

MINUTES OF THE 576th MEETING OF THE OHIO TURNPIKE COMMISSION

October 17, 2011

Chairman: (10:02 a.m.) Good morning. Sorry about being one minute late, that is normally not my course of action. Will you please join me in standing and we'll say the Pledge of Allegiance.

All in attendance: I pledge allegiance to the flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

Chairman: The meeting will come to order. Will the Interim Assistant Secretary-Treasurer, please call the roll?

Interim Assistant Secretary-Treasurer: Mr. Balog

Mr. Balog: Here

Interim Assistant Secretary-Treasurer: Mr. Dixon

Mr. Dixon: Here

Interim Assistant Secretary-Treasurer: Mr. Pakush

Mr. Pakush: Here

Interim Assistant Secretary-Treasurer: Mr. Hruby

Mr. Hruby: Here

Interim Assistant Secretary-Treasurer: Mr. Cole

Mr. Cole: Present

Interim Assistant Secretary-Treasurer: Senator Patton

Senator Patton: Here

Interim Assistant Secretary-Treasurer: Representative Dovilla

Representative Dovilla: Present

Interim Assistant Secretary-Treasurer: We would advise the Chairman that Mr. Smith will not be attending today's meeting.

Chairman: Okay. We have a number of guests here today and keeping with the past practice, I would like everyone to introduce themselves if you would please.

Those in attendance: Martin Seekely, CFO/Comptroller, Ohio Turnpike; Eric Erickson, Fifth Third; Debby Sideris, Executive Office, Ohio Turnpike; Jennifer Diaz, Legal Department, Ohio Turnpike; Tom Breckenridge, Plain Dealer; Kathy Weiss, Director of Contracts Administration and Government Affairs, Ohio Turnpike; Rhonda Hall, Ciuni and Panichi; David Miller, Director of Toll Audit, Ohio Turnpike; Captain Chris Zurcher, Ohio State Highway Patrol; Doug Hedrick, Assistant Chief Engineer, Ohio Turnpike; Dave Russell, IUOE Local 18; Dennis Golem, Wells Fargo; Chris Near, HMSHost; Scott Buchanan, URS; Fernando Grillo, Estrada Hinojosa; Steve Eaddy, Estrada Hinojosa; Sam Covelli, Panera Bread; Bob Fiorino, Panera Bread; Andrew Herberger, Director of Service Plaza Operations, Ohio Turnpike; David DeFlorentis, Eastern Division Service Plaza Manager, Ohio Turnpike; Don Taggart, IUOE Local 18; Frank Lamb, Huntington Bank; Glen Stephens, G. Stephens; Chad Armstrong, Public Affairs & Marketing, Ohio Turnpike; Sharon Isaac, Director of Toll Operations, Ohio Turnpike; Robin Carlin, Director of Human Resources, Ohio Turnpike; Daniel Van Epps, West Virginia University.

Chairman: Thank you and welcome to you all. This is the 576th meeting of the Ohio Turnpike. We are meeting here at the Commission's headquarters as provided in the Commission's Code, by the Bylaws for a Regular Meeting. Various reports will be received and we'll act on several resolutions. Draft copies of which previously have been given to the Members of the Commission and updated drafts are also in the Members' folders. The resolutions will be explained during the appropriate reports. I have before you the motion if one would make it to adopt the Minutes of September 19th, 2011, Commission Meeting.

Mr. Balog: So moved.

Chairman: Second.

Mr. Pakush: Second.

Chairman: Roll call.

Interim Assistant Secretary-Treasurer: Mr. Balog

Mr. Balog: Yes

Interim Assistant Secretary-Treasurer: Mr. Pakush

Mr. Pakush: Yes

Interim Assistant Secretary-Treasurer: Mr. Dixon

Mr. Dixon: Yes

Interim Assistant Secretary-Treasurer: Mr. Hruby

Mr. Hruby: Yes

Chairman: Passes unanimously. If there are no questions we'll proceed with the report of the Interim Assistant Secretary-Treasurer. Any questions from anyone at this point? If you would Dan?

Interim Assistant Secretary-Treasurer: Thank you Mr. Chairman. The following items have been sent to the Members since our last meeting, the minutes of the September 19th Commission Meeting, also the following statistics for the month of September, 2011.

1. Traffic and Revenue Report
2. Total Revenue by Month and Year
3. Investment Report
4. Traffic Crash Summary Report
5. Financial Statement
6. Budget Report for the first nine months of 2011
7. Various News Articles

That completes the Secretary-Treasurer's report, Mr. Chairman.

Chairman: Okay why don't we move right to the resolutions then Dan?

Chief Engineer: Thank you. Before you I have two resolutions for your consideration this morning Mr. Chairman. Before I get into that I would like to draw your attention to two items that are in your folders this morning. The first item is the results of our financial year ending December 31, 2010, audit by our auditors Ciuni and Panichi. Following the CFO/Comptroller's report there is a representative here from Ciuni and Panichi that will give you a brief presentation on that. Also in accordance with our Master Trust Agreement included in the Commission's folders is the results of our 56th Annual Inspection Report for 2011, a representative from our General Consultant will give you a brief update on that during his report Mr. Chairman.

Chairman: Okay.

Chief Engineer: The two items I have this morning for resolutions is, first resolution rejecting bids received in response to Invitation 4172 for removal and disposal of slag leachate waste water. The Commission may recall that on September 20, 2010, Resolution 36-2010 was adopted for construction of a leachate pump station. The Commission is under directive from the Ohio EPA to remediate, and retain, and dispose of slag leachate waste water that was created in conjunction with one of our construction projects. While the leachate pump station took care of the vast majority of this material, there is still one area that was required to be pumped, that is what the bids received for Invitation 4172 were received on September 23, 2011. We received three bids. The apparent low bid was submitted with insufficient bid bond and therefore must be rejected. The second apparent low bid exceeded the estimated cost for this

service by approximately 50%. We are recommending that all bids be rejected. We are currently receiving quotes for a six-month period for collection of the material. In the meantime we are collecting the material with OTC maintenance forces and we will be in contact with the EPA due to the fact that the concentration levels are dropping in this area to see if we can discontinue the collection of this, but in the meantime we are going out for new quotes, and we are collecting with maintenance forces. If the General Counsel would please read the Resolved?

General Counsel: RESOLVED that the above-mentioned bids heretofore received pursuant to the advertisement for bids upon Invitation No. 4172, be and the same hereby are rejected, and the Director of Contracts Administration is authorized to notify the bidders in writing of said action, and to return to each of the bidders their bid security.

Chairman: You've heard the resolution is there any comment, questions? Is there a motion on the resolution?

Mr. Pakush: Motion to adopt the resolution.

Mr. Balog: I'll second.

Chairman: We've had a motion that has been seconded. Any further discussion, questions? Hearing none, call the roll please.

Interim Assistant Secretary-Treasurer: Mr. Pakush

Mr. Pakush: Yes

Interim Assistant Secretary-Treasurer: Mr. Balog

Mr. Balog: Yes

Interim Assistant Secretary-Treasurer: Mr. Hruby

Mr. Hruby: Yes

Interim Assistant Secretary-Treasurer: Mr. Dixon

Mr. Dixon: Yes

RESOLUTION NO. 46-2011

Resolution Rejecting Bids for the Furnishing, Removal, Transportation, Disposal and Testing of Slag Leachate Wastewater from One (1) Location along the Ohio Turnpike Pursuant to Invitation No. 4172

WHEREAS, the Commission duly advertised according to law for bids upon a Contract for the furnishing, removal, transportation, disposal and testing of slag leachate wastewater from one location along the Ohio Turnpike, designated as Invitation No. 4172; and

WHEREAS, on September 23, 2011, three bids were received for the performance of said Contract, which bids have been reviewed and analyzed by the Maintenance Engineer whose report concerning said analysis is before the Commission; and

WHEREAS, the Commission's Maintenance Engineer reports that the apparent low bid was submitted by Waste Management of Ohio of Canal Winchester, Ohio, which submitted a bid guaranty in an insufficient amount and, therefore, must be rejected; and

WHEREAS, the Maintenance Engineer further reports that, although the second apparent low bidder, Clean Harbors Environmental Services of Cleveland, Ohio, proposed to furnish materials and services in accordance with the Commission's Specifications, its bid in the amount of \$180,000 exceeded the estimated cost for service by approximately fifty percent; and

WHEREAS, the Maintenance Engineer, therefore, recommends that all bids for Invitation No. 4172 be rejected by the Commission and that the Invitation for furnishing, removal, transportation, disposal and testing of slag leachate wastewater from one location along the Ohio Turnpike be re-bid as soon as possible; and

WHEREAS, the Commission's Director of Contracts Administration has submitted a report advising the Commission that the procedures followed in advertising for bids under Invitation No. 4172 were performed in conformance with Sections 5537.07(A) and 9.312 of the Ohio Revised Code, and further advising that, pursuant to the Bidding Documents for Invitation No. 4172 and Ohio Revised Code Section 5537.07(A), the Commission has expressly reserved the right to reject any and all bids; and

WHEREAS, inasmuch as the lowest valid bid submitted was in excess of \$150,000, in accordance with Article V, Section 1.00 of the Commission's Code of Bylaws, Commission action is requested for the rejection of bids for said Contract; and

WHEREAS, the Interim Executive Director has reviewed the reports submitted by both the Maintenance Engineer and the Director of Contracts Administration and, predicated upon their analysis, concurs with their recommendations; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the above-mentioned bids heretofore received pursuant to the advertisement for bids upon Invitation No. 4172, be and the same hereby are rejected, and the Director of Contracts Administration is authorized to notify the bidders in writing of said action, and to return to each of the bidders their bid security.

Chairman: Passes unanimously.

Chief Engineer: Thank you. The second resolution this morning is a resolution awarding Agreement TR-9G for the operation of food concessions at the Mahoning Valley and Glacier Hills Service Plaza. On July 29th of this year we published notice for Request for Proposals to begin the food operations at the Mahoning Valley/Glacier Hills Service Plazas in Mahoning County, beginning the summer of 2012. The Commission is aware that these plazas are currently undergoing reconstruction. On September 7th we received two proposals to provide these services for the Commission. The evaluation team consisting of staff from the Service Plaza Operations Department reviewed the proposals and concluded that the best technical proposal was submitted by Dalcan, LLC of Warren, Ohio proposing to furnish a 24 hour restaurant consisting of Panera Bread, a DQ Grill and Chill, and Orange Julius. Following the technical evaluation the revenue sharing proposals were then unsealed, and it was also found that Dalcan submitted the best revenue sharing proposal. This proposal was further negotiated by the Commission for a final proposal of annual flat rent of \$400,000; at the Glacier Hills Service Plaza, an additional 5% of receipts between \$2,500,000 and \$3,000,000; at each plaza, 7.5% of receipts between \$3,000,000 and \$3,500,000; and then at each plaza 10% of receipts above \$3,500,000. In addition to this revenue sharing proposal, the Commission will also receive 4% property management fee on all sales, a 1% capital improvement fee on the sales, and the common area maintenance fees. It is expected that during the first year of operations the total fees will generate approximately \$1,000,000 in revenue to the Commission. If the General Counsel will please read the Resolved?

General Counsel: RESOLVED that the Proposal submitted by **Dalcan, LLC** of **Warren, Ohio** for the performance of Food Concession Operations at the Mahoning Valley and Glacier Hills Service Plazas is hereby accepted, and that the Interim Executive Director and Director of Contracts Administration are directed to: 1) execute Agreement No. TR-9G with Dalcan, LLC for an initial term of seven years, 2) direct the return to each respondent of their proposal guaranty at such time as Dalcan has entered into the Agreement with the Commission, 3) renew said Agreement for up to five additional, five-year periods, and 4) take any and all action necessary to properly carry out the terms of said RFP and said Agreement.

Chairman: The resolution has been read is there any action on part of the board?

Mr. Balog: I make a motion to adopt.

Mr. Pakush: Second.

Chairman: Moved and seconded. Discussion, Mr. Pakush?

Mr. Pakush: Just a quick question in regards to the, in the comments section from the comments that were provided by the Director of Service Operations mentioned that this is a seven-year lease with a five-year extension which makes it a 12-year lease is that typical to have that extension already part of the initial?

Chief Engineer: Mr. Chairman, Commission Member Pakush, we are not exercising the renewal at this time, I would defer to the Director of Contracts Administration on the typicalness of the contract.

Director of Contracts Administration: Good morning Mr. Chairman, Commission Member Pakush. The typical concession operator lease on the Turnpike is usually starts with a seven-year term and then there is usually five, five-year renewal terms and this largely relates to the huge capital outlay that is made by the operator as they go into that service plaza. So though there will be a seven-year term after which there will be an evaluation conducted by the Service Plaza Operations Department and we will look to renew the agreement.

Mr. Pakush: And then also if I could, just one quick follow-up?

Mr. Chairman: Please go ahead.

Mr. Pakush: Is there a, and just for my general knowledge on the leases, are there contractual language that allows us to relook at leases, as it is, or are we locked in for a seven-year period?

Director of Contracts Administration: Mr. Chairman, Mr. Pakush, there is language in virtually all of our service plaza RFPs that has both a voluntary termination clause, which could be exercised virtually at any time during the term, of course that would have to be looked at very carefully due to the capital outlay that is made and there is also an assignment clause in every RFP. So it is not like that there is no way out on one hand and on the other hand it is contemplated that there will be a seven-year agreement.

Mr. Pakush: Very good thank you, no further questions.

Chairman: Okay. Senator Patton.

Senator Patton: Yes Mr. Chairman and I apologize for not knowing this, but obviously this contract is for the two locations. Who handles the other locations, and how would this proposed revenue sharing compare? Is this much more favorable? And then as a follow-up to that, if that question would be then, how long are the rest of our concession contracts, or service plazas locked into concession contracts?

Chief Engineer: Mr. Chairman.

Chairman: Director, go ahead.

Senator Patton: If you need to get back to me on that.

Chief Engineer: Commission Member Patton, as far as the revenue we are receiving, off of this contract, it's right there with the other operators as far as the percentage on revenue. As far as the other contracts we have running in the services plazas, Dalcan is operating some plazas, HMSHost is operating some plazas, Hardees is operating one set of plazas in the west and the fourth name escapes me, Kathy at Portage/Brady's?

Director of Contracts Administration: It is called Select Mr. Chairman, Dan it is Select Service Partners and they are operating at Portage and Brady's Leap and actually their contract is coming to a conclusion and we will be going out to bid very shortly.

Chief Engineer: And your final question Senator Patton is as far as the terms of the other contracts, the way all the other plazas have been opening staggered throughout the past 10 years. We have contracts ending and beginning probably every year or so now.

Director of Contracts Administration: And Mr. Chair, Senator Patton if I might add. the typical term though, I think, also that you were asking about, the typical length and duration of these contracts this is right in line, they usually start with a seven-year term and then have these, typically sometimes three, sometimes five five-year renewal periods. It also depends on whether they are operating the entire plaza or just one unit within the plaza, but that is the typical term.

Senator Patton: The reason I asked Mr. Chairman and to the Members is to the fact HMSHost, that you mentioned is also at one of our plazas and your scoring it seemed like they scored significantly lower, as I am looking at this it doesn't look like it would have been in line, if Dalcan wouldn't have bid it, if this would have been awarded, it would have been substantially lower. So I wonder, if that's why if this was higher than for example what HMS is doing at the other service plazas, because based on their bid, it would have been significantly lower.

Chief Engineer: Yes Mr. Chairman, Commission Member Patton, HMS did give us a lower percentage in this quotation than they typically have in past contracts. The reason that their technical scoring was so much lower is that they took several exclusions to the technical RFP.

Senator Patton: Thank you.

Chairman: Any other questions? Hearing none, roll call on the motion.

Interim Assistant Secretary-Treasurer: Mr. Balog

Mr. Balog: Yes

Interim Assistant Secretary-Treasurer: Mr. Pakush

Mr. Pakush: Yes

Interim Assistant Secretary-Treasurer: Mr. Dixon

Mr. Dixon: Yes

Interim Assistant Secretary-Treasurer: Mr. Hruby

Mr. Hruby: Yes

RESOLUTION NO. 47-2011

**Resolution Awarding Agreement TR-9G for the Operation of
Food Concessions at the Commission’s Mahoning Valley and Glacier Hills Service Plazas**

WHEREAS, on July 29, 2011, in conformance with the requirements of Ohio Revised Code Section 5537.13, the Commission published notice of its Request for Proposals (“RFP”) for Food and Retail Concession Operations to commence in the summer of 2012 at the reconstructed Mahoning Valley and Glacier Hills Service Plazas located at Milepost 237.2 in Mahoning County (Agreement No. TR-9G); and

WHEREAS, on September 7, 2011, two Proposals for the operation of food concessions were received from **Dalcan, LLC (“Dalcan”)** of **Warren, Ohio** and from **HMSHost Tollroads, Inc.** of **Bethesda, Maryland**; and

WHEREAS, an Evaluation Team consisting of staff from the Service Plaza Operations Department reviewed the Proposals submitted and concluded that the best Proposal in terms of branding, financial capabilities and staffing was submitted by Dalcan, and further indicated in the evaluation summary that Dalcan has numerous years experience and expertise in operating food concessions at the Commission’s Service Plaza facilities; and

WHEREAS, Revenue Sharing Proposals were then unsealed; and

WHEREAS, Dalcan submitted the best Revenue Sharing Proposal, which was further negotiated by Commission staff, with the overall Proposal summarized as follows:

<u>Concessionaire</u>	<u>Brand Concepts</u>	<u>Revenue Sharing Return onGross Receipts</u>
Dalcan, LLC	•24-hour quick-serve restaurant Panera Bread •DQ Grill and Chill with Orange Julius	•Annual flat rent of \$400,000. •At Glacier Hills, add’l 5% of receipts between \$2,500,000 and \$3,000,000. •At each Plaza, 7.5% of receipts between \$3,000,000 and \$3,500,000. •At each Plaza, 10.0% of receipts above \$3,500,000.

The above-referenced payments to the Commission are in addition to the contractually required 4% property management fee, the 1% capital improvements fee, and the common area maintenance fees.

WHEREAS, the Commission has been advised by its Director of Contracts Administration that the Dalcan Proposal conforms to the requirements of Ohio Revised Code

Sections 5537.07 and 5537.13, Proposals were solicited on the basis of the same terms and conditions with respect to all respondents and potential respondents, Dalcan has provided the requisite proposal guaranty and proof of insurance required under the RFP, and the Commission may legally accept said company's Proposal; and

WHEREAS, the Interim Executive Director has reviewed the reports of the Evaluation Team and the Director of Contracts Administration and, predicated upon their analysis, has made his recommendation to the Commission that Agreement No. TR-9G be awarded to Dalcan, LLC; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the Proposal submitted by **Dalcan, LLC** of **Warren, Ohio** for the performance of Food Concession Operations at the Mahoning Valley and Glacier Hills Service Plazas is hereby accepted, and that the Interim Executive Director and Director of Contracts Administration are directed to: 1) execute Agreement No. TR-9G with Dalcan, LLC for an initial term of seven years, 2) direct the return to each respondent of their proposal guaranty at such time as Dalcan has entered into the Agreement with the Commission, 3) renew said Agreement for up to five additional, five-year periods, and 4) take any and all action necessary to properly carry out the terms of said RFP and said Agreement.

Chief Engineer: That completes my report this morning Mr. Chairman.

Chairman: Thank you. We'll move onto the report of the General Counsel, Noelle?

General Counsel: No report Mr. Chairman.

Chairman: Thank you, the report of the CFO/Comptroller.

CFO/Comptroller: Good morning Mr. Chairman, Commission Members. I have a brief update on the traffic and revenue for the month of September. This first chart shows the monthly passenger car miles traveled on the Ohio Turnpike the last two years. The price of gas moderated somewhat last month and as a result the passenger car revenue miles traveled for September were .2% less than last year, which is much better than it has been over the last few months. Commercial vehicle miles traveled continue their positive trend and were 1.1% higher than September of last year. This chart shows the percentage of vehicle miles traveled in September that used E-ZPass as a payment method. The percentage of passenger car miles traveled that used E-ZPass increased from 31% in September of 2010 to 35.5% in September of 2011. And the percentage of commercial vehicle miles traveled that used E-ZPass increased from 67.1% in September of 2010 to 71.1% in September of 2011. The improvement in passenger car miles traveled in addition to the increase in commercial vehicle miles traveled cause total toll revenues to increase 1.1% over September of last year. This chart shows the year-to-date toll revenue through the month of September during each year over the past decade. Toll revenues for the first nine months of this year were \$1.3 million or .8% below the amount

from last year. So far this year the shortfall in revenue has been offset by lower than budgeted expenses. That completes my report Mr. Chairman. If there are no questions I would like to introduce Rhonda Hall from Ciuni and Panichi, our outside auditors, to discuss our 2010 audit.

Chairman: Please go ahead.

Rhonda Hall: Good morning Mr. Chairman, Members of the Board.

Chairman: Good morning.

Rhonda Hall: I'm Rhonda Hall; I'm the partner in charge of Government Services at Ciuni and Panichi. We performed the audit for the Ohio Turnpike Commission for the year-ended December 31, 2010. In the Comprehensive Annual Financial Report, which is the bound financial statements you received, we provided an unqualified opinion. Which is what you need to submit a CAFR, Comprehensive Annual Financial Report, to the Government Finance Officers Association to receive the award for financial achievement. In the spiral bound report that you received, in Tab B, I'm sorry Tab A, you'll find our report on internal controls over financial reporting and on compliance. We did not note any significant deficiencies, deficiencies, or material weakness. Also we did not note any non-compliance citations from the Turnpike. Under Tab B is our report stating that the Ohio Turnpike Commission complied with the Master Trust Agreement, and then Tab C page one is our report stating that the Ohio Turnpike Commission complied with the net system revenues as shown on the table on page 2 of Tab C. You'll notice at the very bottom, Test 3, the percentage is 240%, the percentage is required to be 120% unless the Commission is going out for bonds in that particular year, and then the percentage is required to be 150%. The Commission however has their own internal requirements of 200% and you'll notice it is at 240%, which is well in compliance. The last report that you received just this morning, which is the stapled copy, that is a report that we as a firm have to submit to those charged with governance of the Commission and since you don't have an audit committee yet, this year I gave the report to the Chairman and in this report it talks about if we had any significant issues, if we had any problems with management, these would all have to be noted. You'll notice under significant audit findings there are some accounting standards that the Commission implemented none of them had a significant impact on the financial statements. We noted that accounting estimates, significant estimates, are your contamination and remediation liability as well as the compensated absence liability. Our most significant disclosure in the financial statements is the debt which is Note 5 and then it goes on to talk about if we have any disagreements with management or any uncorrected misstatements and none of those occurred during this year, or in any prior year actually. Everything was good and that concludes my report.

Chairman: Okay. Any questions for the young lady? Thank you very much. Appreciate it. I commend the staff for doing an excellent job in taking care of the financial needs of the Commission. We'll move on now to the reports, if there are any, Financial Advisor, Eric?

Financial Advisor: Yes I do have a report.

Chairman: Okay.

Financial Advisor: As many of you know the Commission has a surety bond for about \$50,000,000 with Assured Guaranty, and on September 27th of this year Standard and Poor's put Assured Guaranty on credit watch. Currently the rating of Assured Guaranty is an AA+. The implication of the credit watch is that the next move is the credit rating would be down. They have given Assured to the end of November to fix what they claim is a concentration problem. At which point if they fixed it, obviously they'll maintain the rating, if not, it could go below the AA rating, which would be a problem for the surety. The Trust Agreement calls for the surety to have a rating in one of the top two categories, AAA or AA, so we have to see what happens after November 30th. Any questions?

Chairman: Mr. Balog?

Mr. Balog: You know for Assured, if it is a concentration issue then that's not a credit issue per se, it is just that they are focused to much in one particular type of insurance and the rating agency is saying, hey you have to go ahead and in effect lay some of it off. Don't they typically transfer that to the re-insured?

Financial Advisor: That's my understanding, but I am sort of speculating at this point, but it would seem to be a relative easy fix on Assured's part. That's what you indicated that it is not really a credit issue with Assured, it's just that their criteria, S & P's criteria has changed from what it was before and Assured does not meet the new criteria, so presumably they could meet it. It sounds like the financial situation is okay with Assured; it is just the way their portfolio looks.

Mr. Balog: They too much structured on one section.

Financial Advisor: Correct, one would hope it would be an easy fix.

Mr. Balog: When is S & P require an answer?

Financial Advisor: The end of November.

Mr. Balog: Action by the end of November. Keep us informed will you?

Financial Advisor: I will.

Chairman: Keep us posted on that then. Any other questions from anyone? Senator Patton?

Senator Patton: Chairman if I could direct a question...

Chairman: Go right ahead.

Senator Patton: Actually the Advisor. What would our next step be in the event, unlikely that it might be that they do slip to a single A? As far as what our current exposure or contract with them, how quick do we have to, by the definition of our agreement, our Master Agreement get out of that and get into something that would make us inline or instep?

Financial Advisor: This happened already back when Ambac went into default and the Turnpike actually had to deposit cash in the Reserve Fund. About \$8,000,000 as I recall, so the only other option really if they can't, is deposit cash into the Reserve Fund. Unfortunately there is no other company out there that issues surety policies. The bond insurance companies have disappeared since 2007.

Senator Patton: Thank you Mr. Chairman.

Chairman: You're welcome. Any other questions? Anything else Mr. Erickson?

Financial Advisor: That's it for me.

Chairman: Thank you for your report. Mr. Buchanan, I mean Buckman I'm sorry.

Chief Engineer: No Mr. Buchanan, you are correct.

Chairman: Yeah, Buchanan I'm sorry. I need to fix these glasses.

General Consultant: Thank you Mr. Chairman, Commission Members. As the Interim Director indicated, in your package you do have a summary of the Annual Inspection Report that was done on the Turnpike, which included the pavement, shoulders, landscaping, all the bridges, culverts, fence and guardrail, the interchanges, toll plazas and all the building facilities. They were found to be in generally good condition, maintenance is well on all those elements and we are currently in the process of finalizing all the bridge inspection reports to be filed with the Department of Transportation as required and those are due to be filed by no later than February of 2012.

Chairman: Okay. Any questions on part of the Commission? This too seems to be a very good report. I haven't had a chance to of course to review it, but we will and thank you very much. Appreciate it. Next, Trustee report Mr. Lamb.

Trustee: No report Mr. Chairman.

Chairman: Move on to the Highway State Patrol, but before we do, Captain I would like to commend the State Patrol on behalf of the Commission, since our last meeting the State Highway Patrol made a very significant drug arrest and seizure on the Ohio Turnpike. A group of individuals were moving drugs through the state, and they were apprehended, and a large cache of drugs were collected by the State Highway Patrol, and arrests were made and it is a significant, significant amount of drugs that were moved. So congratulations on part of the Commission, we appreciate that outstanding work and sending the message that the Turnpike should be off limits for such activities.

Captain Zurcher: Thank you Mr. Chairman, Board Members. I appreciate you noticing that. In 2011, we have elevated criminal patrol efforts to what we've done in traffic safety. So I'm sure you have noticed that in the news we are up to significant seizures about every 10 days now and I wanted to assure you that didn't mean that the criminal element has come to the Turnpike it is quite the contrary, they are probably avoiding it a little bit, but we have put a big emphasis on that and as you know we have a criminal patrol team now with a K9, so that has made a significant difference.

Chairman: Right.

Captain Zurcher: So thank you. I would like to report on two crashes. One crash I reported on last month occurred on September 16th in the Amherst area near the 137 Milepost. I reported that we felt it was a health issue with the driver and the coroner did verify that information that the driver actually passed away, not from the impact, he had a health issue so he passed away beforehand. So that traffic accident does not count as a fatality. On October 4th we did have a traffic fatality involving a motorcyclist at the 41 Milepost eastbound, that appears just to be a slight excess of speed into a curb, he was on a motorcycle and struck a guardrail, which ultimately is an un-survivable crash, so that is our third fatality for the year, which is still significantly below where we normally are. That's all I have.

Chairman: Thank you, any questions for the Captain? Again Captain pass on our commendation to the appropriate persons.

Captain Zurcher: I will do. Thank you.

Chairman: Any other business to come before the Commission? Any questions or comments? None, hearing none I will accept a motion to adjourn.

Mr. Balog: So moved.

Mr. Pakush: Second.

Chairman: Motion and seconded. Roll call.

Interim Assistant Secretary-Treasurer: Mr. Balog

Mr. Balog: Yes

Interim Assistant Secretary-Treasurer: Mr. Pakush

Mr. Pakush: Yes

Interim Assistant Secretary-Treasurer: Mr. Dixon

Mr. Dixon: Yes

Interim Assistant Secretary-Treasurer: Chairman Hruby

Chairman: Yes. That concludes our meeting and thank you. Our next meeting will be on Monday, November 21st at 10:00 a.m.

Time of adjournment is 10:31 a.m.

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

Richard Hodges, Secretary-Treasurer