

**MINUTES OF THE 482nd “SPECIAL” MEETING OF
THE OHIO TURNPIKE COMMISSION**

August 28, 2002

Pursuant to the bylaws, the Ohio Turnpike Commission met for a “Special” meeting at the Commission’s Administration Building at 10:00 a.m. on August 28, 2002, with members of the staff: Jack R. Marchbanks, Interim Executive Director, Daniel Castrigano, Deputy Executive Director-Chief Engineer; Thomas Amato, General Counsel.

The Chairman then called the meeting to order and requested the General Counsel to call the roll.

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

Ayes: Mr. Greenwood, Mr. Strnisha, Mr. Dixon and Mr.
 Proctor, Rep. Buehrer, Senator Armbruster

Absent: Mr. Wilkins

The Chairman advised that Gordon Proctor, Director of Ohio Dept. of Transportation is here and also Mr. Mo Darwish from ODOT. Mr. Wilkins is unable to attend the meeting today.

Additional Ohio Turnpike representatives and guests included: John Peca (Climaco Lefkowitz firm); Jim Steiner, Dave Miller, Tim Ujvari, Rob Fleischman, Lauren Hakos Dehrmann; Sharon Isaac, Bill Keaton, Kerry Ferrier, Kathy Dolbin, Joe Disantis, Dick Lash, Bobby Everhart and Eric Erickson, Jim Drew (Toledo Blade), Heidi Jedel, Tracy Cowley and Diane Pring.

This is the Commission’s 482nd meeting of the Ohio Turnpike Commission. We are meeting here in the Commission’s headquarters as provided for in the Commission’s Code of Bylaws for a “Special” meeting.

The minutes of the meeting of August 12, 2002 have been distributed to the Members for their comments, and I will accept a motion to adopt them without reading. Is there a first and second.

Strnisha: I'll move for approval.

Proctor: Second.

Roll: Mr. Strnisha-yes; Director Proctor-yes; Mr. Dixon-yes; Mr. Greenwood-yes.

Greenwood: There will be no staff reports received today. We'll go back to our usual format for the regularly scheduled meeting in September which is September 9th. We'll act on several resolutions, draft copies of which have been previously sent to the Members and updated drafts are also in your folders. The resolutions will be explained during the Deputy Executive Director-Chief Engineer's report. If there are no questions, we'll proceed with his report. Mr. Castrigano?

Castrigano: Thank you Mr. Chairman, Commission Members. You'll find in your folders two draft resolutions. The first one I'd like to address is entitled, "Resolution Awarding Contract No. 77-02-02. This project is for repairs and resurfacing of the mainline roadway from Milepost 161.06 to MP 164.8 along with third-lane construction from Milepost 155.78 to MP 160.6. This section is right outside the Administration Building. We received four bids in response to the subject contract. The apparent low bid was submitted by S. E. Johnson Companies, Inc. of Maumee, Ohio in the base bid amount of \$14,622,638.56. You may recall our base bid uses crushed slag in the surface course of the asphalt. The apparent low bid was approximately 5.6% below the engineer's estimate. This contractor has performed numerous contracts of this nature for the Commission in the past. The Commission's construction manager concurs with the recommendation of award to S. E. Johnson Companies. If General Counsel would read the Resolved, please:

“RESOLVED that the bid of **The S. E. Johnson Companies, Inc.** of Maumee, Ohio, in the amount of **\$14,622,638.56**, utilizing its base bid using crushed slag in the surface course, for the performance of Contract No. 77-02-02, 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 interim 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. 77-02-02 is designated a System Project under the Commission’s 1994 Master Trust Agreement.”

Castrigano: I recommend that the Commission adopt this resolution.

Greenwood: Before we have any discussion, is there a motion to adopt the resolution?

Proctor: So moved.

Strnisha: Second.

Greenwood: Discussion on the resolution to award Contract No. 77-02-02? If not, please call the roll.

Roll: Director Proctor-yes; Mr. Strnisha-yes; Mr. Dixon-yes; Mr. Greenwood-yes.

Castrigano: The final resolution in your folders is entitled, “Rejecting Proposals for the Operation of the Food Concessions and Retail/Gift Shops (known as Unit #5 and 6) at the Commission’s Middle Ridge and Vermilion Valley Service Plazas under Contract TR 8-D.

On April 15, 2002 the Commission opened Requests for Proposals (RFPs) for the operation of Units #5 and 6 at the Middle Ridge and Vermilion Valley Service Plazas. These are described as specialty retail and/or specialty food concession units at the subject plazas. We received one bid from HMS Tollroads, Inc. Bethesda, Maryland. We had negotiations with the bidder and the bid received

did not meet the Commission's expectations. The proposal has been reviewed by myself, the Interim Executive Director, General Counsel and the Patron Services Manager. It is recommended that the Commission reject the only bid received and re-advertise the RFPs as soon as possible.

If General Counsel will read the Resolved, please?

- Amato: "RESOLVED that the above-mentioned proposals, hereto received pursuant to the advertisement of proposals upon Contract No.TR-8D for the operation of the food concessions or retail/gift shops (**Units #5 and 6**) under **Contract TR-8D** for its **Middle Ridge and Vermilion Valley Service Plazas**, be and the same hereby are rejected, and the interim executive director is authorized to notify the bidder in writing of said action and take whatever steps are necessary to re-advertise, forthwith."
- Castrigano: I recommend that the Commission adopt this resolution.
- Greenwood: Before we have discussions, is there a motion:
- Strnisha: I move approval.
- Proctor: Second.
- Greenwood: Discussion?
- Strnisha: What's the process going forward now that we rejected. Do we re-advertise?
- Castrigano: Yes, Mr. Chairman, Commission Member Strnisha , the plan here is to take a look at our specifications again. Do a little bit of refinement in the specifications. I don't know if we had a large enough response to this RFP. I'll have the Patron Services Manager see if there is any interest from any other prospective bidders and let them know that we will be coming out again.
- Strnisha: Is there anything that you saw that suggests why we just received one bid?

Castrigano: Nothing that I can see. I think what I'd like to do is refine the specifications a little bit to allow a specialty food operation in there like a pretzel shop. I don't know whether it was clear enough in the specifications that we permitted that at the time.

Just as a point of clarification, these units are not in the food court of the service plazas. Our food court is completely full and occupied. As a matter of fact, our last restaurant is due to open tomorrow (August 29th.)

These Units (# 5 and 6) are in the lobby area – smaller units.

Dixon: Mr. Chairman, Mr. Castrigano, did you say that we tried to talk to HMS Host and tried to work something out with them, but it just wasn't possible?

Castrigano: Yes, Commission Member Dixon, we did have a proposal submitted by HMS Host. They were looking at it as a retail operation and they weren't confident that a retail operation would be able to make it full-time, year-round so they had some stipulations as far as hours of operation and closing doing other hours. I felt at this time we should do a little more investigation before we commit to that type of operation.

Dixon: The deal breaker was basically the hours of operation?

Castrigano: Yes, the hours and they offered a very low percentage and they were not prepared to offer a minimum rent as was required in the RFP.

Greenwood: Any other questions? Let's call the roll on the motion to adopt the resolution to reject the proposals on TR-8D.

Roll: Mr. Strnisha-yes; Director Proctor-yes; Mr. Dixon-yes; Mr. Greenwood-yes.

Greenwood: Anything further, Dan?

Castrigano: That completes my report, Mr. Chairman.

Greenwood: At the last meeting I brought up the topic of contacting the State Auditor and ask to see whether we needed any additional audits. We did have out annual audit completed for the year ending December 31, 2001 completed in February. That was done by the firm of Deloitte & Touche. The opinion was “clean and unqualified” as it has been in the past. I asked Mr. Strnisha to look into it further. Can you give us a report on that, Steve?

Strnisha: Yes, Mr. Chairman, I contacted – Deloitte & Touche does this engagement on behalf of the State Auditor. The State Auditor is responsible for the audits of all public agencies, but in some cases, particularly an agency like the Turnpike that has a lot of bonded indebtedness outstanding. I’m not actually sure whether that is an actual requirement of our indenture but it’s fairly typical because our bonds are held so widely that they like to see a national accounting firm. But it is done under contract actually with the State Auditor. I believe Deloitte is in its third year and has completed three years of its five-year contract. So it is done through the State Auditor and the State Auditor does review. So the State Auditor is involved in the process even though Deloitte essentially manages and does the work.

I went back and looked at particularly the last audit and it is noteworthy to say that not only the Turnpike receive a clean audit, I reviewed the management letter that is typically the document that talks about a lot of the operational issues and a lot of familiarly comes from my work at the City of Cleveland and so forth and most recently helping the Mayor there. It’s probably not a great example because they had a very long list of management items, but it was a very limited number of management items in the last quarter and I had a discussion with the principal in charge at Deloitte about

that. So there is a starting point that I think we ought to have some general comfort based on the regular audit process as been done by Deloitte and the Auditor. I did say in light of and these are also – the audit isn't necessarily the types of things that were reviewed and the subject of the Ohio Inspector General's report. I asked Deloitte in being in contact with the State Auditor as well to give some thought in light of the report and in light of the fact of the work that they have done, how they might help us go forward in advance of the next audit which obviously doesn't get formally done until the end of this upcoming year.

I passed on Mr. Chairman, a draft letter to you that Deloitte responded to and a lot of things that they talked about in terms of how they might help spoke to perhaps complimenting the work of the Ethics Committee and that you and the Committee may want to figure out whether it talked about setting up procedures and how you audit those procedures going forward for ethics' compliance, etc. I also talked about and they had contact with the State Auditor's Office, I believe up here in Cleveland – I think the next step in addition to whatever the Ethics Committee needs to do with the proposal by Deloitte to assist on the ethics side which is really to set up a kind of audit trail if you will that can be audited every year on anything or any policy that we as a Commission put in place. It's one thing to put in a policy and the another thing is to audit it to show you are complying with it – both personnel, contractors, and the like.

They have a lot of familiarity obviously in doing that across the board, but even with I think a very strong audit and a very strong management report, it is worth sitting down with the State Auditor's Office and again kind of talking through what are some of the operational things perhaps they could still look at in advance of that. I'd be happy as a Commission Member to participate in that along with the appropriate Commission staff and the

Interim Executive Director. It doesn't appear that the best approach would be right from the start a wide-ranging examination, but probably a more focused examination that would look at some things that might have some relationship to the OIG Report. That's important really to kind of get at the nub of the issues and get at them right away. It's a situation which could be expanded upon and anything further could be integrated into the annual audit that they actually start to work on during the second half of this year.

I think I passed on the Deloitte correspondence and I think the next step and if you wish, Interim Executive Director, I would be willing to participate in that would be to sit down with the State Auditor's Office and talk through the nature of how they could potentially help. It's similar although in their case there was a lot more to look at candidly in my opinion. What the new mayor in Cleveland did with the State Auditor, Jim Petro, when she came in.

I think our focus legitimately can be a little bit more narrowed than theirs but I think there are still some important issues that they can help us with.

Greenwood: Good. If there is no objection, I don't think we need to have a resolution, but I'd like to have Commissioner Strnisha follow-up on that and give us an update at the September meeting. Any comments or questions from the other Commissioners? Good.

Last thing that I had on my agenda was dealing with the International Bridge Tunnel & Turnpike Association (IBTTA). That association is having its annual international convention in San Francisco on September 21-26. The OTC has been actively involved in this organization over the years. For example, former Director Allan Johnson, was a past President of that association. I received in the mail an invitation from Salomon Smith Barney to attend a dinner in San

Francisco. It does say in fairness to them that they “seek to comply with state and local regulations concerning entertainment of public officials, employees. Therefore, if you are required by the rules and regulations or the policy of your Agency/Authority to pay any part of the cost of attending this dinner, please call Susan Quick.”

Rather than calling Susan Quick, I sent a letter to the person who had sent me the letter and I said:

“Recently, the Ohio Turnpike Commission (OTC) staff forwarded to me an invitation to join your company for dinner. Although we appreciate your hospitality, we must respectfully decline your invitation. The OTC Board of Commissioners has recently adopted a policy that prohibits OTC employees and Commission Members from accepting any gratuities from third parties.

“I also asked them to delete any OTC employee or Commission Member from any of your mailing lists with so as to avoid any inference that a gratuity might have been accepted. The reason for this latter request is that we have recently experienced situations where OTC personnel were invited to events, did not attend them, and were then accused of having accepted gratuities even though the personnel did not even attend the event.”

I just wanted to pass that along to the Commission Members. My feeling is that we should continue to participate in this organization and would recommend that the Interim Executive Director and his staff convene, discuss who would be the appropriate representatives should be. I have talked only to Commissioner Strnisha about Commission Members. I don’t plan on attending due to a conflicting schedule, I don’t know if any of the other Commission Members want to, but I would invite all of you at some time during the next couple weeks to get in touch with the Director and let him know whether you have an interest in attending.

Unless I hear an objection from the Board, I’d like to ask Jack to confer with his staff and designate an appropriate number of folks to go to this annual meeting because I

think it's important for us to maintain that relationship with IBTTA.

In that regard, we have received correspondence from IBTTA that in 2005 the annual convention is suppose to be in Cleveland. Some time ago, I had discussed that fact with former Executive Director Zomparelli and my suggestion was that I get in touch with Mr. Allan V. Johnson who is a member emeritus of the Association and is a former Executive Director here and is retired and ask him if he would put together a committee to work with IBTTA over the next couple of years because I see this as an opportunity for Ohio in general and Cleveland in particular to showcase the many good things that are happening in our community when the IBTTA convenes in Cleveland.

Unless anyone has a comment or objection, I'll go ahead and do that and report back and perhaps Mr. Marchbanks can let us know on September 9th who you have decided to send to the IBTTA meeting. Any other comments on the IBTTA?

Proctor:

Mr. Chairman, I support your recommendation. I think it's important to display continuity and consistency in the operations of the Turnpike Commission, the underwriting bond agencies and things that attend those meetings. I think it's important that the Turnpike Commission have presence there and reiterate the continuity of the Commission, its operations and also I think the idea of contacting them and informing them that we still intend to host the 2005 conference is a great idea because it's important for business in Cleveland, the State of Ohio tries to encourage conferences and I think we need to make sure they continue to come to Cleveland with that conference in 2005. I think it's a good idea that the Commission be represented at that conference.

Greenwood:

I'll do that and if any Commission Member or anyone gets a comparable letter from Smith Barney I don't want

to spend a lot of time in the next month writing these letters. I would encourage you and I sent you all a copy of my letter, send some similar letter to anyone who invites and let them know we have a “no gratuity” policy in effect at the present time.

With that, I move that we adjourn this meeting to hold an executive session in order to discuss the employment and compensation of the Interim Executive Director, discuss the investigation of complaints against public employees and at the end of the executive session, the Commission shall reconvene. Is there a second to the motion? *(Time: 10:40 a.m.)*

Proctor: Second.

Greenwood: Before we vote, I would indicate that for those in the audience, I have talked to the individual Commission Members, once we conclude the executive session, we will convene the two subcommittee that form the Ethics Committee and Search Committee. I will leave open if you will recess the full Commission in the event that there is something and I don't have anything presently in mind, that would require the full Commission to vote on by way of resolution. If there is nothing forthcoming from the deliberations of those two committees which will be open to the public, then we will simply come back and adjourn until September 9th.

That's the schedule – executive session, two subcommittees and we'll see if we need to do anything and then go. Having said that, there is a motion to adjourn, go into executive session, please call the roll.

Roll: Mr. Greenwood-yes; Director Proctor-yes; Mr. Strnisha-yes; Mr. Dixon-yes.

Greenwood: Let the record reflect that the executive session is concluded and we are back in full session. *(Time: 12:02 p.m.)* Due to some other commitments that folks have, I don't

know if we need to discuss when the Ethics and Search Committee can convene,

NOTE: *See separate transcripts for Ethics Subcommittee and Search Committee minutes.*

Greenwood: OK, sounds good. Any other business before we accept a motion to adjourn?

Strnisha: I move.

Dixon: Second.

Roll: Mr. Strnisha-yes; Mr. Dixon-yes; Mr. Greenwood-yes.
We are adjourned at 12:12 p.m.