

MINUTES OF THE ONE HUNDRED AND FORTY-SIXTH MEETING
February 7, 1961

Pursuant to bylaws, the Ohio Turnpike Commission met in regular session in Room 907 of the Ohio Departments Building, Columbus, Ohio at 11:00 A.M. Eastern Standard Time on February 7, 1961 with the key members of its staff, representatives of the Consulting Engineers, of the Trustee, of the Auditor of State, members of the press and others in attendance.

The meeting was called to order by the Chairman, the roll was called and the attendance was reported to be as follows:

Present: Teagarden, Beightler, Chastang, Shocknessy.

Absent: Preston.

The Chairman announced that a quorum was present. He said he had been advised that Mr. Preston was ill. He said the Chief Engineer for Interstate Projects and Coordinator of Metropolitan Expressways of the Department of Highways of Ohio, Mr. Ralph J. Lehman, was present to observe in Mr. Preston's behalf.

A motion was made by General Beightler, seconded by Mr. Teagarden, that the minutes for the meeting of December 20, 1960 which had been examined by the Members of the Commission and on which the corrections suggested by the Members had been made be approved without reading.

A vote by ayes and nays was taken and all Members present responded to roll call. The vote was as follows:

Ayes: Beightler, Teagarden, Chastang, Shocknessy.

Nays: None.

The Chairman declared the minutes stood adopted with the four Members present voting in the affirmative.

The Chairman reported that the bond market had not been affected by the discovery that some counterfeits of Ohio Turnpike revenue bonds had been uncovered. He said the public that invested in securities was a sophisticated kind of investor and was aware that counterfeiting did occur and had reacted in a sensible fashion. He said it was a most in-

teresting coincidence that the day before the counterfeits were discovered The Wall Street Journal had carried an extensive article on the counterfeiting of securities. He said the reports of intensive checks being made by the Federal Bureau of Investigation on Ohio Turnpike bond transactions in brokers' offices and elsewhere indicated that the Bureau had put a great number of men on the investigation at once.

In response to questions by the Members the representative of the Trustee, Mr. Robert H. Bartholomew, said the Trustee held bond interest coupons which it had paid for a year and a half and at the end of that time the coupons were cremated. He said the account containing money to pay the coupons continued to build up because some coupons were not presented. He said the Trustee had on hand about \$75,000 for coupons that had never been presented. He said some of the coupons from the original temporary bonds that had coupons numbered "1" and "2" had never been redeemed.

The Chairman said the ultimate answer as to the number of counterfeit bonds in circulation would not be known until the due date of the bonds in 1992. He said he did not know of any way of finding the ultimate answer sooner than that in the absence of an earlier call of the bonds.

The Chairman reported further that the Commission's annual report for 1960 was published. He said the Members of the Commission were very proud of it and congratulated the Director of Information and Research particularly and the other members of the staff and everybody who had had anything to do with it. He said it was a nice job. He suggested that the Director of Information and Research congratulate the people who had done the art work and everybody who had had work to do on it. The Chairman read a letter addressed to him under date of February 6, 1961 from the Governor of Ohio, as follows:

"February 6, 1961

"James W. Shocknessy, Chairman
Ohio Turnpike Commission
682 Prospect Street
Berea, Ohio

"Dear Jim:

"This will acknowledge receipt of the 1960 Annual Report of the Ohio Turnpike Commission. We wish to again compliment

you on the splendid form of the report and for the very fine work which you have done and are doing.

"Best personal wishes to you and the other members of the Commission.

"Sincerely

"Michael V. Disalle
"Governor"

The Chairman reported further that the economy had finally caught up with the Ohio Turnpike. He said the Commission had had the good fortune of having traffic on the turnpike continue to develop faster than the economy was falling but that it was not longer possible to keep as far ahead as the Commission had been and so for the first time the Commission's revenue in the month of January was below that of January of the previous year.

General Beightler said it was not altogether the economy that was affecting the operation of the Ohio Turnpike. He said to some extent the expansion of piggyback operations on the railroads was responsible. The Chairman said the piggyback operation was not bothering to any serious extent, certainly not to the extent of the decrease in revenue in January. He said bad weather could not be advanced as an explanation because bad weather would help rather than harm. He said revenue from commercial traffic had always improved when the weather was bad because the commercial traffic wanted to come to the Ohio Turnpike because of the safety factor it offered. The Chairman said it remained that the economy had caught up with the Ohio Turnpike. He said it was the Commission's job to intensify the efforts it had always made to sell service the same as any other commodity and service would be sold. He said new cars were not moving over the turnpike to the extent that they should be and steel was not moving over the turnpike and as a consequence the Commission's business was down. He said he had always thought that Ohio Turnpike should be the best business barometer in the whole United States because it was a bridge across the industrial heartland of the country and was inevitably a barometer of business.

The Chairman said that in the absence of any further questions the report of the Chairman was accepted. He said the report of the Secretary-Treasurer would be received.

The Assistant Secretary-Treasurer reported for the Secretary-Treasurer that since the last meeting the following had been sent to all Members:

1. Detail of investment transactions for December 1960 and January 1961.
2. Auditors' Report for period ending December 31, 1960.
3. Traffic and Revenue Report for December 1960.
4. Financial Report as of December 31, 1960.
5. Cost and Budget Report for year 1960.
6. Report on Concessionaires - 1960.
7. Draft of the minutes for the December 20, 1960 meeting.

The Assistant Secretary-Treasurer reported further that on the previous Thursday the United States Treasury had announced its plans for refinancing the 4-7/8% Treasury Certificates which would come due February 15, 1961. He said that was important to the Commission because in the Reserve Account of the Sinking Fund there was \$5,138,000 of those Certificates. He said the Treasury had offered a 3-1/4% 18-month Note. He said the reduction in yield would cause a drop of about \$5,800 per month in income from investments in the Reserve Account. He said the average yield of investments in the Reserve Account in January was 3.57%. He said the substitution of the 3-1/4% notes for the 4-7/8% certificates would have dropped that average yield to 3.18%.

The Assistant Secretary-Treasurer said also that there was a considerable difference in average yield on the investments in the several accounts set up pursuant to the Trust Agreement. He said that in the month of January 1961 the investments in the Bond Interest Account of the Sinking Fund had an average yield of 3.01%, in the Reserve Account 3.57%, and in the Reserve Maintenance Fund 4.43%. He said the average for all three accounts was 3.44% compared to 4.69% a year before or a decrease of 1-1/4%.

The Chairman said in the absence of questions the report of the Secretary-Treasurer was received as offered. The Chairman ascertained that there would not be reports from the Committee on Service Plazas, the Committee on Budget and Finance, or the Committee on

Claims, nor by the Director of Highways, the General Counsel, or the Director of Information and Research. He said the report of the Executive Director would be heard.

The Executive Director reported that there had been considerable improvement in the operation of the A. B. C. restaurants on the Ohio Turnpike and he said he believed an honest effort had been made to upgrade the operation. He said there had been some changes in management and in cooks and, he hoped, for the better. He said new draperies had been hung in all counter areas, new tableware had been purchased, cleaning procedures had been improved, and new menus with greater variety had been placed in service. He said the A. B. C. Vending Corporation had not selected a new general manager for its turnpike restaurants. He said he had been assured by the Company that it had some promising candidates for that position.

In response to a question by the Chairman the Executive Director said A. B. C. Vending Corporation had informed the Commission that there would be a new manager for the A. B. C. restaurants on the turnpike. The Chairman of the Service Plaza Committee, General Beightler, said the Commission had had a similar promise from the Company two years before which had not been carried out. The Chairman said he had never been happy with the A. B. C. operation of the turnpike. He said he had never believed the Company had conceived the turnpike operation adequately. He said he had always thought the Company had tried to conform the turnpike operation to their operation rather than to conforming to what the turnpike operation ought to be. He said he thought the Holiday House restaurants on the turnpike represented an effort to develop a turnpike restaurant pattern and that the Howard Johnson's restaurants had a turnpike restaurant pattern. He said the A. B. C. operation was not his idea of a satisfactory one. He said he thought the operation had to be kept under constant surveillance. He said he did not believe the Executive Director could relax one single bit on the matter of the management of those restaurants. He said the A. B. C. Vending Corporation could do all the explaining about the Thanksgiving breakdown it liked but the Thanksgiving breakdown should not have occurred. He said proof of good executive management was being prepared for things like Thanksgiving.

The Executive Director reported also that the Howard D. Johnson Company had presented a proposal to remodel the rear of the counter room at Great Lakes Service Plaza and install a cafeteria. He said the Company had asked for financial cooperation by the Commission in remodeling costs because the remodeling and equipment

would be very expensive and the cafeteria would be a pilot for consideration of similar installations in restaurants of the Company and other concessionaires on the Ohio Turnpike. He said the proposal had been referred to the Committee on Service Plazas for consideration and recommendations.

The Executive Director said in response to questions by the Members that the Howard D. Johnson Company had asked specifically that the Commission participate in the cost of the plumbing and the flooring work required for installing a cafeteria. He said the plumbing would present a difficult problem because there was no basement under the area involved. He said flooring likewise would be a problem because there were counter bases in the area involved. He said the floor was a terraza floor and experience had demonstrated that repair of terraza was very expensive. He said there was no estimate of cost available because the Commission had not yet received a plan from the Company. The Chairman said participation in the expense by the Commission was a business judgment to be made by the Committee on Service Plazas. General Beightler said a judgment on undertaking any additional capital investment should include consideration of whether there would be a considerable return in revenue to the Commission.

Mr. Chastang said that in event there were any alterations or modifications in the service plazas the Commission ought again to investigate the possibility of increasing the toilet facilities and installing pay toilets so that the rest room facilities would always be adequate and clean. He said he expected there would be an increase in traffic on the turnpike and the facilities available should be adequate for the increased demand. The Chairman said there had been before the Commission for nearly a year a continuing study with respect to additional facilities. He said he personally had never been happy with the design of the service plazas. The Chairman said also that very likely changes in the service plazas could be made within the scope of the existing contracts with the concessionaires. He said the Commission had not given up on the over-the-road type of service-plaza facility. The Executive Director said that a report of the study referred to by the Chairman was being drafted. He said the question of over-the-road service plaza facilities was under continuing consideration. He said it was expected that within the next several years a substantial change would take place in the traffic pattern on the turnpike. He said studies had been undertaken to determine just what changes would be brought about by new highways. He said some very revealing figures had already come to light as a result of those studies and had changed some of the previously held ideas as to where the additional facilities might be needed.

The Executive Director reported further that the Howard D. Johnson Company had advised its plans for installing new dishwashing equipment in each of its six restaurants on the turnpike and, under the terms of its contract with the Commission, had requested permission to trade in existing dishwashing equipment and other pieces of equipment not being used in operating the restaurants. He said the latter request had been referred also to the Committee on Service Plazas for its consideration and recommendation.

General Beightler said a ruling would be required from the General Counsel on the question of disposal by the Company of any equipment covered by the chattel mortgage to the Commission from the Company. The Comptroller said the original \$400,000 chattel mortgage had been paid down to a balance of \$255,000.

The Executive Director reported further that analysis of expenditures for 1960 revealed that actual expenditures amounted to \$5,251,609.21 or \$93,290.79 under the budgeted operating expense of \$5,334,900.00. He said income for 1960 had been estimated at \$24,570,000 and actual income was \$25,010,261 or an increase over estimated revenue of \$440,261. He said the savings in the operating budget and the increase over estimated income totaled \$533,551.79 so that the Commission's revenue and expense experience was better by more than one-half million dollars than had been estimated by the Committee on Budget and Finance for 1960. He said that although the difference in dollars was substantial it was less than 2% of income for 1960.

The Executive Director said also that expenditures for administration and insurance, including legal, information and research, accounting and auditing, tabulating, general administrative services, and insurance and retirement, amounted to \$953,037.44 or 18.2% of total expenditures. He said patrons' services costs accounted for \$29,059.56 or 0.6% of the total. He said maintenance of roadways and structures costs accounted for \$1,843,057.83 or 35.2% of expenditures, and that expense of snow and ice removal, labor and material only, was \$505,230.81. He said that if maintenance supervision and equipment costs were spread proportionately over all items in the maintenance account, the total snow and ice control costs would amount to \$898,930.81 or 48.6% of all maintenance of roadway costs, or 17.1% of all costs.

The Executive Director said further that toll collection costs amounted to \$1,344,325.45 or 25.7% of total expenditures. He said

the figure included costs of toll tickets and equipment rental and maintenance. He said traffic control and safety, including signs, delineators, traffic lines and markings, cost \$162,656.06 or 3.1% of total expenditures. He said the cost of policing, exclusive of radio maintenance costs, amounted to \$692,100.54 or 13.2% of total cost. He said radio communication costs for all channels amounted to \$119,951.30 or 2.3% of total costs. He said Trust Indenture expense, including fees for Consulting Engineers, amounted to \$122,675.23 or 2.3% of total expense.

The Executive Director said also that distribution of expenditures for 1960 was as anticipated. He said it was interesting to note that approximately 60 to 65% of cost could be attributed to items peculiar to the operation of a toll highway.

In response to requests by Members for information concerning the snow and ice control program, the Executive Director said the maintenance department had very precise procedures for snow and ice removal. He said the maintenance crews were divided to cover expected weather conditions. He said that while the crews normally worked 40 hours a week, it had been found necessary to work them considerably more in January so that a great many of the men had been working 12 hours a day. He said the result was that there had been round-the-clock coverage on the snow and ice removal program. He said the cost of the program would be substantial because there had been a large number of storms although the amount of snowfall had not been as great as in some other areas of the country. He said that chemicals which were spread in the event of light freezing rain were just as expensive as those used in connection with a three-or four-inch snowfall. He said that in extreme cold weather when pavements were dry snow could be removed without the use of chemicals. He said the low temperatures which prevailed in January had been advantageous in the latter respect. He said a general storm over most of the turnpike lasting for a full day would result in snow removal cost in excess of \$20,000. He said the portion of the turnpike most subject to winter storms was located just east of Cleveland. He said more men and more equipment were required in that area than in any other section of the turnpike.

A resolution ratifying actions of administrative officers was moved for adoption by Mr. Teagarden, seconded by General Beightler, as follows:

Resolution No. 1-1961

"WHEREAS the executive director, deputy executive director, chief engineer, general counsel, assistant general counsel, secretary-treasurer, assistant secretary-treasurer, comptroller, and the director of information and research of the Commission, have, by various written and oral communications, fully advised the members of the Commission with respect to their official actions taken on behalf of the Commission since the Commission's last meeting on December 20, 1960, and the Commission has duly reviewed and considered the same;

" NOW, THEREFORE, BE IT

"RESOLVED that all official actions taken by the aforesaid administrative officers of the Commission on its behalf since the Commission's meeting on December 20, 1960, hereby are ratified, approved, and confirmed."

A vote by ayes and nays was taken and all Members present responded to roll call. The vote was as follows:

Ayes: Teagarden, Beightler, Chastang, Shocknessy.

Nays: None.

The Chairman declared the resolution adopted with the four Members present voting in the affirmative. The resolution was identified as No. 1-1961.

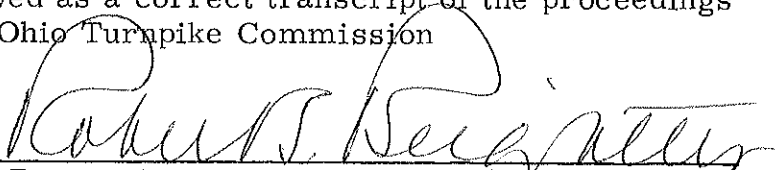
There being no further business to come before the Commission, a motion was made by General Beightler, seconded by Mr. Chastang, that the meeting adjourn subject to call of the Chairman. A vote by ayes and nays was taken and all Members present responded to roll call. The vote was as follows:

Ayes: Beightler, Chastang, Teagarden, Shocknessy.

Nays: None.

The Chairman declared the meeting adjourned. The time of adjournment was 12:15 P.M.

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


Robert S. Beightler, Secretary-Treasurer