

**MINUTES OF THE 442nd MEETING OF
THE OHIO TURNPIKE COMMISSION**

August 17, 1998

Pursuant to the bylaws, the Ohio Turnpike Commission met in regular session in the Administration Building at 682 Prospect Street, Berea, Ohio at 10:05 a.m. on August 17, 1998, with members of the staff: Gino Zomparelli, General Counsel and Deputy Executive Director-External Services; Robert Arlow, Deputy Executive Director-Operations; David Wright, CFO/Comptroller, David H. Ransbury, Chief Engineer; Pat Patton, Government Liaison Officer, Thomas Amato, Assistant General Counsel, and others in attendance.

Present: Ruth Ann Leever, Marilyn R. Baker, Gary Joseph, Senator M. Ben Gaeth,
Representative Sally Perz

Absent: Earl W. Williams

The Chairman advised that Mr. Plain was unable to attend today's meeting and Mr. Zomparelli will be representing Mr. Plain at today's meeting.

The Chairman said that the minutes of the last Commission meeting of July 20, 1998 had been distributed to the Members for their comments, and she would accept a motion to adopt them without reading.

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

Ayes: Mrs. Baker-yes; Mr. Joseph-yes and Mrs. Leever-yes.

Nays: None

The Chairman declared the minutes stood approved with all Members present voting in the affirmative.

The Chairman said the meeting was the 442nd meeting of the Commission. She said it was being held at the Commission's headquarters as provided for in the Commission's Code

of Bylaws. She said Jerry Wray was unable to attend today's meeting. (She said Mr. Gary Joseph, Assistant Director of ODOT, was authorized to represent and vote for Mr. Wray.)

The Chairman said there were a number of guests at the meeting, and she would ask them to identify themselves as follows: Tom Travis, Host Marriott; Bob Doherty, Merrill Lynch; Mary Sullivan, Peck, Shaffer & Williams; Steve Wood, PaineWebber; Bobby Everhart, URS Greiner Co.; Heather Morrow, NatCity Investments; Paul Ash, OSHP; T. J. Moroco (Chronical Telegram); John Feil, Hardee's Food Services; Larry McQuillian ARCI; Stu Shear, Ohio Rehab. Services; Richard Boylan, Boylan & Assoc.; Debra Janik, Key Bank; Ryan Conners, Conners & Co.; Paul Scuria, Scuria & Associates; Virginia Benjamin, Calfee, Halter & Griswold; Jim Fallon,; Bill McDonnell, National City Bank; Matt Bornstein, Key Capital Markets; Eric Erickson, Fifth Third/The Ohio Company; Marc Chappo and Alan Shaffstall; LSRA; Frank DeTillio, Lorain County Chamber of Commerce; Joe Koziura, City of Lorain; Michael Ross, Lorain County Commissioners; H. Fior, Victor Stewart and Steve Luca of Consolidated Investors Grp.; Eric Carmichael, Pryor, McClendon, Counts; Mike Schipper, HNTB; Frank Lamb, Huntington Bank; Howard O'Malley, B & T Express;; Elva Edger, League of Women Voters; Tom King, Ohio Trucking Association; Paul Komlosi, McDonald & Co.; John A. Peca, and Thomas Tarantino, Climaco, Climaco, Lefkowitz & Garofoli; Bob Barnett, Public Affairs and Marketing; Barbara Lesko, Executive Director's secretary and Diane Pring, General Counsel's secretary.

The Chairman said various reports would then be received and the Commission would act on a number of resolutions, draft copies of which had been previously sent to the members and updated drafts were also in the Members' folders. She said the resolutions would be explained during the appropriate reports.

The Chairman said that, if there were no questions, the report of the Secretary-Treasurer, Mrs. Baker, would be received.

Mrs. Baker said that the following listed items had been sent to the Members since the last regularly scheduled meeting of the Commission on July 20, 1998:

1. Weekly Traffic Statistics, et al.
2. Traffic Accident Summary for July 1998
3. Traffic and Revenue Report for July 1998

4. Financial Statement for July 1998
5. Draft of Commission Meeting Minutes of July 20, 1998
6. Investment Transactions for July 1998
7. Budget & Expense Report for first 6 months of 1998
8. Various News Releases

Leever: Do we have a report on Budget & Finance?

Baker: No.

Leever: A report from Mr. Wright?

Wright: Again, I'd like to report again about very favorable traffic for the month of July. In your Traffic & Revenue report, you will see we hit a record for total passenger and commercial vehicles. If you look for the first 7 months for 1998 for passenger vehicles and total vehicles we are at an all-time high for any 7-month period since the Turnpike's history. If the trends continue to follow, 1998 will be a "record" year.

Leever: Thank you, we are certainly headed in that direction at the moment. When I traveled yesterday, I think they set a record yesterday. Senator Gaeth, do you have any reports on the service plazas?

Gaeth: No Madame Chairman I do not have, but I'd like to explain my situation. I'm the classic example of realistic senior citizen in their golden years – I am not fatal or terminal, I have phlebitis in my right leg and I'm telling you it has caused me all kinds of problems. Unless some false rumors get around, I'm still alive and kicking.

Leever: We only start good rumors about you, Senator. Mr. DiPietro –

DiPietro: Madame Chair and members, since the last meeting we have received correspondence from the Union and they asked that we establish a Labor Management meeting in September. They also asked that we set up safety meetings for both Toll and Maint. Depts. We have a number of dates that we are

considering and we will probably conduct these meetings the latter part of September. It seems to coincide with theirs and our schedules at this point in time. We do not have a definitive date yet. Also, since the last meeting we conducted Employee Information conferences on August 5 with our non-bargaining and field personnel from Toll, Maint. and representatives from the Admin. Bldg. During the conferences, Bob Arlow and I met with representatives from these three groups, talked to them about issues that were on their minds, talked to them about concerns they had and questions that they posed to us. We addressed a number of concerns during the meeting. Other concerns are in the process of researched and responses will be given back to the employees. One of the things that came up during the course of those meetings was a question about an Employee Recognition Program that apparently had existed in the past but for some reason since about 1995 seemed to fizzle out and that was recognizing employees who had 30 years of service or more and past practice was that those individuals with 30 years + were awarded watches in recognition on behalf of the Commission. I have gathered the information on those individuals who received the recognition as of 1995 and we are putting together those individuals who have achieved 30 years of service since that date up to date and hopefully, at a future Commission Meeting, we will be able to present that list to you and also make a recognition for these individuals. I thought it was a good idea and we are going to look at not only the 30-year thing but looking at perhaps at individuals with 10, 15, 20 and 25 years of service as well.

Leever: I think that would be a very good idea. Do you have any idea how many people this might affect?

DiPietro: On the 30+ years, from the last time we recognized individuals, I think the number is less than 20. It's not a lot, we just have to double-check to make sure that some did not get it during that time period. Our Payroll and Personnel records are being researched at this time to make sure that they coincide.

Leever; We don't want to miss anyone obviously. I think that would be a very good idea to present at the Commission Meeting.

DiPietro: The final item, Madame Chairman, I submitted a memorandum to yourself and to the Executive Director on some research that I did relative to wages and salary adjustments that have taken place outside the Turnpike. We did some research with respect to state employees, with information provided to us by the US Dept of Labor, Consumer Price Index figures. Also looking at some historical changes that have gone on with wage increases with non-bargaining unit as well as collective bargaining units. I have prepared that memorandum for you and I believe there is a resolution that will be presented later in the meeting.

Leever: Thank you. For staff reports, we will turn to Mr. Zomparelli.

Zomparelli: Thank you, Madame Chair, Commission Members. I have a number of draft resolutions that have been provided to all the Commission Members for their review. The first resolution I would like to present to the Members for their review and discussion is: Resolution Awarding and Rejecting Contracts for Construction of Great Lakes Travel Center under Contract No. 53-98-01. There are also two other resolutions in your packets regarding construction of Towpath Travel Center and the "combination" bids for both Great Lakes and Towpath Travel Centers. As the Commission Members are aware, all three resolutions relate to the reconstruction of the Great Lakes and Towpath service plazas which were closed on August 1, 1998. The site work on those plazas have commenced as pursuant to a prior meeting and prior resolution adopted by the Commission. If you turn to page four in the resolution, I'll read the Resolved, but before I do that, I'll inform the Commission Members that all the bid packages have been reviewed by the Commission's construction manager and have been reviewed by the Engineering staff of Ohio Turnpike Commission and the Executive Director has reviewed the recommendations of the staff and of the construction manager and concurs in the recommendations as set forth on page four and five of the resolution. I'll read the Resolved:

NOW, THEREFORE, BE IT RESOLVED that the bids of the following bidders:

and they are stated as follows:

<u>Bid</u>	<u>Package</u>	<u>Description</u>	<u>Bidder's Name</u>	<u>Amount</u>
2B	Fencing, Gates & Site Screens	Able Contracting Group, Inc. Eastlake, OH	\$146,000.00	
3A	Concrete	Northern Valley Contractors N. Canton, OH	799,400.00	
4A	Masonry & Cast Stone/Precast	Foti Construction Cleveland, OH	504,000.00	
7A	Roofing	Franklin Roofing, Inc. Painesville, OH	380,000.00	
8B	Sectional and Coiling Doors	Action Door Co. Brooklyn Hts., OH	21,071.00	
9B	Carpet, Resilient Base & Accessories	Acme Arseno Co., Inc. Warrensville Hts., OH	20,000.00	
9C	Painting and Wallcovering	G. Q. Contracting Co. Wickliffe, OH	57,400.00	
10A	Toilet Partitions	Folding Equipmt. Co. Toledo, OH	41,900.00	
13B	Furnish Fuel Tanks	Quality Petroleum System, Inc. Cleveland, OH	66,421.00	
14A	Elevators	Dover Elevator Co. Broadview Hts., OH	40,514.00	
15B	HVAC	Great Lakes Mechanical Corp. Cleveland, OH	355,000.00	
15C	Furnish Air Handlers	Ogrinc Mechanical Corp. Warrensville Hts., OH	73,880.00	
15D	Furnish Boilers	The P. M. Equipment Co. Cleveland, OH	21,817.00	
15E	Controls and Building Automation System	Roth Brothers, Inc. Broadview Hts., OH	40,750.00	

<u>Bid Package</u>	<u>Description</u>	<u>Bidder's Name</u>	<u>Amount</u>
15F	Fire Protection	S. A. Comunale Co., Inc. Akron, OH	92,426.00
16A	Building & Site Electrical	Electrical Corp. of America Lorain, OH	1,211,393.00
16B	Furnish Generator	Buckeye Power Sales Co. Twinsburg, OH	37,915.00
TOTAL			\$3,909,887.00

The total amount of the above-mentioned contract bid amounts, if awarded, is \$3,909,887.00. These contractors have been determined to be the lowest responsive and responsible bid received for the performance of said bid packages and contracts, and is accepted, and that the chairperson and executive director, or either of them, hereby is authorized (1) to execute a contract with said successful bidder in the form heretofore prescribed by the Commission pursuant to the aforesaid bid; (2) to direct the return to the other bidders of their bid security, when appropriate, and (3) to take any and all action necessary or proper to carry out the terms of said bid and of said contract, and

FURTHER RESOLVED the Commission concurs in the above-mentioned rejection recommendation of the following:

<u>Bid Package</u>	<u>Description</u>
13A	Furnish Prefab Fueling Booths

and that the bid packages with alternates, if any, and combination bids submitted in response to Contract 53-98-01 are hereby rejected;

RESOLVED that the executive director and general counsel hereby are authorized and directed to take any and all action necessary to purchase fueling booths (Bid Package 13A) under a negotiated Extra Work Order contract with one of the previously established contracts for Great Lakes Travel Center in connection with the replacement and new construction of the **Great Lakes Travel Center** under **Contract No. 53-98-01**, forthwith.

FURTHER RESOLVED that Project No. 53-98-01 is designated a System Project under the Commission's 1994 Master Trust Agreement.

I would recommend that the Commission move to adopt this resolution.

Leever: I have a question, Gino, on this rejection of the bid for pre-fab fueling booths, how many bids did we receive – that were rejected?

Zomparelli: On that one, we only received one. That bid I believe was in the amount of \$37,000 so it's an insubstantial amount. I think there was a problem with the bid bond on that. Let me take a look. The correct bid bond was not submitted. And we received only one bid and considering that it was such a small amount in comparison that it would be in the best interests to proceed.

Leever: OK, may we have a motion?

Baker: I'll make the motion to approve the resolution.

Joseph: Second.

Leever: Any questions?

Roll: Mrs. Baker-yes; Mr. Joseph-yes; Mrs. Leever-yes.

Zomparelli: The next resolution for review of the Commission Members is the Project that crosses the Turnpike from Great Lakes – Towpath. The title of that resolution is: "Resolution Awarding and Rejecting Contracts for Construction of Towpath Travel Center under Contract No. 53-98-02. " The Commission went through the same process in advertising for bids and the resolution identical in form is before you and if the Commission would like, I will go through reading the entire Resolved.

Baker: No.

Zomparelli: The total amount for all the same bid packages (from 2B to 16B) amount to \$3,914,479.00. Again, we are rejecting Bid Package 13A to furnish the pre-fab fueling booths for the same reason. The Resolved would further read: that the total amount of all bid packages awarded is \$3,914,479.00 in connection with the performance of Contract No. 53-98-02, is and is by the Commission, determined to be the lowest responsive and responsible bid received for the performance of said bid packages and contracts, and is accepted, and that the chairperson and executive director, or either of them, hereby is authorized (1) to

execute a contract with said successful bidder in the form heretofore prescribed by the Commission pursuant to the aforesaid bid; (2) to direct the return to the other bidders of their bid security, when appropriate, and (3) to take any and all action necessary or proper to carry out the terms of said bid and of said contract, and

FURTHER RESOLVED the Commission concurs in the above-mentioned rejection recommendation of the following:

<u>Bid Package</u>	<u>Description</u>
13A	Furnish Prefab Fueling Booths

and that the bid packages with alternates, if any, and combination bids submitted in response to Contract 53-98-02 are hereby rejected;

RESOLVED that the executive director and general counsel hereby are authorized and directed to take any and all action necessary to purchase fueling booths (Bid Package 13A) under a negotiated Extra Work Order contract with one of the previously established contracts for Great Lakes Travel Center in connection with the replacement and new construction of the **Towpath Travel Center** under **Contract No. 53-98-02**, forthwith.

FURTHER RESOLVED that Project No. 53-98-02 is designated a System Project under the Commission's 1994 Master Trust Agreement.

I would recommend that the Commission move to adopt this resolution.

Leever; We need a motion.

Joseph: Moved.

Baker: Second.

Leever: Is there any discussion? If not, we'll call roll.

Roll: Mr. Joseph-yes, Mrs. Baker-yes; Mrs. Leever- yes.

Zomparelli: One more resolution regarding Great Lakes and Towpath Travel Centers. A draft resolution is entitled: Resolution Awarding ("Combination") Bid Packages: 8A, 9A, 9D and 15A Relating to the Construction of Great Lakes Travel Center under Contract No. 53-98-01 and Towpath Travel Center under Contract No. 53-98-02"

The Commission received combination bids for Items 8A, 9A, 9D and 15A which would result in the savings of the combination bid as awarded and on an individual bid for each of the Travel Centers. The savings for 8A (Glazing, curtainwall, storefront & mirrors) would result in about a \$25,000 savings for a combination bid on that item. On Item 9A (interior work) the Commission could potentially receive a savings of \$7,600 . On item 9D (porcelain and ceramic work) the Commission would be in a position to take advantage of a \$5,000 savings and if the combination bid was awarded regarding bid package 15A (plumbing work) the Commission would receive a savings of \$6,000.

Beginning with page four, each of the four bid package combinations are segregated.

8A	Glazing & Curtainwall	Architectural Products Sales Co., Inc. Brooklyn Hts., OH	\$ 325,000.00
9A	Interiors	Giorgi Interior Systems Inc. Bedford Hts., OH	\$1,956,000.00
9D	Porcelain & Ceramic work	Corcoran Tile & Marble N. Royalton, OH	\$ 491,000.00
15A	Plumbing	United Mechanical Contractors, Inc. Lyndhurst, OH	\$ 935,000.00

The Resolved of this resolution reads, in the total amount of the two-bid packages 8A, 9A, 9D and 15A awarded is **\$3,707,000.00** in connection with the performance of Contract No . 53-98-01 and Contract No. 53-98-02, is and is by the Commission, determined to be the lowest responsive and responsible bids received for the performance of each bid package 8A, 9A, 9D and 15A and contracts, and is accepted, and that the chairperson and executive director, or either of them, hereby is authorized (1) to execute a contract with said successful bidder in the form heretofore prescribed by the Commission pursuant to the aforesaid bid; (2) to direct the return to the other bidders of their bid security, when appropriate, and (3) to take any and all action necessary or proper to carry out the terms of said bid and of said contract, and

FURTHER RESOLVED that Project No. 53-98-01 and 53-98-02 are designated System Projects under the Commission's 1994 Master Trust Agreement.

I would recommend that the Commission move to adopt this resolution.

Baker: I'll move approval on this resolution.

Joseph: Second.

Leever: Is there any discussion? Any questions?

Gaeth: Madame Chairman, when is the anticipated completion of this project?

Leever: We are suppose to have our first set ready for Memorial Day, 1999 – our first set of Travel Centers. Is that your question?

Gaeth: That was the question, but I can't believe it. Just a comment - it's a shame that the general public is not aware of all the time and various contracts that are let under something like this. I am just amazed of the project like this and how many people could be involved and how anybody could assume the responsibility of seeing that all these contracts are implemented and completed – that's all.

Leever: That's why we have Mr. Carbone.

Zomparelli: And staff.

Leever: Yes, and staff-- absolutely (day and night work for everyone involved.) are there any other questions? roll?

Roll: Mrs. Baker-yes; Mr. Joseph- yes; Mrs. Leever-yes.

Zomparelli: The next resolution I would like to present to the Commission Members for their review is – I'm going to skip Item #2 on the agenda and go to #3. Resolution Rejecting the Bids for Contract No. 38-98-03. This is a resolution drafted for the rejection of furnishing of fiber-optic cable and construction of underground communication lines in Williams and Fulton County (Part A) and Mahoning County (Part B). The Commission did advertise of bids and we did receive two bids in response in such invitation, however, we did not receive the proper bid guaranties and it is necessary for the Commission to reject the bids regarding the

bids received for Contract No. 38-98-03. The Resolved of the draft resolution reads:

RESOLVED that the above-mentioned bids hereto received pursuant to the advertisement for bids upon Contract No. 38-98-03, Part A and Part B, for the furnishing of fiber optic cable and construction of approximately 37.9 miles of underground communication line and connections in Williams and Fulton Counties (Part A), and the furnishing of fiber optic cable and construction of approximately 5.4 miles of underground communication line and connections in Mahoning County (Part B) be and the same hereby are rejected, and the executive director is authorized to notify the bidders in writing of said action, and to return to the bidders the bid security furnished by it; and

FURTHER RESOLVED that the executive director and general counsel hereby are authorized and directed to take any and all action necessary to re-advertise for bids for Contract No. 38-98-03 for the furnishing of fiber optic cable and construction of approximately 37.9 miles of underground communication line and connections in Williams and Fulton Counties (Part A), and the furnishing of fiber optic cable and construction of approximately 5.4 miles of underground communication line and connections in Mahoning County (Part B) forthwith.

I would recommend that the Commission move to reject this resolution. I would make the Commission Members aware that the next resolution I would present for their review would allow the Executive Director authority to award that contract. But before they take action on this one, I wanted to inform them as pointed out on the agenda there is #4 a subsequent resolution that will be before their review. I would recommend that the Commission adopt this resolution rejecting the bids previously received by it.

Leever: We need a motion.

Joseph: Moved.

Baker: Second.

Leever: Any questions? Mr. Zomparelli –

Roll: Mr. Joseph-yes; Mrs. Baker-yes; Mrs. Leever-yes.

Zomparelli: This brings us to the next item which is a resolution I just informed the Commission that would be before them for review. That resolution is captioned: "Resolution Authorizing the executive Director to Take Further Action Concerning Award of Contract No. 38-98-03 (Part A and Part B.)

I will point out to the Commission that the reason this resolution is before the Commission at this time and not before them at the September meeting under the normal process which does involve over \$500,000 of expenditures and normally would require Commission approval. The fiber-optic work is a necessary component to the Toll Information System Upgrade contract that the Commission entered into about two years ago or 1½ years ago. The Commission's Toll Information System Upgrade and the Commission's Business Application projects require a high-speed network to realize its full benefits. To have these projects progress towards completion on December 31, 1998, and not jeopardize any work in the winter season and have a new Toll Information System up and running as well as the in-house Business Application Systems that we are working on, we would like very much to receive good bids as soon as possible and take action as fast as we can.

I'll read the Resolved:

RESOLVED that the authority hereby granted to the executive director and general counsel shall include authority, if deemed appropriate, to execute a contract with the lowest responsive and responsible bidder;

FURTHER RESOLVED that the executive director may take such action aforesaid, provided that the chief engineer concurs in the recommendation of award and that the general counsel issues an opinion that the successful bidder complies with all statutory requirements of the State of Ohio and complies with the policies of the Commission; and

FURTHER RESOLVED that the executive director of the Ohio Turnpike Commission is hereby authorized to take any action necessary concerning award and execution of Contract No. 38-98-03 for the furnishing of fiber optic cable and construction of approximately 37.9 miles of underground communication line and connections in Williams and Fulton Counties (Part A), and the furnishing of fiber optic cable and construction of approximately 5.4 miles of underground communication line and connections in Mahoning County (Part B); prior to the next meeting of the Commission, including the award of contract for such invitation or the rejection of the bids received in response thereto.

Zomparelli: If the Commission Members would also take notice that the Williams and Fulton Counties are on the western-most point of the Turnpike and Mahoning County is the most eastern-point. I would recommend that the Commission move to adopt this resolution.

Baker: I'll move approval.

Joseph: Second.

Leever: Any questions?

Baker: I have a question – the fiber-optics, does that go through the median strip or underneath it?

Arlow: It's on the north side of the Turnpike.

Zomparelli: Madame Chair, Mrs. Baker, originally fiber-optic was in the median. That was before the third-lane construction project. It has since and is being relocated to the north side of the Turnpike. We are now putting the concrete barrier there but we are also putting in duct work to allow for possible future use.

Baker: How would you repair it if something goes wrong?

Zomparelli: Pretty fast –

Arlow: You would have to splice it. If it was cut in some fashion which it has been in the past, they put a splice in. Dig down to the cable and find where the problem is and splice it in.

Zomparelli: That's one reason why we have relocated the line to the northern side of the Ohio Turnpike. That avoids potential problems we have with road construction. Someone can work on the line and it won't interfere with traffic. If they need to splice it or have a new connection. We also would like to have the use of those lines for our own communications to the service plazas ultimately, to the toll plazas, and back here to the Admin. Bldg. We don't want one contractor with a back hoe and pulling out the line.

Gaeth: Is technology available to give you some indication of approximately where the problem is.

Arlow: Yes.

Zomparelli: Well, you know where it is communicating up to a certain point, I would imagine.
Arlow; Yes, the technology is there. It's in place.
Leever: Thank you, any other questions?
Roll: Mrs. Baker-yes, Mr. Joseph-yes.
Leever: I'm going to vote –
Zomparelli: Oh, Ms. Leever-yes.

Zomparelli: The next draft resolution I have before the Commission for their review concerns financing. That resolution is captioned, "A Resolution Authorizing the Issuance of an Amount Not to Exceed \$250,000,000 Aggregate Principal Amount of State of Ohio Turnpike Revenue Bonds, 1998 Series B, and Authorizing Other Actions in Connection with the Issuance of Such Bonds."

At this time it might be appropriate to have our financial advisor, Eric Erickson, report to the Commission before we proceed further.

Erickson: Thank you. We have prepared a small presentation. I'll just pass this booklet around. What I'd like to do is call upon the two underwriting firms that are handling each of the Commission's financings – Steve Wood from PaineWebber who is handling the advance refunding and Bob Doherty from Merrill Lynch who is handling the "new money" issue and have them talk about their respective parts. Before I do that, the last meeting we had received two of the three ratings from the rating services and if you recall we were upgraded by Fitch to the double A category (AA-) and we had a rating from Moody's which was a 1 – still in the A category but subsequent to the meeting we received a rating from Standard & Poor's - again in the AA category (AA-) they confirmed that rating. So the Commission now has two ratings in the AA category and a third rating in the single A category which is really a challenge to the Commission to up that rating. To the best of my knowledge it is still the highest rated toll road in the country which we should be quite proud about and that's going to be a page in this book which I distributed. The book will consist of current market conditions

as well as an overview of the “new money” issue in terms of what it will cost the Commission, how long you will have to pay it off, and Steve will talk a little about the economics of the advance refunding. Bob, why not start it off.

Doherty: After three computer-generated screen shows, we decided to go back to basics here - If you look at the second page, I'd like to talk briefly about interest rates still remain at near historic levels. The one caveat to that is although the treasury market – the government bond market - has increased in price, lowered in yield substantially, over the near-term municipals, the tax-exempt market where we will be issuing our bonds has not improved as dramatically as the treasuries, however, we are in a very good market environment. Current market rates are very attractive on the next page. This takes you through the improvement on the green line on top is the 30-year treasury where the blue line on the bottom is the Triple A Municipal Market data. That serves as the benchmark for relative comparisons where the Turnpike would trade vis-a-vie, the Triple A market given the fact that we are double-rated in two categories and single A in one we trade at slightly higher yields than that. Since rates are good it offers us a good time to get into the market for both the “new money” and possibly the refunding transaction and the 6 major areas that we are going to finance with the new money program are: (1) Continued third-lane construction – as Gino mentioned earlier,) (2) the interchange program (3) toll plazas (4) bridge repair (5) Travel Centers –10% maximum of the total cost and (6) resurfacing.

The next page takes a look at some of the commentary that the rating agencies have given. The Secretary-Treasurer, Mrs. Baker, was at those presentations and represented the Commission and got the full flavor of what is involved in those presentations and the kind of work that the staff had to put in. As Eric has mentioned, the upgrade by Fitch. Moody's the primary comment from them was “Experienced Senior management” in terms of their A1 rating and S & P – the strong financial performance that the Commission has achieved over the last several years. The new money program on the next page will consist of a (1)

\$250 million bond deal – not to exceed; (2) 30-year level debt service; (3) fully-funded Reserve Account and (4) the possibility of insurance. That insurance would get us up to a AAA rating. The insurance would only be used if it was cost-effective. The price that we pay for the insurance is less than the benefit we will gain as it relates to the AAA rating and lower debt service cost. We will be updating your financial advisor as well as key staff members as we move forward in the pricing.

One of the questions that has arisen on a number of presentations is: What will the Commission's balance sheet look like after this transaction. If you look at the next page we have gone through the Commission's debt service for previous transactions as well as proposed transactions. The first line running across the top is the outstanding and projected par amount. Back in 1994 you issued a \$125-M worth of debt. At current times given the fact that we paid down some of that debt, approximately \$117-M remains outstanding. Likewise in 1996, a \$370-M new money transaction, we paid down some of that debt with a total outstanding currently at \$361-M. If you add to that the \$250-M of new money for the 1998 fee, you come to \$325-M or \$328-M outstanding debt post the new money transactions. The interest component with those three transactions amounts to \$705-M for a total outstanding debt service payments due over the next 30 years or approximately \$1.4B – billion, pardon me. The average annual debt service for those transactions is comparable with the par amount issued \$8-M for the 1994 issue; \$25-M for 1996 issue and approximately \$16-M for the 1998 transaction. The average interest cost are highlighted below. As you can see, we are coming to market with a new money transaction with interest rates substantially below where they have been for the prior two.

The Commission's debt service represented graphically on the next page. As you can see, level debt service, we kind of just layered down in 1998 transaction on top of the 1994 and 1996 – very traditional and very commonplace in the municipal market – much like other toll roads and other commissions have done

in the past. I'd like to take a minute or two and talk about the refunding update and turn over to Steve for a quick summary.

Erickson: Bob, I'd just like to point out and I mentioned this at the Oversight Meeting, one of the important components of this is the fact that the Commission is borrowing money for a 30-year period, but they are borrowing it at an interest cost the lowest we have seen in almost 40 years. So, it's going to outstanding for 30 years but the overall cost is going to be much, much lower than it has originally been projected. That's a real plus for the Commission. Steve

Wood: Thank you. The next page shows a Refunding Update. These numbers were calculated with interest rates as of the middle of last week. Remember the refunding is the substitution of current debt for new debt that ends up with the lowering of your overall costs. The only reason there would be a refunding would be to give you lower obligations. On that summary page, as Bob walked through earlier, all those amounts for 1994 and 1996 those would be lowered in the case of a refunding. As of the middle of last week, there would have been an opportunity to refund about \$95-M and get about 2% savings. That's below the target – not quite where we need to be to reach the 3% level. If you would have taken those interest rates and improved them or lowered them by 15 basis points, that's 15/100ths of a percent interest rate then you might have reached about the 3% level on \$125-M in candidates. Early in July we were actually about and could have reached these levels had we gone with debt that was non-callable. Non-callable means that at the end of 10 years typically you can call debt – you would have given up that opportunity. You would have had no ability to call the debt which gives you a lower interest rate now but takes away an opportunity in the future to refund again. That is still an option, but we felt at the time that we got to that level in July it was too early to make that decision and there was still a chance that interest rates could improve and we might not need to give up that call option and so whereas we looked very closely at this kind of level in early July the decision was made to wait for a better interest rate

environment. As a matter of fact, I have here also the scale of interest rates that has been written for New York Thruway that's going into the market today or tomorrow. And rates have already improved a little bit from last week to the extent that we probably 5 basis points better than what you see here. So our target is to get 15 basis points. We are 1/3 to 1/2 the way there. Right now we do feel there is a good chance that rates will improve. We are going to be very patient and in no hurry to put the refunding into the market until we meet all the targets.

Baker: Steve, does PaineWebber foresee lower interest rates?

Wood: Actually yes, our economists see that there is a lot of reasons why interest rates should go lower particularly the treasury rates - the interest rate benchmark - those have already been lowered. Our market has not improved quite as much for a variety of reasons. There have been extra volume in the market and we see if the trends stay where they are, our market should tend to have a movement in the same direction as treasury rates. We haven't quite had that yet and of course in any one or two month period, we could always be wrong. We think the long-term trend is that by the end of this year we should see the targets achieved and hopefully we will see them achieved in the next couple months.

By way of schedule (next page) clearly the underwriting teams - both your senior managers and co-senior managers have been working closely with each other, also working with the financial advisor. Should an opportunity present itself over the near term or medium term to capture some savings of the refunding, we will be diligent to do that. It is anticipated right now from the new money schedule, aside from a rally in the market so the refunding could come into play, we would be looking to distribute the Preliminary Official Statement on September 9. We are having a meeting subsequent to this Board meeting to go over those documents and prepare them for distribution to several related parties - the insurers, the rating agencies, etc. September 22 - we'd be looking to price the bonds; that would be done out of New York and representatives from the Board,

the Commission's staff as well as the financial advisor are welcome to attend that. Signing the Bond Purchase Agreement (BPA) basically is a contract awarding the bonds and the moneys will be delivered to the Commission anticipated on October 6th in exchange for those bonds. That's the basic presentation on the "new money" issue.

Erickson: Any questions on either the new money issue or the advanced refunding?

Gaeth: Is there any chance the interest rates could possibly go up over a 30-year period?

Erickson: After it is borrowed – No, once it is borrowed it's locked in for 30 years. Why to buy a bond? There will be plenty available.

Leever: Where is your meeting on September 22nd?

Wood: New York – for the pricing.

Zomparelli: Thank you Eric. Madame Chair, Commission Members. This all started with the resolution we have presented before you authorizing the issuance of an amount not to exceed \$250-M of aggregate principal of State of Ohio, Revenue Bonds. You will see it is termed, Series B, that's only to avoid confusion between this and a potential refunding that the Turnpike might have later this year.

Again, action would be necessary by the Commission to finance a portion of the cost of third-lane expansion projects, new bridge work, the Resolved is very long is in this resolution, I will dispense if there is no objection by the Commission Members with reading the Resolveds in this resolution. I would merely point out on page 4, Section 10 – Authorization of other documents – and Section 11, Sale of the 1998 Series B bonds. Section 10 authorizes the Chairman, Vice-Chairman, Secretary-Treasurer or each alone in any combination are hereby authorized to take any and all actions and to execute such financing statements, certificates, commitments with bond insurers and a surety, if any, and other instruments or documents that may be necessary or appropriate in the opinion of

Bond Counsel, or Counsel for the Commission, in order to effect the issuance of the 1998 Series B Bonds and the intent of this Resolution.

In Section 11, Sale of 1998 Bonds – I'll read that section, it's not too long.

Section 11. Sale of the 1998 Series B Bonds. The 1998 Series B Bonds are hereby awarded to the Underwriters, in accordance with the terms of the Bond Purchase Agreement. The Chairman, Vice-Chairman, Secretary-Treasurer and Executive Director are each alone, or in any combination, hereby authorized and directed to make on behalf of the Commission the necessary arrangements with the Underwriters to establish the price, date, location, procedure and conditions for the delivery of the 1998 Series B Bonds, and to take all steps necessary to effect the due execution and delivery of the 1998 Series B Bonds to the Underwriters under the terms of this Resolution, the Bond Purchase Agreement and the Trust Agreement.

I would recommend that the Commission move forward to adopt this resolution.

Leever: We need a motion.

Baker: I'll make that motion.

Joseph: Second.

Leever: Are there any further questions? There is a big difference between the M and a B, isn't there? (between millions and billions.)

Zomparelli: Yes.

Roll: Mrs. Baker-yes, Mr. Joseph-yes and Mrs. Leever-yes.

Baker: Gino, you might mention that even though we are borrowing this money to complete our third-lane we are also doing as much as we can with our cash revenues. I believe that's like 40% and it may be higher.

Zomparelli: That's correct. David Wright is here. He can speak specifically on what has been our history. We have been between 30-40% funding it with our current revenue and 60-70% with bond financing. I think, as Mrs. Baker points out, very

important to note and it's one of the reasons the Turnpike has such a strong credit rating is the amount of control on debt that they issue.

Regarding the same subject of bonds, the next resolution I have drafted and is presented to the Commission for their review is captioned, "Resolution Appointing Bond Counsel for Ohio Turnpike Commission's Offering of State of Ohio Turnpike Revenue Bonds, 1998 Series B"

Peck, Shaffer & Williams L.L.P. has been bond counsel for the Ohio Turnpike in 1994 and in 1996 regarding our new money transactions and bond issuance. They are also our current bond counsel on the refunding that has been approved by the Commission . Since both the refunding and the new money transaction are both occurring in 1998 and would be an ineffective and inefficient to have two bond counsels represent us on relatively the same financing issues that we are being faced with. I am recommending as General Counsel that the Commission retain Peck, Shaffer & Williams, L.L.P. regarding the new money transaction, the 1998 Series B bonds. I'll read the Resolved:

RESOLVED, that the Commission hereby retains **Peck, Shaffer & Williams, L.L.P.** to serve as bond counsel for the Commission's offering of State of Ohio Turnpike Revenue Bonds, 1998 Series B, and;

FURTHER RESOLVED that the general counsel is hereby authorized and directed to notify **Peck, Shaffer & Williams, L.L.P.** of such appointment and to enter into negotiations and execute an agreement with such firm to serve as bond counsel."

I would recommend that the Commission move to adopt this resolution.

- Joseph: Moved.
Baker: Second.
Leever: Any questions, roll please.
Roll: Mr. Joseph-yes; Mrs. Baker-yes; Mrs. Leever-yes.

Zomparelli: The next resolution that I have drafted and is before the Commission's review is captioned, "Resolution Approving and Adopting General 1998 Wage Increase for Certain Commission Employees."

This would be wage increase for the employees of the Ohio Turnpike Commission that are not subject to the Collective Bargaining Agreement. I would ask Mr. DiPietro, Deputy Executive Director-Administration to comment on his analysis of wage and market conditions in the area regarding salary increases.

DiPietro: Madame Chairman and members of the Commission – as I indicated earlier we research activity in wage increases for the State of Ohio employees per their contracts, the contract that we currently have with the Collective Bargaining Group here at the Turnpike, information that I obtained from U. S. Dept. of Labor, Consumer Price Index and past history with wage increases and based on that information, it would be my recommendation that a 3% wage increase be considered for this group of employees.

Zomparelli: Madame Chair, Commission members, the Executive Director and Deputy Executive Directors concur in the recommendation. The Resolved of the resolution reads:

"RESOLVED that the Ohio Turnpike Commission hereby approves the recommendation of the Deputy Executive Director-Administration, which recommendation has had prior approval of the Chairperson and the Executive Director, and adopts such recommendations granting regular, full-time Commission employees, who are not members of a collective bargaining unit, a general wage or salary increase of **3%** effective **September 6, 1998.**"

September 6, 1998 is a new payroll period. That was the reason that date was chosen. In the past the employees have received or have had their wages reviewed in July – normally July of each year. The Commission did award a wage increase last year – around September 21st. So it has been about a year since the last wage increase.

Baker: I'll move for approval.

Joseph: Second.

Leever: Any questions?

Roll: Mrs. Baker-yes, Mr. Joseph-yes; Mrs. Leever-yes.

Zomparelli: I have one other resolution that I have drafted – if you look at the agenda – it is item #2 and relates to Contract 43-98-01. However, before I present that resolution to the Commission Members, I would ask Madame Chair to take the report of the Deputy Executive Director-Operations and reports of others. At the end of the meeting, I would like to present that resolution.

Leever: Mr. Arlow

Arlow: Resolution No. 43-98-01 is the resolution pertaining to the improvements and replacement of the railroad bridge at U.S.R. 250.

Zomparelli: We'll bring this up for discussion later in the meeting, Bob, do you have any other report on the ongoing projects?

Arlow: Oh, I'm sorry. The construction report is as follows: The 16 construction projects that are underway right now are continuing. They are all on-time and on budget so far. The two pairs of service plazas that we awarded last month and other work that we just voted on are underway and the weather is cooperating and they look to be on time so far in its infancy. We expect that with the resolutions approved today for the service plazas that they will get underway full blast being that the weather has been cooperating, we can expect a great deal of work in the next few months and opening on Memorial Day 1999 – that's a 9-month window and that is a very, very aggressive schedule. And yes, we do plan to open up, Senator. That's all I have.

Leever: Thank you, Bob. That's certainly is our #1 priority – those Travel Centers. We must focus all of our attention on that. Our trustee, Frank Lamb?

Lamb: No report, Madame Chairman.

Leever: Capt. Ash?

Ash: No report, Madame Chairman.

Leever: Our general consultant, Bobby Everhart?

Everhart: I'm glad to report that the revenue for the first 7 months of 1998 is about 2% ahead of forecast. Mr. Wright said this was a record year so far and I just happened to have a thought that each succeeding year between now and 2005 should be a record year in order to make the forecast.

Leever: I'm sure it will be. I'm positive.

Everhart: In other words, we were forecasting record years for each year which should be true as long as the economy stays strong and the fuel prices stay low. Those are the two barometers.

Leever: We'll just put that burden on your shoulders and make sure that happens. Thank you for your report. Mr. Zomparelli –

Zomparelli: Thank you, Madame Chair and Commission Members. Wearing the General Counsel hat, the last item to report. The last resolution on the agenda was a resolution awarding Contract No. 43-98-01, however, at this time I think it would be appropriate that one of the Commission Members motion to go into Executive Session since a TRO has been filed by two of the property owners in the location of the 250 interchange project. There is a hearing scheduled for tomorrow. I would recommend that one of the Commission Members move to go into Executive Session to discuss this matter of litigation and re-convene at the conclusion of the executive session.

Baker: I'll make a motion that we go into Executive Session to discuss this litigation and then re-convene. (Time: 11:10 a.m.)

Roll: Mrs. Baker-yes; Mr. Joseph-yes and Mrs. Leever-yes.

Baker: Motion to re-convene.

Roll: Mrs. Baker-yes, Mr. Joseph-yes and Mrs. Leever-yes. (Time 11:40 a.m.)

Gaeth: Are we going to have lunch brought in?

Arlow: Yes, brought in.

Leever: You have to go to Milemarker 100 to get that, Senator.

Perz: Alan invited me to have lunch with him today.

Leever: He did? And he's not here today. Wait till I tell him.

Baker: I'll make a motion that we are re-convening from the Executive Session.

Joseph: Second.

Roll: Mrs. Baker-yes, Mr. Joseph-yes; Mrs. Leever-yes.

Zomparelli: As a result of the discussion in the Executive Session concerning the resolution awarding Contract 43-98-01 regarding improvements to Interchange 118 (Exit 7) including replacement of the N & W Railroad Bridge over U.S.R. 250 located in Erie County, I would recommend that the Commission table this item until the Judge has his hearing possibly tomorrow and Wednesday at which point I will be advising the Commission Members of the status of the Judge's order.

The last item that I wish to report to the Commission Members is that this morning about 8:30 a.m. I received a call from Bill Tompos from the Ohio Rail Commission requesting that the Commission extend the S. R. 58 interchange project 90 days, and that's all I have to report to the Commission Members as General Counsel. That concludes my report.

Leever: Thank you, Mr. Zomparelli. I would like to report that our Oversight Committee Meeting held on Friday, August 14th in Sandusky went very well. We reported to the Oversight Committee our projects and where we were going and where we are particularly on our new Travel Centers and everything went very well. Mrs. Baker and I attended. and everything was fine.

Baker: They seemed to be satisfied with our progress on the third lane and the service centers and pleased with us that our traffic was up.

Leever: Yes, indeed. OK if there is no further business, I will accept a motion to adjourn until September 14th.

Baker: I need to discuss that date because on Sept. 14th I am unavailable. So can we choose a different tentative date?

Leever: I'm sure we can.

Zomparelli: Madame Chair, Commission Members, I could contact all the Commission Members to find out what September dates would be most convenient for everyone. I will advise the Members of those dates.

Leever: That would be fine.

Baker: You made the motion, so I'll second it to adjourn.

Roll: Mrs. Leever-yes, Mrs. Baker-yes, Mr. Joseph-yes. (Time: 11:42 a.m.)