

MINUTES OF THE 586th MEETING OF THE OHIO TURNPIKE COMMISSION

September 18, 2012

Chairman Hruby: (10:00 a.m.) Pledge of Allegiance is recited by all in attendance. The meeting will come to order. Has everyone signed the sign-in sheet? If not, if you would please do so before you leave so we can maintain an accurate record of attendance to our meetings. Would the Asst. Secretary-Treasurer please call the roll?

Asst. Secretary Hodges: Chairman Hruby.

Chairman Hruby: Here.

Asst. Secretary Hodges: Vice Chairman Balog.

Vice Chairman Balog: Here.

Asst. Secretary Hodges: Secretary-Treasurer Barber.

Secretary-Treasurer Barber: Present.

Asst. Secretary Hodges: Mr. Dixon.

Mr. Dixon: Here. (arrived during roll call, 1:03 p.m.).

Asst. Secretary Hodges: Mr. Pakush.

Mr. Pakush: Here.

Asst. Secretary Hodges: Mr. DiNapoli, who is here on behalf of Mr. Cole.

Mr. DiNapoli: Here.

Asst. Secretary Hodges: Mr. Smith. (not present due to State business).

Asst. Secretary Hodges: Senator Patton. (not present due to State business).

Asst. Secretary Hodges: Representative Dovilla. (not present due to State business).

Asst. Secretary Hodges: We have a quorum.

Chairman Hruby: Thank you. To our Jewish friends, Happy New Year. We changed our meeting until today in honor of Rosh Hashanah. We will begin this 586th Meeting of the Ohio Turnpike Commission. We are meeting here at the Commission Headquarters as provided for in the Commission's Code of Bylaws for the Commission meeting. Various reports will be reviewed and we will act on several Resolutions, draft copies of which have been previously sent to the members with updated drafts in the Members' folders. The Resolutions will be explained during the appropriate reports. Can I have a Motion to adopt the Minutes of August 20, 2012?

Vice Chairman Balog: So moved.

Mr. Pakush: Seconded.

Chairman Hruby: Moved and seconded. Any additions or corrections to the Minutes? Hearing none, all those in favor signify "aye."

All members respond with "aye."

Chairman Hruby: The Minutes are approved and adopted. If there are no questions, we will proceed onto the report of our Secretary-Treasurer, Mrs. Barber.

Secretary-Treasurer Barber: Thank you, Chairman. I am pleased to report that the following items have been sent to the Members since the last scheduled meeting of the Commission on August 20, 2012:

1. Two Resolutions;
2. Minutes of the August 20, 2012 Commission Meeting.

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

3. Traffic Crash Summary Report, August, 2012;

4. Traffic and Revenue, August, 2012;
5. Investment Report, August, 2012;
6. Total Revenue by Month and Year, August, 2012;
7. Monthly Financial Report, August, 2012;
8. Various News Articles.

That concludes my report, Mr. Chairman.

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

Asst. Secretary Hodges: Mr. Chairman, I do not have a report this month. I would like to let the Members know that we will have a lengthy report next month to bring the Commission up-to-date on what has been happening and where we are going.

Chairman Hruby: Thank you. We will move on to the Resolutions. We will begin with our Chief Engineer, Doug Hedrick.

Chief Engineer: Thank you, Mr. Chairman. I have just one Resolution for your consideration this afternoon. This Resolution is to Award Contract No. 64-12-01 for the Renovation of Toll Booths at Interchange Nos. 52, 91, 152 and 193. These Interchanges are located in Lucas, Sandusky, Lorain and Portage Counties, respectively. The work associated with these renovations is to allow for the installation of eight ATPM's at these Toll Plazas. If you recall at the August meeting, authorization for the purchase of these machines was granted under Resolution 35-2012 and, at that time, we said we would be back for the Resolution for this work. This Project is contained in the 2012 Capital Improvement Budget. Procurement received one bid for this work in the amount of \$216,000.00 from The Spieker Company, of Perrysburg, Ohio. Engineering has investigated the possible reasons for this single bid. We determined that

the work scope is spread over such a large geographic area, and the fact that the work is of a small and detailed nature, made this unattractive to many of the potential bidders. The Spieker Company has previously performed work of similar nature during the *EZPass*[®] Project installation. The contract submitted by The Spieker Company is 8% over the Engineer's Estimate of \$200,000.00. However, it is recommended to award this bid as it appears to be reasonable based upon the scope of services. As stated, this contractor has performed satisfactorily in the past for the Commission, and the Resolution also contains for a provision to assign URS Corporation, of Akron, Ohio to perform construction administration and inspection services. If the General Counsel would please read the Resolved.

General Counsel: Mr. Chairman, with your permission.

Chairman Hruby: Please.

General Counsel: RESOLVED that the bid submitted by **The Spieker Company of Perrysburg, Ohio**, in the total amount of **\$216,000.00**, for the performance of Contract No. 64-12-01 is, and is by the Commission, determined to be the lowest responsive and responsible bid received, and is accepted, and that the Chairperson and Executive Director, or either of them, hereby are authorized to: 1) execute a contract with said successful bidder in the form heretofore prescribed by the Commission pursuant to the aforesaid bid, 2) direct the return to the bidder of its bid security, when appropriate, and 3) take any and all action necessary or proper to carry out the terms of said bids and of said Contract; and

FURTHER RESOLVED that the Commission hereby authorizes the Executive Director and the Chief Engineer to assign **URS Corporation of Akron, Ohio**, to Contract No. 64-12-01 for the purpose of performing construction administration and inspection, with such assignment in accordance with the 2011-2012 Miscellaneous Engineering Services Agreement between the Ohio Turnpike Commission and said engineering firm; and

[FURTHER RESOLVED that Project No. 64-12-01 is designated a System Project under the Commission's 1994 Master Trust Agreement.]

Chairman Hruby: For the Resolution, is there any action to be taken?

Vice Chairman Balog: Motion to adopt.

Secretary Barber: Second.

Chairman Hruby: Any discussion? Hearing none, roll call.

Asst. Secretary Hodges: Vice Chairman Balog.

Vice Chairman Balog: Yes.

Asst. Secretary Hodges: Secretary Barber.

Secretary Barber: Yes.

Asst. Secretary Hodges: Chairman Hruby.

Chairman Hruby: Yes.

Asst. Secretary Hodges: Mr. Dixon.

Mr. Dixon: Yes.

Asst. Secretary Hodges: Mr. Pakush.

Mr. Pakush: Yes.

Asst. Secretary Hodges: Five to zero.

OHIO TURNPIKE COMMISSION

Resolution Awarding Contract No. 64-12-01, Toll Plaza Modifications for New Automated Toll Payment Machines

WHEREAS, the Commission has duly advertised according to law for bids upon a Contract for the renovation work necessary to install eight Automated Toll Payment Machines (“ATPM’s), two each at Toll Plazas 52, 91, 152 and 193 in Lucas, Sandusky, Lorain and Portage Counties, Ohio, herein designated **Contract No. 64-12-01**; and

WHEREAS, expenditures for the award to be made under Contract No. 64-12-01 will exceed \$150,000.00, and, therefore, in accordance with Article V, Section 1.00 of the Commission’s Code of Bylaws, Commission action is necessary for said Contract award; and

WHEREAS, on August 22, 2012, the Commission received one bid from **The Spieker Company of Perrysburg, Ohio (“Spieker”)**, in the amount of **\$216,000.00** for the performance of Contract No. 64-12-01; and

WHEREAS, said bid has been reviewed and analyzed by the Commission's Chief Engineer, who has submitted a report concerning such analysis indicating that Spieker has performed satisfactorily on Commission projects in the past, and that Spieker has sufficient capacity to perform this Project; and

WHEREAS, the Commission has been advised by the General Counsel that bids for Contract No. 64-12-01 were solicited on the basis of the same terms and conditions and the same specifications, that the low bid of Spieker for Contract No. 64-12-01 conforms to the requirements of Ohio Revised Code Sections 5537.07, 9.312 and 153.54, and that a performance bond with good and sufficient surety has been submitted by said bidder; and

WHEREAS, the Commission's Executive Director has reviewed the reports of the Chief Engineer and the General Counsel and, predicated upon such analyses, has made his recommendation to the Commission to award Contract No. 64-12-01 to the lowest responsive and responsible bidder, The Spieker Company, in the amount of \$216,000.00; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the bid submitted by **The Spieker Company of Perrysburg, Ohio**, in the total amount of **\$216,000.00**, for the performance of Contract No. 64-12-01 is, and is by the Commission, determined to be the lowest responsive and responsible bid received, and is accepted, and that the Chairperson and Executive Director, or either of them, hereby are authorized to: 1) execute a contract with said successful bidder in the form heretofore prescribed by the Commission pursuant to the aforesaid bid, 2) direct the return to the bidder of its bid security, when appropriate, and 3) take any and all action necessary or proper to carry out the terms of said bids and of said Contract; and

FURTHER RESOLVED that the Commission hereby authorizes the Executive Director and the Chief Engineer to assign **URS Corporation of Akron, Ohio**, to Contract No. 64-12-01 for the purpose of performing construction administration and inspection, with such assignment in accordance with the 2011-2012 Miscellaneous Engineering Services Agreement between the Ohio Turnpike Commission and said engineering firm; and

[FURTHER RESOLVED that Project No. 64-12-01 is designated a System Project under the Commission's 1994 Master Trust Agreement.]

(Resolution No. 40-2012 adopted September 18, 2012)

Chief Engineer: That concludes my report this morning, Mr. Chairman.

Chairman Hruby: Thank you, Doug. Next, we will move on to the report of our CFO, Marty.

CFO/Comptroller: Thank you, Mr. Chairman. I have a brief update on our traffic and revenue for the month of August. This first chart shows the monthly passenger car miles traveled on the Ohio Turnpike over the past two years. The passenger car vehicle miles traveled recovered somewhat after being down from last year in July and were .8% higher than last year in August. Commercial traffic also improved and was 1% higher than last year in August.

The toll rate increase in January and the slight increase in traffic caused passenger car toll revenue to be 9.2% higher than last year in August. Commercial vehicle toll revenues also benefited from the January toll rate increase, and the increase in vehicle miles traveled as a result were at 9.8% higher than last year in August.

This chart shows the year-to-date toll revenues through the month of August during each year over the past decade. Toll revenues for the first eight months of this year were \$16.2 million or, 10.5% above the amount from last year. If you subtract February 29th from this year's total, the toll revenues are up 10.1% over the same number of days from last year. That completes my report, Mr. Chairman.

Chairman Hruby: Thank you. Any questions? If not, we will move on to the Director of Audit and Internal Controls, Dave Miller.

Director of Audit: Good afternoon Mr. Chairman and Commission Members. Guidance for securing independent auditing services for the Ohio Turnpike is rooted in two places; the Ohio Revised Code and the Master Trust Agreement with Huntington Bank that secures the Commission's \$566 million in outstanding revenue bonds. Ohio Revised Code §5537.17 states that: "The Commission shall cause an audit of its books and accounts to be made at least once each year by certified public accountants." The Ohio Revised Code further states: "The Auditor of State, at least once a year and without previous notice to the Commission, shall

audit the accounts and transactions of the Commission.” Similarly, Section 5.15 of the Master Trust Agreement states that: “The Commission shall cause an audit of its financial statements to be performed each year by an independent certified public accountant.” Historically, each of these requirements has been satisfied by the Auditor of State’s selection of an independent public accounting firm to perform the annual audit of the Commission. The Auditor of State provides a format for the RFP used to obtain these services, approves the final selection of the firm as well as all of their invoices, and also performs a quality assurance review each year of the work performed by the selected firm. Outside of performance audit procedures, the Auditor of State has never audited the Ohio Turnpike Commission. Auditor of State approved contracts for independent public accounting services generally have three-year terms with an option to renew for two additional years. Auditor of State policy allows for the same firm to perform audit services for any given entity for a maximum of ten consecutive years before requiring a change. The regional accounting firm of Ciuni & Panichi has audited the Commission for the last eight years, and their contract expired with the completion of the fiscal 2011 audit. I initiated contact with the local Auditor of State in March of this year to set in motion the procedures to secure I.P.A. services for fiscal 2012 and beyond. Discussion ensued with respect to how the audit is to be conducted in accordance with the statute and the Master Trust Agreement, and ultimately the Auditor of State decided to extend the current contract with Ciuni & Panichi for one year to include the Commission’s fiscal 2012 audit. The resulting Modification Extension Agreement on the Auditor of State’s form is included in your folders today. The total fee for the fiscal 2012 audit is \$92,300.00, and this amount represents an approximate 3.8% reduction of the fees remitted to Ciuni & Panichi for the fiscal 2011 audit. This savings is primarily the result of their depth of familiarity with the Commission’s operation and financial structure. I have discussed

this estimation of reduced fees with Ciuni & Panichi's engagement partner, and I am satisfied that the firm has developed an appropriate plan for effectively executing the work within this budget. The Resolution for this extension is included in your folder this afternoon. With your permission Mr. Chairman, I would like to ask the General Counsel to please read the Resolved.

Chairman Hruby: If the General Counsel would please read the Resolved.

General Counsel: RESOLVED that the Commission hereby approves the extension of the Contract with the Independent Public Accounting firm of **Ciuni & Panichi, Inc.** of **Cleveland, Ohio**, for a one-year period to cover the fiscal year 2012 audit, and authorizes the Executive Director and the General Counsel to take whatever action is necessary to extend said Contract between the Auditor of State, the Ohio Turnpike Commission and Ciuni & Panichi for such services to be performed in accordance with the proposal submitted by Ciuni & Panichi, and further authorizes the Director of Audit and Internal Control and the CFO/Comptroller to take any and all actions necessary or appropriate to carry out the terms and conditions of such Contract.

FURTHER RESOLVED that a certified copy of this resolution shall be transmitted to the trustee for the bondholders in accordance with Section 5.15 of the Master Trust Agreement.

Chairman Hruby: I move its adoption. Is there a second?

Vice Chairman Balog: Second.

Chairman Hruby: Second by Mr. Balog. Any questions or comments.

Yes, Mr. Balog.

Vice Chairman Balog: Just to confirm, you stated that we can use the same accounting firm for a maximum of ten years. Is that under the Ohio Revised Code and our agreement with the bondholders?

Director of Audit: Mr. Chairman and Vice Chairman Balog, my understanding is that the ten year limitation of consecutive years is the policy of the Auditor of State. They require rotation after a maximum of ten years.

Vice Chairman Balog: We have had eight years.

Director of Audit: Yes, we have had eight years with Ciuni & Panichi. That is correct.

Chairman Hruby: Any other questions? Hearing none, roll call.

Asst. Secretary Hodges: Chairman Hruby.

Chairman Hruby: Yes.

Asst. Secretary Hodges: Vice Chairman Balog.

Vice Chairman Balog: Yes.

Asst. Secretary Hodges: Secretary Barber.

Secretary Barber: Yes.

Asst. Secretary Hodges: Mr. Dixon.

Mr. Dixon: Yes.

Asst. Secretary Hodges: Mr. Pakush.

Mr. Pakush: Yes.

Asst. Secretary Hodges: Five to zero.

Chairman Hruby: Anything else, Mr. Miller?

Director of Audit: No, Mr. Chairman. That completes my report.

OHIO TURNPIKE COMMISSION

Resolution Approving Extension of Contract for Independent Public Accounting Services

WHEREAS, Section 5.15 of the Master Trust Agreement requires that an annual audit of the Commission's financial statements, books and accounts be carried out by an independent, certified public accountant approved by the Ohio Auditor of State, and a similar provision is set forth in Ohio Revised Code Section 5537.17(E); and

WHEREAS, a Request for Proposals ("RFP") for Independent Public Accounting Services for fiscal years 2007 through 2011 was issued by the Auditor of State's Office on January 18, 2008; and

WHEREAS, an Evaluation Team consisting of the Commission's Director of Audit and Internal Control, David Miller; then CFO/Comptroller, James Steiner; the Accounting Manager, Lisa Mejac; and Senior Internal Auditor, Denise Urbansky reviewed and evaluated the three proposals received and provided recommendations to then Auditor of State, Mary Taylor, who concurred that **Ciuni & Panichi, Inc. of Cleveland, Ohio** should be awarded the Contract; and

WHEREAS, the cost of auditing the Commission's books and accounts by independent, certified public accountants is treated as a part of the Commission's operations, and because expenditures incurred by the Commission under this Contract over the course of the five (5) fiscal years was in excess of \$150,000.00, in accordance with Article V, Section 1.00 of the Commission's Code of Bylaws, the Commission authorized said expenditures via Resolution No. 9-2008; and

WHEREAS, the Contract with Ciuni & Panichi has now expired, however, the current Auditor of State, David Yost, has advised that the Contract should be extended for at least a one-year period to conduct the fiscal year 2012 audit at a total cost of **\$92,300.00**, which is an approximate 3.8% decrease in the fees remitted to Ciuni & Panichi for the fiscal year 2011 audit; and

WHEREAS, the Commission's Director of Audit and Internal Control advises that it is in the best interest of the Commission to extend the Contract for an additional, one-year period due to the fact that Ciuni & Panichi has significant experience and familiarity with the Commission's operations and financial structure, which will be critical during this time in which the future of the Ohio Turnpike Commission is under consideration during the ongoing study of its operations by the Office of Budget and Management and the Ohio Department of Transportation; and

WHEREAS, the Commission's General Counsel has advised that, because expenditures to be incurred by the Commission under this Contract extension will be in excess of ten percent of the original Contract award, in accordance with Article V, Section 1.00 of the Commission's Code of Bylaws, the Commission must authorize said extension; and

WHEREAS, the Executive Director has reviewed the recommendations of the Commission's Director of Audit and Internal Control and General Counsel and concurs with their recommendations; and

WHEREAS, the Commission has duly considered said recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the Commission hereby approves the extension of the Contract with the Independent Public Accounting firm of **Ciuni & Panichi, Inc.** of **Cleveland, Ohio**, for a one-year period to cover the fiscal year 2012 audit, and authorizes the Executive Director and the General Counsel to take whatever action is necessary to extend said Contract between the Auditor of State, the Ohio Turnpike Commission and Ciuni & Panichi for such services to be performed in accordance with the proposal submitted by Ciuni & Panichi, and further authorizes the Director of Audit and Internal Control and the CFO/Comptroller to take any and all actions necessary or appropriate to carry out the terms and conditions of such Contract.

FURTHER RESOLVED that a certified copy of this resolution shall be transmitted to the trustee for the bondholders in accordance with Section 5.15 of the Master Trust Agreement.

(Resolution No. 41-2012 adopted September 18, 2012)

Chairman Hruby: Thank you. We will move on to the report of our General Counsel, Kathleen Weiss.

General Counsel: Thank you, Mr. Chairman. Good afternoon. I just want to advise the Commission on two matters. You have in your folders the Litigation Report regarding matters involving the Commission up through the present and, if you have any questions regarding that report, please contact me. Secondly, the article in your folder with respect to "privatization" implied that the Commission has somehow been named or mentioned in the lawsuit regarding privatization. My office has carefully examined that lawsuit, and we are not mentioned in that lawsuit, so I think the article is somewhat misleading, and I wanted to clarify that for the Board.

Chairman Hruby: Thank you. Any questions for our General Counsel? Hearing none, we will move on to reports from our Financial Advisor.

Mr. Adams: No report, Mr. Chairman.

Chairman Hruby: Is there a report from our General Consultant?

Mr. Buchanan: No report, Mr. Chairman.

Chairman Hruby: Mr. Lamb, our trustee?

Mr. Lamb: No report, Mr. Chairman.

Chairman Hruby: Report of the Ohio State Highway Patrol.

Lt. Sivak: Thank you, sir. Good afternoon everyone. I've been here a little over a month now, and I want to take a brief moment to say thank you to everyone for making this a smooth transition for me. This is a big change with a completeLY new role, but everything has gone great and I appreciate the support.

Part of my report is talking about where we stand with traffic fatalities on the Turnpike. Year-to-date we have had six traffic fatalities. Our most recent was on August 31st, which was right at the start of the Labor Day holiday weekend. It was a two vehicle commercial crash out near the Toledo area. One vehicle was slowing down to exit when another commercial vehicle struck it from behind causing it to overturn blocking the lanes for quite some time. Tragically, the driver of that commercial vehicle is deceased. A short time after it came to rest, there was another vehicle that was actually occupied by a Turnpike employee, which struck some of the trailer debris. Fortunately, that driver suffered only minor injuries. During the entire Labor Day reporting period, our Troopers made over 2,700 contacts with motorists across the Turnpike. Although we did have that fatality, overall our traffic crashes totaled 33 and the vast majority of those were minor with limited injury.

One last thing I wanted to discuss today was an incident that we have seen quite a bit of media coverage on that occurred on August 28th. There was a wrong way driver that had entered the Turnpike, and if you haven't seen the video on this, I encourage you to view it. It greatly shows the perils that our officers face out here when things like this occur. I would like to read a couple of lines from our media release on this incident. "Near Milepost 117, a Chevy Silverado gained access and was traveling the wrong way. Our troopers were dispatched to the area. One of our Troopers came in contact with it facing it in a head-on position. He had his overhead lights on assuming the vehicle was going to see him and pull off to the side. It didn't slow down at all. At the last second, the Trooper pulled out of the way, and it was nearly a head-on crash disabling his car." That Trooper, along with his Sergeant immediately cleared the road so other vehicles wouldn't hit the Trooper's disabled vehicle. They then coordinated with other Troopers, and this went on for several miles where the driver was traveling the wrong way because we are obviously not going to go the same direction. The Sergeant was able to get out in front of it to throw stop sticks over the wall to get him to stop and, once we gained custody of the driver, obviously impairment was involved, and he had no idea what was going on. I really feel that incidents like this will often end in a tragedy. Fortunately, other than a couple of damaged vehicles due to these officers' instinctive actions that night, without a doubt, a tragedy was avoided and I commend them for a job well-done. Again, thank you everyone for helping to make this a smooth transition, and if there is anything I can do to ever help, please don't hesitate to ask.

Chairman Hruby: Thank you, Lieutenant. We appreciate your fine work. Any questions? Is there any other new business? Hearing none, we will make a motion to adjourn. I would just want to say to the Commission that today's meeting was rather brief, but next month

will not be so pack a lunch when you come for the next one. We are going to be talking about the disabled vehicle service policy with our tow trucks. We are also going to have a presentation from the Ohio Department of Transportation relative to the status of the investigation, or the study that is being done as to the privatization of the Turnpike and/or its takeover by ODOT, or some form thereof, or nothing. We will get the status of that report at the next meeting. I look forward to that. Are there any questions or comments from any of the Members?

General Counsel: Mr. Chairman, we will also have several Resolutions for you next month.

Chairman Hruby: So, get ready for next month because it will be a long meeting. It will be on Monday, October 15, 2012 at 10:00 a.m. Yes, Mr. Dixon.

Vice Chairman Balog: Motion to adjourn.

Chairman Hruby: I'll second that motion. All in favor signify by saying "aye". (All Commission members respond "aye.") We are adjourned.

Attendees For Record Keeping Purposes:

John Adams, Fifth Third; David Tiggett, Fifth Third; Scott Buchanan, URS; Scott Buchanan, URS; Tom Parevosnik, IUOE 18; Joe Casto, IUOE 18; Chris New, HMS; Frank Lamb, Huntington Bank; Alysia Lorincz, HNTB; Dennis golem, Wells Fargo; Vic Spinabelli, Hill; Staff Lieutenant Monte Morgan, Ohio State Highway Patrol; Lieutenant Jim Sivak, Ohio State Highway Patrol; Marty Seekely, Ohio Turnpike; Joseph Disantis, Ohio Turnpike; Dale Perram, Ohio Turnpike; Donna Fritz, Ohio Turnpike; Jennifer Diaz, Ohio Turnpike; Tony Yacobucci, Ohio Turnpike; Dennis Albrecht, Ohio Turnpike; Dave Miller, Ohio Turnpike; Lauren Hakos, Ohio Turnpike; Sharon Isaac, Ohio Turnpike; Robin Carlin, Ohio Turnpike, James Filbert, Ohio Turnpike; Mark Musson, Ohio Turnpike.

Time of adjournment: 1:21 p.m.

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

Sandra K. Barber, Secretary-Treasurer