

## MINUTES OF THE 502nd MEETING OF THE OHIO TURNPIKE COMMISSION

April 19, 2004

Pursuant to the bylaws, the Ohio Turnpike Commission met for a regular meeting at the Commission's Administration Building at 10:05 a.m. on April 19, 2004, with members of the staff: Jerry Pursley, Deputy Executive Director; Daniel Castrigano, Chief Engineer; James Steiner, CFO/Comptroller; Noelle Tsevdos, General Counsel; 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; Sharon Isaac, Director of Toll Operations; Lauren Hakos-Dehrmann, Manager, Public Affairs; Crickett Jones, Tracy Cowley and Diane Pring.

The Chairman called the regular meeting to order.

Chairman Noe asked the Assistant Secretary-Treasurer to please call the roll.

Present: Mr. Noe, Mr. Balog, Mr. Regula and Mr. Darwish

Absent: Mr. Dixon, Senator Schuring, Representative Buehrer

The Chairman said Mr. Dixon is out of town today and the Ohio Department of Transportation's Director, Gordon Proctor, is not here today, but his representative, Deputy Director Mo Darwish, is here and authorized to vote for him.

The Chairman said we have a number of guests here today, so I'd like everyone to introduce themselves: Eric Erickson, Fifth Third Securities; Dennis Albrecht, Dan Sokol, Dick Corporation; Tony Yacobucci, HNTB; Mike Burgess, URS Corporation; Allan V. Johnson (retired Executive Director); Don Glosser, Lichtenstein Consulting; Frank Lamb, Huntington Bank; Glenn Stevens, Stevens Associates; Howard O'Malley, B & T Express; Tim Reidy, Nat City Investments; Doug Deal, Steve Orcutt, Deloitte & Touche; John J. Meehan, Douglas Brown, Charles E. Rocco and Ron J. Olesinski, Willis of Ohio, Inc.; Capt. Robert Ferguson, OSHP, and Steve DeLong, Jeff Milum, International Union, Operating Engineers.

The Chairman welcomed everyone and said this is the 502nd 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. These resolutions will be explained during the appropriate reports.

The Chairman asked for a motion to adopt the Minutes of the March 15, 2004 meeting.

Deputy Director Darwish moves and Commissioner Balog seconds. All other members voted in the affirmative. The minutes were adopted.

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

The Executive Director said since Mr. Dixon, our Secretary-Treasurer, is not here today, I'll read his report as the Assistant Secretary-Treasurer.

The following items have been sent to the members since the last regularly scheduled meeting of the Commission on March 15, 2004:

1. Minutes of the March 15, 2004 Commission Meeting
2. Traffic & Revenue Report, March, 2004
3. Total Revenue by Month & Year, March, 2004
4. Investment Report, March, 2004
5. Financial Statements, March 31, 2004 \*
6. Budget Report, Three Months, 2004 \*
7. OSHP, District No. 10 Annual Report - 2003
8. Various News Releases

\* in Commission Members' folders

The Director said I'll continue with my report, okay? I'm pleased to announce that once again the Turnpike was awarded the Certificate of Achievement in Excellence in Financial Reporting for the year 2002. It's an honor and something we are proud of. It's really Jim Steiner, our CFO, who makes it possible for us to receive that award. Let's give Jim a round of applause.

The Director said he has a resolution to present. I'd like the Commission to give the Executive Director authority to hold public hearings to consider closing an interchange that we have at State Route 49. This is really at approximately Milepost 2.0. He referenced the arrow on the screen monitors. That diamond-shape is a "free" interchange. Off the screen to the left would be the Indiana border and just slightly past that would be their "Eastgate" and just to the right is our "Westgate" interchange where you enter the Ohio Turnpike and receive a ticket. On the top of the screen just barely in the screen you can see a road - that's S.R. 20. You can see how close it is from the interchange to Route 20. We have good reason to believe the trucks take the Indiana Toll Road and quickly get off using the eastbound exit ramp and then take the parallel S.R. 20. We know there is a lot of traffic on that route to avoid our tolls. We also know from some previous reporting by the OSHP that many trucks that are overweight use that as an escape route. We think that if we close the exit ramp going east and if we close the on ramp going west, that will help detour some of the traffic on the parallel routes. We don't know what other businesses or local activities might be affected if we close those ramps so I'd like to hold a public hearing to see what the public in that area thinks about that. Depending upon the input that we get from those hearings I'll report back to the Commission that it's a good idea or it may not be a good idea to close that interchange. That's really what this resolution is all about. You can see how close the Turnpike is to S.R. 20 - maybe 1/10th of a mile, at best 2/10th of a mile. I would ask our legal counsel to read the Resolved.

General Counsel read the "Resolved" as follows:

"RESOLVED that the Commission hereby authorizes the executive director, or his designee, to issue a public notice of its intention to close the westbound entrance ramp from State Route 49 onto the Turnpike, and the eastbound exit ramp to State Route 49 from the Turnpike, and to hold two (2) public hearings regarding the proposal at such locations within the vicinity of Interchange No. 2, during such days and times that the executive director deems appropriate so as to encourage public comment on the proposal and to take any other measures as may be necessary at Interchange No. 2 in order to ensure the proper operation and maintenance of the Turnpike and to alleviate traffic congestion on State Routes 49 and 20; and

"FURTHER RESOLVED that the executive director shall present a report to the Commission after issuing the notice and conducting the public hearings regarding the proposal."

The Chairman asked, is there is a motion?

Commissioner Regula moves and Commissioner Balog seconds.

The Chairman asked if there was any discussion.

Commissioner Balog asked the Director a question. He said hypothetically, this business at the top of the screen is receiving products from Indiana. What are his alternatives at this point and time?

The Director said if we were to close that interchange their alternatives would be they would have to continue down the Turnpike about 13 miles to exit at Interchange No. 13, get off there and come back or they could exit in Indiana and take the parallel route, S.R. 20, into Ohio.

Commissioner Balog said I'm sure those issues will come up at the public hearing as I'd like to know how many people would be affected. It seems somewhat of a drastic measure if there is, in fact, significant business in the area. I understand at this point and time you are only asking to hold public hearings and have discussions.

Chairman Noe said I'd like to add something to that. The biggest complaint I received when I was appointed to the Turnpike Commission was 20-A turns into Central Avenue in Toledo and it seems that they have had an extreme increase in truck traffic going along there and there is a lot of conjecture. Some residents said it must be the toll increases, but what we have found out is there are also many overweight trucks getting on and off and doing these things, too. I think the purpose of the public meeting is to find out exactly what kind of businesses would be affected, if any, and secondly, do you close all four pieces - or only one piece, two pieces, three pieces, etc. The options are pretty open to us on what we can do if we do anything. When it's all done, that would be when Gary comes back to us. But I can assure you that the people of northwest Ohio are very interested in what happens to that.

The Director said as you may be aware, we are also doing our truck study right now and we are looking for incentives. But we are also looking at disincentives to use some of the parallel routes as well. As I indicated to some of the Commission Members in my conversations with them, we are looking at a three-step process:

(1) Hold the public hearings to see what folks are saying. I think I have an idea of what's happening in that area but I don't know for sure. We will try to get some notification out. We have not laid out a plan as yet, but I assume we will advertise in a newspaper, send notices to some local government agencies in the counties, townships, and cities along those routes. I have also talked to some of the state legislators to make them aware of our plans. We'll gather some information at the hearings (one in the daytime and one at night) so that folks who work will have a chance to participate if they want to.

(2) If all that is favorable, I'll come back to the Commission at some point and ask you to adopt a resolution authorizing me to close some portion of that interchange.

(3) If all that works out, we'll put some type of barricade up so we will still have some options down the road if there was something incorrect about our judgment.

Commissioner Regula asked the Director if it would be advantageous from our position that we get some type of traffic count coming on and off that interchange - especially in terms of the truck traffic. We have the ability to put up a strip there and determine in a day's time how many are jumping off there and where we're at. It could give us a position of saying this is what is happening here - whether it's from a community standpoint or a citizen standpoint, we could say to them we have "X" amount of vehicles jumping off here in order to avoid the scales. That could give us a little "ammo" in terms of our position.

The Executive Director asked Jerry Pursley, our Deputy Executive Director, for some clarification. Mr. Pursley said the "counters" will distinguish between not only trucks and cars but also between classifications. We just purchased them last year with a software package that will address this, and we can install them.

The Chairman said that will be a good idea. Please call the roll.

The "Resolution Authorizing the Executive Director to issue public notice and hold public hearings regarding proposal to close points of ingress to and egress from the Ohio Turnpike at Interchange No. 2" was moved for adoption as follows:

#### **RESOLUTION NO. 15-2004**

"WHEREAS, the Commission by Resolution 3-1990 authorized the construction of Interchange No. 2 located at Milepost 2.1 in Williams County, which resolution is incorporated herein by reference; and

"WHEREAS, Interchange No. 2 was constructed to permit unrestricted access off of the Turnpike on to State Route 49 which intersects State Route 20; and

"WHEREAS, the Commission has been advised by the director of transportation that increased commercial vehicular traffic on to State Route 49 and State Route 20 from the Turnpike has created traffic congestion in this area of the State, which congestion has also impacted the condition of these public roadways; and

"WHEREAS, the Commission has been advised by the State Highway Patrol that the unrestricted access off of the Turnpike at Interchange No. 2 is being utilized by commercial trucking carriers that exceed the weight limitations permitted by state law for traffic on State roadways and highways; and

"WHEREAS, the Commission is authorized by the provisions of Ohio Revised Code Section 5537.04(A)(9) to designate the locations and establish, control and limit the points of ingress to and egress from the Turnpike as are necessary or desirable in the judgment of the Commission and of the director of transportation to ensure the proper operation and maintenance of the Turnpike, and vehicular traffic on the State's public roads and highways; and

"WHEREAS, the Commission desires to close the westbound entrance ramp from State Route 49 and the eastbound exit ramp to State Route 49 from the Turnpike, and to take other measures as may be necessary at Interchange No. 2 in order to ensure the proper operation and maintenance of the Turnpike, and to alleviate traffic congestion on State Routes 49 and 20.

"NOW, THEREFORE, BE IT

"RESOLVED that the Commission hereby authorizes the executive director, or his designee, to issue a public notice of its intention to close the westbound entrance ramp from State Route 49 onto the Turnpike, and the eastbound exit ramp to State Route 49 from the Turnpike, and to hold two (2) public hearings regarding the proposal at such locations within the vicinity of Interchange No. 2, during such days and times that the executive director deems appropriate so as to encourage public comment on the proposal and to take any other measures as may be necessary at Interchange No. 2 in order to ensure the proper operation and maintenance of the Turnpike and to alleviate traffic congestion on State Routes 49 and 20; and

"FURTHER RESOLVED that the executive director shall present a report to the Commission after issuing the notice and conducting the public hearings regarding the proposal."

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 15-2004.

The Chairman asked the Deputy Executive Director to present his resolutions.

Mr. Pursley said the first resolution I'll address deals with the Ohio Turnpike Commission's proposed Employee Suggestion Program. In keeping with this Administration's philosophy that we need to tap into the know-how and experience of the Ohio Turnpike Commission employees to improve the efficiency, safety, and cut costs of our operations, we are proposing to implement an Employee Suggestion Program similar to the program that has been adopted by the State. I think the State has had its program in place for at least 10-15 years. Similar programs have been adopted by other governmental agencies and also many private sector employers. If you had an opportunity to read the attached program description, any Ohio Turnpike Commission employee below the level of department head can make a suggestion regarding improvement of efficiency of the work process, increased safety, reduced costs and promoting partnering/communication. Suggestions will be received by the Suggestion Review Committee and forwarded to the Executive Director for review, approval and implementation. If an employee's suggestions are implemented or they are eligible for a variety of awards ranging from an honorable mention to a cash award of 25% of the measurable first-year savings not to exceed \$5,000. It's important to note that in order to qualify for the cash award, there has to be proof of the actual savings before any award can be given in terms of the cash awards. With that, I'll ask General Counsel to read the "Resolved."

General Counsel read the "Resolved" as follows:

"RESOLVED that the Commission hereby adopts an Employee Suggestion Program, as reflected in the attached written proposal, and authorizes the executive director to implement the program."

Deputy Director Darwish said that's an excellent program.

Deputy Director Darwish moves and Commissioner Balog seconds.

The Chairman asked, is there any discussion? We all think that's a great idea.

The "Resolution Adopting Ohio Turnpike Commission's Employee Suggestion Program" was moved for adoption as follows:

**RESOLUTION NO. 16-2004**

"WHEREAS, the Commission was created in 1953 by enactment of the Ohio General Assembly to construct, operate and maintain the Ohio Turnpike System to facilitate vehicular traffic throughout the State of Ohio in order to remove anticipated handicaps and potential hazards on the congested highways in this State and to promote the agricultural, commercial, recreational, tourism and industrial development of the State; and

"WHEREAS, the Commission adopted a Mission Statement on September 15, 2003, by Resolution No. 39-2003 whereby it would operate and maintain a user-fee supported highway with sound financial management that provides motorists and travelers with safe, modern and helpful services; and

"WHEREAS, the Commission adopted a Vision Statement on September 15, 2003, by Resolution No. 39-2003 whereby it restated its goal of being the road of choice for those traveling across northern Ohio; and

"WHEREAS, the Commission, through its executive director, believes that it must be innovative in order to continue to improve upon the safety and efficiency of its operations; and

"WHEREAS, the Commission, through its executive director, desires to reward and encourage employee participation in fulfilling its mission, and in order to do so it desires to provide employees with an opportunity, mechanism and incentive for submitting innovative ideas and suggestions, either on an individual or team basis, that may increase the overall productivity, efficiency and quality of the Commission's operations and services it provides to traveling motorists.

"NOW, THEREFORE, BE IT

"RESOLVED that the Commission hereby adopts an Employee Suggestion Program, as reflected in the attached written proposal, and authorizes the executive director to implement the program."

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as Resolution No. 16-2004.

Mr. Pursley said the next resolution I'll address involves the awarding of a contract for group health plan benefits coverage for Commission employees. The Commission's current group health plans have not been competitively bid or reviewed for possible alternatives in the health insurance market since 1992. Furthermore, during the last five years of our health care insurance costs have increased at a compounded rate of 13% or a total of 81% over the last five years. To initiate the bidding process for this product, a public notice was issued in the summer of 2003 requesting proposals to provide consulting services to assist in developing a Request for Proposals (RFP) for proposal evaluation and marketing process. Six proposals were received and Willis of Ohio was selected as the vendor whose proposal represented the best combination of capability and cost-effectiveness. Representatives from Willis are present today. They assisted in the development of the RFP that was distributed to carriers on January 26, 2004. A public notice was also prepared to solicit additional interest in bidding on these services.

Although Willis assisted in the development of the RFP, all correspondence with prospective vendors was coordinated by Ohio Turnpike Commission staff. Mr. John Meehan, Sr. Vice President of Willis of Ohio, is here to discuss the marketing proposal analysis and recommendation regarding contract award.

Mr. Meehan thanked Mr. Pursley and said he currently serves as the Senior Vice President of Willis of Ohio. Willis is an international broker. We are the third largest in the world having 42 offices in North America. Our Willis of Ohio office currently serves many clients throughout the northern Ohio area. Joining me today are members of the project team, Doug Brown, Ron Olesinski and Chuck Rocco. They are available for questions at the end of our presentation.

The development of the RFP primarily took into account that we wanted to establish a protocol as to the method of distribution of proposals as well as responding to questions from vendors. In addition, we wanted to make sure that we incorporated in the overall proposal an objective for strategic planning. The Commission's priorities were two-fold: (1) that the plan be cost effective; and (2) that the plan designs in the market place be competitive. The effective date for proposals would be July 1, 2004 and contained within the RFP was the area of the plan design.

Each carrier was requested to duplicate the existing plan design as well as provide alternatives to that existing design. In addition, we also incorporated in the RFP what we refer to a "defined contribution methodology". That will be explained momentarily. Also in the proposal, each vendor had to address the ancillary lines of coverage (the prescription drug, dental, vision and hearing.) Our timetable – proposals were distributed to vendors on January 26, 2004 and in addition to that distribution of proposals there also was a public notice inviting other vendors should they want to receive a copy of the RFP, they were welcome to do so. All the vendors were requested to have their questions pertaining to the RFP submitted up to February 11, 2004, and submit their proposals by March 1, 2004.

Willis of Ohio then assessed those proposals with the Evaluation Committee with the timeframe of March 2-March 10. We conducted finalist interviews among three vendors on March 10 and 17, and recommended the vendor on April 5. We are here today for final presentation recommendation.

As far as the RFP, we actually had seven insurance carriers receive proposals, three third-party administrative groups and one specialty carrier for dental coverage by the name of Met-Life. Of those proposals that were requested, we actually received submissions from four insurance carriers, one third-party administrative group, and the specialty carrier for dental named Met-Life. Out of those submissions we identified three finalists: CIGNA, Medical Mutual, and United Healthcare.

To evaluate the vendors, we created a scoring matrix having the following order and priority: that the financial submitted by the vendors could receive a maximum of 125 points, the network discounts for each one of the vendors provided concerning hospitals and physicians also received a maximum of 125 points in the scoring matrix. Network administration received 100 points in terms of the maximum, and Customer Service 100 points, and completeness of the proposal 50 points. There were two non-quantitative criteria also used – the financial stability of the vendor and the flexibility of their legal documents. The proposal evaluation also requested that they basically provide the same funding mechanism. We currently are self-funded. We provide catastrophic loss coverage within the plan that protects the stability of the plan for catastrophic losses of an individual at the \$150,000.00 level. This means that the Ohio Turnpike only funds the first \$150,000.00 of a claim. To continue with our aggregate stop-loss corridor of 110% that protects the overall plan on an aggregate basis and it continues to provide services on a paid basis relevant to claims.

In summary the evaluation on the matrix: Medical Mutual received 439 points, United Healthcare of Ohio received 393 points and CIGNA Healthcare received 386.5 points. We recommend Medical Mutual based upon the highest score in all the categories. They were the most complete and accurate regarding their proposal submissions. They had the highest discount rate guarantee for medical claims, the lowest fixed costs to service and administer the case and also had the lowest claim liability in the event the contract would be cancelled upon termination.

This slide provides an overview of the final analysis. In the far right side of slide, we can see that Medical Mutual's total is \$8,526,000.00; United Healthcare, \$8,828,000.00; and CIGNA at \$9,939,000.00. This slide provides a summary of the current plan design – a PPO Plan (Preferred Provider Organization). Benefits are paid at a 90% level when participants are using the network or 70% level when they are not using the network. We currently have a deductible of \$150.00 and at the bottom of the slide is a summary of the prescription drug benefits. The non-bargaining benefits under the prescription drug provides a \$2.00 co-pay for generic prescriptions, \$5.00 for name brands and \$10.00 co-pay should the participant go through the mail order. The bargained employees have a \$5.00 co-pay for generic prescriptions, \$10.00 for name brands and formulary, \$15.00 for non-formulary name brands and double those co-pays should they decide to use the mail order.

In regards to the defined contribution subsidy, the defined contribution is quickly becoming a methodology for employer groups to use and ease the burden of our current double-digit rate of inflation attached to health care. Simply said, under the defined contribution subsidy the Ohio Turnpike Commission, under this methodology, will designate from year to year the amount of dollars that can be subsidized towards the overall cost of the health care program. Should the cost of the plan be greater than that subsidy level, employees would be requested to participate in that cost. In addition to the defined contribution subsidy, it was the request of the Ohio Turnpike Commission to also explore multiple plan designs. To try to provide to employees the option of selecting a health care plan that best meets their needs or their families needs.

On this overhead we provide a brief summary of the three options. Again these plans pertain to the non-bargaining employees only for July 1, 2004. Please note the offering will provide for three plans for the employees to choose from. Plan A, Plan B and Plan C. If you look about halfway down the overhead, you can see under Plan A it has a deductible level of \$150.00, which is the current health care plan. Plan B in the center will have a \$300.00 deductible and Plan C on the right hand side will have a \$400.00 deductible. All have different co-insurance levels below that category of deductibles. In addition to the offering of Plan A, Plan B and Plan C we are recommending that the employee contribution be installed on a monthly basis. Under Plan A the contribution for single coverage will be \$34.09, for two-person coverage \$68.18 and family coverage \$99.04. Plan B which has higher deductibles than Plan A, therefore the contribution will be \$11.27 for single coverage, \$22.55 for two-person coverage and for family coverage the contribution will be \$32.72 per month. Please note under Plan C with the installation of these plans, there will be no charge to the employee for Plan C coverage.

In addition to the medical plan this slide depicts the ancillary coverage of dental. We will be installing through the dental program a Preferred Provider Organization which gives the employee an opportunity to use a network. In addition, we will also be installing orthodontia benefits for dependent children up to age 19 having a maximum benefit of \$1,500.00. Also we will be installing a \$50.00 contribution level for single coverage and \$150.00 deductible for two-person or full family.

Our proposed vision plan is to move from the current plan to a proposed managed care plan which provides a better level of benefits to employees compared to the old scale of a maximum benefit under each line of coverage.

The prescription drug plan we are recommending that we move to a mandatory mail order concept. Our co-pays on a retail basis for acute medications will be \$7.00 co-pay for generic prescriptions, \$15.00 co-pay for formulary name brands and \$25.00 co-pay for non-formulary name brands. The mail order will have a double co-pay and receive a 90-day supply compared to the retail, which is a 30-day supply. The co-pay will be \$14.00 for generic RX, a \$30.00 co-pay for formulary name brands and \$50.00 co-pay for non-formulary name brands. Attached to the mail order, any prescription which is classified as a maintenance medication we will have a provision calling for the use of mandatory mail order and an employee or plan participant following the installation of his plan design can continue to go to the retail setting for the first month and second month, but in the third month they are on a mandatory offering that maintenance medications should go through the mail order. If they fail to go through the mail order the employee will pay twice the amount of the retail co-pay.

In summary, our recommendations are to continue with Medical Mutual of Ohio. They certainly serve as an excellent vendor for you and they will be the administrator for the medical, dental, vision, hearing and prescription drug benefit plans. We will maintain the current self-funded arrangement or funding vehicle having \$150,000.00 protection for the specific stop loss. In addition, to have the aggregate protection on the plan set at 110% of expected claims and to continue under a paid stop-loss contract. We also recommend the adoption of a triple option Preferred Provider Organization (PPO) for the non-bargaining unit employees. We recommend the installation of a



prescription drug change regarding the co-pays and mandatory mail order program. We recommend the installation of the dental changes, which will be a managed care PPO program plus the installation of deductibles and adding the improved benefit of orthodontia. Also, to convert the vision plan over to a managed care vision plan and, finally, to adopt employee contributions for Plan A and Plan B. Plan C will have no contributions. These plans are effective for July 1, 2004, for the non-bargaining employees.

At this point I would like to refer back to Mr. Pursley.

Mr. Pursley said one final item I'd like to point out, this resolution also provides for a one-time **\$250.00** stipend to be paid to non-bargaining employees to help absorb the cost of the program during the first six months of its implementation. I'll ask our General Counsel to read the Resolved:

General Counsel read the Resolved as follows:

"RESOLVED that the proposal from Medical Mutual is deemed by the Commission to be the best among all proposals received, and that the executive director is hereby directed to award, and negotiate, as necessary, a contract for the Commission's Group Health Plan Benefits to **Medical Mutual of Ohio, Inc.** commencing July 1, 2004, for a contract term of up to three (3) years; and

"FURTHER RESOLVED that the executive director is authorized to implement such measures, as he deems necessary, to provide full-time employees, employed as of July 1, 2004, who are not members of a bargaining unit, with a one-time stipend to assist in the transition to a different health care benefit plan."

The Chairman asked, do we have a motion?

Commissioner Balog said I see the resolution talks about a one-time stipend, but it doesn't talk about the amount. I recall you mentioned \$250.00, Jerry. Does that need to be incorporated into the resolution?

Mr. Pursley said I think that probably would be appropriate, but I defer to General Counsel, but we should specify the amount of the stipend. So someone may want to amend the resolution.

General Counsel said I think we added the language "as he deems necessary" because during the initial discussions, we were not specific of the amount, but we can certainly amend the resolution to include that amount.

Commissioner Balog moves to amend the resolution to include the words, "one time stipend of \$250.00" and Commissioner Regula seconds.

The Chairman asked if there were any questions.

Commissioner Regula said when I look at page three of your report that over the past five years health care has increased over 81%, what do you perceive will happen in the next five years? Would we see something similar of what is in front of us now?

Mr. Meehan said the forecast in the market place today is still calling for double-digit rates of inflation indefinitely. The double-digit number that is identified is right around a 13% annual rate of inflation. As we sit today there is nothing out on the horizon regarding federal legislation or any form of government intervention that is intended to slow down that rate of inflation. Indefinitely, approximately 13% per year.

The Chairman asked if there were any additional questions or comments. The Chairman said I commend Jim, the Evaluation Committee, and the Willis Group because we need to do something other than the status quo. It's nice to see you have come out with something different and give people some options. Because everybody's medical situation is different and it gives them three different options. I appreciate all your work on it.

Commissioner Balog said after we finish this resolution, I have one additional question about the bargaining issue as this resolution deals with the non-bargaining employees. How does this work with our overall situation as far as our bargaining unit employees.

Mr. Pursley said we have an existing labor contract with Teamsters that covers bargaining unit personnel. We are bound by the terms of that contract until the end of this year. Negotiations should be starting on a new three-year contract around August or September. I'm sure this will be an issue that will be on the table.

Commissioner Balog said from a private standpoint and dealing with bargaining unit employees and non-bargaining employees, it's the way of the world from the standpoint of employers asking their employees to participate in some share of the health insurance costs. We see it in our company and we also have seen it in our negotiations with union contractors.

The Chairman asked if there were any other questions or comments. If not, please call the roll.

Commissioner Balog moves and Commissioner Regula seconds.

The "Resolution Directing the Executive Director to take Immediate Action Concerning award of Contract for Group Health Plan Benefits Covering Commission Employees" was moved for adoption as follows:

#### **RESOLUTION NO. 17-2004**

"WHEREAS, the Commission issued a Request for Proposals (RFP) for the furnishing of Group Health Plan Benefits including medical, prescription drug, dental, vision, and hearing coverage; and

"WHEREAS, responses to the RFP were submitted on March 1, 2004 by six (6) insurance companies, and such responses have been reviewed and analyzed by the Commission's consultant, Willis of Ohio, Inc., and the Commission's internal evaluation committee consisting of the director of human resources, the CFO/comptroller and the director of contracts administration (see Executive Summary Report); and

"WHEREAS, the response of Medical Mutual of Ohio, Inc. ("Medical Mutual") will result in the lowest level of total annual liability to the Commission, and proposed ancillary administrative services and fees that were deemed the best among all proposals received; and

"WHEREAS, it is the recommendation of the Commission's consultant, as well as the Commission's internal evaluation committee that the contract be awarded to Medical Mutual; and

"WHEREAS, the new contract with Medical Mutual will provide for a triple-option plan for non-bargaining unit employees effective July 1, 2004, while still retaining among the options one (1) plan which is offered at no cost to the employees; and

"WHEREAS, under the new contract, the same benefits as are presently provided for bargaining unit employees will continue to be available; and

"WHEREAS, the Commission has been advised by its director of contracts administration that the RFP process was conducted in conformance with the requirements of Section 5537.07 of the Revised Code with respect to the award of contract for professional services, and in a manner that was fair and equitable to all participating insurance companies and that the Commission may lawfully award a new contract to Medical Mutual.

"NOW, THEREFORE, BE IT

"RESOLVED that the proposal from Medical Mutual is deemed by the Commission to be the best among all proposals received, and that the executive director is hereby directed to award, and negotiate, as necessary, a contract for the Commission's Group Health Plan Benefits to **Medical Mutual of Ohio, Inc.** commencing July 1, 2004, for a contract term of up to three (3) years; and

"FURTHER RESOLVED that the executive director is authorized to implement such measures, as he deems necessary, to provide full-time employees, employed as of July 1, 2004, who are not members of a bargaining unit, with a one-time stipend of \$250.00 to assist in the transition to a different health care benefit plan."

The resolution was adopted, as amended, with all Members voting in the affirmative. The resolution was identified as No. 17-2004.

The Chairman asked Dan Castrigano, Chief Engineer, for his report. Mr. Castrigano said I have two resolutions for your consideration this morning. The first resolution awards Contract No. 46-04-02. This is for applying retro-reflective pavement markings on the Ohio Turnpike mainline roadway. This is the lane striping on the road. The contract was set up in two groups. Group I was for the west half of the Turnpike and Group II for the eastern half of the Turnpike. Bidders could have bid on either group or submit a combination bid. We received three bids in response to the contract invitation. The lowest bid was submitted as a combination bid by Interstate Road Management of Hazelton, Pennsylvania in the amount of \$611,049.22. Although Interstate has not performed work for the Commission in the past, they recently purchased a local firm that did substantial amounts of work for the Commission in the past. Furthermore, we checked out the references of Interstate and their new company with both the Pennsylvania DOT and ODOT with favorable results. The total amount bid is below the total estimated cost. I would therefore recommend we award a combination bid in the amount of \$611,049.22 to Interstate Road Management. Would General Counsel please read the Resolved.

General Counsel read the Resolved as follows:

"RESOLVED that the combination bid of **Interstate Road Management** of Hazelton, Pennsylvania, in the amount of **\$611,049.22** for the performance of **Contract No. 46-04-02** 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 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 bids; (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 the Commission hereby authorizes the executive director and the chief engineer to assign **Proudfoot & Associates, Inc.**, of Toledo, Ohio, to Contract No. 46-04-02 for performing construction inspection. Such assignment shall be in accordance with the 2003-2004 Engineering Services Agreement between the Ohio Turnpike Commission and Proudfoot & Associates, Inc.; and

"FURTHER RESOLVED that Project No. 46-04-02 is designated a System Project under the Commission's 1994 Master Trust Agreement."

The Chairman asked if there is a motion. If there is no discussion, please call the roll.

Commissioner Balog moves and Deputy Director Darwish seconds.

The "Resolution Awarding Contract No. 46-04-02" was moved for adoption as follows:

#### **RESOLUTION NO. 18-2004**

"WHEREAS, the Commission advertised according to law for bids upon a contract for furnishing and applying retro-reflective pavement markings on the Ohio Turnpike mainline roadway (mainline striping), herein designated **Contract No. 46-04-02** which has been divided into **Group I** consisting of all markings placed between Milepost 0.0 to Milepost 126.0 in Williams, Fulton, Lucas, Wood, Ottawa, Sandusky and Erie Counties and **Group II** consisting of all markings placed between Milepost 126.0 to Milepost 241.3 in Erie, Lorain, Cuyahoga, Summit, Portage, Trumbull and Mahoning Counties, Ohio; and

"WHEREAS, the Commission received bids from three (3) bidders for the performance of said contract, and bidders were given the option to submit a single bid in response to Group I or Group II, or any combination thereof, under Contract No. 46-04-02; and

"WHEREAS, said bids have been reviewed and analyzed by the Commission's chief engineer, and he has submitted a report concerning such analysis and his report is before the Commission and the Commission's executive director has made his recommendation to the Commission predicated upon such analysis; and

"WHEREAS, all bids for said contract were solicited on the basis of the same terms and conditions and the same specifications, and the combination bid of Interstate Road Management of Hazelton, Pennsylvania, in the amount of \$611,049.22 for the performance of Contract No. 46-04-02, has been determined by the Commission to be the lowest responsive and responsible bid received; and

"WHEREAS, the Commission has been advised by its director of contracts administration that said bids conform 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 Interstate Road Management.

"NOW, THEREFORE, BE IT

"RESOLVED that the combination bid of **Interstate Road Management** of Hazelton, Pennsylvania, in the amount of **\$611,049.22** for the performance of **Contract No. 46-04-02** 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 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 bids; (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 the Commission hereby authorizes the executive director and the chief engineer to assign **Proudfoot & Associates, Inc.**, of Toledo, Ohio, to Contract No. 46-04-02 for performing construction inspection. Such assignment shall be in accordance with the 2003-2004 Engineering Services Agreement between the Ohio Turnpike Commission and Proudfoot & Associates, Inc.; and

"FURTHER RESOLVED that Project No. 46-04-02 is designated a System Project under the Commission's 1994 Master Trust Agreement."

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as Resolution No. 18-2004.

Mr. Castrigano said I have one more resolution concerning Contract No. 55-02-01. This is for the reconstruction of the Turnpike's Exit 71 toll plaza and ramps at "Stony Ridge/Toledo" interchange. This contract was set up with the four individual trades packages as well as a combination bid. Shortly after opening the bids it became apparent that we had a problem - a deficiency in the software that was provided to the bidders for the purposes of tabulation of their bids. After considerable consultation with the Legal Department and outside counsel, it has been determined to be in the best interests of the Commission to reject all bids received in response to the contract and to re-advertise as soon as possible.

Would General Counsel please read the Resolved.

General Counsel read the Resolved as follows:

"RESOLVED that the above-mentioned bids heretofore received pursuant to the advertisement for bids upon a contract for reconstruction of Ohio Turnpike Exit 71 toll plaza and ramps ("*Stony Ridge/Toledo*") located at Milepost 71.7 in Wood County, Ohio herein designated **Contract No. 55-02-01**; be and the same hereby are rejected, and the executive director is authorized to notify the bidders in writing of said action, and to return to the bidders the bid security furnished by each; and

"FURTHER RESOLVED that the executive director and director of contracts administration hereby are authorized to take any and all action necessary to re-advertise for bids for **Contract No. 55-02-01** for reconstruction of Ohio Turnpike Exit 71 toll plaza and ramps ("*Stony Ridge/Toledo*") located at Milepost 71.7 in Wood County, Ohio."

The Chairman asked, is there a motion?

Commissioner Regula moves and Commissioner Balog seconds.

The Chairman asked if there is any discussion.

The Chairman asked General Counsel if we need to have anything in the motion about not doing a total bid package or can we re-advertise any way we want.

Mr. Castrigano said I don't believe we need to have that in the resolution, but I'll defer to Kathy Weiss, our Contracts Administrator.

Ms. Weiss said I agree with Mr. Castrigano. We do not need to incorporate that comment in the motion.

The Chairman said okay, I just wanted to make sure.

Please call the roll.

The "Resolution Rejecting the Bids Received for Contract No. 55-02-01" was moved for adoption as follows:

**RESOLUTION NO. 19-2004**

"WHEREAS, the Commission advertised according to law for bids upon a contract for reconstruction of Ohio Turnpike Exit 71 toll plaza and ramps ("*Stony Ridge/Toledo*") located at Milepost 71.7 in Wood County, Ohio herein designated **Contract No. 55-02-01**; and

"WHEREAS, the subject contract was divided into the following bid packages:

Bid Package #1	site work/general trades/roadway
Bid Package #2	HVAC/mechanical
Bid Package #3	plumbing
Bid Package #4	electrical

"WHEREAS, bidders were also given the option to submit a single bid for one (1) trade or a combination bid for all four (4) trades under Bid Package #5; and

"WHEREAS, the Commission received bids from five (5) bidders for the performance of said contract or contracts; and

"WHEREAS, said bids have been reviewed and analyzed by the Commission's chief engineer and its director of contracts administration, and they have reported thereon and have made recommendations with respect thereto; and

"WHEREAS, both the Commission's chief engineer and director of contracts administration have recommended that, due to an apparent deficiency in the software included with the bidding documents, that impacted the presentation of the bids the bids should not be considered for award and should be rejected; and

"WHEREAS, the Commission's director of contracts administration has submitted a report concerning such analysis, which report is before the Commission; and the Commission's executive director has made his recommendation to the Commission predicated upon such analysis; and

"WHEREAS, the Commission has been advised by its director of contracts administration that it may lawfully reject all bids for the aforesaid invitation pursuant to its authority contained in the bidding documents and under the provisions of Ohio Revised Code Section 5537.07(A).

"NOW, THEREFORE, BE IT

"RESOLVED that the above-mentioned bids heretofore received pursuant to the advertisement for bids upon a contract for reconstruction of Ohio Turnpike Exit 71 toll plaza and ramps ("*Stony Ridge/Toledo*") located at Milepost 71.7 in Wood County, Ohio herein

designated **Contract No. 55-02-01**; be and the same hereby are rejected, and the executive director is authorized to notify the bidders in writing of said action, and to return to the bidders the bid security furnished by each; and

"FURTHER RESOLVED that the executive director and director of contracts administration hereby are authorized to take any and all action necessary to re-advertise for bids for **Contract No. 55-02-01** for reconstruction of Ohio Turnpike Exit 71 toll plaza and ramps ("*Stony Ridge/Toledo*") located at Milepost 71.7 in Wood County, Ohio."

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 19-2004.

The Chairman asked for the General Counsel's report.

Ms. Tsevdos said she had two resolutions for the Commission's consideration this morning which relate to property which is necessary for the reconstruction of the Wyandot and Blue Heron Service Plazas. The first resolution relates to property owned by John and Alice Mohrman. We need to acquire approximately 0.8913 acres for the reconstruction of the Wyandot Service Plaza. The fair market value of the property that we need to acquire is \$3,600. We have made reasonable efforts to try to negotiate a resolution with the property owner. We were unsuccessful. Before filing suit, we will make one last effort to make contact with the property owners because of the low dollar value of the property to try and avoid any unnecessary litigation costs for both parties. With your permission, I will read the Resolved.

General Counsel read the Resolved as follows:

"FURTHER RESOLVED that the general counsel be, and she is hereby instructed to do or cause to be done all things that may be necessary in the premises in order that proceedings for the appropriation of the property described above may be commenced."

The Chairman asked, do we have a motion?

Commissioner Balog moves and Commissioner Regula seconds.

The "Resolution Declaring the Necessity of Appropriating Property and Directing that Proceedings to Effect Such Appropriation be Begun and Prosecuted" was moved for adoption as follows:

#### **RESOLUTION NO. 20-2004**

"RESOLVED that the Commission has negotiated for a reasonable time for the purchase of real estate described herein with the owners, but has been unable to enter into an agreement and has complied with the provisions of section 163.04 of the Revised Code; and said property is necessary for the reconstruction of the Wyandot Service Plaza on the Ohio Turnpike in the vicinity of Milepost 76.9 in Sandusky County, Ohio; and

"BE IT FURTHER RESOLVED that proceedings be begun and prosecuted to effect the appropriation of the fee title and necessary easements on the following described property from the owners and persons having an interest therein, to wit:

**Owners**

**Location**

John D. Mohrman  
Alice Mohrman

Sandusky County Auditor  
Permanent Parcel No. 28-09-00-0102-00

Anna Senior  
Sandusky County Treasurer

100 North Park Avenue  
Fremont, Ohio 43420

William Farrell  
Sandusky County Auditor

100 North Park Avenue, Suite 228  
Fremont, Ohio 43420

"The aforementioned property to be appropriated is described as follows:

**Parcel 2WL – Fee Simple**

Legal description of parcel is attached as Exhibit "A"; and

"FURTHER RESOLVED that the general counsel be, and she is hereby instructed to do or cause to be done all things that may be necessary in the premises in order that proceedings for the appropriation of the property described above may be commenced."



PARCEL NO. 2WL

Situated in Woodville Township, County of Sandusky, State of Ohio, and being part of Section #9 and bounded and described as follows:

Beginning at an iron pin found at the intersections of the centerline of Trappe Road and the centerline of Dutch Road, thence North 89° 09' 57" East, 2675.03 feet along the centerline of Trappe Road to a point, said point being the southeast corner of the Grantor property, said property is recorded in Volume 419, Page 170 of Deed Records, thence North 00° 03' 31" East, 605.94 feet along the grantor's easterly property line to an iron pin set in the southerly property line of the Ohio Turnpike, said point being the TRUE POINT OF BEGINNING;

thence along the grantor's easterly property line, South 00° 03' 01" East 219.35 feet,

thence North 58° 14' 09" West 416.60 feet, to an iron pin set on the southerly property line of the Ohio Turnpike

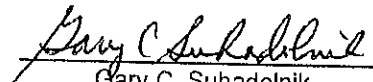
thence along the southerly property line of the Ohio Turnpike North 89° 59' 38" East 354.01 feet,

to the POINT OF BEGINNING; Containing 0.8913 acres, more or less.

Exhibit "A"

I, Gary C. Suhadolnik, Assistant Secretary-Treasurer 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 April 19, 2004, at which a quorum was at all times present and voting.

WITNESS my hand and the seal of the Ohio Turnpike Commission on this 19th day of April, 2004.

  
Gary C. Suhadolnik  
Assistant Secretary-Treasurer

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 20-2004.

The Chairman said, Dave, just for the record, this happens anytime we do new construction we end up with a little piece of property. We need to go in and file. Sometimes people are more than willing to work with us and sometimes they are not.

Commissioner Regula said being in the real estate business, I understand the buyer's and seller's aspect.

Commissioner Balog said I assume because it's 0.8 acre, it's a small dollar amount, there is no residence involved.

General Counsel said you are correct.

Chairman asked if there was any more discussion.

General Counsel said the second resolution relates also to an eminent domain action. The property is owned by Thomas and Christine Linke. This property is also necessary for the reconstruction of the Wyandot Service Plaza. The parcel in question is approximately 5.5 acres. According to our appraisal the fair market value is \$13,900.00. We are very far apart with the property owners as far as negotiations. We have been unsuccessful, but we have made reasonable efforts to try and negotiate a resolution. We will continue those efforts before filing suit. Both of these properties are necessary by May 1st. So we have a little time. The Resolved reads:

"FURTHER RESOLVED that the general counsel be, and she is hereby instructed to do or cause to be done all things that may be necessary in the premises in order that proceedings for the appropriation of the property described above may be commenced."

The Chairman asked, is there a motion?

Commissioner Balog moves and Deputy Director Darwish seconds.

The Chairman asked if there was any discussion. He asked General Counsel if this was the entire amount of the property or just a piece of what they own.

General Counsel said this is just a piece of what they own, but the property description attached identifies clearly what portion of the property we need to acquire.

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

The "Resolution Declaring the Necessity of Appropriating Property and Directing that Proceedings to Effect Such Appropriation be Begun and Prosecuted" was moved for adoption as follows:

#### **RESOLUTION NO. 21-2004**

"RESOLVED that the Commission has negotiated for a reasonable time for the purchase of real estate described herein with the owners, but has been unable to enter into an agreement and has complied with the provisions of section 163.04 of the Revised Code; and said property is necessary for the reconstruction of the Wyandot Service Plaza on the Ohio Turnpike in the vicinity of Milepost 76.9 in Sandusky County, Ohio; and

"BE IT FURTHER RESOLVED that proceedings be begun and prosecuted to effect the appropriation of the fee title and necessary easements on the following described property from the owners and persons having an interest therein, to wit:

**Owners**

**Location**

Thomas E. Linke  
Christine B. Linke,  
Trustees of the Thomas E. Linke  
and Christine B. Linke Revocable  
Living Trust

Sandusky County Auditor  
Permanent Parcel No. 28-09-00-0115-00

Anna Senior  
Sandusky County Treasurer

100 North Park Avenue  
Fremont, Ohio 43420

William Farrell  
Sandusky County Auditor

100 North Park Avenue, Suite 228  
Fremont, Ohio 43420

"The aforementioned property to be appropriated is described as follows:

**Parcel 1WL – Fee Simple**

Legal description of the parcel is attached as Exhibit "A"; and

"FURTHER RESOLVED that the general counsel be, and she is hereby instructed to do or cause to be done all things that may be necessary in the premises in order that proceedings for the appropriation of the property described above may be commenced."

PARCEL NO. 1WL

Situated in Woodville Township, County of Sandusky, State of Ohio, and being part of Section #9 and bounded and described as follows:

Beginning at an iron pin found at the intersections of the centerline of Trappe Road and the centerline of Dutch Road, thence North 89° 09' 57" East, 2675.03 feet along the centerline of Trappe Road to a point, said point being the southwest corner of the Grantor property, said property is recorded in Volume 418, Page 755 of Deed Records, thence North 00° 03' 31" East, 605.94 feet along the grantor's westerly property line to an iron pin set in the southerly property line of the Ohio Turnpike, said point being the TRUE POINT OF BEGINNING;

thence along the Ohio Turnpike southerly property line, North 00° 03' 01" West 151.54 feet, to an iron pin set;

thence along the Ohio Turnpike southerly property line, North 31° 45' 51" East 329.60 feet, to an iron pin set;

thence along the Ohio Turnpike southerly property line, South 71° 37' 55" East 366.88 feet, to an iron pin set;

thence continuing along the southerly property of the Ohio Turnpike, South 58° 14' 09" East 36.55 feet, along to a point;

thence South 31° 31' 58" West 729.77 feet, to a point;

thence North 58° 14' 09" West 200.87 feet, to a point on the grantor's westerly property line;

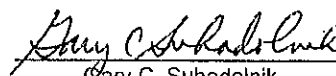
thence North 00° 03' 01" West 219.35 feet, along the grantor's westerly property line,

to the POINT OF BEGINNING; Containing 5.5606 acres, more or less.

Exhibit "A"

I, Gary C. Suhadolnik, Assistant Secretary-Treasurer 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 April 19, 2004, at which a quorum was at all times present and voting.

WITNESS my hand and the seal of the Ohio Turnpike Commission on this 19th day of April, 2004.

  
Gary C. Suhadolnik  
Assistant Secretary-Treasurer

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 21-2004.

The Chairman asked Mr. Steiner, CFO for his budgetary/financial report.

Mr. Steiner said this line graph shows monthly passenger car traffic volumes for the past two years, and the current 12 months from April 2003 through March 2004 is represented by the red line, and the prior 12 months is represented by the blue line. Over 3 million passenger cars traveled the Turnpike in March 2004 exceeding last year's total by 5% and exceeding the previous all-time record for the month set in 2002 by 4.5%.

806,000 commercial vehicles traveled the Turnpike in March exceeding last year's total by 12.1% and falling 0.2% short of the previous all-time record for the month set in 2000.

This bar chart shows year-to-date traffic volumes through March for each of the past five years. The number of passenger cars are shown in green and the number of commercial vehicles are shown in gold. Passenger car traffic volume for the first quarter of the year set a new all time record of 8.3 million cars exceeding last year's total by 6.3% and exceeding the previous all-time record for the month set in 2002 by 5.8%. Commercial traffic totaled 2.2 million vehicles exceeding last year's total by 6.2% but falling 1.7% short of the previous record volume reached in 2000.

This bar chart shows year-to-date toll revenues through March for the past five years. Revenues for passenger cars for the first quarter of the year set a new all-time record of \$14.4 million exceeding last year's total by 5% and exceeding the previous record set in 2002 by 1.5%.

Revenues from commercial vehicles totaled \$25 million, exceeding last year's total by 6.9% but still 3.2% short of the previous record level reached in 2000. This report shows general funds revenues and transfers for the first quarter. As a result of the traffic growth, actual toll revenues of \$39.4 million exceeded the amount budgeted by \$1.5 million or 3.9%. Total general fund revenues of \$40.3 million were \$1.5 million or 4% more than the amount budgeted. The General Fund Operating and Administrative Expenses totaling \$25.2 million and were \$400,000 or 1.5% less than the amount we had budgeted. Total General Fund Expenditures including Debt Service Payments totaled \$39 million and were \$400,000 or 1.1% less than the amount budgeted. Our General Fund Revenues for the quarter exceeded the expenditures by \$1.3 million which was \$2 million more than what was budgeted. After funding the transfer to the expense reserve account as required by our Master Trust Agreement the excess of our general fund revenues over expenditures was used to fund the Commission's Capital Improvement Program.

This report shows the first quarter revenues and expenditures for the non-trust fund. Concession and other revenues totaled \$2.9 million, exceeding the amounts budgeted by \$164,000 or 6.1%. Expenses totaling \$1.5 million were \$81,000 more than the amount budgeted. The non-trust revenues for the quarter exceeded the expenditures by \$1.4 million which was \$83,000 or 6.3% more than budgeted. Like the General Fund, the excess of the non-trust revenues over expenditures is used to help fund the Commission's Capital Improvement Program. That completes my report, and I'd be happy to respond to any questions.

Mr. Steiner said I'd like to introduce a representative from our auditors. Mr. Doug Deal, who is our engagement partner from the independent accounting firm of Deloitte & Touche, will give a brief report.

The Chairman asked if there were any questions for Mr. Steiner.

Mr. Deal said that also in attendance at today's meeting is Steve Orcutt who is a Director at Deloitte, as I am. Both of us were responsible for supervising the audit of the Commission this year.

We have also been associated with the audit the past few years. We just had an Audit Committee meeting prior to this meeting. I am not going to go into as much detail here. I'll try to keep it short and sweet. This is the last year of our audit contract. We had a five-year audit contract through December 31, 2003. It is a three-party contract with the Commission, Auditor of State and us.

There are certain things as auditors that we have to do to communicate to Commissions, Boards, Committees, etc., so I am going to go through them now. One of them is our responsibility under the audit standards, i.e., the financial statements (Annual Report for 2003). These reports are the responsibility of the Commission. They are not our financial statements. We don't decide what accounting policies or procedures to use as alternatives do exist under GAP. Our responsibility is merely to audit those financial statements and determine if they are fairly presented in accordance with generally accepted accounting principles. We do issue multiple reports here. I believe they have been included in your folders, but I will just mention them. In the glossy report there is a report on page 21 which is our opinion on the financial statements and you can see in the third paragraph that's a "clean, unqualified opinion" – the type of opinion you would expect. We also issue on top of that a report on the Schedule of Net Systems Pledged Revenues that is required under your Master Trust Agreement. That also is an unqualified report. A report, as is required under government auditing standards, on internal control and legal compliance, and that is also an unqualified report. Also, included is a debt compliance letter which is a single page letter that talks about whether or not during the course of our audit we noted any instances of violation of the debt covenants under your Master Trust Agreement. All of those reports are unqualified.

As far as the financial statements and the internal control report, shortly they will appear for public display on the Auditor of State's website as soon as they are reviewed and accepted by the Auditor of State. That should occur any day now.

As far as significant accounting policies and changes therein, another required communication, in general they are consistent with the prior year, that there are no changes in accounting policies or procedures. Other than this year, the Commission decided to capitalize internal engineering costs relative to their projects. In the past, they had been expenses as occurred and that resulted in \$750,000 worth of costs that would have been expensed in the past but were capitalized this year. Not a huge accounting change, but we understand that that was made to bring the Commission's accounting practices closer to ODOT's.

As far as management's judgments and accounting estimates, there are several estimates that are embodied in the financial statements that we look at. It is the responsibility of the accounting group of the Commission to compute the estimates and we look at them for reasonableness as part of expressing our opinions. Those estimates, for your information, that are embodied in the financial statements, are the allowance for uncollectible accounts, reserves for excess and obsolete inventory, the useful lives of capital assets such as your roadway, health benefits payable and workers' compensation benefits payable. All of those are estimates and subject to change which we look at the Commission's computations. As far as audit adjustments are concerned, normally on most audits there are both recorded and unrecorded adjustments. There were no unrecorded adjustments that we became aware of in the course of the audit. That's very rare. So any adjustments, and I'll talk about one, that we became aware of during the audit are reflected in the financial statements that you have. In that particular adjustment pertains to certain project management costs were sitting in construction and progress within property that we thought should have been transferred to in service property and depreciated. These management costs principally related to the third lane and we thought should go into in service where they would be depreciated a little bit more timelier than they were. As a result I think the total amount, and again this was all within property, your total property did not change on the cost side, it was \$20 million and what that did, it increased your depreciation expense and interest expense this year because interest expense is capitalized on the construction in progress about \$3.8 million. That is a one-time item that will not occur in the future.

That's it. The books and records from our prospective are very clean, and I'll speak a little later about what our observations relative to the quality of your accounting staff. Other information and documents containing the audited financial statements, you'll see that there is a bunch of information in this document. We audit the financial statements and the footnotes to those financial statements. The rest of the information we look at for reasonableness based on our knowledge of the Turnpike and we also look at it for consistency with the financial statements. During the course of our audit, we had no disagreements with management, were not aware that the Commission or the accounting staff did any kind of opinion shopping during the course of 2003. There were no real major issues discussed with management prior to our retention as auditors for this past year and I would say no difficulties in performing the audit this year.

As far as highlights to the financial statements, I'll direct you to a section (see page 22) of your annual report. There is a Management Discussion and Analysis. This is a required presentation now under the rules and is very similar to what you would see in an annual report of a public company. It takes you through the highlights and a comparison to the previous year. As far as the quality of the people that we deal with here during the year and during the course of the audit, as I expressed in the earlier meeting, as well as in previous years, are very professional, seem to be very conscientious and interested in doing a good job. They treat our people right. That's not only important to us but also as auditors these days, we need to feel like they are not withholding back from us and they are being forthright and complete with us. We felt that way here as we have in the past.

We didn't issue a management letter here. We have gone over comments on various items that we don't believe are material with management. So from a constructive service standpoint, that's how that is handled. If we did believe any of the items noted during the course of our work was material, we would render a written report.

In summary, I'd like to thank everyone for their cooperation. We have been proud to have been associated with the Turnpike Commission over the last five years and several years before that. We really appreciate everyone's cooperation, time and effort. Thank you. If anyone has any questions, I'll be happy to respond.

Mr. Steiner said he would like to take this opportunity to thank Doug Deal and his entire staff at Deloitte & Touche for their very professional auditing services that they provided to the Commission over the past five years. That completes my report, Mr. Chairman.

The Chairman asked Eric Erickson, financial advisor, for his report.

Mr. Erickson said that he submitted a draft of the proposed Investment Policy to the staff last week. The staff and I will take time over the next couple weeks to review it and submit to the Commission Members at the next meeting.

The Chairman asked Mr. Yacobucci from HNTB, the Commission's general consultant, if he had a report.

Mr. Yacobucci said we have completed about 25% of the bridge and culvert inspections across the Turnpike facility basically in the Boston, Canfield, Amherst sections. There were no significant findings to report. Roadway sign report and the facility inspections will begin in the month of May.

The Chairman asked Mr. Frank Lamb, Commission trustee, if he had a report.

Mr. Lamb responded no report.

The Chairman asked Captain Ferguson if he had a report.

Captain Ferguson said copies of the OSHP 2003 Annual Report of our operations on the Turnpike have been included in your folders. I won't take the time to go through it with you this morning, but you can review it at your own leisure. If you have any questions, please free to call me. It gives some operational summaries and some historical comparisons over the past few years.

Traffic crashes are down 9% through the first three months of this year. Any time we can get through three months of the winter weather and have a decrease, we consider that a real good thing going into the warmer summer months. No fatalities, no major incidences so far this year. That completes my report.

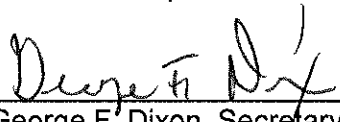
The Chairman said thank you very much. Is there any new business?

Mr. Pursley said we should point out that Director Suhadolnik will be celebrating his 54th birthday tomorrow, but there is some cake and ice cream in the Executive Department. I can't vouch for the cake, but I can tell you we have some of the finest ice cream you have ever tasted.

The Chairman congratulated the Director and said happy birthday. I'll accept a motion to adjourn.

Commissioner Balog moves and Deputy Director Darwish seconds. All Members voted in the affirmative to adjourn. Time of adjournment was 11:11 a.m.

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

  
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George F. Dixon, Secretary-Treasurer