

MINUTES OF THE 542nd MEETING OF THE OHIO TURNPIKE COMMISSION
June 16, 2008

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: Ms. Teeuwen

Ms. Teeuwen: Here

Assistant Secretary-Treasurer: Representing OBM, Mr. Kaplanov

Mr. Kaplanov: Here

Assistant Secretary-Treasurer: Ms. Gibson just called and evidently couldn't make it. Senator Buehrer is not here and Representative Reinhard also called, they were not able to make it.

Chairman: We have a number of guests here today and I'd like everyone to introduce themselves keeping with past practices, Mr. Steiner.

Those in Attendance: James Steiner, CFO/Comptroller, Ohio Turnpike Commission; Kathy Weiss, Director of Contracts Administration; Dave Miller, Director of Internal Audit and Control, Ohio Turnpike Commission; Heidi Jedel, Executive Department, Ohio Turnpike Commission; Jennifer Diaz, Legal Department, Ohio Turnpike Commission; Joseph Disantis, Right of Way Coordinator/Risk Management Coordinator, Ohio Turnpike Commission; Tim Ujvari, Maintenance Engineer, Ohio Turnpike Commission; Kevin Golick, Purchasing Manager, Ohio Turnpike Commission; Robin Carlin, Director of Human Resources, Ohio Turnpike Commission; Matthew Cole, Employment Services Manager, Ohio Turnpike Commission; Gary Suhadolnik, Ohio Turnpike Commission; Lauren Hakos,

Public Affairs and Marketing Manager, Ohio Turnpike Commission; Bill Keaton, Telecommunications Manager, Ohio Turnpike Commission; St. Lt. Tom Tornabene, Ohio State Highway Patrol; Eric Robertson, SEM Mattis; Matt Stuczynski, Nat City Investments; Neal Gresham, URS; John Fula CT; Don Taggart, Local 18; Bob Ball, Tonda Pence, Transcore; Joshua Burkes, HNTB; Tony Yacobucci, HNTB; Frank Lamb, Huntington Bank; Don Glosser, Crawford, Murphy & Tilly; Mike Kapustik A.C.T.; Mark Miller Ria Financial.

Chairman: Thank you. This is the 542nd 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 special meeting. Various reports have been received and we will act on several resolutions, draft copies which have previously been sent to the Members and updated drafts are also in the Members' files. Resolutions will be explained during the appropriate reports. Can I have a motion to adopt the minutes of the May 12, 2008 Commission Meeting?

Mr. Dixon: So moved

Mr. Regula: Second

Chairman: Motion and a second, will you please call the roll.

Assistant Secretary-Treasurer: Mr. Balog

Mr. Balog: Yes

Assistant Secretary-Treasurer: Mr. Regula

Mr. Regula: Yes

Assistant Secretary-Treasurer: Mr. Dixon

Mr. Dixon: Yes

Assistant Secretary-Treasurer: Ms. Teeuwen

Ms. Teeuwen: Yes

Assistant Secretary-Treasurer: The minutes are approved.

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

Mr. Dixon: Thank you Mr. Chairman and good morning all. The following items have been sent to the Members since the last scheduled meeting of the Commission on May 12, 2008:

1. Minutes of the May 12, 2008 Commission Meeting
2. Traffic Crash Summary, April, May, 2008
3. Traffic & Revenue Report, May, 2008
4. Total Revenue by Month and Year, May, 2008
5. Investment Report, May, 2008
6. Financial Statement, May, 2008

Mr. Chairman that concludes my report, I'll be happy to answer any questions.

Chairman: Any questions for the Secretary-Treasurer? Thank you Mr. Dixon. Next we'll have the report of the Executive Director, Mr. Distel.

Executive Director: Thank you Mr. Chairman. It's obviously been a busy month. I'd like to start off by sharing with the Commission that we have been participating in the Ohio 21st Century Transportation Priority Task Force. The staff made a presentation last Friday, which consisted of a PowerPoint presentation. We did it via conference call rather than to travel to Columbus, which was nice. We saved about five hours. I think it was a very thorough report and certainly I'd like to publicly commend our staff for a job well done. Also, I'd like to report that you may know that the legislature is now in recess, but we are anxiously watching several items that were being deliberated in Columbus last week. One was the state's capital bill, which had several measures that included Turnpike business and one was the authority of the Ohio Turnpike Commission to participate in the Ohio Department of Transportation procurement program. That was included in the Capital Budget and also some changes I'll talk about here shortly dealing with the noise mitigation/demonstration program which again, Mr. Chairman I will present as a resolution today for your consideration. That concludes my report.

Chairman: Thank you. Any questions for the Executive Director? Next would be the Executive Director's resolution.

Executive Director: Thank you Mr. Chairman. Again, as I stated in my opening comments we have a resolution authorizing the Executive Director to enter into an agreement with the Ohio Department of Transportation for the reimbursement of expenses relating to the noise mitigation pilot program. I guess over a year ago there was language in the state budget, state transportation budget where ODOT was to front load an amount of \$500,000.00 for two purposes. One was for a study for alternative noise mitigation measures, second was for a demonstration program. Because of the way the legislation passed, and I have to take some onus in that I was there at the time, it was incorrectly done where ODOT cannot front load the amount, it has to be done in a reimbursement basis. That language has now changed to make it a reimbursement basis. Our legal counsel has now prepared a contract that with your approval I will sign and the reason we have added it to the agenda is the dates also changed. We have to have the study completed by December 31st and also by December 31st must be under contract for the demonstration program that has to be completed by June 30th of next year. So it's on a fast track but again with your permission we will enter into that contract. Those contracts have to be executed by the 20th of this month because the first part

of the appropriation comes from the state's '08 fiscal year which ends at the end of this month. So we're kind of compressed and certainly would appreciate your consideration and approval of the resolution.

Chairman: Noelle, would you read the Resolved please?

General Counsel: Thank you Mr. Chairman. RESOLVED that the Executive Director and General Counsel are hereby authorized to negotiate and execute an agreement with the Ohio Department of Transportation for the purpose of obtaining reimbursement by ODOT for those expenses incurred in conducting the pilot program in an amount not to exceed five hundred thousand dollars (\$500,000); and

FURTHER RESOLVED, the Executive Director is authorized to take any and all actions necessary to carry out the terms of said agreement.

Chairman: Do we have a motion to adopt the resolution please?

Mr. Kidston: So moved.

Chairman: Second?

Mr. Dixon: Second

Chairman: Questions or discussion? Again, basically the difference is where we were a year ago, we anticipated that our money would come from ODOT. We would spend the money and complete the study and the pilot program now we're going to go ahead and do the pilot program and the study and then be reimbursed by ODOT. So the money is still coming from ODOT, just that it's a different process. No questions on the motion? Please call the roll.

Assistant Secretary-Treasurer: Mr. Balog

Mr. Balog: Yes

Assistant Secretary-Treasurer: Mr. Regula

Mr. Regula: Yes

Assistant Secretary-Treasurer: Mr. Dixon

Mr. Dixon: Yes

Assistant Secretary-Treasurer: Mr. Kidston

Mr. Kidston: Yes

Assistant Secretary-Treasurer: Ms. Teeuwen

Ms. Teeuwen: Yes

Assistant Secretary-Treasurer: The motion is approved.

RESOLUTION NO. 20-2008

**Resolution Authorizing the Executive Director to Enter into an Agreement with
the Ohio Department of Transportation for the
Reimbursement of Expenses Relating to Noise Mitigation Pilot Program**

WHEREAS, the Commission is authorized by Section 5537.02 of the Revised Code to construct, operate and maintain the Ohio Turnpike System for the benefit of the traveling public; and the citizens of this State; and

WHEREAS, Section 5537.04(10) of the Revised Code provides that the Commission may make or enter into all contracts and agreements necessary to the performance of its duties and the execution of its powers; and

WHEREAS, the Commission wishes to begin a pilot program and study of various noise mitigation methods and techniques in response to traffic noise complaints received from various residential communities that abut the Turnpike; and

WHEREAS, the Ohio Department of Transportation (“ODOT”) and the Commission have mutually determined that it is in the public interest to perform a Noise Mitigation Pilot Project whereby the Commission will study the viability of various noise mitigation methods or techniques that may be installed to alleviate traffic noise along the Turnpike; and

WHEREAS, the Ohio General Assembly adopted legislation through the passage of Am. Sub. H.B. 562 of the 127th General Assembly authorizing ODOT to reimburse the Commission for expenses incurred to conduct a pilot program in a total amount not to exceed five hundred thousand dollars (\$500,000) over two fiscal years, or up to two hundred and fifty thousand dollars (\$250,000) in fiscal year 2008 and two hundred and fifty thousand dollars (\$250,000) in fiscal year 2009; which legislation will become effective upon the Governor’s signature; and

WHEREAS, the Commission and ODOT wish to execute an agreement on or before June 20, 2008 to effectuate the terms and conditions of the legislation and commence the pilot project.

NOW, THEREFORE, BE IT

RESOLVED that the Executive Director and General Counsel are hereby authorized to negotiate and execute an agreement with the Ohio Department of Transportation for the

purpose of obtaining reimbursement by ODOT for those expenses incurred in conducting the pilot program in an amount not to exceed five hundred thousand dollars (\$500,000); and

FURTHER RESOLVED, the Executive Director is authorized to take any and all actions necessary to carry out the terms of said agreement.

(Resolution No. 20-2008 adopted June 16, 2008)

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

Chief Engineer: Thank you Mr. Chairman. I have five resolutions for your consideration this morning. The first is a resolution awarding Invitation No. 4094 for furnishing diesel fuel for a 12-month period to our maintenance buildings across the Turnpike for the use by our maintenance vehicles. This contract also contains two additional one-year period renewals. We received bids for four groups, two maintenance buildings for each group across the entire Turnpike, we received four bids in response to the invitation, the lowest bid was received in response to all four groups by Petroleum Traders Corporation of Fort Wayne, Indiana. This bidder has supplied diesel fuel for the Commission in the past. The estimated quantities for the diesel fuel for the next year is approximately 466,000 gallons at the last pricing that would be \$1,931,844.00. However, due to the volatility of the pricing we are recommending establishing the contract and not to exceed amount of \$2,500,000.00. If the General Counsel would please read the Resolved?

General Counsel: RESOLVED that the bids of **Petroleum Traders Corporation** for Groups I, II, III and IV under Invitation No. 4094 are, and are by the Commission deemed to be the lowest responsive and responsible bids received and are accepted and the Executive Director and the Director of Contracts Administration, or either of them, is hereby authorized: 1) to execute a Contract with Petroleum Traders Corporation in the form heretofore prescribed by the Commission pursuant to the aforesaid Invitation; 2) to incur expenditures under the Contract in the quantities estimated by the Maintenance Department's staff for the purchase of Ultra Low Sulfur Diesel and Ultra Low Sulfur Biodiesel Blend fuel; 3) to direct the return to the bidders of their bid security at such time as Petroleum Traders Corporation has entered into a Contract; 4) to make a recommendation to the Commission on whether to exercise either of the two renewal options in the event the anticipated annual expenditures exceed \$2,500,000 by more than ten percent (10%); and 5) to take any and all action necessary to properly carry out the terms of said Contract.

Chairman: Is there a motion to adopt?

Mr. Dixon: So moved.

Chairman: Is there a second?

Ms. Teeuwen: Second.

Chairman: Discussion on the motion?

Mr. Kaplanov: I have a question Mr. Chairman. My question is the 465,750 gallons, is that an increase, a flat, or a decrease in the number of gallons that the Turnpike Commission has used? And regardless, is there any measures taken to reduce the number of gallons used by the Commission maintenance vehicles.

Chief Engineer: Yes, Mr. Chairman and Nikos. It's probably flat, it's an estimated quantity. We are trying to cut down on the amount of fuel we're using. We've instituted idling regulations, shutting down the trucks.

Mr. Dixon: Did he answer the question? Is this lower than...is this an estimate?

Chief Engineer: This is an estimated quantity. It's about the same that was estimated last year. We're not tied to this quantity.

Mr. Dixon: Okay, that's what I was wondering. Secondly, I had a long discussion with the executive director and Kathy Weiss. I gave them a very tough task and that was to make me understand what was going on and after they spent a lot of time with that I am very satisfied. These are actually some good numbers, we just purchased last week over at the RTA and it's very close to the number that we got. It's high, but everyone knows the volatility of this industry right now. I think we're lucky to get this price and I want to commend them on the work that they did and to secure this price for us.

Chairman: Appreciate the compliments of the staff Mr. Dixon. Any other further comments?

Ms. Teeuwen: One other comment. We also compared it to what ODOT is paying and it's a little bit better of a price than what ODOT is paying for the blended biodiesel sold. Again, you should be commended for that. Just a question, from three years ago to now, what's your increase in fuel cost?

Chief Engineer: Tim, would you happen to have that information?

Mr. Ujvari: I know that just this past year, since May of 2007, it's gone up 71%. I could go through and check my records for three years ago, but that's since May of '07, 71%.

Mr. Dixon: I'm sorry Mr. Chairman. He said 71?

Chairman: Seventy-one, that's correct. Is that all?

Ms. Teeuwen: Yes, thank you.

Mr. Dixon: Thank you.

Chairman: Please call the roll.

Assistant Secretary-Treasurer: Mr. Balog

Mr. Balog: Yes

Assistant Secretary-Treasurer: Mr. Regula

Mr. Regula: Yes

Assistant Secretary-Treasurer: Mr. Dixon

Mr. Dixon: Yes

Assistant Secretary-Treasurer: Mr. Kidston

Kidston: Yes

Assistant Secretary-Treasurer: Ms. Teeuwen

Ms. Teeuwen: Yes

RESOLUTION NO. 21-2008

**Resolution Awarding a Contract for the Purchase
of Ultra Low Sulfur Diesel and Ultra Low Sulfur Biodiesel Blend Fuel
for a One-Year Period**

WHEREAS, the Commission has advertised for bids for Invitation No. 4094 for furnishing to the Commission of Ultra Low Sulfur Diesel Fuel and Ultra Low Sulfur Biodiesel Fuel for a twelve (12) month period, with an option to renew the Contract for two (2) additional one-year periods; and

WHEREAS, the expenditures of the Commission for these types of diesel fuel under Invitation No. 4094 will exceed \$150,000 and, in accordance with Article V, Section 1.00 of the Commission's Code of Bylaws, Commission action is necessary for the award of such Contract; and

WHEREAS, bidders were asked to submit bids for four (4) Groups that are based on geographical location of the Commission's maintenance buildings and to state the price differential per gallon that they would charge from the Oil Price Information Service ("OPIS"); and

WHEREAS, the four (4) bids received in response to the Invitation were reviewed by the Maintenance Engineer who whose report is before the Commission; and

WHEREAS, the Maintenance Engineer has stated that the lowest responsive and responsible bids for Groups I, II, III and IV were submitted by **Petroleum Traders**

Corporation of Fort Wayne, Indiana, and that this bidder proposes to furnish materials and services in accordance with the Commission's specifications; and

WHEREAS, the Maintenance Department has estimated the quantities of diesel fuel required for the next year at **465,750 gallons**, and, based on these quantities has been able to estimate expenditures with Petroleum Traders Corporation in the amount of **\$1,931,844**, however, the Maintenance Engineer has recommended that a cushion be built-in to account for the volatility of the diesel fuel market and that the Commission authorize expenditures up to **\$2,500,000**; and

WHEREAS, should the quantities of diesel fuel purchased exceed the number of gallons estimated by the Maintenance Department staff by more than ten percent (10%), or the cost of the diesel fuel exceed the \$2,500,000 in expenditures allocated for the first contract year by more than ten percent (10%), the Commission will be presented with a new resolution to increase said estimated quantities and/or expenditures; and

WHEREAS, the Commission's Director of Contracts Administration has advised the Commission that bids for Invitation No. 4094 were solicited on the basis of the same terms and conditions and the same specifications, that the bids of Petroleum Traders Corporation conform to the requirements of Ohio Revised Code Section 5537.07 and Section 9.312; and that a bid guaranty with good and sufficient surety has been submitted by the aforementioned bidder; and

WHEREAS, the Executive Director has reviewed the reports of both the Maintenance Engineer and the Director of Contracts Administration and, predicated on such analysis, has recommended to the Commission that the Contract for Invitation No. 4094 be awarded to the lowest responsive and responsible bidder for Groups I, II, III and IV, Petroleum Traders Corporation, Inc.; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the bids of **Petroleum Traders Corporation** for Groups I, II, III and IV under Invitation No. 4094 are, and are by the Commission deemed to be the lowest responsive and responsible bids received and are accepted and the Executive Director and the Director of Contracts Administration, or either of them, is hereby authorized: 1) to execute a Contract with Petroleum Traders Corporation in the form heretofore prescribed by the Commission pursuant to the aforesaid Invitation; 2) to incur expenditures under the Contract in the quantities estimated by the Maintenance Department's staff for the purchase of Ultra Low Sulfur Diesel and Ultra Low Sulfur Biodiesel Blend fuel; 3) to direct the return to the bidders of their bid security at such time as Petroleum Traders Corporation has entered into a Contract; 4) to make a recommendation to the Commission on whether to exercise either of the two renewal options in the event the anticipated annual expenditures exceed \$2,500,000 by more than ten percent (10%); and 5) to take any and all action necessary to properly carry out the terms of said Contract.

(Resolution No. 21-2008 adopted June 16, 2008)

Chief Engineer: Thank you. The second resolution I have this morning is a resolution awarding Invitation No. 4095 for the purchase of two portable salt conveyor systems. This equipment is used for loading the roadway salt into our storage facilities. We received two bids in response to the invitation. The apparent low bid was submitted by Kimko USA, Inc. of Marshall, Illinois in the total amount of \$192,255.08. This bidder has furnished this equipment in the past to the Commission. Just so the Commission is aware that this equipment will pay for it's self in a relatively short time. Our salt contracts also contain a line item on there if we had to have it loaded into the salt domes the contractor would receive an additional \$4.00 a ton for this salt material. So we have calculated that this equipment has approximately a two-year pay back. If General Counsel would please read the Resolved?

General Counsel: **RESOLVED that the bid of Kimko USA, Inc. of Marshall, Illinois in the total amount of \$192,255.08 under Invitation No. 4095 for furnishing the Commission with Two Portable Salt Conveyor Systems is, and is by the Commission, determined to be the lowest responsive and responsible bid received, and is accepted and the Executive Director and the Director of Contracts Administration, or either of them, hereby is authorized: 1) to execute a Contract with Kimko USA, Inc. in form heretofore prescribed by the Commission pursuant to the aforesaid bid; 2) to direct the return to the bidders of their bid security at such time as Kimko USA, Inc. has entered into a Contract; and 3) to take any and all action necessary or proper to carry out the terms of said Contract.**

Chairman: Motion to adopt?

Mr. Dixon: So moved.

Chairman: Second please?

Ms. Teeuwen: Second.

Chairman: Discussions, questions? Pretty cut and dry with the difference in the two prices. Please call the roll.

Assistant Secretary-Treasurer: Mr. Balog

Mr. Balog: Yes

Assistant Secretary-Treasurer: Mr. Regula

Mr. Regula: Yes

Assistant Secretary-Treasurer: Mr. Dixon

Mr. Dixon: Yes

Assistant Secretary-Treasurer: Mr. Kidston

Mr. Kidston: Yes

Assistant Secretary-Treasurer: Ms. Teeuwen

Ms. Teeuwen: Yes

RESOLUTION NO. 22-2008

**Resolution Awarding a Contract for the Purchase of
Two Portable Salt Conveyor Systems under Invitation No. 4095**

WHEREAS, the Commission has advertised for bids for Invitation No. 4095 for the furnishing to the Commission of Two Portable Salt Conveyor Systems; and

WHEREAS, expenditures for the Contract to be awarded under Invitation No. 4095 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 the award of said Contract; and

WHEREAS, the Commission received two (2) bids in response to Invitation 4095; and

WHEREAS, said bids were reviewed and analyzed by the Commission's Maintenance Engineer, and he has submitted a report concerning said analysis, which report is before the Commission; and

WHEREAS, the Maintenance Engineer reports that the low bid was submitted by **Kimko USA, Inc. of Marshall, Illinois** in the total amount of **\$192,255.08**, and that this bidder proposes to furnish the two portable salt conveyor systems in accordance with the Specifications; and

WHEREAS, the Maintenance Engineer further reports that, although the bid of Kimko USA, Inc. is seven percent (7%) above estimate, it is reasonable in light of the current material costs for both stainless steel and carbon steel, and he, therefore, recommends that the Contract for Invitation No. 4095 be awarded to Kimko USA, Inc.; and

WHEREAS, the Commission has been advised by the Director of Contracts Administration that bids for Invitation No. 4095 were solicited on the basis of the same terms and conditions and the same specifications; that the bid of Kimko USA, Inc. for Invitation No. 4095 conforms to the requirements of Ohio Revised Code Section 5537.07 and Section 9.312; and that a bid guaranty with good and sufficient surety has been submitted by the aforementioned bidder; and

WHEREAS, the Commission's Executive Director has reviewed the reports of the Maintenance Engineer and the Director of Contracts Administration and, predicated upon such analysis, has made his recommendation to the Commission that the Contract for Invitation No. 4095 be awarded to the lowest responsive and responsible bidder, Kimko USA, Inc.; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the bid of Kimko USA, Inc. of Marshall, Illinois in the total amount of **\$192,255.08** under Invitation No. 4095 for furnishing the Commission with Two Portable Salt Conveyor Systems is, and is by the Commission, determined to be the lowest responsive and responsible bid received, and is accepted and the Executive Director and the Director of Contracts Administration, or either of them, hereby is authorized: 1) to execute a Contract with Kimko USA, Inc. in form heretofore prescribed by the Commission pursuant to the aforesaid bid; 2) to direct the return to the bidders of their bid security at such time as Kimko USA, Inc. has entered into a Contract; and 3) to take any and all action necessary or proper to carry out the terms of said Contract.

(Resolution No. 22-2008 adopted June 16, 2008)

Chief Engineer: Thank you. The third resolution I have this morning is awarding Contract No. 48-08-02. This is for the renovation of the lower level of this facility. This project was on the Capital Budget. The Commission may recall that in addition to housing our reproduction and toll audit functions, the lower level will also house our customer service center for our new toll collection system. The contract was divided into the four trades. Bidders were given the option to submit a single bid for each trade or a combination bid for all four trades. We received a total of ten bids on the contract. The apparent low bid was submitted in the form of a combined bid by Sterling Professional Group of Garfield Heights, Ohio in the total amount of \$1,124,000.00. The total amount is below the estimated cost. Although this bidder has not worked for the Commission in the past, we did check references with favorable results and it's also interesting to note that the principals of Sterling Professional were also the principals of a former contractor that did work on an earlier contract in the facility. If the General Counsel would please read the resolved.

General Counsel: RESOLVED that the combination bid of **Sterling Professional Group of Garfield Heights, Ohio** in the amount of **\$1,124,000.00** for the performance of Contract No. 48-08-02 is, and is by the Commission, determined to be the lowest responsive and responsible bid received for the performance of said Contract, and is accepted, and that the Chairperson and Executive Director, or either of them, hereby is authorized (1) to execute a Contract with said successful bidder in the form heretofore prescribed by the Commission pursuant to the aforesaid bid; (2) to direct the return to the bidders of their bid

security, when appropriate, and (3) to take any and all action necessary or proper to carry out the terms of said bid and of said Contract; and

FURTHER RESOLVED that the Commission hereby authorizes the Executive Director and the Chief Engineer to assign DLZ Ohio, Inc., of Cleveland, Ohio, to Contract No. 48-08-02 for the purpose of performing construction administration services, with such assignment in accordance with the engineering design services contract between the Ohio Turnpike Commission and DLZ Ohio, Inc. that is specific to this Project; and

FURTHER RESOLVED that Project No. 48-08-02 is designated a System Project under the Commission's 1994 Master Trust Agreement.

Chairman: A motion to adopt?

Mr. Kidston: So moved.

Chairman: Is there a second?

Mr. Dixon: Second

Chairman: Questions or discussion about the resolution before the Commission?

Mr. Kidston: Mr. Chairman what was the engineer's estimate on this?

Chief Engineer: I believe that's on the bid tab, the long legal sheet, after my recommendation, it was \$1,583,000.00.

Mr. Kidston: So we are well within. Thank you.

Chairman: I have a quick question for you Dan. How do you make a determination that the combined bid, when you have a bid such as this, we had 10 bidders, some bid on one item, some bid on two items and the total? How do you make a determination that the combined bid is the cheapest versus...?

Chief Engineer: Mr. Chairman, we will take a look at the low bid submitted for each individual group, we'll add those four together and if the combined bid is below those four...

Chairman: Yeah, I saw nobody bid on Group II, which was HVAC, separately. I'm sorry that's not correct, APEX did. So you just did it in that manner, take the lowest bid from each section?

Chief Engineer: Yes

Ms. Teeuwen: One other question to add onto that, so then Sterling Professional Group in all four categories, they were the cheapest?

Chief Engineer: Not necessarily. I don't know off hand if they were or not, but they were the low bid for the total all four as a package.

Chairman: Sterling did not make a bid individually. They only gave the total bid.

Ms. Teeuwen: So how do you make those comparisons?

Chief Engineer: Well we would take a look at the low bidder that submitted in response to Package No. 1 and so on down the line. We'd look at those four individual bids and compare it to the total combined bid that Sterling gave us.

Ms. Teeuwen: So the combination of the four separate bids was less....

Chief Engineer: Was more than Sterling's bid.

Ms. Teeuwen: Okay, good. Thank you.

Chairman: Any further questions or discussions on this particular issue? Please call the roll.

Assistant Secretary-Treasurer: Chairman Balog

Mr. Balog: Yes

Assistant Secretary-Treasurer: Mr. Regula

Mr. Regula: Yes

Assistant Secretary-Treasurer: Mr. Dixon

Mr. Dixon: Yes

Assistant Secretary-Treasurer: Mr. Kidston

Mr. Kidston: Yes

Assistant Secretary-Treasurer: Ms. Teeuwen

Ms. Teeuwen: Yes

RESOLUTION NO. 23-2008

Resolution Awarding Contract No. 48-08-02

WHEREAS, the Commission has duly advertised according to law for bids upon a Contract for renovations to the Lower Level of the Ohio Turnpike (*Berea*) Administration Building, located at 682 Prospect Street, Berea, Ohio Milepost 159.4 in Cuyahoga County, Ohio, herein designated as **Contract No. 48-08-02**; and

WHEREAS, the subject Contract was divided into the four trades (general trades/site work, HVAC/mechanical, plumbing/fire protection and electrical) and bidders were given the option to submit a single bid for one trade or a combination bid for all four trades; and

WHEREAS, the Commission has received bids from ten (10) bidders for the performance of said Contract; and

WHEREAS, said bids have been reviewed and analyzed by the Commission's Chief Engineer, and he has submitted a report concerning such analysis, which report is before the Commission; and

WHEREAS, the Chief Engineer reports that the lowest responsive and responsible bid for the performance of Contract No. 48-08-02 was submitted by **Sterling Professional Group of Garfield Heights, Ohio** in the form of a combined bid (Bid Package No. 5) in the total amount of **\$1,124,000.00**, whose bid he recommends be accepted by the Commission; and

WHEREAS, the Commission has also been advised by the Director of Contracts Administration that all bids for Contract No. 48-08-02 were solicited on the basis of the same terms and conditions and the same specifications, that the bid of Sterling Professional Group for Contract No. 48-08-02 conforms to the requirements of Ohio Revised Code Sections 5537.07, 9.312, 153.50 and 153.54, and that a performance bond with good and sufficient surety has been submitted by the aforementioned bidder; and

WHEREAS, the Commission's Executive Director has reviewed the reports of the Chief Engineer and the Director of Contracts Administration and, predicated upon such analysis, has made his recommendation to the Commission that Contract No. 48-08-02 be awarded to the lowest responsive and responsible bidder, Sterling Professional Group; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the combination bid of **Sterling Professional Group of Garfield Heights, Ohio** in the amount of **\$1,124,000.00** for the performance of Contract No. 48-08-02 is, and is by the Commission, determined to be the lowest responsive and responsible bid received for the performance of said Contract, and is accepted, and that the Chairperson and Executive Director, or either of them, hereby is authorized (1) to execute a Contract with said successful bidder in the form heretofore prescribed by the Commission pursuant to the aforesaid bid; (2) to direct the return to the bidders of their bid security, when appropriate,

and (3) to take any and all action necessary or proper to carry out the terms of said bid and of said Contract; and

FURTHER RESOLVED that the Commission hereby authorizes the Executive Director and the Chief Engineer to assign DLZ Ohio, Inc., of Cleveland, Ohio, to Contract No. 48-08-02 for the purpose of performing construction administration services, with such assignment in accordance with the engineering design services contract between the Ohio Turnpike Commission and DLZ Ohio, Inc. that is specific to this Project; and

FURTHER RESOLVED that Project No. 48-08-02 is designated a System Project under the Commission's 1994 Master Trust Agreement.

(Resolution No. 23-2008 adopted June 16, 2008)

Chief Engineer: Thank you. The next resolution is authorizing the Executive Director to amend the contract with Jacobs Carter Burgess in reference to Project No. 71-05-03 for the procurement and installation of our new toll collection system and customer service center. The Commission may recall that when we passed Resolution 8-2008 awarding the implementation of the toll collection system to Transcore we also included Jacobs Carter Burgess on that resolution for the purposes of performing construction administration services. Just so the Commission is aware, Jacobs Carter Burgess will be managing all three contracts in reference to the toll collection system not only the implementation of the toll collection system that was awarded to Transcore but also the LED signage package we are currently working on and also the toll collection system construction package that I'll reference in my next resolution. Just to wrap this resolution up then along with the resolution that was passed last month, Jacobs Carter Burgess submitted a fee in the total amount not to exceed \$637,746 for performance of the services. If the General Counsel would please read the Resolved?

General Counsel: RESOLVED that the Commission hereby authorizes and directs the Executive Director and the Director of Contracts Administration to amend the Contract with Jacobs Carter Burgess to add the not-to-exceed fees of \$637,746 for the performance of Construction Administration Services under Project No. 64-08-01.

Chairman: Motion to adopt?

Mr. Dixon: So moved.

Chairman: Second?

Ms. Teeuwen: Second.

Chairman: Questions or discussion on the resolution before the Commission? This is an estimate based on their anticipation of time and it's a not to exceed, so there is a possibility with proper management that it could be even lessened, correct? This is an hourly basis correct?

Chief Engineer: That's correct.

Chairman: If they end up spending more time to complete the tasks that are inside the agreement then that's on their dime.

Chief Engineer: Well, no, Mr. Chairman. Once they hit 90% of the total amount and if they feel they are going to exceed the \$637,000 they would then submit a request for modification, which we would then look at and possibly modify their contract. If it would go more than 10% over the \$637,000.00 we would have an additional \$63,000.00, if it went over that we would have to bring it back to the Commission for approval.

Chairman: So we are counting on you to do a good job.

Chief Engineer: We'll take care of it.

Chairman: Thank you. Please call the roll.

Assistant Secretary-Treasurer: Chairman Balog.

Mr. Balog: Yes

Assistant Secretary-Treasurer: Mr. Regula

Mr. Regula: Yes

Assistant Secretary-Treasurer: Mr. Dixon

Mr. Dixon: Yes

Assistant Secretary-Treasurer: Mr. Kidston

Mr. Kidston: Yes

Assistant Secretary-Treasurer: Ms. Teeuwen

Ms. Teeuwen: Yes

RESOLUTION NO. 24-2008

Resolution Directing the Executive Director to Amend the Contract with Jacobs Carter Burgess (Project 71-05-03)

WHEREAS, on September 17, 2007, pursuant to Resolution 37-2007, the Commission authorized a Contract with **Jacobs Carter Burgess of Dallas, Texas** for the performance of Project 71-05-03, Professional Consulting Services for the Procurement and

Implementation of the Commission's new Toll Collection System and Customer Service Center; and

WHEREAS, pursuant to Resolution 8-2008, the Commission authorized the assignment of Jacobs Carter Burgess to Project No. 64-08-01 for the purpose of performing construction administration services during the implementation of the new Toll Collection System and Customer Service Center; and

WHEREAS, Jacobs Carter Burgess has submitted a fee proposal dated May 14, 2008 in the total not-to-exceed amount of \$637,746 for the aforementioned construction administration services, which proposal has been deemed appropriate and reasonable by both the Chief Engineer and Director of Audit and Internal Control (who is serving as the Project Manager for the Implementation of the Commission's new Toll Collection System and Customer Service Center); and

WHEREAS, the Chief Engineer and the Director of Audit and Internal Control, therefore, recommend that the Contract awarded to Jacobs Carter Burgess be amended to add the agreed upon fees for the performance of said construction administration services under Project No. 64-08-01; and

WHEREAS, the Executive Director concurs with the recommendation of the Chief Engineer and Director of Audit and Internal Control that the Contract with Jacobs Carter Burgess be amended to add the agreed upon fee proposal for performance of aforementioned construction administration services during the implementation of the new Toll Collection System and Customer Service Center; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the Commission hereby authorizes and directs the Executive Director and the Director of Contracts Administration to amend the Contract with Jacobs Carter Burgess to add the not-to-exceed fees of \$637,746 for the performance of Construction Administration Services under Project No. 64-08-01.

(Resolution No. 24-2008 adopted June 16, 2008)

Chief Engineer: Thank you. The final resolution I have for you today is a resolution authorizing the assignment of URS Corporation for the construction piece design of the plans to facilitate the installation of the new toll collection system. This is Project 71-08-01. As the Commission is aware the Turnpike does not have design build authority, so the contract that we awarded last month, pardon me, two months ago to Transcore has to be split into two pieces. The implementation of the contract and the actual construction of the improvements has to go out on a separate construction contract. Keeping that in mind, on January 24th we issued a RFP for the project seeking design firms. We received 10 firms that were interested, we then requested RFP's from four qualified firms. We selected URS

Corporation of Akron, Ohio for performing the work. To keep the project moving we authorized \$19,920.00 for preliminary phase site investigation services that URS undertook with Transcore. URS has now submitted a fee proposal for the total design package and the total amount not to exceed \$503,780.90. If the General Counsel would please read the Resolved?

General Counsel: RESOLVED that the Commission concurs that URS Corporation of Akron, Ohio is most qualified to perform the services required under the above-mentioned RFP for Project No. 71-08-01, and authorizes the Executive Director and the Director of Contracts Administration to execute the amendment to the previously awarded Engineering Design Services Contract with URS Corporation, all in accordance with the terms and conditions of the Commission's Request for Proposals and its responses thereto.

Chairman: Motion to adopt?

Ms. Teeuwen: So moved.

Chairman: Second please?

Mr. Kidston: Second.

Chairman: Questions or discussion on the motion?

Mr. Kidston: Do we not have design build authority from the legislature? Is that

Executive Director: Mr. Chairman if I can answer that question Mr. Kidston, it's something we do want. We had obviously requested that. We are working with OBM and we are certainly pursuing getting that authority, so we will continue in that regard. I don't think it's going to be a problem, it's just a matter of when legislature comes back finding the vehicle that would accommodate us to have that authority.

Chairman: Was your question "do we have it"?

Mr. Kidston: I understood from Dan that we do not have it. But I believe it's the wave of the future and I would like to get in front of the wave I guess, from our Commission standpoint.

Executive Director: Mr. Chairman and Mr. Kidston, we recognize that it's certainly would have been a benefit to us in this Transcore contract for the conversion to EZ PASS and as time goes on also recognize that it would be a benefit to the Commission to have that authority so we will diligently pursue that.

Chairman: Dan, I saw that your staff, Rob specifically, spent a fair amount of time working with URS on that and reduced from their initial scope of work, reduced that price significantly.

Chief Engineer: Mr. Chairman, Rob, our Assistant Chief Engineer and Staff Construction Engineer Doug Hedrick, they worked on this quite a bit last week while I was on vacation. Met several times with URS and MS Consultants who is working on another piece and through further refining which is involved in each contract, we were able to cut that scope down quite a bit.

Chairman: Yeah, I saw that in the price, so I appreciate that. It's like Bob the Accountant, when the Chief Engineer goes on vacation Bob can do it, we get Rob.

Executive Director: Mr. Chairman he still negotiated long distance from Myrtle Beach.

Chairman: Further comments? Please call the roll.

Assistant Secretary-Treasurer: Chairman Balog

Mr. Balog: Yes

Assistant Secretary-Treasurer: Mr. Regula

Mr. Regula: Yes

Assistant Secretary-Treasurer: Mr. Dixon

Mr. Dixon: Yes

Assistant Secretary-Treasurer: Mr. Kidston

Mr. Kidston: Yes

Assistant Secretary-Treasurer: Ms. Teeuwen

Ms. Teeuwen: Yes

RESOLUTION NO. 25-2008

Resolution Authorizing Amendment to Contract with URS Corporation for Engineering Design and Construction Administration and Inspection Services Required to Facilitate Installation of a New Toll Collection System (Project No. 71-08-01)

WHEREAS, on January 24, 2008, the Commission published notice of its Request for Proposals ("RFP") for Project No. 71-08-01 seeking Engineering Design and Construction Administration and Inspection Services Required to Facilitate Installation of a New Toll Collection System; and

WHEREAS, on February 8, 2008, Letters of Interest were received from ten (10) firms expressing their interest in serving as the Commission's Engineering Design Consultant on this Project, of which four (4) were deemed qualified and invited to submit proposals in response to the RFP, which responses were due on March 7, 2008; and

WHEREAS, on the basis of the proposals received, the Engineering staff ranked **URS Corporation of Akron, Ohio** ("URS") as most qualified to perform the above-mentioned services

and, as a result, a Contract for Preliminary Phase Site Investigation Services was awarded to URS in the not-to-exceed amount of **\$19,920**; and

WHEREAS, URS has now submitted its fee proposal for Phase I Design/Plan Preparation Services in the not-to-exceed amount of **\$503,780.90**, which proposal has been deemed appropriate and reasonable by the Acting Chief Engineer who, therefore, recommends that the Contract awarded to URS be amended to add the Phase I Services; and

WHEREAS, the total not-to-exceed Contract amount shall now be **\$523,700.90**, which is in excess of the \$150,000.00 spending authority granted the Executive Director under the Commission's Bylaws and, therefore, the Contract amendment to perform the Phase I Design/Plan Preparation Services requires Commission approval; and

WHEREAS, the Commission has been advised by its Director of Contracts Administration that that all proposals for Project No. 71-08-01 were solicited on the basis of the same terms and conditions and the same specifications, and that said RFP selection process and the selection of URS conformed with the requirements of Ohio Revised Code Sections 153.65 to 153.71; and

WHEREAS, the Executive Director has also reviewed the recommendations submitted by the Acting Chief Engineer and the Director of Contracts Administration, and concurs that the proposed amendment of the URS Contract to add performance of Phase I Design/Plan Preparation Services should be approved by the Commission; and

WHEREAS, at the time the construction contract(s) to facilitate the installation of the new Toll Collection System is/are awarded, the Commission will be requested to authorize URS to perform Phase II Construction Administration and Inspection services for construction to be performed during said project; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the Commission concurs that URS Corporation of Akron, Ohio is most qualified to perform the services required under the above-mentioned RFP for Project No. 71-08-01, and authorizes the Executive Director and the Director of Contracts Administration to execute the amendment to the previously awarded Engineering Design Services Contract with URS Corporation, all in accordance with the terms and conditions of the Commission's Request for Proposals and its responses thereto.

(Resolution No. 25-2008 adopted June 16, 2008)

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

Chairman: Thank you. Next would be General Counsel, Noelle.

General Counsel: Mr. Chairman, Commission Members, thank you. I have two resolutions for your consideration. The first resolution is actually the same resolution that was before you last month, whereby the Commission would adopt a model system of preferences for the purchases of supplies, goods, equipment or services. During the last month we've had discussions internally. I've also done some additional research. I

apologize, in reviewing the policy, if you look at your prior question from the last Commission Meeting Mr. Chairman related to bids from Canada or border states. In the first section of the policy, which is attached to the resolution, it specifies that the bids will be reviewed according to the criteria and procedures contained in Articles I and II of the policy, which are further down. The third paragraph of that Section I provides that bidders whose manufactured products except for mined products produced in other states or in North America, but the bidders have a significant Ohio economic presence in the terms of the number of employees or capital investment it has in the state will qualify for an award of a contract on the same basis as if their products were produced in the state. If you go down to Section II also, the Buy American Act under the terms of that statute, the policy is subject to all existing trade agreements which would include the North American Free Trade Agreement. Therefore, the trade agreements actually supersede the terms of the policy in the statute, so we would be authorized to purchase products from Canada, Mexico or any other country that the United States has an existing trade agreement with. The other issue that you had was with respect to excessive pricing. If you look at the definition, there is a definition that provides that if the lowest Ohio bid is more than 5% over the bid received from a non-Ohio state, then the Commission would be authorized to purchase from the non-Ohio state. So I think the policy does, as I indicated previously, the policy mirrors the statute and the statute and the policies set forth in the administrative code are what is being utilized by DAS and municipalities and townships. I apologize again for not being to direct you to that provision of the policy. With your permission I'll read the Resolved.

Chairman: Please.

General Counsel: RESOLVED that the Executive Director and Director of Contracts Administration shall be authorized to implement and utilize the attached Model System of Preferences for the purchase of supplies, goods, products, equipment and materials.

Chairman: We put this before the Commission and would somebody make a motion to adopt?

Mr. Kidston: So moved.

Chairman: And somebody please make the second.

Mr. Regula: Second.

Chairman: Questions for the Commission Members? I have one, explain to me the 5%. So if we have three bids and two are from out-of-state companies and one is an Ohio company.

General Counsel: Right on page three of the policy, under subparagraph C at the top. Whether the lowest Ohio bid, if any, offers a price to the Commission deemed to be an excessive price, an excessive price shall be a price that exceeds by more than 5%, the lowest

non-Ohio bid submitted. Meaning if the Ohio bid is more than 5% over the non-Ohio bid, the Commission could still go with the non-Ohio bid.

Chairman: So if we have, by way of example, we have three bids, two from companies in Indiana and they bid \$102,000.00 each, just for discussion purposes, make them \$100,000.00. And the Ohio bid is \$104,000.00 then we could award the contract to the Ohio company at \$104,000.00 and reject the two bids at \$100,000.00. Am I correct on that?

General Counsel: Correct. Also under the first section of the Policy non-Ohio bids, depending on what you're dealing with, qualify as if they are an Ohio bid. A company that is out-of-state that has a significant presence in Ohio, is to be treated the same as an Ohio bid.

Chairman: Okay, and a significance presence is defined in here, but let's use the fuel contract that we delivered, we passed earlier, we gave it to a company out-of-state, would they qualify for a significance presence in Ohio or would we be able to go ahead and award that to an Ohio bidder if they had been...?

General Counsel: If they have a significance presence here, if they are licensed to do business, where they pay Ohio taxes and whether they have a certain number of employees here which could include sales representatives, they would qualify.

Chairman: But quite possibly a company like that would not have a significant Ohio presence because their delivering material in and going back. They send the bid in from out-of-state area. So this policy could potentially, besides, I appreciate buying Ohio companies, buying from Ohio, this policy certainly could cost us more money.

General Counsel: Correct.

Chairman: I just think everybody should at least be aware of that. It's my opinion that it's nice to say that we want to support the Ohio companies whenever possible but we have a 5% window. I guess my next question is are we mandated to select the Ohio company if there's a bid of the out-of-state for \$100,000.00 and the Ohio company is \$104,000.00, are we mandated to determine the Ohio \$104,000.00 is a better bid than the out-of-state at \$100,000.00?

General Counsel: The Commission is not mandated to adopt the policy at all. The Commission...

Chairman: I understand. But if we adopt the policy, that's what my question is, if we adopt the policy then the out-of-state company gives us a bid for \$100,000.00 and the Ohio company gives us a bid for \$104,000.00, do we have to accept the Ohio company? I might have said that backwards. The out-of-state company is \$100,000.00 and the Ohio company is \$104,000.00, are we mandated if we adopt this policy to accept the bid of the \$104,000.00?

General Counsel: Depending on if it's a border state. If it's from Indiana it's to be treated as if it's an Ohio company.

Chairman: Okay, so it's a region issue. The bordering state defined as touching it.

General Counsel: Right.

Chairman: So Virginia...

General Counsel: It's not a bordering state.

Chairman: So we then are mandated to accept the bid of \$104,000.00 from the Ohio company and reject the bid of \$100,000.00 from the Virginia Company.

General Counsel: Right.

Mr. Dixon: I need some clarification here. Is the word mandate too strong? We can or may accept it and if we do accept it we're free from any type of repercussions because we have a policy on file. We can accept the other bid if we want to, but if we don't accept it then we're protected. I think that's one of the purposes of this policy, it gives us that flexibility and if we decided to take the higher bid the other company with the lower bid can't come back and say we had a lower bid because we have a policy on file that protects us against that. Is that a true interpretation?

General Counsel: Mr. Chairman, Commission Member Dixon, actually the policy as it's written in the statute doesn't give you that much flexibility.

Mr. Dixon: Does not?

General Counsel: Does not, it's not discretionary.

Mr. Dixon: So we must take...I'm sorry.

Chairman: No, I appreciate that. I just want to make sure we all know what we're voting on and what we're approving and I apologize to the other Commission Members. I was out-of-town last week and I did not have a chance to talk to Noelle because quite often you raise these issues when you get the draft resolutions and so the discussion we are holding today is my first discussion with her.

Mr. Dixon: Well, I'm glad you asked her because I thought I understood it until now. So we must take then the Ohio company that's within the 5%?

General Counsel: Right.

Chairman: Or border state?

Mr. Dixon: Or border state. Must take?

General Counsel: Correct.

Chairman: Any discussion or thoughts? Everybody comfortable doing it, not doing it?

Mr. Kidston: I didn't understand it that way. I guess I was under the impression that this was an opportunity to bring business to Ohio, but we still had the opportunity to accept the lowest and best bid if, in fact, we felt that was in the best interest to the Commission. What Noelle has just said kind of changes my thinking on this whole process here? We don't want to get ourselves into a position where it's costing us money.

Chairman: Mr. Dixon.

Mr. Dixon: I truly understand what my colleague is saying, but it raises another question. I don't want to just jump and no because it's going to cost us money. We did have to think and reach within ourselves and decide if 5% is worth it, is that a sacrifice that the organization can take, or is willing to take. To do business to make sure we do business with Ohio companies. Or maybe we want to make it a lower number. I don't know, but I don't want to just eliminate the policy because somewhere down the line it may cost us 5, 10 \$20,000.00 to do business with Ohio companies. I don't want to do that.

General Counsel: Mr. Chairman, Commission Member Dixon, I apologize for interrupting you. If I could make a suggestion, last time we looked at this a few years ago, Dan and I, the Chief Engineer and I, checked the bidders list and the list of companies that we have purchased items and had executed contracts with, and I think over 95% of the companies would qualify.

Chief Engineer: It was in the low to mid-90's.

General Counsel: Would fall under the policy, so that we would still be doing business with a lot of the companies that we are purchasing from would qualify as having a significant Ohio presence. We could update that check for the next Commission Meeting. I think that's probably the best we can do.

Mr. Kidston: Mr. Chairman, Noelle. Can't we word this so that it gets to where George and I want to be? In other words we want to have the opportunity to award to an Ohio contractor if it's in our best interest, but not be required to award to an Ohio contractor if the 5% is not, well if the 5% is not there we aren't required either way.

General Counsel: Mr. Chairman, Commission Member Kidston, I think the concern I raised the last time and Kathy did propose perhaps modifying the policy, the concern is that once you start making it discretionary you open yourselves up to litigation. This is the policy that is set forth in the statute and I think the reason why it's mandatory as compared to discretionary is you don't want to be put in a position where you're picking and

choosing who you follow the policy with and who you don't follow the policy with. That's where you get into problems, if you make it discretionary. So, we did have a discussion about whether or not, and I indicated from the beginning of the process that the reason why it's written the way it is, once the Commission deviates from what everybody else is doing you open yourselves up to criticism and a challenge.

Chairman: Okay, I appreciate that. My next question would be is maybe we're over thinking this as you pointed out that 95% of our contracts, most people will have the qualification of an Ohio presence. But the other part of it is how does it apply to for example a construction company? Say we were going to rebuild the bridges over the Cuyahoga Valley which we recently did, so we are not planning to, and if a firm bids on it out of Texas versus four Ohio companies who are bidding on it, would that come into play for a construction contract also?

General Counsel: No. Mr. Chairman, Commission Members, it would not because we specifically took construction bids out of it. That was a piece of it that we took out, this is for goods, services, this did not include construction invitations because obviously those are your bigger dollars that you are spending on. We took that piece of it out of the policy all together. This applies to purchases and contracts over \$10,000.00, but not bid construction bids.

Chairman: I have kind of rotated about 360 degrees in this twice already and of course the discussion, but I think I kind of go back to what Mr. Dixon said that it's a policy that is set to help the area and we might have to spend a few more shackles to go ahead and help the area. But it's also the same area that's providing transportation and revenue to us. If we don't invest the money in our area then who's going to be spending the money on the Turnpike? So as I've kind of gone around the circle a couple of times, I would say if we call for a vote today, I intend to vote for it as it's written and I'm willing to live with the mandatory 5%. I agree with you from a legal standpoint, if we have a discretionary language you are going to set yourself up for nothing but litigation. My thoughts are rotated quite a bit, but I would support it if it comes to a vote. If the other Commission Members feel that they'd like more time to study it or they think their against it, let's put it on the table and talk about it a little bit more. Mr. Dixon.

Mr. Dixon: I just want to throw this in real quick. Would there be a problem with a not to exceed? If we were to say, we would apply the 5% in contracts where the 5% didn't exceed \$20,000.00? In other words the difference between, does that cause a problem? Do you see any legal ramifications there?

General Counsel: That may not create a problem Mr. Dixon because then you have an objective criteria. You're targeting purchases between \$10 and \$20,000.00 as compared to looking at who you do business with.

Mr. Dixon: I don't know if I was clear. I'm not good with numbers. Where the bids, where the amount differs, the 5% would be say \$20,000.00. In other words it would cost us \$20,000.00 more to do business with that Ohio company.

Chairman: So maxed at a \$400,000.00 bid.

Mr. Dixon: Okay, there you are. Maxed at a \$400,000.00 bid in other words. Would that be a problem?

General Counsel: I think if you're setting an objective criteria up front in the bidding process. I think you're okay.

Mr. Regula: Mr. Chairman, let me ask you this. Where did we come up with 5%?

General Counsel: That's in the statute.

Mr. Regula: Okay, so we can't change that percentage to 3%?

General Counsel: You could as long as it's an objective criteria as compared to just picking and choosing each bid.

Mr. Regula: I'm just looking for some common ground here that everybody can be comfortable with. Does 3% help any more than 5%, maybe it doesn't? But I'm kind of getting from this whole thing that you can't have it both ways.

General Counsel: Correct.

Mr. Regula: We have to make a decision one way or another. And if 3% makes anybody any more comfortable any more than 5?

Chairman: Again, my comment, and I don't mean to step on anyone else, but my comment is that this is our area and if we have to spend a little bit more money to support our area that's also the area that provides all of our revenue, or the lion share of our revenue. You know, 5% I would assume that number has been discussed, negotiated. I'm sure there was probably somebody who said 20% was the proper number and somebody else said 2% and then it came down to 5. I don't think I have any more knowledge to say that 3 is better than 5. I still go back to the earlier comment that Noelle made, is that 95% of our contracts this won't be an issue.

Chief Engineer: Mr. Chairman, if I may, just to give you some idea what the potential additional cost is per year. Let's assume we purchase \$50 million worth of commodities a year, and I'm assuming that's a high number, out of the \$50 million the 5% of that would be \$2.5 million and if we're talking 5% on top of that, we're talking an additional cost of potentially \$125,000.00 a year.

Chairman: That's \$15 million, and that's assuming that the Ohio bidders are always the 5%..

Chief Engineer: I just took a number...

Chairman: There are a lot of hypotheticals.

Chief Engineer: ...\$50 million of commodities a year and I used the 95% number.

Chairman: But that's a lot of hypothetical's to get to that number of \$125,000.00. I think the numbers going to be, I don't think we're going to see much in the form of a number, but we may.

Mr. Regula: One other question Mr. Chairman, from the legal standpoint, have you in the past ever seen a situation trying to apply this to it? Whereas, an Ohio company knowing we have this policy in effect and knowing its competition is outside of the state would say to themselves, well we know the other people are going to bid or be from outside the state therefore we can add 5% to the bid and still receive it.

General Counsel: Mr. Chairman, Commission Member Regula, I can't answer that. I don't know if Kathy can...

Mr. Regula: Okay.

Chairman: When you're doing a competitive bid and they're sealed bids going in, that's pretty hard to you know...you might have an idea what your competition is bidding in other places, but it would be pretty hard to justify that and be pretty hard to figure out if their an Ohio company or not. I don't think that would become a problem.

Mr. Dixon: You know what happens, my Mother, God rest her soul, would tell me when you go into something you do what you think is honorable. What you think is a good thing and if somebody takes advantage of it you don't worry about it because you went into it trying to do a good thing and your mind and your heart was in the right place. We're trying to do a good thing. We're trying to do business with Ohio companies, its going to cost us a little money. I would like to call the question Mr. Chairman, let's vote on this and I hope we pass it.

Chairman: If we pass it and find some problems we can always un-pass it.

Mr. Kidston: Can I clarify two things?

Chairman: Mr. Dixon can he clarify two things?

Mr. Dixon: I'm always ready to listen to my esteemed colleague.

Mr. Kidston: I'm understanding that only 5% of our vendors, last time we checked, were not Ohio or border state vendors, correct?

Chief Engineer: Mr. Chairman, Commission Member Kidston, if I remember right it was in the range of 92 – 95, low to mid 90's.

Mr. Kidston: Okay, and the second thing I want to clarify. We're not giving up our right to reject any and all bids? Is that correct?

Chairman: That's a good point.

General Counsel: That's right.

Chairman: Please call the roll.

Assistant Secretary-Treasurer: Chairman Balog

Mr. Balog: Yes

Assistant Secretary-Treasurer: Mr. Regula

Mr. Regula: Yes

Assistant Secretary-Treasurer: Mr. Dixon

Mr. Dixon: Yes

Assistant Secretary-Treasurer: Mr. Kidston

Mr. Kidston: Yes

Assistant Secretary-Treasurer: Ms. Teeuwen

Ms. Teeuwen: Yes

Chairman: Thank you. Noelle, next.

RESOLUTION NO. 26-2008

Resolution Authorizing the Adoption of a Model System of Preferences for the Purchase of Supplies, Goods, Equipment or Services

WHEREAS, the Commission is authorized pursuant to Ohio Revised Code Section 5537.04(A)(10) to enter into contracts or agreements necessary or incidental to the performance of its duties and the execution of its powers; and

WHEREAS, the Ohio Department of Administrative Services has adopted a Model System of Preferences whereby it has established a preference for the purchase of supplies, goods, products, or materials produced, manufactured or mined in the United States, the State of Ohio or a border state pursuant to the provisions of Ohio Revised Code Sections 125.09 and 125.11; and

WHEREAS, the Commission wishes to adopt the same Model System of Preferences as set forth in Ohio Administrative Code 123:5-1-11 which policy will be utilized by the Purchasing Department when acquiring supplies, goods, products and materials; and

WHEREAS, the General Counsel has advised the Commission that it is authorized by the provisions of Ohio Revised Code Section 125.11(E) to adopt the Model System of Preferences, as set forth in the attached policy and by adopting such a System, the Commission hereby amends its current procurement policies and procedures to reflect the Model System of Preferences.

NOW, THEREFORE, BE IT

RESOLVED that the Executive Director and Director of Contracts Administration shall be authorized to implement and utilize the attached Model System of Preferences for the purchase of supplies, goods, products, equipment and materials.

(Resolution No. 26-2008 adopted June 16, 2008)

General Counsel: Mr. Chairman, Commission Members, the second resolution I have for your consideration is resolution authorizing the Executive Director to purchase insurance policies pursuant to the RFP that was issued April 3rd. As you know the Commission is required by the bond indenture agreement to maintain a comprehensive insurance program. That includes, although the Master Trust Agreement doesn't specify the types of policies in all respects, the Commission generally maintains eight, or six lines of insurance. The first being public entity General and Automobile Liability insurance, Multi-peril Property insurance, Broad Form Money and Securities insurance, Public Officials Errors and Omissions insurance coverage, Bridges and Use and Occupancy insurance and Excess Liability insurance coverage. The Commission started a process back in March whereby we issued a notice of Request for Proposals for Insurance Broker Market Assignments on March 18th wherein we solicited insurance brokers and agents to submit request to be assigned to a specific insurance market or insurance carrier. We did receive requests for market assignments from 10 different insurance agents and brokerage firms on or before March 25, 2008. We held a pre-bid conference on April 3, 2008 with those 10 insurance agents and brokerage firms in which we issued the actual insurance RFP and at this point I'm going to turn it over to our insurance consultant, Dan Buser of Crain, Langner, who also worked with us on this process.

Mr. Buser: Thank you, it's good to be here this morning. I appreciate the opportunity to review results with you a little bit. A couple things, we can't do this without a lot of help, we're grateful for the assistance of General Counsel and Risk Management Coordinator. They do a lot of work with us and for us to make this process successful. The General Counsel is handing out a hard copy of the presentation, which I believe you have on your monitors as well. The answer first is we have real good news to deliver to the Commission in terms of the program itself as well as the cost for that insurance program. What I'd like to do is spend a few minutes explaining what was done, what the Commission

purchases and then results in terms of the coverages purchased and the pricing for the program. Let's talk about first the market, what it is, the insurance market, the property and casualty insurance market, we'll talk about the OTC program and then the results. The market is, just real quickly so you understand perspective because the Ohio Turnpike Commission does not purchase insurance in a vacuum, we're a public entity, we're one of many, we're a significant size entity with a significant insurance program. The market is soft, translation, pricing is considerably down which is a good thing for buyers, but it is not necessarily a stable market place. World events, national events, local events, can affect and do affect the pricing terms and conditions of the contracts. We're happy to say that in 2008 and most of 2007 pricing is down considerably. Better yet, the results for the Commission as part of this process exceed what we are seeing for other public entities and closely held entities that we work with. Next slide.

What are folks seeing in addition to reduced pricing because pricing is important, but the coverage is equally important from our perspective. Some folks are able to buy or offered a higher limit. Higher limits on property, higher limits on their liability coverage. Their able to change the amount of liability of risk they retain. Translation, your deductible, your self insured retention, they are able to put confines or parameters on those amounts of self retained risk and we are able to do some of that with the OTC program as well. There are a little more authorial terms and conditions in these contracts whether it is the public officials or the general liability where we seek to maximize or to purchase or to have the brokers propose coverage, which is superior. That is to some degree subjective but not always. This process is conducted by the Commission periodically, by this process I mean the development of a request for proposal, solicitation of a proposal, review proposals and purchase. It is not something that is undertaken every year and we endorse that every three, four or five year process for the Commission and for other public entity clients. The market is soft. We hope it remains soft in 2009 which will benefit the Commission as it sits and in a year from now and in a purchasing decision and I can't necessarily predict that it will be as good as it is today a year from now and likewise in 2010. That will be driven by the performance of the Commission and our luck and not so good luck in terms of property liability. It is equally impacted by external forces that we have no control over and that's just something we will have to live with like all other entities, public and private. The General Counsel listed the different coverages the Turnpike Commission purchases, this list is rather complex, you have in your presentation, I believe it is the last sheet in the stapled hard copy of your documents, a copy of the insurance program, it's a graph if you will. It is a good reference document for board members and third-parties who want to say what did we buy and what does it do? We buy the coverages the Commission purchases and our view is consistent with the operations, activities, and holdings of an entity like the Commission. That is to say that we don't necessarily forego purchasing a coverage we'd see other public entities purchase, we don't see the Commission purchasing coverages completely afield or different from what other public entities would or should purchase. The last thing I'd say in that respect is what they purchase today, what we recommend they purchase for 2008, the next policy period is consistent with prior years. We aren't asking necessarily for dramatic or from our prospective material differences in the program. Proposals received, I believe over 30 agents and brokers received the mailings on the request for proposals. Proposals were received from eight different agents or brokers and we use those words synonymously

they don't necessarily mean the same, those which appear in red ink on this particular, slide number five are entities are currently serving in the broker or agency capacity for the Commission. Those in blue are just denoted as such because they don't currently participate in the insurance program. Results, slide number six lists the coverages the broker and the insured who's offerings when we look for them are deemed to be superior to all others and this is the list of the type of coverage, the broker and it's just the name of the broker, the name of the agent, it is not a person, it's the name of an entity as well as the insurance company from whom we suggest the Commission purchase its insurance. I will tell you that the Commission is very well represented in the insurance marketplace, by qualified agents and brokers. That is not always the case for public entities; it takes a lot of work everyday, not just when you conduct a process like this to make yourself attractive. We think the Commission does a very, very fine job making them self an attractive risk to insure, an attractive account to work for. We like to see that, we would like to see it continue. Slide number seven is probably an important one for you, it says its premium totals year over year. The expiring premium for all lines of coverage, when you add up the bottom line is about \$970,000.00. After review of the proposals and there are many, many details in them, and counsel and the risk management coordinator have received and see the detail when you compare the expiring \$972,000.00 we think there is a savings of about \$238,000.00 on the renewal representing about 24%. Recall one of the first remarks was most public entities that we work for and they are of all size and shape are about a 10 or 15% this year on a blended rate, property and casualty together, the Commission is going to benefit from about a 25% decrease in its pricing and improve terms and conditions. I don't know all of the reasons for those successes, I do know competitive forces can bring out the best in folks and we had that process of competitive, competitive marketing processes which is what we call this, has that type of result with it. Your coverage graph is on your screen. The results detail the next chart after that and the next slide, slide number nine gives a greater amount of detail by line of coverage, by the carrier, your expiring premium, the renewal premium, and the dollar changes. This is not a commodity, no single line of coverage is a commodity. Coverage is rather esoteric, they are very complicated. Something as simple as an auto liability policy can have a lot of details to it. Our job, our charge is to find to request for proposals which are responsive to the liability and loss exposures of the insured, maximize those coverages for the least amount of cost, I think we have succeeded in that effort again. Next slide. Program changes - There are hundreds and hundreds of points for the policies in question because these are written contracts, lengthy in nature. A couple of highlights for the Commission, aside from the savings of about 24% or \$240,000.00, the current total liability coverage for the auto and general liability is about \$55 million dollars above a primary. That is a significant amount of liability coverage exposure. Within and at that same level of savings we have recommended the Commission increase it limit of liability to \$65 million dollars. Litigation isn't necessarily waning neither are the judgments, verdicts or settlements on litigation. The professional liability limits, by professional liability we mean the public officials liability and employment practices liability, we currently have on an expiring basis, which means that policies which expire here in a few weeks \$5 million dollars of limit within this program and as a result of the process we can increase the amount of that limit to \$20 million dollars and we encourage, we recommend that purchase as well. On the property, the current limit on the policy which is written by Affiliated FM, one of the largest and viewed by many as the leading property carrier for highly protective risks, that loss limit is \$375

million dollars, they have increased their offering to \$475 million dollars, which means corresponds to or relates to the amount of coverage you have in case of a major fire, no actually it wouldn't be a fire, this would be a windstorm or tornado that hops/skips over all of the major locations that we would have and that's the risk you have in Ohio, we don't have quite the flooding exposure or earthquake exposure that the coasts may have. Our recommendations are captioned in writing. I was asked to present here to review some of the highlights, let me say again, we very much appreciate working for the Commission, these administrative folks help us a lot which is very much appreciated. The agents and brokers and the underwriters are very pleased to present these offerings to you and I'd entertain any questions.

Chairman: One quick one, this is one year renewal and that's all that potentially out in the marketplace. I mean as you talk about a soft market, there is no opportunity to put quote and unquote lock in for two years or three years?

Mr. Buser: That's accurate in most respects, they do not, the underwriting companies do not offer multi-year policies. A handful of years ago certain policies were offered on multi-year basis and frankly many of our clients would take advantage of that, um now there are some exceptions to that in the sense that they will offer rate guarantees, it's not a renewal, you are still on a one year policy, a twelve month policy term. However, the carrier will offer you a rate guarantee which says if you don't have losses which exceed a certain ratio, it's called a loss ratio, then you can enjoy a renewal next year at a certain rate, a guaranteed rate. I believe the liability was offered with a rate guarantee, some clients are taking them. This has nothing to do with public entity or the size. Some are not. Those who don't say well it's a soft market, so we believe that it is going to be soft a year from now and many pundits think it will be. Why should I lock my rates because if we have good loss experience and our history is the Turnpike Commission has very good loss experience in all lines of coverage, claims notwithstanding, it does real well. If rates continue to decline, the market continues to be soft, if you are stuck with a rate guarantee, then you don't get the benefit of that continuing softening market. It's in the eyes of the beholder whether to take the rate guarantee or not.

Chairman: The other question I have real quick is I noticed on the chart that you provided to us some slight variations in the bridge spreadsheet, just using Gallagher for example on the general liability, you had a renewal as his option at \$88,729.00, and then as quoted was the same \$88,729.00, but then you showed the recommended combo as \$89,063.00 and I was wondering why was the difference of price, some of them were exactly the same and some were different. Was there changes in the coverage, what changed the price of these small amounts from some of the quotes?

Mr. Buser: Yes, good question. The quotes are largely not subject to change. Gallagher is a broker which revisited its program. Gallagher's program which actually is St. Paul Travelers is the underwriter, the broker is an intermediary it doesn't establish pricing. The underwriter revisits it and it's a segue into question where some underwriters view primary coverage more expensive and their umbrella less expensive and the flip flop can be true. This Gallagher program, Travelers revisited it and changed it slightly, which at the end

of the day resulted in about a \$9,000.00 decrease on the primary lines offer by Travelers, it was a little bit here and a little bit there.

Chairman: I was just curious what the difference was? Other Commission Members have any questions?

Ms. Teeuwen: If we would have kept our limits the same, what would have the savings had been?

Mr. Buser: The answer is it depends because the, it depends because from whom you buy the coverage. I will tell you that it would be our view that the top \$10 million above the \$55 is of course, the least expensive. If I had to guess, because they don't provide that, they don't necessarily give you the detail for every cost or every limit, or every million dollars or \$5 million dollar increment, if I had to guess what that top \$5 million would be, it would have been probably about an \$8,000.00 to \$10,000.00 savings, maybe a \$15,000.00 savings. It's very inexpensive the higher you go.

Ms. Teeuwen: So the new increases were, the justification for the new increases were based on what?

Mr. Buser: Trend, most of our clients, public and private, will trend their liability coverage upward over time, to keep track with higher litigation costs, the CPI generally, which is another way of saying the dollar is worth less every year and our recommendation of that is this is of the following: the coverage you buy today for the liability protection is the coverage you will need many years from now perhaps, I have clients where I am looking at coverages from ten or twenty years ago, so you try to buy what you need today, but thinking it may not really be needed tomorrow, it could be four, five or ten years from now, very few clients trend their liability limits downward over time and an increase in a soft market for very minor additional premiums is a pretty typical decision of almost all of our clients.

Chairman: Bonnie, anything further?

Ms. Teeuwen: One other question, there is a large percentage of increase for the professional liability compared to you know, your property limits, it seems like the percentage is a lot different.

Mr. Buser: The different lines of coverage, the changes offered by carriers will vary between carriers of the same line of coverage and between carriers for different lines of coverage. Some will price their umbrella much higher than their primary. Some will charge more for the primary for the same two pieces and the same happens here as well and I don't necessarily, we are not in the lines of the underwriter why one underwriter says the public officials they need to see an increase or a decrease of 11%, but the property they are willing to take 24% off. They have a philosophical difference and the other thing I'd say is and this is important to note, if you had Travelers or pick any insurance company Ace, the underwriter for the primary coverage, meaning that person who does the analysis of the

account is not the same person that underwrites the property, they don't even necessarily talk. They prepare the relative documents, they are packaged together, then they are submitted to a lead underwriter who then deals with the broker and onto the insured. So they don't necessarily talk to each other when they underwrite the property, public officials, or any of the other primary casualty lines.

Ms. Teeuwen: I guess based on your initial philosophy on why we increase this, there should be some consistency from one to the other if you're just upgrading because of looking towards the future and what the trends are I guess I really don't understand why you have a difference of percentage in increases.

General Counsel: Mr. Chairman, Commission Member Teeuwen, actually we didn't increase the coverage amount, or the limit amount, that was offered by the insurance carrier. As part of this process we answered voluminous questionnaires from the insurance carriers, in the five years I've been here I don't ever remember us ever having to answer the questions we did this time and actually it was very good. Carriers look to and they get into details as far as your operations, what your staffing is, they look at how many professionals you have, lawyers, engineers what have you. The carrier proposed the increased limit at no substantial increase to us. We didn't specify that we needed \$65 million coverage, we actually provided them with the insurance coverage levels that we had last year so they offered it. Some of it may be due to and Dan can correct me if I'm wrong, the fact that Travelers working with us in the last year or two has become more familiar with our operations. That was just an added incentive, we didn't specify we need \$65 million in coverage.

Mr. Buser: That's accurate.

Ms. Teeuwen: No that I understand.

Mr. Regula: I'm assuming we track our claims over the course of years.

Mr. Buser: Yes, I believe you do.

Mr. Regula: My question would be overall our claims about flat in terms up or over the years have they increased substantially? Where are we at in regards to that?

General Counsel: Our claim experience, knock on wood, has been very good. The bulk of our claims are small claims under \$2,500.00. The claims are minor car accidents involving one of our drivers, toll gates coming down on a car prematurely, so you deal with paint scratches. Their very minor and the claims we've had litigation wise we've been successful on. We've not had as far as our employment practices we've not had any liability over the course of the last five years that I've been here. We didn't even settle on cases, we have one pending right now. Our claims experience is very good. Part of that is the policies, internal controls and checks that we have in place to prevent claims from occurring, we're being successful.

Chairman: Any further questions or comments? Thank you very much.

General Counsel: Mr. Chairman, Commission Members, in accordance with the presentation and the materials you have, it is the recommendation of the insurance consultant, the Risk Management Coordinator, and myself that the Commission accept the proposals received as identified in the resolution for public entity and general automobile liability insurance including terrorism coverage proposed by Arthur J. Gallagher Risk Management Services on behalf of St. Paul Fire & Marine Travelers Insurance for a total premium of \$191,880.00. Two - Multi-Peril Property Insurance including Terrorism coverage proposed by the Hylant Group on behalf of Affiliated FM Insurance Company for an annual premium of \$237,9870.00. Broad Form, Money and Securities insurance coverage proposed by Gardiner Allen DeRoberts Insurance LLC on behalf of Chubb Federal Insurance for an annual premium of \$40,375.00. Public Officials Errors and Omissions insurance coverage proposed by Arthur J. Gallagher Risk Management Services on behalf of St. Paul Fire & Marine/Travelers for an annual premium of \$42,738.00. Fifth - Bridges and Use and Occupancy insurance including Terrorism coverage proposed by The Hoffman Group on behalf of Travelers Property Casualty Company of America for an annual premium of \$62,879.00 and Umbrella Excess/Liability insurance coverage including Terrorism proposed by Arthur Gallagher on behalf of Travelers for an annual premium of \$57,753.00. Wachovia Insurance Services on behalf of North River and Great American Insurance Company for an annual premium of \$100,928.00. With your permission, I will read the resolved.

Chairman: Please.

General Counsel: RESOLVED that the Commission has duly considered such recommendations of its independent insurance consultant, as well as the recommendation of its general counsel and risk management coordinator, and hereby selects and authorizes the executive director and general counsel to purchase the above-specified insurance policies through Arthur J. Gallagher Risk Management Services, Inc., for public entity general and automobile liability insurance, The Hylant Group for multi-peril property insurance, Gardiner Allen DeRoberts Insurance LLC for broad form money and securities insurance, Hoffman Group for bridge use and occupancy insurance, and Arthur J. Gallagher Risk Management Services, Inc., for public officials/errors and omissions and Arthur Gallagher Risk Management Services, Inc. and Wachovia Insurance Services for umbrella/excess liability insurance in accordance with the terms and conditions set forth in the proposals and at the premiums quoted by the respective agent brokerage firms.

Chairman: Is there a motion to adopt?

Mr. Kidston: So moved.

Chairman: Is there a second?

Ms. Teeuwen:Second.

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

Assistant Secretary-Treasurer: Chairman Balog

Mr. Balog: Yes

Assistant Secretary-Treasurer: Mr. Regula

Mr. Regula: Yes

Assistant Secretary-Treasurer: Mr. Dixon

Mr. Dixon: Yes

Assistant Secretary-Treasurer: Mr. Kidston

Mr. Kidston: Yes

Assistant Secretary-Treasurer: Ms. Teeuwen

Ms. Teeuwen: Yes

RESOLUTION NO. 27-2008

Resolution Authorizing the Purchase of Insurance Policies Pursuant to Request for Proposals for the Commission's Comprehensive Property and Casualty Insurance Program

WHEREAS, the Commission issued a Notice of Request for Proposals for Insurance Broker Market Assignments on March 18, 2008, whereby interested insurance agent/brokerage firms could request that the Commission assign certain insurance markets to them to obtain proposals for coverage under the Commission's comprehensive casualty and/or property insurance program; and

WHEREAS, the Commission received requests for market assignments from ten (10) insurance agent/brokerage firms on or before March 25, 2008, and markets were assigned to all of the agents/brokerage firms that requested such assignments during a pre-bid conference held on April 3, 2008; and

WHEREAS, the Commission issued a Request for Proposals (RFP) for the Commission's Comprehensive Casualty and Property Insurance Program on April 3, 2008, and markets were assigned to all of the agents/brokerage firms that requested assignments during a pre-bid conference held that same day; and

WHEREAS, responses to the RFP were submitted on or before May 15, 2008 by eight (8) agent/brokerage firms on behalf of different insurance carriers, and such responses have been reviewed and analyzed by Crain, Langner & Company of Richfield, Ohio, the Commission's independent insurance consultant, and the Commission's general counsel and risk management coordinator; and

WHEREAS, Crain, Langner & Co. has made a recommendation for the award of such insurance policies based upon its review and analysis of the proposals received, and the Commission's General Counsel and Risk Management Coordinator concur with the recommendation; and

WHEREAS, the Commission has been advised by the General Counsel that the RFP process was conducted in a manner that was fair and equitable to all participating insurance agents/brokerage firms and insurance carriers and that the Commission may lawfully purchase the respective insurance policies; and

WHEREAS, the Commission's independent consultant, General Counsel and Risk Management Coordinator recommend that the best interests of the Commission would be served by the acceptance of the proposals submitted by the following agent/brokerage firms on behalf of insurance carriers for policies commencing on July 1, 2008 at the corresponding premium quotes submitted as follows:

1. Public Entity General and Automobile Liability Insurance, including terrorism coverage, proposed by Arthur J. Gallagher Risk Management Services, Inc., on behalf of St. Paul Fire & Marine/Travelers Insurance for an annual premium of \$191,880;
2. Multi-Peril/Property Insurance, including terrorism coverage, proposed by The Hylant Group on behalf of Affiliated F.M. Insurance Company for an annual premium of \$237,987 representing a cost reduction of 19%;
3. Broad Form Money and Securities Insurance proposed by Gardiner Allen DeRoberts Insurance LLC on behalf of Chubb/Federal Insurance for an annual premium of \$40,375 representing a cost reduction of 5%;
4. Public Officials/Errors and Omissions Insurance proposed by Arthur J. Gallagher Risk Management Services, Inc., on behalf of St. Paul Fire & Marine/Travelers for an annual premium of \$42,738 representing a cost reduction of 38%;
5. Bridges and Use and Occupancy Insurance, including terrorism coverage, proposed by The Hoffman Group on behalf of Travelers Property Casualty Company of America for an annual premium of \$62,879; and
6. Umbrella/Excess Liability Insurance Coverage, including terrorism coverage, proposed by Arthur Gallagher on behalf of Travelers for an annual premium of \$57,753, Wachovia Insurance Services on behalf of North River and Great

American Insurance Companies for an annual premium of \$100,928 representing a cost reduction of 49%.

NOW, THEREFORE, BE IT

RESOLVED that the Commission has duly considered such recommendations of its independent insurance consultant, as well as the recommendation of its general counsel and risk management coordinator, and hereby selects and authorizes the executive director and general counsel to purchase the above-specified insurance policies through Arthur J. Gallagher Risk Management Services, Inc., for public entity general and automobile liability insurance, The Hylant Group for multi-peril property insurance, Gardiner Allen DeRoberts Insurance LLC for broad form money and securities insurance, Hoffman Group for bridge use and occupancy insurance, and Arthur J. Gallagher Risk Management Services, Inc., for public officials/errors and omissions and Arthur Gallagher Risk Management Services, Inc. and Wachovia Insurance Services for umbrella/excess liability insurance in accordance with the terms and conditions set forth in the proposals and at the premiums quoted by the respective agent brokerage firms.

(Resolution No. 27-2008 adopted June 16, 2008)

Chairman: Noelle that concludes your report.

General Counsel: Yes. Thank you Mr. Chairman.

Mr. Regula: Mr. Chairman I make a motion to amend the agenda at this time.

Mr. Kidston: Second

Chairman: And the amendment would be to?

Mr. Regula: Add an additional resolution to the meeting today.

Mr. Kidston: And I will second that.

Chairman: You'll second it? Will you please, Noelle could you please read the additional resolution that's been added to the agenda?

General Counsel: RESOLVED that the Ohio Turnpike Commission hereby acknowledges its gratitude and expresses its appreciation for the diligent, active and valuable service rendered by Gary C. Suhadolnik; and

FURTHER RESOLVED that the Commission extends to Gary C. Suhadolnik its best wishes for his continued success and well-being in all matters and activities which he shall undertake in the future; and

FURTHER RESOLVED that the assistant secretary-treasurer be, and hereby he is, directed to send a certified copy of this resolution to Mr. Suhadolnik.

Chairman: Motion to adopt?

Mr. Regula: So moved.

Chairman: Mr. Regula, second by Mr. Dixon then.

Mr. Dixon: That's right.

Chairman: Any questions or comments? Would anyone like to say anything about Mr. Suhadolnik before we vote on our resolution? Call the role please.

Assistant Secretary-Treasurer: Chairman Balog

Mr. Balog: Yes

Assistant Secretary-Treasurer: Mr. Regula

Mr. Regula: Yes

Assistant Secretary-Treasurer: Mr. Dixon

Mr. Dixon: Yes

Assistant Secretary-Treasurer: Mr. Kidston

Mr. Kidston: Yes

Assistant Secretary-Treasurer: Ms. Teeuwen

Ms. Teeuwen: Yes

RESOLUTION NO. 28-2008

Resolution Commending the Service of Gary C. Suhadolnik

WHEREAS, on January 1, 2003, Gary C. Suhadolnik was appointed by the Commission to serve as the Executive Director, and he has served in that capacity with distinction for five years; and

WHEREAS, Gary C. Suhadolnik is leaving public service after more than 30 years in elective and appointed positions at the state and local levels, and has served the State of Ohio with distinction; and

WHEREAS, during his tenure as Executive Director, the Commission has moved forward in many vital areas including, but not limited to the addition of twelve (12) miles of third lane, the construction of a new set of service plazas, the opening of a new interchange, and commencing the conversion to electronic toll collection, which will be complete in 2009; and

WHEREAS, the Commission through Gary C. Suhadolnik's leadership has continued to introduce and expand incentives to increase usage of the Turnpike by the commercial trucking industry by increasing the speed limit to 65MPH and expansion of the BESTPASS program with the Ohio Trucking Association; and

WHEREAS, the Commission has continued to receive outstanding ratings from the national bond rating agencies under his administrative leadership; and

WHEREAS, as the Commission's chief administrative officer, he provided distinguished service and advice to the Commission and its staff in all areas of its operations and through his fair and unique administrative style; and

WHEREAS, the members of the Commission and the staff wish to give formal and public recognition for his exceptional and dedicated service to the Commission prior to his retirement; and

NOW, THEREFORE, BE IT

RESOLVED that the Ohio Turnpike Commission hereby acknowledges its gratitude and expresses its appreciation for the diligent, active and valuable service rendered by Gary C. Suhadolnik; and

FURTHER RESOLVED that the Commission extends to Gary C. Suhadolnik its best wishes for his continued success and well-being in all matters and activities which he shall undertake in the future; and

FURTHER RESOLVED that the assistant secretary-treasurer be, and hereby he is, directed to send a certified copy of this resolution to Mr. Suhadolnik.

(Resolution No. 28-2008 adopted June 16, 2008)

I, L. George Distel, Assistant Secretary-Treasurer of the Ohio Turnpike Commission, do hereby certify that the above is a true copy of the aforesaid resolution which was duly adopted at a meeting of the Commission, duly called for and convened and held on June 16, 2008, at which a quorum was present and voting.

WITNESS my hand and seal of the Ohio Turnpike Commission on this 16th day of June, 2008.

Chairman: We would like to thank Mr. Suhadolnik for significant time and investment of energies and great job and leadership that he has done over the years for the Commission.

Executive Director: Mr. Chairman, I would personally like to thank Mr. Suhadolnik also. The last 2 ½ months, we've compared an awful lot of notes and he's given me a lot of good advice, I haven't always taken it Gary, but I always take it in consideration. He's been very, very helpful during this transition and just really Gary from myself, I know I don't vote on these resolutions, but I'd like to also publicly thank you for all of your help over the last couple of months.

Chairman: Thank you. Next will be a report from Mr. Steiner.

Mr. Steiner: Good morning Mr. Chairman, Commission Members, I do have an update on the traffic and revenue for the first five months of this year. This first chart shows the monthly passenger car miles traveled on the Ohio Turnpike over the past two years. Miles traveled by passenger cars during the past twelve months have generally been below the levels reached the prior 12 months. Miles traveled were down only 2/10 of a percent this March compared to last year and then dropped 10.2% below last year's level in April. This was due in part fact that Easter fell in March this year and was in April last year. Unfortunately, the downward trend is continuing and the miles traveled in May were down 2.5% from last year. Commercial traffic has also generally been down the last 12 months, however the Easter holiday had the opposite effect on commercial traffic with vehicle miles traveled falling 8.8% below last year's level in March and then recovering in April. Unfortunately the commercial traffic has dropped off significantly with vehicle miles traveled down 7.4% in May compared to last year. The major change we are seeing is the volume of the heavy trucks in Classes 8 – 11, these are vehicles weighing over 65,000 pounds and these trucks represent approximately 25% of our total toll revenue. For the three months of March, April and May, vehicle miles traveled by these heavy trucks were down 9.3% compared to last year and the miles traveled in the month of May were down 14.7%. This is likely the result of the slowing economy and the expanded use of rail for shipping heavy loads.

This chart shows the year-to-date vehicle miles traveled through May during each year this decade. Passenger car traffic has been declining the past two years and even including the extra day in February this year, passenger car miles traveled in the first five months were 2.8% below last year's total and 7.2% below the total from 2006. In fact, passenger car miles traveled in the first five months this year were lower than the corresponding total from every year since 2001. Commercial traffic has also been declining in the past two years, commercial vehicle miles traveled in the first five months of this year were 3.2% below last year's total and 4.2% below the total from 2006. This chart shows the year-to-date toll revenues through the month of May during each year this decade. Toll revenues for the first five months of this year were 3% below the amount from last year without the added revenue from February 29 the drop would have been 3.7%.

This final chart shows the total year-to-date revenues from all sources for each year this decade. Total revenues as of the end of May were \$2.7 million, or 3.2% below the amount from the first five months of last year and \$4.1 million, or 4.7% below the revenues from the first five months of 2006. Without the toll revenues from February 29 the total year-to-date revenues would have \$3.2 million, or 3.8% below the amount for the first five months of last year and \$4.6 million, or 5.2% below the revenues from the first five months of 2006. In addition, the year-to-date revenues were only 1.9% higher than they were in the first five months of calendar year 2000 while the Consumer Price Index has increased by almost 29% over this period. That completes my report Mr. Chairman, I'll be happy to respond to any questions.

Chairman: Do you have any good news?

Steiner: Unfortunately not Mr. Chairman, not today.

Chairman: That completes the bad news bears, does any body have any comments or questions? Thank you Mr. Steiner. Trustee?

Mr. Lamb: No report Mr. Chairman.

Chairman: General Consultant?

Mr. Yacobucci: Mr. Chairman, Commission Members, I'll try to keep it short. We have no significant findings over the course of last month. Our reports are scheduled to be delivered on time at the end of July and we have our facilities report that we will submit at the end of August. Any questions?

Chairman: Any questions? Thank you. Ohio State Highway Patrol?

Lt. Tornabene: Thank you Mr. Chairman, Commission Members, we are happy to report that there have been no fatal traffic crashes in the past month. Would like to bring to your attention the significant narcotics seizure that we had on June 10th out at the 57 milepost Springfield Township, where our officers stopped a vehicle and took 22 kilos of cocaine and 3.5 kilos of heroine out of a Mercedes vehicle. The value of the drugs was \$4.7 million and our officers did an excellent job and we are happy to report that those narcotics are no longer on the street. Other than that I have nothing else to report.

Chairman: Good work. Any comments or questions? I think at the beginning of the meeting for the purposes of the minutes I said that this was a special meeting and I believe today is just a regular meeting since it was the third Monday of the month at 10 a.m. So it's a regular meeting, change the minutes accordingly I'd appreciate that. The next meeting is going to be scheduled for July 28th which is the fourth Monday and we going to do it in the afternoon at 4 p.m. On the 28th of July at 4 p.m. Are the Members all aware of that? If there is no further business we will have a motion to adjourn the meeting until the next meeting which will be the 28th at 4 p.m.

Mr. Dixon: So moved.

Chairman: Is there a second?

Ms. Teeuwen: Second

Chairman: Please call the roll.

Assistant Secretary-Treasurer: Chairman Balog

Mr. Balog: Yes

Assistant Secretary-Treasurer: Mr. Regula

Mr. Regula: Yes

Assistant Secretary-Treasurer: Mr. Kidston

Mr. Kidston: Yes

Assistant Secretary-Treasurer: Mr. Dixon

Mr. Dixon: Yes

Assistant Secretary-Treasurer: Ms. Teeuwen

Ms. Teeuwen: Yes

Chairman: If everybody has a moment or two we're having the employees gather in the main lobby, if you could step down there for a moment or two it would be appreciated. Thank you very much for your attendance.

Adjournment at 11:28 a.m.

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

George F. Dixon, Secretary-Treasurer