

MINUTES OF THE 546th MEETING OF THE OHIO TURNPIKE COMMISSION

November 17, 2008

Chairman: Good morning, its 10:05 a.m. will the meeting come to order?
Will the Assistant Secretary-Treasurer please call the roll?

Assistant Secretary-Treasurer: Chairman 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: Mr. Kaplanov

Mr. Kaplanov: Here

Assistant Secretary-Treasurer: Mr. Jerse

Mr. Jerse: (He arrived at 10:08 a.m.)

Assistant Secretary-Treasurer: Senator Buehrer

Mr. Buehrer: Here

Assistant Secretary-Treasurer: Representative Reinhard

Absent

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

Those in attendance: Jim Steiner, CFO/Comptroller, Ohio Turnpike; Dave Miller, Director of Audit and Internal Control, Ohio Turnpike; Eric Erickson, Fifth Third Securities; Jennifer Diaz, Legal Department, Ohio Turnpike; Heidi Jedel, Executive Office, Ohio Turnpike; Kathy Weiss, Director of Contracts Administration, Ohio Turnpike; Rob Fleischman, Assistant Chief Engineer, Ohio Turnpike; Bobby Everhart, URS; Mike Burgess, URS; Roger Hannay, Ohio State Highway Patrol; Neil Gresham, URS; Joshua Burkes, HNTB; Tim Ujvari, Maintenance Engineer, Ohio Turnpike; Bryan Connors, Connors & Company; Karen Farkas, Plain Dealer; Howard O'Malley, B & T Express; Chris Hopkins, Key Bank; Frank Lamb, Huntington Bank; Ann Kidston; Tom James, Operating Engineers; Larry Davis, Ohio Trucking Association; Lauren Hakos, Public Affairs Manager, Ohio Turnpike; Daniel Van Epps, West Virginia University.

Chairman: Thank you. This is the 546th meeting of the Ohio Turnpike Commission. We are meeting here at the Commission Headquarters as provided in the Commission's Code of Bylaws for a regularly scheduled meeting. Various reports will be received and we will act on several resolutions, draft copies have previously been provided to the Commission Members, updated drafts are in the Members folders. The resolutions will be explained during the appropriate reports. Initially, can we have a motion to adopt the minutes of the October 20, 2008 Commission Meeting?

Mr. Dixon: So moved.

Chairman: Is there a second?

Mr. Kidston: Second.

Chairman: Any questions or discussion? 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: Abstain

Chairman: Four yeses and one abstention, is that correct. I'll let the record show that Ed Jerse on behalf of the Department of Development is here at the meeting. Before we get into the next section, let's talk about meeting schedules. The meeting in December is December 15th, which is the regularly scheduled meeting, the third Monday. The meeting in January, the next scheduled would be January 19th which is Martin Luther King Day. I am suggesting that we would reschedule that one to the previous Monday, January 12th and then the February meeting is set for February 16th which is President's Day. Again, we'll go the previous Monday, which would be February 9th for that meeting. So, if the Commission Members would so note that, thank you. If there is nothing further we will proceed with the report of the Secretary-Treasurer, Mr. Dixon.

Mr. Dixon: Thank you Mr. Chairman, good morning. The following items have been sent to the Members since the last scheduled meeting of the Commission on October 20, 2008:

1. Minutes of the October 20, 2008 Commission Meeting
2. Traffic Crash Summary, October, 2008
3. Traffic & Revenue Report, October, 2008
4. Total Revenue by Month and Year, October, 2008
5. Financial Statement, October, 2008

That concludes my report Mr. Chairman, I would be happy to answer any questions.

Chairman: Thank you Mr. Dixon. Any questions for Mr. Dixon? We will next switch over to the Executive Director, Mr. Distel.

Executive Director: Thank you Mr. Chairman and Members of the Turnpike Commission. We will be presenting two resolutions today, which if approved will move us closer to going live with the electronic tolling, known as E-ZPass[®]. Mr. Chairman with your permission, the first resolution will be explained by myself and four other members of our staff. There will also be a PowerPoint presentation that coincides with our explanation. The resolution would authorize me as the Executive Director to issue public notice and hold public hearings regarding the proposal to revise the Ohio Turnpike Commission's Schedule of Tolls. The proposed new toll schedule was designed never losing focus of our primary responsibility and that is to our patrons. The Ohio Turnpike must continue to be a well maintained, safe and accommodating for our customers. Mr. Chairman, I'd like to request that Members please hold their questions until our presentation is complete, at which time we will be happy to answer any and all of your questions. I will first provide an overview of the new toll collection system and the need for the new toll rates. With your permission I'll proceed.

Chairman: Go right ahead.

Executive Director: Mr. Chairman and Members of the Commission we have some slides that we will present during our discussion and please don't hold me to these, I'll probably bounce around pretty good today. The new toll collection system overview, there's no doubt that by age, the toll collection system that we currently have in place is 53 years old and does drastically need to be replaced. We have been inundated well before I got here and I guess these decisions were made before I got here and based on customer demand, we have determined that we will be moving to electronic tolling known as E-ZPass[®]. This will position the Ohio Turnpike Commission for future technology in electronic tolling, there are so many technologies coming out, the system that we are adopting will enable us to move into those future technologies if determined so needed by the Turnpike Commission. The estimated cost of this total conversion is about \$50 million and we are, I'm happy to report on schedule to implement electronic tolling known as E-ZPass[®] in the fourth quarter of 2009.

Certainly we need these new toll rates, just based on the fact that we are currently a weight-based vehicle classification system, we are moving with E-ZPass[®] to an axle-based classification system. So regardless of what happens here today, and regardless of what happens with those rates the classification system for the new tolling system has to be changed. We have significant capital needs and those capital needs will be better explained by our Chief Engineer here after I'm through. The fact of the matter is that we have had declining traffic not only on our Turnpike, but I think it's common for any other toll authority in the United States. Our commercial toll rate reduction that was implemented in 2005 has dramatically lowered our revenues. Our proposed new toll rates have been designed with many things in mind. First and foremost we want to incentivize the use of the E-ZPass[®] transponder. We designed it to minimize any impact on our commuters, we plan to offer incentives to drivers of heavy commercial vehicles and we are maintaining rates that are competitive with other toll authorities in this east-west corridor. I'd like to now introduce our Chief Engineer, Dan Castrigano, to explain in more detail the Ohio Turnpike's capital needs.

Chief Engineer: Thank you Director, Mr. Chairman. The primary goal is obviously to maintain and preserve our existing infrastructure which includes our ongoing resurfacing programs, maintenance of the bridges over the Turnpike and our side road bridges, 100 or so building structures and replacement of our vehicle equipment, etc. The value of our infrastructure according to our balance sheet is approximately \$1.25 billion with an annual depreciation of over \$50 million annually. Therefore, in order to maintain the status quo, we would have to invest \$50 million into our capital budget annually to maintain this. In recent years we have not been able to do this. We've had to delay some required projects and based on our current projections in 2009 when I present the capital budget to you next month, we'll have approximately \$30 million available for our ongoing capital projects.

In addition to our, what I would call our routine capital projects, we have several major projects upcoming; you may remember me speaking in the past of our existing roadway base. The existing roadway, 241 miles, approximately 965 lane miles of pavement, consists of 10 inches of concrete overlaid with asphalt. That concrete, at 53

years plus, is rapidly approaching the end of its usable life. Next year we will be preparing a plan to maintain, replace and rehabilitate this pavement. Preliminary estimates indicate that the replacement of the entire 965 miles may approach \$1 billion in today's funds.

We are currently in the midst of our service plaza replacement program, replacement of 16 original service plazas, six plazas or three pairs remain to be replaced yet. We have been on hold with this program since 2005. The three pair yet that have to be reconstructed have an estimated cost of approximately \$100 million. Again, as I present the budget to you next month, our capital budget, we hope to begin our reconstruction of our Indian Meadows and Tiffin River plazas located in Williams County in the fourth quarter of 2009.

The next project is our third lane. The original third lane program consisted of 160 miles of third lane construction from Toledo to Youngstown. We have 21.8 lane miles yet to be constructed in Lucas and Summit Counties. No third lane projects have been awarded since 2006. The estimated cost of the remaining 21.8 miles is approximately \$65 million.

Finally, as you are aware, we are currently in the midst of a noise mitigation pilot program. The report will be completed and presented to the Commission next month. Following that trial, construction will begin in the first half of 2009. If the Commission desires to proceed with this program, since we did not qualify for federal funds and if additional toll funds are available, this program will have to be funded through our tolls. Preliminary estimates of that are \$1 million per side of the roadway to be mitigated. Then as the Director stated, we are in the midst of our toll collection system replacement, that project is valued at \$50 million, again, to be completed fourth quarter of 2009, which I believe our Director of Audit, Dave Miller, will speak a little bit about the toll collection system and where we are with that.

Director of Internal Audit and Control: As indicated by Executive Director Distel and our Chief Engineer, Dan Castrigano, effective with the deployment of the new toll collection system, the Ohio Turnpike will be part of the network of 24 other northeastern United States toll agencies that utilize E-ZPass[®]. Our customers have been requesting this technology, this convenient way to pay tolls for several years. Our neighbors, the Pennsylvania Turnpike and the Indiana Toll Road, have already implemented E-ZPass[®]. Since the Commission's present toll collection system is near the end of its useful life, it is appropriate that we implement E-ZPass[®] at this time.

Also, concurrent with the deployment of the new toll collection system, we will be converting from a weight-based vehicle classification system to an axle-based system. Axle-based classification is the preferred method for the E-ZPass[®] environment. It is the method presently utilized by at least 20 other E-ZPass[®] toll authorities. An axle-based vehicle classification system is generally more efficient and is based simpler, less costly technology. It also allows for future implementation of technologies such as open-road tolling.

Under the new system, vehicles will be classified based upon the total number of axles and the height of the vehicle over the first two axles. Upon entering the Turnpike, the total number of axles for each vehicle will be counted by treadles embedded in the concrete of the entry lanes. Vehicle height over the first two axles will be determined by overhead scanners. Measurement of height is necessary to distinguish between, for example, a 2-axle commercial box truck and a typical passenger car. It is important to note that although the existing scales in the entry lanes will no longer be utilized for vehicle classification purposes, they will be used to identify overweight vehicles.

As shown on the screen before you, the conversion to axle-based classification will lead to seven vehicle classes. This is a reduction in the number of possible vehicle classes from the eleven weight-based classes that are utilized today. This reduction in the number of vehicle classifications has the net effect of compressing certain rate classes, which will result in a toll rate increase for some vehicles and a toll rate decrease for others.

Under the new toll collection system, tolls will be assessed based upon their classification as indicated by the axle count and vehicle height and the distance traveled. Use of E-ZPass[®] will be incentivized. Customers choosing to pay their tolls via E-ZPass[®] will pay lower toll rates. The CFO/Comptroller will provide further detail about the proposed toll rates in a few moments.

The screen before you now provides a brief outline of how the proposed toll rates are actually computed. For each of the seven new vehicle classes, the E-ZPass[®] and non E-ZPass[®] rates for a full length trip are divided by the 241.2 mainline miles to determine a rate-per-mile. The resulting rate-per-mile is multiplied by the mainline mileage from state border to state border, from state borders to interchanges and between interchanges. Ramp mileage is not considered in the computation of the toll rates and tolls are rounded to the nearest quarter.

Upon deployment of the new toll system, customers will be able to pay their tolls by way of several methods, including: E-ZPass[®], cash, MasterCard, VISA, Discover and American Express. All payment methods will be accepted in all exit lanes, unless the lane happens to be designated as “E-ZPass[®] only.” E-ZPass[®] accounts may be established with the Ohio Turnpike beginning in the summer of 2009. Several methods for opening an account will be available, including: online via a special Commission website, by telephone, by calling the Commission’s new E-ZPass[®] Customer Service Center, or by mail or fax.

It is planned that Ohio-based E-ZPass[®] transponders or “tags” will be leased to customers for fifty cents per month. The transponders will be mailed to customers or they may be picked up here at the Administration Building. It is also planned that Ohio transponders will eventually be made available at selected retail locations. Of course, E-ZPass[®] transponders may be obtained now from any other participating toll agency.

I'd like to now turn the presentation over to the Commission's CFO/Comptroller, Jim Steiner, who will discuss the present state of the Commission's finances and provide some additional details regarding the proposed toll adjustments.

CFO/Comptroller: Thank you Dave. Good morning Mr. Chairman, Commission Members. Before discussing the proposed toll rates I wanted to provide a brief update on our current traffic and revenue. This first chart shows the monthly passenger car miles traveled on the Ohio Turnpike over the past two years. The miles traveled by passenger cars during the last 12 months, as I've been reporting, have generally been below the levels reached the prior 12 months and in October the vehicle miles traveled by passenger cars fell 5.6% below last October's total.

Commercial traffic has also generally been down the last year. Vehicle miles traveled in October were 8.3% below the total from last year. This chart shows the year-to-date vehicle miles traveled through October during each year this decade, year-to-date passenger car miles traveled as of the end of October had been declining each year since 2004 and commercial vehicle miles traveled have been declining since 2006. Passenger car miles traveled in the first ten months of this year were 4.5% below last year's total and 9.8% below the peak total from 2004. Commercial vehicle miles traveled in the first 10 months of this year were 5% below last year's total and 6% below the total in 2006.

This chart shows the year-to-date toll revenue through the month of October during each year of this decade and toll revenues for the first 10 months of this year were \$7.8 million or 4.7% below the amount from last year.

This chart shows the total year-to-date revenues from all sources for each year this decade, total revenues as of the end of October were \$9.7 million, or 5.1% below those from the first 10 months of 2007. In addition, year-to-date revenues were only \$3.2 million, or 1.8% higher than they were in the first 10 months of calendar year 2000. If revenues had kept pace with inflation during this period, our 2008 revenues would be \$50 million higher than they are projected to be.

When discussing our proposed toll rates I think it's instructive to take a look back at where rates have been and this chart shows the history of our toll rates since 1955. Prior to the reduction in commercial toll rates in 2005, there had been only two increases in rates in the prior 50 years; one in 1982 and a second one that was phased in from 1995 to 1999. In an effort to attract commercial truck traffic from parallel routes in the vicinity of the Turnpike, the Commission at the request of then Governor Taft, reduced toll rates for vehicles weighing from 23,000 to 90,000 pounds beginning January 1, 2005. To help offset the lost toll revenue from these temporary toll rate reductions and recognizing the anticipated reduction in truck traffic on parallel routes, the Ohio Department of Transportation agreed to purchase Turnpike capacity in the amount of \$1.3 million per month for an 18 month period. Six months after the expiration of the temporary payments from ODOT rates were adjusted effective January 1, 2007. The net result of these adjustments in 2005 and 2007 is that toll rates for vehicles weighing over 33,000 pounds are lower today than they were in 1999.

As an example, Class 8 commercial vehicles weighing 65,000 to 80,000 pounds represent the largest source of commercial toll revenue for the Commission. The toll rates for these vehicles are 21% or about 4 cents per mile lower than they were in 1999. This clearly demonstrates the Commission's commitment to encourage heavy trucks to use the Ohio Turnpike rather than parallel routes.

As you can see in the far right hand column, the Class 1 passenger car rate is only 242% higher than the rate in 1955, while the Consumer Price Index has increased by over 700% during this period. Rates for commercial vehicles are only about double what they were 53 years ago, and the rate for Class 8 vehicles that I just mentioned is only 56% higher than it was in 1955.

As Dave Miller mentioned, the current 11 weight-based vehicle classes have been compressed into 7 axle-based classes and these are the proposed toll rates. You will notice that the rates highlighted in yellow are proposed to be effective with the implementation of the new toll system in the fourth quarter of 2009 and the rates highlighted in blue are proposed to be effective January 1, 2012. Two sets of rates are being proposed in order to phase in the impact of the conversion to the new method of classifying vehicles, and also to provide customers with additional time to plan for the 2012 rate changes. As we've also mentioned, we have proposed reduced rates for customers who pay their tolls with E-ZPass®; the E-ZPass® rates are highlighted in yellow and the non E-ZPass® rates are highlighted in blue.

Two of the rates merit particular mention under the proposed rate schedules. Customers driving passenger cars with E-ZPass® who pay their tolls with E-ZPass® would see no change in their toll rates until 2012. The proposed rate of \$10.25 for a full length trip across the Turnpike is the same rate that customers are currently paying. Also, the proposed 2009 Class 5 toll rates for drivers of 18-wheelers who use E-ZPass® is lower than the current toll rate for vehicles weighing over 65,000 pounds. This is being proposed to offer an additional incentive to drivers of heavy trucks to use the Turnpike rather than parallel routes.

Of course an unavoidable consequence of converting a weight-based classification system to an axle-based classification system and associated compression of the current 11 vehicle classes into 7 classes is that rates for lighter 5-axle trucks will be increased somewhat.

Also, I want to mention the current volume discount that is offered to the approximately 1,200 trucking companies that participate in our monthly billing program. This program was originally structured to offer these customers a 15% discount on tolls that exceed \$1,000 in any month. Historically, this would require firms to drive a minimum of about 10,000 miles on the Turnpike in any month before reaching the threshold for receiving a discount. In 2004, we started a program called Best Pass in conjunction with the Ohio Trucking Association that allows smaller firms to pool their usage in order to be eligible for the discount. The 460 trucking companies that currently

participate in the Best Pass program thus receive a discount on each mile driven on the Turnpike. This has essentially changed the character of the program from the volume discount to one that is available to every firm that participates in the monthly billing cycle irrespective of the number of miles traveled on the Turnpike. After the implementation of E-ZPass[®] it would be extremely difficult to offer a true volume discount. The reason is that the overwhelming majority of customers participating in our monthly billing program already have established E-ZPass[®] accounts with other toll authorities. When a customer uses an E-ZPass[®] transponder issued by another toll authority to pay their toll on the Ohio Turnpike the customer's identity is not disclosed to the Turnpike. In this scenario, the tolling agency that issued the transponder would pay the toll to the Ohio Turnpike and then collect the amount from their customer. Due to the administrative difficulty in maintaining a volume discount after the implementation of E-ZPass[®] and the change in the nature of our current discount program that has occurred over the last few years, we have proposed to replace the volume discount with reduced rates for all customers who pay their tolls with E-ZPass[®].

This slide compares the proposed toll rates with those of other authorities in this east-west corridor. Rates for customer who pay their tolls with E-ZPass[®] are highlighted in yellow and rates for other customers are highlighted in blue. I've highlighted toll rates for passenger cars on this slide. While the proposed rates for cars are not the lowest they are certainly competitive with those of the other toll authorities in this corridor.

This slide highlights the rates for 5-axle trucks. I've included an example of a light truck weighing 30,000 pounds and heavy truck weighing 80,000 pounds since the Pennsylvania Turnpike classifies vehicles by weight. You can see that the proposed rates for trucks are lower than those charged by all the other toll agencies, again these rates have been structured to offer incentives to truck drivers to use the Ohio Turnpike rather than parallel routes.

Finally, I want to mention that it's difficult to predict the precise financial impact of implementing these proposed toll rates. There are many factors to consider including the conversion from a weight-based vehicle classification system to an axle-based system. The associated compression of the number of vehicle classes from eleven to seven, the percentage of the customers who will choose to pay their tolls with E-ZPass[®], as compared to those who will continue to pay with cash. The effect of the slumping economy will continue to have on both passenger and commercial traffic. Having said all that our best estimate is that if the proposed rates are implemented by 2010, we would see an increase in revenue of about \$25 million compared to last year's revenue. This additional revenue would recoup a portion of purchasing power that has been lost due to inflation this decade and would help fund the capital needs the Chief Engineer just discussed. With that I will turn the floor over to our General Counsel for a discussion of legal and procedural requirements.

General Counsel: Mr. Chairman, Commission Members there's several legal requirements that the Commission must fulfill prior to taking any action to either increase

or decrease the current toll rate structure. Ohio Revised Code Section 5537.26 requires two steps to be taken by the Commission prior to taking any such action.

First, the Commission shall provide notification to the Governor and the presiding officers and minority leaders of the Senate and House of Representatives of the proposed toll rate increase at least ninety (90) days prior to the date on which it takes action to increase any part of the toll rate structure.

Second, the Commission must hold public hearings. The Commission must hold at least three (3) public hearings at least ninety (90) days in advance of any action to increase any part of the toll rate structure in three geographically diverse locations in this state. The last hearing shall be not held not less than thirty (30) days prior to the date on which the Commission votes to increase any part of the toll rate structure.

With that in mind, the staff has tentatively scheduled three public hearings in conformity with 5537.26B. The first hearing will be scheduled in Toledo at One Government Center, December 10, 2008 at 6:30 in the evening. The second hearing has been tentatively scheduled in Boardman at the Boardman Administration Building on December 16, 2008 at 6:30 in the evening and the third hearing will be held in Berea at the Commission's Administration Building January 12, 2009 at 11 o'clock in the morning.

There are also requirements set forth in the Commission's Bond Indenture Agreement or the Master Trust Agreement that must be fulfilled. The Commission cannot affect a change to the Schedule of Toll Rates until it has provided thirty (30) days notice to the Trustee and complied with several written reports and certification requirements. The first certificate must be issued by an independent consultant setting forth the estimates of gross revenues, system pledged revenues, supplement payments and series payments for the then-current and each fiscal year during which any bonds are scheduled to be outstanding, which may take into consideration, among other things, the additional use of the system projected to result from such reduction in the rate of toll, and a favorable recommendation from the Independent Consultant that such proposed reduction be placed into effect.

Two, A certificate of the Commission setting forth for the fiscal years set forth in the certificate of the Independent Consultant and based on the same assumptions as used in the certificate required in Section 1 above, estimates of the cost of operation, maintenance and administration and the deposits to the Expense Reserve Account, prepared in accordance with the Trust Agreement.

And third, A certificate of the Authorized Officer of the Commission: (1) setting forth the Composite Annual Debt Service Requirement for the then-current and each fiscal year during which any bonds are scheduled to be outstanding; (2) certifying that the estimated system pledged revenues and supplemental payments for the then-current and each fiscal year during which any bonds are scheduled to be outstanding are not less than 1.50 times the Composite Annual Debt Service Requirement for such respective current

or future fiscal year; (3) certifying that the Commission is not in default in the performance of any of the covenants, conditions, agreement or provisions contained in the Trust Agreement; and (4) certifying that immediately prior to such proposed reduction the amount on deposit in the Debt Service Account was equal to the Service Reserve Requirement or if the Commission has exercised its option to fund the Debt Service Reserve Account in installments, the amount then required to be on deposit in the Debt Service Reserve Account in accordance with such election.

With your permission Mr. Chairman I will read the Resolved.

Chairman: Please.

General Counsel: RESOLVED, that the Commission hereby authorizes the Executive Director or his designee to issue public notice and to conduct any public hearings required by law regarding the proposed schedules of toll rates as outlined in the attached exhibit; and

FURTHER RESOLVED, the Executive Director and the CFO/Comptroller are directed to request the Commission's Independent Consultant to prepare a report and recommendation in accordance with Section 4.04 of the Trust Agreement; and

FURTHER RESOLVED, that the Executive Director shall prepare a report to the Commission after issuing public notice and holding the public hearings required by law, and after receiving a report and recommendation from the Independent Consultant.

Chairman: We need to put this before the Commission so we can discuss. I'd entertain a motion to adopt and then we'll get a second and then have a discussion on it. Is there a motion to adopt?

Mr. Kidston: So moved.

Chairman: Is there a second?

Ms. Teeuwen: Second.

Chairman: We have a motion to adopt, a second, it's before the Commission. I'll turn it over to the Commission Members.

Executive Director: Mr. Chairman, if I can intercede a little bit. There's one more slide we had in here and it's just basically a summary of what we've just presented and basically if I can go over that summary. With your permission I'll go ahead and do that.

Chairman: Yes, go ahead.

Executive Director: To summarize it, our new toll collection system, including E-Z Pass[®], with your approval today of this resolution and the resolution that will follow, which is a construction resolution, we will be on our way to having E-ZPass[®] on schedule for implementation for the fourth quarter of 2009. Obviously, this is necessitated by the conversion of a weight-based vehicle classification system into an axle-based classification system as so amply described by our Comptroller. Some rates will increase, some will be reduced and others will remain unchanged. The proposed rates are competitive with those charged by other tolling authorities in this east-west corridor and proposed rates for commercial vehicles will remain amongst the lowest in the country. Customers driving passenger cars who use E-ZPass[®] will see no change in their toll rates until 2012 and these proposed rates reflect the Ohio Turnpike Commission's commitment to be fiscally sound while continuing to provide the high level of service that our customers expect. Thank you Mr. Chairman that concludes our presentation. We would be happy to entertain questions.

Chairman: Yes, that's quite a bit. Commission Members? Well, my first comment would be the thing I think is very important is the two major classes that is the fully loaded semi and the passenger cars. So what we are telling the public right now is go ahead and have E-ZPass[®] and your rates are going to stay what they are today for the next three years. So there's no rate increase for the consumer, that's really important I think for the daily commuter who uses the Turnpike to go to and from work everyday, that person will have his rate fixed for the next three years with E-ZPass[®]. Also, we'll have the very significant convenience with E-ZPass[®] and time saving. I think the other issue that's really important that I really embrace with the conversion from the axle system to the weight system is we're taking the fully loaded 18-wheel semi, which is really problematic on the parallel road and is probably the most destructive vehicle on the parallel roads, we're going ahead and saying to them; hey we gave you a price discount in the past to use the Turnpike, we've cut our rate from four cents from 1999, four cents per mile till now. We're going to go ahead and cut your rate again with the E-ZPass[®]. We know that the large majority of the commercial vehicles already have E-ZPass[®] in their cab, they just can't use it in Ohio. So we are going to make it more convenient to use our toll road and we're going to go ahead and give you a price break. I think that's, in my situation in my opinion on it, it's a no-brainer. We're taking the biggest problem vehicles, the trucks, fully loaded 18-wheelers, and we're keeping them on the Turnpike and we're giving them more incentive to use it and we're telling the person who uses the Turnpike on a regular basis, the residential consumer, that you can go ahead and know that your rates are not going to change for the next three years as everything else is going up around you. So I would say I support the concept on what we're proposing. I think, as a few of the Commission Members are a little concerned on some of the capital items, but we certainly acknowledge that we need to go ahead and spend the money on additional capital. We were planning to spend somewhere in the \$50 million range to go ahead and continue to upgrade the Turnpike, we're cutting back, we've been cutting back, cutting back, cutting back and next year in 2009 I know that you talked about \$30 million for expenditures, but we're actually going into reserves for the large percentage of that money to go ahead and fund our capital program. We can't continue to do that, we've got to go ahead and if you're going to need to put capital in, we need to go ahead

and have the dollars and cents. I'm not a 100% convinced that we want to have every line item that's on the capital budget of 2010, 11 and 12 as shown there, but we don't know what dollars and cents we will be expending. We need to go ahead and check that 50 + year old pavement out and quite possibly noise mitigation might be kicked back to 2010, 20 or 2025, or we might never have the funds to do it as one example. But, we certainly need to continue to put money into the road system to continue to have it as the first class road we have today. That's my little soap box opinion on it. I don't know if anyone else wants to add anything at this point and time.

Mr. Regula: Mr. Chairman, Committee Members. What do we anticipate the percentage of people using the E-ZPass[®] versus the non E-ZPass[®] users? Traditionally, if you look at Indiana and Pennsylvania, is there any percentage per se that we can look at once we implement this in three years would you see 30% of our cars using E-ZPass[®]? Is there any?

Executive Director: Mr. Steiner would you care to answer that?

CFO/Comptroller: Mr. Chairman, Commission Member Regula, our consultant from Jacobs has estimated that about 80% of the heavy trucks already have E-ZPass[®] and will be using that almost immediately. The cars we're probably only 15% of the cars that travel the Turnpike, maybe 20% at most that have E-ZPass[®] transponders currently. But with the financial incentive we're offering, we hope and expect that number to increase fairly quickly and would continue to increase over the next several years and we would hope that over the next several years we could approach 50% of the trips would be paid with E-ZPass[®].

Mr. Regula: Is it \$0.50 a month, is that an approximate cost administratively to individuals getting the E-ZPass[®]?

CFO/Comptroller: Mr. Chairman, Commission Member Regula, the cost of the transponder is approximately \$24.00 and has an estimated useful life of approximately four years, and so we have simply divided that cost by a monthly fee in order to spread that cost for the consumer and also for legal reasons we would prefer to retain legal ownership of the transponder and then simply lease it to the customer, so we're not expecting to generate a net revenue, we're just simply trying to recoup our cost over the estimated useful life. Now, if the given transponder were to last beyond its useful life then we could recoup some additional amount, but we're basically just trying to recover the cost, the out of pocket cost, for the transponder.

Mr. Regula: Just maybe a suggestion to help out our customers, to help make them aware that if they do receive a transponder they are going to have substantial savings. I'm not sure if we're aware of right now how we're going to roll this out and present it to the customer in order for them to receive the thing, but could we at least look at an incentive program where the first year there is no charge to receive the transponder? I guess I'm just looking at something where as we encourage our users to be able to save money themselves and give them the opportunity. I think that like anything else, once

you get it and use it and realize the savings it tends to encourage you the following years to continue to use it. So, if you would just take that into consideration when you're looking at your plan and roll this out, I'd appreciate it.

Chairman: I think it's important that we provide that information to the media that passenger cars for example is a little over six cents a mile without E-ZPass® or with E-ZPass® it's four cents a mile, so the passenger car will have substantial savings. So we need to go ahead and make sure that our consumer customers are well aware of that.

Mr. Regula: One more, quick question for Dan. If a truck comes on with this new system, and let's say it's 20,000 pounds overweight, is there some type of alarm system built in to notify?

Chief Engineer: Yes, Mr. Chairman and Commission Member Regula. You may recall in the strategic plan our system is going to be a gated system. There will be gates on all entrance and exit lanes. If a vehicle comes in overweight the gate will not open and then there will be manual intervention required.

Mr. Regula: Ok, thank you.

Chairman: Senator.

Senator Buehrer: Thank you Mr. Chairman. One quick follow up on Mr. Regula's question on the E-ZPass®; we're also going to require them to front load some money into the E-ZPass® and how will that be handled and how much will the average consumer, the average passenger consumer have to put in?

CFO/Comptroller: Mr. Chairman, Senator Buehrer, we currently have a program called Ready Toll and we are anticipating just mirroring the provisions of that program and to open an account the customer would provide us their credit card number, which we would be either MasterCard, Visa, Discover or American Express and we would charge their credit card an initial amount of \$50.00 to open the account, which would be available for use for paying tolls. As they use their E-ZPass® transponder the tolls would be deducted from that prepaid balance and when the prepaid balance drops below \$25.00, we would replenish their account by again, charging their credit card number that is on file and the amount that would be charged. The credit card would be a minimum of \$50.00 or the average monthly usage on the account. Those are for the typical passenger car accounts and we also would continue to maintain a post paid account for the large commercial companies that currently receive a monthly bill.

Executive Director: Senator, if I could just interject a little bit. This is no different than any other tolling authorities. I've had an E-ZPass® transponder from our neighboring state of Pennsylvania for years and their program is modeled the same as in New York and all of the 25 tolling authorities that are in the E-ZPass® program. It's very common.

Senator Buehrer: Thank you for that. Mr. Chairman if I can follow-up. I understand what you are saying and the period that we are in, in this country, in terms of transportation funding and the needs are very severe. Whether your talking the Commission, talking ODOT or your talking nationally, and I recognize that, but I think we also need to learn a little bit from what we learned the last time we did this toll adjustment situation and a little bit the reality of what your talking about. People are having very difficult economic times right now, and even by the estimate that we were given here, most casual users of the Turnpike are not going to get these E-ZPass[®], especially when they learn that they're renting the transponders and they're going to have \$50.00 hooked onto their credit cards. I can already see seniors being asked by government to give a credit card number going into freak out mode, at least up in my neck of the woods. So, I think we're going to see the usage not be what perhaps we would hope and to see all of the savings that the Chairman mentioned a moment ago and then you come back to the charts and it very simply is a rate increase, and a pretty significant rate increase on certain routes. We all in this line of work want to know how this impacts me. I looked at a few of the shorter routes, 20 to 30 miles that I use the Turnpike for and I know a number of my constituents do and it's pretty significant in terms of the increases. A typical 20 mile route between an E-ZPass[®] rate and non E-ZPass[®] rate sees a 300% increase in one case on a route that I drive all the time. From 50 cents up to \$1.50, so I think there are some significant increases here and as we go through this hearing process I hope we're sensitive to the economic times that we're in and learn from what we learned a few years ago that there's a very, very thin line between using the Turnpike and using alternate routes. It's certainly was our deliberation several years ago when we went through this, and there's a few sitting around the table who were here, that we wanted to keep the rates as low as possible because we want to push traffic onto this road and it's a great road and we want to push traffic there. I'm wondering have we done some analysis and I heard passing reference to it, but some analysis as to what this is going to do to ridership if we go ahead and implement these increases.

Executive Director: Mr. Chairman, if I might continue here. Senator, we can only guess based on information that we've gathered from other tolling authorities that have gone through a similar conversion as to the number of people that will or will not use the E-ZPass[®] program, which we are trying to incentivize. So these are the best estimates that we can come up with at this particular time as to exactly who will want a transponder, who will use that. We're trying to obviously to incentivize the use of that E-ZPass[®] because it's a much more efficient way of collecting tolls. Also, and I don't want to lose sight of the fact that these rates are being proposed with really our primary responsibility in mind, and as you've heard from our Chief Engineer, and as I have learned in the seven months I have been here, our capital needs have been cut lower, and lower, investment into our Turnpike. This will allow us to continue in our primary responsibility with these new rates and that is to maintain a very safe and adequate and accommodating well maintained Turnpike through the State of Ohio. I'm sensitive to the fact that nobody likes to see rate increases, that's why we've taken our best effort and taken into consideration as you've heard today not only incentivizing the use of E-ZPass[®], but also as we convert as an 11 step class system down to 8, you know clearly we

are trying to encourage heavier trucks not to use those alternate routes, but again through the rate system, encourage them to stay on the Turnpike or to utilize the Turnpike and just by the basis of this compression of systems to consequences some rates will go up under certain classifications and some rates will go down. I think Mr. Steiner tried to explain that as best we could, but if we need to we can certainly come back to that. Certainly, all those things were taken into consideration in these proposals.

Senator Buehrer: Mr. Chairman, if I might follow-up to that, and I appreciate what your saying and I think the graphics that we saw comparing the increases from the 1950's are pretty startling, but you know as well as I do Mr. Executive Director people aren't going to sit and look at your fine charts from 1955, they're going to say what have you done for me lately. And some rates are certainly going to go up and I think that will at some point impact behavior, driver behavior that's what we heard the last time we went out on these, especially trucker driven rate changes that we went through and I fear for the safety consideration if we get to a point where we're forcing bigger weights, and I'm acknowledging that you're switching things around a little bit, if we get to bigger weights and more of those trucks are moving on the back roads, but let me ask a question on the revenue side. If I understood Mr. Steiner's presentation, the tax or revenue increase whatever you want to call it is about \$25 million on an annual basis, is that based on the ridership we're seeing in this year or what we're projecting ridership to be?

Executive Director: Mr. Chairman, Senator Buehrer, I'm going to let Jim give us a precise answer there, but I will preface it with, again that \$20 to \$25 is our estimated revenue that would be available to the Commission in 2010. Obviously these rates, if approved, will not take effect until the fourth quarter of '09 when we go live with E-ZPass[®] but again, Jim if you could get into some of those details on what we used to come up with those projections I think it would be helpful for the Senator.

CFO/Comptroller: Mr. Chairman, Senator Buehrer, the vehicle miles of travel have been estimated by our traffic consultant from URS and they are based on the assumption that there will be very little growth if any in traffic due to the economic circumstances over the next few years.

Senator Buehrer: Mr. Chairman, I know several years back we were projecting sort of growth in the Turnpike travelship rates as we went forward and clearly we've stemmed that back, but like everyone else I'm hopeful and I know at some point this economy is going to come back and our ridership will be up and it would sound to me that if that actually happens Mr. Chairman, that the tax increase on an annual basis here really could go much beyond the \$25 million would that be a fair statement if we do get back to sort of normal ridership on the Turnpike?

CFO/Comptroller: Mr. Chairman, Senator Buehrer, the other side of that is we expect the use of E-ZPass[®] to also continue to grow, so the fact that we have offered reduced rates for E-ZPass[®] will tend to offset any projected growth in overall traffic.

Senator Buehrer: One last question Mr. Chairman. I don't want to monopolize, but I think these are important questions that are certainly going to come up when we get out and have our public hearings, I acknowledge what the Executive Director said a moment ago and really that is the reality that you've got capital needs going forward. I'm a little struck though by the contradiction from this administration in the sense that we are going to raise \$25 million here today, but less than six months ago this Commission, this administration were supporting the diversion of \$20 million on an annual basis, maybe more \$200 million over ten years, plus interest, out of our Turnpike funds. So, I'm a little confused I guess is the right word of where we've come from that today we need to raise revenues to do all the important things Dan and the Director have pointed out and yet we were supportive of a diversion of \$20 million on an annual basis less than six months ago. Can someone help me with that?

Executive Director: Mr. Chairman if I might, I would be happy to try and answer that. I think it was clear that, I was at least clear when I testified in the House Finance Committee and obviously before this Commission in our discussions that the Ohio Turnpike was ready to assist the current administration in an economic stimulus program and to do precisely what you had said Senator. It was also clear to me at that time, even though I was only here a couple months, that there was only one way to do that and that was going to come as a result to somehow raising revenues for the Turnpike and never lost focus of the fact that our primary responsibility then and now is to maintain the Turnpike in the best shape that we could. So while I had said that, you're correct we would have done our part to help with an economic stimulus program for the State of Ohio is certainly, I had in the back of my mind that the only way we were going to have the revenue to participate in that was to go through with toll adjustments.

Senator Buehrer: Mr. Chairman, just one final comment. I do understand the Executive Director, sometimes you guys only see him in action up here, but he did come to Columbus and bravely stand there while I barraged him for close to half an hour that day and he did a fine job and was very credible in representing the interests of this Commission and of the Turnpike and I want to acknowledge that and he's been very straight forward with not only me, but I think with other legislators since he took over. But the fact of the matter is, that would have been bad policy. I'd think you would be looking at twice the rate increases if we would have done that and even now as we go forward in these hearings I hope we're broad enough shoulders men and women as I look around the table, to really think about whether this is going to be good policy at this time in the economy to raise rates. I understand the history, I understand we need to do class consolidation, all that. But, I hope we are not so proud that we think we've got to defend this rate increase if we get some meaningful discussion and we get a better picture of the economy going forward. So thank you Mr. Chairman for that.

Chairman: Thank you Senator. Nikos.

Mr. Kaplanov: Thank you Mr. Chairman. First of all I'd like to applaud the Commission and all the work that's been done up to this point. I especially like the point that you made earlier about incenting the larger vehicles to use the Turnpike. I

think Bonnie and Director Beasley have worked very hard on their roads, but there are going to appreciate some of the larger traffic moved onto the Turnpike, as I think you will as well. One question that I do have and it addresses Senator Buehrer's concerns is, if we go through this public hearing process, these rates at this point it's not set in stone, is that correct? They could be changed for instance, something we don't notice or see at this point in time or something happens to come up or if there's a major concern it could be changed? At this point this is what we're operating off of, but it would probably be costly if you do different hearings again, but it could be revised if needed.

Chairman: The answer to your question is yes, we can go through, we have to publish a proposed toll rate system to go through the hearing process, if we go ahead and change that we'd have to go through the hearing process again, but we also have the luxury of some time. That's one of the reasons for doing it now, so we can go through this process and receive the input and if some adjustment needs to be made for something that we don't see then we have that opportunity to do that.

Mr. Kaplanov: That's all I have. Thank you very much.

Chairman: Again, my comment on it is still the same as I started, I appreciate the Senator's comments, we need to keep the trucks on the Turnpike, that's the biggest problem that we have, we need to keep the trucks on the Turnpike. This takes a loaded 18-wheeler today and gives them an approximately 5% decrease in additional rate from where they're at today. So, even though we did a previous reduction when we went through that with the previous governor, we are still going back now and we are taking that rate down about 5% for that loaded 18-wheeler and that's the one that's the biggest problem, that's the problem in the small towns and that's the problem vehicle for damage on the parallel roads.

Executive Director: Mr. Chairman, could I add just a couple more comments to what Mr. Kaplanov said? Again, you're precisely right; this is a proposal at this point. This is our proposal to the Commission, who has the ultimate decision as to whether we will move forward or not. I suspect that during the public hearing process we are going to hear a lot of comments. We've started certainly early to give us ample time to take into consideration all of the comments that we may hear, but I think the Chairman stated correctly that if there are changes...we have to publish rates and with your approval today, with the Commission's approval today, these rates will be published on our website, there will be a toll calculator that certainly we can let you know a little bit more about, but at the time that we start the hearings and come back and if they are changed, Noelle correct me if I'm wrong, that hearing process would start again.

General Counsel: Correct.

Chairman: Edward.

Mr. Jerse: I was just curious, do we have any measure in how successful we are in encouraging the bigger trucks to go to the Turnpike by the rate reductions?

Chairman: I would think...Dan, do you have any...?

Chief Engineer: If I can defer this, Jim? Really the only benchmark we have is when we lowered the rates back in '04.

CFO/Comptroller: In September of 2004, we increased the speed limit from 55 MPH to 65 MPH, and that had an initial impact of about 10%, about a 10% increase in the truck traffic at that time. Then in January 2005, we reduced the rates and that also did have a favorable impact, I think the traffic increased another 4-5%. Of course, since then we've had an economic downturn that's kind of reversed much of that.

Chairman: I think to answer your question, we had about a 20% bump in total, we put some of that increase into the economy stimulation at that time and some of it was the speed limit and some of it was the toll decrease, but we had about a 20% increase overall in commercial traffic at that point in time and then when we reduced that rate by a nickel a mile for a fully loaded 18-wheeler, we then in effect, took back a penny when we completed the two-year program and we didn't have any real change in the traffic. I don't think we are going to go ahead and have a tremendous increase with the reduction of 5% on 18-wheelers, but when you combine the E-ZPass[®] system, where now they are able to get in and off of the Turnpike easier, and the little bit cheaper rate, I think, we will get a little bit of bump in the traffic, but I don't think it will be great, but the key issue is we won't push them off of the turnpike, we are keeping everybody that's on it, on it and hopefully gain some additional traffic.

Mr. Kidston: Mr. Chairman. Jim is the rate spread between E-ZPass[®] and non E-ZPass[®] similar in other states? Do you know?

CFO/Comptroller: Mr. Chairman and Commission Member Kidston, I think ours may be a little bit higher and again, one of the reasons is we wanted to keep the commercial rates for heavy trucks as low as possible and so therefore, our passenger car rate for those who do not use E-ZPass[®] that spread between the E-ZPass[®] rates and the non-E-ZPass[®] rate is a little bit higher than you would see in some other jurisdictions.

Chairman: Jim, before you go too far on that, I mean in the chart that we have Illinois' is double for non E-ZPass[®], Indiana is \$.02 a mile for non E-ZPass[®], Illinois is over \$.02 a mile. We will be at the \$.02 a mile, so there's; you know the states that are to the west of us are in the same number. When you go to the states to the east, there's not a difference, significant distance there, but you also need to look at their rates. Pennsylvania is going to be \$.06, so they are going to be more than we are on day one. The New York Thruway is less and the New Jersey Turnpike will be about the same. So, the states to the west will have about the same differentiation, but the states to the east, Pennsylvania, is so much higher than we are already, you know, so that is why they leave the rate the same. They are up in excess of the 6.2 that we would be. I didn't mean to interrupt you, go ahead.

Mr. Kidston: That's because we live better on the Westside.

Chairman: That's from a westerly resident of Pioneer.

Mr. Kidston: You know, I am shocked at the 30% play level here, I guess, with the cars. You are saying 80% and these other states have a transponder on their truck, 80% of the trucks and only 30% of the automobiles have the transponder?

CFO/Comptroller: Mr. Chairman and Commission Member Kidston, right now based on the last test that we did, approximately 80% of the commercial vehicles currently have transponders and I think it's between 15-20% of the cars, so we wanted to provide a substantial incentive to increase the participation by those driving passenger cars and so that's one of the reasons why we have offered such a reduced rate for those driving passenger cars.

Chairman: That will go up drastically because we don't sell E-ZPass[®] in Ohio, I mean you know, the Executive Director said he has an E-ZPass[®] because he is in Pennsylvania a fair amount, but a person like myself, who even though I drive quite a bit, I don't have an E-ZPass[®] and there's no reason for me to have an E-ZPass[®] because you are on the other toll roads so infrequently, I think that will change drastically at the point in time where Ohio becomes an E-ZPass[®] state.

Chief Engineer: Excuse me Mr. Chairman, if I may, that study that you were referring to was done when we prepared our master plan for the toll study, that study is approximately two years old now, that study was conducted prior to Indiana going to E-ZPass[®], so I would suspect that if that study was conducted again today that 15-20% number for automobiles would be higher.

Mr. Kidston: Well, everything I've heard today, the thing that worries me the most is how we're going to implement our program. I think, forgive me, I think Joe the plumber is not going to put fifty bucks onto a credit card and get a transponder, and I think we need to really deeply evaluate how we are going to implement here. Other than that, I haven't heard a whole lot that is discouraging to me today going forward.

Mr. Regula: Mr. Chairman, if I can follow-up with Ed's comments, I've been sitting here thinking exactly the same thing. Just because other tolling authorities currently block \$50.00 on a credit card does not mean that's the type of system we have to use, correct? Could we not use a system, and I think it also talks or speaks to the Senator's issues on this as well, where they just pay as they go type of thing, so every month they are charged on that credit card what they use.

Chairman: One issue on that, is we joined E-ZPass[®] and when you buy an E-ZPass[®] and you drive to Pennsylvania, New York and New Jersey, and come back, Pennsylvania, New York and New Jersey send us a bill and we pay for it and if we don't have access to your funds then we paid for it and you enjoyed your ride, so that's the concept.

Mr. Regula: Yes, but we are also going to charge them for that cost.

Chairman: Charge the person who drove it?

Mr. Regula: Right.

Chairman: Correct, so that's where the concept of having a credit card and some amount of money because we are responsible to pay Pennsylvania, we're responsible to pay New York and New Jersey and if you haven't paid the Ohio Turnpike, you as the consumer, then we're out that money or we have to chase you to collect it.

Mr. Regula: Not if we have their credit card number.

Chairman: Well, that's what I'm saying. That's why we need to have a system, a credit card or something of that nature so that we can protect ourselves.

Mr. Regula: I don't think we're protecting ourselves by \$50.00.

Executive Director: Mr. Chairman, can I intercede? Maybe what we can do and with staff here, I think perhaps the bone of contention here is that not everybody is not going to want \$50.00 automatically charged to their credit card and is there a possibility perhaps charging that credit card initially at a smaller increment. I would be happy to take a look at that and see if that can't be reduced from that \$50.00 down to make it a little bit more affordable.

Mr. Regula: Well, I just went through this with a particular airport where I work where we're going to a fast pass system for our regular users. We went through this same thing and they said we are going to block \$50.00 and long and short of it after working through it, there is a way that you just send them a monthly statement every thirty days and you just charge them for what they use. You can do it that way. I may be missing the picture here.

Chairman: I may have misunderstood your question. So you're saying we would get their credit card and if the bill is \$18.75 for that month we'd hit them for \$18.75 instead of working off the prepaid balance.

Mr. Regula: Right, versus blocking it at \$50.00. I would never, to be frank as a consumer, I don't like systems where you sign up and they take "x" amount of dollars and it's paid down and then they charge you again. I've never like it from the beginning when we talked about this. But here again I think it softens the blow from the Senator's concerns, and it gives our customers, which is why we're all here. If they're not driving our road they don't need us or any of us sitting in this room. To give them an additional incentive that even if you are going to charge them \$.50 for the card a month, at least all they are going to pay for is what they use versus, for some hitting them with that \$50.00 that first month is going to be a somewhat hardship.

Chairman: I understand what your issue is; Jim will look into it and then report back to you.

Executive Director: Correct me if I'm wrong Mr. Steiner, these are all issues that need to be identified in our business plan, which we hope to have ready by, Dave maybe you can help me out, first quarter or second quarter?

Mr. Miller: Mr. Chairman, Mr. Distel, that's a fair statement. These are all business rules and assumptions that we have been working with. The mechanism that is being discussed is generally well in place in other tolling agencies, but that doesn't mean we can't tear the doors off it and look at it very, very close.

Mr. Regula: I would like to think we're better than the other toll agencies, to be frank.

Executive Director: As would I.

Chairman: Thank you, any further comments? Mr. Dixon.

Mr. Dixon: I've been sitting here listening and I kind of just went through the same thing at the RTA with raising my fares and, no, adjusting our fares. We discovered something and I was trying in my mind to see how it would be applicable in this sense, but we found out that although fares are very important to people, but there are other things that are important to users. I was just wondering, if we don't raise fares how some things that would happen that would also discourage people from using our route, our highway, our Turnpike, and I also was thinking that are there other things now that people would say I wouldn't mind having to make some adjustments so I could continue to use this fine road that we have. So, I don't think we should discount the quality of the service that we're providing and I do think we need to rethink this. But, let's not discount the product that we have and how important it would be to most individuals to maybe have to pay a little more to use it. And also, this discussion of the \$50.00, I understand and I hope I don't get in trouble by saying this but, the people that are going to be, I want to say this correct, I've got to be politically correct, the people that will have the biggest problem with the \$50.00 being held back are going to be the people you are going to have to chase to get the money if you don't have that \$50.00 buffer.

Mr. Kidston: Well, okay, I'm okay with the rate spread here of encouraging folks to use E-ZPass[®] what I'm not okay with is if we develop mechanics that will discourage it on the other end. That's my point here. I'm not saying how we move forward here, but if we're going to encourage it by having that large rate spread then let's make it as easy as possible to use it. That's my point.

Chairman: I agree with you. I suggested one of the first times I talked with Mr. Steiner about the availability to have it so that you can go ahead and buy it, you know people like, they are in the store be it a grocery store, a drug store, something of

that nature that has numerous stores along the way where they can go ahead and physically buy it so they can buy it themselves and they don't have to deal with doing it on line or through the mail or something of that nature. Just another thought, same philosophy, we need to make it easier for the customers.

Mr. Kidston: That's a great example, especially in the rural areas of the state because you know rural areas don't change. They don't like change and probably a best example is what you just used as these prepaid cards you now get at Wal-Mart and so forth, it took forever for rural people to buy into that. But then when they started putting them next to the cash register, it called out to them buy me, buy me, and they started buying them and it all worked out fine. But, my point is let's not develop rules and discouragement on one end and you have that large rate spread on the other end.

Chairman: Good point. Mr. Dixon.

Mr. Dixon: I think Commissioner Kidston just hit on something that's very important, something that we had learned. You are going to have to market this to people; you can't shove it down their throats. You are going to have to market to them. I try not to say raise in fare, I try to say adjustment. Quite frankly, this is an adjustment because everybody's fare down the line is not raised. You have to talk to the people and that's why we have these public hearings and try to explain and market it to them in such a way that it's easier for them to swallow. People, everyone knows what's happening now. Everything is going up around them and things are changing and it's harder for some of us to adjust to changes than others, but if we market it in such a way they understand. We've had a discussion here today and we aren't even in agreement on how it should be presented. Maybe come back with \$25.00 or something. Go back and ask your controller how difficult it's going to be for him to collect that money if you don't have some type of credit card, something in the hold to say because there's going to be people who use it once a year and they could give a darn about that if they have E-ZPass[®] or whatever. They are going to use it everyday, our core customers so that's going to be important to and they aren't going to mind paying a slight fee.

Chairman: I think in conclusion, and I'm not trying to put words into Commission Members' mouths, but I think in conclusion we've presented some issues that I think the administration and the staff need to go ahead and look at from the standpoint of the implementation of the business model and how it works. Whether it's a \$50.00 charge, whether their charged on a monthly basis as used and that process so that's not necessarily what we're approving with the resolution today. I want everybody to understand that, what we're approving is we're going through the public portion of that to go ahead and get the input from the citizens and quite possibly in response to that we might go back as it was raised over here, we might have to go back through the process again if we make a decision again after the hearing input. I would encourage all of the Commission Members if we pass the resolution to see if they can attend the meetings at least the meetings in their area and we have that last one set up as a day meeting also. When we went through the three public hearings the last time I made it a point to attend all three of them and that works very nice to have a couple in the different parts of the

state. Some west and some to the east and then also a different time of the day to have one, so that if somebody says that they really do want to attend it, but they can't make it at 6:30 at night has the opportunity to make it during the daytime or vice versa, they can't make it in the daytime they can make one of them in the evening. So, can we take a vote on the resolution that's before the Commission at this point in time?

Assistant Secretary Treasurer: It's been moved and seconded. Chairman Balog?

Chairman: 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: Thank you Mr. Chairman.

RESOLUTION NO. 50-2008

Resolution Authorizing the Executive Director To Issue Public Notice and Hold Public Hearings Regarding a Proposal to Revise the Ohio Turnpike Commission's Schedules of Tolls

WHEREAS, the Commission is authorized by the provisions of Ohio Revised Code Sections 5537.04 to establish schedules of toll rates; and

WHEREAS, Section 4.04 of the Master Trust Agreement dated as of February 15, 1994, as supplemented by fourteen supplemental agreements (collectively, the Trust Agreement) allows the Commission to effect a change to the schedules of tolls that it deems to be necessary and proper provided that if there is a reduction in any rate of toll, the Commission provides thirty (30) days notice to the Trustee and provides the Trustee with:

- (i) A certificate of an Independent Consultant setting forth estimates of the gross revenues, System Pledged Revenues, Supplement Payments and Series Payments for the then-current and each future Fiscal Year during which any Bonds are scheduled to be

Outstanding, which may take into consideration, among other things, the additional use of the System projected to result from such reduction in the rate of Toll, and a favorable recommendation from the Independent Consultant that such proposed reduction be placed in effect.

(ii) A certificate of the Commission setting forth for the Fiscal Years set forth in the certificate of the Independent Consultant and based on the same assumptions as used in the certificate required by paragraph (i) above, estimates of the Cost of Operation, Maintenance and Administration and the deposits to the Expense Reserve Account, prepared in accordance with the Trust Agreement;

(iii) A certificate of an Authorized Officer of the Commission: (1) setting forth the Composite Annual Debt Service Requirement for the then-current and each future Fiscal Year during which any Bonds are scheduled to be Outstanding; (2) certifying that the estimated System Pledged Revenues and Supplemental Payments (as derived from the certificates pursuant to paragraph (c)(i) above) for the then-current and each future Fiscal Year during which any Bonds are scheduled to be Outstanding are not less than 1.50 times the Composite Annual Debt Service Requirement for such respective current or future Fiscal Year; (3) certifying that the Commission is not in default in the performance of any of the covenants, conditions, agreement or provisions contained in the Trust Agreement; and (4) certifying that immediately prior to such proposed reduction the amount on deposit in the Debt Service Account was equal to the Service Reserve Requirement or if the Commission has exercised its option to fund the Debt Service Reserve Account in installments, the amount then required to be on deposit in the Debt Service Reserve Account in accordance with such election; and

WHEREAS, the Commission by Resolution No. 26-2007 adopted a Revised Strategic Plan for the implementation of a new toll collection system that would calculate tolls based upon the number of axles, height over the first two axles and distance traveled as opposed to the existing methodology of vehicle weight and distance traveled; and

WHEREAS, the Executive Director has advised the Commission that the implementation of an axle-based system will be a more efficient, simpler and more accurate vehicle classification methodology and will provide an adaptable platform for the future integration of new technologies; and

WHEREAS, the Executive Director and CFO/Comptroller have recommended that the Commission adopt revised schedules of tolls when the Commission implements electronic tolling that will provide an incentive for the customers of the Turnpike to utilize the added convenience of *E-ZPass* or electronic toll collection; and

WHEREAS, the Commission wishes to continue to encourage heavy commercial vehicles to utilize the Turnpike instead of using parallel routes that are within the Turnpike's corridor; and

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

WHEREAS, the Commission has duly considered all of these recommendations.

NOW, THEREFORE, BE IT

RESOLVED, that the Commission hereby authorizes the Executive Director or his designee to issue public notice and to conduct any public hearings required by law regarding the proposed schedules of toll rates as outlined in the attached exhibit; and

FURTHER RESOLVED, the Executive Director and the CFO/Comptroller are directed to request the Commission's Independent Consultant to prepare a report and recommendation in accordance with Section 4.04 of the Trust Agreement; and

FURTHER RESOLVED, that the Executive Director shall prepare a report to the Commission after issuing public notice and holding the public hearings required by law, and after receiving a report and recommendation from the Independent Consultant.

Chairman: Thank you. Mr. Distel does that conclude your report?

Executive Director: That concludes my report.

Chairman: Next, Chief Engineer.

Chief Engineer: Thank you Mr. Chairman, I have one resolution for your consideration this morning. The resolution is for awarding Contracts for toll plaza modifications for the new toll collection system and E-ZPass[®] signage. There are two contracts, Contract 64-08-03A is for 11 toll plazas in the western section of the state from Williams to Sandusky County and Contract 64-08-03C is for 12 toll plazas in the eastern section of the state from Cuyahoga to Mahoning County. Again, these contracts were divided into bid packages representing general trades and site work and electrical trades. Bidders were given the option to bid on individual packages or to submit a combined bid in response to both packages. We received bids from 13 bidders, the apparent low bidders are as follows: for contract 64-08-03A general trade and site work, the Spieker Company, Perrysburg, Ohio in the total amount of \$812,693.60; the electrical package E.T. Electric, Ltd., from Toledo, Ohio in the amount of \$1,551,430.10. In response to Contract 03C general trades and site work, again was the Spieker Company from Perrysburg in the total amount of \$2,202,707.00 and for the electrical Northeast Ohio Electric, LLC in the amount of \$1,830,430.03. All four of the bids are below the Commission's estimates, all of the bidders with the exception of E.T. Electric have performed satisfactorily for the Commission in the past. References for E.T. Electric were checked out with favorable results. The resolution also includes provisions to assign URS Corporation of Akron, Ohio to both contracts for performing construction administration and inspection services in accordance with the previously approved agreement. Also, provisions for Contract 64-08-03A TTL Associates, Inc., of Toledo, Ohio for performing materials testing and 08-03C PSI, Inc., of Cleveland, Ohio for performing materials testing and inspection services. With the approval of this resolution all 31 of our toll plazas across the state will be under construction for the toll collection system implementation. If the General Counsel would please read the Resolved?

General Counsel: RESOLVED that the above-mentioned bids in the total amounts of \$2,364,123.70 for the performance of General Trades/Sitework and Electrical

Trades Work under Contract No. 64-08-03A, and \$4,033,147.03 for the performance of General Trades/Sitework and Electrical Trades Work under Contract No. 64-08-03C are, and are by the Commission, determined to be the lowest responsive and responsible bids received, and are accepted, and that the Chairperson and Executive Director, or either of them, hereby are authorized: 1) to execute Contracts with **The Spieker Company of Perrysburg, Ohio** in the amount of \$812,693.60 for General Trades/Sitework under Contract No. 64-08-03A and in the amount of \$2,202,707.00 for General Trades/Sitework under Contract No. 64-08-03C, 2) to execute a Contract with **E.T. Electric, Ltd. of Toledo, Ohio** in the amount of \$1,551,430.10 for Electrical Trades Work under Contract No. 64-08-03A, 3) to execute a Contract with **Northeast Ohio Electric, LLC, dba Doan/Pyramid, LLC of Bedford Heights, Ohio** in the amount of \$1,830,440.03 for Electrical Trades Work under Contract No. 64-08-03C, 4) to execute said Contracts in the form heretofore prescribed by the Commission pursuant to their respective bids, 5) to direct the return to the bidders of their bid security, when appropriate, and 6) to take any and all action necessary or proper to carry out the terms of said bids and of said Contracts; and

FURTHER RESOLVED that the Commission hereby authorizes the Executive Director and the Chief Engineer to assign **URS Corporation of Akron, Ohio**, to Contract No. 64-08-03A and Contract No. 64-08-03C for the purpose of performing construction administration and inspection services, with such assignment in accordance with the Engineering Design Services Agreement specific to these Projects between the Ohio Turnpike Commission and URS Corporation; and

FURTHER RESOLVED that the Commission hereby authorizes the Executive Director and the Chief Engineer to assign **TTL Associates, Inc. of Toledo, Ohio** to Contract No. 64-08-03A for the purpose of performing materials testing and inspection services, with such assignment in accordance with the 2007-2008 General Engineering Design Services Agreement between the Ohio Turnpike Commission and TTL Associates, Inc.; and

FURTHER RESOLVED that the Commission hereby authorizes the Executive Director and the Chief Engineer to assign **PSI, Inc. of Cleveland, Ohio** to Contract No. 64-08-03C for the purpose of performing materials testing and inspection services, with such assignment in accordance with the 2007-2008 General Engineering Design Services Agreement between the Ohio Turnpike Commission and PSI, Inc.; and

[FURTHER RESOLVED that Contract No. 64-08-03A and Contract No. 64-08-03C are designated as System Projects under the Commission's 1994 Master Trust Agreement.]

Chairman: A motion to adopt?

Mr. Regula: So moved.

Chairman: Second?

Ms. Teeuwen: Second

Chairman: Questions or discussion? I see the numbers came in substantially below the engineer's estimates. The economic slowdown is helping us in one place. 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. 51-2008

Resolution Awarding Contract No. 64-08-03A and Contract No. 64-08-03C

WHEREAS, the Commission has duly advertised according to law for bids upon **Contract No. 64-08-03A** for Toll Plaza Modifications for the New Toll Collection System and *E-ZPass*[®] Signage at Toll Plazas 2, 13, 25, 34, 39, 52, 59, 64, 71, 81 and 91, located in Williams, Fulton, Lucas, Wood, Ottawa and Sandusky Counties, Ohio, and for bids upon **Contract No. 64-08-03C** for Toll Plaza Modifications for the New Toll Collection System and *E-ZPass*[®] Signage at Toll Plazas 161, 173, 180, 187, 193, 209, 215, 216, 218, 232, 234 and 239, located in Cuyahoga, Summit, Portage, Trumbull and Mahoning Counties, Ohio; and

WHEREAS, both Contract No. 64-08-03A and Contract No. 64-08-03C are divided into bid packages representing two trades: General Trades/Sitework and Electrical Trades, and bidders were given the option to submit a "Combination Bid" to perform the work of both of the aforementioned packages under each Contract; and

WHEREAS, expenditures for the award(s) to be made under both Contract No. 64-08-03A and Contract No. 64-08-03C will exceed \$150,000.00 and, therefore, in

accordance with Article V, Section 1.00 of the Commission's Code of Bylaws, Commission action is necessary for said Contract awards; and

WHEREAS, on November 4, 2008, the Commission received bids from thirteen bidders, which included eight bids for the performance of work under Contract No. 64-08-03A and eight (8) bids for the performance of work under Contract No. 64-08-03C; 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 advises that the following bids for the performance of the General Trades/Sitework and the Electrical Trades Work under both Contract No. 64-08-03A and Contract No. 64-08-03C are below the Engineer's estimate and have been determined to be the lowest responsive and responsible bids received:

Contract No. 64-08-03A		
<u>Bid Package</u>	<u>Bidder</u>	<u>Amount</u>
Gen. Trades/Sitework	The Spieker Company, Perrysburg, Ohio	\$ 812,693.60
Electrical	E.T. Electric, Ltd., Toledo, Ohio	<u>1,551,430.10</u>
Total Awards		<i>\$2,364,123.70</i>

Contract No. 64-08-03C		
<u>Bid Package</u>	<u>Bidder</u>	<u>Amount</u>
Gen. Trades/Sitework	The Spieker Company, Perrysburg, Ohio	\$ 2,202,707.00
Electrical	Northeast Ohio Electric, LLC dba Doan/Pyramid, LLC, Bedford Hts., Ohio	<u>1,830,440.03</u>
Total Awards		<i>\$4,033,147.03</i>

WHEREAS, the Commission has also been advised by the Director of Contracts Administration that all bids for Contract No. 64-08-03A and Contract No. 64-08-03C were solicited on the basis of the same terms and conditions and the same specifications, that the low bids of The Spieker Company and E.T. Electric, Ltd. for each package under Contract No. 64-08-03A and the low bids of The Spieker Company and Doan/Pyramid, LLC for each package under Contract No. 64-08-03C conform 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 each low 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 analyses, has made his recommendation to the Commission to award Contract No. 64-08-03A and Contract No. 64-08-03C General Trades/Sitework to The Spieker Company in the amount of \$812,693.60 and \$2,202,707.00, respectively, and Contract No. 64-08-03A

Electrical Trades to E.T. Electric, Ltd. in the amount of \$1,551,430.10, and Contract No. 64-08-03C Electrical Trades to Doan/Pyramid, LLC in the amount of \$1,830,440.03; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the above-mentioned bids in the total amounts of \$2,364,123.70 for the performance of General Trades/Sitework and Electrical Trades Work under Contract No. 64-08-03A, and \$4,033,147.03 for the performance of General Trades/Sitework and Electrical Trades Work under Contract No. 64-08-03C are, and are by the Commission, determined to be the lowest responsive and responsible bids received, and are accepted, and that the Chairperson and Executive Director, or either of them, hereby are authorized: 1) to execute Contracts with **The Spieker Company of Perrysburg, Ohio** in the amount of \$812,693.60 for General Trades/Sitework under Contract No. 64-08-03A and in the amount of \$2,202,707.00 for General Trades/Sitework under Contract No. 64-08-03C, 2) to execute a Contract with **E.T. Electric, Ltd. of Toledo, Ohio** in the amount of \$1,551,430.10 for Electrical Trades Work under Contract No. 64-08-03A, 3) to execute a Contract with **Northeast Ohio Electric, LLC, dba Doan/Pyramid, LLC of Bedford Heights, Ohio** in the amount of \$1,830,440.03 for Electrical Trades Work under Contract No. 64-08-03C, 4) to execute said Contracts in the form heretofore prescribed by the Commission pursuant to their respective bids, 5) to direct the return to the bidders of their bid security, when appropriate, and 6) to take any and all action necessary or proper to carry out the terms of said bids and of said Contracts; and

FURTHER RESOLVED that the Commission hereby authorizes the Executive Director and the Chief Engineer to assign **URS Corporation of Akron, Ohio**, to Contract No. 64-08-03A and Contract No. 64-08-03C for the purpose of performing construction administration and inspection services, with such assignment in accordance with the Engineering Design Services Agreement specific to these Projects between the Ohio Turnpike Commission and URS Corporation; and

FURTHER RESOLVED that the Commission hereby authorizes the Executive Director and the Chief Engineer to assign **TTL Associates, Inc. of Toledo, Ohio** to Contract No. 64-08-03A for the purpose of performing materials testing and inspection services, with such assignment in accordance with the 2007-2008 General Engineering Design Services Agreement between the Ohio Turnpike Commission and TTL Associates, Inc.; and

FURTHER RESOLVED that the Commission hereby authorizes the Executive Director and the Chief Engineer to assign **PSI, Inc. of Cleveland, Ohio** to Contract No. 64-08-03C for the purpose of performing materials testing and inspection services, with such assignment in accordance with the 2007-2008 General Engineering Design Services Agreement between the Ohio Turnpike Commission and PSI, Inc.; and

[FURTHER RESOLVED that Contract No. 64-08-03A and Contract No. 64-08-03C are designated as System Projects under the Commission's 1994 Master Trust Agreement.]

Chairman: Next we'll go to Mr. Steiner. Do you have anything today?

CFO/Comptroller: Nothing further Mr. Chairman.

Chairman: Financial Advisor?

Financial Advisor: No report Mr. Chairman.

Chairman: Trustee?

Trustee: No report Mr. Chairman.

Chairman: General Consultant?

General Consultant: No report Mr. Chairman.

Chairman: Captain, Ohio State Highway Patrol?

Captain Hannay: Just brief Mr. Chairman, no fatalities to report over the last 30 days and to report we did have our officers involved in a kidnapping. An abduction of a 2 year old child out of Orland Park, Illinois and our officers were successful in apprehending three adults with the 2 year old child found uninjured and returned back to the family. That was late October. That's my report Sir.

Chairman: It's nice to come up and have you share some good news. Again, the meeting in December will be the regular day, which will be December 15th, the January meeting will be moved from the 19th to the 12th because of Martin Luther King Day and the February meeting will be moved from the 16th to the 9th because of President's Day. If there's no further business, I'll accept a motion to adjourn until our next regularly scheduled meeting, which will be December 15 at 10 am. Motion to adjourn?

Mr. Kidston: So moved.

Chairman: Is there a second?

Mr. Regula: Second

Chairman: Please call the roll.

Assistant Secretary Treasurer: Mr. Balog

Chairman: 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.

Time of adjournment was 11:33 a.m.

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

George F. Dixon, Secretary-Treasurer