

MINUTES OF THE 506TH MEETING OF THE OHIO TURNPIKE COMMISSION

August 23, 2004

Pursuant to the bylaws, the Ohio Turnpike Commission met for a "special" meeting at the Commission's Administration Building at 10:01 a.m. on August 23, 2004, with members of the staff: Jerry Pursley, Deputy Executive Director; Daniel Castrigano, Chief Engineer; James Steiner, CFO/Comptroller; Noelle Tsevdos, General Counsel; W. R. Fleischman, Assistant Chief Engineer; Kathleen Weiss, Director of Contracts Administration; Anne Fornshell, Director of Human Resources; Dave Miller, Director of Audit & Internal Controls; Dick Morgan, Director of Information Systems; Sharon Isaac, Director of Toll Operations; Richard Lash, Director of Safety Services; Bob Gahr, Assistant Director of Safety Services; Kerry Ferrier, Traffic Engineer; Kevin Golick, Purchasing Manager; 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.

The Chairman advised that Director Gordon Proctor is in transit at this time so we will go ahead the start the meeting and we can re-arrange parts of the agenda, if necessary. Senator Kirk Schuring was unable to attend today's meeting.

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

Present: Mr. Noe, Mr. Balog, Mr. Dixon, Mr. Regula, Director Proctor (*arrived at 10:06 a.m.*) and Representative Buehrer (*arrived at 10:05 a.m.*)

Absent: Senator Schuring

The Chairman said we have a number of guests here today, so I'd like everyone to introduce themselves: Eric Erickson, Fifth Third Securities; Ray Farcas, Dick Corporation; Tony Yacobucci, HNTB; Bobby Everhart, Mike Burgess, URS Corporation; Brett Neff, R. E. Warner Co.; Larry Davis, Ohio Truckers Association; Frank Lamb, Huntington Bank; Greg Telecky, Poggemeyer Design Group; Stefan Holmes, First Merit Bank; Capt. Bob Ferguson, OSHP; Tim Reidy, Nat City Investments; Doug Talbot, Hurst Government Consulting; Dick Boylan, Boylan & Associates; Don Glosser, Lichtenstein Investments; Rich Exner, The Plain Dealer; David Patch, The Toledo Blade; Chris Pavoni, Teamsters, Local 436; Jeff Freese, McDonald Investments; Glen Stephens, G. Stephens & Associates; John Meehan and

Chuck Rocco, Willis Consulting; Steve DeLoreto, Steve DeLong, Floyd Jeffries, International Union, Operating Engineers and Christine Haverciak, college intern.

The Chairman welcomed everyone and said this is the 506th meeting of the Ohio Turnpike Commission, and stated we are meeting here in the Commission's headquarters as provided for in the Commission's Code of Bylaws for a "special" meeting since we are meeting on the fourth Monday instead of our regularly-scheduled "third" Monday of the month pursuant to our Bylaws. 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 July 19, 2004 meeting.

Commissioner Balog moves and Commissioner Regula seconds. All other members voted in the affirmative, and 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 July 19, 2004:

The following items have been sent to the members since the last regularly scheduled meeting of the Commission on July 19, 2004:

1. Minutes of the July 19, 2004 Commission Meeting
2. Traffic & Revenue Report, July, 2004
3. Total Revenue by Month & Year, July, 2004
4. Investment Report, July, 2004
5. Financial Statements, July 31, 2004
6. Traffic Crash Summary Report, July, 2004 *
7. Various News Releases

* in Commission Members' Folders

The Chairman welcomed the Ohio Department of Transportation's Director, Gordon Proctor, who is authorized to vote. His Deputy Director, Mo Darwish is also in attendance. It's nice to have you here today.

The Chairman asked Director Suhadolnik if he had a couple of resolutions for our consideration?

Director Suhadolnik said before I introduce the resolutions, I'd like to make a few comments about our hearing on August 5th about the potential closing of S.

R. 49. In the twenty-seven years I have been in public service I must say it was the nicest hearing I have ever been involved, with such a controversial subject. Everyone was pleasant and stuck to the subject. Everyone who wanted to be heard had a chance to testify. The room was more than adequate. We should have a transcript available sometime this week. I think our Commission Members need to read the transcript before they make a decision.

Just some facts, I'd like to share. We had 164 people sign-in at the afternoon session and 84 signed in for the evening session. Twenty-nine (29) testified in the afternoon session and fourteen (14) testified in the evening session, although two folks did testify twice. Ten (10) of the people who testified were from out-of-state -- Michigan and Indiana legislators as well as the Mayor of Angola.

I made a brief presentation. If the Members would like to see it, I could pass out a copy. We had some overheads that we presented to give the folks some facts about the Turnpike. As I look at it, I still see that closing part of the interchange would help the Turnpike. Obviously, it would be less to maintain, and I think there would be some more traffic although there is a question as to how much. I can also see from the testimony that obviously it is beneficial to those local communities to have that interchange since a major artery like the Ohio Turnpike helps them.

I didn't see a lot of economic development in the area although that is relative. There are some small towns that are on State Route 49 such as: Edon-population about 900; Edgerton has a population of about 2200, and Hicksville has a population of approximately 3,600. Even if a few small industries or small facilities were re-located there, in relative terms, that may be considered major economic development.

Three testimonials I thought were very interesting. One was the Mayor of Angola who testified he is upset because lots of traffic is exiting the Indiana Turnpike in Angola and taking the parallel Route 20. I have been led to believe that if our tolls were similar to Indiana, all would be right with the world, but yet trucks are already exiting somewhere in Indiana to avoid those last couple interchanges on the Indiana Turnpike. He testified that if Exit 2 is closed, there would be more traffic going through the center of his town.

Another piece of testimony, which was interesting, was from a Michigan Road Commissioner. He testified that if we closed the interchange, he felt trucks would continue to avoid that stretch of the Turnpike, but they would take a parallel route in Michigan; and it would wear out a road that he just spent some money on trying to improve.

There was an individual who owned some property at the interchange and talked about all the taxes and fees that he is paying to Ohio. We appreciate that economic development, but yet for some reason that doesn't benefit the Ohio Turnpike.

I guess the question that the Commissioners must decide, and we'll talk about this at some later point, will be whether closing the interchange will lead to a substantial volume increase on the Turnpike or whether it would be just a minor increase which would merit that the interchange should remain open. I think that's really the question – will there be a major impact on the Ohio Turnpike, or by closing that interchange, will the trucks simply dodge us via some other route that will not increase the traffic on the Ohio Turnpike.

One of the other things I'd mention is that many people testified that a 65 mph would be helpful. It would bring more traffic to the Ohio Turnpike.

That brings us to the point that we are here today. We have had surveys where truckers have indicated that an increased speed limit would cause some of them to get back onto the Turnpike. Of course, I'm sure everyone has read that the Governor has encouraged us to do this as part of a three (3) pronged approach to see if, besides increasing the speed limit, there is some way we could also reduce the cost of moving a vehicle across the Turnpike as well as see if there are some ways to ensure that there is solid enforcement if these changes are made. I also believe that the Ohio Turnpike is exceptionally well designed and maintained, and that we could safely handle trucks at a higher rate of speed. With that I present a resolution to you for your consideration. I'll ask our General Counsel to read the Resolved:

General Counsel read the Resolved as follows:

"RESOLVED that the Commission hereby authorizes the executive director and chief engineer to post a uniform speed limit of **65 MPH** for all vehicles on the entire Turnpike **effective September 8, 2004**, and to take such additional measures as necessary in cooperation with the Ohio State Highway Patrol to ensure the enforcement of the posted speed limit, lane restrictions and such other provisions of state law as are necessary to ensure the safety of the traveling public on the Turnpike."

The Chairman asked, is there a motion?

Commissioner Balog moves and Commissioner Regula seconds.

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

The "Resolution Providing for a Uniform Speed Limit for the Entire Ohio Turnpike" was moved for adoption as follows:

RESOLUTION NO. 42-2004

WHEREAS, the Commission is authorized to establish such rules, as it considers advisable for the control and regulation of traffic on the Turnpike pursuant to the provisions of Ohio Revised Code Section 5537.16, and pursuant to its rules has the authority to determine what the posted speed limit shall be along the Turnpike; and

WHEREAS, the Commission desires to take those reasonable measures necessary to encourage more commercial motor carriers to use the Turnpike, and in cooperation with the Ohio Department of Transportation is studying additional measures to increase such traffic on the Turnpike, including, but not limited to, financial incentives that comply with the Commission's statutory and legal obligations, and increased enforcement efforts on the routes that run parallel to and are within the corridor of the Turnpike; and

WHEREAS, the Commission and the Ohio Department of Transportation expect to make recommendations to the Governor within the next sixty (60) days with respect to additional measures that can be taken to encourage more commercial motor carriers to use the Turnpike; and

WHEREAS, the chief engineer has advised the Commission that the Turnpike was designed to safely accommodate a uniform speed limit of 65 MPH for all types of vehicles traveling on the Turnpike, and that a higher speed limit for commercial motor vehicles will not jeopardize safe travel on the Turnpike; and

WHEREAS, the rules of the Commission restrict heavy commercial vehicles from using certain traffic lanes on the Turnpike, and signs along the Turnpike notify heavy commercial vehicles of this restriction.

NOW, THEREFORE, BE IT

RESOLVED that the Commission hereby authorizes the executive director and chief engineer to post a uniform speed limit of **65 MPH** for all vehicles on the entire Turnpike **effective September 8, 2004**, and to take such additional measures as necessary in cooperation with the Ohio State Highway Patrol to ensure the enforcement of the posted speed limit, lane restrictions and such other provisions of state law as are necessary to ensure the safety of the traveling public on the Turnpike.

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 August 23 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 23rd day of August, 2004.

Gary C. Suhadolnik
Assistant Secretary-Treasurer

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 42-2004.

The Executive Director said I think everyone knows that the Ohio Turnpike has an excellent safety record. One of the reasons for that excellent safety record is the superb work of our partner, the Ohio State Highway Patrol (OSHP). Ironically, our contract with the OSHP expires on September 1, 2004. I have a resolution to renew that contract for four years and four months. The reason for that odd term is that the contract is being extended for a period of time that will coincide with our budget year. This contract sets out fee schedules for various services and reimbursements. Similar fees, as in our current contract, are incorporated in this agreement. Therefore, we anticipate very minor increases in our costs as a result of this contract. Would our General Counsel please read the Resolved?

General Counsel read the Resolved as follows:

"RESOLVED that the Commission hereby authorizes the executive director and the director of contracts administration to execute the master contract agreement with the Director of the Department of Public Safety of the State of Ohio, which covers the policing of the Ohio Turnpike by the Ohio State Highway Patrol reflecting a term from **September 1, 2004, to December 31, 2008**, and to take any or all action necessary or proper to carry out the terms of said master contract."

The Chairman is there a motion?

Commissioner Balog moves and Commissioner Regula seconds.

The Chairman asked is there any discussion?

Commission Dixon asked does this resolution give you the authority to go into a contract and have the new contract developed? Are we just rolling over the old contract? Would you just clarify?

The Director said we are basically renewing the various fees. When an officer has training, and we pay a certain amount for some of their equipment – things of that nature. It just sets up a fee schedule and every year in our budget we appropriate a certain amount of money to pay for those array of services that we expect will be used during the year. But this basically sets up a fee schedule.

Commissioner Dixon said there will be some minor changes but this contract gives you the ability to negotiate those changes.

Director Suhadolnik said every year just as we sit down with the department heads and we adopt our budget for next year, we'll talk to OSHP and see what they feel their needs will be, i.e., how many new officers they'll need. Some officers are retiring and they'll be getting some new cadets assigned to the Turnpike that will have to go to training or they need new equipment or weapons, radios, etc. We'll consider those things in the appropriation level. This sets forth if an officer is in training, what will that cost be, what kind of overtime should we expect, etc.

Representative Buehrer asked, is four years the normal term for these agreements? You mentioned that it is for four years, four months.

Director Suhadolnik said I think five years is the normal term. We actually shortened it a bit so the contract would end at our budget year. So the next contract would start with the Turnpike's budget year as opposed to having a contract that might expire in the middle of one of our budget cycles and there may be a need to change some of their fees that we would not have anticipated when we adopted our budget. This way their new fee schedule will anticipate our new budget.

Kathy Weiss, Director of Contracts Administration stated that the statute allows up to a five-year contract with the OSHP. It cannot exceed five (5) years, but it can actually be less than that, so we opted to go with the four year, four-month contract to get it on the schedule that Director Suhadolnik previously mentioned.

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

The "Resolution Authorizing the Executive Director to take action regarding contract with the Director of Public Safety to police the Ohio Turnpike" was moved for adoption as continued as follows:

RESOLUTION NO. 43-2004

WHEREAS, the Ohio Turnpike Commission ("Commission") and the Director of the Department of Public Safety of the State of Ohio ("ODPS") are authorized by law to enter into contracts with respect to the policing of Turnpike projects by the Ohio State Highway Patrol ("OSHP"); and

WHEREAS, from time to time, the Commission and the ODPS may desire to enter into contracts providing for the policing of such project or projects or any portion thereof by the OSHP; and

WHEREAS, the Commission's current contract with the ODPS which provides for the policing of the Ohio Turnpike by the Ohio State Highway Patrol ("OSHP") will expire on September 1, 2004; and

WHEREAS, the field services commander of the Ohio State Highway Patrol and the Commission's director of contracts administration have jointly prepared and reviewed a draft master contract, a copy of which is before this Commission, which covers the policing of the Ohio Turnpike by the OSHP from September 1, 2004, to December 31, 2008; and

WHEREAS, representatives from the Commission, the ODPS and the OSHP have reviewed the subject draft master contract and the attendant rates reimbursement exhibit, which shall be reviewed and re-executed twice each calendar year; and

WHEREAS, the Commission's director of contracts administration has advised the executive director that the Commission has full legal authority to enter into this proposed master contract with the ODPS, and recommends that the attached master contract be executed; and

WHEREAS, the Commission has duly considered such recommendations;

NOW, THEREFORE, BE IT

RESOLVED that the Commission hereby authorizes the executive director and the director of contracts administration to execute the master contract agreement with the Director of the Department of Public Safety of the State of Ohio, which covers the policing of the Ohio Turnpike by the Ohio State Highway Patrol reflecting a term from September 1, 2004, to December 31, 2008, and to take any or all action necessary or proper to carry out the terms of said master contract.

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 43-2004.

Director Suhadolnik said that's all I have, Mr. Chairman.

The Chairman said before I turn it over to our Deputy Executive Director, I want to thank Kathy Weiss for all the work she did putting the hearing together and all our staff members, too. It was a good hearing held in Montpelier/Bryan, Ohio. It went very well. I think everyone was given an opportunity to be heard, and all participants behaved rather well.

I want to also personally thank Director Proctor and all of the ODOT staff as well as our Turnpike staff. This has been an interesting month. When I came on this Commission about 1-1/2 years ago, I didn't think the last thirty (30) days were part of the deal. I have to say that I am very impressed with all Gordon's staff and obviously I have been impressed with our Ohio Turnpike staff, in how well they have handled trying to take on a difficult issue. I think everyone has done a tremendous job. Obviously, today is just the beginning of our work. As it says, if you read the whole Resolution, we still have a lot of work to do yet on what we are trying to accomplish. With Gordon and his staff and Gary and our staff, I think in 60 days when we come back, as we will not have a September meeting, I think you'll see more on the agenda to try to address the truck traffic and try and get more trucks on our highway. I just want to personally thank Gary and Gordon and their staffs for all their hard work.

Finally, anybody that travels the Turnpike realizes how important the OSHP is and I think I would be remiss if I didn't comment about what a great job the OSHP has been doing for almost fifty (50) years now to make it one of the safest highways in the nation. They always deal with everything very professionally to the point that they have a couple losses of life of state patrolmen. Those losses are commemorated in a plaque down in the lobby of our main office. I wanted to thank Captain Ferguson and his staff and the Department of Public Safety for the great relationship we have had with them for the forty-nine (49) plus years. We look forward to many more years for us all working together.

Anything else, if not, Deputy Executive Director Pursley, do you have any resolutions?

Mr. Jerry Pursley said I have two resolutions to present this morning. The first resolution proposes to extend the contract the Ohio Turnpike Commission has had with Sunoco since 1994. Under that contract the Commission has been receiving an average of \$.06 per gallon for every gallon of gasoline and diesel fuel sold on the Ohio Turnpike. We had originally intended to re-bid this contract, but Sunoco and several other fueling companies advised us that they would be reluctant to bid on a contract until they can see what impact the "truck-oriented book-ends" would have on fuel sales in the other plazas. This contract extension is for two (2) years with three (3) options to renew for one (1) year each thereafter. The gasoline sales portion of the contract would be the same as the

original agreement. However, with the contract the Commission will no longer receive the average of \$.06 per gallon for diesel fuel. Instead, we have worked out with Sunoco to drop the cost of diesel fuel between \$.06 and \$.11 per gallon on the Turnpike and share the profits 50/50 with them. That would save a trucker filling a 100 gallon tank on the Ohio Turnpike between \$6 and \$11. This is the same agreement that was entered into by the State of New Jersey in 1999 and also just this year with the Pennsylvania Turnpike.

Mr. Pursley said the volume of diesel fuel sold on the New Jersey Turnpike has more than tripled since their diesel agreement has been in effect. We did about \$2.5 million per year from fuel sales from the current contract of which approximately \$700,000 represents diesel fuel sales. That \$700,000 is obviously at risk with this contract extension, but we believe it is worth the risk to lower the cost to truckers using the Turnpike. Also, based on the history we observed in New Jersey and Pennsylvania, we feel that we will ultimately receive more revenue as more trucks use the Turnpike and purchase fuel. The proposed contract amendment also has a provision that we can revert to the terms of the original contract after one (1) year if we feel that is necessary. I'd recommend passage and ask our General Counsel to read the Resolved:

"RESOLVED that the Commission hereby authorizes and directs the executive director and director of contracts administration to execute the contract extension with **Sunoco, Inc.** under the proposed modified terms agreed to by the parties and reflecting a **two (2) year** extension period (**October 1, 2004, to September 30, 2006**), which contains three (3) options to renew for one (1) year periods."

The Chairman asked, is there a motion?

Commissioner Balog moves and Commissioner Regula seconds.

The Chairman asked are there any questions?

Commissioner Balog said I see Kathy Weiss' letter concerning the extension. I'd like her to discuss the legality of extending it versus going through the bidding process.

Kathy Weiss said the Commission has always legally had the discretion to extend an Operator's agreement. In this situation, we believe that it will ultimately result in additional revenues to the Commission and, as explained by Deputy Executive Director Pursley, this is not the right time for us to re-bid this contract due to the "book-ends" that we are proposing. In addition, the service station operators have indicated that we would get very, very conservative bids. In other words, we would probably lose revenue by re-bidding now.

The Statute that governs selection of service plaza operators (Section §5537.13) calls for the Commission to accept the "best" bid for such contracts when they are bid. However, we are not bidding this Operator's contract at this time for the aforementioned reasons. We are hoping that it will be re-bid before

the exercise of all the extensions, but what we need to do right now is see where we go with the "book-ends." There is a Request for Expressions of Interest due to the Commission in about two (2) weeks. We'll see what the level of interest is for doing those book-ends.

The Chairman thanked the Director of Contracts Administration and asked if there were any other questions.

Commissioner Balog said you have indicated that we could get out of this contract at the end of one-year period of time if we see that the revenue does fall off and we are out that \$700,000, then we are only committed to it for a one-year period of time.

Mr. Pursley said that's correct.

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

The "Resolution Directing the Executive Director to Take Immediate Action Concerning Extension of Service Station Contract No. SS-10" was moved for adoption as continued as follows:

RESOLUTION NO. 44-2004

WHEREAS, pursuant to Resolution No. 27-1994 adopted on April 21, 1994, the Commission awarded Service Station Contract SS-10 to Sun Company, Inc. of Philadelphia, Pennsylvania for the operation of the dual service stations, located opposite each other on both sides of the Ohio Turnpike, totaling sixteen service plazas; and

WHEREAS, said contract provided for an initial term of June 2, 1994, to June 1, 1999 and also provided that the contract may be extended for one additional five-year period at the sole discretion of the Commission; and

WHEREAS, an addendum to Contract SS-10 was executed on April 21, 1999, between the Commission and the Sun Company, Inc., which extension provided for a five (5) year term of June 1, 1999, to June 1, 2004; and

WHEREAS, the parent company, The Sun Company, Inc., over the term of the original contract and the five-year extension has undergone corporate name revisions and the subdivision which oversees the operation of the sixteen Ohio Turnpike service stations is currently referred to as Sunoco, Inc., ("Sunoco"); and

WHEREAS, during preliminary discussions among staff concerning the potential bidding process for a new service station contract, Sunoco was requested to agree to a short-term extension to the contract through September 30, 2004, under the same terms and conditions so that the Commission's staff could ascertain the manner in which a new contract could be bid and the specifications therefore; and

WHEREAS, the Commission's deputy executive director, director of contracts administration and customer services manager have extensively reviewed the current contractual arrangement, and have expressed concerns regarding conducting a competitive bidding process at this time for a service station operator due to the significant plans the Commission has with respect to completion of our Service Plaza Renovation Project, which incorporates replacement of the remaining older service plazas with "truck-oriented" service plazas located on the western and eastern ends of the Ohio Turnpike; and

WHEREAS, the impact of those "truck-oriented" service plazas on the sales of gasoline and diesel fuel at the other service plazas cannot be ascertained until after they are built and open for business; and

WHEREAS, the Commission has been pleased with the services rendered by Sunoco over the years, and both parties are agreeable to a two (2) year extension which contains three (3) options to renew for one (1) year periods and also provides that either party may terminate said contract with at least six (6) months written notice; and

WHEREAS, Sunoco has proposed modified terms of the extension that are deemed reasonable in light of current fuel pricing concerns, which do not alter the rental payments to the Commission for gasoline sales, but which do call for a new approach in terms of diesel sales that will allow for Sunoco to significantly lower the price of diesel fuel on the Ohio Turnpike in an effort to bring more truck traffic back to the toll road; and

WHEREAS, the Commission's director of contracts administration has reviewed the proposed renewal terms and has advised the executive director that the Commission has full legal authority to enter into this proposed contract extension with Sunoco.

NOW, THEREFORE, BE IT

RESOLVED that the Commission hereby authorizes and directs the executive director and director of contracts administration to execute the contract extension with **Sunoco, Inc.** under the proposed modified terms agreed to by the parties and reflecting a **two (2) year** extension period (**October 1, 2004, to September 30, 2006**), which contains three (3) options to renew for one (1) year periods.

The Resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 44-2004.

Mr. Pursley said the next resolution I wish to present, proposes that the Commission enter into a contract with Prudential Financial to provide group life and accidental death and disability (AD&D) insurance to our full-time Commission employees, and also to allow employees to purchase, at their own expense, additional coverage for themselves at group rates. An RFP for group life and AD&D insurance was issued in January of this year. Eleven (11) companies responded with proposals. The proposals were analyzed by the Commission's staff with the assistance of Willis of Ohio, Inc., the Commission's insurance consultant. A Report on that analysis has been furnished to the Commission Members in their packets. The result was a recommendation to contract with Prudential. With this contract, employees will receive improved benefits while saving the Commission over \$112,000 per year.

Initially, only non-bargaining unit employees will be offered the voluntary supplemental life and AD&D benefits, as we expect these benefits to be the subject of upcoming negotiations with the Union. Mr. John Meehan and Chuck Rocco from Willis of Ohio are present this morning should the Commission have any questions regarding the analysis of the specific benefits to be provided to our employees. I'd like to recommend passage of this resolution and ask our General Counsel to read the Resolved.

General Counsel read the Resolved as follows:

"RESOLVED that the proposal from **Prudential Insurance Company of America** is deemed by the Commission to be the best among all proposals received, and that the executive director is hereby directed to award and to negotiate, as necessary, a contract for the Commission's Employee Group Life and AD&D, and Voluntary Supplemental Life and AD&D benefits with **Prudential** for a contract term of up to three (3) years."

The Chairman asked is there a motion for approval?

Commissioner Balog moves and Commissioner Regula seconds.

The Chairman asked if there was any discussion?

The Chairman said I have one question since we have Willis representatives here this morning. I notice your criteria and how we scored it. I assume the criteria was part of your RFP so everyone knew what they were getting into? Is that correct?

Mr. Meehan said yes.

The Chairman said if there are no questions or comments, call the roll please.

The "Resolution Directing the Executive Director to take immediate action concerning award of Contract for Employee Group Life and AD&D and Voluntary Supplemental Life and AD&D Benefit Plans" was moved for adoption as continued as follows

RESOLUTION NO. 45-2004

WHEREAS, the Commission issued a Request for Proposals (RFP) for the furnishing of Employee Group Life and AD&D, and Voluntary Supplemental Life and AD&D as well as other benefit plans; and

WHEREAS, responses to the RFP were submitted on April 2, 2004, by eleven (11) insurance companies, and such responses have been reviewed and analyzed by the Commission's consultant, Willis of Ohio, Inc., ("Willis") 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 **Prudential Insurance Company of America** ("Prudential") was deemed by both Willis and the internal evaluation committee to be the best of the proposals submitted for both the Employee Group Life and AD&D Plan, paid for by the Commission, as well as the Voluntary Supplemental Life and the AD&D plans, paid for by employees; and

WHEREAS, the Prudential Employee Group Life and AD&D Plan will provide added benefits to employees and will save the Commission over \$112,000 each year; and

WHEREAS, the Voluntary Supplemental Life and AD&D Plans also will make added benefits available to the Commission employees; and

WHEREAS, both Willis and the internal evaluation committee have agreed that other cafeteria plan benefits beyond the Voluntary Supplemental Life and AD&D Plans offered by Prudential and the other responding insurance companies do not merit being pursued; and

WHEREAS, it is the recommendation of the Commission's consultant, as well as the Commission's internal evaluation committee, that a three (3) year contract be awarded to Prudential; 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 Prudential.

NOW, THEREFORE, BE IT

RESOLVED that the proposal from **Prudential Insurance Company of America** is deemed by the Commission to be the best among all proposals received, and that the executive director is hereby directed to award and to negotiate, as necessary, a contract for the Commission's Employee Group Life and AD&D, and Voluntary Supplemental Life and AD&D benefits with **Prudential** for a contract term of up to three (3) years.

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 45-2004.

Mr. Pursley said that completes my report, Mr. Chairman.

The Chairman asked Dan Castrigano, our Chief Engineer, for his report.

Mr. Castrigano said I have two resolutions for your consideration this morning. The first resolution is a "Resolution Rejecting the Bids Received for Contract No. 43-04-01." This contract provided for the reconstruction of the Norfolk & Southern Railroad Bridge at MP 182 in Summit County. This bridge must be re-constructed to allow for the construction of the third lane in this area. We received six (6) bids in response to this contract. Following the bid opening, it was brought to our attention that the Commission's design consultant on this project under-estimated the total quantity of structural steel required for the bridge structure. This is about 300,000 pounds of structural steel. If we awarded under this scenario, it would have resulted in a substantial Extra Work Order. What we are proposing here today is to reject all bids received, revise the contract documents and re-advertise the contract with an anticipated contract award in October. If General Counsel would read the Resolved, please.

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 the Norfolk & Southern Railroad Bridge over the Ohio Turnpike located at Milepost 182.0 in Summit County, herein designated **Contract No. 43-04-01**, 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. 43-04-01** for reconstruction of the Norfolk & Southern Railroad Bridge over the Ohio Turnpike located at Milepost 182.0 in Summit County, Ohio and to take steps to recover the additional costs that may be incurred by the Commission including, but not limited to, re-advertising costs from the Commission's project design consultant."

The Chairman asked is there a motion?

Commission Balog moves and Commissioner Regula seconds.

The Chairman asked is there any discussion?

Commissioner Balog asked will this delay us in the third-lane construction since we are basically adding 60 days on the timetable now, or do we have it in the schedule at a later date so we can make it up?

Mr. Castrigano said we checked with the steel fabricators. They apparently have vacancies in their schedules to produce the steel. Yet, we are looking right now at compressing the construction schedule and maintaining the original completion date. At this point, it should not affect our original timetable.

Commissioner Balog said I see the resolution allows us to charge back for damages. Is that what our intention would be? Have we had any discussions with the consultant as far as the additional expenses we will incur going through the additional re-bidding process?

Mr. Castrigano said I have not had any discussions directly with the consultant yet. I have discussed it with our Program Manager. We are looking at getting reimbursed for the advertising costs, and we will take a look when we re-open the bids to see what the total bid amount is to see if we suffered any further financial damage.

The Chairman said if there are no further questions, please call the roll.

The "Resolution Rejecting the Bids Received for Contract No. 43-04-01" was moved for adoption as follows:

RESOLUTION NO. 46-2004

WHEREAS, the Commission has duly advertised according to law for bids upon a contract for reconstruction of the Norfolk & Southern Railroad Bridge over the Ohio Turnpike located at Milepost 182.0 in Summit County, herein designated **Contract No. 43-04-01**; and

WHEREAS, the Commission has received bids from six (6) bidders for the performance of said contract; 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 the project design consultant's underestimation of the quantity of structural steel required for the subject Project, which was brought to the Commission's attention only after the bid opening, 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 the Norfolk & Southern Railroad Bridge over the Ohio Turnpike located at Milepost 182.0 in Summit County, herein designated **Contract No. 43-04-01**, 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. 43-04-01** for reconstruction of the Norfolk & Southern Railroad Bridge over the Ohio Turnpike located at Milepost 182.0 in Summit County, Ohio and to take steps to recover the additional costs that may be incurred by the Commission including, but not limited to, re-advertising costs from the Commission's project design consultant.

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 46-2004.

Mr. Castrigano said the next "Resolution relates to the award of contract pursuant to Invitation No. 3985." It's time to start thinking about the winter already. This contract is for providing approximately 68,200 tons of sodium chloride (rock salt) for our snow and ice program for this winter.

This contract was set up as an item award. We have fourteen (14) separate items that were bid for storage across the Turnpike. The apparent low bids in response to Items 1,2,3,4 and 5 were submitted by The Detroit Salt Company in the amount of \$350,375.00. The apparent low bids for Items 6 and 7 were submitted by North American Salt Company in the amount of \$230,375.00. The apparent low bids for Items 8,9 and 11 were submitted by Cargill, Inc. in the amount of \$612,345.00. Finally, the apparent low bids for Items 10, 12, 13 and 14 were submitted by Morton Salt in the amount of \$805,920.00. All four (4) of these bidders have supplied salt to us in the past.

The bidding documents provide for guarantee of up to 150% of the estimated quantities should we run into another severe winter this year. What we are proposing, is to set up the contract dollar amounts in the amount of 150% of the bid amount. You can see on the draft resolution the second column entitled, "150% of the Estimated Quantities Bid." This totals \$2,998,522.50. If our General Counsel would read the Resolved, please.

General Counsel read the Resolved as follows:

"RESOLVED that the bids of the following companies:

<u>Items</u>	<u>Company</u>	<u>Bid Amount based on Estimated Quantities</u>	<u>150% of Estimated Quantities Bid</u>
1,2,3,4,5	The Detroit Salt Company, L.L.C.	\$350,375.00	\$525,562.50
6, 7	North American Salt Company	230,375.00	345,562.50
8, 9, 11	Cargill, Inc.-Deicing Technology	612,345.00	918,517.50
10,12,13,14	Morton Salt	805,920.00	<u>1,208,880.00</u>
Total Awards reflecting 150% of estimated quantities bid:			\$2,998,522.50

for Invitation No. 3985 are, and are by the Commission deemed to be the lowest responsive and responsible bids received and are accepted and the chairperson and executive director, or either of them, is hereby authorized: (1) to execute a contract with each successful bidder in the form heretofore prescribed by the Commission pursuant to the aforesaid Invitation, which contract awards reflect 150% of estimated quantities bid for each individual delivery destination; and (2) to take any and all action necessary to properly carry out the terms of said contracts."

The Chairman asked, if there a motion?

Commissioner Balog moves and Commissioner Regula seconds.

The Chairman said looking at the numbers, in other words, these companies have agreed to sell us 150% more than their bid at these prices and they would have it available?

Mr. Castrigano said that's correct.

Commissioner Balog said just from a ton standpoint, are these typical of what we have used in the past?

Mr. Castrigano said it might be a little bit higher because we have a couple domes that are new structures that basically have to be filled prior to the beginning of the season.

Commissioner Dixon asked what if it doesn't snow at all, and we don't need the salt? Do we still have to buy up to the 150%?

Mr. Castrigano said we have to buy a minimum of 60% of the estimates.

Commissioner Dixon said we are locked in at 60%, correct? After that it's an as-need basis.

Mr. Castrigano said yes, and the 60% is no problem because we have capacity in the domes right now.

Commissioner Dixon said how does this price compare to last year's prices?

Mr. Castrigano said these prices are about a 2% increase overall from last year's prices. We are planning on the worst-case scenario.

Commissioner Dixon said thank you.

Mr. Castrigano said this salt does not spoil as long as we keep it covered.

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

The "Resolution Concerning Award of Contract Pursuant to Invitation No. 3985" was moved for adoption as follows:

RESOLUTION NO. 47-2004

WHEREAS, the Commission has advertised for bids for Invitation No. 3985 for furnishing to the Commission its requirements for sodium chloride (rock salt) estimated at approximately 68,200 tons; and

WHEREAS, four (4) bids were received in response to the Invitation which included quotations for rock salt, freight charges and any additional "piler" and/or "conveyor system" charges, if needed; and

WHEREAS, it is anticipated that the expenditures of the Commission for sodium chloride under Invitation No. 3985 shall exceed \$150,000 and, in accordance with Article V, Section 1.00 of the Commission's Code of Bylaws, Commission action is necessary for the award of such contracts; and

WHEREAS, the bidding documents allow for the purchase by the Commission of up to **150%** of the quantities estimated for each individual delivery location and, because the severity of the snow and ice season for 2004/2005 is unpredictable, the maintenance engineer recommends that the Commission authorize the executive director to purchase up to 150% of the estimated quantities bid for each designated delivery location, if warranted; and

WHEREAS, the bids were reviewed by the maintenance engineer who has stated that the following companies have submitted the lowest responsive and responsible bids:

<u>Items</u>	<u>Company</u>	<u>Bid Amount based on Estimated Quantities</u>	<u>150% of Estimated Quantities Bid</u>
1,2,3,4,5	The Detroit Salt Company, L.L.C.	\$350,375.00	\$525,562.50
6, 7	North American Salt Company	230,375.00	345,562.50
8, 9, 11	Cargill, Inc.-Deicing Technology	612,345.00	918,517.50
10,12,13,14	Morton Salt	805,920.00	<u>1,208,880.00</u>
Total Awards reflecting 150% of estimated quantities bid:			\$2,998,522.50

WHEREAS, as noted above, all bidders have included in their bids the added freight costs for delivery of the rock salt to the Commission's various designated facilities along with additional charges for piler and/or conveyor system usage, if needed, and all bidders propose to furnish materials and services in accordance with the Commission's specifications; and

WHEREAS, the Commission's director of contracts administration has reviewed the bids received and has advised the Commission that the procedure followed by the Commission in advertising for Invitation No 3985 is in accordance with Section 5537.07 of the Revised Code of Ohio, and that the bids of: The Detroit Salt Company, L.L.C.; North American Salt Company; Cargill, Inc.-Deicing Technology; and Morton Salt, are the lowest responsive and responsible bids received and that the Commission may legally enter into contracts with said companies to furnish sodium chloride in accordance with Invitation No. 3985; and

WHEREAS, the executive director has reviewed the recommendations of both the maintenance engineer and the director of contracts administration and requests Commission approval to award contracts to the lowest responsive and responsible bidders: The Detroit Salt Company, L.L.C.; North American Salt Company; Cargill, Inc.-Deicing Technology; and Morton Salt.

NOW, THEREFORE, BE IT

RESOLVED that the bids of the following companies:

<u>Items</u>	<u>Company</u>	<u>Bid Amount based on Estimated Quantities</u>	<u>150% of Estimated Quantities Bid</u>
1,2,3,4,5	The Detroit Salt Company, L.L.C.	\$350,375.00	\$525,562.50
6, 7	North American Salt Company	230,375.00	345,562.50
8, 9, 11	Cargill, Inc.-Deicing Technology	612,345.00	918,517.50
10,12,13,14	Morton Salt	805,920.00	<u>1,208,880.00</u>
Total Awards reflecting 150% of estimated quantities bid:			\$2,998,522.50

for Invitation No. 3985 are, and are by the Commission deemed to be the lowest responsive and responsible bids received and are accepted and the chairperson and executive director, or either of them, is hereby authorized: (1) to execute a contract with each successful bidder in the form heretofore prescribed by the Commission pursuant to the aforesaid Invitation, which contract awards reflect 150% of estimated quantities bid for each individual delivery destination; and (2) to take any and all action necessary to properly carry out the terms of said contracts.

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 47-2004.

The Chairman asked Mr. Steiner, our CFO for his report.

Mr. Steiner said I have a very brief report today. We had 4.2 million passenger cars travel the Turnpike in July and 854,000 commercial vehicles traveled the Turnpike in July. Passenger car volume for the first seven (7) months of 2004 totaled 22.9 million cars and commercial traffic during this period

totalled 5.5 million vehicles. The total traffic for the first seven months of the year totalled 28.5 million vehicles. That completes my report and I'd be happy to answer any questions.

Thank you Mr. Steiner. Any report from our General Counsel, Noelle?

General Counsel said she had a brief update. We did receive a favorable decision on the Richfield Township zoning dispute over our salt domes we filed last year. As of right now, we are in good shape.

The Chairman asked Eric Erickson if he had a report.

Mr. Erickson said he wanted to advise the Commission that Standard & Poor's released their rating report and provided a continuation of our AA rating with a stable outlook. As you know we met with them a couple months ago. That AA rating is where we were before and that's great.

The Chairman asked Tony Yacobucci for his report.

He said no report.

The Chairman asked Frank Lamb for his report.

He said no report.

The Chairman said I know Captain Ferguson has to have a report, right?

Captain Ferguson said first of all, thanks for the renewal of our contract. We will continue to provide professional services on the Turnpike as we always had. We have some new challenges to face -- the 65 mph speed limit, but I'm sure we'll rise to that occasion.

There have been two fatalities to report on since the last Commission Meeting. The first one happened on August 13th at 9:05 a.m. at Milepost 131 (eastbound) in Erie County. A passenger car traveling eastbound on the far left lane lost control, traveled across all three lanes and sideswiped another eastbound car traveling in the right-hand lane. The car that lost control and did the striking then traveled off the right side of the road, went down into the ditch and struck a concrete culvert. It overturned and severely injured the right-front passenger in that car. She succumbed to her injuries two (2) days later.

A second fatality happened in Lucas County on Sunday morning, August 15th. This investigation has not been completed as yet and is also being investigated as a possible suicide. An eighteen year-old young man from the Delta area chose to walk about ¼ mile from his private residence, came up to the Turnpike, climbed the right-of-way fence and was walking along the edge line of

the roadway when all of a sudden he darted out in front of a semi. He was struck and fatally injured. There is some evidence that is being looked at, that this may have been a suicide. That concludes my report.

The Chairman asked if there were any questions for Captain Ferguson and thanked him for his report.

The Chairman said if there is nothing further, I will accept a motion to adjourn until **Monday, October 18th**. As we mentioned earlier in this meeting and also at our last meeting, the staff and I will be attending the IBTTA Annual Meeting in Philadelphia so we have not scheduled a September Commission Meeting.

Commissioner Balog moves and Commissioner Regula Seconds.

All members voted in the affirmative to adjourn.

Time of adjournment was 10:42 am.

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



George F. Dixon, Secretary-Treasurer

1

2

3

E

E

E