit it to the State of Ohio for approval. This was done in early June, and by late June they had approved it through their Desk Review. In addition, we have issued a number of other reports, of copy of which should have. The first I

would like to talk about is the report on Internal Control of our Financial Reporting and Compliance. We did not note any Internal Control issues, or any significant deficiencies or material weaknesses, or any non-compliance with relation to laws, contracts or grants applicable to the Commission. Now, to speak on the other reports is Lynn Basconi.

Ms. Basconi: Good morning Mr. Chairman and Members of the Commission. Compliance with the covenants of the Master Trust Agreement over the prior bond issues is a major compliance requirement for the Commission, so we issued two additional reports in Tab B and Tab C in our spiral bound report. Tab B is our report stating that the Commission complies with Section 4 of the Master Trust Agreement. Tab C is a calculation that Marty's group prepares. Page 1 is our report that the Commission complied with the Net System Pledged Revenues Requirements' as outlined in Section 4 of the Master Trust Agreement with the actual calculation shown on page 3. These calculations show that on December 31, 2012, we were at 267%, and the requirement for 2012 was 150% in the year before a bond issuance.

We have also met with the Audit Committee prior to this meeting to review our Letter of Governance. There were no issues noted. I will now take any questions about the audit, CAFR or any of the reports.

Chairman Hruby: Are there any questions? If not, thank you very much for your report.

CFO/Comptroller: That completes my report, Mr. Chairman.

Chairman Hruby: Congratulations to the Audit staff. Mr. Balog and I had an opportunity to meet with the auditors earlier, and we appreciate the good work. Thank you. We will move on the report of our General Counsel, Kathleen Weiss.

General Counsel: Thank you. Mr. Chairman and Commission Members, I have a few items for your consideration this morning. The first one is the renewal of our Property and Casualty Insurance Program. In accordance with Article V, Section 5.5 of the 1994 Master Trust Agreement, the Commission is required to maintain a Comprehensive Property and Casualty Insurance Program. The Program is traditionally marketed on a three-year cycle with the next full marketing to occur in 2014. The current policy year concludes at the end of August, and the Commission's Risk Management Coordinator, Joe Disantis and our Property Casualty Consultant from the firm of Crain Langner, Dan Buser, have aggressively pursued the best possible pricing for the renewal despite more challenging market conditions and greater claim activity. I am going to ask Joe Disantis to present the particulars of this year's renewal to the Board, and thereafter if the Board Members have any questions, Mr. Buser, me and Joe will be happy to answer them.

Mr. Disantis: Mr. Chairman and Commission Members. After a several year slide in insurance rates in almost all lines of business, premium pricing began rising in the third quarter of 2011 and is continuing to rise into the third quarter of 2013. Insurance companies have been hit by high catastrophe losses such as Hurricane Sandy, large wildfires and less than optimal returns on their investment.

This slide shows that, despite these increases, the Commission's overall premiums remain below where they were in the middle of the last decade. Moreover, last year, we added Cyber and Pollution Liability coverage, which comprised seven of the twenty percentage points attributable to the premium increase between policy years 2011/2012 and 2012/2013.

The current state of the market, insurance claims in the industry, and the increase in the values of the Commission's assets has resulted in an increase in overall premium for the

2013/2014 policy year. The overall 2013/2014 premium increase for the entire Property and Casualty insurance program is about 6%, without adjusting for any increase in various Commission values. It should be noted that our premium year is September through August.

The first column on this slide pertains to the Commission's Property insurance policy. This policy insures Commission property for its loss on a full replacement cost basis, including coverage for business income. As you can see, the Commission is insuring over a half billion dollars in physical assets, including: \$485 million in buildings; \$31 million in *E-ZPass* equipment; \$12 million in maintenance equipment; \$13 million in office equipment; \$7 million in computer equipment and other assets, including salt domes and radio towers. The Commission's values increased about 5% from last year primarily due to the addition of over \$30 million in two new service plazas in Mahoning County and improvements to other facilities, which resulted in a premium increase of about 7%. Please note that the slide shows an overall increase in property values of a little over \$25 million because some values also dropped primarily due to depreciation.

The next column is for the Commission's Bridge Insurance and Use & Occupancy or Business Interruption coverage. The Commission is mandated by the Trust Agreement to maintain this type of coverage. The past two times the Commission bid this insurance in 2008 and 2011, it only received one bid for this policy and relatively few insurers offer this type of coverage. The replacement cost values of the Commission's eight major bridges increased by over \$4.5 million this year. This, along with a perceived increase in terrorism risk by the insurer, resulted in a premium increase of about 5%.

A combination of General Liability, Employers' Liability, Employee Benefits Liability, Automobile Liability, Public Officials' Liability and Employment Practices Liability coverage

with the Travelers Group has resulted in an increase in premium of approximately 5% from the previous policy year. We are recommending that the Commission increase its self-insured retention from \$50,000 to \$100,000 for these lines of coverage. If the Commission chooses not to increase the retention, the increase in premium would be an additional \$49,000 or approximately 20% for these lines of coverage instead of the 5% previously mentioned.

General Liability protects the Commission from claims by third parties for bodily injury and property damage, which includes slip and falls at Turnpike facilities and incidents on the roadway not involving Commission vehicles. There has been a low incidence of major claims the past three years and the Commission's has excellent safety procedures as viewed by the insurer. This line of coverage actually decreased 7%.

Employers Liability is coverage for sums that the Commission would be required to pay due to bodily injury by accident or disease sustained by an employee in the course of employment that would not be covered by Worker's Compensation. This cost is included in the General Liability.

Employee Benefits Liability covers the Commission for Errors and Omissions in the administration of the employee benefit program, such as failure to enroll a Commission employee into a benefit program. This premium cost is also included in the General Liability.

Automobile Liability protects the Commission for financial loss due to liability for automobile related injuries to others or damage to their property by an automobile and for damage to Commission vehicles. The Commission has vehicles with a value of over \$21 million. The cost of this coverage increased about 13% due to the replacement of older vehicles and some major claim activity.

Public Officials Liability is coverage for the Commission for any wrongful acts, such as breach of duty or negligence by a Commission Member, Officer or Employee of the Commission acting in his or her official capacity. This renewal is basically flat for this year.

Employment Practices Liability is coverage for wrongful acts arising from the employment process. The most frequent types of claims alleged under this type of policy include wrongful termination, discrimination and sexual harassment. This line of coverage increased 11% primarily due to claim activity.

The Crime policy covers loss of the Commission's money and securities from within the premises or from the bank or safe depository. It includes coverage for employee dishonesty, theft, safe burglary, forgery, credit card fraud, and computer or wire transfer fraud. This renewal for this policy was basically flat.

The Umbrella and Excess layers of insurance cover the Commission up to \$65 million over and above the General Liability, Employer Liability, Employee Benefits Liability, Automobile and Public Officials Liability lines of coverage. The Umbrella and Excess liability layers have increased and they generally increase or decrease in correlation with the aforementioned primary layer policies, and have increased 8% and 6% respectively.

The Cyber Liability coverage is first party coverage and includes network extortion, business income, restoration of electronic data, notification expense, credit monitoring expense, data forensic expense, public relations and crisis management liability. Third party coverage includes website publishing liability, network security breach liability, privacy liability, and regulatory defense liability. The annual premium increased about 3% for this line of coverage due to market conditions.

Finally, the Pollution Liability coverage includes first party remediation expenses; third party bodily injury, property damage and remediation expenses; emergency response expenses; and business interruption. The two year policy premium was paid in 2013 and includes terrorism coverage.

That concludes my report.

General Counsel: With your permission, I would like to read the Resolved.

Chairman Hruby: Please.

General Counsel: RESOLVED that the Commission hereby authorizes the Executive Director and General Counsel to purchase the above-specified insurance policies through: Arthur J. Gallagher Risk Management Services, Inc. for Commercial General Liability, Automobile Liability, Public Officials Errors & Omissions, Employment Practices Liability, Employers Liability, Employee Benefits Liability, Broad Form Money and Securities/Crime Insurance, Umbrella Liability, Pollution Liability and Cyber Liability Insurance; The Hylant Group for Multi-peril/Property Insurance; Hoffman Group for Bridge and Use & Occupancy Insurance; and Wells Fargo Insurance Services USA, Inc. for Excess Liability Insurance; all in accordance with the terms and conditions set forth in the proposals and at the premiums quoted by the respective agent brokerage firms; and

FURTHER RESOLVED that a certified copy of this resolution shall be transmitted to the trustee for the bondholders.

Chairman Hruby: Is there a motion?

Vice Chairman Balog: So moved.

Chairman Hruby: Vice Chairman Balog moves and I will second. Are there any questions or discussion? Yes, Mr. Dixon.

Mr. Dixon: Did I hear correctly that we had an 11% increase in one area because of a sexual harassment and discrimination claim?

General Counsel: Yes. Mr. Chairman and Commission Member Dixon, we do have one claim pending that has a rather substantial reserve established for it that has caused

that line of insurance to increase in costs. It is our hope that once that claim is resolved, we will be able to bring that cost back down.

Mr. Dixon: Thank you.

Chairman Hruby: Are there any other questions or comments? Hearing none, roll call.

Director Hodges: Vice Chairman Balog.

Vice Chairman Balog: Yes.

Director Hodges: Chairman Hruby.

Chairman Hruby: Yes.

Director Hodges: Commissioner Dixon.

Mr. Dixon: Yes.

Director Hodges: Secretary-Treasurer Barber.

Secretary Barber: Yes.

Director Hodges: Commissioner Murphy.

Mr. Murphy: Yes.

Director Hodges: Five to zero.

Chairman Hruby: The Resolution is adopted.

OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION

Resolution Authorizing the Renewal of Insurance Policies for the Commission's Comprehensive Property and Casualty Insurance Program

WHEREAS, the Commission is required to maintain comprehensive property and casualty insurance coverage in accordance with Article 5, Section 5.05 of the 1994 Master Trust Agreement; and

WHEREAS, the Commission has received proposals for the renewal of the Property and Casualty Insurance Program for the 2013/2014 policy year, as identified in the attached schedule of insurance coverage, whereby the Commission will continue to maintain coverage for Commercial General Liability, Automobile Liability, Public Officials Errors & Omissions, Employment Practices Liability, Employers Liability, Employee Benefits Liability, Bridge and Use & Occupancy, Multi-Peril Property, Data Processing, Maintenance/Contractor's Equipment, Boiler & Machinery, Money and Securities/Crime Insurance, Umbrella/Excess Liability, Pollution Liability and Cyber Liability Insurance coverage, which will result in an overall six percent increase in premium as compared to the cost paid for the same insurance coverage during the 2012/2013 policy year; and

WHEREAS, the General Counsel and the Risk Management Coordinator have recommended that the Commission accept the proposals received for the renewal of said insurance policies by the following agent/brokerage firms on behalf of insurance carriers at the corresponding premium quotes:

1. Commercial General Liability including terrorism coverage, Automobile Liability, Public Officials Errors and Omissions, Employment Practices Liability, Employers Liability, Employee Benefits Liability, Broad Form Money and Securities/Crime Insurance, and Umbrella Liability Insurance coverage proposed by Arthur J. Gallagher Risk Management Services, Inc. on behalf of the Travelers Group for an annual premium of \$367,073 beginning on September 1, 2013;
2. Multi-Peril/Property Insurance, including terrorism coverage, proposed by The Hylant Group on behalf of Affiliated F.M. Insurance Company for an annual premium of \$256,500 beginning on September 1, 2013;
3. Bridge and Use & Occupancy Insurance, including terrorism coverage, proposed by The Hoffman Group on behalf of the Travelers Group for an annual premium of \$155,415 beginning on September 1, 2013;
4. Excess Liability Insurance Coverage, including terrorism coverage, proposed by Wells Fargo Insurance Services USA, Inc., on behalf of The North River Insurance Company and Great American Insurance Company for an annual premium of \$108,477 beginning on September 1, 2013;
5. Pollution Liability Insurance, including terrorism coverage, proposed by Arthur J. Gallagher Risk Management Services, Inc. on behalf of Ironshore Specialty Insurance Company of Boston, Massachusetts, continuing under a two-year premium of \$27,405 that was paid in 2012; and
6. Cyber Liability Insurance, including terrorism coverage, proposed by Arthur J. Gallagher Risk Management Services, Inc. on behalf of Axis Insurance Company of Chicago, Illinois, for an annual premium of \$40,940 beginning September 1, 2013.

WHEREAS, the Executive Director has reviewed the recommendations submitted by the General Counsel and the Risk Management Coordinator and concurs with their recommendations; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the Commission hereby authorizes the Executive Director and General Counsel to purchase the above-specified insurance policies through: Arthur J. Gallagher Risk Management Services, Inc. for Commercial General Liability, Automobile Liability, Public Officials Errors & Omissions, Employment Practices Liability, Employers Liability, Employee Benefits Liability, Broad Form Money and Securities/Crime Insurance, Umbrella Liability, Pollution Liability and Cyber Liability Insurance; The Hylant Group for Multi-peril/Property Insurance; Hoffman Group for Bridge and Use & Occupancy Insurance; and Wells Fargo Insurance Services USA, Inc. for Excess Liability Insurance; all in accordance with the terms and conditions set forth in the proposals and at the premiums quoted by the respective agent brokerage firms; and

FURTHER RESOLVED that a certified copy of this resolution shall be transmitted to the trustee for the bondholders.

(Resolution No. 56-2013 adopted August 19, 2013)

General Counsel: Thank you Mr. Chairman and Commission Members. I have another resolution for your consideration this morning. This is the Resolution Authorizing the Filing in Final Form of New Administrative Rule 5537-10-01 Establishing Procedures for Receipt and Review of Applications for the Funding of Infrastructure Projects. Under amendments that became effective to the Ohio Turnpike Act on July 1, 2013, the Commission engaged in the issuance of approximately \$930 million in Turnpike Revenue Bonds that will be used to fund infrastructure projects identified by ODOT, and approved by the Commission.

With the passage of Sub. H.B. 51, a new provision was added, Ohio Revised Code Section 5537.18 that requires the Commission to adopt administrative rules “establishing the procedures and criteria under which the Commission may approve an application received from the director of transportation for infrastructure project funding.”

Section 5537.18 additionally states that such rules shall “require an infrastructure project to have an anticipated benefit to the system of public highways in the state of Ohio and transportation-related nexus with and relationship to the Ohio turnpike system and the Ohio turnpike and infrastructure system,” and also sets forth the criteria to be utilized by the Commission in determining the aforementioned nexus and relationship.

Section 5537.18 also requires that the applications submitted to the Commission for infrastructure project funding, “as submitted by the director, shall include only infrastructure projects that previously have been reviewed and recommended by the Transportation Review Advisory Council (“TRAC”) pursuant to the selection process followed by the council under Chapter 5512. of the Revised Code.”

In fact, several ODOT District Deputy Directors are here today to provide Commission Members with infrastructure project funding presentations.

Newly proposed Administrative Rule 5537-10-01 was drafted to comply with the requirements of Ohio Revised Code Section 5537.18, and the Commission, via Resolution No. 23-2013, authorized the filing of the new rule with the Joint Committee on Agency Rule Review (“JCARR”) in accordance with the requirements of Section 111.15 of the Ohio Revised Code.

It is also required that new administrative rules be submitted to the newly enacted Common Sense Initiative (“CSI”) in accordance with Ohio Revised Code Section 107.54, to ensure that there is an opportunity for comment by any stakeholder groups that might experience an “adverse business impact” as a result of the existing or new rule, and CSI has determined that there is no adverse business impact caused by the new rule because it is a rule that pertains to transactions between two state entities.

On July 22, 2013, JCARR approved new Administrative Rule 5537-10-01, which is now ready to be filed in final form. Therefore, it is now time for the Commission to file new Administrative Rule 5537-10-01 in final form with JCARR, the Legislative Service Commission and the Secretary of State.

Attached to the package is a copy of the application form that will be used to submit the infrastructure project funding requests to the Commission. We have been working with ODOT in terms of the projects that will be submitted for consideration. We also have worked on and reviewed together a proposed Project Funding Contract that will be entered into after the Commission has reviewed and determined whether or not it will accept and fund a project. Mr. Chairman, if I may have your permission to read the Resolved.

Chairman Hruby: Please.

General Counsel: RESOLVED that, in accordance with Sections 111.15 and 119.032 of the Ohio Revised Code, the Commission hereby authorizes the Executive Director and General Counsel to submit newly adopted administrative rule 5537-10-01 in final form to JCARR, the Legislative Service Commission and the Secretary of State.

Secretary Barber: I move for adoption.

Vice Chairman Balog: Second.

Chairman Hruby: Are there any questions? Hearing none, roll call.

Director Hodges: Secretary-Treasurer Barber.

Secretary Barber: Yes.

Director Hodges: Vice Chairman Balog.

Vice Chairman Balog: Yes.

Director Hodges: Chairman Hruby.

Chairman Hruby: Yes.

Director Hodges: Commissioner Dixon.
Mr. Dixon: Yes.
Director Hodges: Commissioner Murphy.
Mr. Murphy: Yes.
Director Hodges: Five to zero.
Chairman Hruby: The Resolution is adopted.

OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION

Resolution Authorizing the Filing in Final Form of New Administrative Rule 5537-10-01 Establishing Procedures for Receipt and Review of Applications for the Funding of Infrastructure Projects

WHEREAS, under amendments that became effective to the Ohio Turnpike Act on July 1, 2013, the Commission has engaged in the issuance of approximately \$930 million dollars in Turnpike Revenue Bonds that will be used to fund infrastructure projects identified by the Ohio Department of Transportation and approved by the Ohio Turnpike and Infrastructure Commission; and

WHEREAS, the General Counsel has previously advised the Commission that the Turnpike statutes have been amended under Am. Sub. H.B. 51 to add a new provision, Ohio Revised Code Section 5537.18, which requires that the Commission adopt administrative rules “establishing the procedures and criteria under which the Commission may approve an application received from the director of transportation for infrastructure project funding;” and

WHEREAS, Section 5537.18 additionally states that such rules shall “require an infrastructure project to have an anticipated benefit to the system of public highways in the state of Ohio and transportation-related nexus with and relationship to the Ohio turnpike system and the Ohio turnpike and infrastructure system,” and also sets forth the criteria to be utilized by the Commission in determining the aforementioned nexus and relationship; and

WHEREAS, Section 5537.18 also requires that the applications submitted to the Commission for infrastructure project funding, “as submitted by the director, shall include only infrastructure projects that previously have been reviewed and recommended by the transportation review advisory council pursuant to the selection process followed by the council under Chapter 5512. of the Revised Code;” and

WHEREAS, newly proposed administrative rule 5537-10-01 was drafted to comply the requirements of Ohio Revised Code Section 5537.18, and the Commission, via Resolution No.

23-2013, authorized the filing of the new rule with the Joint Committee on Agency Rule Review (“JCARR”) in accordance with the requirements of Section 111.15 of the Ohio Revised Code; and

WHEREAS, it is also required that new administrative rules be submitted to the newly enacted Common Sense Initiative (“CSI”) in accordance with Ohio Revised Code Section 107.54, to ensure that there is an opportunity for comment by any stakeholder groups that might experience an “adverse business impact” as a result of the existing or new rule; and

WHEREAS, the CSI has determined that there is no adverse business impact caused by the new rule because it is a rule that pertains to transactions between two state entities; and

WHEREAS, in accordance with the applicable statutory provisions, on July 22, 2013, JCARR approved new administrative rule 5537-10-01, which is now ready to be filed in final form; and

WHEREAS, having performed all of the statutory requirements, it is now time for the Commission to file new administrative rule 5537-10-01 in final form with JCARR, the Legislative Service Commission and the Secretary of State, and the Commission concurs that these actions should be taken.

NOW, THEREFORE, BE IT

RESOLVED that, in accordance with Sections 111.15 and 119.032 of the Ohio Revised Code, the Commission hereby authorizes the Executive Director and General Counsel to submit newly adopted administrative rule 5537-10-01 in final form to JCARR, the Legislative Service Commission and the Secretary of State.

(Resolution No. 57-2013 adopted August 19, 2013)

Mr. Murphy: That is a glorious piece of legislation.

General Counsel: Lastly, in your folders is the quarterly litigation report for your review. If you have any questions about it, I will be happy to answer them. Contained in that report is a summary of a quarterly MBE and FBE numbers, and I am very pleased to report that over the last year and a half, we have improved those numbers dramatically by over 150% to nearly 8% of all Commission contracts. That is exclusive of the contracts that were approved today that also have indicated additional minority participation, and also exclusive of what was

mentioned to you as the very impressive participation in the bond sale by two of the MBE firms that we selected as part of our syndicate. There is always room for improvement though, so to this end, the Commission's MBE/FBE Coordinator in the Procurement Department have attended, and will continue to attend, Matchmaker events hosted by organizations such as COSE, and the Engineering Department has continued to engage in significant outreach to improve those numbers, not only on the consulting side, but as you can see, on the construction side. If there are no questions about the litigation report, I have one more item to mention.

Chairman Hruby: Does anyone have any questions? Anything else?

General Counsel: One more item Mr. Chairman. On September 16, Susan Willeke of the Ohio Ethics Commission will be here to provide mandatory ethics training for Commission Members and employees who are required to file a Financial Disclosure Statement or who work closely on contracting/procurement matters. The training will take place immediately after the Commission meeting. If you could just make a note that you will be staying just a little bit longer, we would appreciate it. That is all I have.

Chairman Hruby: Thank you. I appreciate all of your good work throughout the process.

General Counsel: Thank you.

Chairman Hruby: We will move on then to the remaining reports. Our Financial Advisor, Bethany. Anything further?

Ms. Pugh: No additional report Mr. Chairman.

Chairman Hruby: Our General Consultant, Scott Buchanan.

Mr. Buchanan: No report Mr. Chairman.

Chairman Hruby: Our Trustee from Huntington, Mr. Lamb.

Mr. Lamb: No report Mr. Chairman.

Chairman Hruby: Our Ohio State Highway Patrol. Welcome back Lieutenant. I knew you could not stay away.

Lt. Sivak: Good morning Mr. Chairman and Commission Members. There are several items I would like to cover today as I am filling in for Captain Hannay. We are sorry to report that since our last Meeting, we have had three fatalities along the Ohio Turnpike. One was a natural death, and the other two were traffic fatalities. On July 14, 2013, there was a one-vehicle crash in Summit County. Upon further investigation of that accident, it was revealed that the 66 year-old male driver had suffered a medical condition, and the autopsy revealed that it was natural causes.

On July 27, 2013, there was a fatal crash in Erie County of a 53 year-old female. She lost control in wet weather conditions and drove off the right side of the road where she struck a guardrail. The exact cause of that with contributing circumstances is still under investigation.

On August 8, 2013, a very tragic incident occurred. There was a family of seven traveling from Maryland to Chicago. They encountered a heavy downpour. Shortly thereafter, their vehicle almost immediately hydroplaned, the driver lost control and the vehicle overturned. The 15 year-old daughter of the driver was ejected and killed. Our investigation has shown that multiple tires had minimal tread depth which contributed to this vehicle losing control. We would like to extend our condolences to the family. This emphasizes the point that we all think about snow and ice and slowing down during those conditions, but unfortunately as demonstrated here, wet weather conditions can be just as tragic. Thus far in 2013, we have investigated almost 1,400 crashes along the Turnpike, and that is a 5% decrease compared to the

crashes in 2012. Our Troopers have made nearly 66,000 contacts with motorists on the Ohio Turnpike thus far in 2013.

One note agency wide that I would like to bring up is, for those who do not know, we recently lost our superintendent to a higher position. John Born is now the Director of Public Safety, and as I had talked about at past Commission Meetings, one thing Colonel Born did was elevate criminal interdiction with traffic safety, and that overall holistic picture of contributing to a safer Ohio is what the Ohio Highway Patrol tries to do. I can assure you that that mission will not change with Colonel Paul Pride. He was one of the drug enforcers behind this criminal interdiction that we have become involved with.

I want to highlight just two of the many incidences that have occurred here on the Turnpike since the last Meeting. On July 18, 2013, our troopers made traffic stops on two separate vehicles. It started with a vehicle following too close to a motor home. Further investigation revealed that the vehicle we stopped initially was following the motor home; they were tied in traveling together. We ended up making a stop on the motor home as well, and there was approximately 900 pounds of marijuana in this vehicle with a street value of over \$4 million that we removed from the roadways. That, obviously, has an impact all across the board. We look at what we can do on a day-to-day basis traffic wise. But when you look at the other crimes that are associated with drugs, we continue to have an impact in that area.

Another area of note that we have become involved with, and Governor Kasich is a big supporter of this, is the human trafficking that is going on across the country – Ohio specifically. On August 14, 2013, our troopers made a stop of a vehicle for a speed violation. There were no other tips or anything, and just through talking to the driver, the trooper detected an odor of marijuana coming from the vehicle. A probable cause search revealed marijuana and a loaded

handgun. There was a time where we would have stopped right there, but he continued with his investigation and found that there was two females held in the car: one 21 year-old California woman and another 25 year-old Arizona woman, who were forced into prostitution, and who had been involved with this individual for a number of years. The investigation revealed that these two women, who have been involved in this situation for years, have now been reunited with their families, and I applaud the efforts of our officers in that regard.

In closing, the Highway Patrol will continue to partner with Turnpike personnel, specifically Engineering, as well as the Maintenance, Vehicle Services and Fire/Rescue to make this a safe road for everybody.

Again, the fatalities are the most difficult thing that we deal with, and that one from August 8th was very difficult. I know the troopers who were out there on the scene, and I know some individuals from the Turnpike were there as well. Again, it was very difficult. Just remind everybody to slow down in inclement weather, wear your safety belts and let us all try to get to where we are going safely. Thank you, sir.

Chairman Hruby: Thank you Lieutenant, and our congratulations to your new superintendent. I am amazed at what you are doing, and I keep saying it over and over again. What you are doing in the drug interdiction is just wonderful, and that is helping all of the suburbs and major cities throughout the state. Are there any questions for the Lieutenant?

We would normally be adjourning the Meeting, but we have a presentation by ODOT, specifically, of the TRAC projects for which funding will be requested through our new Infrastructure Commission. We would ask the members of the team that are going to make that presentation please come forward.

Director Hodges: Kathy, if you could have the criteria ready for the nexus to comment when I am done. The process that has been outlined before is that these projects were submitted by their local sponsors to TRAC. TRAC evaluated the projects and determined that they were good transportation projects so that question has been resolved. ODOT has then made a recommendation of those projects that they believe constitute a nexus to the Turnpike that are appropriate for funding. Today, we are going to hear the projects and the presentations on the projects. Staff will then have an opportunity to review the applications and submit their recommendations to you, which you may use as a resource as you see fit. At the September 9, 2013, Commission Special Meeting, you will be voting on the projects that you believe are appropriate for funding based on the nexus criteria, and that is solely at your discretion. We will then send those projects to ODOT and, assuming that they are in excess of \$1 billion, they will prioritize the projects and send them back here for your final approval at the September 16, 2013, Commission Meeting. Per the Chairman's instructions, at the September 9, 2013, Special Meeting, you will have the opportunity to accept, reject or table the project pending a request for further information. That is entirely at your discretion. Kathy, if you would not mind just reviewing the nexus criteria, and then Mr. Chairman, if you would like to say anything before we hear from our esteemed Deputy Director and former Commission Member, Myron Pakush.

General Counsel: Mr. Chairman and Commission Members, the Rule that we just covered speaks to these criteria that are referenced in the statute, and we are going to be looking to see whether the project meets any or all of these criteria.

The first one is the physical proximity of the infrastructure project to a direct or indirect physical connection between the project and the Turnpike System. The second is the impact of the project on traffic density, flow through or capacity on the Turnpike System. The third is the

impact of the infrastructure project on the Ohio Turnpike System's toll revenue or other revenues. The fourth is the impact of the infrastructure project on the movement of goods and services on or in the area of the Turnpike System. The last criteria is the enhancement or improvement by and through the project of access to use of and egress from the Ohio Turnpike System and access to and from connected areas of population, commerce and industry.

Chairman Hruby: Thank you. Folks, as you know, the Turnpike Commission has always enjoyed a wonderful relationship with the ODOT. Director Jerry Wray and Chief of Staff Murphy have worked very closely with the Turnpike staff throughout this process. Mr. Murphy, is there anything you would like add?

Mr. Murphy: Helping to pass the legislation and being so close to this for the two and one-half years we have been working on it, I just wanted to talk briefly about what we are here to do as a Commission. Through the recommendation of the staff, recognize the nexus and then to decide if this Commission wants to participate in the funding of the project. I guarantee that these are all great projects. However, it is really not this body's opinion of whether it is a good project or not, it is whether it has a nexus, and if this body wants to participate in the funding. Whether you are from Northwest Ohio or Northeast Ohio, and you would rather see this or that, that is not what we are here to do. We are here to decide if there is a nexus, and if the Commission wants to participate in the funding. I just wanted to make that clear. The TRAC does similar things. If a project meets the regulations of the TRAC, sometimes members like to say, "That one is a clunker." If they want to participate, they vote yes or no. The purpose is not to pick it apart. On the other side of it, I believe that the Commission and ODOT truly are operating in concert now. I think over the years it was sometimes adversarial, but this is finally a time under Governor Kasich's leadership, to bring us

together Senator, as a transportation system. It is a great time to be a part of this – for this body and for ODOT. Around the country, all other 49 states are asking for gas tax increases, and we are not. We are finding a different way to build infrastructure in Ohio. Our Chief Engineer, Jim Barna, just returned from Tennessee, and they are light years behind us. They are not figuring out how to deliver and we are. With that, I will turn it back over to you Mr. Chairman.

Chairman Hruby: Again, there are two specific roles here. TRAC's role is to bring the projects to us based upon their criteria. Our role, as established under the law, is to determine the nexus and whether or not we believe it is of value to the Turnpike.

Secretary Barber: Mr. Chairman, I just want to be completely clear. Our General Counsel has just read the criteria here that we are to consider in approving these applications from TRAC. Does each application have to meet all five items that are listed here before this Commission passes it?

Chairman Hruby: Kathy.

General Counsel: Mr. Chairman and Commission Member Barber, I would say the answer to that is no. It does not have to meet each and every one of the criteria. The statute has listed the criteria – it does not say that the project shall meet each and every one of these criteria. The criteria were set there as examples of what nexus would be. We have had considerable discussions about what nexus is over the last several months, both publicly and among the staff. It is our belief that if one of the criteria were met, probably several of them would be met. But, really it is not an indication in the statute that all five criteria must be met. It is an indication of what nexus could be.

Mr. Murphy: If I could add to that. The onus is on ODOT to bring forward projects that have a nexus. We may miss it a couple of times, but generally speaking, that is the

first cut for ODOT before we pursue Turnpike bond proceeds. Originally, the legislation was written that the Turnpike would determine if there was nexus or not, and we flipped it on its head to say, “ODOT, you are not even allowed to bring projects that do not have a nexus.” Meaning, we cannot bring something from Cincinnati to this Commission or even Columbus for that matter. We believe there is a nexus, but if this body determines there is not, that is fine. We will go back a different way to fund it. I think you will find that most of these, if not all of them, have the nexus that we are looking for.

Director Hodges: It is this Commission’s privilege to make the judgment on nexus based on the criteria outlined in the legislation. It is a judgment call. Although after going through that statutory process, it is the Commission’s judgment. It does not mean that it is a mathematical equation based on those five criteria.

General Counsel: I will echo that Mr. Chairman. Director Hodges is correct that this is a final and incontestable decision by the Board, but it is a decision of discretion by the Board to analyze each project that comes forth, and to give careful thought and consideration to those criteria that are set forth in the statute.

Chairman Hruby: I understand that, and no one knows that better than Senator Manning. You were present during this debate, and certainly, you bring much to the table. I want to acknowledge your fine work in the legislature to get this done. Without your leadership, I do not think it would have gotten done. There were a lot of people who felt that this was not something we should be doing and asked for a variety of amendments to this bill. But, you stood behind the intent, and your leadership brought us to where we are. Thank you for that. Your comments are very welcome on any of these projects, or if you would like to comment now.

Senator Manning: Thank you Mr. Chairman. It was collaboration, as it is when you are making any decisions of working together. I know sometimes it does not seem like it was going to be possible, but it all worked out.

Chairman Hruby: I think people will be watching very closely how this Commission is going to respond to these projects and what projects are recommend for funding, of course, reminding of what the intent was, what was said at the time the legislation was brought forth. The onus is on this Board of this Commission to make the right decisions. I am sure with the work of all us here that have been involved in this; we will be successful in reaching that. I hope you all speak freely and pay close attention to the presentations. We will be asking questions, and it is appropriate that Myron is up first because you are from District 12 and what District is better than District 12? (All laugh.)

Mr. Pakush: I agree with that. Call us, "The State of Cuyahoga."

Chairman Hruby: The State of Ohio; I acknowledge that and I recognize that.

Mr. Pakush: I appreciate that.

Chairman Hruby: I have a lot of respect for you. You have done a marvelous job while you were on the Commission and you are doing a marvelous job as the Deputy Director in charge of District 12. So, if you would begin the process, we would appreciate it.

Mr. Pakush: I appreciate that Mr. Chairman and Director Hodges and Members of the Commission. I am glad to see you and be before you again today. We are here to present our projects for your consideration. I am going to start off first as the District 12 Deputy Director overseeing Cuyahoga, Lake and Geauga Counties. Each of my colleagues who will be presenting will individually introduce themselves, but I do want to recognize some of the ODOT Staff here with us that will help us answer your questions or get through the presentations. First

off, the Assistant Director and Chief Engineer for ODOT, as Mr. Murphy mentioned earlier, Jim Barna. Next to Jim, is Deputy Director for the Division of Planning, Jennifer Townley, and she has brought with her, Jim Gates and Tim McDonald with the TRAC. I would also like to recognize that we have a TRAC Member here with us; Mr. Jack Marchbanks.

Chairman Hruby: Wonderful memories.

Mr. Pakush: It is good to have Jack also as a TRAC Member, as he has a connection with the Turnpike and with ODOT. As you started out explained, we are to talk about our projects for your consideration. Feel free to interrupt us or ask us questions at the end of each of the items. There are a lot of projects that we are presenting, so it might be easier as we are presenting if there is something that comes up to any questions. Alright, the first project is, what I consider, my number 1 and most critical project for District 12, the Cleveland Innerbelt Bridge Replacement Project. That existing bridge spanning the Cuyahoga River and Cuyahoga River Valley is going to be replaced with two structures. The first structure is the westbound structure currently under construction. We sold that in September 2010 and that westbound bridge is going to be completed and open to traffic this year, by Thanksgiving. We are going to move all traffic off of the existing bridge and put it on the new bridge by Thanksgiving. The project before you for which we are requesting funding for the eastbound structure. We are going to be building a sister bridge adjacent to this existing bridge. That project is going to be under construction this year and will be completed in three years. The connectivity with the Turnpike: I-90 has a direct physical connection with the Turnpike at the interchange there at the 80-90, merge in Lorain County, and also at the I-71 interchange. The proximity from I-71 to the Innerbelt Bridge is 15.5 miles and then the connection with 80-90 in Lorain County, is 28.2 miles. As I discussed, we are going to demolish the existing bridge, and construct the new

eastbound bridge. Here is a map on where it is located, and the status of the project. We have got all of the environmental completed, right of way is completed, plans are completed, and we are currently in the procurement stages for this second Innerbelt Bridge. We have already received three proposals from the three design build teams, we are going to open bids on those by September 15th and the project will be awarded October 4th. Once the traffic gets moved onto the new bridge in October, they are going to start the design work since this is another design build project. We plan to have that project completed and open to traffic by June of 2017. Here is the funding plan for the second bridge. It is a total cost of \$378 million. The request before the Turnpike is for \$340 million of that \$378 million.

Chairman Hruby: Can you go back to that slide?

Mr. Pakush: Sure. So the project development, TRAC funding, right of way funding is all handled by ODOT, then the request from OTIC is \$340 million.

Chairman Hruby: The TRAC is getting \$38.2 million then, correct? ODOT and TRAC together?

Mr. Pakush: That is correct. The project development started about the year 2000. It is part of an entire corridor of rebuilding the entire Innerbelt, including the Innerbelt curve, the trench area. There are a series of projects. We are currently constructing what we call CCG1, Contract Group Number 1. We are coming to you with Contract Group Number 2. There are seven total contract groups for the whole Innerbelt corridor totaling about \$2 billion worth of needs.

Chairman Hruby: Okay. Thank you.

Mr. Pakush: As to the nexus part, we are showing that there is a direct physical connection. There will be no impact to traffic flow and toll revenues. Based on our statewide

traffic modeling, there will be improved movements of goods and services and there is also improved ingress and egress to the Turnpike System, in areas of population, commerce and industry. Our traffic modeling was able to verify that. So, that concludes the Innerbelt discussion. If there is anything specifically regarding the Innerbelt Bridge, we would be happy to answer any of your questions.

Senator Manning: Mr. Chairman.

Chairman Hruby: Yes, please.

Senator Manning: Thank you Mr. Chairman. I have a question. I had a constituent that had said that this was being funded first by a gas tax. Is that correct?

Mr. Pakush: We originally were proposing a design build model to finance this project, but since then we are now going to request Turnpike money for the project.

Mr. Murphy: Myron, let me respond. Senator essentially, as you know through the process, every one of these projects was originally funded with gas tax, it just depends on when. Originally this project was pushed out into 2023. We found ways over the last 2 ½ years to become more efficient and to save or redirect money at the department, \$600 million worth. So, we brought the project back to 2016, and then we decided that we need to get this project under construction because the area, the goods and commerce will be moving under a restricted of traffic situation on the westbound bridge for six years, so we brought it back to sell it this year as a design build finance. So the point of it is all of these were gas tax at one point. It just depends on when we would have the money available. We can go through after these presentations, and I can give you some global numbers on what the regions are going to receive for gas tax and for Turnpike and Infrastructure money. It is a great win for northern Ohio, it really is.

Senator Manning: I guess we need this explanation because many of the constituents out there naturally are concerned about our gas tax, and all of that money going south. So, I think, when you explain that as you so well do, we have a better understanding.

Mr. Murphy: Absolutely.

Chairman Hruby: Anything further Senator?

Senator Manning: No. Thank you.

Chairman Hruby: Mr. Pakush, Myron this is roughly 10% from the TRAC, is this what is it going to be basically, I do not know the breakdown of all these fundings, but how did you come up with the decision of a 90/10?

Mr. Murphy: I will answer that for you Myron. Generally, on all of these projects, what we will be requesting is construction dollars. By law, we can request for development money, but we are not. We are requesting, construction dollars only and again these are estimates, so when the bids come in, if they come in lower, as we have seen some good bid prices over the last couple of years, we will move that money to other projects. We will not ask for a right-of-way or engineering money, just the construction dollars. So we did not look at it that way Chairman.

Chairman Hruby: You do not look at it like a 90/10; you look at what the cost estimate is of everything for construction?

Mr. Murphy: Correct.

Mr. Pakush: And we feel pretty good about the construction cost estimates. The first project came in at \$287 million, but included a lot of roadway work. This project not only is going to include the construction of a new bridge, but we are demolishing the existing bridge for

probably about \$30 million, plus inflation from three years ago, we feel this is a pretty good cost estimate. We are hopeful that it will be even lower when the bids come in.

Chairman Hruby: Then on the issue of a nexus, do you feel that, and I don't want to put you on the spot, do you feel what has been given to us in the way of information meets that criteria basically?

General Counsel: Mr. Chairman, I believe that the information that has been provided is very helpful, and also our Engineering staff, specifically Doug, has been participating in the discussions with TRAC. He now has a significant cache of information that he has received by participating in that process, so we will be able to take this information and the information that Doug has gathered and sit down and do our own evaluation.

Chairman Hruby: Okay.

Chief Engineer: Mr. Chairman, if I may follow-up on Kathy's comments.

Chairman Hruby: Doug, please.

Chief Engineer: What you are seeing now is just kind of a global recap of what Jennifer and her staff are providing to us. There is a lot of technical data on movement of traffic VMTs, how it affects all of the traffic both on the Turnpike, as well as parallel routes, we are utilizing a lot of the TRAC information on economic factors, which we think is very important in this entire discussion. So, what you are seeing is just a very surface-oriented review of what information you are getting.

Chairman Hruby: So the public understands that, although this presentation is being made today, our staff will be analyzing all of this information and then will be consulting with the Commission before a final decision is made. Is that not correct in the process?

Chief Engineer: That's correct.

Mr. Pakush: Let me leave you with one more point that I thought of as part of the Innerbelt Bridge project, since it is under procurement. We have already established the DBE expectation for Disadvantage Business Enterprises. The first job had 15% requirement for DBE, so we feel pretty proud about that, we are happy about how that was implemented, and the contracting group has met that already, and we feel pretty good about the second project having that high of a goal of 15% as well.

Chairman Hruby: Thank you.

Secretary Barber: Mr. Chairman, I have a question. I just wanted to follow-up with what was said here, this could be applicable to any presentation, but you've asked for \$340 million from us for this particular project for construction only. Let us say the bids come in much lower than that for construction. What happens to that leftover money if we've granted \$340 million and say they only used \$320 million, where does that other \$20 million go when we have designated it for this particular project?

Director Hodges: Mr. Chairman, if I could answer that question.

Chairman Hruby: Please, go right ahead Mr. Hodges.

Director Hodges: We are not going to give, we can trust them with a blank check, but we are not going to give them that. We will be paying the bills as they are submitted to us.

Secretary Barber: Okay. That is what I wanted to now.

Director Hodges: Any money left over in that case would remain in our fund, and ODOT certainly could come back and request additional projects, or if there are other projects that have already been approved, that are teed up, ODOT could use the money for those projects.

Chairman Hruby: I think Mr. Murphy indicated earlier that, if there is any extra funding, that would be spread out on other projects that ODOT would request.

Secretary Barber: I just want to make sure I understand this completely.

Mr. Murphy: Maybe a point of clarity for the Commission Members that maybe are not as familiar with how we do business at ODOT. We pay for everything using state dollars. Every project you see out on the roads, we pay for out of the state dollars - state gas tax, and then we ask for reimbursement from the Federal Government and that is exactly the same way we are going to operate here. We are going to pay for it, and then we will bill Marty and his staff, and they will check to see that we are doing what we said we were going to do and then reimburse us. So, it will be a reimbursement basis.

General Counsel: Mr. Chairman, if I might add as an additional response to that question, the agreement that we have drafted, in its draft form, has language in it specific to this point. If the project cost comes in under what the board has approved, those moneys will not be expanded and the Commission will be able to consider and entertain a subsequent request for funding. Similarly, if the project is in excess, the amount that the Commission has funded is the amount of the funding, in other words, ODOT would then have to make up the difference.

Chairman Hruby: I think you indicated that you have been somewhat not conservative, and not spendthrift, but you have tried to estimate it as best you can by getting the top end of what the bid may be.

Mr. Murphy: Correct and a lot of these innovative projects with bigger design build, I think the estimate for the first bridge was like \$330 million and it came in at \$287 million.

Mr. Pakush: I believe the Engineer's Estimate that we had back in 2010 was closer to \$400 million.

Mr. Murphy: Yes, it was \$100 million savings. A similar project in Columbus was estimated at \$240 million and came in at \$200 million, so we have seen significant competition for these big design build projects, and two of the three are local shortlisted firms. Is that correct, Myron?

Mr. Pakush: Yes. The three teams that are procuring on the Innerbelt Bridge are, a joint venture with Great Lakes Construction, an engineering group and a couple of other construction groups. There is Kokosing Construction and Walsh Construction and they all have engineering teams.

Chairman Hruby: Director Pakush would you say that, not I-71, but I-90, would you say that that is the alternate route for the Turnpike in this region in that area there?

Mr. Pakush: I would say Interstate...

Chairman Hruby: If there is a massive shutdown of the Turnpike due to an accident, would we expect much of the traffic going to I-90?

Mr. Pakush: The Turnpike would be significantly affected if we did not have this Innerbelt Bridge available for the transportation system. I-90 is a road from Boston to Seattle, and it is an overlap with the Turnpike that also carries the I-90 designation, so this is not only for the heart of Cleveland, it is a very critical piece for our transportation system. I would argue it is also a national corridor that is a very critical project for us and, that is why I view it as my number 1 priority.

Chairman Hruby: And it is viewed though as an alternate route for either 90 or 80, is that not correct?

Mr. Pakush: Yes. I-90 for sure. I-90 is an alternate route. The Turnpike is definitely affected by I-90. Without that, the road is definitely a major connection with the Turnpike for this system.

Chairman Hruby: Any other questions for the Deputy Director.

Mr. Dixon: Mr. Chairman.

Chairman Hruby: Yes sir, Mr. Dixon.

Mr. Dixon: You mentioned 15% DBE. Who will be charged to oversight that? Would that be ODOT?

Mr. Pakush: We have internal people that is all they do is assure compliance with the contractor, plus our contracting team and EEO Officers, That is all they do full time.

Mr. Dixon: That is good. You have got Cleveland. You have got Cuyahoga County. You have got DBE.

Chairman Hruby: Anything else? Are there any other questions for the Deputy Director on this one?

Mr. Pakush: Okay. Thank you. I have one more project for your consideration and that is what we call the Cuyahoga Opportunity Corridor Project. It is a project for which we partnered with the City of Cleveland. We feel that it is not only a benefit to the City and the local area, but this is definitely a regional priority project that is going to help not only our transportation system with relieving some of the traffic off of the Innerbelt, but it is going to provide a redevelopment opportunity for an area that is known as the forgotten triangle, because it is an area that is just very depressed economically, and it also is going to connect into a very significant part of our region, the University Circle area, including the hospital systems and the cultural area out there. This is going to be a big benefit to us regionally and also locally, so we

feel proud of this project working with the City of Cleveland since 2004. There have been a lot of community meetings. We have been in partnership with the residents and the local officials, and we feel this is also a very critical project for our area. Based on the presentation, you will see there is a direct connection with the Ohio Turnpike via the I-77 Interchange at the Turnpike. It is approximately nineteen miles from that Interchange, up I-77 to I-490. Our work is also going to include rebuilding I-490 because we are going to need to improve I-490 to get to the Opportunity Corridor, so I-77 is really the beginning of the project limits. The map shows you where that project is located off of I-77 connecting via a new alignment to East 105th street, and then on an existing alignment, East 105th heading north to Chester, where we are going to do some asymmetrical widening. So a portion of this three mile corridor is going to be a new alignment, parallel to the RTA railroad tracks, and then we are going to hook into existing East 105th street. Where we are at in the process here, we have just submitted a full environmental expert statement to the Federal Highway Administration. We expect to have that approved by early October. This project broken into Phase I and Phase II. Phase I is going to include just the East 105th street widening portion. We plan to have that right-of-way cleared by July of next year. We also want to go to a design build procurement on this project, so we are going to have the scoping documents completed by June of next year and then we will put that out to bid, so we can award it by September of next year. We want to be aggressive with trying to get this project going. It has been talked about for ten years, and we have found a way to get this thing done quicker, so we feel we can actually start construction in October and then we will have the first Phase completed by October of 2016. We are here before you requesting consideration for that first Phase of East 105th Street. That is a \$50 million construction component. We are asking for your consideration for \$39 million of OTIC funding. In regards to the nexus, again, it is a direct

connection from the I-77 Interchange. We do not feel there is going to be any impact to traffic flow or toll revenue based on the traffic statewide modeling. The statewide modeling is also telling us that it will improve the movement of goods and services, and the modeling is showing that there will be improved ingress/egress to the Turnpike and areas of population, commerce and industry. So, that concludes my remarks on the Opportunity Corridor. If you have any questions, I would be happy to take those.

Mr. Murphy: I would just add on this particular project for the Commission Members, and Jennifer can tell us as she has this stuff memorized, that several of these are projects that were Tier 2, meaning that they would not receive funding until well beyond 2027. So, this is one of the projects, and there are several of them, where Governor Kasich's leadership and the work of this Commission and ODOT are bringing projects forward fifteen or twenty years. I think's it is important to make that note that this is going to be great for Cleveland, and this is going to be great for Northeast Ohio.

Chairman Hruby: And they were on Tier 2 not because of the fact that they were not warranted as highly as the other projects, it was just that you had run out of money by that point, so all of them were placed on Tier 2.

Mr. Murphy: Correct. In addition to that, it is not even because the development of the projects was slower or behind, it is simply that we just did not have the funding.

Chairman Hruby: Did not have the funding.

Mr. Murphy: Yes.

Chairman Hruby: It is important to note, it is not that the project was not worthy enough or was not a priority for the TRAC.

Mr. Murphy: Correct.

Chairman Hruby: Any other questions or comments? Thank you very much.

Mr. Pakush: You're welcome.

Chairman Hruby: Excellent presentation.

Mr. Slusher: Good morning Mr. Chairman and Commission Members. My name is Kirk Slusher, I am the District 1 Deputy Director out of Lima and I am here to present the I-75 corridor to you for consideration for funding through the OTIC. The I-75 corridor really is from Findlay all of the way up to Toledo. It is about forty miles long. It has a direct connection with the Turnpike, up just in the area of Toledo. The first section is about thirteen miles from the connection with the Interchange. This whole project is a complete reconstruction and widening of I-75, as well as the addition of a third lane on I-75 from Findlay all of the way up to Toledo. As you can see here, this is the whole section. This consists of six different projects. The first slide here in regards to schedule indicates four different projects. These are the sections from just north of Findlay all of the way up to I-475. The plans are complete for the very first section, which is going to be a design build project and the plans are nearly completed for the rest of the sections. Those sections will also be design bid build projects. All three of those will be ready for sale next spring, and the construction would also be ready for commencement in the spring of 2014. The anticipated completion is 2016. This next project is actually an interchange, which is embedded within the rest of the reconstruction projects. This project is in the City of Findlay. It is ready to go. It has a scheduled award for this December with construction to begin in early spring, and completion at the end of Fall. Then, the final project here we have is the actual reconstruction, widening, and the additional lane in the City of Findlay from the 68.15 Interchange all the way up to County Road 99. This project is much more extensive than the other projects because we are going to need additional right-of-way. It

is a very tight area through the City of Findlay, which already has a concrete median barrier in it, so we are going to need quite a bit of additional right-of-way for this project. This project right now should be ready to go to sale sometime in 2016. Project funding here for the entire corridor, as you can see, we already have about \$20 million that's been committed from ODOT and TRAC for project development; another \$23 million for right of way acquisition. Construction dollars, ODOT and TRAC are proposing to fund about \$162 million with an OTIC request of \$204 million. In regards to the nexus, we do believe we have a direct physical connection; it is about thirteen miles away from the interchange with the Turnpike. The farthest project away, which is a City of Findlay project, is about thirty-nine miles. We don't believe that we are going to have any impact to the traffic flow or toll revenue with the addition of the third lane, as well as the reconstruction. We certainly believe that there will be improved movement of goods and services, as well as improved ingress and egress to the Turnpike. I would be more than willing to entertain any questions the Commission or the Chairman might have.

Chairman Hruby: Any questions from anyone? Comments?

Mr. Murphy: In addition to a couple comments on these six project, and you will hear a couple more from Todd, our District 2 Deputy Director, this corridor is critical for two points of entry for goods and services to the Turnpike and to our system. The goods coming in from the Port of Toledo where they get off of the barges there and come down I-75 through Toledo to the Turnpike or the southern part of the state. Our Chief Engineer delivered a project in North Baltimore, State Route 18 one year ago that has opened their traffic. It is taking trucks from the intermodal facility at CSX over to I-75, up to the Turnpike or up to Toledo or to the rest of the region. These projects are critical for the movement of those goods. We have goods coming in

from the west coast through that intermodal facility in North Baltimore as well as through the Port of Toledo. These projects are really critical to movement of the goods in that area.

Secretary Barber: I would just like to comment that I travel that route all of the time. Going to Columbus, I pick up SR 23 and sometimes it is very difficult even to get on I-75 when I am heading north off of SR 23 because of the number of trucks that do not move over for you. So, I can understand why this is one of the projects.

Mr. Slusher: One of the big improvements that we are going to be making is that interchange between SR 15/US 68 interchange, which turns into SR 23 to I-75. That interchange would be completely reconstructed, so that it would be a much easier flow of traffic from I-75 onto the SR 15/US 68 interchange.

Chairman Hruby: Are there any other questions or comments? Thank you, Mr. Slusher. We appreciate your presentation. Let me ask the Commission, it is now 11:45 a.m. The next presenter has four projects to present. Does anyone need to take a break, or do you want to keep moving on?

Director Hodges: How about a short break.

Chairman Hruby: We will take a ten minute break, and we will meet back here at noon. (11:50 a.m.)

Chairman Hruby: If we could continue. Our next presenter is Todd Audet. Todd.

Mr. Audet: Good morning Chairman and Members of the Commission. I am Todd Audet, ODOT District 2 Deputy Director. I have four projects to present this morning.

The first project is my most critical project. As Chief of Staff, Greg Murphy, had mentioned, the SR 18 Corridor project releases a flow of freight up along the I-75 corridor. The I-75 / I-475 systems interchange here is right there at the top end of the I-75 in the City of Toledo

going right past the former Toledo Jeep plant site, which is 400 acres currently under redevelopment. So, it is very important to the City of Toledo and it is integral to the second phase of our systems interchange project there. The project has a physical connection through I-75, and is about twelve miles from the Turnpike. You can see the section there from about Central Avenue to Phillips Avenue in Toledo. The key dates are the construction start date of March, 2014, and construction completion date would be 2018. The request to OTIC is for the construction funding. The total project amount is \$175.9 million. \$12.9 million is already funded through TRAC and ODOT. Our traffic modeling shows no impact to flow of traffic or toll revenue. Of course, it improves movement of goods and services from the Port of Toledo through the City of Toledo to Detroit, and back down to the rail terminal south of our area. It facilitates improved ingress and egress to the Ohio Turnpike, population, commerce and industry.

The next project is adjacent to it. It actually picks up from the systems interchange. It actually completes all of I-75 – six lanes through that corridor. Basically, it is the last stint in a major artery to open the whole flow of blood through the region.

The project is approximately 13.5 miles from the Turnpike. Again, it is widening and addition of a third lane along I-75 between Phillips and I-280. You can see the last portion there where it connects up from the systems interchange and takes it all the way over to I-75. This is the schedule on where the project is currently. Environmental: all the right-of-way will be cleared next June, and a construction start date of April, 2015 with a completion date of 2017. The request to the Ohio Turnpike and Infrastructure Commission is for \$45 million with \$6.7 million of the total project cost from ODOT and TRAC funding for a total amount of \$51.7 million. Again, it has a direct physical connection. No impact, based on our traffic modeling, to

the traffic flow and toll revenue. Of course, there will be improved movement of goods and services as well as ingress and egress to the Turnpike system, areas of population and commerce and industry.

Next, I-475 and SR 20 is a major systems interchange. SR 23 and I-475 is a corridor where there is a lot of vehicular traffic moving onto this system, which directly impacts flow down through Maumee and points such like Perrysburg and I-75. It is about ten miles from the Turnpike, so it has an indirect physical connection with the Turnpike. Again, it is a reconstruction of the systems interchange between I-475 and Central Avenue. This slide shows the relative location of the project. Environmental approval is expected this September. By December 2014, all of the right-of-way should be cleared and the plan is completed in February 2015. The project award will be June 2015, with a project completion date of November 2017. ODOT and TRAC funding totals approximately \$16.1 million, and construction dollar request from the Ohio Turnpike and Infrastructure Commission of \$44 million for a project total of \$60.1 million. Again, there is an indirect physical connection. Traffic modeling shows no impact to traffic flow and toll revenue. There is improved movement of goods and services. There are a lot of people moving down Central Avenue, and the upgrade in the interchange will facilitate more efficient movement towards points like Maumee and Perrysburg where people access the Turnpike.

My last project is the McCord Road Rail Grade Separation. This is on McCord Road in the City of Holland. This is a safety and capacity project. It has an indirect physical connection with the Turnpike and it is about 4.5 miles away. You can see the connection is actually through surface streets down Perrysburg/Holland Road into Maumee to the Turnpike. Again, this project is a safety and capacity project. Right now, the rail grade separation would allow redirection of

freight flows through the City of Holland down to distribution centers in Maumee. This slide shows where we are at on the project. Everything is “green.” Environmental is completed. Right-of-way will be cleared this Fall. We anticipate construction to start June 2014, with a project completion date of 2017. We are requesting funding in the amount of \$2.7 million. ODOT and TRAC funding is \$23.7 million for a project total of \$31.2 million. Again, indirect connection with the Turnpike, modeling shows no impact to traffic flow and toll revenue, improved movement of goods and services and improved ingress and egress to the Ohio Turnpike system, mostly from the folks who live in Holland and use that corridor.

Chairman Hruby: Are there any questions? None, next presenter, please.

Mr. Biehl: Good afternoon Mr. Chairman and Commission Members. My name is Allen Biehl. I am the District 3 Deputy Director for ODOT. District 3 is located down in Ashland, and we have eight counties in our district – two of which are Lorain and Erie which I will be presenting projects to you for both of those counties.

The first project that we are going to talk about is Lorain/SR 57, and as Greg mentioned earlier, this was a Tier 2 project that, quite honestly, without coming to you folks today asking for funding, this may have gotten done in my lifetime, but maybe not. This project, actually, is the only project that I am going brag about which actually touches the Turnpike. We are literally, zero miles. We are going to be reconstructing a portion of the Turnpike ramps as part of this project. So, there is a direct physical connection with this project. It is really the segment of SR 57 that connects I-90 with the Turnpike over by Midway Mall in the City of Elyria. It is a very short segment, but it has a very high crash rate and it a very congested segment. We have 39,000 vehicles a day that actually traverse this segment of SR 57. We are completed with the environmental document. We are aggressively acquiring the right-of-way for this project as we

speak, and we expect that to be completed by the beginning of 2014. We also have the plans that will be completed by the end of this year. We are looking to basically sell and award this project by April 2014 if the funding with the bond money is approved. We are looking at a completion date for this project of October 2015. We expect it to be a 1.5 year-long project. Part of this project also includes reconstructing the ramps at the I-90 interchange as well as improvement to SR 57 itself. What we are asking for from you today is \$16 million in construction funds. As you can see, there has already been a sizeable amount of money that has been spent on this project in relation to the construction cost. There is a lot of local participation in this project towards building this project as well. Are there any questions?

Chairman Hruby: No. Please move on.

Mr. Biehl: The next project is Erie US 250. This project is, basically, a segment of US 250 up by Sandusky. It has a direct link with the Turnpike Interchange at US 250, which is about five miles away from the project. This project is going to invoke widening and safety improvements to the US 250 corridor. As much as the SR 57 project has a crash history, this one has an extreme crash history. In the last three years, we have had over 600 crashes, which average about one crash every other day on this corridor. The map shows the segment. As you know, several years ago – probably well over a decade ago – ODOT reconstructed US 250 from the Turnpike up to SR 2. This project continues that further north all the way into the City of Sandusky. For those of you who are not familiar with the area, this corridor has a lot of commercial activity. It is really the gateway into Cedar Point, the islands and other destinations in the area, so there is a lot of travel and tourism that occurs in this area. So, we feel this project is very important for out-of-town guests that come into this area. We are a little bit further behind than SR 57 because this one has a pretty extensive right-of-way

component. We are going to have a kick-off on our right-of-way tomorrow with the consultant that is doing that work. We expect that that is going to take a little over one year to acquire all of the right-of-way needed for the project.

We are anticipating that we will have plans ready by the end of next year, and that we will sell and award this project in March, 2015. There will be about a two-year construction schedule for this project. We are asking for \$13.5 million. Again, this is another project that was Tier 2 status. It is a very important project, but one that had no identifiable source of construction funds. As we are right now, we have spent about \$7 million in design and right-of-way that the TRAC has already approved. So, the total cost of the project will be \$21.8 million, including construction.

Direct physical connection exists with an interchange at US 250. This project is just north of that, approximately five miles away. We do not anticipate any impact on traffic flow or toll revenue. This will improve the movement of goods and people. Hopefully, we can reduce that crash rate with this improvement. There will be an improved ingress and egress into the Turnpike and the interchange area as well. Are there any questions about US 250?

Mr. Murphy: Mr. Chairman, just a comment about not just AI's projects, but all of them in general. Kathy reminded me about this. One of the most volatile points during project development for us is the right-of-way acquisition. We have eminent domain and quick take ability, but it is a very sensitive thing, and it is also very volatile when it comes to price. We have the eminent domain law, but we also try to treat people fairly. As you can see, if you notice that, we are not asking for any OTIC money for right-of-way because that is a volatile point, and we will take that risk on. We do not want to put that on the bond sale proceeds. Everything we purchase will be with state or federal dollars.

Chairman Hruby: Are there any other questions or comments? Allen, have you completed your report.

Mr. Biehl: Yes. That is it for me.

Chairman Hruby: Good to see you again.

Mr. Biehl: Okay. Good to you again, Mayor.

Chairman Hruby: Mr. Kinnick.

Mr. Kinnick: Good afternoon. My name is Jim Kinnick. I am the Planning and Engineering Administrator for ODOT District 4. District 4 is the northeastern corner of the state and covers Akron, Canton, Youngstown and all the way up to Ashtabula. On behalf of our Deputy Director, Tony Ranker who is on vacation this week, I would like to thank the Ohio Turnpike and Infrastructure Commission for the opportunity to present our projects. We have three that I would like to talk about this afternoon.

The first project that I would like to present is the Mahoning/Trumbull I-80. This will consist of the widening of six miles of I-80 from four lanes to six lanes in Mahoning and Trumbull Counties. The project will also widen four bridges and replace mainline pavement. The project is located just east of the Turnpike Gate 218, and really is the link to all of traffic heading east to New York City. From this map, you can see the proximity of I-80 with the Turnpike. Gate 218 is really where the Turnpike crosses over I-76. The Turnpike, as it continues southeasterly becomes I-76, and this segment of what was I-76, takes off as I-80 and heads east to New York City. It should be noted that this portion of I-80 that we are talking about widening carries 18,000 trucks a day, which is the second highest volume in the state. I would also like to point out something that is very important to this portion of the state, which is the recent development of VNM Star Steel. It is a \$1 billion investment in the manufacturing of

tube for the Marcellus Shale and Natural Gas exploration. It is really blowing up on this corridor. They are right smack in the middle of the project, and we have noticed all of the industrial land sights up and down this corridor are all being redeveloped now. That is great for that community. Also, at the western edge of our project, there is a \$150 million investment in another racino. The district has been very aggressive in pursuing this project. Currently, we have a consultant on board. We will have environmental approval next month. Plans will be complete, and we will award this project in the Spring of 2015. Our request in front of you today is for \$95 million for the construction funding. The TRAC and ODOT put money in for the development and a very minimal right-of-way where we are widening to the inside. One thing that really stands out is the state's commitment to this project up front. There were fourteen bridges on this project, and in the past five years, we have widened ten of those to three lanes that culminate in this future widening. So, for this project, the costs are down even less because we were able to get some of those bridges widened earlier. To summarize this project, it is less than four miles away from the Ohio Turnpike Exit 218. We feel the additional capacity will increase traffic and toll revenues. It will enhance the movement of goods and services from the east coast to the Midwest. It will clearly improve the ingress and egress to the Ohio Turnpike and areas of population, commerce and industry. Are there any questions on Mahoning I-80?

Chairman Hruby: No questions? Please continue.

Mr. Kinnick: The second project that I would like to present is Summit I-271. This will consist of widening three miles of I-271 from four to six lanes in northern Summit County. The project will widen four bridges and replace the mainline pavement. The project is located approximately five miles north of Ohio Turnpike Exit 180, and less than ten miles away from Exit 187 in Streetsboro. On this map, you can see the proximity of I-271 with the

Turnpike. I would like to draw attention to Exit 180, which is at SR 8; Exit 187, which is at I-480 in Streetsboro; and Exit 173 to the west, which is an interchange with SR 77. With the recent conversion and commitment by ODOT to make SR 8 a limited access facility, this makes the access to the Turnpike from the north much easier. I will also comment that that district runs to the edge of Summit County. District 12 is partnering in widening from the Summit County line north to the I-480 split as it heads west. So, we are working in conjunction with our partners to the north to widen that whole corridor. Our District has also been very aggressive in pursuing this. We have expedited our preliminary engineering efforts. We should have environmental this Fall. We are going to sell this as a design build contract. We hope to have it sold in early or late Spring of 2014 as a design build. Our funding request is \$60 million for construction. The \$2.5 million we put in front of the TRAC for preliminary engineering and development up front to expedite this schedule, and \$60 million in 2015 is for construction. To summarize, the project is approximately five miles from the Ohio Turnpike Exit. We feel the additional capacity will increase traffic and toll revenues. It certainly will enhance the movement of goods and services, and also improve the ingress and egress to the Ohio Turnpike. Are there any questions on I-271?

The third project that I would like to present is Stark/Mahoning Road Transit. This project consists of the improvement to the transit and pedestrian infrastructure to include transit station improvements, shelters, benches and information systems at twenty-five locations along this corridor. The project will also include sidewalks, upgrade traffic signals, and extend bike and pedestrian paths to tie into a regional network. We do not want anybody to be confused with the multiple bids. It was segmented because it is a long corridor. We are hoping to sell it and move forward with one project in two different phases. The project is located in Canton approximately thirty-five miles south of the Turnpike. When completed, it will improve the

connection between the downtown Canton area and employment opportunities and other institutions located along the corridor. Phase 1 of the project consists of awarding a construction contract to have the duct banks for utilities constructed. The problem with this corridor is that is a very tight corridor with a very dense population, and there is a major transmission line running through there. We are going to sell Phase 1 to build the infrastructure for the utilities to be moved back. Phase 2 would be in the Fall of 2015. That would be the actual construction of the project. Our funding request today is for \$2.8 million for construction of Phase 1 in 2014, and \$6.7 million for construction of Phase 2 in 2015. Our total request is for \$9.5 million. To summarize, the project has no direct physical connection to the Turnpike, nor will it impact the traffic or toll revenues. What it will do is improve the movement of goods and services from an economically disadvantaged and densely populated residential, industrial area to downtown Canton. Are there any questions on this Stark / Mahoning Transit Project?

Chairman Hruby: Are there any questions or comments? None. Thank you. That concludes the list of proposed projects from the TRAC and ODOT. Are there any comments or questions? Mr. Balog.

Vice Chairman Balog: Marty, in the process I know that there is a requirement, and I cannot really articulate it clearly, but I understand there is a process where a certain amount of money has to be spent on a relatively short timeframe. Could you explain that, or talk a little bit about that, and do we satisfy that with the projects presented today.

CFO/Comptroller: I believe so. ODOT has already given us a projected spend down of the funds over the next five years. We have looked at that, and it meets the spend down requirement. The requirement is that we have to spend 10% of the proceeds in the first year; 30% by the second year; 60% by the third year; and 85% by the fifth year.

Mr. Murphy: In addition to that, with every project we have what are called as Marty indicated, spend down curves. We sell or award a project, and you do not start cutting checks immediately, it ramps up and there is a bell curve. We have provided for all of these projects to Marty's staff, what these projects would look like. We far exceed those requirements. In addition to that, we have taken a hard look at balancing the program. We have expedited a lot of projects, and we are moving faster than ODOT has ever moved in my experience. We cannot throw it all in fiscal 2014 or this year because it would just jam up traffic all over northern Ohio. So, we are being conscious of the spend down, but also the maintenance of traffic.

CFO/Comptroller: Let me add that it is a combined spend down of Turnpike projects and ODOT projects, and we are going to spend all of our money in the first year to help satisfy the 10% requirement in the first year.

Vice Chairman Balog: So, the two are blended together – our \$70 million?

CFO/Comptroller: That is correct.

General Counsel: Mr. Chairman and Commissioner Balog, I will just add that the Director of ODOT and Director Hodges signed what is called a "Tax Compliance Certificate" as part of the bond sale. Basically, ODOT is telling us that they will not allow us to run afoul of the tax compliance requirements with the spend down, and that is also going to be a part of each project agreement.

Vice Chairman Balog: Thank you.

Chairman Hruby: Are there any other questions or comments?

Secretary Barber: I just want to make sure that we are going to have all of this information that we have just seen prior to our next meeting on September 9, so we have something a little more tangible to study.

Director Hodges: Chairman, we will get you not only the PowerPoint presentation, but the actual ODOT applications, which are much more detailed. Plus, we will have our staff's analysis of that data to you before the next meeting, so that you have an opportunity to discuss the projects and, if it is your pleasure, vote on the projects at the September 9th Commission Meeting. At that point in time, we will send them back to ODOT where they can prioritize. We will be back again on September 16th for your to approve the final list.

Chairman Hruby: Is there anything further? The next Meeting of the Commission will be a Special Meeting on Monday, September 9, 2013, at 10:00 a.m. at which time we will considering and voting on these projects. We will then meet again on September 16th at our regular Meeting. If there is no further business, I will accept a motion to adjourn.

Vice Chairman Balog: So moved.

Secretary Barber: Second.

Chairman Hruby: Moved and seconded. All in favor signify by saying "aye."

All Commission members say "aye." The meeting is adjourned. Thank you very much for your attendance.

Attendees for Record Keeping Purposes:

Frank Eich, Ciuni & Panichi; Lynn Basconi, Jennifer Townley, ODOT; Jim Gates, ODOT; Tim McDonald, ODOT; Richard Boylan, RLB Group; Kirk Slusher, ODOT; Allen Biehl, ODOT; Todd Audet, ODOT; Mike Gramza, ODOT; Dan Buser, Crain Langner; Melissa Ayers, ODOT; Jim Barna, ODOT; Hamid Homaeae, TransSystems; Dan Castrigano, GPI; Chris Near, HMG; Mike McCarthy, HMM; Don Taggart, IUOE Local 18; Bethany Pugh, PFM; Beth Fulton, URS; Scott Buchanan, URS; Alison Grant, The Plain Dealer; Glen Stephens, GStephens; John Petty, J.L. Petty; Frank Lamb, Huntington Bank; Vic Spinabelli, Hill; T. Reidy, Huntington Bank; Myron Pakush, ODOT; Stefan Holmes, First Merit; Michael Bestoline, IUOE Local 18; Jack Marchbank, TRAC; Toby Fritz, Hill; Jim Kinnick, ODOT; Steve Rebillot, ODOT; Lt. Sivak, OSHP; Marty Seekely, Ohio Turnpike; Doug Hedrick; Ohio Turnpike; Kathleen Weiss, Ohio Turnpike; Robin Carlin, Ohio Turnpike; Lisa Mejac, Ohio Turnpike; Mark Musson, Ohio Turnpike; Donna Fritz, Ohio Turnpike; Jennifer Diaz, Ohio Turnpike; Lauren Hakos, Ohio Turnpike; Sharon Isaac, Ohio Turnpike; Dave Miller, Ohio Turnpike; Anthony Yacobucci, Ohio Turnpike.

Time of adjournment: 12:26 p.m.

Approved as a correct transcript of the proceedings
of the Ohio Turnpike Commission

Sandra K. Barber, Secretary-Treasurer