

MINUTES OF THE 445TH MEETING OF THE OHIO TURNPIKE COMMISSION

October 5, 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 October 5, 1998, with members of the staff: G. Alan Plain, Executive Director; Gino Zomparelli, General Counsel and Deputy Executive Director-External Services; Robert Arlow, Deputy Executive Director-Operations; Anthony A. DiPietro, Deputy Executive Director-Administration; David Ransbury, Chief Engineer; David Wright, CFO/Comptroller, and others in attendance.

Present: Ruth Ann Leever, Marilyn R. Baker, Earl W. Williams, Dr. Ferris Anthony, Senator M. Ben Gaeth

Absent: Jerry Wray, Representative Sally Perz

The Chairman said the minutes of the last two Commission meetings of September 14 and 18, 1998, had been distributed to the Members for their comments and she would accept a motion to adopt them without reading.

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

Ayes: Mr. Williams, Dr. Anthony, Mrs. Baker, Mrs. Leever

Nays: None

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

The Chairman said that ODOT Director Jerry Wray and Representative Sally Perz were both unable to attend today's meeting. She said that before going any further, for those not at the September 18, 1998, special meeting, she would certainly like to welcome once again, Dr. Ferris Anthony. She said the other Members and staff were very pleased Dr. Anthony had been appointed to the Commission and they looked forward to working with him.

The Chairman said there were a number of guests at the meeting and she would ask them to identify themselves as follows: William Keaton, Telecommunications Manager; Pat Patton, Government Liaison Officer; Thomas Amato, Assistant General Counsel; John Peca, Special Counsel; Heidi Jedel, Information and Research secretary; Barb Lesko, Executive Director's secretary; Diane Pring, General Counsel's secretary; Tom Travis and Fred McFall, Host Marriott Services; Mary Sullivan, Peck Shaffer & Williams; Mike Schipper, HNTB; Kim Majerus, Harris Corporation; Gary Fishburn, Alpha Omega; Stu Shear, Ohio Rehab Services Commission; John Feil, Hardee's Food Systems; Richard Boylan, Boylan & Associates; Joe Rice, Rice Consultants; Captain Paul Ash, OSHP; McCullough Williams, Mark Miller and Eric Carmichael, Pryor, McClendon & Counts; Howard O'Malley, B & T Express; Bob Hudecek, Key Bank; Matthew Gallatin, Merrill Lynch; Eric Erickson, Fifth Third/Ohio Co.; Bobby Everhart, URS Greiner Co.; Paul Sciria, Sciria & Associates; Frank Lamb, Huntington Bank; Mike McIntyre, The (Cleveland) Plain Dealer; and Paul Komlosi, McDonald & Co.

The Chairman said the meeting was the 445th 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.

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

Mrs. Baker said the following listed items had been sent to the Members since the last regularly scheduled meeting of the Commission on September 14, 1998:

1. Weekly Traffic Statistics
2. Draft of Commission meeting minutes of September 14 and 18, 1998
3. Turnpike Notes – August 1998
4. Various News Releases

The Chairman said the Secretary-Treasurer's report was accepted as offered. She said the report on Budget & Finance would be received.

Mr. Plain said he was going to highlight some of the items that were covered since the last meeting and some of them might be a little repetitious. He said the staff has been working on the preparation of the budget for next year and the Commission had to adopt a preliminary budget, which would be done in a forthcoming resolution.

Mr. Plain said further that all the department heads put their budgets together for things that they thought were necessary for their operations in 1999. He said that after that resolution was moved on and adopted, they would set up meetings with the Chairman and staff members to go over the budget in greater detail. He said that Mrs. Baker might want to participate in that, also. He said they would go over the individual accounts with more scrutiny before the Commission adopted a final budget in December.

Mr. Plain said further that they normally did that and spent time in each department to see if their budgets were higher or lower from the previous year or what was anticipated for 1999. He said he knew Mr. Wright would cover more of that in his upcoming report.

Mr. Plain said the other thing he wanted to mention was that he was very proud of the staff and also the team that the Commission assembled of underwriters and financial advisors and bond counsel. He said he was referring to the refunding bond issue and the "new money" bond issue, both topics Mr. Wright would be speaking about a little later in the meeting.

Mr. Plain said further that he was very proud of the staff, particularly Mr. Zomparelli, Mr. Wright, Mr. Arlow, Mr. Ransbury, and also the Commission's financial team. He said, first of all, he was very proud of their efforts in beating on Standard & Poor's to become that agency's highest rated toll road in the country.

Mr. Plain said that further boosting a bond rating was not an easy task, as Gary Joseph mentioned at the last meeting. He said ODOT had been trying to do that and had not been successful. He said the Commission and its staff were proud of that accomplishment. He said it was the second upgrade that the Commission had this year. He said Fitch did a little upgrade, but Moody's just had not gotten the message yet. He said they would just have to show them what was going on.

Mr. Plain said further that he was proud of the upgrade and also proud to report that the Commission had 100% of its indebtedness under 5%. He said that he thought it was a tremendous

accomplishment for everyone who had participated. He said he was very proud of the Commission Members' assistance and support in accomplishing those goals.

The Chairman said the Commission could not say it too often that they were Number 1 and now we just want the Indians to be Number 1, right?

Mr. Plain said the Commission got there first.

The Chairman said Mr. Plain was right and the Commission's was a sure thing.

The Chairman said the report on Budget and Finance was accepted as offered. She said the report on Employee Relations would be received.

Mr. DiPietro said that, as reported at previous meetings, they did hold the Labor Management meeting with the union on September 22. He said they discussed a number of items the union had presented and the staff presented the union with issues the staff had of concern. He said he thought the meeting was amicable and the staff came away with a good feeling from their part, that they got our message to the union.

Mr. DiPietro said further that also the Health and Safety Meetings for Toll and Maintenance personnel were held on September 29th. He said those meetings were conducted with members identified by Mr. Plain representing Toll and Maintenance and Mr. Lash, the Commission's Safety Director.

Mr. DiPietro said they had talked in the past about the 30-year recognition regarding the watches that had been given to employees in the past. He said he was pleased to report that they had that number reduced to about 5 individuals. He said only two of which had been confirmed at that time as not receiving watches.

Mr. DiPietro said further that the Commission was not as remiss in awarding those watches as they initially thought. He said they were still waiting for a call back from three others, but they only knew of two at that point in time. He said he hoped to have that information and could make a presentation at the next meeting for those individuals who did not receive their watches.

The Chairman said she was hopeful they could do that. She said that could be done at the November meeting.

Mr. DiPietro said further that they would make every effort to get them to attend the meeting. He said they were very pleased to hear from us, too.

Mr. DiPietro said also that the final item he had was that, as Mr. Plain indicated, every department worked on elements for the budget for the upcoming year. He said one of the elements he was asked to do concerned some preliminary research on was the option of an Employee Early Retirement Incentive Buy-out. He said that was included in his budget preparation.

Mr. DiPietro said further that he was gathering some information, putting the data together and would present it to the Commission Members prior to the next meeting, so they could have that information available for them to consider. He said that in order to make preliminary estimates, he did get some information to Mr. Wright to be included in the budget. He said that, obviously, it would be contingent upon any decision that the Commission Members would make relative to that.

Mr. Williams asked the Chairman if there was an approximate date that she had in mind for a possible buy-out.

Mr. Plain said a date had not yet been determined. He said they had looked at several dates and several options and that's why they wanted to put it together to let the Commission review it. He said then they could discuss it in detail and see what the Members feelings were on the subject.

The Chairman said the report on Employee Relations was accepted as offered. She said the Financial report would be accepted.

Mr. Wright said that, first, he'd like to report on traffic and revenue before he got into the budget. He said the Commission just finished the third quarter of the year and it was a very strong quarter. He said, that, as he mentioned previously, September broke records for all three traffic categories: passenger cars, commercial vehicles and total vehicles. He said that, in fact, for commercial vehicles, the third quarter was very strong for July and September, when records were broken. The third quarter traffic overall was the best third quarter ever on the Turnpike. He said traffic is going very strong for both passenger and commercial vehicles.

Mr. Wright said also that the second item he had was the approval of the preliminary budget for 1999. He said part of the Master Trust Agreement provided that a preliminary budget must be approved prior to November 15, and a final budget will be presented at the December meeting. He said what the Members had before them was basically estimated revenues (pledged revenues). He said he had been working with Bobby Everhart from URS Greiner to obtain that information.

Mr. Wright said further that they were forecasting total operational maintenance and administration of \$80,926,920. He said that, overall, that represented a 9% increase over last year's budget. He said, but the important thing to remember was that 6% of that was a guesstimate on what Mr. DiPietro talked about, i.e., early buy-out. He said they had to throw some dollars in there, but it's purely a guesstimate. He said that would be fine-tuned based on what was presented to the Commission at the November meeting.

Mr. Wright said further that once the Commission reviewed that information in November and approved whatever action, that information would be plugged into the final budget. He said that, overall, the good news was that if the Members looked at the existing budget and factored out a guesstimate on the early-retirement program, the increase was about 3% over last year's budget. He said that at this preliminary stage he thought it was excellent.

Mr. Wright said further that everyone had gone through and made their wish lists and now it was time for Mr. Plain and the Commission to review and scrutinize it. He said that for bond interest and principal they had included the new obligations for the A and B transactions.

The Chairman said the Financial report was accepted as offered. She asked Senator Gaeth if he had anything he would like to say about the service plazas.

Senator Gaeth said he stopped at one of them and he still insisted that the Commission had not gone ahead soon enough. He said they all needed upgrading. He said he was just amazed with the big piles of dirt and the planning that had already been done on the new travel centers. He said he could hardly wait until one got finished so he could stop and get a cup of coffee.

The Chairman said that would be on May 31, 1999.

Senator Gaeth said he would not be on the Commission then.

The Chairman said she would bring the Senator out there anyway. She said the Senator was needed to help cut the ribbon.

The Chairman said that, before Mr. Plain's report, she had two certificates to award. She said that she and Mr. Plain attended the Governor's cabinet meeting in Sandusky and gave a report to the Governor and his cabinet. She said all went well and the Governor was very pleased with what the Commission was doing, what we are going to do and where we have been. She said the Governor asked her to present these certificates to our Commission Members.

The Chairman said further that Representative Perz was not at the meeting so she would give the Representative's certificate to Mr. Patton for delivery to her in Columbus. She said she had a certificate for Marilyn Baker for her service to the citizens of Ohio as a Member of the Ohio Turnpike Commission. She said Mrs. Baker was to be commended for her efforts to provide a high level of quality transportation to those traveling in and through our state. She said the certificate was from the Governor.

Mrs. Baker said she couldn't be more surprised.

The Chairman said the report of the Executive Director would be received.

Mr. Plain said he had a couple of resolutions to deal with and a couple of other items they could go through quickly. He said the first resolution he had was for the award of Contract No. 38-97-07. He said bids on that contract had been rejected previously. He said the specifications had been revised and went out to bid.

Mr. Plain said further that if the Members looked at the back page they would see the bid tabulation for furnishing and installation of digital microwave equipment at the following locations: Westgate, Kunkle Maintenance Bldg., Wauseon, Swanton Maintenance Bldg., Toledo Airport-Swanton; Stony Ridge-Toledo; Perrysburg-Toledo; Elmore Maintenance Bldg., Fremont-Port Clinton; Castalia Maintenance Bldg.; Humm Road; Amherst Maintenance Bldg.; Lorain-Elyria; North Olmsted; Berea Administration Bldg.; Towpath Service Plaza; Boston Maintenance Bldg.; Shalersville; Hiram Maintenance Bldg. and Canfield Maintenance Bldg.

Mr. Plain said further that there were two bidders that responded to the invitation – Alcatel and Harris Corp./Farinon Division. He said both of the bids received were under the engineering estimate of cost to perform the work on this particular project. He said also there was a letter from General Counsel. He said the Members could see that it was his recommendation to award the contract to Harris Corporation. He said there also was the Chief Engineer's recommendation dated September 30, 1998.

Mr. Plain said further the Chief Engineer's recommendation referenced the reports submitted by the Commission's independent consulting firm of B. W. Zimmerman & Associates, which stated that the bid of Alcatel be rejected based on the bidder's non-compliance with the contract's technical specifications. He said the Chief Engineer concurred in the recommendation that the bid of Harris Corp./Farinon Division in the total amount of \$4,017,226.00 be accepted. He said Bill Keaton, the Commission's Telecommunications Manager was at the meeting, if anyone had any specific questions.

Mr. Plain said further that they covered this the first time around, but they did make some changes. He said some of the bidders they had last time decided not to bid.

Mrs. Baker asked why was that.

Mr. Plain said they had working associations with some of these and decided not to buy equipment from some of these people. He said he didn't know, but they just didn't bid.

Mr. Arlow said the microwave equipment was to bring the Turnpike in line with the federal government regulations that they had to be at 6GHz by January 15, 1999. He said that awarding this contract would put the Commission into compliance.

Mr. Plain said it also was digital microwave as opposed to the old analog style, which was going out of existence. He said it would be standard, up to date digital equipment that will have more flexibility with some of the inter-communications among Turnpike buildings.

Mr. Plain said further that it would be state-of-the-art equipment, and he would read the Resolved as follows:

"RESOLVED that the bid of **Harris Corp./Farinon Division**, Redwood Shores, California in the amount of \$4,017,226.00 for the performance of Contract No. 38-97-07, is, and is by the Commission, determined to be the lowest responsive and responsible bid received for the performance of said contract, 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 bidder of its 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. 38-97-07 is designated a System Project under the Commission's 1994 Master Trust Agreement."

A Resolution Awarding Contract No. 38-97-07 was moved for adoption by Mrs. Baker, seconded by Dr. Anthony as follows:

RESOLUTION NO. 59-1998

"WHEREAS, pursuant to Resolution No. 1-1998, the Commission rejected the bids previously received on January 15, 1998, and duly re-advertised according to law for bids upon Contract No. 38-97-07 for the engineering, furnishing and installation of 6 GHz digital microwave equipment at the following locations:

<u>Location</u>	<u>Designation</u>	<u>Exit</u>	<u>Milepost</u>	<u>County</u>
Westgate	TP-1	2	2.2	Williams
Kunkle Maintenance Bldg.	MB-1		16.0	Williams
Wauseon	TP-3	34	34.9	Fulton
Swanton Maintenance Bldg.	MB-2		48.3	Fulton
Toledo Airport-Swanton	TP-3A	52	53.6	Lucas
Stony Ridge-Toledo	TP-5	71	71.1	Wood
Perrysburg-Toledo	TP-4A	64	64.9	Wood
Elmore Maintenance Bldg.	MB-3		79.7	Ottawa
Fremont-Port Clinton	TP-6	91	91.6	Sandusky
Castalia Maintenance Bldg.	MB-4		106.7	Erie
Humm Road			125.2	Erie
Amherst Maintenance Bldg.	MB-5		141.0	Lorain
Lorain-Elyria	TP-8	145	145.5	Lorain
North Olmsted	TP-9	152	152.2	Lorain
Berea Administration Bldg.			159.5	Cuyahoga
Towpath Service Plaza	SP-6		170.1	Cuyahoga
Boston Maintenance Bldg.	MB-6		173.9	Summit
Shalersville			195.2	Portage
Hiram Maintenance Bldg.	MB-7		198.6	Portage
Canfield Maintenance Bldg.	MB-8		228.1	Mahoning

"WHEREAS, the Commission has received bids from two bidders in response to the subject invitation;

"WHEREAS, said bids have been reviewed and analyzed by the Commission's chief engineer, telecommunications coordinator and independent consultant, and they have reported thereon, and they, and also the Commission's executive director, have made recommendations with respect thereto;

"WHEREAS, the Commission's minority business enterprise coordinator has reviewed the documents submitted by the bidders and has determined that there is satisfactory evidence of compliance with the Commission's Minority Business Enterprise Program;

"WHEREAS, all bids for said contract were solicited on the basis of the same terms and conditions and the same specifications, and the bid of Harris Corp./Farinon Division, Redwood Shores, California, in the amount of \$4,017,226.00 for the performance of Contract No. 38-97-07 has been determined by the Commission to be the lowest responsive and responsible bid received;

"WHEREAS, the Commission has been advised by its general counsel that said bid conforms to the requirements of Section 5537.07, Section 9.312 and Section 153.54, all of the Revised Code of Ohio, and that a performance bond with good and sufficient surety has been submitted by Harris Corp./Farinon Division;

"NOW, THEREFORE, BE IT

"RESOLVED that the bid of **Harris Corp./Farinon Division**, Redwood Shores, California in the amount of \$4,017,226.00 for the performance of Contract No. 38-97-07, is, and is by the Commission, determined to be the lowest responsive and responsible bid received for the performance of said contract, 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 bidder of its 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. 38-97-07 is designated a System Project under the Commission's 1994 Master Trust Agreement."

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

Ayes: Mrs. Baker, Dr. Anthony, Mr. Williams, Mrs. Leever

Nays: None

The Chairman declared the resolution stood approved with all Members present voting in the affirmative. The resolution was identified as No. 59-1998.

Mr. Plain said the next resolution, which had already been discussed, was the Resolution Adopting the Preliminary Budget for the Year 1999 and Providing for Deposits Required Under the 1994 Master Trust Agreement During said Year. He said he would read the Resolved as follows:

"RESOLVED that the Commission hereby adopts the following as its preliminary budget for the year 1999 (referenced but not read)."

A Resolution Adopting Preliminary Budget for the Year 1999 and Providing for Deposits Required Under the 1994 Trust Agreement During said Year was moved for adoption by Mr. Williams, seconded by Mrs. Baker as follows:

RESOLUTION NO. 60-1998

"WHEREAS, Section 5.01, Article V of the Commission's 1994 Master Trust Agreement dated February 15, 1994, provides for the preparation of a preliminary budget for the ensuing fiscal year on or before November 15 in each year; and

"WHEREAS, the Commission's executive director and CFO/comptroller have prepared the preliminary budget for the year 1999 and have submitted same to the Commission for its review and consideration and have recommended the adoption thereof;

"NOW, THEREFORE, BE IT

"RESOLVED that the Commission hereby adopts the following as its preliminary budget for the year 1999;

**1999
Preliminary Budget of Revenues, Expenditures
and Deposits for Projects**

	<u>Pledged</u>	<u>Non- Pledged</u>	<u>Total</u>
REVENUES	\$191,161,000	\$12,297,000	\$203,458,000
EXPENDITURES			
Administration & Insurance	\$ 23,551,593		
Maintenance of Roadway & Structures	\$ 22,142,028		
Services & Toll Operations	\$ 24,529,989		
Traffic Control, Safety & Patrol	\$ 10,703,310		
TOTAL OPERATIONS	\$ 57,375,327		
TOTAL OPERATIONS, MAIN- TENANCE & ADMINISTRATION (OM&A)	\$ 80,926,920		
BOND INTEREST FUNDING	\$ 37,440,431		
BOND PRINCIPAL FUNDING	\$ 12,987,500		
RENEWAL & REPLACEMENT FUND REQUIREMENT	\$ 3,000,000		
TRANSFER TO SYSTEM PROJECTS FUND - Total	\$ 56,806,149		

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

Ayes: Mr. Williams, Mrs. Baker, Dr. Anthony, Mrs. Leever

Nays: None

The Chairman declared the resolution stood adopted with all Members present voting in the affirmative. The resolution was identified as No. 60-1998.

Mr. Plain said he had a few other things to mention and the first was the Commission's scheduled meeting with the Oversight Committee. He said it was the last one of the year and it would be held Friday, October 23, 1998, at 1:30 p.m. He said he thought the Members had that letter in their folders or he thought it already been sent out to them. He said the meeting would be at the Commission's Administration Building at 1:30 p.m., which was a Friday. He said that if any of the Commission Members would like to attend, they were welcome to do so.

Mr. Plain said also that one of the things the Commission talked about early on and gave everyone an opportunity to look at was the kind of a logo that they would like to use. He said he would like the Commission to give the staff some input on that use. He said he knew they had kind of narrowed that down to one and he didn't know if they could go ahead and adopt that. He said the logo was called "The New Ohio Turnpike." He said it could be used on the letterheads and save the seal for the documents and formal things.

The Chairman asked if they were going to wait until the year 2000 to start using the new logo.

Mr. Plain said it would take time to get everything put together and order paper and everything so he would like to hold up on doing that until they talked about it some more. He said they would like to adopt it at a Commission Meeting, perhaps at the next meeting.

Mr. Zomparelli said Mr. Erickson wished to comment on the recent bond issues and upgrades.

Mr. Erickson said September certainly was a busy month for the Commission's staff and its financial team. He said it was a very productive month and they certainly picked the right time to come to market. He said that, first of all, he wanted to congratulate the Commission on the fine effort on the rating.

Mr. Erickson said further that it was really persistence that got that extra push to upgrade from Standard & Poor's, particularly on Mr. Zomparelli's part. He said they really owed him a great deal because he kept after Standard & Poor's and they gave in. He said that now, in fact, the Ohio Turnpike was the top rated toll road in the country.

Mr. Plain said they brought representatives from Standard & Poor's to the Administration Building and beat on them a little bit and took them out and showed them the facilities.

Mr. Erickson said that probably equally as important was timing on issues. He said the Commission certainly came to market at the right time for both the refunding as well as the new money issue. He said that he was going to have Matt Gallatin talk a little later about the new money, but he had a booklet to distribute to the Members.

Mr. Erickson said further that he wanted to refer to page two, where the Members could see all the issues.

The Chairman said she wanted to interrupt Mr. Erickson a moment. She said everyone should look at the front of the booklet. She said the logo on the cover was the one proposed by Mr. Plain. She said it was being implemented already.

Mr. Erickson said he liked it personally. He said it was very nice.

Mr. Plain said it would be a new Ohio Turnpike – new facilities; new lanes; new interchanges and renovations, so they were going to start and get ready for the 21st century.

The Chairman said it was about time.

Mr. Erickson said he wanted to talk about page two and then he would turn it over to Mr. Gallatin from Merrill Lynch. He said on page two it showed the other issues, as well as the current issues. He said the Members could see for the most part that they picked the right time to come to market.

Mr. Erickson said further that, in particular, they could see the downward yield curve there on the 2/98 A and B series. He said it was a particularly attractive time and quite frankly, there was still approximately \$80-100 million left of bonds outstanding. He said they were looking at those in anticipation of perhaps advance refunding them if they dropped off another 40 basis points, which could very well happen. He said he would not say it would happen, but it could very well happen. He said there was that possibility and he wanted to alert the Commission to that.

Mr. Erickson said Mr. Gallatin would now speak.

Mr. Plain said that, before Mr. Gallatin started, the Commission wanted to be prepared in the event market conditions were conducive to another refunding. He said that maybe at the next Commission meeting, they would have a resolution giving the staff the authority to act on that in the future if it presented itself.

Mr. Zomparelli said the last authority was for \$300 million and they used that up.

Mr. Plain said the staff would need additional authority from the Commission to put themselves in position. He said the nice thing about the way they did it the last time was we had originally thought maybe \$100 million was all we were going to refund, but the market became so attractive that we used up \$298 million of the \$300 million authorized. He said the staff would need another authorization. He said they never knew how it would swing and how quickly it would swing.

Mr. Plain said further that it happened very quickly the last time and, fortunately, the Commission had the foresight to give the staff that resolution so that they were prepared. He said that part of the timing on those bond deals had been the preparation. He said that there was a lot of preparation that went in there so they could take advantage of those tiny drops in prices. He said they would like to be ready by the next Commission meeting.

Mrs. Baker asked if they were talking about \$100 million.

Mr. Erickson said it would be probably \$80 to \$120 million. He said he believed that was what was outstanding.

Mr. Wright said the total outstanding was \$170 million.

Mr. Erickson said he was guessing, but the real short ones would not be refunded. He said they probably would be \$80 to \$120 million. He said they would give the number at the next meeting. He said Matt Gallatin from Merrill Lynch, who worked on the new money issue, would now speak.

Mr. Gallatin said he would give a brief overview of the results of the transaction. He said that, as Mr. Erickson indicated, interest rates were very attractive for both the refunding and the new money issuance. He said that, if the Members looked on page three, there were some brief summary statistics of the transaction.

Mr. Gallatin said further that they were scheduled to close the transaction tomorrow, October 6, 1998. He said that if all went well, they should have that done by around 10:00 a.m. -- money should be in-hand. He said they did price the week of September 22nd and with the downtrend in the treasury market, municipals improved as well and again they were able to take advantage of relatively low interest rates.

Mr. Gallatin said further that they issued \$250 million in principal all in interest costs of 4.92%, which were some of the lowest rates they had seen in quite a while. He said the debt service was structured to be level on an annual basis of approximately \$16 million over a 30-year loan.

Mr. Gallatin said further that on page four, he would briefly go through the sources and uses of funds. He said the Commission would be receiving approximately \$247 million with the majority of that going to pay construction costs and to reimburse the Commission for money previously spent on construction projects. He said that, in addition, a debt service reserve fund was funded pursuant to the indenture for additional security and to pay the various issuance costs, the transaction out-of-pocket expenditures, as well as bond insurance.

Mr. Gallatin said further that the Financial Guaranty Insurance Corporation provided a municipal bond insurance policy on the 2001-2028 maturities additionally lowering the costs of borrowing. He said on page five was a brief table showing the debt profile of the Commission as it stood after the refunding and new money issuance. He said total principal and interest due by the Commission over the next thirty years was approximately \$1.3 billion, but he thought the bottom bullet was the most relevant.

Mr. Gallatin said further that, as Mr. Plain said, the average yield on the Commission's debt currently stood at 4.86%. He said the Commission had done a very good job managing its debt and taking advantage of market opportunities as they have been presented.

Mr. Gallatin said further that the final page was simply a graphical representation of the Commission's debt profile. He said debt service peaked at approximately \$49 million from the years 2001 through 2004, and then declined thereafter to final maturity of 2028. He said that if there are no questions or comments, he would just like to thank the Commission for selecting Merrill Lynch to manage the new money issue and he congratulated the Commission on its success.

Mrs. Baker said the Commission thanked Mr. Gallatin and Merrill Lynch. She said it was an exceptional team that worked together.

The Chairman said that was well done and the Commission certainly owed a debt of gratitude to a lot of people.

The Chairman asked Mr. Plain if he had anything further.

Mr. Plain said he just had the proposed dates for the November and December Commission meetings. He said he would like to suggest Monday, November 9 and Monday, December 14, which also was the day for the Commission's annual Christmas luncheon.

The Chairman said the report of the Executive Director was accepted as offered. She said the report of the Deputy Executive Director-Operations would be received.

Mr. Arlow said there were currently 16 Turnpike projects under construction and all of them were either on or ahead of schedule. He said the four third-lane projects would probably be opened slightly ahead of schedule. He said there might be some single-lane zones out there while they were finishing up, but for the most part they would be ahead of schedule.

Mr. Arlow said further that the three major bridge projects would be opened by November 20th. He said they were scheduled for completion by mid-year next year. He said they would be opened to regular lane traffic on November 20th.

Mr. Arlow said further there were two remaining overhead bridges under construction and they would be completed ahead of schedule. He said the new interchange at C.R. 24 (S.R. 66) in Fulton County was scheduled to open in November. He said it was on schedule and at the next meeting they would pick a date for opening the interchange. He said that, of course, it would be in the dead of winter, as usual, but ready to open on time and on schedule. He said that the Turnpike resurfacing project out west was on time and on schedule.

Mr. Arlow said further that all the projects were either on time or ahead of schedule. He said they would all be completed by November 20th.

The Chairman said she noticed when she got on the Turnpike at Wauseon for the last meeting on September 18th, it was a single lane and traffic was weaving through. She said that yesterday when she entered the Turnpike at the same interchange the project was completed, the zone was gone and she slowly zipped along. She said it was wonderful to have that done so quickly. She said another thing was that if everyone looked outside they could see the progress on construction of the new communications building east of the Administration Building. She said she could not believe how quickly it had moved along.

Mr. Arlow said it should be "under-roof" by the middle of next month and would be all enclosed for the winter so they can work on it. He said that, hopefully, by the time the fiber optics and microwave system was completed in January, the building would be ready to accept all the equipment necessary. He said that would really be an accomplishment.

Mr. Plain said he would like to pass around some aerial photographs to show the Members the progress on the new interchange. He said they could see some excavation and some pavement. He said they were working on the piers for the toll plaza area building.

Mr. Plain said further that the photos were taken a little bit earlier so they were beyond what the Members saw. He said the original completion date was late November. He said they might be able to move it up a little bit. He said the Commission had some cold openings of new interchanges in the past.

Senator Gaeth said that regarding the interchange there were a lot of acres up there that were under water most of the time and he could not understand all the controversy.

Mrs. Baker said that sometime back there was some discussion about the Commission possibly considering raising the speed limit on the Turnpike and that question had come up again.

She said it had been some time since she had heard any talk about it and she wondered if it was a legislative decision.

Mr. Plain said it was not a legislative decision because the Commission had the ability to set its own speed limits on the Turnpike and its own traffic rules and regulations.

Mrs. Baker said there was a legislative initiative at one time and then the Commission just said not now.

Mr. Plain said they were going to pass legislation, which he didn't think they could do. He said they could always change authority, but the Commission didn't want to be a guinea pig. He said there were two speeds on the Turnpike, one for passenger cars and the other for trucks.

Mr. Plain said further that a number of neighboring states had increased the speed limit to a uniform speed limit. He said it was 70 miles per hour in West Virginia and 65 miles per hour in some of the other states. He said it had not happened in Ohio and the Commission usually tried to keep the same speed limit that was on other Interstates in the state. He said that he remembered at one time the Turnpike speed limit was a little higher and the federal government pushed to have the limit reduced.

Mr. Plain said the Commission told them they didn't give it any money, so they would keep the speed limits where they were. He said the federal government threatened ODOT with withholding their federal funding if the Commission didn't comply. He said someone should have taken them to court and they probably would have won.

Mr. Plain said further that he knew there was a sentiment with the OSHP against increasing the speed limits. He said he thought some people out there seemed to be driving it already. He said that with the construction of the third lanes in progress he thought it was a very difficult decision to make.

Mr. Plain said further that the problem with trying to legislate speed limits was that not everybody had the same comfort level. He said they could go out there and find people traveling faster than the speed limit, both cars and trucks. He said they also would find people traveling at a lesser speed. He said that maybe Mom and Pop in their camper would only feel comfortable at 55.

Mr. Plain said further that legislation could not dictate that everybody maintained the same speed limit. He said it was good in the textbook. He said it said a uniform speed would be safer. He said that was well and good, but they had slower trucks that were heavier that couldn't pull it. He said they would always have some divergence in the speed on the whole road.

Mr. Plain said further that he thought that was something that should be considered very, very carefully. He said the Turnpike had an outstanding safety record. He said accidents were usually caused by individual drivers. He said it was not the speed limits or the road, but people who fell asleep and sometimes it was mechanical failure. He said that most of the time they were falling asleep or under the influence. He said they ran off the road and they kill somebody or themselves. He said they were never going to be able to prevent that type of thing.

Mr. Plain said further that the Turnpike had an outstanding record for six months of the year with no fatalities. He said that one of the last accidents on the road occurred when a passenger vehicle broke down, the occupants hooked their vehicle to a truck with a clothesline and started towing it without any lights. He said they could not legislate that type of thing, they were just things that happened.

Mr. Plain said further he thought that a lot of the states had increased their speed limits, in some cases it was a combined speed for passenger cars and trucks. He said he knew the trucking industry had mentioned it numerous times, but he thought the Commission should wait to see what the rest of the state was going to do. He said that, if the Commission went ahead on its own, it might have a problem with the federal government. He said some of the other states had already done it, so maybe the federal government backed off right now.

Mr. Plain said further he thought discussions should be held with ODOT representatives concerning any speed limit changes for the rest of the state. He said that, if a change were contemplated, the Commission would then try to work on something jointly with ODOT.

Mr. Arlow said there was still a lot of construction on the Turnpike.

Mrs. Baker said it was her recollection that the last time this was discussed the Commission said that absolutely not until the third lane was done and then they might look at it again.

The Chairman said that if they looked at the Commission's mantra, safety, accessibility and economic development, safety was number 1. She said look at the Turnpike's outstanding safety record right now.

Mr. Plain said he didn't have a problem with trucks going the same speed as passenger cars. He said the only problem he had was stopping. He said passenger cars could get under control quicker. He said when there was a 90,000 lb. load in the trailer and the driver didn't stop properly using the trailer brakes and the other brakes then they were out of control.

Mr. Plain said further there were enough inexperienced drivers out there in the trucking industry and many times they were gone for long hours on trips, which was potentially dangerous. He said the issue of raising speed limits must be looked at very carefully because there were positive and negative aspects of it. He said he thought the Commission should consider it, but it is something to think about. He said he knew the Commission had been asked on a number of occasions to raise it, but he thought it was something they better think about very, very carefully.

Mr. Williams said he thought the Commission should be mindful of the fact that the Turnpike's fatality rate continued to decrease and they didn't want to introduce anything that was going to increase fatality rates. He said he agreed that most vehicles on the Turnpike and other highways go above the speed limit anyway. He said he thought the Commission might be endangering the public if they increased the speed limit.

Mr. Plain said that in his opinion, there seemed to be a thought process out there that if you give me 55 I'm going to go 65, and if you give me 65, I'm going to go 75. He said there was a general attitude. He said they talked about "road rage" today, which was prevalent when they got out there and drove, particularly on some of the interstates in the outer belts around large metropolitan areas.

Mr. Plain said further that they had to drive defensively and he thought the same thing could spill over to the Turnpike. He said that maybe it already had and in some cases he knew it had because he had been cut off a number of times. He said he thought safety was a concern and it should be the Commission's primary concern.

Mr. Plain said further that the Turnpike's customers were paying for that road. He said that he thought the Commission should think very carefully before they jumped in and said they were going to raise this or lower that and what affect it might have on the Turnpike's customers.

The Chairman said that was an appropriate time to call on Captain Ash.

Captain Ash said there was nothing left for him to say on the subject. He said he agreed with Mr. Plain and the Commission Members. He said that on another note, the Patrol was retiring its K-9, Ork, probably the middle of this month. The Commission purchased the dog for the Patrol about 9 years ago. He said that, hopefully, he would have Ork and his handler at the November meeting for a brief farewell.

Senator Gaeth asked if Ork got an early retirement.

The Chairman said there would be no buy-out for Ork.

Mr. Plain said he had done an outstanding job for us. He said they would get him a big bone or an engraved dog dish with perhaps the new logo.

The Chairman said the report of Captain Ash was accepted as offered. She ascertained there would be no report from the Trustee. She said the report of the general consultant would be received.

Mr. Everhart said he had no report, however, he did want to make a comment about the speed li

The Chairman said she agreed.

Mr. Plain said that was a good point. He said 160 miles of the 241.2-mile Turnpike would have the third lane in order for cars to pass the trucks. He said trucks could pass one another without impeding the cars, too.

The Chairman said the report of the general consultant was accepted as offered. She said the report of General Counsel would be received.

Mr. Zomparelli said that he wanted to put the Commission Members on notice that the Collective Bargaining Agreement with the full-time employees in the Toll and Maintenance Department would expire on January 1, 1999. He said that under the "termination section" of the agreement it provided that the contract could be extended or renewed for 3 years unless either party, the Commission or the union, gave notice of termination. He said that had to be done not later than 60 days, but not earlier than 90 days.

Mr. Zomparelli said October would be the appropriate time frame for either the union to give the Commission notice they intended to terminate or renew. He said it would be the appropriate time for the Commission to give notice to the union that we intend to terminate this agreement or extend it for the additional three-year period.

Mr. Zomparelli said he thought it might be appropriate that one of the Commission Members moved to go into Executive Session so they could talk a little about it and prepare for negotiations regarding the Collective Bargaining Agreement.

A motion to adjourn the meeting to hold an Executive Session in order to discuss, prepare and review labor matters including compensation and other terms and conditions of employment, in connection with upcoming negotiations, bargaining sessions regarding the January 1, 1999 expiration of the Commission's Collective Bargaining Agreement with the full-time employees in the Toll and Maintenance Departments was moved by Mr. Williams, seconded by Dr. Anthony. Mr. Williams said that at the end of the Executive Session, the Commission meeting would be reconvened.

Mr. Zomparelli said there would not be any further business after the Executive Session, so they could inform the people there that after it was over they would adjourn the regular meeting.

The Chairman said those in attendance were welcome to stay and listen to them adjourn the regular meeting, if they wished. She said that, if not, she wished them a safe trip home.

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

Ayes: Mr. Williams, Dr. Anthony, Mrs. Baker, Mrs. Leever

Nays: None

(The Executive Session began at 11:00 a.m. and concluded at 11:40 a.m.)

A motion was made by Mr. Williams, seconded by Dr. Anthony that the meeting adjourn until November 9, 1998.

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

Ayes: Mr. Williams, Dr. Anthony, Mrs. Baker, Mrs. Leever

Nays: None

The Chairman declared the meeting adjourned. The time of adjournment was 11:41 a.m.

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


Marilyn R. Baker, Secretary-Treasurer