

MINUTES OF THE 498th MEETING OF THE OHIO TURNPIKE COMMISSION

December 15, 2003

Pursuant to the bylaws, the Ohio Turnpike Commission met for a regular meeting at the Commission's Administration Building at 10:00 a.m. on December 15, 2003, with members of the staff: Jerry Pursley, Deputy Executive Director; James Steiner, CFO/Comptroller; Noelle Tsevdos, General Counsel; Dan Castrigano, Chief Engineer; W. R. Fleischman, Assistant Chief Engineer; Tim Ujvari, Maintenance Engineer; Anne Fornshell, Director of Human Resources; Kathleen Weiss, Director of Contracts Administration; Dave Miller, Chief Auditor; Dick Morgan, Director of Information Systems; William Keaton, Telecommunications Manager; Kerry Ferrier, Traffic Engineer; Lauren Hakos-Dehrmann, Manager, Public Affairs; Fred McFall, Customer Services Manager; Heidi Jedel, Crickett Jones, Tracy Cowley and Diane Pring.

The Chairman called the meeting to order and asked the Assistant Secretary-Treasurer to call the roll.

Present: Mr. Wilkins, Mr. Balog, Mr. Darwish, Mr. Dixon (*arrived at 10:03 a.m.*),
Mr. Noe (*arrived at 10:05 a.m.*)

Absent: Representative Buehrer and Senator Schuring

The Assistant Secretary-Treasurer said that the Ohio Department of Transportation's Director, Gordon Proctor, is not here today, but his representative, Deputy Director Mo Darwish, is authorized to vote for him. He also advised that Senator Schuring and Representative Buehrer were unable to attend today's meeting.

The Chairman said we have a number of guests here today, so I'd like everyone to introduce themselves as we customarily do: Eric Erickson, Fifth Third Securities; Mike Burgess, Bobby Everhart, URS Corporation, Rich Exner, The (Cleveland) Plain Dealer; Dan Sokol, Dennis Albrecht, Dick Corporation; Tony Yacobucci, HNTB; Frank Lamb, Huntington Bank; Capt. Robert Ferguson, Monty Morgan, OSHP; Allan V. Johnson (retired); Glenn Stevens, G. Stevens Co.; Dick Boylan, Boylan & Associates; Brett Neff., R. E. Warner Co.; Jerry Hallman, Jack Rood, Brink's Corporation; Larry Woolum, Ohio Trucking Association; Steve Delong, Primo Panzarella, Tom James, Operating Engineers; Bob Devenney, Loomis, Fargo & Co. and Tom Travis, HMS Host.

The Chairman said this is the 498th meeting of the Ohio Turnpike Commission, and we are meeting here in the Commission's headquarters as provided for in the Commission's Code of Bylaws for a regular meeting. Various reports will be received and we will act on several resolutions, draft copies of which have been previously sent to Members and updated drafts are also in the Members' folders. The resolutions will be explained during the appropriate reports. (*Commissioner Dixon arrived at 10:03 a.m.*)

The Chairman said, we'll proceed with the report of the Secretary-Treasurer, Mr. Dixon.

The following items have been sent to the Members since the last regularly scheduled meeting of the Commission on November 19, 2003:

1. Minutes of the November 19, 2003 "Special" Commission Meeting
2. Traffic & Revenue Report, November, 2003
3. Total Revenue by Month & Year, November, 2003
4. Investment Report, November, 2003

5. Financial Statements, November 30, 2003 *
 6. Legal Department's Quarterly Report *
 7. Various News Releases
- *in Commission Members' folders

(Commissioner Noe arrived at 10:05 a.m.) The Chairman said, could I have a motion to adopt the minutes of the November 19th Special Commission Meeting?

Commissioner Balog moves and Commissioner Noe seconds.

The Chairman asked, would the Assistant Secretary-Treasurer please call the roll?

Commissioner Balog, Commissioner Noe and Chairman Wilkins voted in the affirmative. Commissioner Dixon and Deputy Director Darwish abstained.

The Chairman asked for the report on financial and budgetary matters, Mr. Steiner.

Mr. Steiner said I have two resolutions to present this morning for your consideration – the 2004 Operating Budget and next I'll have the award of contract for currency and coin pick-up and delivery at our toll plazas.

He said he'd like to start with the operating budget. As you know, the Commission adopted the preliminary 2004 operating budget at its meeting last month on November 19th, and we have not made any changes to that preliminary budget. The budget I'll be presenting this morning is exactly the same as the preliminary budget. I'll review it in somewhat less detail than I did at the meeting last month.

This chart shows that the toll revenues represent 91% of total revenues. Concession revenues account for 7% and all other sources represent only 2% of the Commission's revenues. This bar chart shows actual toll revenues for 1993-2002 along with the budget revenues for 2003 and 2004. The growth in toll revenues since 1993 reflects growing traffic volumes combined with toll rate increases that were phased in from 1995 through 1999. Again, we are not proposing any toll rate increases for 2004.

Our car traffic for the first eleven months of 2003 is up 1.6% compared to last year. While our commercial traffic through November 2003 is 0.6% lower than the volume for last year, the traffic for September, October and November of this year exceeded the volumes for the corresponding months for 2002. So the commercial traffic is beginning to pick-up.

The 2004 proposed toll revenue budget including special toll permits is \$184.3 million – an increase of \$3.1 million or 1.7% over the amended 2003 budget. Our revenue for passenger cars is projected to increase by \$2,000,000, or 2.6%. Our revenue from commercial vehicles is projected to increase by \$1.1 million, or 1%. Again, this projection was prepared by our traffic consultant, Bobby Everhart, of URS. Including investment income, the total proposed 2004 pledged revenue budget is \$185.3 million, an increase of \$2.3 million dollars over the amended 2003 budget.

This chart shows that the Commission spends only 4% of its budget on administration and insurance, 15% on maintenance of the roadway and structures, 22% on the operation of the toll and service plazas, 7% on traffic control, safety patrol and communications, 28% on debt service and 24% on capital projects. The total 2004 budget for operating, maintenance and administrative expense paid from pledged revenues is \$90.8 million dollars, which is an increase of \$2.8 million or 3.2% compared to the amended 2003 budget. The major increase in the proposed expense budget is the negotiated \$.70 per hour wage increase for our bargaining unit employees and a comparable percentage increase is included for all non-bargaining employees.

The Commission currently has bonds outstanding with a par amount of about \$754 million. The 2004 debt service payments on these bonds total \$56 million – approximately the same amount as in 2003.

Our total proposed 2004 budget for expenditures paid from pledged revenues including the debt service payment totals \$146.7 million, which is an increase of \$2.9 million or 2% over the amended 2003 budget. Our Master Trust Agreement requires that we maintain a reserve equal to 1/12 of our annual operating, maintenance and administrative expenses and with the proposed increase in our expense budget of \$2.8 million we are required to add 1/12 of this amount, or \$237,000, to the expense reserve fund. The remaining transfers totaling \$38.3 million represents funds committed for capital projects and the Chief Engineer will present the proposed 2004 capital budget during his report this morning.

The total proposed 2004 budget for pledged funds is \$185.3 million, which is an increase of \$2.3 million or 1.3% over the amended 2003 budget.

This is the total 2004 budget for non-pledged funds. The proposed budget for concession revenues which is the major source of our non-pledged revenues is \$13,680,000, which is the same amount that we included in the amended 2003 budget. The total proposed 2004 non-pledged revenue budget is \$17.6 million. The proposed budget to maintain and operate the service plazas is \$7 million – an increase of \$126,000 or 1.8%. We plan to use the remaining non-pledged revenues for capital projects.

The total proposed 2004 budget for non-pledged funds is \$17,581,000, an increase of \$56,000 over the amended 2003 budget.

Combining our pledged and non-pledged funds, the total proposed 2004 operating budget for all funds is \$202,864,000. Our Master Trust Agreement does require the Commission to pass a resolution adopting the final budget on or before December 31 and with your permission, Mr. Chairman, I'd like to ask the General Counsel to read the resolution.

General Counsel read the resolution as follows:

"RESOLVED that the Commission hereby adopts the following as its Annual Operating Budget for the Year 2004 and the Executive Director, his successor or the CFO/Comptroller are directed to transmit a copy of the budget to the appropriate officials set forth in Section 5537.17(F) and to The Huntington National Bank, Trustee, under the Commission's Trust Agreement as is provided in Section 5.01(a)(iii):"

The Chairman said, do we have a motion?

Commissioner Noe moves and Commissioner Balog seconds.

The Chairman asked, are there any questions?

Commissioner Dixon said for my clarification, pledged or non-pledged revenues, would you explain those terms?

Mr. Steiner said pledged funds are pledged for repayment of our bonds under our Master Trust Agreement and they consist of toll revenues and related investment revenues. All other revenues such as concession revenues from the service plazas are not technically pledged under our Master Trust Agreement for repayment of those bonds. Of course, those funds could be used for repayment but they are not pledged.

Commissioner Dixon said so our first consideration for pledged funds is to pay our debts and non-pledged funds such as toll revenue, everything other than tolls it seems to me, there is no hold on those funds and we can use them for whatever. Is that correct?

Mr. Steiner said that's correct.

Commissioner Dixon said thank you.

Chairman Wilkins said this is the same budget you presented at the November meeting. You answered our questions at that time so you are simply asking for the final approval. Any other questions? Please call the roll.

The resolution entitled, "Resolution Adopting Proposed Operating Budget for the Year 2004 and Providing for Deposits Required under the 1994 Trust Agreement During said Year" was moved for adoption as follows:

RESOLUTION NO. 51-2003

"WHEREAS, the Commission by Resolution No. 49-2003 on November 19, 2003, adopted its Preliminary Operating Budget for the Year 2004;

"WHEREAS, Section 5537.17(F), Revised Code of Ohio, requires the Commission to submit a copy of its Proposed Annual Operating Budget to the Governor, the Presiding Officers of each House of the General Assembly, the Director of Budget & Management, and the Legislative Budget Office of the Legislative Service Commission, no later than the first day of the calendar or fiscal year;

"WHEREAS, the Master Trust Agreement dated February 15, 1994 between the Commission and The Huntington National Bank (Trust Agreement) provides that the Commission shall adopt an annual operating budget on or before the first day of each fiscal year and shall file same with the Trustee;

"WHEREAS, the Commission in order to comply with the provisions of Section 5537.17(F) of the Revised Code of Ohio, and the provisions of the Trust Agreement, takes the following action;

"NOW, THEREFORE, BE IT

"RESOLVED that the Commission hereby adopts the following as its Annual Operating Budget for the Year 2004 and the Executive Director, his successor or the CFO/Comptroller are directed to transmit a copy of the budget to the appropriate officials set forth in Section 5537.17(F) and to The Huntington National Bank, Trustee, under the Commission's Trust Agreement as is provided in Section 5.01(a)(iii):

**2004 Operating Budget of Revenues, Expenditures,
Transfers and Deposits**

	<u>PLEGDED</u>	<u>NON-PLEGDED</u>	<u>TOTAL</u>
REVENUES:			
TOLL	\$ 184,300,000	\$ -	\$ 184,300,000
INVESTMENT	983,000	138,000	1,121,000
CONCESSION	-	13,680,000	13,680,000
FUEL TAX	-	2,800,000	2,800,000
OTHER	-	963,000	963,000
TOTAL REVENUES	<u>\$ 185,283,000</u>	<u>\$ 17,581,000</u>	<u>\$ 202,864,000</u>
EXPENDITURES:			
OPERATION, MAINT. & ADMINISTRATION:			
ADMINISTRATION & INSURANCE	\$ 8,177,400	\$ -	\$ 8,177,400
MAINT. OF ROADWAY & STRUCTURES	28,818,400	2,080,400	30,898,800
SERVICES & TOLL OPERATIONS	40,478,300	4,897,400	45,375,700
TRAFFIC CONTROL, SAFETY & PATROL	13,306,400	-	13,306,400
TOTAL OPERATION, MAINT. & ADMIN.	<u>\$ 90,780,500</u>	<u>\$ 6,977,800</u>	<u>\$ 97,758,300</u>
BOND INTEREST PAYMENTS	38,535,000	-	38,535,000
BOND PRINCIPAL PAYMENTS	17,429,000	-	17,429,000
TOTAL EXPENDITURES	<u>\$ 146,744,500</u>	<u>\$ 6,977,800</u>	<u>\$ 153,722,300</u>
TRANSFERS:			
EXPENSE RESERVE	\$ 237,000	\$ -	\$ 237,000
FUEL TAX FUND	-	2,830,000	2,830,000
SERVICE PLAZAS CAPITAL IMP. RESERVE	-	390,000	390,000
RENEWAL & REPLACEMENT FUND	8,000,000	-	8,000,000
SYSTEM PROJECTS FUND	30,301,500	7,383,200	37,684,700
TOTAL TRANSFERS	<u>\$ 38,538,500</u>	<u>\$ 10,603,200</u>	<u>\$ 49,141,700</u>
TOTAL EXPENDITURES & TRANSFERS	<u>\$ 185,283,000</u>	<u>\$ 17,581,000</u>	<u>\$ 202,864,000</u>

I, Gary C. Suhadolnik, Executive Director of the Ohio Turnpike Commission, do hereby certify that the above is a true copy of the aforesaid resolution which was duly adopted at a meeting of the Commission, duly called for and convened and held on December 15, 2003, at which a quorum was at all times present and voting.

WITNESS my hand and the seal of the Ohio Turnpike Commission on this 15th day of December, 2003.

Gary C. Suhadolnik
Executive Director

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 51-2003.

Mr. Steiner said the second resolution I'd like to present is an award of a contract for currency and coin pick-up and delivery at our 30 toll plazas. The Request for Proposals (RFP) was advertised in the Toledo Blade, the Cleveland Plain Dealer and the Youngstown Vindicator. We also mailed the RFP to the twelve armored car carriers identified as doing business in Ohio. Dave Miller, the Chief Auditor, Sharon Isaac, the Director of Toll Operations, and I comprised the committee that evaluated the four proposals that we received for technical merit. We considered such factors as the firm's understanding of the scope of services that we required, the quality and experience of each respondent's personnel, past performance of each carrier and the location and adequacy of each carrier's facility. Dan Fiktus, the Purchasing Agent, then divided the technical scores by the cost proposals to identify the best over-all proposal for a one, two or three year contract. As a result of this process, the evaluation committee recommended a two-year contract commencing January 1, 2004, be awarded to Brink's U.S., Cleveland in the amount of \$414,460.80 for the first year and \$426,816.00 for the second year. Brink's has been performing this service for the Commission for the past four years in a very satisfactory manner. They have major facilities in Toledo, Cleveland and Youngstown. The cost that they are proposing for 2004 is 9.7% lower than we are paying for 2003 and it is also within the amount that we have included in the 2004 operating budget that the Commission just adopted. With your permission, Mr. Chairman, I'd like to ask the General Counsel to read the resolution.

General Counsel read the resolution as follows:

"RESOLVED that the proposal submitted by **Brink's U.S.** of Cleveland, Ohio, which utilizes the following Schedule of Bids,

<u>First-year</u>	<u>Second-year</u>	<u>Total</u>
\$414,460.80	\$426,816.00	\$841,276.80

is, and is by the Commission determined to be, the **best** of all proposals received in response to the Commission's Request for Proposals and is accepted; and

"FURTHER RESOLVED that the executive director and director of contracts administration hereby are authorized to execute a contract with Brink's U.S. which provides for a two-year term commencing January 1, 2004, and further authorizes them to take any and all action necessary or proper to carry out the terms of said proposal and said contract."

The Chairman asked, is there a motion?

Commissioner Dixon moves and Commissioner Darwish seconds.

The Chairman asked, are there any questions?

Commissioner Dixon said they say you shouldn't look a gift horse in the mouth, but I will. Why is it less now than it was previously?

Mr. Steiner replied that he discussed this with our Purchasing Agent and he confirmed that we have received lower prices on a number of items. It's just a very competitive market right now.

Commissioner Dixon said so we are getting better prices in the service area. I know in the construction field we are, but the service-type is carrying over.

Mr. Steiner said that's correct.

Commissioner Dixon said okay.

The Chairman asked, would the Assistant Secretary-Treasurer please call the roll?

The "Resolution Awarding Contract for Currency and Coin Pick-up and Delivery" was moved for adoption as follows:

RESOLUTION NO. 52-2003

"WHEREAS, on November 7, 2003, the Commission issued its Request for Proposals (RFP) for currency and coin pick-up and delivery from its thirty (30) toll plaza locations to include scheduled pick-up six (6) days per week for a term of one, two or three-years; and

"WHEREAS, the RFP was advertised in three newspapers of general circulation in major cities along the Ohio Turnpike and also was mailed to twelve companies identified as major participants in the armored car industry, and respondents were given the option to submit proposals for a one, two or three-year contract period; and

"WHEREAS, a mandatory pre-bid meeting was held on November 18, 2003, and proposals were duly opened on November 25, 2003, as provided in said published notice, with four companies presenting proposals to furnish the above-mentioned services to the Commission; and

"WHEREAS, an evaluation committee consisting of the Commission's CFO/ comptroller, the chief auditor and the director of toll operations reviewed the proposals submitted and awarded technical scores to each which scores were then divided by the cost proposals submitted by each vendor in order to identify the best cost performance index among the four vendors; and

"WHEREAS, as a result of this process, the evaluation committee has recommended that a two-year contract be awarded to Brink's U.S., a division of Brink's, Incorporated of Cleveland, Ohio; and

"WHEREAS, the Commission's chief engineer and the director of contracts administration both concur with the evaluation committee's recommendation and have communicated their agreement to the executive director and the Commission; and

"WHEREAS, the Commission has given due and full consideration to the proposals received, the companies' qualifications and their abilities to perform the contract;

"WHEREAS, all of the aforesaid proposals were solicited on the basis of the same terms and conditions with respect to all RFP respondents and potential respondents; and

"WHEREAS, the Commission has determined that the proposal submitted by Brink's U.S. which utilizes the following Schedule of Bids,

<u>First-year</u>	<u>Second-year</u>	<u>Total</u>
\$414,460.80	\$426,816.00	\$841,276.80

is the **best** of all proposals received in response to the advertisement of said contract; and

"WHEREAS, the Commission has been advised by its director of contracts administration that Brink's U.S. proposal conforms to the requirements of all applicable

statutes and to the terms and conditions set forth in the legal notice and other documents applicable thereto, and that the Commission may legally accept said proposal; and

"WHEREAS, the executive director and the director of contracts administration and the other members of the Commission's staff are satisfied with the capacity and ability of said company to perform its obligations pursuant to its proposal; and

"NOW, THEREFORE, BE IT

"RESOLVED that the proposal submitted by **Brink's U.S.** of Cleveland, Ohio, which utilizes the following Schedule of Bids,

<u>First-year</u>	<u>Second-year</u>	<u>Total</u>
\$414,460.80	\$426,816.00	\$841,276.80

is, and is by the Commission determined to be, the **best** of all proposals received in response to the Commission's Request for Proposals and is accepted; and

"FURTHER RESOLVED that the executive director and director of contracts administration hereby are authorized to execute a contract with Brink's U.S. which provides for a two-year term commencing January 1, 2004, and further authorizes them to take any and all action necessary or proper to carry out the terms of said proposal and said contract."

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as Resolution No. 52-2003.

Mr. Steiner said that completes my report.

The Chairman said I'd like to call on the Executive Director.

Mr. Suhadolnik said I don't have a formal report or resolution as some other members do, but just a couple items of note that may be of interest to the Commission. We did have our third public hearing on the change in tolls – that is the change in the Class 8 weight category. We'd like to bring it up to 80,000 pounds so it would be consistent with the weight limits on other roads in Ohio. There was no opposition to it so we are bringing a resolution to the Commission in January asking to make that change.

Secondly, the legislative Oversight Committee had their fourth meeting of the year as required by statute. It was held here on December 11th. It was uneventful. We updated the Oversight Committee Members who were here on our activities and there were no serious questions and they were happy with our progress.

The third item – there is one piece of legislation that while not directed at the Turnpike does have an effect on us. That's House Bill 208 that deals with retainage – the amount of funds that are held back when a construction project is performed. There have been a number of changes suggested that affect all state contracts. I'm happy to report that the three items that we found troublesome in the bill, amendments were added to the bill which specifically address the Turnpike's concerns, although they will affect other contractors and other public owners as well. Our concerns were addressed by Representative Ron Young from the Lake County area. That ends my report, Mr. Chairman.

Thank you, Mr. Suhadolnik. The Chairman asked, is there a report from the Deputy Executive Director, Mr. Pursley?

Mr. Pursley stated he had one resolution to present this morning. It's a resolution awarding Contract for the Operation of the Food Concession at the Commission's Great Lakes and Towpath Service Plazas under Contract No. TR-8B (Unit #3). Back in June 2002, the Commission awarded a contract to The Compass Group to operate a Wendy's concept in Unit #3 at both the Great Lakes and Towpath Service Plazas. Approximately two to three months ago, Compass put the Commission on notice that it had elected to not fulfill its contractual obligations regarding these units and intended to cease operations at both plazas on January 5, 2004.

Subsequent to that notice, Director of Contracts Administration Kathleen Weiss, determined that the original proposals submitted in 2002 were still valid and each of the prospective vendors were contacted to determine whether they would honor their original bids. Two vendors, HMS Host and Subway Concepts, indicated that they would.

The evaluation committee consisting of Kathleen Weiss, Fred McFall, Customer Service Manager, and myself evaluated the proposals and the bidder's qualifications and concluded that the contract should be awarded to HMS Host primarily because according to the report the committee felt that while both concepts offer reliable brands, the burger concept is needed at the service plazas and Subway concept would substantially duplicate offerings available with existing Panera Bread restaurants. A resolution awarding a contract to HMS Host to operate a Burger King concept at both the plazas at Unit #3 for a 12% return on gross revenue with a minimum annual guarantee of \$75,000 per plaza is in your folders. With your permission, I'll ask General Counsel to read the Resolved.

General Counsel read the Resolved as follows:

"RESOLVED that the above-mentioned proposal submitted by **HMS Host Tollroads, Inc.** for the performance of **Contract TR-8B (Unit #3)** is hereby accepted; and

"FURTHER RESOLVED that the executive director and director of contracts administration hereby are authorized to execute a contract with **HMS Host Tollroads, Inc.** for the remainder of the Compass Group's initial contract term of seven (7) years and to take any and all action necessary or proper to carry out the terms of said bid and said Contract TR-8B (Unit #3) for the operation of a "Burger King" restaurants at the Commission's Great Lakes and Towpath Service Plazas."

The Chairman asked, is there a motion?

Commissioner Dixon moves and Commissioner Balog seconds.

The Chairman asked if there are any questions.

Commissioner Dixon asked if we were going to seek any type of moneys from Wendy's for loss of income for the time that we are down.

General Counsel said we are not in a position now to make a recommendation yet. That may be the case, but we don't really know what the extent of our costs is. Once we do have that information, we'll make a recommendation.

The Chairman said it wouldn't be against Wendy's, would it?

General Counsel said no, the agreement is with Compass Group.

The Chairman asked if there were any other questions. Would the Assistant Secretary-Treasurer call the roll.

The "Resolution Awarding Contract for the Operation of the Food Concession at the Commission's Great Lakes and Towpath Service Plazas under Contract No. TR-8B (Unit #3)" was moved for adoption as follows:

RESOLUTION NO. 53-2003

"WHEREAS, on June 17, 2002 by Resolution No. 21-2002, the Commission awarded a contract to Compass Group USA, Inc. ("Compass") of Charlotte, North Carolina, for the operation of a "Wendy's" concept in Unit #3 of the Commission's Great Lakes and Towpath Service Plazas under Contract No. TR-8B; and

"WHEREAS, Compass has elected not to fulfill its contractual obligations and will cease its business operations at the two Wendy's restaurants after the close of business on January 5, 2004; and

"WHEREAS, the director of contracts administration has opined that the proposals submitted in the response to the Commission's Request for Proposals (RFP) for Contract TR-8B (Unit #3) dated April 24, 2002, are still valid and in conformance with Ohio Revised Code Section 5537.13, with respect to finding a replacement food concept; and

"WHEREAS, members of the Commission's evaluation committee, including the deputy executive director, the director of contracts administration and the customer services manager, reviewed the proposals of those companies still interested in operating Unit #3 at the Great Lakes and Towpath Service Plazas; and

"WHEREAS, the Commission's evaluation committee has given due and full consideration to the proposals received and to the concepts offered, the bidder's qualifications and their abilities to perform the contract for which they submitted their respective proposals; and

"WHEREAS, the Commission's evaluation committee has recommended that the Commission accept the proposal submitted by HMS Host Tollroads, Inc. for the following concept for the remainder of the contract term through June 17, 2009:

<u>Unit</u>	<u>Guaranteed Yearly Payment</u>	<u>Percentage Return</u>	<u>Concept</u>
3	\$75,000.00/plaza	12%	Burger King

"WHEREAS, the Commission has been advised by its director of contracts administration that it may legally accept said proposal as said proposal is the "best bid" in conformance with Ohio Revised Code Section 5537.13 and conforms to the requirements of all other applicable statutes and to the terms and conditions set forth in the original RFP; and

"WHEREAS, the executive director and the members of the Commission's evaluation committee are satisfied with the capacity and ability of said bidder to perform its obligations pursuant to its proposal;

"NOW, THEREFORE, BE IT

RESOLVED that the above-mentioned proposal submitted by **HMS Host Tollroads, Inc.** for the performance of **Contract TR-8B (Unit #3)** is hereby accepted; and

"FURTHER RESOLVED that the executive director and director of contracts administration hereby are authorized to execute a contract with **HMS Host Tollroads, Inc.** for the remainder of the Compass Group's initial contract term of seven (7) years and to take any and all action necessary or proper to carry out the terms of said bid and said Contract TR-8B (Unit #3) for the operation of a "Burger King" restaurants at the Commission's Great Lakes and Towpath Service Plazas."

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 53-2003.

Mr. Pursley said that concludes my report.

The Chairman asked for the report from the Chief Engineer, Mr. Castrigano.

Mr. Castrigano said I have one resolution for your consideration this morning pertaining to the 2004 capital budget. At the end of my presentation, I'll be asking for the resolution to be approved by the Commission. First, I have a short presentation.

Mr. Chairman, you may recall that last December at this time I also presented the 2003 capital budget. At that time there was not a resolution placed before the Commission for the capital budget. Also, at that time the Commission expressed the desire to pass resolutions to approve the future capital budget. That's the purpose of the resolution this morning.

The presentation I'm about to give delineates a preliminary list of projects that we plan to do in 2004. Those projects are subject to change – subject to unforeseen conditions. The resolution pertains to an aggregate dollar amount that we will be authorized to spend in 2004. However, as you are aware, each individual construction project will still be brought to the Commission that is in excess of \$150,000 for individual resolutions. With that, there is a detailed 2004 capital budget in your folders. I'll highlight some of the major projects. If you have any questions as I go along, just stop me.

The capital budget is divided into four separate accounts. The first and by far the largest fund is the Systems Project Budget. Systems projects are typically used to fund the Commission's major construction projects that are part of our capital improvement program such as the third-lane construction, service plaza and toll plaza reconstruction and roadway resurfacing. We will begin 2004 with a balance of approximately \$27.7 million in the System Projects Fund. As Mr. Steiner reported earlier, we will have total transfers into the fund of approximately \$37.7 million which will give us \$65.4 million total available funds in 2004. Of this amount approximately \$16.1 million is committed to ongoing projects. These are projects that are currently under construction or are in the process of design or advertising. I'll detail this next slide which shows some of the projects that we currently have under construction right now. Some of the major projects are completion of the Cuyahoga River Bridge structure in Summit County. That represents \$3 million; completion of the interchange ramps in Lorain County for \$4 million; construction of the toll plaza facility at S.R. 58 interchange for approximately \$2.5 million. Although this project is not under construction yet, you'll recall this is the project that was rejected at last month's Commission Meeting. It is currently funded and we anticipate awarding this contract in January 2004. Final completion of the third-lane project just outside of the Administration Building which results in the total committed funds of \$16.1 million.

We have approximately \$46.6 million in new projects to be funded and/or constructed in 2004. The first two digit numbers before each of those classifications is an internal project classification number. As I stated earlier, in your folders is a complete detail of all the projects. I'll give you a synopsis of each major project. Again, if you want me to explain something to you, just let me know.

Some of our major projects in 2004 include bridge repair and resurfacing projects. The largest project in that category is the replacement of the Norfolk & Southern Railroad Bridge at Milepost 182 in Summit County. This structure has a total estimated cost of \$11.5 million, of which \$4 million will be carried over and expended in the 2005 calendar year. That's the reason we show \$4 million as a credit in that account. You may recall this is the structure that needs to be reconstructed to allow for construction of the third lane beneath it. Two other bridge deck replacement projects we have next year are the Shiloh-Whiteville Road and the Fulton-Lucas County Road, both in Lucas and Fulton County. These are deck replacements of original decks that have been in place approximately fifty years. Our largest reconstruction project on the books for next year is the reconstruction of the Blue Heron and Wyandot Service Plazas in Sandusky County. This project is scheduled to begin in March of 2004. Again, of the total \$22 million construction budget, \$5 million will be carried over into 2005 resulting in expected expenditures of \$17 million in 2004.

Toll Plazas – Improvements, Repairs and Replacements: we have the reconstruction of Interchange 71 in Wood County. Interchange 71 connects to I-280 and S.R. 420 and is our fifth busiest interchange. This project will increase the capacity of the interchange. Again, approximately 50% of the \$18 million construction cost is carried forward to 2005.

Then we have three roadway resurfacing projects on schedule for next year in a total amount of \$9.8 million. This will represent resurfacing of approximately 19.2 centerline miles of pavement. The total expenditures again will be \$46.6 million dollars in 2004. With the \$16.1 million that we have committed in the existing projects and the \$46.6 million for 2004 projects, we have 2004 expenditures of \$62.7 million dollars. Our available funds in this budget are \$65.4 million leaving \$2.7 million uncommitted in the System Projects Budget.

The second component is the Renewal and Replacement Budget. Typical projects in this budget include purchases of equipment and vehicles, bridge repainting and other minor construction projects. In 2004, we will begin this fund with approximately \$6.6 million. Total transfers into the fund will be \$8 million which will give us approximately \$14.6 million for projects in 2004. Again, as in the Systems Projects Fund, we do have funds committed from carry-over projects totaling approximately \$4.2 million. This slide details some of the projects that make-up the \$4.2 million dollars in committed funds.

Approximately \$8.9 million will be allocated to new projects in 2004. Again, I'll review some of the major expenditures in the R & R Budget. \$1.175 million has been allocated to communications equipment in 2004. The largest project is the replacement of the internal telephone system at all Commission facilities for approximately \$650,000. Following the blackout in August, we thought it would be prudent to install emergency power sources at some of our remote communications facilities. Those facilities were backed up by batteries and we have reached the limit on those. So we are going to install some generators in those three facilities. Another major project we have in this fund is installing a fiber-optic link from this facility to Toll Plaza 161 as a redundant communication storage for our back-up computer facilities. Approximately \$1.1 million will be spent to repaint 12 bridge structures across the state. This will be split into two separate contracts. The contractor will be able to bid on one or both projects. This work does include complete removal of existing lead-based paint.

A major portion of the \$1 million for safety devices includes \$800,000 for reapplication of pavement markings along the entire length of the roadway. As far as our toll audit system, \$1.3 million has been allocated for replacing and upgrading 145 ticket transports at all of our interchanges. A ticket transport is the piece of equipment that not only encodes your ticket and spits it out through the dual automatic ticket dispenser, but also when you exit the Turnpike that same piece of equipment reads the magnetic bar code on the ticket to ensure that you are classified with the proper toll.

Just to recap again, \$8.9 million is allocated toward new expenditures in the 2004 R & R budget. With the \$4.2 million of continuing expenditures of 2003, the \$8.9 million in new projects in 2004, that results in approximately \$13.1 million in total 2004 expenditures. Available funding is \$14.6 million resulting in \$1.5 million in uncommitted funds in the R & R Budget.

The next component is the Fuel Tax Budget. I'm sure you are aware that the Commission receives \$.05 from each gallon of fuel sold at the Commission's sixteen service plazas. This amounts to approximately \$2.8 million annually. We will begin the year with approximately \$2.5 million in this fund giving us approximately \$5.3 million available in 2004. It has typically been the Commission's policy although we are not required, we usually reserve and allocate these funds for infra structure improvements to state and interstate routes along the corridor. The two projects that we have committed funds from 2003 carry-over, approximately \$2.1 million total, are for right-of-way acquisitions for Interchange 71 in Wood County – the project that I spoke of just a few minutes ago, and also right-of-way acquisition for Interchange 180, S.R. 8 in Summit County. You may recall that this project is the project that the OTC is jointly funding with ODOT District #4. The only new project we have planned for 2004 to be funded from the fuel tax budget is replacement of the decks of two ramp bridges at Interchange 234 in Mahoning County. These structures link the Ohio Turnpike with I-680. The total estimate for that project is \$1.8 million. With the \$2.1 million of continuing expenditures from 2003 carryovers and add that to \$1.8 million of committed funds brings us a total of \$3.9 million of total 2004 expenditures. With the available funding of \$5.3 million, we have \$1.4 million dollars in uncommitted funds in the Fuel Tax Budget.

The final component of the capital budget is the Service Plaza Capital Improvement Budget. This money is derived from the food and retail vendors at the new service plazas. They are charged 1% of sales, which is designated for capital improvements of the facilities at the new service plazas. The projected revenue for 2004 is approximately \$390,000. Adding this to the \$600,000 presently in this fund gives us a total of \$990,000 available for projects. We have no funds currently committed to ongoing projects in this account. We do have one construction project planned for 2004 and that is HVAC improvements at the Great Lakes and Towpath facilities with an estimated cost of \$175,000. This leaves \$815,000 uncommitted in the Service Plaza Capital Improvement Budget.

In summary, total anticipated expenditures in the 2004 capital budget will be approximately \$79.8 million and again, I'd just like to remind you that this is a tentative list of projects that may change. The resolution that we will be asking approval will be a total not to exceed the \$79.8 million and each individual project in excess of \$150,000 will be brought to the Commission by separate resolutions. Mr. Chairman, with your permission, I'd like General Counsel to read the resolution.

General Counsel read the Resolved as follows:

"RESOLVED that the Commission hereby authorizes 2004 capital expenditures from the System Projects Fund, Renewals and Replacements Fund, Fuel Tax Fund and Service Plazas Capital Improvement Fund, not to exceed a combined total of \$79,845,000."

The Chairman asked, is there a motion?

Commissioner Noe moves and Commissioner Balog seconds.

The Chairman asked if there are any questions.

Commission Dixon said Dan, that was a fine presentation. Thank you very much. My only question, Noelle, is why the "not to exceed" language? I don't remember seeing that in a budget before.

General Counsel said I would assume it is to comply with the Master Trust Agreement, but I think Mr. Steiner can answer that since our budget pledges certain funds to pay off debt for the bonds.

Mr. Castrigano said the Master Trust Agreement does not require us to pass a capital improvement budget. If you recall last December, I gave the same presentation. At that time, the Commission Members said they wish to pass a resolution for the capital budget at that time. All we are doing here is trying to give you a benchmark of the anticipated projects. As I said, these are tentative projects.

Commissioner Dixon said I understand that, but the language "not to exceed," I never heard that associated with the budget before. I think you answered it for me. This is not something we have to do, this is a benchmark that you are setting up – it's a goal. That's fine. Thank you.

Commissioner Balog asked, how do the uncommitted funds compare to previous years?

Mr. Castrigano stated Mr. Steiner could respond to that question.

Mr. Steiner said, as I reported previously, the amount of funds that we have to work with has been dwindling. We issued approximately \$800 million worth of bonds from 1994-2001. We have been spending down those funds as well as our accumulated toll revenues. At this point, we are very close to operating hand-to-mouth for these capital projects. As funds become available, then we will proceed with the various capital projects that Dan has identified. We are monitoring this on a monthly basis to make sure we have adequate revenues to support every project and if for some reason our toll revenues are a little below expectations, then we work with Dan and Deputy Executive Director and Executive Director to adjust the construction schedule to fit within the available funds.

Commissioner Balog said thank you.

Chairman Wilkins asked how much was budgeted last year. Is that available?

Mr. Steiner said I would have to check, Mr. Chairman, exactly what the available funds are. Mr. Castrigano said he didn't recall either.

Commissioner Balog said you're comfortable with the remaining dollars and cents of the uncommitted funds to go ahead and make sure that if any emergency project would arise you could go ahead and handle it appropriately.

Mr. Castrigano said yes. As Mr. Steiner stated, we are not proceeding with all these projects as a lump amount. These are scheduled throughout the year. As we go along and we see the availability of funding, we may defer something and hold it off until next year if it becomes that critical.

The Chairman asked the Assistant Secretary-Treasurer to call the roll.

The "Resolution Adopting the Proposed Capital Budget for 2004" was moved for adoption as follows:

RESOLUTION NO. 54-2003

"WHEREAS, the 2004 operating budget includes transfers of revenues to the System Projects Fund, Renewals and Replacements Fund, Fuel Tax Fund and Service Plazas Capital Improvement Fund;

"WHEREAS, the transfers of 2004 revenues to the System Projects Fund, Renewals and Replacements Fund, Fuel Tax Fund and Service Plazas Capital Improvement Fund are intended to be added to any unspent balances in these funds and the total to be available for capital expenditures;

"WHEREAS, the Commission's Executive Director, Chief Engineer and CFO/ Comptroller have recommended a preliminary list of 2004 capital expenditures, which list of projects is subject to change, totaling **\$79,845,000**;

"NOW, THEREFORE, BE IT

"RESOLVED that the Commission hereby authorizes 2004 capital expenditures from the System Projects Fund, Renewals and Replacements Fund, Fuel Tax Fund and Service Plazas Capital Improvement Fund, not to exceed a combined total of **\$79,845,000.**"

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as Resolution No. 54-2003.

Mr. Castrigano said the only other item I have is the Construction Update. I won't go into that in detail. I have included a copy of that report in your folders which includes a synopsis of what construction we have completed in 2003. I won't go through the individual projects. You can read them at your leisure. I'd like to report that it is still good news. Since 1996, as far as the third lane is concerned, we have awarded and closed or completed 44 individual contracts with a total contract award value of approximately \$555 million dollars. Total in place amount for those 44 contracts is \$545.5 million dollars or approximately \$10 million dollars below the contract award, which is approximately 1.7% below the total contract award. That concludes my report.

The Chairman asked if there was a report from our financial advisor, Mr. Erickson.

Mr. Eric Erickson reported that subsequent to the last meeting, we actually had two meetings with two respective bond rating agencies – Standard & Poor's and Fitch. With Standard & Poor's we had a lengthy conference call to update the rating agency as to where the Turnpike has been since our last meeting in 2001. With Fitch Investors Service, we actually had an on-site visit by one of the analysts. We took them to the service plaza, toll plaza, and a maintenance building as well as an on-site visit to the Cuyahoga River Bridge. Both of the meetings went very well. We don't anticipate any changes in the ratings – both are AA still. We will have a report issued after the first of the year. Next year, we'll proceed with a meeting with Moody's Investor Service. We have been somewhat productive in that area. I'll open the floor to any questions.

Chairman Wilkins thanked Mr. Erickson for his report. Is there a report from our general consultant?

Mr. Yacobucci said no report.

Chairman Wilkins asked if there was a report from our trustee.

Mr. Lamb said no report.

The Chairman asked if there was a report from the OSHP.

Captain Ferguson reported that Highway Patrol services have been very busy during the month of November and into December. We had two fatal traffic crashes occur during the early part of November. The first one occurred in the Swanton Post area in Lucas County. That investigation

revealed that a car traveling on the Turnpike struck a deer and became disabled on the roadway without lights. The occupants of that vehicle then exited and attempted to push the car off the road when another car then approached from the rear, didn't see them on the roadway, swerved around the right side and struck the male passenger as he was standing along side the disabled car and caused a fatal injury in that case.

A couple days later in our Hiram Post area in Portage County, we had two SUV vehicles traveling eastbound near Milepost 201. The second SUV was overtaking the first, attempted to pass him and swerved around, ended up striking the left rear of the first SUV, and then lost control and overturned several times. The female driver of that vehicle was also fatally injured.

Then on Thanksgiving eve, we had one of our own officers involved in a serious crash. Trooper John Miller of the Milan Post, who is a 17-year veteran, and was actually our District Trooper of the Year last year, was out working and received a report of an erratic high-speed driver traveling west in Erie County. He positioned himself in the crossover area in the walled area of the Turnpike and just as soon as he got set up and facing perpendicular to the westbound lanes, he located that driver. She drove off the road and struck the right front of his Patrol car at a very high rate of speed and slammed his Patrol car into the retaining wall. That car then continued to travel on the roadway and overturned several times. Trooper Miller received back and hip injuries. He is still off duty from those injuries. The female driver was life-flighted to Toledo to be treated for her injuries. She has been charged with driving under the influence of alcohol and aggravated vehicular assault.

Most recently, I think you probably all heard on the news, on December 2nd, at 7:15 p.m. in Erie County, we had a shooting incident on the Ohio Turnpike. Our dispatch in Berea received a 911 call from the passenger of the victim vehicle and reported that he and the driver had been shot at and were, in fact, wounded from the shooting incident. He reported very sketchy description of two different vehicles that had been passing them at the time. Our troopers responded to the scene along with emergency medical services. The description of the two vehicles supposedly involved was broadcasted to area law enforcement agencies and one of those vehicles was apprehended in Wakeman, Ohio, about ten miles off the Turnpike. That investigation is continuing. No one has been charged in that incident yet. There was a lot of media coverage from that incident particularly because of the shooting incidents down on I-270 in the Columbus area. Our shooting incident was definitely not linked to those. We took steps the following day to make sure that that information was relayed to the media, so that was not something that would affect the Turnpike operations as this was an isolated event.

The last thing I have is we have a new member to our staff at District #10 headquarters, that is Staff Lt. Monty Morgan. Monty came to us from our investigation office. He was a Commander of our Investigation Office in Garfield Heights. He is a 22-year veteran of OSHP, a recent graduate of the FBI National Academy and he is taking the place of Staff Lt. Tom Derr who retired at the end of October. I'm very glad to have him on my staff, and he'll be running the operation-side of our services for the next year. That completes my report.

Chairman Wilkins said thank you. If there is no further business, I'll accept a motion to adjourn until Wednesday, January 21, 2004.

Commissioner Dixon said I'd like to say, since this is the last meeting of the year and you reflect on the past year, I just want to say thanks and extend my congratulations to our employees. I'm the gray bear and I've been here 2-1/2 to 3 years, and I remember we'd come to the meetings and they would last hours. We'd go into executive session and we had some troubled times here at the Turnpike. I think that when Gary came on, he had a tough job in front of him. I think that he and his staff – everyone, the employees who were already here and the new people who came on – have done an excellent job in the last year. I just want to thank them for the cooperation that they

have given me in answering questions I had and responded, and also the great job they have done in raising the level of trust in the Turnpike again. I want to applaud you and your staff in the work that has been accomplished this year. I look forward to hearing of great things from you.

The Chairman and the Executive Director thanked Mr. Dixon for his kind comments.

The Executive Director reminded the Commission Members of the holiday luncheon on Friday, December 19th. I'll call the roll.

Commissioner Noe moves to adjourn. Commissioner Dixon seconds. All Members voted in the affirmative to adjourn. Time of adjournment was 10:53 a.m.

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



George F. Dixon, Secretary-Treasurer