

MINUTES OF THE 504TH MEETING OF THE OHIO TURNPIKE COMMISSION

June 21, 2004

Pursuant to the bylaws, the Ohio Turnpike Commission met for a regular meeting at the Commission's Administration Building at 10:03 a.m. on June 21, 2004, with members of the staff: Daniel Castrigano, Chief Engineer; James Steiner, CFO/Comptroller; Noelle Tsevdos, General Counsel; Joseph Disantis, Risk Management Coordinator; Tim Ujvari, Maintenance Engineer; W. R. Fleischman, Assistant Chief Engineer; Kathleen Weiss, Director of Contracts Administration; Dave Miller, Chief Auditor; Dick Morgan, Director of Information Systems; William Keaton, Telecommunications Manager; Lauren Dehrmann, Manager, Public Affairs; Heidi Jedel, 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. Dixon, Mr. Regula and Mr. Darwish

Absent: Senator Schuring and Representative Buehrer

The Chairman said the Ohio Department of Transportation's Director, Gordon Proctor, is not here today, but Deputy Director Mo Darwish is here and is authorized to vote. Senator Kirk Schuring and Representative Buehrer were also 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: Eric Erickson, Fifth Third Securities; Dan Sokol, Ray Farcas, Dick Corporation; Tony Yacobucci, HNTB; Bobby Everhart, Scott Buchanan, URS Corporation; Brett Neff, R. E. Warner Co.; Mike Halleck, ODOT; Allan V. Johnson (retired); G. Alan Plain (retired); Tony Viola, Hardee's Food Service; Frank Lamb, Huntington Bank; Tim Reidy, Nat City Investments; Jeff Freese, McDonald Investments; Terry Phelan, Phelan Risk Management; Glen Stephens, G. Stephens & Associates; David Millstone, Squire, Sanders & Dempsey; Steve Mayer, Jeff Milum, International Union, Operating Engineers.

The Chairman welcomed everyone and said this is the 504th 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 May 17, 2004 meeting.

Commissioner Dixon moves and Commissioner Balog seconds. All other members voted in the affirmative with the exception of Deputy Director Darwish who abstained. The minutes were adopted.

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

Mr. Dixon said the following items have been sent to the members since the last regularly scheduled meeting of the Commission on May 17, 2004:

1. Minutes of the May 17, 2004 Commission Meeting
2. Traffic & Revenue Report, May, 2004
3. Total Revenue by Month & Year, May 2004
4. Investment Report, May, 2004
5. Financial Statements, May 31, 2004
6. Various News Releases

The Chairman asked for the Executive Director's report.

The Executive Director said I have a couple announcements and then I'll present the first resolution. We will have public hearings concerning the possible closing of S.R. 49. They will be held on August 5, 2004, at the Bryan/Montpelier Ramada Inn and Conference Center at Ohio Turnpike, Mile marker 13, south of the Turnpike on Route 15. There will be plenty of seating available. We plan to have two hearings that same day. The first one will be from 1:30 p.m. to 4:00 p.m. and the second hearing will be from 6:00 p.m. to 8:30 p.m. We have not publicly advertised this as yet, but we will advertise in the local newspapers. All Commissioners are welcome. Chairman Noe indicated that he will attend and other Commissioners have indicated that they will try to attend also.

At the request of Commissioner Regula, we did collect some data on those ramp sites. We have not had a chance to total the data. I'll have a report ready at our next meeting. We noticed a couple of problems with the data. On the deceleration ramp (exiting going eastbound) where we had placed the counter originally, if a truck stopped half way over that counter, then it did not register as a 5-axle vehicle. We noticed on the acceleration ramp in the last week or so, a lot of skid marks. So we think some folks were playing a few games when they were going over the counters because we had a sudden batch of motorcycles which we feel was quite unlikely. But we do have quite a bit of good data and I'll have a report at the next meeting.

Also, we have now completed, I mentioned at the last meeting – the E-Z Pass, and have completed monitoring at several locations. We have not received the report as yet, but I would suppose we should have a report by the end of the month. That report should show the number of vehicles passing through our state that are part of the E-Z Pass System. That information should be helpful to us somewhere down the road.

The last thing, the Commission is cooperating with North Royalton. Some of you may have seen some items in the newspaper or on the TV news about the flooding issues. We do not believe that we are responsible for that, but we are cooperating with the North Royalton County Engineer and sharing our plans for the construction of the road as well as other data.

The resolution I'd like to present is to extend the contract with Ross Systems. Ross is a software system for several of our business systems – financial reporting, our human resources, purchasing, payroll, equipment maintenance and inventory. We entered into a 20-year licensing agreement with Ross in 1996, and that agreement allowed for annual maintenance increases as much as 7-1/2% annually. That has become very expensive. This extension will reduce that figure and will also give us an upgrade that our CFO needs in exchange for reducing the number of users. Overall, if you approve this resolution it will save us \$30,000 over the next three years. I'm asking for adoption of this resolution which is included in your folders.

The Chairman asked, is there a motion?

Commissioner Dixon moves and Commissioner Regula seconds.

The Chairman asked General Counsel to read the Resolved paragraph.

General Counsel read the Resolved as follows:

"RESOLVED that the executive director and director of contracts administration are authorized to enter into a three (3) year extension of the original contract with Ross Systems, Inc. for calendar years 2005, 2006 and 2007 under which Ross will: (1) furnish and install updated software for the Commission's Integrated Business Application System in the Commission's financial reporting, inventory and purchasing system modules; (2) the number of software users shall be reduced from 180 to 128; and (3) maintenance costs will be lowered to \$83,000 for each of the three (3) following calendar years commencing with calendar year 2005."

The Chairman asked, is there any discussion? If not, please call the roll.

The "Resolution Directing the Executive Director to take immediate action concerning Extension of Ross Systems, Inc. Contract" was moved for adoption as follows:

RESOLUTION NO. 26-2004

"WHEREAS, pursuant to Resolution No. 68-1996 adopted on November 12, 1996, the Commission authorized a contract with Ross Systems, Inc. ("Ross") to furnish and install software for an Integrated Business Application System, incorporating six (6) different modules for equipment maintenance, financial reporting, human resources, inventory, purchasing and payroll; and

"WHEREAS, the Agreement also includes a twenty (20) year license and all necessary software maintenance services, which are billed currently at the rate of \$98,555.10 with a maximum annual fee escalator of 7-1/4%; and

"WHEREAS, the Commission's staff has been concerned about the continuing escalation of maintenance fees, and, in a recent evaluation, determined that the number of users could be lowered from 180 to 128; and

"WHEREAS, the Commission's director of information systems and CFO/comptroller have also determined that the Commission's financial reporting, inventory and purchasing system modules should be updated, and have received a proposal from Ross offering to upgrade said modules at a total net cost of \$69,520, provided the number of users is lowered to 128; and

"WHEREAS, the upgrade proposal also offers a three (3) year maintenance agreement for calendar years 2005, 2006 and 2007 with maintenance fees lowered to \$83,000 for each year that would save the Commission up to \$91,646.44 in maintenance fees over the next three (3) years; and

"WHEREAS, the Commission's director of contracts administration has prepared a proposed contract extension, and has advised the executive director that the Commission may lawfully purchase the proposed upgrade and enter into a three (3) year extension of the original contract for the maintenance of the Commission's financial and inventory system modules.

"NOW, THEREFORE, BE IT

"RESOLVED that the executive director and director of contracts administration are authorized to enter into a three (3) year extension of the original contract with Ross Systems,

Inc. for calendar years 2005, 2006 and 2007 under which Ross will: (1) furnish and install updated software for the Commission's Integrated Business Application System in the Commission's financial reporting, inventory and purchasing system modules; (2) the number of software users shall be reduced from 180 to 128; and (3) maintenance costs will be lowered to \$83,000 for each of the three (3) following calendar years commencing with calendar year 2005."

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 26-2004.

The Chairman asked Dan Castrigano, Chief Engineer, if he had any resolutions to introduce.

Mr. Castrigano said I have three resolutions this morning. The first one is a resolution awarding Contract No. 43-04-03, which is replacing of the bridge decks and rehabilitation of the Shiloh-Whiteville Road structure at Milepost 44.4 in Fulton County and Scott Road at Milepost 49.4 in Lucas County. These are replacements of the original bridge decks on these structures. We received bids from three bidders on this project. The lowest responsive and responsible bid was submitted by Kokosing Construction Company, Columbus, Ohio in the amount of \$1,133,950.14. The bid was below the engineer's estimate and this bidder has performed satisfactorily in this type of work for the Commission in the past. Our design consultant also has recommended the award of this project to Kokosing.

This resolution contains language to award the materials testing and construction inspection on this project. The materials testing is proposed to be assigned to Adaris Testing Labs of Toledo and the construction inspection to the Mannik & Smith Group of Maumee, Ohio. You may note in the Resolved paragraph that the assignment to the Mannik & Smith Group would be in accordance with the 2003-2004 Engineering Services Agreement. That is incorrect. You may recall last year, we awarded an agreement by resolution to Mannik & Smith Group to have the inspection and also the design of this project. That incorrect language would be revised to the agreement specific to this project. Would General Counsel please read the Resolved?

General Counsel read the Resolved as follows:

"RESOLVED that the bid of **The Kokosing Construction Company**, Columbus, Ohio, in the amount of **\$1,133,950.14**, for the performance of Contract No. 43-04-03 is, and is by the Commission, determined to be the lowest responsive and responsible bid received for the performance of said contract, and is accepted, and that the chairperson and executive director, or either of them, hereby is authorized: (1) to execute a contract with said successful bidder in the form heretofore prescribed by the Commission pursuant to the aforesaid bid; (2) to direct the return to the other 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 The Mannik & Smith Group, Inc., Maumee, Ohio to Contract 43-04-03 for the purpose of performing construction inspection. Such assignment shall be in accordance with the current agreement to perform design and inspection services for this project between the Ohio Turnpike Commission and The Mannik & Smith Group, Inc.; and

"FURTHER RESOLVED that the Commission hereby authorizes the executive director and the chief engineer to assign Adaris Testing Labs, Toledo, Ohio, to Contract 43-04-03 for the purpose of performing materials testing. Such assignment shall be in accordance with the 2003-2004 Engineering Services Agreement between the Ohio Turnpike Commission and Adaris Testing Labs; and

"FURTHER RESOLVED that Project No. 43-04-03 is designated a System Project under the Commission's 1994 Master Trust Agreement."

The Chairman asked, do we have a motion?

Deputy Director Darwish moves and Commissioner Balog seconds.

The Chairman asked, are there any questions or discussion?

Commissioner Dixon asked Mr. Castrigano to explain the revised wording in the Resolved paragraph.

Mr. Castrigano said the paragraph pertaining to the assignment of The Mannik & Smith Group, the draft resolution said, "in accordance with the 2003-2004 Engineering Services Agreement." It's not a general 2003-2004 engineering agreement but an agreement specific to the design and inspection of this project. It was just a typo, but when Noelle read the Resolved, she corrected the wording.

Commissioner Dixon said thanks.

The "Resolution Awarding Contract No. 43-04-03" was moved for adoption as follows:

RESOLUTION NO. 27-2004

"WHEREAS, the Commission has duly advertised according to law for bids upon a contract for bridge deck repair and rehabilitation of Shiloh-Whiteville Road (TWP. RD. 5) over the Ohio Turnpike at Milepost 44.4 in Fulton County, and bridge deck repair and rehabilitation of Scott Road (TWP. RD. 107) over the Ohio Turnpike at Milepost 49.4 in Lucas County, herein designated **Contract No. 43-04-03**; and

"WHEREAS, the Commission has received bids from three (3) bidders for the performance of said contract; and

"WHEREAS, said bids have been reviewed and analyzed by the Commission's acting chief engineer and the director of contracts administration, and they have submitted reports concerning such analysis and their reports are 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 bid of The Kokosing Construction Company of Columbus, Ohio, in the amount of \$1,133,950.14, for the performance of Contract No. 43-04-03 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 bid conforms to the requirements of Section 5537.07, Section 9.312 and Section 153.54, all of the Revised Code of Ohio, and that a performance bond with good and sufficient surety has been submitted by The Kokosing Construction Company.

"NOW, THEREFORE, BE IT

"RESOLVED that the bid of **The Kokosing Construction Company**, Columbus, Ohio, in the amount of **\$1,133,950.14**, for the performance of Contract No. 43-04-03 is, and is by the

Commission, determined to be the lowest responsive and responsible bid received for the performance of said contract, and is accepted, and that the chairperson and executive director, or either of them, hereby is authorized: (1) to execute a contract with said successful bidder in the form heretofore prescribed by the Commission pursuant to the aforesaid bid; (2) to direct the return to the other 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 The Mannik & Smith Group, Inc., Maumee, Ohio to Contract 43-04-03 for the purpose of performing construction inspection. Such assignment shall be in accordance with the current agreement to perform design and inspection services for this project between the Ohio Turnpike Commission and The Mannik & Smith Group, Inc.; and

"FURTHER RESOLVED that the Commission hereby authorizes the executive director and the chief engineer to assign Adaris Testing Labs, Toledo, Ohio, to Contract 43-04-03 for the purpose of performing materials testing. Such assignment shall be in accordance with the 2003-2004 Engineering Services Agreement between the Ohio Turnpike Commission and Adaris Testing Labs; and

"FURTHER RESOLVED that Project No. 43-04-03 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. 27-2004.

Mr. Castrigano said the second resolution I have this morning is a resolution rejecting the bids received for Invitation No. 3978. This invitation provided for the furnishing, installing and testing of a Private Branch Exchange (PBX) Telephone System for the Ohio Turnpike Commission. This system is for all Ohio Turnpike facilities and not only this Administration Building, but the 8 maintenance buildings, 16 service plazas and 31 toll plazas. We opened the bids on this project and received 5 bids in response to this contract. All the bids were significantly higher than the project estimate. We are proposing to reject all bids received, thoroughly review the specifications and technical requirements, and see what we can do with this project to bring it more in line with our estimate and re-advertise the project.

If General Counsel would 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 the furnishing, installing and testing of a Private Branch Exchange (PBX) Telephone System Equipment at all Ohio Turnpike Commission facilities under **Invitation No. 3978** 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-evaluate the current specifications and determine the best approach in terms of conducting a new competitive selection process for the furnishing, installing and testing of Private Branch Exchange (PBX) Telephone System Equipment at all Ohio Turnpike Commission facilities."

The Chairman asked if there is a motion.

Commissioner Regula moves and Commissioner Balog seconds.

The Chairman said he has a question. It looks like all the bidders are over our estimate. Did we just under-estimate the project, Dan?

Mr. Castrigano said we are taking a look at that right now. Prior to the refinement of the specifications, our consultant contacted several prospective bidders. That's how we came up with our estimate. From what I understand, some of those bidders did not bid on the project. It looks like they may have just blown the estimate.

The Chairman said thanks. He said it seems to me that we have an antiquated telephone system that needs to be replaced. I think it's important to do this and it's also important that we are prudent. But maybe the prudent number is over \$1 million.

Mr. Castrigano said assuming we reject the bids this morning, we'll get right back on it and get it out as soon as possible.

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

The "Resolution Rejecting the Bids Received for Invitation No. 3978" was moved for adoption as follows:

RESOLUTION NO. 28-2004

"WHEREAS, the Commission advertised according to law for bids upon a contract for the furnishing, installing and testing of Private Branch Exchange (PBX) Telephone System equipment at all Ohio Turnpike Commission facilities under **Invitation No. 3978**; and

"WHEREAS, a Pre-Bid meeting was held on May 11, 2004, at the Commission's Middle Ridge Service Plaza and a tour of the Commission's telecommunications facilities were held to acquaint prospective bidders with the Commission's operations; and

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

"WHEREAS, an evaluation committee comprised of the Commission's telecommunications manager, the Commission's external telecommunications consultants from Scheeser Buckley and Mayfield, Inc. and telecommunications maintenance technicians from TransCore reviewed and analyzed the bids and submitted a recommendation to the Commission's director of contracts administration; and

"WHEREAS, because the bids received were significantly higher than the project estimate and because there were continuing questions on the part of the evaluation committee concerning whether the lowest bids are in compliance with the bid specifications, the evaluation committee has recommended that it would be in the best interest of the Commission to reject the bids, re-evaluate the current specifications and determine the best approach in terms of conducting a new competitive selection process; 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 the furnishing, installing and testing of a Private Branch Exchange (PBX) Telephone System Equipment at all Ohio Turnpike Commission facilities under **Invitation No. 3978** 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-evaluate the current specifications and determine the best approach in terms of conducting a new competitive selection process for the furnishing, installing and testing of Private Branch Exchange (PBX) Telephone System Equipment at all Ohio Turnpike Commission facilities."

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 28-2004.

Mr. Castrigano said the final resolution I'd like to present is a "Resolution to Purchase Attachments to Eight (8) Skid Steer Loaders under ODAS Cooperative Purchasing Program." You may recall on January 26, 2004, the Commission approved Resolution No. 2-2004 for purchasing eight (8) skid steer loaders under the DAS Cooperative Purchasing Program. The money that was allocated for that project included the trade-in value for the existing equipment that we were disposing of. However, under the DAS contract, they do not accept trade-ins. So we purchased the skid steers and then sold off the existing equipment to the highest bidder. That gave us enough money in this project to purchase the attachments required for the equipment. After the award of the skid steers, we had an additional purchase of \$16,968 for two asphalt concrete planers and we are proposing an additional \$58,676.00 for other attachments for the skid steers. These are being purchased under the ODAS contract in accordance with their established prices.

Would General Counsel please read the Resolved?

General Counsel read the Resolved as follows:

"RESOLVED that the authority originally granted to the executive director and director of contracts administration under Resolution No. 2-2004 shall include authority, as deemed appropriate, to purchase additional attachments for the new skid steer loaders, which expenditure exceeds the originally approved contract amount by greater than 10%, and that such purchase shall be made pursuant to the terms and conditions of the existing DAS Cooperative Purchasing Program contract with the Bobcat Company in the amount of \$58,676.00."

Deputy Director Darwish moves and Commissioner Balog seconds.

Chairman Noe said I guess I'm confused. We have \$78,000 in one memorandum and \$58,000 on the resolution.

Mr. Castrigano said the total additional moneys is \$78,000 for this project, however, the \$16,968 was spent under the Executive Director's authority to go in excess of the 10% of the original contract.

Chairman Noe said we are just approving the \$58,000 purchase because the other charge was already done. Okay.

Commissioner Regula asked, what attachments are we purchasing?

Mr. Castrigano said all the old attachments were sold off with the old skid steers. We'll have eight asphalt concrete planing units (one for each maintenance section); four earth augers (two for each division); and four power brooms for the front of the skid steers (two for each division).

Commissioner Regula asked, when you say sold off, do you actually go to the dealers and ask them for offers or do you participate in a public auction?

Mr. Castrigano said it is put out in a public notice -- the same as our bidding requirements.

Commissioner Regula said so it's open to individuals as well as equipment companies, etc. Do they normally end up being sold to equipment companies or have we had individuals purchase the used equipment?

Mr. Castrigano said we have had both. Depending upon the type of equipment, it may be sold to an equipment company, equipment wholesaler or an individual (farmer, local individual). Individuals have submitted high bids on this type of equipment in the past.

Commissioner Regula said so after you advertise that this equipment is available, they submit sealed bids up to a certain point.

Mr. Castrigano said that's correct. There is a cut-off time and an opening of the bids.

Mr. Regula said thank you, Dan. I just wanted to make sure there was an opportunity for someone else outside the equipment companies to purchase this equipment because I would assume we keep them in a fairly good maintenance state and it would be a worthwhile purchase for someone.

Mr. Castrigano said all they have to do is submit a request to our Purchasing Manager as to what type of equipment they may be interested in and they are put on a mailing list.

The "Resolution to Purchase Attachments to Eight (8) Skid Steer Loaders under ODAS Cooperative Purchasing Program" was moved for adoption as follows:

RESOLUTION NO. 29-2004

"WHEREAS, pursuant to Resolution No. 32-2003 adopted July 21, 2003, the executive director was authorized to participate on behalf of the Commission in state contracts under the Department of Administrative Services ("DAS"), Office of State Purchasing Cooperative Purchasing Program; and

"WHEREAS, pursuant to Resolution No. 2-2004 adopted January 26, 2004, the Commission's executive director was authorized to purchase eight (8) skid steer loaders on behalf of the Commission in the amount of \$249,324.00 from the Bobcat Company under State STS515 Co-op Contract #776515E under the DAS Cooperative Purchasing Program; and

"WHEREAS, due to an immediate need, two (2) asphalt/concrete planer attachments at an additional cost of \$16,968.00 were recently purchased for the Maintenance Department under the DAS contract with the Bobcat Company; and

"WHEREAS, the Commission's chief engineer has recently recommended the purchase of additional attachments for the new skid steer loaders, which attachments are also available under the DAS contract, as summarized in the recommendation letter dated June 21, 2004 from the Commission's director of contracts administration; and

"WHEREAS, said attachments will enable the Commission's maintenance employees to perform essential road maintenance tasks with improved efficiency; and

"WHEREAS, pursuant to the Commission's bylaws, additional purchases procured beyond 10% of the original purchasing authority granted by the Commission to the executive director require Commission approval unless, among other exceptions, the increase is a result of "circumstances that would create a life, safety or health-threatening situation or would unduly delay the completion of [a] project;" and

"WHEREAS, based on the recommendations of the chief engineer and the director of contracts administration, the executive director requests Commission approval to purchase the additional attachments for the new skid steer loaders at a total expenditure of \$58,676.00, as said amount is more than 10% above the original expenditure, as previously approved by the Commission pursuant to Resolution No. 2-2004; and

"WHEREAS, the director of contracts administration has reviewed the pertinent documents received and the actions taken by the Commission's administrative staff with respect to the proposed purchase, and has advised the executive director that the Commission may lawfully make the additional purchase under the same terms and conditions of the DAS contract with the Bobcat Company; and

"WHEREAS, the Commission desires to delegate authority to the executive director to take action on behalf of the Commission concerning purchases of additional attachments for the new skid steer loaders pursuant to the terms and conditions of the existing DAS Cooperative Purchasing Program contract with the Bobcat Company, which purchase is in excess of the originally approved contract amount.

"NOW, THEREFORE, BE IT

"RESOLVED that the authority originally granted to the executive director and director of contracts administration under Resolution No. 2-2004 shall include authority, as deemed appropriate, to purchase additional attachments for the new skid steer loaders, which expenditure exceeds the originally approved contract amount by greater than 10%, and that such purchase shall be made pursuant to the terms and conditions of the existing DAS Cooperative Purchasing Program contract with the Bobcat Company in the amount of \$58,676.00."

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 29-2004.

Mr. Castrigano said there is one more thing I have this morning. It's the Construction Update. A copy of my report has been included in your folders. You can take a look at it at your leisure. However, assuming we don't get any more rain this week, the resurfacing on our three

mainline projects should be completed by the end of the week ahead of schedule of the June 30th deadline. That completes my report.

Chairman Noe said thanks Dan. Jim, do you have a report?

CFO/Comptroller Jim Steiner reported that 3.5 million passenger cars traveled the Turnpike in May exceeding the volume from last May by 1.7%. 818,000 commercial vehicles traveled the Turnpike in May exceeding last year's total by 4.8%. Total passenger car traffic volume for the first five months of the year totaled 15 million cars. Commercial traffic during this period totaled 3.8 million vehicles. While passenger car traffic has continued to increase over the last few years, our commercial traffic is just now returning to a level we had reached in calendar year 2000 and is well below our projections developed in 2001.

He said the Commission last issued bonds in 2001. This is the front cover of the Official Statement from that bond issuance. At that time Bobby Everhart and I prepared this projection of our debt coverage through 2008. This projection was included in that Official Statement and was considered by the bond rating agency in assigning the Commission its AA rating. You will notice that we had projected a debt coverage ratio of approximately 2.0 throughout these years which is generally regarded as the standard needed to achieve a AA bond rating. The coverage ratio is computed by subtracting expenses from our pledged revenue and dividing the result by the debt service. I have highlighted the projection for 2004. We had projected a debt coverage ratio of 1.95 and unfortunately we are falling far short of this level of coverage.

This slide compares the projection for 2004 that was included in the 2001 Official Statement to the amounts included in our 2004 annual budget. Based on the current budget we will have coverage ratio of 1.69 compared to the projected coverage of 1.95. A closer look of the projection reveals that the forecast for passenger car toll revenue is remarkably close to the amount that was included in the 2004 budget. The problem is that the economic slowdown that started in 2000 has severely impacted our commercial traffic. Our 2004 budgeted revenue is down \$9.1 million from the earlier projection. The blue line on this graph represents the commercial toll revenue projections contained in the 2001 Official Statement and the red line shows our actual revenue for 1999 through 2003 along with the amount budgeted for 2004. As you can see the revenue dropped much more than we anticipated in 2001 and it still has not rebounded to the levels that we had expected to achieve.

The other major problem is that our investment earnings are well below the amount anticipated including the investment earnings on our monthly debt service payments. As I reported previously, the unanticipated decline in investment revenues was the result of the dramatic decline in interest rates. The federal funds rate peaked at 6.5% in May of 2000 and now stands at just 1%.

The projection for expenses included in the 2001 Official Statement was very close to the amount budgeted in 2004. In summary the 2004 budgeted net pledged revenues available to pay debt service are \$13.3 million less than we had projected in 2001 and the net debt service payments are \$700,000 higher.

Last fall we had a site visit from Fitch Ratings and last month we had a site visit from two analysts from Standard & Poor's. Both rating agencies are now preparing to issue updated credit reports on the Commission. The analysts from both rating agencies indicated that they were very impressed with the Commission's personnel, our operations and our facilities. However, due to the drop in the debt coverage ratio, the lead analyst at Standard & Poor's (S&P) indicated that unless we pledged additional revenues to further secure the repayment of our outstanding bonds, S&P would likely change the Commission's outlook from stable to negative. This is often a precursor to a rating downgrade.

Consequently, we are recommending that the Commission pledge all concession revenues derived from the operation of our service plazas, other than funds contractually committed to the service plaza capital improvement reserve, and all revenues derived from leases, licenses, royalties, advertising and miscellaneous sales, fees and charges together with all investment earnings thereon, but only to the extent and in the amount necessary to achieve a debt coverage ratio of up to but not more than 2.0. As a practical matter we don't treat these revenues any differently than we do toll revenues and our bond counsel, our financial advisor and our trustee all concur with this recommendation. After deducting the operating expenses of the service plazas and the required deposits to the expense reserve account, this would increase our net pledged revenues available for debt service by \$6.8 million. Although pledging these additional revenues will not guarantee that the Commission will retain its AA rating, the lead analyst from S & P indicated that it would be a very positive action. This last line shows that by including the additional revenues, our projected debt coverage ratio will hopefully reach the desired level of 2.0 by calendar year 2006.

Mr. Chairman, there is a resolution in your folders and I'd like to ask the General Counsel to read the Resolved.

General Counsel read the Resolved as follows:

"RESOLVED BY THE MEMBERS OF THE OHIO TURNPIKE COMMISSION:

"Section 1. Definitions. In addition to the words and terms defined in the recitals and elsewhere in this Resolution, those words and terms not expressly defined herein and used herein with initial capitalization where rules of grammar do not otherwise require capitalization shall have the meanings assigned to them in the Trust Agreement.

"Section 2. Additional Pledge. The Commission hereby agrees to pledge all concession revenues derived from the operation of the service plazas (other than funds contractually committed to the Service Plaza Capital Improvements Reserve) and all revenues derived from leases, licenses, royalties, advertising and miscellaneous sales, fees and charges together with all investment earnings thereon, but only to the extent and in the amount necessary so that System Pledged Revenues (which shall include the amount of this additional pledge) shall be up to but no more than 200% of Debt Service Requirements, to further secure the payment of the Bonds issued by the Commission. Nothing in this additional pledge, however, shall be construed to constitute a covenant to maintain any coverage ratios in addition to those currently set forth in the Trust Agreement.

"Section 3. Additional Actions. The Executive Director, the CFO/Comptroller, General Counsel and Peck, Shaffer & Williams LLP are hereby directed to take all actions necessary to prepare a Supplemental Trust Agreement and all documents necessary to implement the pledge of the additional revenues.

"Section 4. Repeal of Conflicting Resolutions. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

"Section 5. Compliance With Sunshine Law. It is hereby determined that all formal actions of the Commission relating to the adoption of this Resolution were taken in an open meeting, and that all deliberations of the Commission and of its committees, if any, which resulted in formal action were in meetings open to the public, in full compliance with Section 121.22 of the Ohio Revised Code."

The Chairman said, do we have a motion?

Commissioner Dixon moves and Commissioner Balog seconds.

The Chairman asked, is there any discussion?

(David Millstone arrived at 10:30 a.m.)

Commissioner Balog asked, what is the negative impact for lowering the bond rating? We don't anticipate going out for additional bonds in the future, do we?

Mr. Steiner said we do not anticipate going out for any additional bonds at this time. A rating downgrade would impact the market value of our bonds that are in circulation right now.

Commissioner Balog said that doesn't affect us though.

Mr. Steiner said not directly, but by maintaining our AA rating it does give us the flexibility to issue bonds in the future if our circumstances change and then we will be able to benefit from more favorable interest rates at that time.

The "Resolution Authorizing the Pledge of Additional Revenues to Secure the Payment of Bonds Issued by the Ohio Turnpike Commission" was moved for adoption as follows:

RESOLUTION NO. 30-2004

"WHEREAS, the Ohio Turnpike Commission has entered into a Master Trust Agreement dated as of February 15, 1994 (the "Master Trust Agreement" and together with the First Supplemental Trust Agreement dated as of February 15, 1994, the Second Supplemental Trust Agreement dated as of September 1, 1995, the Third Supplemental Trust Agreement dated as of May 1, 1996, the Fourth Supplemental Trust Agreement dated as of June 1, 1998, the Fifth Supplemental Trust Agreement dated as of September 1, 1998, the Sixth Supplemental Trust Agreement dated as of September 1, 1998, the Seventh Supplemental Trust Agreement dated as of September 15, 1998, the Eighth Supplemental Trust Agreement dated as of March 1, 1999, and the Ninth Supplemental Trust Agreement dated as of December 15, 1999, the Tenth Supplemental Trust Agreement dated as of June 15, 2000, the Eleventh Supplemental Trust Agreement dated as of July 1, 2001 and the Twelfth Supplemental Trust Agreement dated as of August 15, 2001, the "Trust Agreement"), with the Trustee providing for the issuance from time to time of Turnpike Revenue Bonds (the "Bonds") and related matters; and

"WHEREAS, the Commission desires to pledge, under certain circumstances, additional revenues to secure the payment of the Bonds issued pursuant to the Trust Agreement.

"NOW, THEREFORE, BE IT

"RESOLVED BY THE MEMBERS OF THE OHIO TURNPIKE COMMISSION:

"Section 1. Definitions. In addition to the words and terms defined in the recitals and elsewhere in this Resolution, those words and terms not expressly defined herein and used herein with initial capitalization where rules of grammar do not otherwise require capitalization shall have the meanings assigned to them in the Trust Agreement.

"Section 2. Additional Pledge. The Commission hereby agrees to pledge all concession revenues derived from the operation of the service plazas (other than funds contractually committed to the Service Plaza Capital Improvements Reserve) and all revenues derived from leases, licenses, royalties, advertising and miscellaneous sales, fees and charges together with all investment earnings thereon, but only to the extent and in the

amount necessary so that System Pledged Revenues (which shall include the amount of this additional pledge) shall be up to but no more than 200% of Debt Service Requirements, to further secure the payment of the Bonds issued by the Commission. Nothing in this additional pledge, however, shall be construed to constitute a covenant to maintain any coverage ratios in addition to those currently set forth in the Trust Agreement.

"Section 3. Additional Actions. The Executive Director, the CFO/Comptroller, General Counsel and Peck, Shaffer & Williams LLP are hereby directed to take all actions necessary to prepare a Supplemental Trust Agreement and all documents necessary to implement the pledge of the additional revenues.

"Section 4. Repeal of Conflicting Resolutions. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

"Section 5. Compliance With Sunshine Law. It is hereby determined that all formal actions of the Commission relating to the adoption of this Resolution were taken in an open meeting, and that all deliberations of the Commission and of its committees, if any, which resulted in formal action were in meetings open to the public, in full compliance with Section 121.22 of the Ohio Revised Code."

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 30-2004.

Mr. Steiner said that completes my report.

Chairman Noe asked General Counsel Noelle Tsevdos if she had a report this morning.

General Counsel said I have two proposed resolutions for your consideration. The first resolution authorizes the Executive Director to accept proposals received from insurance agents/brokerage firms for the Commission's comprehensive casualty and property insurance program. As you may recall, we started this process back in February with the selection of an independent insurance consultant. We chose Terry Phelan of Phelan Risk Management Services based on his extensive experience assisting other public entities with their insurance lines.

On March 2, 2004, we issued a request for market assignment proposals from approximately thirty insurance agents and brokerage firms who had requested to be notified when we went out to bid. We advertised that request in the Cleveland Plain Dealer and The Daily Reporter. On or before March 10th we received requests for market assignments from 9 different insurance agents/brokerage firms. On March 18th we held a pre-bid conference with those insurance agents and brokerage firms at which time we gave market assignments and we also issued our Request for Proposals to insurance carriers. Today, to assist me in presenting this resolution, I have the Commission's Risk Management Coordinator, Joe Disantis. Also present is Terry Phelan of Phelan Risk Management Services Company.

The deadline for receipt of proposals from the insurance brokers and insurance carriers was May 21, 2004, at which time we did receive seven very good proposals from insurance agents, brokerage firms and insurance carriers for the various lines of the Commission's casualty and property insurance program. Included in your packet are a number of documents including the recommendation of the independent insurance consultant and the recommendation of Mr. Disantis and myself. I can tell you just to expedite things that both Joe and I concur with the recommendations of Terry Phelan. We also included in your packet a schedule or summary of the current insurance coverage of the Commission which will expire at the end of June 2004. We also

included a chart which summarizes the proposals that we received and which were analyzed from the seven different firms. I wanted to start the presentation by having Joe Disantis give you an overview of the current insurance program.

Mr. Disantis said currently, the Commission maintains twelve lines of insurance coverage. Those lines of coverage are contained in eight different policies, three of which are excess liability policies.

The first is the General Liability Policy. It covers bodily injury and property damage for incidents that occur on the Commission's premises. The amounts of that insurance are \$1 million for each occurrence and \$2 million aggregate. The policy has a self-insured retention (SIR) of \$100,000 per each occurrence.

The Automobile Liability Policy covers the Commission's fleet of insured vehicles which includes automobiles, light, medium and heavy trucks and has a bodily injury and property damage limit of \$1 million with a \$100,000 self-insured retention.

There are three Excess Liability Policies which are in the amount of \$55 million, which are in excess of the amounts of the two primary policies, the general and auto liability.

The Commission also has an Owners and Contractors Protective Liability Policy which covers bodily injury and property damage related to construction. It's over and above the amounts covered by the Commission's contractors.

The Public Officials Errors & Omissions Insurance is in the amount of \$1 million per occurrence and \$2 million aggregate and includes employment practices liability of the Commission.

The Commission also maintains Bridge Insurance policy which insures damage to the eight major bridges of the Ohio Turnpike and it includes damage due to vandalism and malicious and civil disorder. There is no terrorism exclusion within this policy so terrorism is included under this policy for these bridges.

We also maintain a Use and Occupancy Policy which covers loss of toll and other operating revenues due to destruction or damage to any parts of Ohio Turnpike or its service facilities.

The property insurance policy covers all capital improvements of the Ohio Turnpike including its Administration Building, toll plaza buildings, maintenance buildings, service plazas, salt domes, communication towers and related facilities and their building contents. It's \$150 million replacement cost policy and has a very small deductible of \$5,000.

The data processing part of the property policy covers all the Commission's computer equipment related items and the maintenance and contractor's equipment portion of the property policy covers all equipment used by our Maintenance Department with an actual cash value in excess of \$1,000.

The Boiler and Machinery Policy is also part of the property policy and insures the approximate 100 boilers along the Ohio Turnpike.

The last policy is the Money and Securities Policy. It covers the Commission in the amount of \$15 million with a \$25,000 deductible. It includes public employee dishonesty, theft, credit card forgery, computer fraud, faithful performance of duty, and any wire transfer communication fraud.

Mr. Disantis said if there are no questions, that concludes my report.

Chairman Noe asked, where are we in comparison to apples to apples a couple of years ago when we did this?

General Counsel said the total premiums that we paid last year for the expiring program was approximately \$948,000 and the proposal we are recommending that you accept would total \$965,000 which is only an increase of 1.9%, which we had budgeted a much larger increase. We feel the RFP was successful in that regard.

Chairman Noe said this is well done. I especially like the spreadsheet. It's something I can understand.

General Counsel said we have Terry Phelan from Phelan Risk Management with us this morning. He'll give you a presentation and give you the reasons why we are recommending specific policies.

Mr. Phelan said, in our opinion, the following lines of coverage I am going to go through represents the lowest and best risk transfer alternatives for the Turnpike. As Noelle said, on May 21, 2004, RFPs were opened. There were seven agents/brokers that participated. Because of the process, substantial competition was generated. For the purposes of this, I'm going to follow a little bit different format. I'm going to talk about the three incumbent lines of business that we recommend you renew. The first is property. That's through **Hylant** on behalf of **Affiliated FM** in the amount of **\$264,116**. It provides a compressed blanket limit of \$150 million, and it includes all the allied lines that Joe went through (boiler, machinery, extra expense, valuable papers, EDP, accounts receivable, miscellaneous articles). One other quote was competitive on the property line, from Jackson Dieken, but the quote had a margin clause in it. What the margin clause is – it involves the statement of values. For example, if you had a building scheduled for \$5 million on the Statement of Values, under the margin clause the most they would pay would be 125% of the "stated value." So, although they insure the value for \$365 million, they limit the replacement value of 125% of the "stated value" at any one location. That's fine, assuming the values are all accurate. Our experience is that values aren't accurate and \$150 million compressed limit is a blanket form policy, so if something had to be replaced for \$7 million, you get \$7 million rather than \$5 million. Therefore, our recommendation was to go with **Affiliated FM**. Unfortunately, because Jackson Dieken would not unbundle the rest of their quote, that eliminated them from the process.

The next line of coverage is Money & Securities. This, too, is a renewal and incumbent program from **CNA** for **\$50,700** written through **Gardiner Allen**. It provides \$15 million for money and securities, forgery, theft and employee dishonesty, and it also provides \$1 million for employee faithful performance. That's a change of \$14 million and that is a maximum limit that can be provided. The only other proposal submitted only offered limits up to \$100,000 on faithful performance.

The next item is Bridges and Use and Occupancy. That again, is an incumbent. That's through **Hoffman Group** on behalf of **Travelers/St. Paul** in the amount of **\$58,000**. That provides \$156 million for bridges and provides \$10 million for use and occupancy. As Joe pointed out, the key to this is there is no additional charge for terrorism. It's included in the form. Another quote that we received from Gallagher which was a very attractive quote until we got down to the terrorism line. They wanted \$200,000 for the terrorism coverage alone. That eliminated them from the process in terms of property coverage. We therefore recommend the policy through **Hoffman Group**.

On the next two items – these will be changes in your existing program – the first item is commercial auto. It is a package, so we are combining the commercial auto, commercial general liability and the owners & contractors coverage. We recommend **A. Gallagher** through **Axis Insurance Company** which is a Lloyd's derivative in the amount of **\$191,000**. This provides the same coverage at less cost with a SIR of \$50,000 versus \$100,000 currently through Clarendon.

There are no gaps in service. You are using the same law firms and the same adjusters. Therefore, you are getting the same coverage for less out-of-pocket expense and less out-of-pocket expense per claim. Therefore, we recommend you go with Gallagher through Axis.

Public Officials and E & O and Employment Practices – we recommend you write this through **Palmer Cay** on behalf of **AIG** in the amount of **\$75,000**. This is going to provide claims-made coverage with full prior acts. Full prior acts will take you back to the day of incorporation of the Ohio Turnpike, so you have coverage going all the way back to 1949. It's a great deal, it fills in potential gaps of coverage. We recommend that you buy specific excess limits of \$5 million since your umbrella, which we will talk about shortly, won't go over the POL and Employment Practices. The incumbent Clarendon can't match this coverage and can't match the form. Therefore, we recommend that you go with Palmer Cay through AIG.

The next item is the Umbrella Coverage. What we have done here is we consolidated this from three carriers down to two. This is also a change. We recommend that you go through Palmer Cay on behalf of Zurich and Crum & Forester in the amount of \$306,000. This will provide you \$55 million excess of the primary underlying \$1 million. The incumbent quote through Marsh and Clarendon, AIG and some other carriers was \$27,455 higher. Once again, you're saving approximately \$30,000 with the same coverage. Obviously, we recommend you go with Palmer Cay on behalf of Zurich & Crum.

The last item involves terrorism coverage. On the terrorism coverage, basically with the general liability through Axis and AIG to purchase terrorism coverage, the additional cost is \$6,000. For property through Affiliated FM and Hylant, the cost is an additional \$14,137. For bridges, U & O through Hoffman and Travelers/St Paul, is included. The Public Officials through Palmer Cay & AIG is included and through the umbrella with Palmer Cay, it's also included.

The cost of the recommended program is **\$964,910.00**. As Noelle pointed out, it's an increase of **1.9%**, but provides broader coverage and higher limits at lower GL and auto retentions. That concludes my presentation, and I'd be happy to answer any questions.

General Counsel said just to reiterate, both the risk management coordinator and myself concur with Mr. Phelan's recommendations. The highlights of the improved coverage that we're recommending are to lower the self-insured retention on the casualty insurance program. We have been able, through the competitive process, to extend the terrorism coverage to the casualty insurance which last year was cost prohibitive. The market has improved and we are very happy with the results. With your approval, I'll read the Resolved:

"RESOLVED that the Commission has duly considered such recommendations of its independent insurance consultant, as well as the recommendation of its general counsel and risk management coordinator, and hereby selects and authorizes the executive director and general counsel to purchase the above-specified insurance policies through Arthur J. Gallagher & Company for comprehensive general and automobile liability insurance, The Hylant Group for multi-peril property insurance, The Gardiner Allen Insurance Agency for broad form money and securities insurance, Hoffman Group for bridge use and occupancy insurance, and Palmer & Cay of Ohio for public officials/errors and omissions and umbrella/excess liability insurance in accordance with the terms and conditions set forth in the proposals and at the premiums quoted by the respective agent brokerage firms."

The Chairman asked, is there a motion for approval?

Commissioner Balog moves and Commissioner Regula seconds.

The Chairman asked if there was any discussion.

Deputy Director Darwish asked General Counsel if the Zurich Company, is that the same mutual fund company? It used to be the Old Kemper?

General Counsel said I'll have to defer to our insurance consultant.

Mr. Phelan said Zurich is a Swiss-held company, A+ 15 rating by Best. It's a very substantial firm. I don't know if they are related.

Deputy Director Darwish said my question related to the Zurich mutual funds since I'm voting on something like that. I would like to know if that was the same one since I have a personal interest in the company that we're voting on.

Chairman Noe asked Mr. Darwish if he owned more than 5% of the mutual funds.

Mr. Darwish said I don't, but I wish. I don't know for sure.

Chairman Noe said I don't know. I use Zurich for my coin insurance. They are a huge company. I can't imagine it's an issue.

General Counsel said we can check federal and state insurance laws, however, it's my understanding that the companies are probably separate. What we can do is move on to the second resolution and hold this one in abeyance. Maybe Terry and Joe can check on that.

Chairman Noe said I guess the question is, you want to abstain. We still probably have four votes, Mo. If that's all right with you.

Deputy Director Darwish said that's fine with me.

Chairman Noe said I prefer to move the motion through. Mr. Dixon, you had a question.

Commissioner Dixon said I have a question about the process. You are an independent insurance consultant. Are you also a broker?

Mr. Phelan said yes.

General Counsel said we also issued a Request for Proposals (RFP) for the independent insurance consultant. We notified a number of firms and also advertised. We specified in the RFP for the insurance consultant that we would not consider or accept bids from the person acting as our independent insurance consultant and by accepting the contract with the Commission, the insurance consultant was prohibited from submitting a bid on the insurance package.

Commissioner Dixon said, obviously, the only reason he is here is because he is very successful and does his job well. I'm sure he has some type of relationship with the companies that he is recommending to us.

Chairman Noe said actually they would be competitors.

Commissioner Dixon said I just want to understand the process. I have no problem with the process.

Chairman Noe said it's a two-step process. Let me see if I can summarize it for you. We went out to bid for a consultant to begin with. We put that RFP out to many people because I remember looking at the extensive list.

General Counsel said we only received two responses because of the fact that there are a lot of insurance brokerage firms that also have a consulting arm and they didn't want to be precluded from submitting a bid.

Chairman Noe said so they went into this knowing that if they were accepted as our consultant, they could not bid on this. They, in fact, are helping a competitor secure a contract in some rights. I assume we have checked to make sure they don't have some silent interest or a conflict of interest.

General Counsel said that Kathy Weiss, our Director of Contracts Administration, could address that question.

Kathy Weiss, Director of Contracts Administration, stated she is familiar with the three-step process taken by the Commission's staff and our insurance consultant and stated that it was conducted very properly in conformance with the applicable sections of the Ohio Revised Code.

Chairman Noe said the fact that it was only a 1.7% increase, I would love to have that in my business last year for my insurance with better coverage and retroactive coverage. I find that amazing.

Commissioner Dixon said there is no question that the results are very good. I'm just trying to understand the process. Thanks. My second question is I think that the terrorist insurance is the biggest crock.

Chairman Noe said I'd like to commend the staff and our consultant for the great job. It was easy for me to understand and hopefully for the rest of the Commissioners to understand by using the spreadsheet. It was done very methodically in a very professional manner. I appreciate your help on this.

Chairman Noe said, any other questions or comments? Mr. Darwish, my suggestion if you have any concern, my good friend Paul Dutton said when I went on the Board of Regents, I wanted to vote no – he said don't worry about it, we have the votes. I feel confident we probably had the votes, so don't feel bad if you feel you need to abstain for any reason.

The "Resolution Authorizing the Purchase of Insurance Policies Pursuant to Request for Proposals for the Commission's Comprehensive Casualty and Property Insurance Program" was moved for adoption as follows:

RESOLUTION NO. 31-2004

"WHEREAS, the Commission issued a Notice of Request for Proposals for Insurance Broker Market Assignments on March 2, 2004, whereby interested insurance agent/brokerage firms could request that the Commission assign certain insurance markets to them to obtain proposals for coverage under the Commission's comprehensive casualty and/or property insurance program;

"WHEREAS, the Commission received requests for market assignments from nine (9) insurance agent/brokerage firms on or before March 10, 2004;

"WHEREAS, the Commission issued a Request for Proposals (RFP) for the Commission's Comprehensive Casualty and Property Insurance Program on March 18, 2004, and markets were assigned to all of the agents/brokerage firms that requested assignments during a pre-bid conference held that same day; and

"WHEREAS, responses to the RFP were submitted on or before May 21, 2004 by seven (7) agent/brokerage firms on behalf of fourteen (14) different insurance carriers, and such responses have been reviewed and analyzed by Phelan Risk Management Services of Cleveland, Ohio, the Commission's independent insurance consultant, and the Commission's general counsel and risk management coordinator; and

"WHEREAS, Phelan Risk Management Services has made a recommendation for the award of such insurance policies based upon its review and analysis of the proposals received, and the Commission's general counsel and risk management coordinator concur with the recommendation,

"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 contracts for insurance coverage, and in a manner that was fair and equitable to all participating insurance agents/brokerage firms and insurance carriers and that the Commission may lawfully purchase the respective insurance policies;

"WHEREAS, the Commission's independent consultant, general counsel and risk management coordinator recommend that the best interests of the Commission would be served by the acceptance of the proposals submitted by the following agent/brokerage firms on behalf of insurance carriers at the corresponding premium quotes submitted as follows:

1. Comprehensive General and Automobile Liability Insurance, including terrorism coverage, proposed by Arthur J. Gallagher & Company on behalf of Axis Surplus Insurance for an annual premium of \$197,000 beginning on July 1, 2004;
2. Multi-Peril/Property Insurance, including terrorism coverage, proposed by The Hylant Group on behalf of Affiliated FM Insurance Company for an annual premium of \$278,253 beginning on July 1, 2004;
3. Broad Form Money and Securities Insurance proposed by The Gardiner Allen Insurance Agency on behalf of Continental National American Insurance for an annual premium of \$50,700;
4. Public Officials/Errors and Omissions Insurance proposed by Palmer & Cay of Ohio on behalf of American International Specialty (AIG) for an annual premium of \$75,000 beginning on July 1, 2004;
5. Bridges and Use and Occupancy Insurance, including terrorism coverage, proposed by The Hoffman Group on behalf of St. Paul/Travelers Insurance Company for an annual premium of \$58,957 beginning on July 1, 2004; and,
6. Umbrella/Excess Liability Insurance Coverage, including terrorism coverage, proposed by Palmer Cay of Ohio on behalf of Zurich, and Crum and Forster Insurance Companies for an annual premium of \$306,000.

"NOW, THEREFORE, BE IT

"RESOLVED that the Commission has duly considered such recommendations of its independent insurance consultant, as well as the recommendation of its general counsel and risk management coordinator, and hereby selects and authorizes the executive director and general counsel to purchase the above-specified insurance policies through Arthur J.

Gallagher & Company for comprehensive general and automobile liability insurance, The Hylant Group for multi-peril property insurance, The Gardiner Allen Insurance Agency for broad form money and securities insurance, Hoffman Group for bridge use and occupancy insurance, and Palmer & Cay of Ohio for public officials/errors and omissions and umbrella/excess liability insurance in accordance with the terms and conditions set forth in the proposals and at the premiums quoted by the respective agent brokerage firms."

The resolution was adopted with all Members voting in the affirmative, with the exception of Deputy Director Mo Darwish, who abstained. The resolution was identified as No. 31-2004.

Chairman Noe said I believe General Counsel has one additional resolution.

General Counsel said I have another matter. It's a proposed resolution as it relates to a lawsuit that was filed by the Teamsters Local 436 against the Commission last week. It relates to a dispute over scheduling of full-time and part-time toll collectors. Present at the meeting is David Millstone of Squire, Sanders & Dempsey, who is our outside labor counsel. I would recommend that the Commission confer with both of us regarding this dispute and the proposed resolution.

Deputy Director Darwish moved that we adjourn this meeting to hold an Executive Session to confer with General Counsel and outside counsel regarding pending litigation filed by Teamsters Local 436 under the provisions of Ohio Revised Code Section 121.22(G)(3). At the end of such Executive Session, the Commission meeting shall reconvene.

Commissioner Regula seconds.

Chairman Noe asked if there were any questions or comments.

Commissioner Dixon asked if we could change the word, "adjourn" to something else.

Chairman Noe said we have to adjourn the meeting and bring it back into session when we return.

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

All members voted in the affirmative to adjourn the meeting and go into executive session.
(Time: 10:58 a.m.)

The Chairman said he estimated it would take approximately 10-15 minutes.

Chairman Noe reconvened the meeting at 11:23 a.m. Commissioner Balog moves and Commissioner Regula seconds.

The Chairman asked the Assistant Secretary-Treasurer to call the roll. All members voted in the affirmative.

The Chairman said we had some discussion about pending litigation against the Commission. I'd like to have the General Counsel read the resolution.

General Counsel read the Resolved as follows:

"RESOLVED that the executive director and general counsel are authorized to take those steps necessary in order to defend against or initiate legal proceedings before or against Teamsters

Local Union 436 or other necessary parties in order to enforce and protect the legal interests of the Commission with regard to this dispute.:

The Chairman asked, is there a motion?

Commissioner Balog moves and Commissioner Regula seconds.

The Chairman asked if there was any discussion?

Commissioner Balog said the question I have is, if you look at the Resolved language it's fairly broad, but we are responding to a lawsuit filed against us?

General Counsel said that's correct, the lawsuit was initiated by the Union with regard to the dispute for the re-bidding of the schedule at eleven (11) interchanges for full and part-time toll collectors. We have a preliminary injunction hearing scheduled before Judge Stewart Friedman on Wednesday afternoon, June 23, 2004. Depending upon what happens and when his decision is rendered by the Court, I am recommending that the Executive Director and I be authorized to confer with outside labor counsel and then authorize the appropriate response. Unfortunately, we don't know what is going to happen, but we do need to be able to respond to any decision made by the Court quickly based upon the immediate nature of the situation. The new schedule starts on July 4th. The Executive Director and I need to have some discretion and authority to respond depending upon the position of the Court.

Commissioner Balog said we changed the schedule. The schedule was changed because we were facing severe overtime issues and staffing issues.

The Executive Director said too many part-time toll collectors were not signing up for weekend shifts thereby requiring us to staff the weekend shifts with full-time toll collectors at an overtime rate.

Commissioner Balog said so you thought our only alternative was in fact, to change the schedule, but to comply with the contract, and that way we could have adequate staffing and also maintain our budget.

The Executive Director said it's more critical now in the summertime where the traffic is higher, so at some interchanges we actually need additional help than we would need in some of the winter months. It is more critical that we have adequate staffing at those interchanges to avoid back-ups.

Commissioner Balog said it's a safety issue and it's a critical time of the year.

The Chairman said that's what it is all about. We are coming into major holiday weekends in July and at the end of August. I have big concerns about the safety issues. We have to make sure that we protect whatever rights we need to to make sure that safety is the No. 1 concern.

The Executive Director said we selected the minimum number of exits where we were having the most severe problems. We did not do it across the entire length of the Turnpike. We just selected eleven interchanges where we had severe problems with staffing and overtime.

Commissioner Balog said one other question. As I understand it, the Union represents both the full-time and part-time toll collectors. Is that correct?

General Counsel said that's correct. In my professional opinion and based upon my experience in employment labor matters, I think it's unusual to represent both groups of employees.

Commissioner Balog said it's a direct conflict. It seems like they are pulling two different ways.

General Counsel said the two groups of employees have most definitely very different interests, and I think the chief engineer can agree with me.

Mr. Castrigano said that's correct.

Commissioner Balog said thanks, because when I read it, it seemed strange.

The Chairman asked if there was any other discussion on this matter. Would the Assistant Secretary-Treasurer please call the roll.

The "Resolution Declaring the Necessity of Defending Against or Initiating Legal Proceedings Before or Against Teamsters Local Union 436 to Resolve Labor Dispute" was moved for adoption as follows:

RESOLUTION NO. 32-2004

"WHEREAS, the Commission is authorized pursuant to Ohio Revised Code Section 5537.04 to employ such personnel as are necessary to operate and maintain the Ohio Turnpike System in order to facilitate vehicular traffic throughout the State of Ohio in order to promote the agricultural, commercial, recreational and industrial development of the State;

"WHEREAS, the Commission employs full-time and part-time toll collectors to staff its Toll Operations in order to maintain and operate the Ohio Turnpike System in an efficient, economical and safe manner, which employees are represented by the Teamsters Local Union 436;

"WHEREAS, the Teamsters Local Union 436 filed a legal action against the Commission on June 15, 2004 in the Cuyahoga County Court of Common Pleas in order to obtain an injunction preventing the implementation of a modified work schedule for full-time and part-time toll collectors at certain interchanges, effective July 4, 2004;

"WHEREAS, the Commission believes that it is authorized to implement a modified work schedule for full-time and part-time toll collectors under the authority granted to it under Ohio law and the provisions of the collective bargaining agreement between the Ohio Turnpike Commission and the Teamsters Local Union 436;

"WHEREAS, the Commission believes that the implementation of the modified work schedule for full-time and part-time toll collectors is in the best interests of the Commission in that it will provide staffing of its Toll Operations in the most efficient, economical and safe manner;

"WHEREAS, the Commission is authorized by the provisions of Ohio Revised Section 5537.04 to take such legal action as is necessary to carry out those powers granted to it under Ohio Revised Code Chapter 5537;

"NOW, THEREFORE, BE IT

"RESOLVED that the executive director and general counsel are authorized to take those steps necessary in order to defend against or initiate legal proceedings before or against Teamsters Local Union 436 or other necessary parties in order to enforce and protect the legal interests of the Commission with regard to this dispute."

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 32-2004.

General Counsel said her Quarterly Litigation Report will be mailed to the Members next week.

The Chairman said thank you, Noelle. I believe we are done with the staff reports. Mr. Yacobucci, do you have a report?

Mr. Yacobucci said we have completed the inspections of the bridges, culverts, roadway and signs with the exception of those in the work zones, which we will complete in the fall of this year. Maumee River in-depth inspection is complete, and this week we are doing the Sandusky River in-depth inspection. Facility inspections will begin tomorrow, June 22.

The Chairman said thank you and Mr. Lamb, do you have a report?

Mr. Lamb said no report.

The Chairman said since Capt. Ferguson was absent last month, I would be totally shocked if you did not have a report for us.

Capt. Ferguson said I have one fatal crash to report, which occurred on May 31st during the Memorial Holiday period. It occurred in Williams County at 3:55 p.m. at Milepost 1, just one mile into Ohio from Indiana. An eastbound mini-van was operated by a 38-year old male from Strongsville and also occupied by five family members. It went out of control and spun across both the eastbound lanes. The van went off the left side of the roadway, entered the median where it rolled over onto a guardrail. The van continued to roll over again from its momentum and finally came to rest on its wheels in the westbound lane of the Turnpike. A 22-year old female passenger was ejected from the van and pronounced dead at the scene by the Williams County coroner.

Three other passengers, all children, were life-flighted to St. Vincent's Hospital. The driver and another occupant were transported to Bryan Community Hospital and treated there. The Turnpike was closed for one hour during the rescue operations and traffic was restricted to a single lane for additional 90 minutes following the crash. The cause of the crash was driver fatigue, which is quite prevalent on the Turnpike.

This was the first fatal crash that occurred in 2004. To go to the 31st day of May I think is quite remarkable. We never like to see these things happen, but we are pleased that so far this year there has only been one fatality. I think that's a tribute to the safety of the Turnpike and the work our troopers do out there.

Our next challenge will be to continue that through the heavy summer months and hopefully keep that trend going. Any questions?

The Chairman said thanks very much. Anything else for the good of the order?

Commissioner Regula said with the troops stationed in Iraq and the current situation, if it would be appropriate or if it could be looked into, maybe on the east and west-side of the Turnpike – maybe we could erect a sign saying something like, "Welcome Home Troops, with a thank you." It would be a gesture of our appreciation to the men and women over there serving in the armed forces. I don't know what our signage laws and regulations are, but if we put one in the eastbound/westbound lanes coming into the State, I think it would be nice for many of them traveling on the Turnpike to notice the signs that just say, thanks for serving us. Many of them are making great sacrifices to this country.

The Director asked if he was thinking of a permanent sign.

Commissioner Regula said I'd leave it up to your discretion, but I think because we will be spending more time over there, and them coming and going, it might be a nice gesture on our part.

The Director said we'll look into it, and I'll report back to you at the next meeting.

Commissioner Regula said thank you.

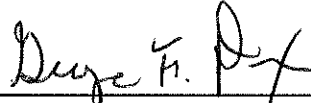
The Chairman asked is there a motion to adjourn.

The Director said we'll adjourn until Monday, July 19th, which is the Chairman's 50th birthday. Isn't that correct?

The Chairman said yes, it is. Please call the roll.

Commissioner Balog moves and Deputy Director Darwish seconds. All members voted in the affirmative. Time of adjournment was 11:33 a.m.

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



George F. Dixon, Secretary-Treasurer