

MINUTES OF THE 527th MEETING OF THE OHIO TURNPIKE COMMISSION

November 20, 2006

Chairman: The meeting will come to order. Please call the roll.

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: Mr. Proctor

Mr. Proctor: Here

Assistant Secretary-Treasurer: Mr. Balog

Mr. Balog: Here

Absent at the time of roll call: Senator Jeffry Armbruster arrived at 10:04 a.m.

Absent: Representative Stephen Buehrer

Chairman: I would like to welcome everybody. We have a number of guests here today, and keeping with past practice, I would like everyone to introduce themselves. Jim would you start: Jim Steiner, Ohio Turnpike; Eric Erickson, Fifth Third Bank; Bobby Everhart, URS; Heidi Jedel, Ohio Turnpike; Jennifer Diaz, Ohio Turnpike; Kurt Kauffman, Office of Budget Management; Tim Keen, Office of Budget Management; Mike Burgess, URS; Virginia Everhart, URS; Roger Hannay, Ohio State Highway Patrol; Dick Morgan, Ohio Turnpike; Tony Yacobucci, HNTB; Chuck Duvic, HNTB; Mohamed Darwish, still with ODOT; Kevin Golick, Ohio Turnpike; Tim Ujvari, Ohio Turnpike; Rob Fleischman, Ohio Turnpike; Don Glosser, Lichtenstein; Kerry Ferrier, Ohio Turnpike; Brett Bailey, Key Bank; Lauren Hakos, Ohio Turnpike; Glen Stevens, G. Stevens; Sam Peters, Sunoco; Tom Pliske, Sunoco; Frank Lamb, Huntington Bank; John Petty, Nat City Investments; Mark Fisher, A.G. Edwards; Drew Herberger, Ohio Turnpike; Bob Hagestrom, AVI Group; Dave Miller, Ohio Turnpike; Ed Miller, Lehigh Gas; Joe Topper, Lehigh Gas; Lin Bauder, Lehigh Gas; Tom Travis, HMS Host.

Chairman: Thank you. This is the 527th meeting of the Ohio Turnpike Commission, and we are meeting here at the Commission's Headquarters as provided for in the Commission's Code of Bylaws for a regular meeting. Various reports will be received and we will act on several resolutions, draft copies have been previously provided to the 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 October 16, 2006 Commission Meeting?

Commissioner Dixon: So moved

Commissioner Kidston: Second

Executive Director: Mr. Dixon

Mr. Dixon: Yes

Executive Director: Mr. Kidston

Mr. Kidston: Yes

Executive Director: Mr. Proctor

Mr. Proctor: Yes

Executive Director: Mr. Balog

Mr. Balog: Yes

Executive Director: Mr. Regula

Mr. Regula: Yes

Executive Director: Five yeas and the minutes are approved.

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

Commissioner Dixon: Thank you Mr. Chairman. The following items have been sent to the members since the last scheduled meeting of the Commission on October 16, 2006. They are as follows:

- Minutes of the October 16, 2006 Commission Meeting
- Traffic & Revenue Report, October, 2006

- Total Revenue by Month and Year, October, 2006
- Investment Report, October, 2006
- Financial Statement, October, 2006
- Budget Report, nine months 2006
- Traffic Crash Summary, October, 2006
- Various News Releases

That completes my report, Mr. Chairman. I'd be happy to entertain any questions.

Chairman: Are there any questions for Mr. Dixon? Thank you, Mr. Dixon.

Commissioner Dixon: Thank you Mr. Chairman.

Chairman: Executive Director.

Executive Director: Thank you Mr. Chairman. Two notes for the Commission. First of all, as most members are aware this meeting was originally scheduled for November 13th and as a result, our legal counsel had scheduled a vacation and booked some airline tickets. So after the meeting date was changed, I didn't want to force her to cancel that trip, so I have asked our Contracts Administrator, Kathy Weiss, who is also an attorney and former legal counsel for the Ohio Lottery Commission, to fill in for her today.

Commissioner Dixon: Softie.

Executive Director: Second, Mr. Chairman, I and our Assistant Chief Engineer, Rob Fleischman, did attend the second of three town meetings. This one was held in Berea where residents expressed their concern about turnpike noise. As diplomatically as I was able, I explained our position that we do not anticipate installing noise walls and that we do not have any funding available for noise walls. I explained that there is some pressure on us to limit our capital spending and to keep our toll rates low and at a cost of \$2.1 million per linear mile, I did not see any way that noise walls will be available in the near future. The third meeting will be held in Olmsted Falls on Wednesday, December 13th at 7:00 p.m. in the council chambers. I have forwarded a copy of the invitation to each Commission Member and I think I also distributed a copy of the notice at our last Commission meeting. Again, you are invited to attend the December 13th meeting if any

of you are available. I do have a resolution for the commission. Mr. Chairman and members of the Commission, as you may recall, about one year ago after a competitive process, the Commission selected Vollmer Associates to provide professional consulting services to perform a preliminary analysis of our existing toll collection system and to develop a strategic plan for the implementation of a new toll collection system. You may also recall that Rick Gobielle from Vollmer made a presentation to the Commission some months ago about the status of our current toll collection system and he also talked about some alternative toll collection systems. Additionally, various reports have been mailed to you along with a CD showing some actual installations of some of the various toll collections systems in use in some areas of the country. The resolution that I have prepared asks you to amend that contract to allow Vollmer to perform additional tasks for the Commission related to a new toll collection system including such things as the development of business rules, audit requirements, toll plaza operation, signage, coordination with the interagency group, that is the EZ Pass organization, and to prepare detailed specifications in preparation of a RFP. This is for a contract amount not to exceed \$200,014.00. Would the Legal Counsel please read the resolved.

Director of Contracts Administration: RESOLVED that the Commission hereby adopts the Strategic Plan for Implementation of the Toll Collection System, and further authorizes and directs the executive director and the director of contracts administration to amend the Professional Consulting Services Agreement with **Vollmer Associates LLP** (Project No. 71-05-03) to include the performance of Task 3, preparation of detailed contract documents and technical specifications for the procurement and implementation of the Commission's new Toll Collection System.

Chairman: Motion to adopt?

Commissioner Regula: So moved

Chairman: Is there a second?

Commissioner Dixon: Second

Chairman: Discussion or questions on the motion? Please call the roll.

Executive Director: Mr. Regula

Mr. Regula: Yes

Executive Director: Mr. Dixon

Mr. Dixon: Yes

Executive Director: Mr. Kidston

Mr. Kidston: Yes

Executive Director: Mr. Proctor

Mr. Proctor: Yes

Executive Director: Mr. Balog

Mr. Balog: Yes

Executive Director: Five yeas and the resolution is adopted. Thank you very much. That is all I have Mr. Chairman.

RESOLUTION NO. 43-2006

Resolution Directing the Executive Director to Amend the Professional Consulting Services Agreement for Project No. 71-05-03

WHEREAS, via Resolution No. 47-2005, adopted on November 14, 2005, the Commission selected **Vollmer Associates LLP** (“Vollmer”) to provide Professional Consulting Services to perform an analysis of the Commission’s Toll Collection System, and further directed the executive director and the director of contracts administration to enter into an agreement in accordance with the Request for Proposals issued for said Professional Consulting Services and Vollmer’s proposal in response thereto, therein designated as Project No. 71-05-03; and

WHEREAS, under the Agreement, as executed on December 2, 2005, a fee of \$272,653.55 was established for the performance by Vollmer of Task 1 (submission of a Preliminary Report analyzing the “Status of the Existing Toll Collection System”) and Task 2 (submission of a Final Report containing a detailed analysis of “Preferred Alternatives for the Toll Collection System and Strategic Plan for Implementation”); and

WHEREAS, Vollmer has timely completed both Tasks 1 and 2 and provided the Commission with the Strategic Plan for Implementation of the new Toll Collection System; and

WHEREAS, Task 3 as outlined in the RFP calls for Vollmer to develop detailed contract documents and specifications that will provide for implementation of the Strategic Plan and procurement of a new Toll Collection System; and

WHEREAS, Vollmer has submitted a fee proposal dated October 31, 2006, in the “not to exceed” amount of \$200,014.00 for preparation of detailed contract documents and specifications, which proposal has been reviewed by the Commission’s chief engineer and the Commission’s director of internal audit (the Commission’s manager for Project 71-05-03); and

WHEREAS, the director of internal audit has submitted a recommendation that the Professional Consulting Services Agreement with Vollmer be amended to authorize

that firm to commence with Task 3 and prepare the detailed contract documents and technical specifications for the procurement and implementation of the Commission's new Toll Collection System under Project No. 71-05-03; 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 require 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, following completion of the contract documents and specifications for the Commission's new Toll Collection System, the Commission will solicit bids from firms capable of providing and installing said Toll Collection System and return to the Commission for approval of a contract(s) with the selected firm(s), including additional services that may be required from Vollmer; and

WHEREAS, the executive director recommends that the Commission adopt the Strategic Plan for Implementation of the new Toll Collection System and concurs with the director of internal audit's recommendation that the Professional Consulting Services Agreement with Vollmer be amended to allow for the performance of Task 3, preparation of detailed contract documents and specifications for the procurement and implementation of the new Toll Collection System; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the Commission hereby adopts the Strategic Plan for Implementation of the Toll Collection System, and further authorizes and directs the executive director and the director of contracts administration to amend the Professional Consulting Services Agreement with **Vollmer Associates LLP** (Project No. 71-05-03) to include the performance of Task 3, preparation of detailed contract documents and technical specifications for the procurement and implementation of the Commission's new Toll Collection System.

Chairman: Thank you. Just a point of information, the reason that the meeting was changed was at my request. We had initially talked about the 13th and then I had a conflict for the 13th, so we made it for the 20th, we can't blame the General Counsel, it was my fault, so I want to apologize for that. Deputy Executive Director.

Deputy Executive Director: Thank you. Mr. Chairman and members of the Commission, I am going to be addressing a resolution to award a five year contract with two possible five-year extensions to Lehigh Gas Corporation of Center Valley, Pennsylvania to provide diesel and gasoline fuel to the Commission's 14 service plazas for resale to Turnpike customers. To give the Commission a little background, on June 29th of this year the current provider, Sunoco R&M, put the Commission on notice that it

desired to terminate the existing contract with the Commission to provide fuel. That triggered a contractual 180-day period to terminate the contract, which will end at the end of this year. In response, on July 26th the initial notice of a pending RFP was sent to two newspapers, 64 oil companies and fuel providers and posted on the Commission and the IBTTA's web pages. The finalized RFP was then issued on August 16th and a pre-proposal conference was held with nine interested parties on August 30th. The RFP had a response date of September 26th at which time two companies, Lehigh and Sunoco, submitted proposals. Following the Commission's usual practice, an evaluation committee was formed to evaluate the technical aspects of the proposals and at the conclusion of that process the committee awarded the highest technical score, a copy of which is contained in the Commissioners' folders, to Lehigh Gas of Pennsylvania. When the revenue sharing score was considered, Lehigh also had the highest revenue sharing score which gave them the highest total score in the process. The factors which the evaluation committee took into consideration included: the fact that Lehigh took no exceptions to the terms of the RFP, Lehigh proposed staffing both the car islands and the truck islands 24 hours-a-day, seven days-a-week, 365 days-a-year, Lehigh's references from other major toll roads where they operate were excellent, Lehigh's proposal emphasized providing fuel rather than C-store type merchandise and Lehigh has proposed a marketing program that partners with vendors in our service plazas currently. Finally, Lehigh also scored, as I mentioned, highest on the revenue sharing proposal. Lehigh proposed to provide 5¢ per gallon to the Commission for all fuel sold on the Turnpike, plus an additional ¼ cent per gallon if the Commission allows Lehigh to sell the fuel brand Valero instead of Shell, two of the gas companies this company sells for. In addition, Lehigh proposes to share with the Commission 7.5% of gross revenue on all non-fuel sales. This compares with Sunoco's proposal of 3¢ per gallon of fuel and 3% on non-fuel items. Under either proposal the selected vendor must also pay common area maintenance charges of \$300,000.00 for the year. Also, I would like to mention that Lehigh also proposed to share 30% of net profits each year with the Commission for any profits in excess of their annual profit projections and they also proposed to set aside ½ cent per gallon to be used for capital improvements and any money remaining at the end of the five year contract term, or an extension thereof would revert to the Commission. However, since we were not able to quantify those items, they were not considered in the revenue sharing evaluation. The evaluation committee and the Executive Director recommends that the Commission award the contract for provisional fuel to Lehigh and permit them to market the Valero brand for fuel on the Turnpike instead of Shell primarily for three reasons: First, the most obvious is that the Commission would receive more income from the Valero sales; Secondly, Lehigh who has had a great deal of experience in marketing fuel has recommended Valero and they believe they would be able to sell more gasoline under that brand; and Finally, Valero is an American corporation with corporate headquarters in Texas, while Shell is a Dutch corporation. Assuming the Commission awards the fuel contract to Lehigh and opts for the Valero brand, based on historical fuel sales, the Commission should receive approximately \$3.2 million per year with Lehigh compared to \$1.7 million with Sunoco and that comes to about \$1.5 million less with Sunoco and \$7 million over the five year term of the contract. I ask General Counsel to read the resolved.

Director of Contracts Administration: RESOLVED that the proposal submitted by **Lehigh Gas Corporation** of Center Valley, Pennsylvania, is, and is by the Commission determined to be, the **best** of all proposals received for the performance of Contract SS-11 and is accepted; and

FURTHER RESOLVED that the executive director and director of contracts administration hereby are authorized to: 1) execute Contract SS-11 with **Lehigh Gas Corporation** to conduct Service Station Operations at the Commission's fourteen (14) Service Plazas for an initial term of **five (5) years commencing January 1, 2007**; 2) direct the return of the proposal guaranty provided by all RFP respondents, with their proposals, as soon as said Contract with Lehigh Gas Corporation is executed; 3) give consent to Lehigh Gas Corporation to sell the **Valero brand** of fuel on the Ohio Turnpike; 4) extend Contract SS-11 predicated on satisfactory performance reviews by both the Director of Service Plaza Operations and the Maintenance Engineer for no more than two (2) successive five (5) year periods, pursuant to the terms and conditions of the aforesaid Contract; and 5) to take any and all action necessary or proper to carry out the terms of said Contract; and

FURTHER RESOLVED, that, in the event a timely conversion to the new Service Station Operator is impeded by inclement weather or some other intervening circumstance, the executive director and the director of contracts administration are hereby authorized to negotiate the temporary extension of the existing contract for service station operations with Sunoco, Inc. (R&M) until such time as the conversion may successfully be completed.

Chairman: Motion to adopt?

Commissioner Kidston: So moved

Chairman: Is there a second?

Commissioner Regula: Second

Chairman: Questions from the Commission Members?

Commissioner Regula: Under these contracts do we require them to have and I am thinking of our travelers here, squeegees and towels and all those other things out at the plaza? Do we address that at all?

Deputy Executive Director: Yes.

Commissioner Regula: I just want to be assured that they are there because, I think, from our traveling public standpoint they expect that out of our facilities.

Deputy Executive Director: Chairman and Commissioner Balog, we require that a number of items that are useful to our customers, the traveling public, be provided, including car washer fluid, oil and other items that they can sell at retail.

Commissioner Regula: Okay, but from a free standpoint, they would be required to have towels and squeegees at the pump.

Deputy Executive Director: Yes.

Commissioner Regula: Terrific. Thank you.

Chairman: Any other questions from Commission Members? When you went through the pricing you said Lehigh was 5¢ and then there was the additional ¼ and 7.5% of sales, did you say Sunoco was 3¢?

Deputy Executive Director: 3¢ flat.

Chairman: Okay and then 3% of the other sales. How do we insure that the pricing is competitive to the area surrounding, for example if they can give us 5¢ and make it \$3.00 a gallon, or they can give us 3¢ and make it \$2.25 a gallon?

Deputy Executive Director: Mr. Chairman, the contract restricts the amount that they can charge to 3¢ over survey prices. Surveys are taken up to five times a week and prices can be changed up to five times a week, any day except Sunday. They are not permitted to charge 3¢ over what the average price is off of the Turnpike, unless they can demonstrate that there is a problem with profitability as a result of the volatile market in which case, if they can justify that to the Commission, then they can charge 5¢ for the period that they have that difficulty.

Chairman: Appreciate that, thank you. I just wanted to make sure that we don't put ourselves in a situation. Senator?

Senator Armbruster: Mr. Chairman, I assume the changes then are based on each plaza, not necessarily the entire Turnpike, is that correct?

Deputy Executive Director: Senator, that is not correct. We permit them to divide the Turnpike into three sections. It is not per plaza though. The surveys have to take place within five miles of each interchange. This is something we started under the last contract. The prices in the west may be significantly different than the prices in the east, so we allowed some variation.

Senator Armbruster: The significance really comes in the area that the plaza is at, not necessarily how the Turnpike divides it up. I was under the impression that the plaza itself was competitively priced for the area, not a section of the Turnpike.

Director of Contracts Administration: Mr. Chairman, , Senator Armbruster, to elaborate I think a little bit on what the Deputy Executive Director said, obviously if you are going to exit the Turnpike to get gas you have to exit at a toll plaza, so you've got one or two sets of service plazas in each one of those geographic areas, so I think what you are saying is essentially taking in consideration in the different regions that we have allowed to be surveyed, so you might have two sets of service plazas, at most three in any one geographical region, but they can't go more than five miles off of the Turnpike in terms of a toll plaza, in terms of surveying.

Senator Armbruster: Mr. Chairman, the plaza itself is priced, not necessarily the length of the toll. The plaza is priced to its competitors, is that correct?

Director of Contracts Administration: Correct.

Chairman: And the competitors in the area where the plaza is located and am I understanding correctly, you divided that into three different areas? So that a plaza in the Toledo area would have a different survey point than a plaza in the Youngstown area.

Director of Contracts Administration: That is absolutely correct. So that the service stations that are off of the Turnpike that are nearby that service plaza in the Toledo area would be taken into consideration because there are also toll plazas in the immediate vicinity.

Senator Armbruster: Mr. Chairman, and I am sorry that this whole can of worms was opened up because of the volatility of gasoline today in the market in which I have quite a bit of knowledge in, prices can move two or three times in a day. Based on the presence of a Turnpike plaza, it could negatively or positively impact the selling area of that five miles one way of the other. The basis I would assume the Turnpike would price its gasoline on would be the competitive nature of the area. But if you are 15¢ to 20¢ below the area, or 15¢ to 20¢ above the area based on your survey results, it has a tremendous impact one way or the other and I would hate to see a large corporation such as Lehigh or Valero to have any opportunity to call in prices of a competitive nature and not be able to move on the way up, or on the way down. I want it to be fair. I don't know how you would do that based on five times a week and the volatility of the gasoline and I am not suggesting, I am suggesting that we have to talk about this.

Director of Contracts Administration: We have.

Senator Armbruster: How do you get there? I was hopeful that this conversation wasn't going to come up, but it does because now I see that possibly you are going to see anti-competitiveness one way or the other when it comes to a large corporation, such as what we are talking about and the ability to price as they are. In effect, they are giving away 5¢ a gallon.

Deputy Executive Director: Mr. Chairman, Senator Armbruster, actually that we are permitting the provider to survey five times per week and to change the

pricing five times a week is substantially more liberal than under prior contracts which permitted one time per week, I believe, one change per week. It was in recognition of the volatility of the market out there. We bid the contract that way, the providers did not indicate they had a problem with the ability to change five times in a given week.

Director of Contracts Administration: I could just add Mr. Chairman and Senator Armbruster, the other issue of concern for us of course, is monitoring the pricing and the rent compensation received by the Commission, so if the pricing is changing and fluctuating on a daily basis more than once it is going to become incredibly difficult to monitor the contract. So, we've tried to move into that area of allowing the surveying five times per week and the providers did not indicate that that would be a problem. So that's where we are.

Senator Armbruster: I understand the complexity of what you are talking about, but I also would suggest that with the changes and with the volume of dollars that the Turnpike is going to receive and understanding that the pricing of itself, I would hate to see that the independent men that are around the plazas would be competitively disadvantaged based on the way that the contract is written for the Turnpike and that in itself, lends itself to a huge problem because they can fall back on the contract and not necessarily on the competitive prices in the area. Then all of the sudden you've got within the pricing structure a contract that does not allow them to move as they move other stations. If you are comfortable with the way it's priced I guess we see what happens and you actually move from the three times to the now five times. I believe it was three times with Sunoco, now you have gone to five times, but you are also bringing in someone that is very well thought of and one that is very competitively priced across the United States and knows that volume is king. I would hate to see the independent business men that are competing within the five mile radius not being able to compete based upon the clout that you would have when it comes to Valero.

Chairman: Senator, I didn't quite understand initially where you were headed. Your summation at the end kind of talked about it from a standpoint that you were looking at more of the independent business man in the area. My initial questioning on it was that I was looking for the traveling public that is using the Turnpike and that's all I was concerned about and that's what my question was, and I think your summation kind of indicated that you're more concerned about the business people in the area then you would necessarily be about the traveling public. Not that I am saying that is right or wrong, I am just saying that I think you know the staff it sounds like towards your summation, the staff has done a good job looking out for the traveling public on the Turnpike and simultaneously allowing the operator, Lehigh in this situation to make a fair dollar in a very quickly changing markets.

Deputy Executive Director: Mr. Chairman, if I may comment, you are absolutely right that our primary concern is with the customer on the Turnpike, but with regard to Senator Armbruster's concerns we have seen it work both ways. If the prices drop dramatically within a day, our company has to maintain their prices if they have already changed that day, so the prices are lower off of the Turnpike at that point.

Chairman: Yes.

Deputy Executive Director: There are times when that works the opposite too.

Chairman: Can I ask one other question? Excuse me one second, I just want to clarify something, did I read inside the two things in the report you sent to us that when the technical review was completed and Lehigh scored higher than Sunoco the people that were doing the technical review were unaware of the pricing?

Deputy Executive Director: That's correct.

Chairman: So they made that determination technically blind and the second thing I read someplace, I realized that the resolution had a tail on it allowing an extension of the Sunoco contract if they so desire, but I thought I saw in the documents that the Sunoco expires December 27th and Lehigh started January 1st. I think we are going to have some people between there.

Director of Contracts Administration: Mr. Chairman I can speak to that. When we received the notice from Sunoco, that actual 180-day period ends on December 27th. There is a subsequent document that was signed off on by the Executive Director and Sunoco indicating that they will be on the Turnpike through the end of this calendar year. So if everything goes correctly, Lehigh will take over at midnight on January 1, so there won't be any interruption. The only concern of course is if there is some intervening inclement weather, or some other problem that would cause the conversion not to go as quickly as necessary, then we would just need the authority to be able to extend the old contract, SS-10, with Sunoco.

Chairman: Am I also correct, and let me just ask one more question, is Valero, which is a brand that I personally have not heard of, it is my understanding that Citgo will not be supplying gas to many of the independent stations, so is Valero the name that is coming into the area to in effect replace them?

Deputy Executive Director: Yes, Mr. Chairman. I think this is their first incursion into Ohio, there is a service station right here in the Berea area that was formally a Citgo and is being rebranded as we speak. This is going to be a major move obviously on the part of Valero to come into this area, but this is the largest refinery in the United States and by every other measure, the number of stations, the amount of fuel pumps, all of it. They are much larger than Sunoco for example.

Chairman: I'm sorry Senator.

Senator Armbruster: Mr. Chairman, what I was really eluding to is the fact that I would rather not have a contract with an outside party that can significantly impact the ability of an operator to move the price up or down, so in the future I would

suggest that you allow the market forces to move regardless of how many times up or down. The consumer then is going to be treated fairly and the company is going to be treated fairly. Right now, based on if I know at 10:00 in the morning where the price is going, and by gosh I do early enough, I do my survey, report it to you all and I'm 10¢ or 20¢ below market, there's the significance, the consumer is going to feel the impact on the reverse, I'll have advanced notice on the other side. So the significance of this and the size of the corporation is tremendous if you allow the market forces to work, you will have a fair competitive price for everyone including the business man that is independent out there based on how you allow the five times a week work. The significance of the contract could be more for the consumer. I can understand that it could negative forces depending on how it is. So I don't think the contract itself should have any impact, in the future, let the forces of the market move the price up or down, based on the survey.

Deputy Executive Director: Senator, Mr. Chairman, if I may address that, the way the volatility of the market has been within the last six or months, I suppose maybe even a little bit longer, if we were to have to monitor on an hourly basis the pricing of fuel, we would almost have to hire another person to simply do that.

Senator Armbruster: Mr. Chairman, I would suggest that is not the case. I understand because you are not in the industry. But, based on the excel spreadsheets and stuff, and I significantly price twenty-six locations over a period of time and knew almost within the hour based on that significance where that change was and we'd make the moves then. But I don't think the Turnpike is calling, I mean, are you pricing the service stations or is Valero pricing the service stations?

Chairman: Kathy.

Director of Contracts Administration: Mr. Chairman, Senator Armbruster the service station operator conducts the survey and prices the fuel and reports that to the Commission, however, our Director of Service Plaza Operations, who I believe is here in the room, also monitors that. I believe, on a daily basis using internet spreadsheets and also in conversations with his contact at the plaza, in this case Sunoco presently. So there is daily monitoring that goes on to verify the pricing on this end.

Senator Armbruster: Well, Mr. Chairman, this brings up another question. Who sets the retail price?

Director of Contracts Administration: The service station operator sets the price.

Senator Armbruster: The Turnpike, Mr. Chairman, does not have anything to do with the retail price being set?

Director of Contracts Administration: You know what, if I may, I will refer or defer to Andrew Herberger, who I believe is in the room.

Andrew Herberger: The current service station operator conducts a survey which is submitted to the Commission by noon each weekday. We monitor compliance with the terms of the contract to make sure they are not exceeding the 3¢ that is written in the contract.

Senator Armbruster: Mr. Chairman, I understand how it is being reported and I can also understand the significance of being non-competitive, but I can certainly understand now, based on five times a week, of the ability to be under-market on the Turnpike based on how you report it and I rest my case. I suggest that in the future that if you do a contract like this, you allow the market forces to limit the price, not the contract because relative to what you are doing right now is the Turnpike, quite honestly, based on a survey that is not done by the Turnpike, is setting a retail price that you have no clue what that retail price is because you have the significance of people knowing the market is going to move. When the market moves it moves for Speedway across the whole State of Ohio by 10:00 this morning or by noon and you see those significant changes immediately and I can tell you at 6:00 in the morning at a Speedway site in Elyria where the price is going to be by 10:00 that morning and you have impacted the ability and the Turnpike's ability to, or Valero's ability to skew that market force based on the contract.

Chairman: Thank you Senator, I appreciate your comments.

Deputy Executive Director: That concludes my report.

Chairman: Well we still have this issue before us, we have not taken a vote yet. Is there any other further comments from the Commissioners. If not, please call the roll.

Executive Director: Mr. Kidston

Mr. Kidston: Yes

Executive Director: Mr. Regula

Mr. Regula: Yes

Executive Director: Mr. Balog

Mr. Balog: Yes

Executive Director: Mr. Dixon

Mr. Dixon: Yes

Executive Director: Mr. Proctor

Mr. Proctor: Yes

Executive Director: Five yeas and the resolution is adopted.

RESOLUTION NO. 44-2006

**Resolution Awarding Contract SS-11 for Service Station Operations at the
Commission's Fourteen (14) Service Plazas**

WHEREAS, on August 16, 2006, the Commission issued its **Request for Proposals (RFP) for Service Station Operations on the Ohio Turnpike** at the Commission's fourteen (14) Service Plazas (*Contract SS-11*), for an initial term of five (5) years, which may be extended for not more than two (2) successive five (5) year periods; and

WHEREAS, Notice of the Commission's RFP was published in two (2) newspapers and on both the Commission's website as well as that of the International Bridge, Tunnel and Turnpike Association, and the RFP was mailed to sixty-four (64) known oil companies, distributors and oil industry trade associations; and

WHEREAS, the RFP solicited detailed technical submissions in response to the scope of services and specifications contained therein, as well as revenue sharing proposals detailing compensation to the Commission under the ensuing Contract; and

WHEREAS, two (2) companies (**Sunoco, Inc. (R&M)** of Philadelphia, Pennsylvania and **Lehigh Gas Corporation** of Center Valley, Pennsylvania) submitted proposals to perform Service Station Operations at the Commission's fourteen (14) Service Plazas, which proposals were duly opened on September 26, 2006, as provided in said published Notice; and

WHEREAS, an evaluation committee comprised of the deputy executive director, the chief engineer, the director of service plaza operations, the maintenance engineer and the eastern division service plaza manager was formed to review and evaluate the technical aspects of both proposals; and

WHEREAS, although the revenue sharing proposals were segregated and not shared with the evaluation committee, prior to performing its deliberations, the committee decided that, in determining the "best" overall proposal and thus the apparent winner, equal weight should be given to the "best" technical score and the "best" revenue sharing score awarded the proposals; and

WHEREAS, upon completion of its review, the evaluation committee awarded the highest and best technical score to Lehigh Gas; and

WHEREAS, the revenue sharing proposals were then unsealed and tabulated by the Commission's purchasing manager who determined that the revenue sharing proposal submitted by Lehigh Gas will produce the most compensation to the Commission, and, therefore, it received the highest and best possible revenue sharing score (which, as

stated, was then made equal in value to the highest and best technical score awarded by the evaluation committee); and

WHEREAS, as a result of this process, Lehigh Gas received both the highest and best technical score and also the highest and best revenue sharing score, and the evaluation committee has, therefore, recommended that a Contract be awarded to **Lehigh Gas Corporation** of Center Valley, Pennsylvania, which submitted the following revenue sharing proposal

Cents per Gallon (CPG) of Fuel Dispensed, and Percentage of Retail Receipts:

1. **five (5) CPG of unleaded gasoline**
 2. **five (5) CPG of Ultra Low Sulfur Diesel (“ULSD”)**
 3. **7.5% of gross (non-fuel) retail sales receipts**
- **Lehigh Gas is also proposing to pay to the Commission 30% of all net profit received on a yearly basis over and above its budgeted profit projection and has further proposed setting aside one-half (.50) CPG from fuel sales for capital improvements, which, if not spent by the end of any one contract term of five (5) years, will be returned to the Commission as additional compensation. Per the RFP, Lehigh Gas will also pay to the Commission \$60,000 per year, per Plaza in CAM fees (to increase based on the Midwest-Urban Consumer Price Index).**

WHEREAS, Lehigh Gas has also given the Commission a choice of offering the Valero or the Shell brand of fuel for sale on the Turnpike and, while both brands are viable, Lehigh has offered an additional **one-quarter (.25) CPG** for each gallon of unleaded fuel pumped if Valero is chosen; and

WHEREAS, along with its technical evaluation, the evaluation committee has submitted a report to the Commission detailing why the Valero brand is a very viable option for Turnpike travelers; and

WHEREAS, the director of contracts administration advises that: 1) the RFP conforms to the requirements of applicable statutes including Ohio Revised Code Section 5537.07 and Section 5537.13, which contemplates that the Commission will accept the “best bid” for Service Plazas operations, 2) the aforesaid proposals were solicited on the basis of the same terms and conditions with respect to all RFP respondents and potential respondents, and 3) due and full consideration has been given to the proposals received, the respondents’ qualifications and their abilities to perform the required services; and

WHEREAS, the director of contracts administration further advises that Lehigh Gas has provided a proposal guaranty of good and sufficient surety and evidence of its ability to provide the required performance bond and insurance as set forth in the RFP, and that the Commission may legally accept said proposal from Lehigh Gas; and

WHEREAS, the executive director has reviewed the evaluation committee's and the director of contracts administration's written recommendations and concurs with the selection of Lehigh Gas as the Commission's Service Station Operator and the selection of the Valero brand of fuel for sale on the Ohio Turnpike; and

WHEREAS, the Commission has duly considered such recommendations and has determined that the proposal submitted by Lehigh Gas of Center Valley, Pennsylvania, is the **best** of all proposals received in response to the advertisement of said RFP, and that the Valero brand of fuel should be chosen.

NOW, THEREFORE, BE IT

RESOLVED that the proposal submitted by **Lehigh Gas Corporation** of Center Valley, Pennsylvania, is, and is by the Commission determined to be, the **best** of all proposals received for the performance of Contract SS-11 and is accepted; and

FURTHER RESOLVED that the executive director and director of contracts administration hereby are authorized to: 1) execute Contract SS-11 with **Lehigh Gas Corporation** to conduct Service Station Operations at the Commission's fourteen (14) Service Plazas for an initial term of **five (5) years commencing January 1, 2007**; 2) direct the return of the proposal guaranty provided by all RFP respondents, with their proposals, as soon as said Contract with Lehigh Gas Corporation is executed; 3) give consent to Lehigh Gas Corporation to sell the **Valero brand** of fuel on the Ohio Turnpike; 4) extend Contract SS-11 predicated on satisfactory performance reviews by both the Director of Service Plaza Operations and the Maintenance Engineer for no more than two (2), successive five (5) year periods, pursuant to the terms and conditions of the aforesaid Contract; and 5) to take any and all action necessary or proper to carry out the terms of said Contract; and

FURTHER RESOLVED, that, in the event a timely conversion to the new Service Station Operator is impeded by inclement weather or some other intervening circumstance, the executive director and the director of contracts administration are hereby authorized to negotiate the temporary extension of the existing contract for service station operations with Sunoco, Inc. (R&M) until such time as the conversion may successfully be completed.

Chairman: Thank you Jerry. Chief Engineer, Dan.

Chief Engineer: Thank you Mr. Chairman, I have three resolutions for the Commission's consideration this morning. The first two pertain to implementation of the multi-agency radio communication systems or (MARCS). You may recall on June 26th of this year the Commission adopted Resolution 22-2006 authorizing the implementation of the MARCS system for District 10 of the State Highway Patrol. Also, on December 16, 2005, the Commission entered a letter of understanding with the Ohio State Highway Patrol stating that any equipment in the excess of \$1,000.00 per unit will be purchased by the Commission for use by the Ohio State Highway Patrol. Also, on July 21, 2003,

pursuant to Resolution 32-2003 the Commission was authorized to participate in the state Department of Administrative Services Cooperative Purchasing Program. On the DAS contract, is a contract with Motorola, Inc. there are some items on this contract that are required for implementation of the MARCS system. Specifically 78 mobile radios, 78 wireless modems and 2 computer-aided dispatch devices for use in the Patrol's communication room. The total of these components is \$638,488.60. If the Director of Contracts Administration would please read the resolved?

Director of Contracts Administration: RESOLVED that the Commission's purchasing manager may proceed with the purchases of the Motorola mobile radios, the VRM 850 modems and the components for the CAD devices via the DAS Cooperative Purchasing Program in the amount of **\$638,488.60**, specifically, Ohio STS-073, Schedule Number 573077-0 with **Motorola, Inc.**, and take any and all action necessary to properly carry out the terms of said Contract.

Chairman: Motion to adopt.

Commissioner Dixon: So moved

Chairman: Is there a second?

Commissioner Kidston: Second

Chairman: Questions from Commission Members on the resolution before us?
Please call the roll.

Executive Director: Mr. Dixon

Mr. Dixon: Yes

Executive Director: Mr. Kidston

Mr. Kidston: Yes

Executive Director: Mr. Proctor

Mr. Proctor: Yes

Executive Director: Mr. Balog

Mr. Balog: Yes

Executive Director: Mr. Regula

Mr. Regula: Yes

Executive Director: Five yeas and the resolution is adopted.

RESOLUTION NO. 45-2006

Resolution Authorizing the Executive Director to Purchase Motorola Equipment under DAS Contract as a Component of the MARCS Radio Network

WHEREAS, the Ohio Turnpike Commission (“Commission”) and the Director of the Department of Public Safety of the State of Ohio (“ODPS”) are authorized by law to enter into contracts with respect to the policing of Turnpike projects by the Ohio State Highway Patrol District 10 (“OSHP”); and

WHEREAS, the Commission’s current contract with ODPS dated September 1, 2004, as amended by a Letter of Understanding dated December 16, 2005, provides that the Commission will purchase supplies and equipment exceeding a value of one thousand dollars (\$1,000.00) per unit for use by OSHP in the course of policing the Ohio Turnpike; and

WHEREAS, the Commission, via Resolution 22-2006, adopted on June 26, 2006, has authorized the request from ODPS to purchase, implement and maintain the necessary components and equipment necessary to utilize the MARCS Radio Network in District 10 of the State Highway Patrol which is responsible for policing the Ohio Turnpike; and

WHEREAS, it is anticipated that the expenditures by the Commission for several of the components and equipment required will exceed \$150,000, and, therefore, in accordance with Article V, Section 1.00 of the Commission's Code of Bylaws, Commission action is necessary for such procurements; and

WHEREAS, pursuant to Resolution No. 32-2003 adopted on July 21, 2003, the Ohio Turnpike Commission’s executive director was authorized to participate in state contracts under the Department of Administrative Services (“DAS,”) Office of State Purchasing Cooperative Purchasing Program, through which members may purchase supplies, services, equipment and other materials pursuant to Ohio Revised Code Section 125.04; and

WHEREAS, a fee has been paid by the Ohio Turnpike Commission to DAS, and, as such, the Commission is a current member of the DAS Cooperative Purchasing Program; and

WHEREAS, the Commission’s purchasing manager, with the assistance of ODPS, has identified DAS State Term Schedules under which many of the components and equipment necessary for implementation of the MARCS Radio Network in District 10 may be procured; and

WHEREAS, required components and equipment that are all available under DAS Contract via Ohio STS-073, Schedule Number 573077-0 directly from **Motorola**,

Inc. include seventy-eight (78) mobile radios for voice communications inside OSHP vehicles, seventy-eight (78) VRM 850 modems necessary to facilitate wireless data communications inside OSHP vehicles, and components for two (2) computer aided dispatch (“CAD”) devices to be located in the Communications Building and capable of processing all radio and wireless data communications; and

WHEREAS, the total cost of said components and equipment is **\$638,488.60** and the Commission’s Purchasing Manager has verified that the pricing is the best available under DAS Contract; and

WHEREAS, the Commission’s Chief Engineer has reviewed the purchase recommendations of ODPS and the Commission’s Purchasing Manager and recommends that the Commission proceed with the aforementioned purchases from Motorola, Inc. under DAS Contract in accordance with Resolution 22-2006; and

WHEREAS, the Commission’s director of contracts administration has reviewed the proposed equipment purchases, and has advised the Commission that said purchases are in conformance with Commission Resolution No. 32-2003; and

WHEREAS, the executive director has reviewed and concurs with the recommendations of both the chief engineer and the director of contracts administration that the Commission approve the purchases of the seventy-eight (78) Motorola mobile radios, the seventy-eight (78) VRM 850 modems and the components for the two (2) CAD devices via the DAS Cooperative Purchasing Program in the amount of **\$638,488.60**; and

WHEREAS, the Commission has duly considered such recommendations;

NOW, THEREFORE, BE IT

RESOLVED that the Commission’s purchasing manager may proceed with the purchases of the Motorola mobile radios, the VRM 850 modems and the components for the CAD devices via the DAS Cooperative Purchasing Program in the amount of **\$638,488.60**, specifically, Ohio STS-073, Schedule Number 573077-0 with **Motorola, Inc.**, and take any and all action necessary to properly carry out the terms of said Contract.

Chief Engineer: The second resolution is also for the purchase of MARCS radio equipment, again off of the DAS Cooperative Purchasing Program. Specifically this is for 77 mobile computer terminals to be installed in the Ohio State Highway Patrol Vehicles. This contract is with GTSI Corporation in the total amount of \$378,590.52. If the Director of Contracts Administration would please read the resolved.

Director of Contract Administration: RESOLVED, that the Commission’s purchasing manager may proceed with the purchases of the Panasonic “ToughBook”

laptop computers and associated components via the DAS Cooperative Purchasing Program in the amount of **\$378,590.52**, specifically, Ohio STS-033, Schedule Number 533260-3 with **GTSI Corporation**, and take any and all action necessary to properly carry out the terms of said Contract.

Chairman: Motion to adopt?

Commissioner Regula: So moved

Chairman: Is there a second?

Commissioner Dixon: Second

Chairman: I've got one quick question, how come we are buying 78 radios and 77 computer terminals.

Chief Engineer: Mr. Chairman, the computer terminals are only going in the patrol cars. There is another vehicle, it is a van that the patrol uses that they do want to keep in radio contact with District 10, but it does not necessarily need the computer terminal to do the license checking, etc.

Chairman: Thank you. Questions from Commission Members on the resolution? Please call the roll.

Executive Director: Mr. Regula

Mr. Regula: Yes

Executive Director: Mr. Dixon

Mr. Dixon: Yes

Executive Director: Mr. Kidston

Mr. Kidston: Yes

Executive Director: Mr. Proctor

Mr. Proctor: Yes

Executive Director: Mr. Balog

Mr. Balog: Yes

Executive Director: Five yeas and the resolution is adopted.

RESOLUTION NO. 46-2006

Resolution Authorizing the Executive Director to Purchase Panasonic Equipment under DAS Contract as a Component of the MARCS Radio Network

WHEREAS, the Ohio Turnpike Commission (“Commission”) and the Director of the Department of Public Safety of the State of Ohio (“ODPS”) are authorized by law to enter into contracts with respect to the policing of Turnpike projects by the Ohio State Highway Patrol District 10 (“OSHP”); and

WHEREAS, the Commission’s current contract with ODPS dated September 1, 2004, as amended by a Letter of Understanding dated December 16, 2005, provides that the Commission will purchase supplies and equipment exceeding a value of one thousand dollars (\$1,000.00) per unit for use by OSHP in the course of policing the Ohio Turnpike; and

WHEREAS, the Commission, via Resolution 22-2006, adopted on June 26, 2006, has authorized the request from ODPS to purchase, implement and maintain the necessary components and equipment necessary to utilize the MARCS Radio Network in District 10 of the State Highway Patrol which is responsible for policing the Ohio Turnpike; and

WHEREAS, it is anticipated that the expenditures by the Commission for several of the components and equipment required will exceed \$150,000, and, therefore, in accordance with Article V, Section 1.00 of the Commission's Code of Bylaws, Commission action is necessary for such procurements; and

WHEREAS, pursuant to Resolution No. 32-2003 adopted on July 21, 2003, the Ohio Turnpike Commission’s executive director was authorized to participate in state contracts under the Department of Administrative Services (“DAS,”) Office of State Purchasing Cooperative Purchasing Program, through which members may purchase supplies, services, equipment and other materials pursuant to Ohio Revised Code Section 125.04; and

WHEREAS, a fee has been paid by the Ohio Turnpike Commission to DAS, and, as such, the Commission is a current member of the DAS Cooperative Purchasing Program; and

WHEREAS, the Commission’s purchasing manager, with the assistance of ODPS, has identified DAS State Term Schedules under which many of the components and equipment necessary for implementation of the MARCS Radio Network in District 10 may be procured; and

WHEREAS, among the list of required components and equipment, the seventy-seven (77) mobile computer terminals to be installed in OSHP vehicles are manufactured

by Panasonic, which company's "ToughBook" laptop computers and related docking station components are available under DAS Contract via Ohio STS-033, Schedule Number 533260-3 from **GTSI Corporation**, a Panasonic distributor; and

WHEREAS, the total cost of said components and equipment is **\$378,590.52** and the Commission's Purchasing Manager has verified that the pricing is the best available under DAS Contract; and

WHEREAS, the Commission's Chief Engineer has reviewed the purchase recommendations of ODPS and the Commission's Purchasing Manager and recommends that the Commission proceed with the aforementioned purchases from GTSI under DAS Contract in accordance with Resolution 22-2006; and

WHEREAS, the Commission's director of contracts administration has reviewed the proposed equipment purchases, and has advised the Commission that said purchases are in conformance with Commission Resolution No. 32-2003; and

WHEREAS, the executive director has reviewed and concurs with the recommendations of both the chief engineer and the director of contracts administration that the Commission approve the purchases of the seventy-seven (77) Panasonic "ToughBook" laptop computers and associated components via the DAS Cooperative Purchasing Program in the amount of **\$378,590.52**; and

WHEREAS, the Commission has duly considered such recommendations;

NOW, THEREFORE, BE IT

RESOLVED, that the Commission's purchasing manager may proceed with the purchases of the Panasonic "ToughBook" laptop computers and associated components via the DAS Cooperative Purchasing Program in the amount of **\$378,590.52**, specifically, Ohio STS-033, Schedule Number 533260-3 with **GTSI Corporation**, and take any and all action necessary to properly carry out the terms of said Contract.

Chief Engineer: The third resolution this morning is amending an existing agreement for Project 71-04-06. Pursuant to Resolution No. 60-2004, the Commission selected HNTB Ohio to perform intelligent transportation system, or ITS Strategic Planning Services for the Commission. Part of the ITS plan also involved implementation of the geographic information system, or GIS development projects. On April 19th of this year, HNTB submitted the GIS Strategic Plan. On October 26, 2006 HNTB submitted a proposal in the amount of \$183,928.00 to provide for initial implementation of the GIS Strategic Plan. Also, the proposal included the amount estimated at \$39,945.00 annually to provide hosting and technical support for the implementation of the plan. This is the initial implementation of the GIS plan and implementation of the platform. Any additional components added to the GIS plan will then be procured by bidding. If the Director of Contracts Administration would please read the resolved.

Director of Contracts Administration: 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 initial implementation of the GIS Strategic Plan identified in HNTB's proposal dated October 26, 2006.

Chairman: Motion to adopt? Anybody want to make a motion to adopt?

Commissioner Kidston: So moved.

Chairman: Is there a second?

Commissioner Regula: Second.

Chairman: Questions from any of the Commission Members? Please call the roll.

Executive Director: Mr. Kidston

Mr. Kidston: Yes

Executive Director: Mr. Regula

Mr. Regula: Yes

Executive Director: Mr. Dixon

Mr. Dixon: Yes

Executive Director: Mr. Balog

Mr. Balog: Yes

Executive Director: Mr. Proctor

Mr. Proctor: Yes

Executive Director: Five yeas and the resolution is adopted.

Chief Engineer: The final thing I have this morning Mr. Chairman is, I have included a packet in your Commission folders entitled "Commission Contract Summary"

dated November 20, 2006. I am providing this to you in accordance with Article V of the Commission's Bylaws that were revised on March 17, 2003. This is a summary of completed contracts since my last report of February 23rd of this year. That's all I have this morning Mr. Chairman.

Chairman: You know the thing that I notice on the report that you submitted, and correct me if I am reading this incorrectly, but from the award amounts, some up, some down, there's approximately less than a half of a percent difference, or a little around the half percent difference, from the contracts we actually awarded until the final payment amounts.

Chief Engineer: That's correct Mr. Chairman. I think since this requirement was put in the Bylaws, this is my sixth report on the completed contracts and this is the first time that the aggregate contract amount has exceeded the award amounts. We are still over one million under the award amounts since I began reporting on this in 2003.

Chairman: I think that is important that so many times you hear the contracts being awarded and then the extras exceed the contract by a factor of 10%, 15% and you have done a good job with that and I appreciate that. Any other comments on that?

Chief Engineer: Thank you Mr. Chairman.

Chairman: The next item that we have is that Director Proctor asked if we would go ahead and put on the agenda a discussion of the Ohio Budget Management's proposal restructuring of the Ohio Turnpike Commission's outstanding debt. I think Director Keen is here today. Do you want to ask the Director to step forward and have any of the board members or Commission Members that have any specific questions on it or talk about it in generalities also, or the staff members?

Director Proctor: Yes, Mr. Chairman, I would like to speak to it if we could.

Chairman: Mr. Proctor.

Director Proctor: Thank you Mr. Chairman and Members of the Commission. I think last month we all heard Director Keen from the Office of Budget Management give a presentation on the possibility of restructuring some existing Turnpike debt in an economic fashion and I would urge the Commission Members to take that very, very seriously. I think we do have a very valid alternative here to raising the tolls and I don't think that we should just go forth here and not consider this and give it a lot of due diligence. The Turnpike and the OBM staff looked, I think, very seriously, at the outstanding debt and found that there is a portion of that debt that apparently can be refinanced economically and by front-loading the bond payments, it also appears more than possible to keep at least the 1.5 coverage ratio that is one of the requirements that the Turnpike is attempting to meet. The refinancing would require the deferral, not cancellation, but the deferral of several capital projects. Back in June, we received a capital projects list and by looking at one of the two plazas and the four widening projects

it appears based on that '06 list to save about \$121 million back in costs from June. By the time those projects go to bid, the cost will probably be even higher. There is about four different variables that we could be looking at here. One is operating costs and in these proposals we are not suggesting looking even at operating costs, we are suggesting looking at debt cost through the refinancing and we are also looking at capital expenditures and the fourth would be the revenue assumptions. I think the revenue assumptions that are in the long term plan for the Turnpike are very, very conservative. They are very conservative and I can understand why, but I think that there is probably a cushion there beyond the coverage ratios as described by Director Keen in the future because of the growth in revenue likely to exceed what the projections are, I think just the report we received this month showed 10-month year-to-date revenue to be about 2.7% higher than what was even budgeted. Now, I understand that there is a desire to pursue these capital projects and these lane widenings and I suggest that perhaps eventually they may be needed, for right now I don't think there'll be any harm done at all by postponing those widening projects and to put them into context the projects carry somewhere between 30,000 and 39,000 vehicles a day and have truck volumes of between 9,700 and 11,000 a day. That is less traffic and less truck traffic than we would have say on any of our rural ODOT interstates. You take I-70 in Trumbull County, way out on the Indiana line, and we have almost 15,000 trucks a day and about 43,000 total vehicles. Nobody is asking us to widen I-70 in Trumbull County. If we went to the legislature and said we had to raise taxes to widen I-70 in Trumbull County I would probably get run out of the general assembly. We just wouldn't do it. There is no congestion, there's two lanes, it's flat, it's much like the Turnpike. So, to say that we have to widen those sections today, I think, is just not completely accurate. I know that they technically, by the analysis, have a level of service "D", but that is an extremely conservative capacity analysis, and by a more traditional capacity analysis they're more like a "C" and I guess I would ask you to understand what a level of service "C" means. That means the level of service "C" in the 30th highest hour of the year. The 30th highest hour of the year to all of the other hours in the year, it's better than that. So they're really not that congested to where they could not wait for a few years and I understand there's a desire to do two plazas from what I understand, it sounds like the Western plaza may be more needed than the Eastern plaza and if those capital investments are just postponed just for a few years with the Turnpike refinancing, there seems to be more than the ability to keep the debt coverage ratio met to meet our operating costs, to keep the paving program, the bridge repair program in place, and avoid the increase. The toll reduction and the speed increase has been the best thing this Turnpike has done in decades. It has brought traffic back to the Turnpike. It has dramatically made the parallel routes safer, it's dramatically safer. We have had no fatalities in Ottawa County on State Route 2 since the plan went into effect and we had ten in the preceding decade. If you go to Bellevue, the mayor will tell you he got his town back. He will tell you he got his town back, we've taken thousands of trucks out of Bellevue. Way over in Geauga County on 422, in the Village of Parkman, they will tell you they got their village back because so many trucks have come out of Parkman. I commend the Turnpike Commission for that plan, I think it has done a tremendous amount of good, but I do think that we have an alternative to raising the tolls now and that is to look very seriously at the bond refinancing, to postpone some of the capital projects. I think if we do that we can cover the debt coverage ratio, we can cover

operating costs, we can cover maintenance costs, we can keep the trucks back on the Turnpike and we can watch this for another year or two and with the volume that we are having we may be able to cover this for a long time without a toll increase. So I think we have a very, very serious alternative proposal here that deserves a lot of consideration, and I think it would be a mistake for us to just automatically have the three hearings that we had and go ahead and vote to raise the tolls. I think there is an alternative and one that I would urge everyone on the Commission seriously consider and one that we would certainly vote for from ODOT's standpoint. Okay. Thank you Mr. Chairman.

Chairman: Thank you Director. I've got a couple of questions. First of all, I got and I'll put this to the Executive Director to start with, I had the revenue sheet e-mailed to me which I get on a weekly basis, and I think that there was a reduction not only in the trucks and the consumer automobiles this last time and we were below our estimate. I heard the Director make the comment that we're up 2.7% for the 10 month period of time, but didn't we see a significant drop?

Executive Director: We are seeing a trailing off in October, that's correct. And in September.

Chairman: And that trailing off was not only passenger cars, but that also was commercial vehicles.

Executive Director: That's correct. Actually, I think our passenger cars actually are down for the year while truck traffic is still up, but both are showing a decline in October.

Chairman: And I've heard that our bonds are callable, but yet I've also heard that parts of them aren't. Maybe Jim Steiner, could you just tell me where we stand on that issue. What parts of the bonds are callable today?

Mr. Steiner: Mr. Chairman, none of the bonds are actually callable today. There is approximately \$200 million worth that will be callable in 2008 and that would be with a 1% call premium and there's another approximately \$90 million that will be callable in 2011. So if we were to restructure the debt, we would have to take the proceeds from the new bonds and place those funds in an escrow account and then the funds in the escrow account would be used to pay the debt service on those bonds until 2008 and 2011, respectively. At which point then those bonds would be redeemed.

Chairman: I just want to shift to Director Proctor and maybe he would ask, is that the understanding of OBM also?

Director Proctor: I would have to defer to Kurt Kaufmann.

Mr. Kaufmann: That is correct these bonds, as all bonds do, generally have a callable time period when issued and most of the time that is approximately ten years from the original issue date, but it is a fairly common practice to advance refund bonds,

that is to actually the refunding [*inaudible*] here is in advance of the call date because the economics at that time warrant it and that's the case that we see here.

Chairman: Can I continue my dialogue?

Director Proctor: Please.

Chairman: What would we expect from a bond rating impact or credit rating and how would that affect us if we call the bonds? Just for the record introduce yourself.

Eric Erickson: My name is Eric Erickson, Fifth Third Securities. I am a Financial Advisor and have been for approximately ten years to the Ohio Turnpike Commission. One of the main reasons of which all three rating agencies have you at a "AA" is the coverage ratio which is approximately two times your annual debt service. To the extent that that does drop to let's say 1.51, which is what I saw on the projections, it's likely, very likely, that the rating agencies would drop the rating at least a half, maybe a full letter grade which would dramatically impact your borrowing costs going forward. Now, I recognize in the past that the bonds have been insured, but it's clear that even with bond insurance the investors really look right through the bond insurance at the underlying rating and it does cost you several basis points and to the extent you are borrowing \$200-\$300 million, a couple of basis points can add up to a lot of extra interest costs. Does that answer your question?

Chairman: On the bonds that are set to be called, you know by OBM's proposal, which would be the \$200 million of 2008 and the approximately \$90 million in 2011, do we know what our interest rate and if we don't know the answers to these questions I certainly understand that today, you know that we'll need them to make intelligent decisions. Do we know the interest rate today and what we would expect to replace them with?

Eric Erickson: Actually what you would replace them with would have a lower interest rate than what currently exists, not by much, but slightly. Probably 50 to 75 basis points. So the rates would be slightly lower today.

Chairman: I guess my next question is if we decided to go ahead and do the program, this is probably not a question for you, I think it's for our trustee, would the trustee agree to another temporary rate hike, excuse me, a temporary rate deferral because we are presently, if we don't take any action on January 1st rates for commercial vehicles go back to what they were in 2004 which is approximately 17.2¢ per mile in that range. So we would have to do something, at least on a temporary basis, to continue that and I guess my question is where is the trustee on that particular issue?

Frank Lamb: The current indenture allows the Commission to establish temporary tolls. The word temporary is not defined as such and so there isn't an answer to the question that specifically, in terms of the indenture. The matter could be reviewed,

but currently there is no clear direction on where the temporary might be in terms of how long that may be.

Chairman: I think we need to get that issue, I think we need to formally ask the trustee if that is even a possibility and we can be talking about this kind of in a vacuum. You know one of the things that, and I am going to turn this back to Gordon, when we started on the plan with the increase of the speed limit we saw a substantial increase in trucks the day we started, or shortly thereafter, when we did the survey the first of October 1st and November with a September 5th, 6th, or 7th increase in the speed limit. We had a substantial increase in trucks. We didn't see that dramatic of a change when we changed the rate structure on the first of the year. So my interpretation is that to a large extent it was the speed limit that brought the trucks back as you know an overall affect to that. But what I had heard in the beginning, when we started talking, is that ODOT was going to in effect payoff some of our bonds or accept some of our debt in the range that \$200 million which would go ahead and reduce our annual debt service payments by something in the range of that \$20 million dollar range and then that never really happened. Instead in the negotiations, I wasn't involved in that, instead there was this monthly payment for excess capacity that ODOT paid. Has ODOT given any thought back to that issue as far as, in effect, instead of reducing our debt service by refinancing our bonds and paying more off, more principal, about ODOT being involved in this?

Director Proctor: Mr. Chairman. Two things happened when we first got into this we took at face value that the Turnpike had no financial means to lower its tolls, so then we offered to do the two things you suggested then we had a court, I'm sorry, a state appointed FA get involved and basically told us why would you do this, the Turnpike has extra cash. Then we got to the general assembly on the purchase of the excess capacity and ran into tremendous opposition from the legislature for ODOT to provide revenue to the Turnpike and we had to really work hard to even get the temporary payments from ODOT to the general assembly. We frankly failed to anticipate the degree of opposition that we got from the general assembly for ODOT to buy down Turnpike's debt and to be frank, if I had had the same understanding of the Turnpike's revenues and budgets when we'd gotten into this probably wouldn't have offered it as much as we did in the first place. So right now there doesn't seem to be the legislative ability to do it and I think an in depth look at the finances seem to indicate that there isn't the financial need to do it either. That if ODOT were to buy off this debt, it would then allow the addition of the lanes and the other things to happen. The lanes and things are not a good economic investment. They'll provide no travel time saving, they'll provide no accident reductions, they do not provide a return on investment and frankly fail to fully understand that when we started working with the Turnpike thirty months ago. I think though the plan has proven to be a tremendous success, it has gotten hundreds of millions of extra miles onto the Turnpike. Thousands of additional customers onto the Turnpike for the Turnpike. So I guess a direct answer to your question Mr. Chairman, as of this point, I don't think there is going to be the legal means, or the political will for ODOT to continue to buy off Turnpike debt and in looking at the

economic ability to refinance the existing debt, there doesn't appear to be the need for someone else to assume Turnpike debt.

Chairman: You know I think that's really, that's an issue that you and I might have some difference on and I know that you and our consultants have differences on as far as the widening issues and I certainly appreciate your position on that, you are an expert on it, but I am the traveling public and as the traveling public, I know that that third lane is very important. I have a son who lives up in Michigan, so I happen to be in the Toledo area much more than I had been previously and I think between Exit 71 and Exit 64 where we are doing the third lane and between 64 and 59 where we are proposed to do the third lane, that we really do need it. So our capital projects are a variation. I know that Ed has talked quite a bit about the facility in the western part of the Turnpike, service facilities and that's an important item, we need to work through those issues a little further. What about ODOT's potential to assist on the continuing monthly stipend amount that they were paying? As you have talked about all of the miles that are now on the Turnpike that were on the ODOT roads before I would assume that ODOT is not going to need to spend as much money, I certainly appreciate the safety factor that you spoke of that on State Route 2 there have been zero fatal accidents since the speed limit increase in September of 2004, but what about ODOT's cost for maintenance of the roads 422, 2 and things like that? Is there any ability for ODOT to go ahead and continue to assist?

Director Proctor: No, no there really isn't and again, if I can't express enough the degree of difference in investment between ODOT and the Turnpike. When we do a project, we are dealing with thousands of more trucks. The projects that we would have to give up to move more people, reduce more accidents and have more social benefit, frankly than any of the projects that are on the Turnpike. You take the 71 widening from Columbus to Cleveland, there are thousands of more trucks on that road than there is on the Turnpike, plus it is very, very hilly, it's very hilly. So to give up projects like that to afford to put the investment on the Turnpike really doesn't make any economic sense for this state as a whole. It would be like me saying I am not going to widen 71 from Columbus to Cleveland where I have 16, 17 and 18,000 trucks a day on hills so I can go to Trumbull County where there's no congestion and widen Trumbull County. You just wouldn't make that economic investment. So here you have a situation where if the bonds are recalled, which is economical, and projects that are not critical are postponed you'd have no need for additional revenue or we can widen roads that don't really need it, keep a debt structure that is not optimum and then have ODOT give the Turnpike more money so it can afford to continue to less than optimum investment strategies. I don't know if Director Keen has anything to add. I don't want to put you on the spot if you don't have anything, but Mr. Chairman, if it pleases the Chair for Director Keen.

Chairman: Since Director Keen came up from Columbus for it, I would like to hear his comments.

Director Keen: I appreciate it Mr. Chairman, Members of the Commission, glad to have the opportunity to be here. You know just a couple of questions that the Chair had asked, you know, on the bond rating, I would just make the comment that under the plan that the Commission will adopt under the long-term finances that you have advanced, it will appear likely that your bond rating would also decline and so there would be no difference between the proposal that you plan to put forward versus the proposal that we have made given the reduction in the coverage ratio that your long-term projections indicate. So I'd suggest to you that the bond rating decline is likely to occur no matter what course of action the Commission takes when we look out over the period that we are projecting. However, I would also say that we are operating under these requirements of the Master Trust Agreement, which appropriately so, in the agreement that we struck with the bondholders require that we be able to demonstrate, you'll be able to demonstrate sufficient ability to make repayment of the bonds and therefore, require us to make these projections for the life of all the outstanding bonds. Of course what we are doing is making revenue projections for a 25-year period of time and we are assuming making a series of assumptions many of which do not contemplate future actions that will take place and I don't think that anybody, and certainly not OBM, contemplates that there will not be consideration of some sort of toll rate adjustments at some point over the next 25 years. What we are suggesting is that it's not necessary to do it today, so close on the heels of the success of this northern Ohio freight strategy. Our suggestion is that actions can be taken in the near term that would preclude a toll increase and it would appropriately still be consistent with the provisions of the Master Trust Agreement and maintain the coverage ratios as they currently exist. Just a word on the temporary tolls, my view is that in fact the one additional year that I suggested when I was here last month would be consistent with the provisions of the Master Trust Agreement. As the trustee said, there's no definitive definition as to what temporary means, but if we consider that we have had a two year period where tolls have been temporarily reduced, one additional year would seem to be consistent. In my view, temporary is a limited period time with a definitive end and we would propose the additional year, or less than that. Frankly if the Commission would be able to take actions on the proposal that we put forward and that would, that would be a reasonable definition of a temporary period of time.

Chairman: Thank you. Can I ask you one question? You said you anticipate a bond rating decline either way. If we go ahead and pass another year temporary toll decrease and we go ahead and do your refinance plan and we take our debt service coverage down to 1.5, the bonds ratings will decline even if we increase?

Director Keen: Mr. Chairman, Members of the Commission, based on the long-term projections and the under the proposal that you have before you, your coverage ratio drops regularly and continuously throughout the period all the way to 2031 and if in fact the bond rating agencies are going to be looking at this, it shows your going to be to the same place eventually under your action as you might be under the proposal that we've put forward. So clearly, I can't speak for the bond rating agencies, but based on where your finances have been and where your finances are going, I think that's a reasonable conclusion to draw. Furthermore, I would say that a bond rating is very

important and the state takes very seriously maintaining its bond rating. However, in the state's case we are regularly in the bond market with new issuances. There are no current plans as I understand it for the Turnpike to issue new debt therefore, there's no direct impact on you with a bond rating reduction. You would only be impacted to the extent that you were going to be back in the market to issue additional debt. So under those circumstances, to heavy a reliance on what might happen to the bond rating, I would just caution you against too heavy of a reliance on what might happen to the bond rating.

Chairman: Wouldn't the bond rating affect us on the debt that you're suggesting that we call and repay now? I mean I agree with you. We do not anticipate going into the bond market because we have kind of collectively made the decision that any capital projects we would do, we would do out of current cash out of operating. But in your situation, wouldn't the bond rating have an affect because if we're going to call \$290 million worth of bonds and refinance them?

Director Keen: Mr. Chairman, you are correct. The rating agencies would rate the new issue, the refinancing issue that we would propose. Of course, as I believe I understood Mr. Erickson to say, given the interest rate climate that we find ourselves in, and the lower rates that are currently available relative to what you have previously issued, even if they were to reduce the bond rating you would be better off than otherwise and furthermore, a question might arise as to whether they would actually downgrade you on this particular refinancing given some of the advantages in your debt situation that this provides. Again, I can't speak for what the rating agencies might do but it's possible they would not.

Chairman: I appreciate your time. Thank you for your thoughts.

Director Keen: You're welcome.

Chairman: We have a significant number of issues. Any other Commission Members have anything? I didn't mean to monopolize the conversation.

Senator Armbruster: Can I ask the Director a question?

Chairman: Go right ahead Senator.

Senator Armbruster: Based on the refinance side of it, OBM is obviously not ready to do it today, I would assume that would take a significant amount of paperwork in order to get something like this structured. Timing wise, how much time if this board were to say let's move forward with the bonding and the finance people, how long are we talking about structuring something like this?

Director Keen: Mr. Chairman, Senator Armbruster, if the actions of the Commission, it would have to be, and I don't mean the body itself, but the staff of the Commission working with their finance advisor and others would go ahead and set the schedule and undertake to arrangements that are necessary. You know usually we are at

OBM when we do these things we were able to do this obviously market conditions are important, but a month, a month and a half to just do the work that is necessary, potentially as long as two months. I am aware that there is a requirement that when the Turnpike issue or refinance, there be an approval of the controlling board, although that should not significantly increase the time that it would take for this type of deal to be assembled.

Senator Armbruster: Mr. Chairman, well based on that then it is going to take longer because there is going to be a changing of the guard January 1st, I would assume. Based on the changing of that and the significance of that, is that adding what a month, two months, three months onto this process?

Director Keen: Mr. Chairman, Senator, I would suggest that, I am not aware of any changes of the guard up here and this is where most of the work would be done. You know the only issue that would arise would be the controlling board which meets every two, as you are aware having sat in on that board on occasion, meets every two weeks, and so that would be, I wouldn't see how that would impact the ability to move forward.

Chairman: Anything further Senator?

Senator Armbruster: I have a question, not of the Director, but on the third lane itself and I don't know the difference between the cost of the third lane versus the plazas, what, how do you break that out?

Chairman: Dan?

Chief Engineer: I don't have the budget. Jim do you have it?

Senator Armbruster: And where I am going with this Mr. Chairman is what would be the significance of moving forward on the third lane versus not doing any of the other plazas and how would that impact the proposal in front of us? The other question I have is that the gas tax in itself, which now I believe the Turnpike gets 5¢ but only for the fuel sold on the Turnpike. That is about \$2.7 - \$2.8 million a year. Is that, the question I have, is that in statute or is that just in statute or is that just administratively?

Director Proctor: That's in statute.

Senator Armbruster: It's in statute.

Director Proctor: I'm correct there, aren't I?

Director of Contracts Administration: Yes.

Senator Armbruster: And where I am headed with that, if it is possible that the fuel tax that is sold on the Turnpike would then come back to the Turnpike, how would that impact the third lane side of it deferring the plazas?

Chairman: You know I don't know if we really need to talk about the third lane issue. I mean, and this is just my opinion, it's an issue for the board, capital improvements are in the \$50 million range and that includes resurfacing, third lane and the service plazas, things of that nature and also with Director Keen's proposal, that basically takes about \$25 million of that out, plus or minus, and you know it's not only the third lane we have to sit and also talk about something I think is very important to our customers, and that is the tolling system that we have, it's an antiquated system and we need to go ahead and incorporate EZ Pass into it. I mean when I chat with anybody about the Turnpike, that's the first question that anyone who is a frequent user says "how come the Ohio Turnpike doesn't have EZ Pass" and the expenditure is there. So whether we have a specific item, if it's the third lane or this, we as a board need to make a decision, do we want to go ahead and take about half of our annual capital expenditures and in effect, pay down debt at a faster rate in return for leaving the existing rates where they are versus moving the ½¢ for an automobile and the penny for a truck. I think these are issues we just need to make some decisions on that, that's for sure.

Commissioner Regula: You know in weighing this whole thing and there's a lot of good points on both sides of this, but I think we also have to put it into perspective first of all from the cost structure. You know if you go to the east or west gates you are talking about a cup of coffee for the consumer, which he is going to pay more, but also that consumer comes and makes a conscious decision to come and pull one of our tickets and come through our toll plazas and when they do that, they expect a higher level of service than they do from the Ohio Department of Transportation and I don't say that in any means, you guys do a great job you know, but you have a lot more responsibility than what we've got here. When I came up the road today, I saw a salt truck sitting along the berm waiting for it to rain, snow or sleet, or in between. I understand ODOT cannot afford to do that because they don't have the resources and they have got a lot more miles of highway, but if I'm a trucker, and I've been there and done that, I expect that salt truck sitting there with that gentleman reading the paper waiting for something to happen because I want to know that I've got good traction underneath the wheels of my truck and that level of expectation is what the people on this Turnpike expect. I also think from a standpoint of the third lane and from the plazas it's the same thing, you want to go into a cleaner bathroom than what they are going into at the local gas station. They expect those plazas to have all of the amenities that we provide for them, but I think they are also willing to pay for them. The other thing is, if we do delay these projects and I think and correct me if I'm wrong, asphalt went up in our area 40-50% this year, if we delay the third lanes, delay the construction of these other plazas what's the cost going to be with those delays? We have to look at that and I would like to see that when deciding what we do here as to if we delay them a year versus now, there is going to be a huge cost increase, so therefore at that point in time have we missed the window to possibly do something now and get started on something now that later on is going to cost us 1/3rd more? Certainly for anybody that paved their

driveway this year, if they would have done it in the spring or contracted it last year versus doing it this spring there was a 40-50% difference in the cost. So those are all things I think we have to take into consideration and there's no easy answer and I don't think it's in black and white here.

Chairman: You know I don't disagree. One of the things that the Senator talked about was the dollars on the gas tax, I mean that has always been a little of a burr underneath the saddle for the Commission is that to just add the fuel tax on the fuel that we actually sold from the plazas, we wouldn't have this discussion right now. But you know that's another issue. Any other questions?

Jim Steiner: Mr. Chairman, Senator Armbruster, in response to your question about the cost of the third lane compared to the services plazas, I think the next priority for the third lane is the section that the Chairman discussed earlier which was from Milepost 59 to 64. Currently we have a budget of approximately \$26 million for that segment, then there is a piece out east between Milepost 178 and 180 and that is budgeted at approximately \$10 million and then finally, a piece from Milepost 180 to 185 and that section is budgeted at \$17 million. The cost for the pair of service plazas is approximately \$30 - \$35 million depending on the cost of the right of way and exact sizing of the facility, but that would be a ballpark range.

Senator Armbruster: So \$26 million was the third lane and \$35 million for a plaza pair or one?

Jim Steiner: A pair.

Senator Armbruster: Mr. Chairman, I guess I am not sure if the Turnpike board is going to take action today and the significance of this decision as we move forward based on what I face within the next three weeks on the transportation committee, is significant. There hasn't been any discussion within the Senate transportation committee with regards to the gas tax, whether that is something I can take back and it would have to be done legislatively. I don't think any of us looked at that. I think there is a, not think I know, that there is a significant push back by members of my committee and more so in the house, as the Director eluded to that the Turnpike in itself is not appreciated as much in the south as it is in the north and based on those conversations as you know, as projects are being pushed back as we look into 2007 and as ODOT is struggling with their ability to complete and move forward with those projects, it has an impact of those legislatures as I see it personally on their ability to ride herd, or to make changes within the Turnpike and you have to recognize and I think the Director and Mr. Chairman, the significance of finding a member that is willing to come to the Turnpike Committee meetings on an ongoing basis is very difficult and I would hope that that member that is chosen for the next several years comes to these meetings because they can significantly have an impact back to the board and I can't speak for the board because I can't vote for the board, but I can suggest that if we can postpone anything here to get all of us together, back together again and make those changes, I think possibly, that we can work this out where the impact of the legislature because there

can be significant changes within the next two or three weeks that we've discussed and I don't know what is behind door number four when it comes to legislation, but I would hate to see us do something that has a much further impact with what's happening and open in the meetings today. That's a comment but, I am just getting that out there.

Chairman: You know the first part is we are not taking any action today, I mean we discussed that in advance, it's not an agenda item today, so there will be no action taken. You know the idea today is to continue the fact finding efforts. Anybody have any further questions?

Commissioner Kidston: Mr. Chairman let me speak to the plaza a little bit since it's been brought up and as Gary would put it in "my neck of the woods". I attended the rate increase meeting in Toledo, we had two other ones in densely populated areas and none of those meetings were attended. I mean they were very sparsely attended, and almost, let's just say minimal negative comments came back about a rate increase. I can guarantee you if we go into sparsely populated Williams County and hold a meeting about whether or not the Turnpike Commission should rebuild the plazas that we just tore down, it will have hundreds of people there because those two plazas did economically affect Williams County and saying that I'm positive that, that would happen, but to delay those projects, delay those plazas even further out, I think will not only cause, we've already caused the economic affect on the local economy, but we will also cause a continuance of lack of services for the traveling public because now you get on in Indiana and you go clear to Toledo before there's a plaza. That's not a service that Turnpike travelers are used to, so I can't argue either for or against the third lane because like Joe, or like the Chairman, I am just a traveling driver there, I don't have any statistics to back it up. I do know that those plazas have caused not only economic damage in Williams County, but the loss of 130 jobs or 120 jobs whatever it was, plus the loss of the sales tax for the county, so that has impacted us out there in the west and I think we should move forward with rebuilding.

Chairman: Thank you. Senator.

Senator Armbruster: To continue that conversation then and to go back to my gasoline conversation, if truly those sites, if that site were to be built and here's an opportunity for independent business to develop in conjunction with the State of Ohio a private public partnership and to redesign that so that now the economics of that whole area, a whole new concept thinking out of the box, could possibly be built and not use the wherewithal of the Turnpike, but use the traffic that the Turnpike generates and allow that then independent person to price his fuel with the market.

Chairman: Thank you. Okay, I think everybody has had their say. I think we'll move on to the next part of the meeting, the staff reports. Comptroller, Jim Steiner.

Jim Steiner: Thank you Mr. Chairman. Good morning Commission Members. I would like to give you a brief update on our traffic and revenue for the first ten months of this year. This chart shows the passenger car miles traveled on the Ohio Turnpike over

the past two years. After slight growth during the first four months of this year, our passenger car traffic dropped off significantly during the summer, but with the recent decline in fuel prices, we have seen some improvement the last two months. The miles traveled by passenger cars in the month of October were 1.5% above the level reached last year. October commercial vehicle miles traveled were 4.7% above the level from last year. This bar chart shows the year-to-date miles traveled and despite the recent improvement in passenger car traffic, the miles traveled during the first ten months of this year were down ½ of 1% compared to last year and were lower than every year since 2001. Miles traveled by commercial vehicles during the first ten months of 2006 were up 6% compared to last year. Revenues from passenger cars were up 1.5% in October compared to 2005. Revenues from commercial vehicles were up 4% in October compared to 2005. Due to the high fuel prices during the peak summer driving season, the revenues from passenger cars during the first ten months of this year were down 7/10 of a percent from last year, again reaching their lowest level since 2001. Fortunately, as a result of the continued growth in the national economy, the revenues from commercial vehicles were up 6.2% from the first ten months of last year and our total year-to-date toll revenues were up 3.2% in comparison to last year. As you all know, starting in January 2005, we began receiving \$1.3 million per month from ODOT to purchase excess Turnpike capacity. Those payments ended on June 30th of this year. If we include the ODOT funding, our total revenues from all sources for the first ten months of 2006 were \$1.9 million or 1% higher than those from last year. Excluding the capacity purchase from ODOT, our total revenues would have been just 1/10th of 1% higher than those from the first ten months of calendar year 2000. Mr. Chairman, that completes my report and I'll be happy to respond to any questions.

Chairman: Thank you. Any questions? Director Proctor.

Director Proctor: Mr. Chairman and Jim. Could you, this sheet that got e-mailed "Daily Gross Revenue Compared Year-to-Date" does it indicate, again maybe not everybody has this, I thought this was e-mailed out last week, it seems to indicate though that the revenue this year, the toll revenue is 2.71% above the '06 budget.

Jim Steiner: We are ahead of budget and that report is prepared by Bobby Everhart, our traffic consultant. We are ahead of budget this year.

Director Proctor: Okay. Thank you.

Chairman: Thank you. Anything further? Thank you Mr. Steiner. Financial Advisor Eric Erickson?

Mr. Erickson: No report today.

Chairman: Trustee, Mr. Lamb?

Mr. Lamb: No report Mr. Chairman.

Chairman: General Consultant?

Tony Yacobucci: No report Mr. Chairman.

Chairman: Captain Ohio State Highway Patrol?

Captain Hannay: Mr. Chairman and Commission Members, one fatality occurred after last month's meeting. The year-to-date total is seven persons who have died on the Ohio Turnpike this year. A very safe year. I'll knock on wood and not talk about it anymore. Thank you Mr. Chairman.

Chairman: Thank you. Anything further for the Commission. If there is no further business may I have a motion to adjourn?

Commissioner Regula: I'd like to take the opportunity to thank Mr. Darwish for his service here on the Commission, for his service on ODOT. He has done a great job down in our area and has been a great public servant and I think we owe him a thanks.

Chairman: Thank you. If there is no further business.

Commissioner Kidston: Mr. Chairman I have one more thing. I have to lightheartedly . . .

Chairman: This is a Michigan supporter now. Go ahead, I am sorry.

Commissioner Kidston: I want you realize that I have sat next to Noelle for over a year now and never has anything been done to me in a mean spirited way and Kathy's first meeting she brings me a hat and I don't know what these things are.

Chairman: Voodoo, they ship them before the game. Ed lives in Pioneer, he is very, very close to the Michigan line, was born in Michigan and so he still has his roots there versus the, I believe, the remainder of the Commission who are Ohio State fans. Motion to adjourn?

Commissioner Regula: So moved

Chairman: Is there a second?

Commissioner Kidston: Second

Executive Director: Mr. Regula

Mr. Regula: Yes

Executive Director: Mr. Kidston

Mr. Kidston: Yes

Executive Director: Mr. Proctor

Mr. Proctor: Yes

Executive Director: Mr. Dixon

Mr. Dixon: Yes

Executive Director: Mr. Balog

Mr. Balog: Yes

Executive Director: Five yeas and the meeting is adjourned.

Chairman: Thank you.

Time adjourned: 11:32 a.m.

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

George F. Dixon, Secretary-Treasurer