

# MINUTES OF THE 528<sup>th</sup> MEETING OF THE OHIO TURNPIKE COMMISSION

December 18, 2006

**Chairman:** The meeting will come to order. Will the Assistant Secretary-Treasurer please call the roll?

**Assistant Secretary-Treasurer:** Mr. Balog

**Mr. Balog:** Here

**Assistant Secretary-Treasurer:** Mr. Regula

**Mr. Regula:** Here

**Assistant Secretary-Treasurer:** Mr. Dixon

**Mr. Dixon:** Here

**Assistant Secretary-Treasurer:** Mr. Kidston

**Mr. Kidston:** Here

**Assistant Secretary-Treasurer:** Mr. Proctor

**Mr. Proctor:** Here

**Assistant Secretary-Treasurer:** Senator Armbruster

**Senator Armbruster:** Here

**Assistant Secretary-Treasurer:** Representative Buehrer is not here.

**Chairman:** We have a number of guests here today. I would like everyone to introduce themselves. We will start with you Jim, please.

**Those in attendance:** Jim Steiner, Ohio Turnpike; Eric Erickson, Fifth Third Bank; Bobby Everhart, URS; Heidi Jedel, Ohio Turnpike; Jennifer Diaz, Ohio Turnpike; Mike Swan, Dick Corporation; Mike Burgess, URS; Jacob Merriman, HNTB; Dick Morgan, Ohio Turnpike; Dave Miller, Ohio Turnpike; Tom Jackson, Sandusky Register; Rob Fleischman, Ohio Turnpike; Tim Ujvari, Ohio Turnpike; Sherri Warner, Ohio Trucking Association; Robin Carlin, Ohio Turnpike; Roger Hannay, Ohio State Highway Patrol; Matt Stuzinski, Nat. City Investments; John Connor, Key Bank; Frank Lamb, Huntington Bank; Mark Miller, APEX Securities; Tiffany Lovett, Cabrera Capitol Markets; Don Taggert, Local 18; Tom James, Local 18; Glen Stevens, G. Stevens; Jason Fenton, McDonald's; Lauren Hakos, Ohio Turnpike.

**Chairman:** This is the 528<sup>th</sup> meeting of the Ohio Turnpike Commission. We are meeting here in the Commission's headquarters as provided for in the Commission's Code of Bylaws for a regular meeting. Various reports will be received and we will act on several resolutions of which draft copies have been previously sent to the members and updated drafts are in the members' folders. The resolutions will be explained during the appropriate reports. Can I have a motion to adopt the minutes of the November 20, 2006 Commission Meeting?

**Mr. Dixon:** So moved.

**Mr. Regula:** Second.

**Chairman:** Call the roll please.

**Executive Director:** Mr. Dixon

**Mr. Dixon:** Yes

**Executive Director:** Mr. Regula

**Mr. Regula:** Yes

**Executive Director:** Mr. Balog

**Mr. Balog:** Yes

**Executive Director:** Mr. Kidston

**Mr. Kidston:** Yes

**Executive Director:** Mr. Proctor

**Mr. Proctor:** Yes

**Executive Director:** Fives yeas and the minutes are approved.

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

**Secretary-Treasurer:** Thank you Mr. Chairman. The following items have been sent to the members since the last scheduled meeting of the Commission on November 20, 2006. They are as follows:

- Minutes of the November 20, 2006 Commission Meeting

- Traffic & Revenue Report, November, 2006
- Total Revenue by Month and Year, November, 2006
- Investment Report, November, 2006
- Financial Statement, November, 2006
- Traffic Crash Summary, November, 2006
- Various News Releases

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

**Chairman:** Any questions for Mr. Dixon? Thank you.

**Mr. Dixon:** Thank you Mr. Chairman.

**Chairman:** We will move into the reports. Executive Director, Mr. Suhadolnik.

**Executive Director:** Thank you Mr. Chairman. I have one comment and a resolution. I am proud to mention that *Overdrive* Magazine, a trucker's magazine, has named Interstate 80 the fourth best highway in America. Also, Mr. Chairman I have a resolution to adjust our toll rates and to adopt a permanent commercial toll decrease. I believe these continued low rates will keep commercial traffic on the Turnpike and allow us to maintain the highway and provide the services our paying customers expect and deserve. Our traffic consultant also agrees that these rates will cause essentially no diversion. The new rates are a ½¢ per mile adjustment for vehicles in Classes 1 to 3 and a 1¢ per mile adjustment from the temporary rates for commercial vehicles in Classes 4 to 9. Also, there is a slight downward adjustment in Classes 10 and 11, so that now all toll rates will now be rounded to the nearest quarter, and by the way, most commuter rates, meaning those customers who drive just one interchange to work, will remain at the same minimal rate of 50¢. Of course this action prevents the automatic return of the 1999 toll rates. Finally, with this adjustment our 2007 rates will still be among the lowest in the nation and truck rates will be lower than Indiana, New York, Pennsylvania, Illinois, and New Jersey. Would the General Counsel read the Resolved, please?

**General Counsel:** RESOLVED, that the Commission hereby adopts the attached schedule of tolls;

FURTHER RESOLVED, that the Commission authorizes the Executive Director to take such action as necessary to implement the attached schedule of toll rates effective as of 12:00 AM, January 1, 2007.

**Chairman:** Motion to adopt?

**Mr. Kidston:** So moved

**Chairman:** Is there a second?

**Mr. Regula:** Second

**Chairman:** Discussion on the motion? 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:** No

**Executive Director:** There are four yeas and one nay, the resolution is adopted.

**RESOLUTION NO. 48-2006**

**RESOLUTION IMPLEMENTING REVISED  
SCHEDULE OF TOLL RATES FOR  
CLASSES 1 THROUGH 11**

WHEREAS, the Commission by Resolutions 16-1995, 18-1995, 56-1995, 59-1995 and 61-1997, has adopted several different revisions in the schedules of toll rates which imposed changes in the schedules of toll rates then in effect; and

WHEREAS, the Commission by Resolutions 62-2004 and 1-2005 implemented a temporary reduction in the schedule of tolls for Classes 4 through 9 beginning on January 1, 2005 and Classes 2 and 3 beginning February 1, 2005, which have resulted in an increase in commercial traffic volumes using the System; and

WHEREAS, the Commission by Resolution 1-2006 implemented another temporary reduction in the schedule of tolls for Classes 2 through 9 for the period July 1, 2006 through December 31, 2006; and

WHEREAS, the temporary schedule of tolls implemented by Resolution 1-2006 will automatically expire effective December 31, 2006 at 11:59 PM, Eastern Standard Time if the Commission takes no action to implement a revised schedule of tolls; and

WHEREAS, the Commission wishes to implement the attached scheduled of tolls, which reflects an overall aggregate reduction in rates for Classes 5 through 11 vehicles, in order to continue to encourage commercial carriers in Classes 5 through 11 to utilize the Turnpike instead of using state routes that are located adjacent to the Turnpike, and a modest increase in the toll rates for Classes 1 through 4 vehicles that have not incurred any increase in tolls since January 1, 1999 to allow the Commission to maintain sufficient revenues as required by the Master Trust Agreement between Huntington National Bank as Trustee and the Commission, dated as of February 15, 1994, as supplemented by fourteen Supplemental Trust Agreements (collectively, the "Trust Agreement"); and

WHEREAS, Article IV, Section 4.04(c) of the Trust Agreement allows the Commission to effect a reduction to the schedule of tolls that it deems to be necessary and proper, so long as the Commission provides thirty (30) days' notice to the Trustee and provides the Trustee with a Certificate from an Independent Consultant setting forth estimates of the Gross Revenues, System Pledged Revenues, Supplemental Payments and Series Payments for the then current year and each future Fiscal Year during which any Bonds are scheduled to be outstanding, which takes into consideration, among other things, the additional use of the System projected to result from such reduction in the Schedule of Tolls, and a favorable recommendation from the Independent Consultant that such proposed reduction be placed in effect; and

WHEREAS, the Executor Director has reported that the Commission has provided the Trustee with the attached Certificate from URS Engineering on November 3, 2006 in accordance with this requirement; and

WHEREAS, the Executive Director and CFO/Comptroller have provided the Trustee with the attached: (a) Schedule of Tolls that are proposed to become effective January 1, 2007; (b) Estimates of the Costs of Operation, Maintenance and Administration, together with deposits to the Expense Reserve Account for each Fiscal Year during which any Bonds are scheduled to be outstanding (from 2006 through 2031), using the same assumptions as used by the Independent Consultant; (c) the Composite Annual Debt Service Requirement for the current Fiscal Year and each future Fiscal Year during which any Bonds are scheduled to be Outstanding; (d) Certification that the Estimated System Pledged Revenues for the current Fiscal Year and each future Fiscal Year during which any Bonds are scheduled to be outstanding are not less than 1.50 times the Composite Annual Debt Service Requirement for such respective current or future Fiscal Year; (e) Certification that the Commission is not in default in the performance of any covenants, conditions, agreements or provisions in the

Trust Agreement; and (f) A Statement of the sufficiency of the amount on deposit in the Debt Service Reserve Account immediately prior to such proposed reduction; and

WHEREAS, the provisions of Ohio Revised Code Section 5537.26 the Commission to issue notice and conduct a series of public hearings prior to require taking any action to change the toll rate structure; and

WHEREAS, the Executive Director has previously provided the Commission with a summary of the comments received at the public hearings held on August 29, 2006 in Toledo, Ohio, on September 7, 2006 in Boardman, Ohio and all members of the Commission were in attendance at the public hearing held on October 16, 2006 in Berea, Ohio.

NOW, THEREFORE, BE IT

RESOLVED, that the Commission hereby adopts the attached schedule of tolls;

FURTHER RESOLVED, that the Commission authorizes the Executive Director to take such action as necessary to implement the attached schedule of toll rates effective as of 12:00 AM, January 1, 2007.

I, Gary C. Suhadolnik, Executive Director of the Ohio Turnpike Commission, do hereby certify that the above is a true copy of the aforesaid resolution which was duly adopted at a meeting of the Commission, duly called for and convened and held on December 18 2006, at which a quorum was at all times present and voting.

WITNESS my hand and the seal of the Ohio Turnpike Commission on this 18<sup>th</sup> day of December, 2006.

  
Gary C. Suhadolnik  
Executive Director

**Executive Director:** Thank you Mr. Chairman, that is all I have.

**Chairman:** Next is the Chief Engineer, Dan.

**Chief Engineer:** Thank you Mr. Chairman. I have one resolution this morning pertaining to the 2007 Capital Budget. I have a PowerPoint presentation pertaining to this. At the conclusion of the presentation I will be requesting that the Commission adopt a resolution approving the budget. The resolution refers to a preliminary list of projects which is subject to change. However, remember that every project in excess of \$150,000.00 will be brought to the Commission for approval at the appropriate time. As I proceed through the presentation, feel free to stop me at any time with questions you may have. The Capital

Budget is comprised of four funds. The first fund and the largest is our System Projects fund. System projects typically are major construction projects that are part of our Capital Improvement Program. We will begin the year 2007 with a balance of approximately \$15.5 million dollars in the Capital Project Fund that Jim Steiner will report on in the operating budget here shortly. So, \$50.1 million dollars will be transferred to this fund from the 2007 operating budget which will result in approximately \$65.5 million dollars available for 2007. Of this amount, about \$30.2 million dollars is committed to ongoing projects that have already begun construction, or funded in 2006. Some of the major projects in this category include construction of the third lane in Wood County, which is scheduled for completion in the Fall of 2007, reconstruction of Toll Plaza 151 in Lorain County, which is scheduled for completion in the Spring, and reconstruction of the Meander Reservoir bridges at Milepost 221 in Mahoning County, which is also scheduled for completion in the Fall of 2007. The last major project is the design of our toll collection system, which the Commission approved last month. This slide summarizes about \$30.8 million dollars of new projects to be funded in 2007. The detailed report is included in your folders attached to the resolution. I will review some of the major expenditures: \$2.9 million dollars has been budgeted for communications equipment in 2007, the majority of this, or \$2.1 million dollars, will be spent on implementation of the MARCS system for use by District 10 of the OSHP. Approximately \$1 million dollars of this was already approved by the Commission at last month's meeting. However, it won't be expended until next year. Also, \$4.25 million dollars has been allocated for bridge deck replacement and major repairs in 2007. The major expenditure in this category includes replacement of three of our original bridge decks carrying traffic over the Turnpike in Fulton County. Three mainline resurfacing projects are tentatively budgeted for 2007; 9.1 miles in Williams County, 10.3 miles in Ottawa and Sandusky Counties and 18.5 miles of the westbound roadway in Portage County. We will also be resurfacing the ramps at Interchange 145 in Lorain County. Finally, \$46.5 million dollars has been budgeted for the replacement of our toll collection system and the implementation of electronic tolling. The majority of this project will be performed in 2008. Therefore, \$40 million dollars of the total expense is shown as a credit. Again, total expenditures in 2007 will be approximately \$30.8 million dollars. Summarizing the System Projects Fund: the \$30.2 million dollars of continuing expenditures and the \$30.8 million dollars of new projects for 2007 totals approximately \$61 million dollars in committed funds. As I stated earlier, we have approximately \$65.5 million dollars in available funds in the System Projects Fund leaving approximately \$4.5 million dollars uncommitted. The second component of the budget is the Renewal and Replacement Fund. Typical projects funded by this account include the purchase of maintenance vehicles and equipment and other minor capital projects. We will begin 2007 with approximately \$8.1 million dollars in this fund and we will be transferring approximately \$7.3 million dollars throughout the year resulting in an available balance of \$15.4 million dollars. Approximately \$1.4 million dollars is committed to ongoing projects that were funded this year and \$12.2 million dollars will be budgeted for new projects in 2007. Again, the major expenditures are approximately \$2.2 million dollars that has been budgeted for replacement of maintenance vehicles. The major expenses include \$1.2 million dollars for eight dump trucks with snow and ice control mounted equipment and \$685,000.00 for replacement of pick-up trucks and \$5 million dollars has been allocated for the upgrade of our fiber optic communication system. The upgrade of this system is critical for implementation of our new toll collection system, as well as ITS and

GIS applications and \$750,000.00 has been budgeted for renovations of the lower level of the Administration Building. This project will complete the renovation of the Administration Building. It is expected that the lower level of the Administration Building will house our customer service operations, for our E-ZPass<sup>sm</sup> operations once the new toll collection system is implemented. Approximately \$1 million dollars of the total \$1.15 million dollars allocated for the computer equipment category is for new replacement computer equipment and required software upgrades. Again, the total expenditures in 2007 on new projects will be approximately \$12.2 million dollars and then adding the 2006 committed funds with the new projects in 2007 total approximately \$13.5 million dollars in committed funds for the year 2007. This will result in approximately \$1.9 million dollars in uncommitted funds in this Renewal and Replacement Fund. The third component of the Capital Budget is the Fuel Tax Fund. This account is funded by 5¢ per gallon of the taxes for fuel sold at the service plazas being returned to the Ohio Turnpike Commission. We will begin the year with a balance of approximately \$1.2 million dollars in this fund and we are expecting that approximately \$2.9 million dollars will be generated during 2007 resulting in a balance of approximately \$4.1 million dollars available. Minimal expenditures of approximately \$110,000.00 will be carried over from 2006. Proposed projects in this fund include \$2 million dollars for bridge repainting, as well as \$800,000.00 for resurfacing of the interchange ramps at Toll Plaza 34 in Fulton County. This results in \$2.8 million dollars being allocated to new projects in the 2007 Fuel Tax Fund. Approximately \$2.9 million dollars is committed in this fund, given that approximately \$4.1 million dollars is available, there is approximately \$1.2 million dollars in uncommitted funds in this Fuel Tax Fund. Finally, the last component of the Capital Budget is our Service Plaza Capital Improvement Budget Fund. This account is funded through 1% of sales from food and retail vendors operating at the ten reconstructed service plazas. These funds are designated for capital improvements at the ten new buildings. Revenue of approximately \$559,000.00 is projected for 2007 adding this to the projected 2007 beginning balance of \$2.3 million dollars results in approximately \$2.8 million dollars being available in 2007. And, \$140,000.00 is budgeted for projects in 2007 resulting in \$2.7 million dollars in uncommitted funds in the Service Plaza Capital Improvement Fund. In summary, budgeted expenditures for 2007, projects will be approximately \$46 million dollars. Mr. Chairman, with your permission, I will now request the General Counsel read the Resolved of subject resolution.

**General Counsel:** RESOLVED that the Commission hereby authorizes expenditures on 2007 capital projects from the System Projects Fund, Renewal and Replacement Fund, Fuel Tax Fund and Service Plazas Capital Improvement Fund, not to exceed a combined total of \$45,970,000.

**Chairman:** Motion to adopt?

**Mr. Dixon:** So moved

**Chairman:** Is there a second?

**Mr. Regula:** Second



**Chairman:** Questions for Dan?

**Mr. Proctor:** I will be voting against the Capital Budget because of the lane addition, but I do commend the Commission for pursuing E-ZPass<sup>sm</sup> and supporting the MARCS investment.

**Chairman:** Thank you Director.

**Senator Armbruster:** Mr. Chairman, I have a question on MARCS since it is somewhat near and dear to my heart, or was. How many repeaters does the MARCS have, how much, does anybody know?

**Captain Hannay:** Mr. Chairman and Senator Armbruster, with all do respect, there are towers strategically located throughout all of the counties in the State of Ohio. Each county may not have a tower, but there is a tower available to a region. There is one up here at the airport, there is one downtown in Cleveland and out on the east end of Cuyahoga County and then throughout the east-west corridor throughout the districts in the state. If you need to know exactly where they are at I can get that information to you.

**Senator Armbruster:** The question I have then Mr. Chairman is: does this complete the northeast or northern part of the state then with the addition of these towers?

**Captain Hannay:** The entire state is done sir.

**Senator Armbruster:** With these towers?

**Captain Hannay:** All we are doing is building onto those towers. All of the towers are in place sir.

**Senator Armbruster:** Thank you.

**Chairman:** Thank you Captain. Any further questions? Dan can you just tell me real quick on the fuel tax, you indicated that we get about \$2.8 or \$2.9 million dollars at 5¢ per gallon.

**Chief Engineer:** That is correct Mr. Chairman.

**Chairman:** How does that compare to the tax that would be generated from, or do you know? I don't mean to put you on the spot, but my question is; how does that compare to the 5¢ per gallon to what the tax that is charged by the state and how much is actually generated to the state from the fuel?

**Chief Engineer:** I believe the current fuel tax, somebody correct me if I am wrong, is 28¢ per gallon. We receive 5¢ of that 28¢ only for the fuel that is sold at the service plazas.

**Chairman:** So that if a person who uses the turnpike fills up offline and comes onto the Turnpike and goes full length and then fills up someplace else again, not on the Turnpike, then there would be no fuel tax generated even though that vehicle put substantial miles on the turnpike?

**Chief Engineer:** That is correct Mr. Chairman, no revenue for the turnpike.

**Chairman:** Then the other 23¢ is returned to the state?

**Chief Engineer:** That's correct Mr. Chairman.

**Chairman:** Thank you. Does anybody else have any further questions? Mr. Dixon.

**Mr. Dixon:** What's the oldest toll plaza we have now?

**Chief Engineer:** The oldest toll plaza? All of our toll plazas have been renovated since we began the program of renovating the twenty original plazas in the mid-1990's, Exit 151 that I referred to in the budget, is our last one and that completes that component of the budget.

**Mr. Dixon:** All of them. So we have \$2.8 million dollar carry-over basically every year. We can't find a way to spend that to upgrade the projects?

**Chief Engineer:** Mr. Chairman and Commission Member Dixon, I got yelled at last year when they thought I was running the balances too low. We do like to keep some funds in there for emergencies or contingencies, or unexpected expenses.

**Mr. Dixon:** Who yelled at you, Gary?

**Chief Engineer:** No, I won't say.

**Chairman:** Any other questions?

**Senator Armbruster:** One other question. I noticed and I shouldn't be looking, but a 1997 Model truck fleet rehabilitation for \$140,000.00, will we trade that truck in next year?

**Chief Engineer:** No Mr. Chairman, Senator Armbruster, those trucks are our biggest trucks, our tandem trucks that we use on the mainline. We discussed this with the Comptroller, we are doing some major investments into those trucks, and we intend to keep those for about ten more years with the improvements we make on them next year.

**Chairman:** Any other questions? Please call the roll.

**Executive Director:** Mr. Dixon

**Mr. Dixon:** Yes

**Executive Director:** Mr. Regula

**Mr. Regula:** Yes

**Executive Director:** Mr. Kidston

**Mr. Kidston:** Yes

**Executive Director:** Mr. Balog

**Mr. Balog:** Yes

**Executive Director:** Mr. Proctor

**Mr. Proctor:** No

**Executive Director:** Four yeas and one nay. The Capital Budget is approved.

**RESOLUTION NO. 49-2006**

**Resolution Adopting Proposed Capital Budget for the Year 2007**

WHEREAS, the 2007 operating budget includes transfers of revenues to the System Projects Fund, Renewal and Replacement Fund, Fuel Tax Fund and Service Plazas Capital Improvement Fund; and

WHEREAS, the transfers of 2007 revenues to the System Projects Fund, Renewal and Replacement Fund, Fuel Tax Fund and Service Plazas Capital Improvement Fund are intended to be added to any unspent balances in these funds and the total to be available for capital expenditures; and

WHEREAS, the Commission's Executive Director, Chief Engineer and CFO/Comptroller have recommended a preliminary list of 2007 capital projects, which list of projects is subject to change, totaling \$45,970,000.

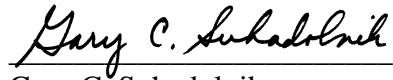
NOW, THEREFORE, BE IT

RESOLVED that the Commission hereby authorizes expenditures on 2007 capital projects from the System Projects Fund, Renewal and Replacement Fund, Fuel Tax Fund and Service Plazas Capital Improvement Fund, not to exceed a combined total of **\$45,970,000**.

I, Gary C. Suhadolnik, Executive Director of the Ohio Turnpike Commission, do hereby certify that the above is a true copy of the aforesaid resolution which was duly

adopted at a meeting of the Commission, duly called for and convened and held on December 18 2006, at which a quorum was at all times present and voting.

WITNESS my hand and the seal of the Ohio Turnpike Commission on this 18<sup>th</sup> day of December, 2006.



Gary C. Suhadolnik  
Executive Director

**Chief Engineer:** That's all I have.

**Chairman:** Thank you. Next would be the Comptroller, Mr. Steiner.

**Jim Steiner:** Good morning Mr. Chairman and Commission Members. This morning I will be presenting the proposed 2007 Operating Budget for your consideration. The pie chart provides an overview of the proposed 2007 Revenue Budget. Of course, tolls are the major source of the Commission's funding representing 89% of the projected 2007 revenues. The concession revenues generated from sales of food, fuel and other retail goods and services at our service plazas are estimated to be 6.4% of total revenues and the remaining 4.6% consists of investment earnings, the fuel tax revenues and other miscellaneous sources. 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, the passenger car traffic dropped off significantly during the Summer, with the recent decline in fuel prices we have had some improvement the last few months. Miles traveled by passenger cars in the month of November were 2% above the level reached last year. Due to the strong economy, the commercial vehicle miles traveled in 2006 had exceeded the levels from last year. However, as the year has progressed, the rate of growth has gradually slowed. November commercial vehicle miles traveled were just 8/10 of a percent higher than in 2005. This bar charts the year-to-date miles traveled for each of the last seven years. Despite the recent improvement, passenger car miles traveled during the first eleven months of this year were down 3/10 of a percent compared to last year and were lower than in every year since 2001. Due to particularly strong growth during the first quarter of the year, the miles traveled by commercial vehicles during the first eleven months of 2006 were up 5.6% compared to the prior year. However, the magnitude of the year-to-date increase has declined every month since May. This slide shows a comparison of the 2006 and 2007 budgets for pledged funds. The 2007 budgeted pledged revenues total \$229 million dollars, an increase of \$20.9 million dollars, or 10% from 2006 budgeted revenues. To keep this increase in perspective, it is important to note that in 2006 the revenue budget was based on the reduced temporary toll rates and only six months of funding from ODOT for the purchase of Turnpike capacity. The increase in toll revenue projected by our traffic consultant, Bobby Everhart of URS, is the result of the new toll rates just adopted by the Commission and an estimated increase in traffic of about 4% compared to the 2006 budget, or about 1% compared to the estimated actual 2006 traffic. Higher interest rates should also yield

additional investment earnings. It is expected that only 4.1% of the Commission's 2007 budget will be spent on administration and insurance. We project that 16.1% of the budget will be needed for the maintenance of the roadway and structures, 23.1% of the operation of the toll and service plazas and 6.6% for traffic control, safety patrol, and communications. The Commission has about \$700 million dollars in bonds outstanding. The debt service on those bonds will require 23.9% of the Commission's 2007 expenditure budget, leaving 26.2% available for capital projects. The operating maintenance and administrative expenses are expected to increase by a total of \$3.9 million dollars, or 3.5% in 2007. The most significant increase in administrative costs is additional funding for our Information Systems Department to support the implementation of ITS, along with other expanding computer applications and the major increase in patrol costs relate to the implementation of the MARCS communication system. This worksheet compares the budgeted operating costs for 2006 and 2007 by the type of expense. By eliminating some vacant positions, reducing overtime, and utilizing more part-time employees the total salaries and wages were held to an increase of \$1.4 million dollars, or 2.5%, and this does include negotiated salary and wage increases for toll collectors and maintenance workers covered by the Collective Bargaining Agreement with the Teamsters, along with a comparable increase for all non-bargaining employees. The increase of \$1.9 million dollars or 9% in fringe benefit costs is primarily attributable to rising medical insurance costs. During the 2004 Collective Bargaining negotiations, the Commission negotiated cost containment changes to the healthcare benefit package provided to bargaining unit employees. These changes are similar to those that were previously implemented for non-bargaining employees. In addition, all employees are contributing towards the cost of their healthcare, thereby lowering the Commission's costs by about \$800,000.00 per year. Unfortunately, a recent report issued by the accounting firm Price Waterhouse Coopers projects that medical costs in the U.S. will rise by almost 12% next year. In addition, the current OPERS (Ohio Public Employees Retirement System) employer contribution rate of 13.54% increases to 13.77% effective January 1, 2007. At the same time the current employee contribution rate of 9% increases to 9.5%. Payments to the Ohio State Highway Patrol including added costs associated with the implementation of MARCS are expected to increase by \$542,000.00, or 5.7% in 2007. All other operating, maintenance, and administrative expenses which total \$26.2 million dollars were held to an increase of just \$79,000.00, or 3/10 of one percent. Our debt service payments for 2007 total \$55.6 million dollars. This is an increase of \$3.1 million dollars compared to the current budget. This increase is a result of the early retirement of the remaining outstanding Series 1994 Bonds in February of last year and this lowered the annual debt service payments in 2006. In 2007 the debt service payments returned to their more typical level. Our Master Trust Agreement requires that we maintain a reserve equal to 1/12 of our annual operating, maintenance and administrative expense budget and with the proposed increase in our expense budget of \$3.9 million dollars we will need to add 1/12 of this amount, or \$326,000.00 to the Expense Reserve Fund and the remaining transfers totaling \$57.4 million dollars are the funds that support the Capital Budget that this Commission just adopted. With the toll adjustments just approved by the Commission, the budgeted debt coverage ratio will rebound from 1.84 in 2006 to 2.07 in 2007, and as this Commission knows the bond rating agencies generally require a debt coverage ratio of at least 2.0 in order to maintain our "AA" credit rating. This is the proposed budget for non-pledged funds. As the Chief Engineer mentioned in his report, the major source of non-pledged revenues is the 5¢ in fuel tax from

each gallon of fuel sold at our service plazas. The total proposed non-pledged revenue budget is \$4.2 million dollars, which is an increase of \$300,000.00 compared to 2006 and these non-pledged funds are also used to support our Capital Program. The total proposed 2007 operating budget is \$233, 183,000.00. Both Ohio law and our Master Trust Agreement require the Commission to adopt an annual Operating Budget on or before the first day of the year and there is a proposed resolution in your materials. Mr. Chairman with your permission, I would like to ask the General Counsel to please read the Resolved.

**General Counsel:** RESOLVED that the Commission hereby adopts the following as its Annual Operating Budget for the Year 2007 and the Executive Director, his successor or the CFO/Comptroller are directed to transmit a copy of the budget to the appropriate officials set forth in Section 5537.17(F) and to The Huntington National Bank, Trustee, under the Commission's Trust Agreement as is provided in Section 5.01(a)(iii):

**OHIO TURNPIKE COMMISSION  
2007 OPERATING BUDGET**

	<u>PLEGDED</u>	<u>NON-PLEGDED</u>	<u>TOTAL</u>
<b>REVENUES:</b>			
TOLL	\$ 207,594,000	\$ -	\$ 207,594,000
CONCESSION	14,378,800	484,400	14,863,200
INVESTMENT	5,810,000	875,000	6,685,000
FUEL TAX	-	2,800,000	2,800,000
OTHER	1,240,800	-	1,240,800
<b>TOTAL REVENUES</b>	<u>\$ 229,023,600</u>	<u>\$ 4,159,400</u>	<u>\$ 233,183,000</u>
<b>EXPENDITURES:</b>			
<b>OPERATION, MAINTENANCE &amp; ADMINISTRATION:</b>			
ADMINISTRATION & INSURANCE	\$ 9,578,200	\$ -	\$ 9,578,200
MAINTENANCE OF ROADWAY & STRUCTURES	37,398,300	-	37,398,300
SERVICES & TOLL OPERATIONS	53,517,900	-	53,517,900
TRAFFIC CONTROL, SAFETY, PATROL & COMM.	15,226,600	-	15,226,600
<b>TOTAL OPERATION, MAINTENANCE &amp; ADMIN.</b>	<u>115,721,000</u>	<u>-</u>	<u>115,721,000</u>
<b>DEBT SERVICE PAYMENTS</b>	<u>55,585,000</u>	<u>-</u>	<u>55,585,000</u>
<b>TOTAL EXPENDITURES</b>	<u>171,306,000</u>	<u>-</u>	<u>171,306,000</u>
<b>TRANSFERS:</b>			
EXPENSE RESERVE	326,000	-	326,000
NON-TRUST FUND	-	700,000	700,000
FUEL TAX FUND	-	2,900,000	2,900,000
SERVICE PLAZAS CAPITAL IMPROVEMENT RESERVE	-	559,400	559,400
RENEWAL & REPLACEMENT FUND	7,300,000	-	7,300,000
SYSTEM PROJECTS FUND	50,091,600	-	50,091,600
<b>TOTAL TRANSFERS</b>	<u>57,717,600</u>	<u>4,159,400</u>	<u>61,877,000</u>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<u>\$ 229,023,600</u>	<u>\$ 4,159,400</u>	<u>\$ 233,183,000</u>

**Chairman:** Motion to adopt?

**Mr. Dixon:** So moved

**Chairman:** Is there a second?

**Mr. Kidston:** Second

**Chairman:** Questions on the resolution before the Commission? Please call the roll.

**Executive Director:** Mr. Dixon

**Mr. Dixon:** Yes

**Executive Director:** Mr. Kidston

**Mr. Kidston:** Yes

**Executive Director:** Mr. Balog

**Mr. Balog:** Yes

**Executive Director:** Mr. Regula

**Mr. Regula:** Yes

**Executive Director:** Mr. Proctor

**Mr. Proctor:** Yes

**Executive Director:** Fives yeas and the resolution is adopted.

**RESOLUTION NO. 50-2006**

**Resolution Adopting Proposed Operating  
Budget for the Year 2007 and Providing for Deposits  
Required Under the 1994 Trust Agreement During said Year**

WHEREAS, Section 5537.17(F), Revised Code of Ohio, requires the Commission to submit a copy of its Proposed Annual Operating Budget to the Governor, the Presiding Officers of each House of the General Assembly, the Director of Budget & Management, and the Legislative Budget Office of the Legislative Service Commission, no later than the first day of the calendar or fiscal year; and

WHEREAS, the Master Trust Agreement dated February 15, 1994 between the Commission and The Huntington National Bank (Trust Agreement) provides that the Commission shall adopt an annual operating budget on or before the first day of each fiscal year and shall file same with the Trustee; and

WHEREAS, the Commission in order to comply with the provisions of Section 5537.17(F) of the Revised Code of Ohio, and the provisions of the Trust Agreement, takes the following action.

NOW, THEREFORE, BE IT

RESOLVED that the Commission hereby adopts the following as its Annual Operating Budget for the Year 2007 and the Executive Director, his successor or the CFO/Comptroller are directed to transmit a copy of the budget to the appropriate officials set forth in Section 5537.17(F) and to The Huntington National Bank, Trustee, under the Commission's Trust Agreement as is provided in Section 5.01(a)(iii):

**OHIO TURNPIKE COMMISSION  
2007 OPERATING BUDGET**

	<b>PLEGGED</b>	<b>NON-PLEGGED</b>	<b>TOTAL</b>
<b>REVENUES:</b>			
TOLL	\$ 207,594,000	\$ -	\$ 207,594,000
CONCESSION	14,378,800	484,400	14,863,200
INVESTMENT	5,810,000	875,000	6,685,000
FUEL TAX	-	2,800,000	2,800,000
OTHER	1,240,800	-	1,240,800
<b>TOTAL REVENUES</b>	<b>\$ 229,023,600</b>	<b>\$ 4,159,400</b>	<b>\$ 233,183,000</b>
<b>EXPENDITURES:</b>			
<b>OPERATION, MAINTENANCE &amp; ADMINISTRATION:</b>			
ADMINISTRATION & INSURANCE	\$ 9,578,200	\$ -	\$ 9,578,200
MAINTENANCE OF ROADWAY & STRUCTURES	37,398,300	-	37,398,300
SERVICES & TOLL OPERATIONS	53,517,900	-	53,517,900
TRAFFIC CONTROL, SAFETY, PATROL & COMM.	15,226,600	-	15,226,600
<b>TOTAL OPERATION, MAINTENANCE &amp; ADMIN.</b>	<b>115,721,000</b>	<b>-</b>	<b>115,721,000</b>
<b>DEBT SERVICE PAYMENTS</b>	<b>55,585,000</b>	<b>-</b>	<b>55,585,000</b>
<b>TOTAL EXPENDITURES</b>	<b>171,306,000</b>	<b>-</b>	<b>171,306,000</b>
<b>TRANSFERS:</b>			
EXPENSE RESERVE	326,000	-	326,000
NON-TRUST FUND	-	700,000	700,000
FUEL TAX FUND	-	2,900,000	2,900,000
SERVICE PLAZAS CAPITAL IMPROVEMENT RESERVE	-	559,400	559,400
RENEWAL & REPLACEMENT FUND	7,300,000	-	7,300,000
SYSTEM PROJECTS FUND	50,091,600	-	50,091,600
<b>TOTAL TRANSFERS</b>	<b>57,717,600</b>	<b>4,159,400</b>	<b>61,877,000</b>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>\$ 229,023,600</b>	<b>\$ 4,159,400</b>	<b>\$ 233,183,000</b>

I, Gary C. Suhadolnik, Executive Director of the Ohio Turnpike Commission, do hereby certify that the above is a true copy of the aforesaid resolution which was duly adopted at a meeting of the Commission, duly called for and convened and held on December 18, 2006, at which a quorum was at all times present and voting.



WITNESS my hand and the seal of the Ohio Turnpike Commission on this 18<sup>th</sup> day of December, 2006.

  
Gary C. Suhadolnik  
Executive Director

**Jim Steiner:** That concludes my report Mr. Chairman.

**Chairman:** Thank you. Additional reports? Financial advisor?

**Financial Advisor:** No report.

**Chairman:** Thank you. Trustee?

**Trustee:** No report Mr. Chairman.

**Chairman:** Thank you. General Consultant?

**General Consultant:** No report.

**Chairman:** Thank you. Ohio State Highway Patrol?

**Captain Hannay:** Thank you Mr. Chairman and Commission Members. I am saddened to report that we had a fatality last week out near Westgate within a half of a mile from the gate. A small truck rear-ended slow moving or stopped traffic. It struck a commercial vehicle, rotated around, hit a second commercial vehicle, the driver was ejected and deceased. Other than the fact that the two commercial vehicles were involved, they were not at-fault. That is all I have to report.

**Chairman:** The fatality total for 2006?

**Captain Hannay:** Eight killed and eight crashes.

**Chairman:** Thank you.

**Captain Hannay:** Still a relatively safe year. Thank you Mr. Chairman.

**Chairman:** Hopefully, we will have no more for the rest of the year. Just for everyone's information, the holiday luncheon is scheduled for this Friday, December 22<sup>nd</sup> starting at 11:30 a.m. at the Administration Building. If there is no further business, I'd accept a motion to adjourn.

**Mr. Dixon:** So moved

**Chairman:** Is there a second?

**Mr. Kidston:** Second

**Chairman:** Before we call roll, I think we have just a couple items of business to discuss while the motion is pending. The next Commission meeting is in January, although we do not anticipate having a meeting in January. The next meeting then would be on February 19, 2007, which is President's Day, so we need to change the date of that meeting. The 26<sup>th</sup> seems to be the consensus, does that work with everyone's schedule? The 26<sup>th</sup> of February instead of the 19<sup>th</sup> of February?

**Mr. Dixon:** That sounds good.

**Chairman:** I realize that it is about sixty plus days away.

**Senator Armbruster:** This is my last meeting.

**Chairman:** I was going to make a comment about that. We have Senator Armbruster, who has been here regularly and supported the Commission and has been very active on its behalf in Columbus and we certainly appreciate the support you have given us. One of the problems that the State of Ohio has, this is a personal opinion not a Commission opinion, is term limits and we lose good men down in the legislature for no reason, but for some rule as term limits and I hate to see you go. I would like to have you back again. Director Proctor, I don't know if we will see you at the next meeting.

**Mr. Proctor:** I doubt it.

**Chairman:** But it was a pleasure working with you also. I know that sometimes your expertise in looking over operations has been helpful and I think it's an important position and I think it helps keep everybody straight and your opinions have been respected and we certainly appreciate the input you have given. Are we good on the 26<sup>th</sup>?

**Mr. Dixon:** We are good.

**Chairman:** Call the roll please.

**Executive Director:** Mr. Dixon

**Mr. Dixon:** Yes

**Executive Director:** Mr. Kidston

**Mr. Kidston:** Yes

**Executive Director:** Mr. Proctor

**Mr. Proctor:** Yes

**Executive Director:** Mr. Regula

**Mr. Regula:** Yes

**Executive Director:** Mr. Balog

**Mr. Balog:** Yes

**Executive Director:** Five yeas. The meeting is adjourned.

**Chairman:** I hope everybody has a safe and happy holiday.

The meeting adjourned at 10:39 a.m.

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

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George F. Dixon, Secretary-Treasurer