

**MINUTES OF THE 508TH MEETING OF THE OHIO TURNPIKE COMMISSION  
November 15, 2004**

Pursuant to the bylaws, the Ohio Turnpike Commission met for a "regular meeting at the Commission's Administration Building at 10:00 a.m. on November 15, 2004, with members of the staff: Daniel Castrigano, Chief Engineer; James Steiner, CFO/Comptroller; Noelle Tsevdos, General Counsel; W. R. Fleischman, Assistant Chief Engineer; Tim Ujvari, Maintenance 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; Richard Lash, Director of Safety Services; Kerry Ferrier, Traffic Engineer; Andrew Herberger, Customer Services 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 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 and Representative Buehrer

**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; Bobby Everhart, Mike Burgess, URS Corporation; Capt. Bob Ferguson, OSHP; Don Glosser, Lichtenstein Investments; Dan Sokol, Dennis Albrecht, Dick Corporation; Katie Ott, HNTB; Mo Darwish, ODOT; Frank Lamb, Huntington Bank; Tom Travis, HMS Host; Bob Martell, Rich Fox, Ken Marley, Kerry Simon, Hardee's Food Systems; Ken Redden, Gladieux Corp.; John Kalogeres, AVI; Glen Stephens, G. Stephens & Associates; Howard O'Malley, B & T Express; Tim Reidy, Nat City Investments; Rich Exner, The Plain Dealer; Steve DeLong, Steve Mayer, International Union, Operating Engineers; Chris Pavone, Anthony Fiocco, Teamsters Local 436 and Steve DeLoreto, Local 18.

The Chairman welcomed everyone and said this is the 508th 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 regularly scheduled 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 October 18, 2004 meeting.

Commissioner Balog moved and Commissioner Dixon seconded. 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 October 18, 2004:

1. Minutes of the October 18, 2004 Commission Meeting
2. Traffic & Revenue Report, October, 2004
3. Total Revenue by Month & Year, October, 2004
4. Investment Report, October, 2004
5. Financial Statements, October 31, 2004 \*
6. Various News Releases

\* in Commission Members' Folders

The Chairman asked the Executive Director for his report.

Mr. Suhadolnik said he wanted to report that our Deputy Executive Director, Jerry Pursley, is expected to return to work on Monday, November 29<sup>th</sup> on a part-time basis. Everything is going well in his recovery. There is a legislative Oversight Committee Meeting scheduled for Monday, November 22<sup>nd</sup> in the Youngstown area at 11:00 a.m. On the same date at the same hotel, we will hold our second hearing on the proposed toll reduction at 10:00 a.m.

The Director was also proud to report that the Commission has exceeded our goal as compared to last year's contributions to the Combined Charitable Campaign by 5%.

The Chairman asked if there was any feedback from the first public hearing.

The Executive Director said we had two people attend the first hearing -- Larry Davis from the Ohio Trucking Association and Howard O'Malley from B & T Trucking. They were supportive of the toll reduction. There was one concern expressed about our axle weight limits, but the Director believes there was some confusion about that. He intends to talk to them about the Commission's axle

weights. The hearing lasted about ten minutes. No one else testified and I received no correspondence or any other comments on it.

The Chairman said so we're still feeling good that we'll be able to stay on our time frame – starting the reduction the first of the year.

The Director said that's correct. He also presented one resolution relating to our newest service plazas; Blue Heron and Wyandot, located in the Toledo area. Now is a good time to enter into a contract for the food services so those vendors can work with the contractor and begin to plan their operations for opening in May, 2005. We received a number of responses to our Request for Proposals (RFPs). We had a committee consisting of our Deputy Executive Director, Chief Engineer, Customer Service Manager and Division Service Plaza Manager-East review the proposals. They rated the various respondents' proposals, and they concluded that Hardee's was the best operator. All three proposals received high scores. We are pleased with the vendors we have along the Turnpike. In the evaluation committee's opinion generated using a consensus rating system, Hardee's was the best. The Director recommended the award to Hardee's today and asked the General Counsel to read the Resolved.

General Counsel read the Resolved as follows:

"RESOLVED that the above-mentioned proposal submitted by **Hardee's Food Systems, Inc.** for the performance of **Contract TR-8E** is hereby accepted; and

FURTHER RESOLVED that the executive director and director of contracts administration hereby are authorized to execute **Contract TR-8E (Blue Heron and Wyandot) Service Plazas**, with **Hardee's Food Systems, Inc.**, which provides for an initial term of seven (7) years and, at the parties' mutual agreement, possible extensions for additional five (5) year periods, in the form heretofore prescribed by the Commission pursuant to the aforesaid bid, and to take any and all action necessary or proper to carry out the terms of said bid and said contract.

Commissioner Balog moved and Commissioner Regula seconded.

The Chairman asked if there were any questions.

Commissioner Dixon asked who were the members of the evaluating committee.

Mr. Suhadolnik said Jerry Pursley, Deputy Executive Director; Dan Castrigano Chief Engineer, Andrew Herberger, Customer Service Manager and Dan Miller, Division Service Plaza Manager-East.

Commissioner Dixon asked the Director if he participated in the evaluation process.

Director Suhadolnik said no, he did not.

The Chairman asked whether the seven (7) year term was pretty normal for the contracts we have awarded in the past.

General Counsel said yes. The length of the term directly relates to the amount of money the Operator has to invest towards the infrastructure.

The Director said Hardee's was the current operator at those service plazas before reconstruction. I think we like the different variety of concepts up and down the Turnpike.

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

The "Resolution Awarding a Contract for the Operation of the Food and Retail Concessions at the Commission's Blue Heron and Wyandot Service Plazas under Contract No. TR-8E" was moved for adoption as follows:

**RESOLUTION NO. 58-2004**

WHEREAS, on August 26, 2004, the Commission issued a Request for Proposals (RFP) relating to the operation of the food and retail concessions at its newly renovated Blue Heron and Wyandot Service Plazas located at Milepost 76.9 of the Ohio Turnpike in Sandusky County, Ohio; and

WHEREAS, advertisements of notice for the taking of bids for the food and retail concessions for the aforesaid Contract TR-8E were duly published according to law;

WHEREAS, three (3) companies presented various proposals and concepts for the operation of the food and retail concessions on the Ohio Turnpike at its Blue Heron and Wyandot Service Plazas, which were duly opened on October 4, 2004, as provided in said published notice; and

WHEREAS, the aforesaid bids were solicited on the basis of the same terms and conditions with respect to all bidders and potential bidders;

WHEREAS, the Commission's deputy executive director, chief engineer, customer service manager and division service plaza manager-east have reviewed the various proposals submitted, and by utilizing a consensus scoring method have awarded the highest evaluation score to the proposal submitted by Hardee's Food Systems, Inc. ("Hardee's"); and

WHEREAS, the Commission's staff next solicited Hardee's Revenue Sharing Proposals for operation of both service plazas, and the response was a very competitive 10% of gross receipts for all operations; and

WHEREAS, the Commission also conducted a meeting with Hardee's to review their Revenue Sharing Proposal, proposed concepts, construction and build-out plans and has determined that the proposal submitted by **Hardee's Food Systems, Inc.** of Anaheim, California, which utilizes the following concepts for both the Blue Heron and Wyandot Service Plazas:

<u>Concessionaire Concept</u>		<u>Percentage Return of Gross Receipts</u>
Hardee's	24-hour quick-serve restaurant with breakfast menu	10%
Mancino's	Pizza with fresh bread sandwiches	10%
Gloria Jean's Coffees	Coffee and pastry shop	10%
Travel Store	Gift shop and sundries	10%

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

WHEREAS, the Commission has been advised by its director of contracts administration that said proposal conforms to the requirements of Ohio Revised Code Section 5537.12 and to the terms and conditions set forth in the legal notice and other documents applicable thereto, and that the Commission may legally accept said proposals, and

WHEREAS, the Commission has given due and full consideration to the subject proposal received and to the concepts offered, the Bidder's qualifications, the services rendered by Hardee's over the past nineteen years at the Commission's Indian Meadows and Tiffin River Service Plazas, as well as, the Blue Heron and Wyandot Service Plazas, prior to reconstruction, and its abilities to perform the contract for which it submitted its respective bid; and

WHEREAS, the executive director and the director of contracts administration and the other members of the Commission's staff are satisfied with the capacity and ability of said bidder to perform its obligations pursuant to its bid.

NOW, THEREFORE, BE IT

RESOLVED that the above-mentioned proposal submitted by **Hardee's Food Systems, Inc.** for the performance of **Contract TR-8E** is hereby accepted; and

FURTHER RESOLVED that the executive director and director of contracts administration hereby are authorized to execute **Contract TR-8E (Blue Heron and Wyandot)** Service Plazas, with **Hardee's Food Systems, Inc.**, which provides for an initial term of seven (7) years and, at the parties' mutual

agreement, possible extensions for additional five (5) year periods, in the form heretofore prescribed by the Commission pursuant to the aforesaid bid, and to take any and all action necessary or proper to carry out the terms of said bid and said contract.

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 58-2004.

The Chairman said if there are no other questions for the Director, I'll ask our Chief Engineer, Dan Castrigano, for his report.

Dan Castrigano said I he had two resolutions for consideration. The first resolution relates to the awarding of a contract for current model crew cab pickup trucks under Invitation No. 3995. This Invitation is for furnishing eight (8), 11,000 lbs. crew cab pickup trucks and accepting in-trade eight (8) trucks. We received five (5) bids in response to the subject Invitation. The current low bid was submitted by Classic Ford of Mentor, Ohio for the total net price of \$170,424.00. This bidder proposed to furnish equipment and services in accordance with the Commission's specifications. He requested the General Counsel to please read the Resolved.

General Counsel read the Resolved as follows:

" RESOLVED that the bid of **Classic Ford** of Mentor, Ohio in the total net bid price, less trade-in allowance, of **\$170,424.00** under Invitation No. 3995 is, and is by the Commission deemed to be the lowest responsive and responsible bid received and is accepted, and the chairperson and executive director, or either of them, is hereby authorized: (1) to execute a contract with the successful bidder in the form heretofore prescribed by the Commission pursuant to the aforesaid Invitation; (2) to direct the return to the other bidders of their bid security at such time as Classic Ford has entered into a contract and furnished a performance bond required thereby; and (3) to take any and all action necessary to properly carry out the terms of said contract."

The Chairman asked, is there a motion?

Commissioner Balog moved and Commissioner Regula seconded.

The Chairman asked, are there any questions?

Commissioner Balog asked, on the pickup trucks, are we trading in the old vehicles?

Mr. Castrigano said yes.

Commissioner Balog said when reviewing the bid tab, I noticed the bids were within a few hundred dollars apart. That's a pretty good deal. What is the year of the trade-in vehicles?

Mr. Castrigano said 1996 model trucks. The trade-in allowance ran from \$1,100 to \$4,000 per unit. The apparent low bidder bid a trade-in of \$4,000 per unit. We did check on various used vehicle-pricing guides, and we received a very competitive price on the trade-ins on this contract.

Commissioner Dixon asked why we didn't go through the Ohio Purchasing Program.

Mr. Castrigano asked Tim Ujvari, our Maintenance Engineer, if these items were available under the State contract.

Mr. Ujvari said he did not think so, but there was the trade-in issue because ODAS (Ohio Department of Administrative Services) will not accept trade-ins.

Commissioner Dixon said this is a great price, but for future consideration, I know that program is excellent and he has used it many times. Regarding trade-ins, you could probably get a better price by auction. Is it simpler and cleaner by doing it your way? Yes.

Mr. Castrigano said I believe we had this conversation last month with the larger trucks. This contract was already set up and out to bid. But, we will look at Ohio's program in the future.

Commissioner Balog asked Dan, last month you were going to check on the skid steers to see what kind of interest the Commission received and give us some information.

Mr. Castrigano said he has the information, but hasn't compiled it yet. He will get that information to all the Commission Members.

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

The "Resolution Awarding a Contract for the Purchase of Current Model Crew Cab Pickup Trucks under Invitation No. 3995" was moved for adoption as follows:

**RESOLUTION NO. 59-2004**

WHEREAS, the Commission has advertised for bids for Invitation No. 3995 for the furnishing to the Commission of eight (8) six-passenger, current model, 11,000 lbs. GVWR (*minimum Gross Vehicle Weight Rating*) crew cab pickup trucks and accepting in trade, eight (8) used 10,000 lbs. GVWR pickup trucks; and

WHEREAS, five (5) companies submitted bids in response to that Invitation, and the bids have been reviewed by the Commission's staff; and

WHEREAS, it is anticipated that the expenditures of the Commission for the above-described current-model, crew cab pickup trucks, under Invitation No. 3995, 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 contract; and

WHEREAS, the five (5) bids received in response to the Invitation were reviewed by the maintenance engineer who has stated that the lowest responsive and responsible bid was submitted by **Classic Ford** of Mentor, Ohio, in the total net bid price, less trade-in allowance, of \$170,424.00, and this bidder proposes to furnish equipment 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 procedures followed by the Commission in advertising for Invitation No. 3995 were conducted in accordance with Sections 5537.07, 9.312 and 153.54 of the Ohio Revised Code, and that the bid of Classic Ford of Mentor, Ohio, is the lowest responsive and responsible bid received in response to Invitation No. 3995 to furnish the Commission with eight (8) six-passenger, current model, 11,000 lbs. GVWR (*minimum Gross Vehicle Weight Rating*) crew cab pickup trucks and accepting in trade, eight (8) used 10,000 lbs. GVWR pickup trucks under Invitation No. 3995, and the Commission may legally enter into a contract with said bidder; and

WHEREAS, the executive director has reviewed the bids received and has recommended to the Commission that a contract be awarded to the lowest responsive and responsible bidder, Classic Ford.

NOW, THEREFORE, BE IT

RESOLVED that the bid of **Classic Ford** of Mentor, Ohio in the total net bid price, less trade-in allowance, of **\$170,424.00** under Invitation No. 3995 is, and is by the Commission deemed to be the lowest responsive and responsible bid received and is accepted, and the chairperson and executive director, or either of them, is hereby authorized: (1) to execute a contract with the successful bidder in the form heretofore prescribed by the Commission pursuant to the aforesaid Invitation; (2) to direct the return to the other bidders of their bid security at such time as Classic Ford has entered into a contract and furnished a performance bond required thereby; and (3) to take any and all action necessary to properly carry out the terms of said contract.



The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 59-2004.

Mr. Castrigano said his final Resolution authorizes the Executive Director to execute an agreement for Intelligent Transportation System (ITS) Planning Services. On June 29, 2004, the Commission issued an RFP for Intelligent Transportation Planning Systems. A brief description of this project is that ITS systems provide information to the traveling public to advise them on any roadway conditions that exist on the Turnpike. It could be weather-related, traffic related, construction, accidents, etc. Typically these systems are changeable message boards – either permanent or portable. They could be highway advisory radio stations where you could tune-in with your AM radio. A new system that is coming out now is "511" for your cell phone. There are also roadway weather stations that can hook to the internet, etc. The selected contractor will take a look at all the systems that are out there and evaluate them with the Turnpike's current systems and what exists as far as the current infrastructure. The selected engineering firm will come up with cost, benefit ratios to implement some of these systems.

At the end of this process, we will have a master plan on what can and will be implemented as far as ITS planning systems. We received six (6) letters of interest in response to the RFP. Four firms were selected to submit technical proposals. Of those four, we had three technical presentations on September 1<sup>st</sup>. Representatives from the Commission's Engineering, Toll Operations, Telecommunications and Information Services Departments attended these meetings and independently scored the presentations. As a result of this evaluation, HNTB Ohio, Inc. was deemed the most qualified to perform the services.

On October 29, 2004, HNTB submitted a price proposal in the amount not to exceed \$254,432.00 to perform the work. Would General Counsel read the Resolved, please?

General Counsel read the Resolved as follows:

"RESOLVED that the Commission hereby selects **HNTB Ohio, Inc.** of Cleveland, Ohio for performance of services relating to the Intelligent Transportation System (ITS) Planning, herein designated Project No. 71-04-06, and directs the Executive Director and the Director of Contracts administration to enter into an agreement, all in accordance with the terms and conditions of the Commission's RFP, HNTB's technical response thereto and its negotiated fee proposal dated October 29, 2004."

The Chairman asked, is there a motion?

Commissioner Balog moved and Commissioner Dixon seconded.

The Chairman asked, are there any questions?

The Chairman asked Mr. Castrigano if we had an estimate for this project.

Mr. Castrigano said the initial RFP estimate was around \$300,000.

Representative Buehrer asked if the Turnpike was doing anything now in terms of ITS?

Mr. Castrigano said this is our first attempt for an integrated plan for ITS. We do have some components such as changeable message boards that are radio-controlled from this building. We have emergency response people in our Maintenance buildings. The proposed project is an integrated plan to look at the whole picture.

Representative Buehrer asked if there were some dollars budgeted if we decide to implement the recommendations of this study.

Mr. Castrigano said we have not budgeted any money at this time for implementation.

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

The "Resolution Directing the Executive Director to Execute an Agreement for Intelligent Transportation System (ITS) Planning Services" was moved for adoption as follows:

**RESOLUTION NO. 60-2004**

WHEREAS, on June 29, 2004, the Commission published notice of its intent to receive "letters of interest" relating to Intelligent Transportation System (ITS) Planning Services, herein designated Project No. 71-04-06; and

WHEREAS, on July 14, 2004, the Commission received "letters of interest" from six (6) firms requesting to be considered for the subject project and, in accordance with established internal guidelines for the selection of professional design and engineering consultants, four (4) firms were requested to submit technical proposals for review by the Commission;

WHEREAS, after preliminary review by the engineering staff of the four (4) proposals received, the following three (3) firms were selected to provide technical presentations to the Commission staff members: HNTB Ohio, Inc.; TranSystems Corp. and Wilbur Smith Associates; and

WHEREAS, technical presentations were held on September 1, 2004, and an evaluation committee consisting of staff members from the engineering, toll operations, telecommunications and information services departments

concluded, on the basis of the presentations, that **HNTB Ohio, Inc.** of Cleveland, Ohio ("HNTB") is the most qualified to perform the services required; and

WHEREAS, a scope of services meeting was conducted with HNTB, and HNTB submitted a fee proposal dated October 29, 2004 (see attached), which subsequent to negotiations was deemed to be appropriate and reasonable by the chief engineer, and which has resulted in the chief engineer's recommendation that an agreement be established with HNTB upon receipt of the Commission's approval of this resolution and the execution of a formal agreement; and

WHEREAS, the director of contracts administration has also reviewed the RFP selection process and reports that the selection of HNTB was made in conformance with the Commission's established internal guidelines and Ohio Revised Code Sections 153.65 through 153.71, as well as Section 5537.07, and has reported her concurrence with the chief engineer's recommendation to the executive director and the Commission Members; and

WHEREAS, the executive director concurs with the findings of the chief engineer and the director of contracts administration that an agreement be executed with HNTB Ohio, Inc. for performance of duties relating to the subject ITS Planning project; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the Commission hereby selects **HNTB Ohio, Inc.** of Cleveland, Ohio for performance of services relating to the Intelligent Transportation System (ITS) Planning, herein designated Project No. 71-04-06, and directs the executive director and the director of contracts administration to enter into an agreement, all in accordance with the terms and conditions of the Commission's RFP, HNTB's technical response thereto and its negotiated fee proposal dated October 29, 2004.

The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 60-2004.

The Chairman thanked Dan for his report and asked Jim Steiner, CFO for his report.

Mr. Steiner presented the proposed Preliminary 2005 Operating Budget. This first slide showed a pie chart that provided an overview of the proposed revenue budget. The Commission plans to implement a temporary reduction in toll rates for certain classes of commercial vehicles beginning early in 2005. With those reductions, tolls will represent 84% of total revenues. We anticipate that the Commission will receive a payment from the Ohio Department of

Transportation (ODOT) of \$15.6 million in 2005 to offset a portion of the loss revenue from the planned toll reduction. That payment will be approximately 7% of revenues. Concessions from service plazas account for 6% and the remaining 3% is from other sources.

This next slide shows the preliminary budget for "pledged" funds. We hope that increased traffic will offset a substantial portion of the \$23.7 million in toll rate reductions that are planned for early next year. Despite the increased traffic, our traffic consultant, Bobby Everhart of URS Corporation, projects that toll revenues will drop by \$11.1 million in 2005.

Throughout last year passenger miles traveled on the Ohio Turnpike has been almost flat compared to the prior twelve-months. Due primarily to the somewhat improved economy, the miles traveled by commercial vehicles have increased over the last twelve months and we have seen additional growth since the speed limit for commercial vehicles was increased to 65 m.p.h. effective September 8, 2004.

Passenger car miles traveled during the first ten months of 2004 were just one-half ( $\frac{1}{2}$ ) of 1% higher than during the corresponding period from last year. Year-to-date commercial vehicle miles traveled were up 7.7% over the previous year, but we are still only 2.4% higher than during the first ten months of calendar year 2000. Despite the increase in commercial traffic, it is important to note that, due to reduced investment earnings, our total year-to-date revenues are still lower than they were in the first ten months of 2000.

The projected decline in concession revenues is attributable to the new diesel fuel revenue-sharing program which has been structured to reduce the price of diesel fuel at the Commission's service plazas. We hope that the lower diesel price will attract additional truck traffic thereby offsetting the lower concession revenues.

As you all know, the federal funds rate that stood at 1% throughout the first half of this year has been increased four times in recent months. It now stands at 2% and this will provide a welcome boost in our investment earnings in 2005. The other revenues are generated from leases, licensing, advertising and other miscellaneous sources.

Total projected 2005 pledged revenues are \$209.6 million, an increase of 2.3% compared to the current budget.

The next slide showed an overview of the 2005 expenditures and transfers. It showed that the Commission spends only 4% of its budget on Administration and Insurance; 15% on maintenance of the roadway and structures; 23% on the operation of the toll and service plazas; 6% on traffic control, safety patrol and communications; 28% on debt service and 24% on capital projects. The total

2005 budget for operating and administrative expenses is \$104.1 million, which is an increase of 3.9% compared to the 2004 budget. The major cost increase is for toll collectors and supervisors at the new interchange at Milepost 140 in Lorain County, which is scheduled to open at the end of this month. Other significant increases are for staffing, cleaning and maintenance costs at the Blue Heron and Wyandot Service Plazas, which are currently being reconstructed and are scheduled to open by Memorial Day.

We have also added funds to the Ohio State Highway Patrol (OSHP) budget for overtime related to the change in speed limits. We also added funds to legal fees associated with our collective bargaining negotiations. Including all these costs just mentioned, our 2005 expenses are only 2.2% higher than the current year expenses.

Due to the uncertain financial impact of the temporary toll rate reduction that is planned for next year, there is no provision for any salary or wage increases in 2005.

The Commission currently has bonds outstanding at a par amount of about \$737 million. The 2005 debt service payment on these bonds total \$56 million. Included in that amount is about \$3.4 million for debt service payments on our 1994 Series A bonds. As of February 15, 2005, there will be only two maturities outstanding from the 1994 bonds. The 2006 maturity has a par amount of \$3,090,000 with a coupon rate of 5.1%. The 2007 maturity has a par amount of \$3,245,000 with a coupon rate of 5.2%.

The 1994 bonds are the only Commission bonds that are currently callable. On February 15, 2005, the call premiums will drop from 2% to 1%. Calling these bonds on that date will avoid \$495,000 in interest payments over the next two years.

However, to measure the true savings to the Commission, we have to factor in the foregone investment income that could be earned on the money used to redeem these bonds. Assuming an interest rate of 2%, which is about what we are currently earning, our financial advisor, Eric Erickson, has calculated that calling these bonds would generate a net present value savings of \$234,000. At an interest rate of 3%, the savings would be \$138,000. Even if we were able to earn as high as 4% on the funds that would be used to redeem these bonds, we would still realize a net present value savings of \$44,000. In addition, redeeming these bonds would help improve our debt coverage ratio during the next two years.

Redeeming the remaining 1994 bonds on February 15, 2005, would mean an additional \$3,270,000 could be drawn from the General Reserves. This is the amount that was added to the General Reserve as part of the Amended 2004 budget.

The Commission does not need to make a final decision about this issue today. However, if there is no objection, Mr. Steiner stated he would ask bond counsel to prepare a formal resolution on this matter for consideration at the December meeting.

The Commission's Master Trust Agreement requires that we maintain a reserve equal to 1/12 of our annual operation, maintenance and administration expense budget, and with the proposed increase in our expense budget of \$3.9 million, we will need to add 1/12 of this amount or \$325,000 to the expense reserve fund.

The remaining transfers totaling \$49.2 million represent funds committed for capital projects. Amounts in the renewal and replacement fund are used to purchase vehicles and equipment, as well as for minor capital projects. System Project funds are used for ongoing capital improvements programs, bridge and roadway resurfacing and other major construction projects. Our Chief Engineer will be presenting the proposed 2005 Capital Budget at next month's Commission Meeting.

The next slide showed the proposed budget for non-pledged funds. The major source of non-pledged revenue is the five cents in fuel tax from each gallon of fuel sold at our service plazas. The total proposed non-pledged revenue budget is \$3.5 million, which is an increase of \$128,000 or 3.8% compared to the current year.

The fuel tax and related investment revenues are traditionally used for capital project involving intersecting state roads. The non-pledged concession revenues are generated from a fee of 1% of food and retail sales at our reconstructed service plazas. This revenue, along with the related investment earnings, are typically set aside for capital improvements at our service plazas. The remaining non-pledged investment earnings will be added to the non-trust fund.

The total proposed Preliminary 2005 Operating Budget is \$213,028,000. Our Master Trust Agreement requires the Commission to pass a resolution adopting the final budget of the succeeding year by December 31st. The Trust Agreement also requires that we submit a preliminary budget to our trustee by November 15<sup>th</sup>, but it does not require a formal resolution approving the preliminary budget. Nevertheless, it has been our practice to request the Commission to approve the proposed Preliminary Budget. Mr. Steiner asked the General Counsel to read the Resolved of the Preliminary Budget resolution.

General Counsel read the Resolved as follows:

"RESOLVED that the Commission hereby adopts the following as its preliminary budget for the year 2005 (as set forth in the resolution.) "

The Chairman asked, is there a motion?

Commissioner Balog moved and Commissioner Dixon seconded.

The Chairman asked, are there any questions?

The Chairman asked Mr. Everhart what the figure of \$178,535,000 for toll revenue was based on – increases in commercials and cars for next year? Do you have a ballpark figure on that?

Traffic consultant, Bobby Everhart, said for commercial, Classes 4-9, it was based on a decrease. The speed limit has increased the commercial traffic by 9.5% (total vehicle miles.) So, based on the trend going into next year, we will also be able to measure the effect of the toll rate decrease.

The Chairman asked if Mr. Everhart felt comfortable that the \$178 million figure is a "conservative" number.

Mr. Everhart said, I think this is a conservative number, but it is realistic.

Chairman Noe asked, what are your feelings as far as what the toll decrease will do to traffic as far as amount of miles?

Mr. Everhart said he couldn't quote miles, but in dollars, I estimate it at a little over \$20 million. The speed limit increase helped offset that.

Chairman Noe asked, but you are comfortable with the \$178 million?

Mr. Everhart said yes. The forecast for next year was done on a monthly and actually a daily basis. I feel very comfortable.

Mr. Steiner said, I have a few slides that may help explain a little bit more.

The next slide showed the changes in the toll revenue from this year to next year. The first slide shows our current 2004 budget of \$189.7 million. We are hoping that the typical normal growth that we see would generate about \$4.5 million, which would yield a total of \$194 million. Then you'll see the temporary reduction in toll rates of about \$23.7 million, and we are hoping to recoup about \$8.1 million of that through additional traffic combination of changing the speed limit as well as the reduction in the toll rates. That produces the net revenue of \$178.5 million.

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

The "Resolution Adopting Preliminary Budget for the Year 2005 and Providing for Deposits Required under the 1994 Trust Agreement during said Year" was moved for adoption as follows:

**RESOLUTION NO. 61-2004**

WHEREAS, Section 5.01, Article V of the Commission's 1994 Master Trust Agreement dated February 15, 1994, provides for the preparation of a preliminary budget for the ensuing fiscal year on or before November 15 in each year; and

WHEREAS, the Commission's Executive Director and CFO/Comptroller have prepared the preliminary budget for the year 2005 and have submitted same to the Commission for its review and consideration and have recommended the adoption thereof;

NOW, THEREFORE, BE IT

RESOLVED that the Commission hereby adopts the following as its preliminary budget for the year 2005:

**OHIO TURNPIKE COMMISSION  
2005 PRELIMINARY OPERATING BUDGET**

	<u>PLEGGED</u>	<u>NON-PLEGGED</u>	<u>TOTAL</u>
<b>REVENUES:</b>			
TOLL	\$ 178,535,000	\$ -	\$ 178,535,000
ODOT PAYMENT	15,600,000	-	15,600,000
INVESTMENT	1,438,000	260,000	1,698,000
CONCESSION	13,062,000	396,000	13,458,000
FUEL TAX	-	2,800,000	2,800,000
OTHER	937,000	-	937,000
<b>TOTAL REVENUES</b>	<u>\$ 209,572,000</u>	<u>\$ 3,456,000</u>	<u>\$ 213,028,000</u>
<b>EXPENDITURES:</b>			
<b>OPERATION, MAINT. &amp; ADMINISTRATION:</b>			
ADMINISTRATION & INSURANCE	\$ 8,830,700	\$ -	\$ 8,830,700
MAINT. OF ROADWAY & STRUCTURES	32,805,200	-	32,805,200
SERVICES & TOLL OPERATIONS	48,833,200	-	48,833,200
TRAFFIC CONTROL, SAFETY & PATROL	13,615,300	-	13,615,300
<b>TOTAL OPERATION, MAINT. &amp; ADMIN.</b>	<u>\$ 104,084,400</u>	<u>\$ -</u>	<u>\$ 104,084,400</u>
DEBT SERVICE PAYMENTS	55,973,000	-	55,973,000
CALL REMAINING 1994 SERIES A BONDS	3,270,000	-	3,270,000
<b>TOTAL EXPENDITURES</b>	<u>\$ 163,327,400</u>	<u>\$ -</u>	<u>\$ 163,327,400</u>
<b>TRANSFERS:</b>			
EXPENSE RESERVE	\$ 325,000	\$ -	\$ 325,000
NON-TRUST FUND	-	175,000	175,000
FUEL TAX FUND	-	2,870,000	2,870,000
SERVICE PLAZAS CAPITAL IMP. RESERVE	-	411,000	411,000
RENEWAL & REPLACEMENT FUND	8,000,000	-	8,000,000
SYSTEM PROJECTS FUND	41,189,600	-	41,189,600
GENERAL RESERVE	(3,270,000)	-	(3,270,000)
<b>TOTAL TRANSFERS</b>	<u>\$ 46,244,600</u>	<u>\$ 3,456,000</u>	<u>\$ 49,700,600</u>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<u>\$ 209,572,000</u>	<u>\$ 3,456,000</u>	<u>\$ 213,028,000</u>



The resolution was adopted with all Members voting in the affirmative. The resolution was identified as No. 61-2004.

The Chairman asked, will we have the final budget presented to us next month, Jim?

Mr. Steiner said yes, and that completes my report.

The Chairman asked General Counsel, Noelle Tsevdos, if she had a report.

Ms. Tsevdos said no.

The Chairman asked Eric Erickson, financial advisor, if he had a report.

Mr. Erickson said no.

The Chairman asked Katie Ott from HNTB, the Commission's general consultant, if she had a report.

Ms. Ott said no.

The Chairman asked Frank Lamb, the Commission's trustee, if he had a report.

Mr. Lamb said no.

The Chairman asked Capt. Bob Ferguson, OSHP if he had a report.

Capt. Ferguson said he had a brief report. He said he had to report on one fatal crash that occurred since the last Commission Meeting. It occurred on October 20<sup>th</sup> during the early morning hours in Lorain County at Milepost 139. It happens quite often this time of the year when a deer crosses the roadway. A father and son were returning from Pennsylvania from Minnesota after a hunting trip. They were traveling in the center lane. There was a semi in the right lane. A deer entered the roadway. They swerved left to avoid impact with the deer, went into a yaw and came back to the right and struck the semi. They overturned. The son was sleeping on the back seat of the pick-up truck and was ejected which resulted in a fatal injury. That brings it up to eight fatal crashes with nine killed this year. Hopefully, that's it for the year and we'll be able to show a decrease by the end of December.

The Chairman asked what was our total last year?

Capt. Ferguson said nine crashes with ten killed last year.

The Chairman asked if he had any preliminary feel on incidences or crashes with the increased speed limit?

Capt. Ferguson said I don't think we have shown anything now in an increase involving commercial vehicles – certainly not commercial vehicles at fault. We have done two speed surveys – one last month and one earlier this month showing the average commercial speed at slightly over 65 m.p.h. That's good news if we can hold that line. That's what we'd like to see.

We are kind of waiting to see what the winter months will bring with the inclement weather, with additional stopping distances and higher speeds.

The Chairman asked Director Proctor, ODOT, if he had any feel with what's going on with the parallel routes?

Director Proctor said no. There are about 160 jurisdictions that report crashes. There is a lag time, but OSHP is doing an excellent job of trying to collect them, but so far it is not enough to be statistically valid.

The Chairman asked, do you think you'll have some reports within six months?

Director Proctor said we think so, but you'll have to calculate it for winter and take that into consideration. The first round of traffic counts didn't show a lot because it was just one month. We haven't seen any increase, but I think it'll be a good six months before both traffic volume and crash statistics on the parallel route will demonstrate any trends.

The Chairman said obviously the 9.5% has to come from somewhere. Some could be an increase in commercial traffic, but my guess is some of it has to be coming from parallel routes.

Director Proctor said he may not have been reading some of the other numbers right, but it looked like 5 million miles of VMT and some Class 8 up which is good. That's excellent. The volume may not be up, but the numbers were up. Also, just total miles traveled are up, so one would think that much traffic not being on the parallel routes has to help.

The Chairman said, so your guess is that by the end of the first quarter of next year we should have some numbers that we can sink our teeth into. Anything else for Capt. Ferguson?

Representative Buehrer stated, given the report Captain Ferguson just gave about the fatality caused by the deer, he noticed a number of them were on the berm on his way to the meeting. He believes there is some technology to

monitor deer on the roadway. Are you familiar with that? Is it something we ought to take a look at?

Capt. Ferguson said, nothing that I have personally heard about. He was not sure what Representative Buehrer was referring to.

Chairman Noe said I think when you're in Indiana they have something that looks like an electric eye, when a deer comes across, it somehow senses that. He does not know what it does. He has never seen it happen, but I know what Representative Buehrer is talking about.

Capt. Ferguson said he knows there is technology being introduced into the automotive industry – an infrared sensor. This is certainly a problem all around the State. The deer population seems to be growing.

Commissioner Regula asked if the OSHP has noticed an increase in the amount of tickets being written to commercial vehicles from the speed limit change to the current.

Capt. Ferguson said nothing has changed. In fact, there has been somewhat of a reduction from the number of speeding citations issued. Before we were taking enforcement right about the level or a little below what they are legally allowed to travel now. With the average speed a little over 65 m.p.h. now, it makes sense that the actual number of tickets would go down.

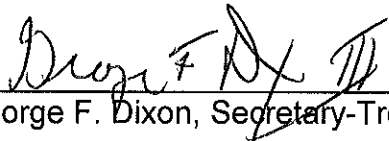
Chairman Noe said he was surprised traveling this morning that it seemed like traffic was flowing better. He wasn't seeing the jockeying because he drives the Turnpike a lot. He thinks the increased speed lets them get into a comfort zone in the right lane or right two lanes and they move better. It was the easiest drive this morning in a long time.

Chairman Noe stated, thank you for all the good work you're doing, Captain. Any other questions for Capt. Ferguson?

Chairman Noe said I'll accept a motion to adjourn until **Monday, December 20<sup>th</sup>** and reminded everyone that the Commission's holiday luncheon will be held on Thursday, **December 23<sup>rd</sup> at 11:30 a.m.**

Commissioner Balog moved and Commissioner Regula seconded. All members voted in the affirmative. Time of adjournment was 10:42 a.m.

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

  
\_\_\_\_\_  
George F. Dixon, Secretary-Treasurer