

MINUTES OF THE 525th MEETING OF THE OHIO TURNPIKE COMMISSION

August 28, 2006

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 28, 2006, with members of the staff: Gerald Pursley, Deputy Executive Director; Dan Castrigano, Chief Engineer; Noelle Tsevdos, General Counsel; James T. Steiner, CFO/Comptroller; Kathleen Weiss, Director of Contracts Administration; W. R. Fleischman, Assistant Chief Engineer; Tim Ujvari, Maintenance Engineer; Dave Miller, Internal Audit; Laura Hakos, Public Affairs Manager; Bill Keaton, Telecommunications Manager; Heidi Jedel; and Jennifer Diaz.

Assistant Secretary-Treasurer: Mr. Balog

Mr. Balog: Here

Assistant Secretary-Treasurer: Mr. Regula

Mr. Regula: Here

Assistant Secretary-Treasurer: Mr. Dixon

Mr. Dixon: Here

Assistant Secretary-Treasurer: Mr. Kidston

Mr. Kidston: Here

Assistant Secretary-Treasurer: Senator Armbruster

Senator Armbruster: Here

Assistant Secretary-Treasurer: We have a quorum and I don't believe anyone from ODOT will be here today.

Absent: ODOT Representative and Representative Buehrer

Chairman: Gordon Proctor is unable to be here today. Welcome to everyone. We have a number of guests here today, and keeping with past practice I would like everyone to introduce themselves: Eric Erickson, Fifth Third Bank; Bobby Everhart, URS; Rick Gobeille, Vollmer & Associates; Roger Hannay, Highway Patrol; Tony Yacobucci, HNTB; Mike Burgess, URS; Glen Stevens, G. Stevens; John Petty, National City Investments; Frank Lamb, Huntington Bank; Floyd Jeffries, Ohio Operating Engineers.

Chairman: Thank you. This is the 525th meeting of the Ohio Turnpike Commission, and we are meeting here in the Commission's Headquarters as provided for in the Commission's Code of Bylaws for a special meeting because of the date. Various reports have been received, and we will act on several resolutions draft copies of which have been previously sent to

Members and updated drafts are also in the Members' folders. The resolutions will be explained during the appropriate reports. Could I have a motion to adopt the minutes of the July 31, 2006 Commission Meeting?

Commissioner Dixon moved and Commissioner Kidston seconded.

Executive Director: Mr. Dixon

Mr. Dixon: Yes

Executive Director: Mr. Kidston

Mr. Kidston: Yes

Executive Director: Mr. Regula

Mr. Regula: Yes

Executive Director: Mr. Balog

Mr. Balog: Yes

Executive Director: Four yeas and the minutes are approved.

Chairman: Thank you. If there are no questions we will proceed with the report of the Secretary-Treasurer, Commissioner Dixon.

Secretary-Treasurer: Yes sir, Mr. Chairman. You know I really felt good for a minute. I thought Mr. Suhadolnik was really concerned about me. I was down there, I couldn't get in the building back there and you know I got a phone call and Mr. Suhadolnik called me "Mr. Dixon are you on your way, you know we are concerned about you" and I get up here and I see that he was just concerned about having a quorum. Gary, you are a hell of a guy.

The following items have been sent to the Members since the last scheduled meeting of the Commission on July 31, 2006:

1. Minutes of the July 31, 2006 Commission Meeting
2. Traffic & Revenue Report, July 2006
3. Total Revenue by Month and Year, 2006
4. Investment Report, July 2006
5. Financial Statements, July 2006
6. Traffic Crash Summary, July 2006

7. Various News Releases

Mr. Dixon: That completes my report Mr. Chairman. I will be happy to answer any questions.

Chairman: Any questions for Mr. Dixon? Thank you. Next will be the Executive Director, Gary Suhadolnik.

Executive Director: Thank you Mr. Chairman. I have two items. The first item is a resolution. I have a resolution Authorizing the Executive Director to Implement Temporary Flat Toll Rates in the Event of an Emergency. We have talked about this before. This is something that would be implemented only in the event of something like an avian flu epidemic where we might have large scale absenteeism. I would ask the General Counsel to read the Resolved.

General Counsel:

RESOLVED, that the Commission hereby authorizes the Executive Director to implement the flat toll rates set forth in the attached schedule of emergency toll rates in the event an emergency is declared under the provisions of Ohio Revised Code Section 5502.24, and he deems it necessary in order to keep the Turnpike open and operational and in order to assure the safety and security of customers using the System.

Chairman: Is there a motion to adopt?

Commissioner Dixon moved and Commissioner Regula seconded.

Chairman: Question or discussion on the motion? Let's call the roll.

Executive Director: Mr. Dixon

Mr. Dixon: Yes

Executive Director: Mr. Regula

Mr. Regula: Yes

Executive Director: Mr. Balog

Mr. Balog: Yes

Executive Director: Mr. Kidston

Mr. Kidston: Yes

Executive Director: Four yeas and the Resolution is adopted. Thank you very much.

RESOLUTION NO. 35-2006

Resolution Authorizing the Executive Director To Implement Temporary Flat Toll Rate in the Event of an Emergency

WHEREAS, the 1994 Master Trust Agreement, as amended and supplemented by fourteen supplemental trust agreements, allows the Commission to make a temporary change to the schedule of tolls that it deems to be necessary and proper, so long as the Comptroller/Chief Financial Officer certifies that the Commission will not fail to comply with the debt service requirements; and

WHEREAS, the Commission was directed to prepare a Continuity of Operations Plan pursuant to the Governor's Cabinet Advisory No. 06-235 in order to ensure the continuous provision of essential services by all State Departments, Boards and Commissions in the event an emergency is declared pursuant to the provisions of Ohio Revised Code Section 5502.24; and

WHEREAS, the Commission's staff prepared a Continuity of Operations Plan that sets forth policies and procedures to be followed in the event an emergency is declared in order to ensure that the Turnpike System is open and operational, and in order to assure the safety and security of customers on the System; and

WHEREAS, the Executive Director has advised the Commission that it may be necessary to implement a flat toll rate in the event an emergency is declared under the provisions of Ohio Revised Code Section 5502.24, and he deems it necessary in order to keep the Turnpike open and operational as outlined in the attached schedule of emergency flat toll rates, and only for such period of time as may be necessary to resume minimum staffing levels or until the next regular or special meeting of the Commission is held; and

WHEREAS, the provisions of Ohio Revised Code Section 5537.26(D) permit the Commission to implement a temporary reduction in the schedule of tolls upon issuing a public notice and holding a public meeting regarding its intent to implement a temporary reduction in the toll rate schedule; and

WHEREAS, the Executive Director has reported that a public meeting was held on August 15, 2006 at 10:00 AM at the Administrative Building of the Commission in Berea, Ohio, after public notice of the meeting was published in *The Plain Dealer* (Cuyahoga County), the *Akron Beacon Journal* (Summit County), the *Tribune Chronicle* (Trumbull County), *The Vindicator* (Mahoning County), *The Toledo Blade* (Lucas County), and the *Bryan Times* (Williams County) in accordance with the requirements of Ohio Revised Code Section 5537.26(D), and that no members of the public attended the meeting as reflected in the transcript of proceedings; and,

WHEREAS, the CFO/Comptroller has reported that the implementation of the emergency flat toll rates set forth in the attached proposal will not result in the Commission failing to comply with the debt service requirements;

NOW, THEREFORE, BE IT

RESOLVED, that the Commission hereby authorizes the Executive Director to implement the flat toll rates set forth in the attached schedule of emergency toll rates in the event an emergency is declared under the provisions of Ohio Revised Code Section 5502.24, and he deems it necessary in order to keep the Turnpike open and operational and in order to assure the safety and security of customers using the System.

Ohio Turnpike Commission Emergency Flat Rate Plan

A Continuity of Operations Plan has been developed that will ensure that the Ohio Turnpike remains open and operational in the event of an emergency. In the event of an emergency, the Commission is prepared to implement the following flat toll rates regardless of the distance traveled:

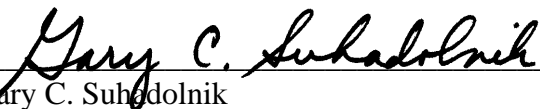
Passenger vehicles (Ready Toll/Charge Cards only)	\$.50
Passenger vehicles (cash)	\$1.00
Single unit trucks and buses	\$5.00
Tractor-trailers and LCV's	\$10.00

Charge account and Ready Toll customers may continue to use their cards, but will be charged according to the above rates. The detailed report that will accompany the charge account invoice or Ready Toll statement will not indicate the entry point or weight class of the vehicle, but will include the location, date and time of exit, along with the appropriate toll from the categories listed above. Although drivers may still use their charge cards, the Commission prefers that tolls be paid in cash to facilitate the movement of traffic.

If customers experience any difficulty entering or exiting the Turnpike system during an emergency, they should contact the Commission's administrative offices at (440) 234-2081 for assistance, or the Ohio State Highway Patrol at (440) 234-2096 in the case of an emergency.

I, Gary C. Suhadolnik, Executive Director of the Ohio Turnpike Commission, do hereby certify that the above is a true copy of the aforesaid resolution which was duly adopted at a meeting of the Commission, duly called for and convened and held on August 28, 2006, at which a quorum was at all times present and voting.

WITNESS my hand and the seal of the Ohio Turnpike Commission on this 28th day of August, 2006.



Gary C. Suhadolnik
Executive Director

The other item that I have Mr. Chairman is not a resolution, but we have a presentation. In June 2005 the Commission issued a request for proposals to select a qualified consultant to develop a strategic plan for guiding the Commission in the future development and integration of

a new toll collection system. It is clear that the Commission's existing toll collection system will require replacement in the next few years and it was our belief that now is when we first needed to study the types of systems being implemented. In addition, because electronic toll collection has been or is going to be installed on toll roads connected to the Ohio Turnpike, the RFP specified that the study should also include the possible implementation of electronic toll collection and its costs. The Project Manager, Rick Gobeille is here today to do a brief presentation for the Commission highlighting some findings and alternatives for a new toll collection system.

Rick Gobeille: Mr. Chairman and Members thank you for the opportunity to present our project to you and just a real quick biography of our firm and the firms that worked on this. I, myself, have been working with electronic toll collection for about 20 years now. We have done work in New Hampshire, Massachusetts, New Jersey, New York, Delaware, Pennsylvania, Peace Bridge, West Virginia Turnpike and now we have done work in Ohio. We have a pretty good resume of work with electronic toll collection and E-Z Passsm. Members of our team from Carter Burgess and TI have done work in Florida, Texas, Colorado, so we have a very broad-based background of experience in toll collection. I am going to give a little overview of what the project was. Starting with a little background on the Ohio Turnpike and it is important to see this in context of electronic toll collection. There is a mix of thru trips that go all the way east to west across it and local trips like around Cleveland and Toledo and things like that. You have a very high percentage of truck traffic and that is an important thing as we will see as we go through the presentation. There are about 51 million trips annually and interchanges have low volumes, high volumes, thru trips, commuter trips, commercial vehicles. There is a very large mix of the type of traffic. We were contracted in November of 2005 to do the study and the study had several phases. There is a little graphic there of how we did the project. We did a lot of field investigations, collected surveys and we met with Ohio Turnpike staff. We had several forums and workshops with the staff to develop a strategy, goals and things through the project. I am going to walk you through what we have done. First thing we did in December was we came here and spent about two or three days and went all over the system. We visited several toll plazas, we looked through all of the equipment, operations of the plazas, how the technology is working, how it commuted back to the office here and into the headquarters building. We found that the equipment was reaching the end of its useful life. We also learned from all of the maintenance staff that there was beginning to be no availability of spare parts. The age of the equipment made it very difficult to replace. I mean everyone knows that from your home computers, you don't get a floppy disk on your home PC anymore. They are beginning to incorporate new technology. The automated toll payment machines that allow credit cards are being introduced in a pilot program and the new technology was getting difficult to integrate with the old technology and it was clear from the field work that replacement of the system should be considered. We also came back in January and spent two or three days interviewing staff. We interviewed the senior staff, we interviewed the operating staff, we got a good idea of how they felt about the toll system and all the functions that were in it. A strong desire was expressed by all of them to add some new functionality to the system. There was a desire to streamline the audit and operation functions of it, and then also, it was very difficult to maintain and modify the software. The staff that had knowledge of it had since retired and left the firm and it became very difficult to keep it going. So from the staff's point of view, replacement should be considered. Now, another aspect that we felt was very important, particularly if you are thinking about doing electronic toll collection, was to survey your customers. You learn a lot about what it is that they want and what their needs are and what

would actually benefit this roadway. In March, we handed out about 45,000 postcards at the toll collection points to get a response back on the survey. We also mailed cards to the Ready Toll customers and to the commercial charge account customers and we asked them things about wait time, how satisfied and happy they were with the Turnpike. We asked them about their preference for different methods of payment. We asked them if they already had an E-Z Passsm transponder or compatible one like I Pass or Fast Lane in Massachusetts to try and get an understanding of who the customers were. You actually got an incredibly high return rate. It was one of the best ones we ever had. Of the cards we handed out in the toll plazas, 16% of them were mailed back and 35%-40% of the ones that were mailed out to your customers were returned, it was a very strong return for this service. Now some of the key things we found by doing the survey and looking at the traffic patterns, we estimate that there is between 2½ and 3 million people over the course of a whole year that actually use the Ohio Turnpike. That is an important thing to understand. At any given day, there might only be 50,000 trips on the roadway, but over the course of a year there is 2½ to 3 million people that use it. About a third of the trips on any given day are made by people that travel less than once per month and of that 3 million people, about 85% of them travel less than once per month on the Ohio Turnpike and that indicates that it is really a thru roadway. There is a lot of infrequent long distance recreational-type travel on it. We also asked them about their perceptions of how their wait times were and their use of the Turnpike. And 85% of the respondents said they waited less than a minute to exit and they were either satisfied or very satisfied with their wait time and that's a pretty high positive response, it says you have a lot of happy customers out there. We also asked them if they were interested in paying with a credit card, 61% thought they were at least somewhat likely to use a credit card and that was to go along with the automated toll payment machine; that is the way they can pay with plastic. There was no preference stated by any of the commercial customers to change from a weight-based to an axle-based system. They really did not have a strong desire either way and that is important to point out. This is just a little graphic to give you an idea and this is something that we are not going to spend time on, but there is an important distinction between trips and customers. When we said one-third of the trips were low frequency; that means less than one per month. When you turn it into people that is the car users on the right of the graph. Most of those 3 million people use your road very infrequently. So, when it comes to planning what you do in the future, your target is really those high frequency and middle frequency that are on your road a lot. That is what you can change behavior on. Some of the other things that we found, 10% of all the passenger trips on the Turnpike already have an E-Z Passsm compatible transponder. That would be I-Pass from Illinois, E-Z Passsm, Smart Tag from Virginia to Fast Lane from Massachusetts and 60% of the truck trips already have an E-Z Passsm. What's more interesting is that over 80% of your charge customers, your own customers, already have an E-Z Passsm transponder, 56% of the passenger car trips said that they would be likely to use electronic tolls and 83% of the trucks said that they would be likely. Now, the next graphic gives you a little idea from the survey we did and this is cars that already have an E-Z Passsm transponder and these are particular locations across the Turnpike. It's interesting to note that the highest locations are at the Eastgate and Westgate and a third of the cars at the Eastgate already have an E-Z Passsm transponder. Those are the infrequent people coming from the northeast where all of E-Z Passsm is and passing through your state and coming from Illinois in the Westgate. In the urban areas, like around Cleveland here, you have very low percentages of E-Z Passsm which makes sense because they don't travel outside of the region, they are local commuters. So, taking all of that information, taking our field survey, interviewing the staff, getting input from the customers in the survey response, we held a forum with the senior staff and toll steering committee. We came up with a series of goals for this

study. This is how everything would be measured against as we went forward in the project. We wanted to provide the customers with a continued high-level of service. We wanted to at least maintain or improve the toll system functionality. We want to be cost effective. We want to maintain or improve safe conditions. We want to provide a system that can be implemented seamlessly to the customer and to the OTC that you can transition to it easily and we wanted to be sustainable and adaptable to the future, to any change that may occur in technology, or in how you operate, or how you may want to operate. Having established the goals, we had another group of forums with the staff and we went through toll policy and we said what is it that we want to have, what impacts what? I am going to say toll policy is a major way of thinking. We worked at four areas of toll policy. We worked through customer service, internal operations, financial, institutional and legal. I am going to make a point that all of this policy is linked and circular. I am going to use an example like that. Dan is real interested in the future to have highway speed E-Z Passsm and that is when you can travel through without paying, without stopping at all. It is a more complicated system and it is a little bit more expensive, but it would provide the best customer service, but it may not necessarily be the best financially. It has higher costs and a little bit higher risk in terms of collecting revenues. There are two goals that are in conflict with each other. This is the process that we needed to go through to get there. So, taking the policy and agreeing on policy and reaching consensus on conflicting goals and things like that, we came up with a series of alternatives. The alternatives we dealt with were hardware and software, actually the technology that will be implemented. Vehicle classification that we talked about before, axles and weight. The method to procurement, how do you actually purchase the new system and how you would get services to do it? Also, whether or not to use E-Z Passsm as electronic toll collection and how to handle customer accounts. Would we handle them ourselves in our own back office, or would we contract out for a service like that? Those are the alternatives that we went through and studied. We evaluated all of the alternatives. We came up with a matrix against the goals. We did weighing of what goals were most important and we score the alternatives. We scored them for conformity of the project goals. We scored them for their capital and operating costs. We scored them for their direct and indirect benefits. An indirect benefit is something that you can't measure in dollars, but customer service is a lot of times an indirect benefit, it is something that you measure that with and how long it would take to implement the project. We came up with a preferred alternative and the preferred alternative said to replace the toll collection hardware and software. We decided to retain the weight based classification. We wanted to include the automated toll payment machines. We want to include the installation of E-Z Passsm and electronic toll collection. We wanted to use gates to control violations and to control traffic flow within the toll plazas from a safety point of view. We came up with a budgeted capital cost of \$45-50 million dollars and about \$15 million dollars of that was directly related to E-Z Passsm. There is an incremental cost of the electronic toll collection over the toll collection system. A little bit touched on E-Z Passsm itself, the implications of it. Often people think that it automatically saves money and that is not always true. Operations transfer from one location to another that goes with E-Z Passsm, but generally everywhere it is implemented, not just E-Z Passsm but any electronic toll collection, it provides an improved customer service, customers always seem much happier with it. It usually delays and avoids future capital expansion costs for toll plazas. The growth in traffic is accommodated by the change in the method of payment. An E-Z Passsm lane can process four or five times as many vehicles as a staff toll collection may. It added about \$10 million to the capital costs of the actual structure of the toll facilities. It added about \$1.5 million dollars to expand the capabilities of the customer center to manage the accounts. There will be quite a few more, we estimated about 80,000 customers accounts that would be in the E-Z Passsm system. It budgeted about \$3.5

million to purchase the actual transponders, the electronic device that goes in the vehicle to read the tolls. At the end, there really isn't a significant savings in operating costs. Some of the increased costs of E-Z Passsm offset any savings in the toll plazas from the operation of E-Z Passsm. So, given that and where we are in the study, we need to set up the next step and the next step is the strategic plan and it looks like this. The Board would make a decision to adopt a strategic plan, we would contract with a consultant to develop the RFP documents and business rules and things that you would use. You prepare the RFP documents. You do the procurement for the toll systems. You would become a member of the E-Z Passsm interagency group. You would select your contractors to install the system and then you would initiate the new toll system with E-Z Passsm and the time frame for that is about two, two-plus years from your decision to get it all done. With that Mr. Chairman, I entertain any questions that anyone may have on the work that we did.

Chairman: I have one initially. E-Z Passsm, is this a company? Is this a trademark system? What exactly is it?

Rick Gobeille: E-Z Passsm is called the "E-Z Passsm Interagency Group" and I will use the word consortium, but it is a cooperative group of toll agencies and state authorities that have all agreed to work together through something called a Memorandum of Understanding. E-Z Passsm is a service mark that they operate under that is actually owned by the Port Authority of New York and New Jersey and they agreed to exchange funds with each other to allow their customers to go on each of these roads and it's really an impressive cooperative effort of about 22 different state and public agencies that work together this way. There is a vendor that, actually, at this point, manufactures the device, it is called Markfor Industries. They are in Mississauga, Ontario Canada. They won a procurement about 10 years ago and it's coming up to be re-bid again and the member agencies do it together to get the next generation of the device that they will use.

Chairman: So E-Z Passsm is set-up of these 22 agencies in the United States, using a Canadian vendor to make their transponders.

Rick Gobeille: Yes. At the time the Markfor was a Buffalo, New York Company and it was spun off, that part of Markfor Industries in Buffalo and they reside in Toronto, Canada.

Chairman: I have just one more thing I would like to comment on. You gave us a significant amount of information. From our planning standpoint we are going to get a formal report, am I correct?

Executive Director: Yes. It is due early in September, the formal report.

Chairman: Okay, so this is just a little highlight.

Executive Director: A little highlight, that is correct.

Rick Gobeille: Yep.

Executive Director: I thought it was good that while he was here, but we can bring him back for another Commission Meeting. When you read the report some of these things will make more sense.

Chairman: Other Commission Members have any thoughts, comments? Senator.

Senator Armbruster: Mr. Chairman. How are you going to handle weight vs. axle? You said in the report that you were going to handle it by weight rather than axles.

Rick Gobeille: Correct.

Senator Armbruster: How is that going to be done?

Rick Gobeille: Well, Mr. Chairman and Members, just the way that it is today. You enter the turnpike today, there are actual scales and the vehicles are weighed and the weight of the vehicle is determined and when you get your ticket, the ticket has the weight of the vehicle on it. So you can think of this E-Z Passsm as an electronic ticket and the weight would be recorded electronically. We are not going to switch to axles in the plan that we have. If there wasn't a preference to do it and all of the actions that would go through to change it to axle-based wasn't a benefit to do it.

Chairman: Correct me to make sure I am following the Senator. There is going to be a gate when the vehicle enters and he will not get a ticket. He will be weighed, the gate will go up electronically, he'll be recorded and he'll leave. There will still be a gate, they will pull up and in effect, electronically charge him for it, the gate will go up and he will leave.

Rick Gobeille: Yes.

Chairman: So, he won't physically touch money?

Rick Gobeille: No, he won't touch money and he won't get a ticket anymore.

Chairman: Senator.

Senator Armbruster: All right that answers my questions because you are going to slow everybody down completely through the E-Z Passsm.

Rick Gobeille: Yeah, but there are many systems that operate in that mode with the gate. Should I give a little bit of background? Is that alright?

Chairman: Sure.

Rick Gobeille: You operate a ticket-based system and with a ticket-based system your interchanges are structured as a term we use, we call "trumpet", and all the traffic comes together at this one toll barrier and then it spreads out after that, out onto the free roads, or as it enters. So, you have a very, very compact toll plaza area with many entries into it and some E-Z Passsm systems don't have gates and traffic moves through very fast. If you operate that way in the beginning here, there will be a lot of safety issues and traffic movement issues. It would be

much more problematic installation to start out. There are other toll facilities MCA Bridges, Delaware River and Joint Toll Bridge Commission, Peace Bridge that operate electronic toll collection with gates and they are used to meter the speed of the traffic. But they still get throughputs that are 3, 4, 5 times higher than you get with a ticket transaction that you have here. There is still tremendous throughput benefits to it, it is just not quite as fast and the motorists might feel 3, 4, or 5 seconds difference in time through the toll lane with the gate. The gates are very fast and go up and down. Usually vehicles don't actually stop. It's just the gate meters that speed through there. It is kind of important from a violation point of view and from a controlling traffic and speed at the toll plazas point of view.

Chairman: Again, I understand you say that a car basically would be slowing down, would be going very slow a few miles an hour? It would be red, the gate would open up quickly and he'd take off. So substantial traffic can go through, but that would go ahead and bring the traffic down to a very slow safe speed going through.

Rick Gobeille: Right.

Chairman: In your report, do you give us a list of the facilities that have that? I would physically like to see that, see how it operates.

Rick Gobeille: Yes. It is in our report. We talked about where these exist, MTA Bridges in New York, Delaware River Joint Toll Bridge Commission.

Chairman: We've probably all gone through them, but we just don't remember. If you didn't have the E-Z Passsm, which I am in the 1% urban area here that doesn't have it, so I've never paid attention to it. Senator, sorry, I didn't mean to interrupt.

Senator Armbruster: Well that's alright, I mean that helps me understand. I guess the question I have is, if I am driving in the Houston market that's E-Z Passsm down there right?

Rick Gobeille: No, it is not.

Senator Armbruster: It's not?

Rick Gobeille: Houston is not business compatible, it is not technology compatible either.

Senator Armbruster: Why would you drive 65-70 miles per hour through the pass?

Rick Gobeille: Oh, in Houston?

Senator Armbruster: Yes.

Rick Gobeille: With E-Z Passsm, you could also. This system and the way that the plan is laid out will allow for the future to make capital improvements to allow that to occur.

The technology itself works at that speed. But as part of the implementation and over time you can get there quite easily, but to start out, it was felt that the gates were the best choice.

Commissioner Regula: So you are saying in a nutshell then, from an efficiency standpoint though and from a personnel standpoint, it's not going to make us that much more efficient? It's going to be a little more consumer friendly.

Rick Gobeille: Yes.

Commissioner Regula: But otherwise, with the costs, we are not gaining much.

Rick Gobeille: Yes and that is pretty much the case at every toll authority.

Chairman: But you can also put more traffic through the same number of gates. So, if an area has four gates, hypothetically, that traffic is going through, it is expanding and you need now to put six gates. You can probably serve it with four because the E-Z Passsm will move many more cars through the couple of E-Z Passsm gates.

Rick Gobeille: Correct, Mr. Chairman and remember, I described it this way; you have savings in the toll plaza when you switch to this electronic method, you don't need as many collectors. But you end up on the other side having 85,000 accounts that you have to manage. There is 85,000 people that have an 800 number that can call you and ask a question. There are 85,000 people that you will need to collect your revenue via credit card rather than from cash in the lane. So, the expenditure moves from one location to another and that's very typical.

Commissioner Regula: When that truck goes through, does it register what class it goes through that scale, so the trucker knows? It flashes up Class 7?

Rick Gobeille: It can flash up Class 7 for them, yes. Often it doesn't, because it happens so fast the vehicle can't read it, but it can flash it up, if that is the choice.

Commissioner Regula: And how many other locations are they using it, from the car standpoint that you don't have to stop at a gate? Where you just drive through?

Rick Gobeille: It's probably 80-85% are without a gate. About 15% of the toll lanes that have E-Z Passsm have a gate.

Chief Engineer: Rick, you may want to mention the alternative to gates is VES.

Rick Gobeille: There are alternatives. A couple of things that if you didn't do the gates; (1) the gates help you with the safety and movement of traffic in the plaza; and (2) it helps you with toll violations. So, if there is no gate there and unmanned, an unstaffed lane, people can drive through and not pay. An alternative to gates for the violation enforcement is that they use video cameras and they take pictures of the front and back license plate of the vehicle. There is a whole other someplace that gets constructed to review the images of the license plates and determine where they are from and go through a process, whether it is administrative or whether it is an actual moving violation, depends on the legislation in the state that it occurs in. But it adds significantly to the cost upfront to the system and when you take the gates away in terms of

throughput, you are not going to gain that much. If you take the gates away, it is going to go from 800-900 vehicles to 1,100 vehicles and 800-900 is a tremendous improvement over what you already have now.

Commissioner Regula: Does New York have gates?

Rick Gobeille: The New York facilities have gates.

Chairman: Repeat that statistic. With gates you can get 800-900 and without gates you do 1,100?

Rick Gobeille: In a regular toll lane, yes. You can move to the other systems, there is a tremendous capital cost though to take, say the Eastgate, and to put in lanes that you can travel in at 55 mph. There is a very large capital cost to actually do that construction. It is something that can be done and it can be done with the system as you get it. It can be done in the future and that is the reason that we have the sustainable and adaptable in there, but it can do that.

Chairman: Edward.

Commissioner Kidston: Chairman. The E-Z Passsm segment of this aside, the other \$40 million, how easy is it going to be to develop a non-proprietary performance-based specification, in addition to that, how many vendors are going to bid on something like this?

Rick Gobeille: There are and have been, non-proprietary specifications for ticket-based which you are, distance-based toll collection systems. Right now there is about eight or nine major players putting in toll systems in the country. As much as you say that we would like it to be totally non-proprietary, some aspect of what you get is always going to be somewhat unique to the vendor you purchase it from, the software itself that is written to do it. But generally the components, the computers, the classifications, the scales and things are not proprietary to the particular vendor, but the software itself usually is because of its complexity.

Commissioner Kidston: So when they consult, that is the point that I am getting, how do we get competitive here? When the consultant draws up the specifications, is there a performance-base that we can use rather than a particular non-proprietary software product listed in the specifications that will make this bid be competitive?

Rick Gobeille: Yes, there definitely is. Three or four of them participated in New Hampshire, West Virginia, New Jersey, Peace Bridge and generally the specs are written that way. They are performance-based and then we use the term "hybrid" because there are probably some things that will be unique to the agency and we know they are in Ohio with a couple of unique things that need to be put into it like weight. You are saying what the classification is, but are they generally performance-based and have they been getting three or four competitive bids?

Chairman: More than when we pave a road.

Commissioner Kidston: Question No. 2; then once the Commission decides to go with a certain vendor, what is your experience with them as far as long-term service contracts and so forth? I imagine that we are locked into that company from that point forward.

Rick Gobeille: I will answer the same thing as I said to the Committee. In lots of ways, it's your choice. One of our clients, the West Virginia Turnpike, their own staff does all of the maintenance and they have one employee of the vendor and then the staff does all of the work. Other clients have chosen to completely farm out their maintenance. Other toll systems have separated out software and hardware. If you a person who is maintaining your hardware that you like, you can stay with them, but usually the software stays with the vendor of the product because it is so difficult for someone else to pick up someone else's software and maintain it. But there are firms that do maintenance out there and they like doing the maintenance, so it is possible. In fact, it was one of the alternatives we looked at to procure the maintenance of the system separately from the actual hardware and software, we haven't made the choice yet, but it is one of the things we are looking at.

Commissioner Kidston: Is there a system out there where we could become the owner of the software? In other words, not have to go back to the vendor at that point in time.

Rick Gobeille: There are, but that is usually quite expensive because it ends up being a completely new system. The North Texas Turnpike actually has a system that they own and the vendor that developed it actually sells it to other agencies and they collect a fee when they sell this software to other agencies, but you would then need to have it completely developed for your own system before you could sell it. They already have a product that they have and they have another facility. Without knowing exactly, I would speculate that it would cost you more upfront to have a system that worked like that.

Chairman: Senator, I'm sorry.

Senator Armbruster: The timeframe, if the Commission decides, is two years from now that it would be fully functionally.

Rick Gobeille: Yes.

Senator Armbruster: Based on what you know about the parts we have today and the existing system and the ability to keep to maintained, what is your timeframe until we are out of parts, or can't keep the system we have now?

Rick Gobeille: I think that works, the two years. There are some items that are getting harder to get. I know you've bought some things and have them on the shelf that may be more difficult to get in the future for replacements. It is consistent with your maintenance contracts when they end. So two years is a good timeframe for everything to kind of be where you can't support it anymore and it is incredibly difficult to do and any existing contracts you have will be coming up too.

Senator Armbruster: When does that two year timeframe start?

Rick Gobeille: It starts when you decide to start. It could start today.

Senator Armbruster: Well that doesn't answer my question. I mean if it is two years from now, what is your professional opinion as to when the two years has started?

Rick Gobeille: We've presumed the two years would start by the end of the year. So that it would be completed sometime during the year 2008.

Senator Armbruster: Mr. Chairman, I guess based on that from the study, if it doesn't start until 2009 or 2008, the potential of the Turnpike not operating appropriately, based on maintenance and equipment that we have, you might see glitches in the system that costs us way more than what you originally projected it would cost now because your going to be maintaining the system that cannot operate and trying to implement a new system quicker and costing more money.

Rick Gobeille: That's correct.

Commissioner Regula: Mr. Chairman, how old is our existing system? I mean when was it installed, approximately?

Rick Gobeille: I don't know the exact date, 95'?

Commissioner Regula: So we have gotten ten years out of it? What is the economic life of this going to be?

Rick Gobeille: Probably a similar timeframe.

Commissioner Regula: Is that pretty common, every ten years we have to replace all of this equipment?

Rick Gobeille: Yes.

Commissioner Regula: You know it is \$50 million dollars here and it depreciates and wears out relatively quickly.

Rick Gobeille: Yes. The old toll systems lasted much longer, but the old toll systems were mechanical. All of the new toll systems are electronic and what shortens their life is always the lack of available parts and repairs because of how much the computer technology and things have changed. You can't get the things you need to repair the system. In about seven to ten years, a lot of my clients have a budget of a seven year life and at seven years is when they go out and start the process to upgrade and replace. But a lot of the components you don't have to, the electronic toll readers and things outlast the seven year life. The computers generally don't, but a lot of the software does. You will end up with pieces of the system that have different useful life. Does that make sense to you? Any capital work you do in the toll plaza. Any signs, there are signs in our budget; we are talking about E-Z Passsm and where to go to pay it. That has a useful life that is much longer than the seven to ten years with the toll system.

Commissioner Kidston: I have another question it brought to mind. What if we replaced our existing system, what kind of dollars would we look at there?

Rick Gobeille: That was about \$35 million.

Commissioner Kidston: Okay, \$35 million.

Rick Gobeille: I am going to point out a couple of things in here. We have \$3½ million for transponders. There are toll authorities that sell them to their customers. There is a capital expenditure for a transponder, but then it is offset by other revenues. So, this is a budget for doing the whole system, but there are opportunities to get revenues against some of the costs and things like that.

Chairman: The transponder that we would sell would be compatible? Allowing a person to go to Pennsylvania, West Virginia?

Rick Gobeille: Yes, from Illinois to Maine and Virginia.

Chairman: I guess I am asking if and I certainly have not made a decision, but if we're going ahead and installing this and put in E-Z Passsm and we are doing it for the convenience of the customers, why wouldn't we just tell the customers that they would have to buy them if they want to use the system?

Rick Gobeille: Most toll authorities do that now.

Chairman: Okay.

Rick Gobeille: Because there was an initial belief it was going to save money and at the end of the day there might be one agency out there that is actually saving money with E-Z Passsm. There is all of the customer service benefits.

Chairman: It is convenience. It is all about convenience.

Rick Gobeille: In recognition of that, they have started charging for the service or some of the costs that go with it, so it would be reasonable to expect you to do that.

Chairman: And do people pay for E-Z Passsm after they use it? I mean you don't pay the charge and then it's debited to your account.

Rick Gobeille: It works like the Ready Toll works that you have here because you prepay the balance and then you draw down against the prepaid balance. Commercial customers you may allow to post-pay like you do now, but they have a bond posted so if they don't pay, you have a vehicle to collect the revenue from and you particularly don't want to do postpaid because as a member of E-Z Passsm, you are allowing your customers to go elsewhere. So, you don't want to promise to pay others money before you yourself collect it.

Chairman: Dave do you have questions?

Commissioner Regula: What's the approximate cost for the consumer to put it in their car?

Rick Gobeille: Well, right now the transponder itself is about \$27.00. But it's at the end of the current contract and they are preparing specifications to procure for the next seven to ten years—the transponder. I honestly believe it is going to cost less, less than \$27.00.

Chairman: Less?

Commissioner Regula: So, you are going to charge me \$27.00, but I will still be going through a gate and besides the fact, I don't have to pull my money or give you a credit card at the time, that's the convenience of the whole ball of wax.

Rick Gobeille: And you go through faster.

Commissioner Regula: At 65 you are going through faster, I don't know how much faster, depending on what gate you are using you are going through with the gate going up and down. But that is just my thought.

Rick Gobeille: I would be happy to get you a videotape and things to show you.

Chairman: You know that would be easier. You know I asked you for some locations. Why don't you show us some video placed with gates. I would like to see how it looks and how it works and see how fast traffic goes through. Because, I think most of the public believes that if we do something like E-Z Passsm they are going to have a system where they can go 30-35 mph through the gate, which is not the case here. Senator.

Senator Armbruster: Can we discount our tolls to different trucking firms and to the association our rates? I am assuming through software the E-Z Passsm card could be discounted for trucking firm "A" vs. trucking firm "B", is that correct? So, why couldn't you incentivize that for me as a passenger car, instead of charging me \$27.00 and I am using it everyday, fifteen times a day versus somebody that is using it once a year. Could you incentivize that person through the software, or is there a limit?

Rick Gobeille: Absolutely, we can. In the study we didn't get into pricing strategies and things like that, but there are toll authorities that have minimum usage, which is exactly what you described. If you were an infrequent user, you get charged for not using it.

Senator Armbruster: Or I pay the \$27.00. If I use it I get paid nothing, or I get an incentive to use the Turnpike?

Rick Gobeille: Correct. There are all types of different pricing you could do that really weren't in the scope of our study. But once you decide to do electronic toll collection, you can pretty much do anything, but anything you do is more a rate setting exercise that you go through to change your regulations and toll rates that you charge your customers and you can do pretty much anything with E-Z Passsm. There is a wide-range of incentives and discounts out there.

Senator Armbruster: Is there a limitation to the number of discounts you could do based on the menu that you have available to establish those? Is that a programming change?

Rick Gobeille: That would be a programming. If you proposed a business rule that didn't already exist somewhere it would definitely have to be programmed. But there are many business rules with different kinds of discounts, a resident-based, a frequency-based, use this or that road base that is out there that different vendors have written. There is a lot out there that are already available, but you could easily come up with one that isn't and you would have to program it, but it wouldn't be relative to the cost of the project. It wouldn't be noticeable.

Executive Director: Mr. Chairman. Two points that I think were already made, but I am not sure they were clear. One, I think we are thinking really about gated lanes period, but we could have different configurations at different interchanges. The Eastgate or the Westgate, maybe at 77 and the turnpike, we might have a dedicated E-Z Passsm lane, so only those customers use that. The thought is to install it all over because people are going to get confused and some of the lower volume interchanges will be automated. There is no opportunity for any saving. Whatever lane they get in they can pay cash or pay E-Z Passsm, we might have different configurations at high-volume versus low-volume. Number one I think that's an important point, but once we get away from gates then we have to do the cameras and we have to have another backroom set up to go after the violators. Two, I am not sure that everybody caught it, was we are going to have to spend for the transponders, we can then bill the customers as we give them out, but upfront, we are going to have to pay that money and/or we can do it in a way of maybe \$1.00, \$.50 or \$2.00 a month or some kind of a maintenance fee whether you use it once or whatever. If you have an E-Z Passsm account, every month we take a \$1.00 off that account for maintaining the account. We could recover the money that way, or we can do the plus charge for the transponders. These are the decisions down the road that we will have to consider, but some of the other toll authorities doing both of those things, charging a maintenance fee for the account every month.

Chairman: Senator.

Senator Armbruster: I would think that if in your consideration, and I won't be here after December, and I don't know in what capacity or not, maybe I will be a toll collector.

Executive Director: I don't think you'll have to worry about that now. It's short-lived.

Senator Armbruster: The camera idea is as far as I am concerned, based on technology that's out there in any system that we have. I think we really ought to consider it just based on the activities that we've used it for now and in long term is that with the ease of travel within the United States, it's certainly makes and enhances our position for law enforcement to make sure that those cars that are getting off in Wauseon versus 71 can be tracked and we know the activity of what is happening. I just suggest that and Gary you are right, it is going to be fairly expensive, but to have that out there and I see that more and more communities are using them on red lights, but are using them more and more and they do use it for their investigative side. Communities, businesses, almost every business that you go in now has digital technology that is tracking even your food purchases, they are tracking everything through your credit card, will use that as a consideration as you develop the system.

Executive Director: And Rick might want to expand on this, but I mean there are three issues to that. The first one is; there is the capital cost of installing all of those cameras; second the on-going fees for every one of those transactions that has to be handled, whether we do it

internally and hire more staff, or whether we contract it out to some other agency. There is the on-going cost to track down each one of those, plus the third issue is there is going to be a large number of those particularly for our highway where we have many out-of-staters that they are just going to be uncollectible, so there is going to be some. A pretty substantial chunk of lost revenue so those three issues are something the gated system kind of avoids all three of those issues. Particularly, we don't seem to have the capacity and waiting issues. The gated system provides some enhancement for the customer, but really saves a lot of costs.

Rick Gobeille: Just let me point this out Mr. Chairman. The system and the discussions we did in the process can be very easily evolved into the cameras and the ungated lanes and even in our discussions we talked about; perhaps the east and the west gates might be the place that you do it first. But the system that is set up will be able to do that and we'll be able to evolve into it. But it was viewed as the best point to start for the make-up of traffic and things here in Ohio.

Chairman: I think you know that we look forward to your report, reading that over and could you have a videotape on the gated system for us for the next meeting. I think we all have interest in it, so I think if we spend five minutes at the meeting looking at it together, I think would make sense. So if you have that for the next Commission meeting we'd appreciate that.

Rick Gobeille: Okay. We'll do that.

Chairman: We'll have an opportunity to read your report in advance of that next meeting also.

Senator Armbruster: Mr. Chairman. When he does that, show me the end as you are coming in the scramble to go to the lanes. Don't just show me the gate going up and down. Show me how you get there.

Rick Gobeille: Okay. Absolutely, that is one of our favorite topics actually.

Chairman: We appreciate your time.

Rick Gobeille: Thank you Mr. Chairman.

Executive Director: Mr. Chairman, thank you very much for your time and attention and that concludes my report.

Chairman: Thank you. Next would be the Chief Engineer, Dan.

Chief Engineer: Thank you Mr. Chairman. I have two resolutions for your consideration this morning. The first resolution is to amend the agreement for intelligent transportation systems planning services under Project 71-04-06. You may recall the Commission adopted Resolution 60-2004 to perform intelligent transportation systems strategic planning with HNTB Ohio, Inc. As part of that assignment, HNTB assessed the OTC's current communication system, both our fiber system and our microwave system. The communication system will be utilized not only for ITS applications, but also for the proposed toll collection system that you heard about this morning. Last year, the Commission also adopted Resolution

46-2005 authorizing the purchase of telecommunication equipment from Cisco Systems, Inc. After that Resolution was adopted, Cisco prepared a plan to upgrade the Commission's communication system. That plan was submitted to HNTB for their review to assure that the system would work and be compatible with the proposed ITS System. That plan from Cisco was approved by HNTB with some minor revisions. The next is to then go out and actually write the bid specifications and procurement documents for the communication system upgrade. On August 16, 2006 HNTB submitted a proposal in the amount of \$180,786.00 to prepare contract documents and the bid specifications for the proposed communication system upgrade. This resolution this morning is to amend the current agreement with HNTB to provide for those specifications and procurement documents. If the General Counsel would please read the Resolved.

General Counsel:

RESOLVED that the Commission hereby authorizes and directs the executive director and the director of contracts administration to amend the ITS Strategic Planning Agreement with HNTB Ohio, Inc. (Project No. 71-04-06) to include the preparation of detailed technical specifications for the procurement and implementation of the Cisco upgrade to the Commission's existing SONET fiber optic and microwave radio telecommunications network.

Chairman: Motion to adopt.

Commissioner Dixon moved and Commissioner Regula seconded.

Chairman: Are there any questions on the motion? Please call the role.

Executive Director: Mr. Dixon

Mr. Dixon: Yes

Executive Director: Mr. Regula

Mr. Regula: Yes

Executive Director: Mr. Kidston

Mr. Kidston: Yes

Executive Director: Mr. Balog

Mr. Balog: Yes

Executive Director: Four yeas and the Resolution is adopted.

RESOLUTION NO. 36-2006

Resolution Directing the Executive Director to Amend the Agreement for Intelligent Transportation System Strategic Planning Services Project No. 71-04-06

WHEREAS, via Resolution No. 60-2004, the Commission selected **HNTB Ohio, Inc.** (“HNTB”) to perform Intelligent Transportation System (“ITS”) Strategic Planning Services, and directed the executive director and the director of contracts administration to enter into an agreement in accordance with the Request for Proposals that was issued for ITS Strategic Planning Services and HNTB’s proposal in response thereto, therein designated as Project No. 71-04-06; and

WHEREAS, under the Agreement, as executed in January 2005, a fee proposal of \$254,432.00 was established for the performance by HNTB of the ITS Strategic Planning Services; and

WHEREAS, in adopting Resolution No. 46-2005 authorizing the purchase of Ethernet equipment, the Commission was presented with a recommendation report prepared by the Commission’s telecommunications manager and director of information systems (“IS”) to unify such equipment purchases under one (1) primary manufacturer/provider, with said report detailing the efficiencies to be gained by the Commission choosing Cisco Systems, Inc. (“Cisco”) as its primary telecommunications and data systems infrastructure equipment provider and,

WHEREAS, Cisco has prepared a proposal to upgrade the Commission’s existing SONET fiber optic and microwave radio telecommunications network, and to ensure that said recommendations by Cisco are compatible with the ITS Strategic Plan being prepared by HNTB, the Agreement with HNTB was amended on April 26, 2006 to add \$24,047.00 and thereby allow HNTB to analyze, validate and recommend any needed modifications to the Cisco proposal, thus making the new not-to-exceed amount of the Agreement \$278,479.00; and

WHEREAS, the Commission’s engineering, telecommunications and IS staff have reviewed the HNTB analysis of the Cisco proposal received July 25, 2006, which report ratified a modified version of the Cisco proposal; and

WHEREAS, the chief engineer has submitted a recommendation that HNTB’s Agreement be further amended to authorize that firm to prepare the detailed technical specifications for the procurement and implementation of the Cisco upgrade to the Commission’s existing SONET fiber optic and microwave radio telecommunications network as a part of the ITS Strategic Planning Services being performed under Project No. 71-04-06; and

WHEREAS, a fee proposal dated August 16, 2006 from HNTB in the amount of \$180,786.00, has been reviewed and recommended by the chief engineer; and

WHEREAS, pursuant to the Commission’s bylaws, additional expenditures beyond 10% of the original spending authority granted by the Commission to the executive director requires Commission approval unless, among other exceptions, the increase is a result of “circumstances that would create a life, safety or health-threatening situation”; and

WHEREAS, once the plans are completed for the upgrade to the Commission's existing SONET fiber optic and microwave radio telecommunications network, the Commission will solicit bids from Cisco distributors willing to perform the upgrade; and

WHEREAS, the executive director concurs with the chief engineer's recommendation that the ITS Strategic Planning Agreement with HNTB be further amended to allow for the preparation of detailed technical specifications for the procurement and implementation of the Cisco upgrade to the Commission's existing SONET fiber optic and microwave radio telecommunications network; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the Commission hereby authorizes and directs the executive director and the director of contracts administration to amend the ITS Strategic Planning Agreement with HNTB Ohio, Inc. (Project No. 71-04-06) to include the preparation of detailed technical specifications for the procurement and implementation of the Cisco upgrade to the Commission's existing SONET fiber optic and microwave radio telecommunications network.

Chief Engineer: The second and final resolution this morning is to amend an agreement with HRV Conformance Verification Associates for the performance of structural steel shop inspection pursuant to Contract 43-04-01. The subject contract, 43-04-01, was awarded by the Commission under Resolution No. 52-2004 to The Ruhlin Company for replacing the railroad structure over the Turnpike in Summit County at Milepost 182. At that time, HRV Conformance Verification Associates was assigned by the Executive Director to perform shop inspection of structural steel. At the time, we did not expect the total costs with HRV to exceed the Executive Director's authority of \$150,000.00. We have since determined that the total expenditures with HRV will approach \$180,000.00. Therefore, we are proposing this resolution this morning to amend HRV's agreement. If the General Counsel would please read the Resolved.

General Counsel:

RESOLVED that the Commission hereby authorizes expenditures with **HRV Conformance Verification Associates, Inc.** in excess of \$150,000.00, and directs the executive director to continue utilizing the services of HRV for the performance of shop inspection of structural steel for Contract No. 43-04-01 under the 2005-2006 General Engineering Services Agreement between the Commission and HRV.

Chairman: Motion to adopt?

Commissioner Dixon moved and Commissioner Regula seconded.

Chairman: Are there any questions or discussion about the motion? Dan, I just have one. I see in our report from Doug Hedrick that he talks about the fabricator was behind schedule and experienced numerous fabrication problems, which resulted in the need for additional inspection to meet their schedule, additional shifts for fabrication were added and

overtime for the inspections which further increased costs. Is this anything that we should be looking under our existing contract?

Chief Engineer: Yes, Mr. Chairman. There are liquidated damage clauses in our contract with Ruhlin Corporation that when this contract is completed, we will look at possibly going back to them and recouping any additional costs that we incurred as a result of the delays.

Chairman: Okay, because I am anticipating that Ruhlin probably has a contract with a subcontractor who is providing the steel and if that is the party that was behind, then the expense should be appropriately.

Chief Engineer: That's correct.

Chairman: Thank you. Any other questions? Call the roll.

Executive Director: Mr. Dixon

Mr. Dixon: Yes

Executive Director: Mr. Regula

Mr. Regula: Yes

Executive Director: Mr. Balog

Mr. Balog: Yes

Executive Director: Mr. Kidston

Mr. Kidston: Yes

Executive Director: Four yeas and the Resolution is adopted.

RESOLUTION NO. 37-2006

Resolution Authorizing Additional Expenditures under the General Engineering Services Agreement with HRV Conformance Verification Associates, Inc. for the Performance of Structural Steel Shop Inspection Services for Contract No. 43-04-01

WHEREAS, via Resolution No. 52-2004, the Commission accepted the bid of **The Ruhlin Company** of Sharon Center, Ohio for the performance of the Contract for reconstruction of the Norfolk & Southern Railroad Bridge over the Ohio Turnpike located at Milepost 182.0 in Summit County, Ohio, therein designated as Contract No. 43-04-01; and

WHEREAS, the Commission also authorized the assignment of **Geo-Sci, Inc.** of Berea, Ohio for the performance of materials testing pursuant to that firm's General Engineering Services Agreement with the Commission; and

WHEREAS, the chief engineer also assigned **HRV Conformance Verification Associates, Inc. ("HRV")** of McKees Rocks, Pennsylvania to perform shop inspection of the structural steel for Contract No. 43-04-01; and

WHEREAS, the chief engineer has determined that expenditures under the 2005-2006 General Engineering Services Agreement with HRV for the performance of the shop inspection services required under Contract No. 43-04-01 will exceed \$150,000.00, and, therefore, in accordance with Article V, Section 1.00 of the Commission's Code of Bylaws, Commission action is necessary for the continuation of services under that Agreement; and

WHEREAS, the chief engineer recommends that the performance of the required shop inspection services by HRV should continue, and that the Commission should authorize the additional expenditures; and

WHEREAS, the executive director concurs with the chief engineer's recommendation that the Commission should authorize the continuation of services by HRV under its 2005-2006 General Engineering Services Agreement with the Commission, in order to facilitate completion of required shop inspection of the structural steel for Contract No. 43-04-01; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the Commission hereby authorizes expenditures with **HRV Conformance Verification Associates, Inc.** in excess of \$150,000.00, and directs the executive director to continue utilizing the services of HRV for the performance of shop inspection of structural steel for Contract No. 43-04-01 under the 2005-2006 General Engineering Services Agreement between the Commission and HRV.

Chief Engineer: That's all I have this morning Mr. Chairman.

Chairman: Thank you. Staff reports, General Counsel, Noelle?

General Counsel: Yes, Mr. Chairman and Commission Members. Included in your folder is a proposed resolution directing and authorizing the Commission to file legal proceedings against The Cincinnati Insurance Company. This Resolution and memorandum were issued to you subsequent to the original package. As you know from the litigation report, the Commission has been sued by Howard Staples who tripped and fell at the Vermillion Valley Service Plaza shortly after it opened. Also named parties are Blaze Building Inc., GSI, Youngstown Tile and others who were awarded contracts to work on the service plaza. The Commission was named as an additional insured on the policy provided by Blaze Incorporation. We made a tender at the beginning of the lawsuit for Blazes carrier to undertake and incur our legal expenses and defend the Commission as an additional insured on the policy. They refused. After discovery we revisited the issue as of the current date and Cincinnati is refusing to honor the coverage saying that it's not covered under the policy. Royal Insurance is our insurance carrier and actually they will take the lead on this and will be incurring the legal fees because the Commission has already exhausted the self insured retention under that insurance policy. So this

is actually authorizing us to be named as an additional party in that lawsuit to enforce the coverage under that policy. With your permission, I'll read the Resolved.

RESOLVED that legal proceedings be begun and prosecuted to determine the rights and duties of the parties and obtain a declaration that the claims asserted against the Commission in the Howard Staples v. Ohio Turnpike Commission, et al. are within the coverage of the insurance policy issued by Cincinnati Insurance Company to Blaze and naming the Commission as an additional insured.

FURTHER RESOLVED that the general counsel be, and she is hereby instructed to do or cause to be done all things that may be appropriate or necessary, whether by agreement or through legal proceedings, to ensure the recovery of all costs or expenses incurred by the Commission to undertake its legal defense in the above-captioned case and for any costs or expenses it might incur in the future.

Chairman: Motion to adopt?

Commissioner Kidston moved and Commissioner Dixon seconded.

Chairman: This is just a motion for declaratory judgment correct?

General Counsel: Correct.

Chairman: I mean an action on declaratory judgment.

General Counsel: Right, we need to file a separate action on the lawsuit that's pending in Lorain County.

Chairman: Any questions from the Members? Call the roll please.

Executive Director: Mr. Kidston

Mr. Kidston: Yes

Executive Director: Mr. Dixon

Mr. Dixon: Yes

Executive Director: Mr. Regula

Mr. Regula: Yes

Executive Director: Mr. Balog

Mr. Balog: Yes

Executive Director: Four yeas and the Resolution is adopted.

RESOLUTION NO. 38-2006

**Resolution Directing that Legal Proceedings be Initiated
Against The Cincinnati Insurance Company**

WHEREAS, on February 12, 2001, by Resolution No. 2-2001, the Commission awarded a contract to Blaze Building Corporation (“Blaze”) of Berea, Ohio for the construction of the Middle Ridge and Vermillion Valley Service Plazas located at Milepost 139.50 in Lorain County; and

WHEREAS, the terms and conditions of Contract No. 53-99-04 required Blaze to defend, indemnify, protect and hold harmless the Commission from any and all claims, causes of actions, judgments, damages, costs and expenses of any nature, kind, or description to which the Commission may be subject to by reason of the performance or non-performance of the Contractor’s work under the contract; and

WHEREAS, Blaze was also required under the terms and conditions of Contract No. 53-99-04 to furnish and provide adequate and sufficient insurance coverage under which the Commission was named as an additional insured; and

WHEREAS, Blaze provided the Commission with a certificate of insurance coverage after Contract No. 53-99-04 was awarded, which policy was issued by The Cincinnati Insurance Company and the Commission was named as an additional insured; and

WHEREAS, the Commission was named as a Defendant in the matter of Howard Staples v. Ohio Turnpike Commission, et al., now pending in the Lorain County Court of Common Pleas, in which the Plaintiff is alleging that he was injured and damaged as a result of an incident that occurred at the Vermillion Valley Service Plaza on June 7, 2002 and he further alleges that he suffered permanent injuries as a result of the incident; and

WHEREAS, the Commission has been advised by its general counsel that The Cincinnati Insurance Company has denied that the claims asserted against the Commission in the matter of Howard Staples v. Ohio Turnpike Commission, et al. are within the coverage of the insurance policy issued by Cincinnati Insurance to Blaze and naming the Commission as an additional insured. Additionally, The Cincinnati Insurance Company has refused to undertake or reimburse the Commission for any costs or expenses that it has incurred up to the present date to undertake its legal defense in this matter or for any expense it might incur in the future in accordance with the terms of the contract and insurance policy in which the Commission was named as an additional insured.

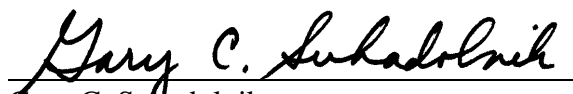
NOW, THEREFORE, BE IT

RESOLVED that legal proceedings be begun and prosecuted to determine the rights and duties of the parties and obtain a declaration that the claims asserted against the Commission in the Howard Staples v. Ohio Turnpike Commission, et al. are within the coverage of the insurance policy issued by Cincinnati Insurance Company to Blaze and naming the Commission as an additional insured.

FURTHER RESOLVED that the general counsel be, and she is hereby instructed to do or cause to be done all things that may be appropriate or necessary, whether by agreement or through legal proceedings, to ensure the recovery of all costs or expenses incurred by the Commission to undertake its legal defense in the above-captioned case and for any costs or expenses it might incur in the future.

I, Gary C. Suhadolnik, Executive Director of the Ohio Turnpike Commission, do hereby certify that the above is a true copy of the aforesaid resolution which was duly adopted at a meeting of the Commission, duly called for and convened and held on August 28, 2006, at which a quorum was at all times present and voting.

WITNESS my hand and the seal of the Ohio Turnpike Commission on this 28th day of August, 2006.



Gary C. Suhadolnik
Executive Director

Chairman: Jim Steiner?

CFO/Comptroller: Mr. Chairman, Commission members, I do have an update on our traffic and revenue for the first seven months of the year. This chart shows the passenger cars miles traveled on the Turnpike over the past two years. After showing some improvement in the first four months of this year, passenger car traffic has unfortunately dropped off significantly the last three months. The miles traveled in the months of May, June and July were down 4.8%, 2.7% and 6.6% respectively from the levels reached last year. July commercial vehicles miles traveled were 2.1% above the level for last year. This bar chart shows the year to date miles traveled. With the drop in traffic the last three months, the passenger car miles traveled during the first seven months of this year were down 1.3% compared to last year and were lower than every year since 2001. The miles traveled by commercial vehicles during the first seven months of this year were up 6.9% compared to 2005. Revenues from passenger cars were down 6.5% in July compared to last year. Revenues from commercial vehicles were up 3.1% in July compared to 2005. Revenues from passenger cars during the first seven months of 2006 were down 1.6% from last year, reaching their lowest levels since 2001. Revenues from commercial vehicles were up 7.3% from the first seven months of last year and the total year to date toll revenues were up 3.5% in comparison to last year. Since January of 2005, we have been receiving \$1.3 million dollars per month from ODOT to purchase excess turnpike capacity and those payments ended on June 30th. Including the ODOT funding, our total revenues for the first seven months of 2006 were \$3.9 million dollars or 3.1% higher than those from last year. Excluding the capacity purchase from ODOT, our total revenues would have been \$1.2 million dollars lower than the revenues from the first seven months of 2000. Mr. Chairman that concludes my report, I would be happy to respond to any questions.

Chairman: Any questions? Are there any reports from the financial advisors?

Eric Erickson: No report.

Chairman: Any report from the general consultant?

Tony Yacobucci: No report.

Chairman: The trustee?

Frank Lamb: No report.

Chairman: The Ohio State Highway Patrol?

Captain Hannay: Good morning Mr. Chairman and Commission members. Unfortunately, I need to report two fatalities that we've investigated here in August. On August 16, a 58 year old male crossed the median and struck the rear duals of a commercial vehicle eastbound on the TP. The deceased was eastbound and crossed the median and struck a westbound commercial vehicle, no alcohol was involved. He was seat belted, unfortunately due to the type of crash, he expired. Last week, on the 22nd, a 21 year old female driver swerved to avoid debris on the roadway in the right lane, she was driving a Volkswagen and her unbelted 52 year old passenger was in the back seat. When she went off the road and overturned, she struck a culvert and is deceased. This compares to a year ago. We have six fatalities in 2006, a year ago this time we had 10. So, we are ahead of our last year numbers, however, still a tragedy.

Chairman: The first accident, that was in the two lane area?

Captain Hannay: Yes, the milepost 233 area is a two lane section.

Chairman: I assumed because he came across the median and I don't think you would see that in a three lane area, correct?

Captain Hannay: That is correct.

Chairman: Thank you. We are not going to have a September meeting. Our next public meeting will be a normal Monday, so the third Monday in October is the 16th. Can I have a motion to adjourn until October 16th?

Commissioner Regula moved and Commissioner Kidston seconded.

Executive Director: Mr. Regula

Mr. Regula: Yes

Executive Director: Mr. Kidston

Mr. Kidston: Yes

Executive Director: Mr. Dixon

Mr. Dixon: Yes

Executive Director: Mr. Balog

Mr. Balog: Yes

Executive Director: There are four yeas and the meeting is adjourned.

Meeting adjourned at 11:08 a.m.

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

George F. Dixon, Secretary-Treasurer