

MINUTES OF THE COMMISSION MEETING HELD JANUARY 19, 2010

A formal meeting of The Pennsylvania Turnpike Commission convened at 12:18 p.m., January 19, 2010 at the Central Office, Pennsylvania Turnpike Commission located in Highspire, Pennsylvania. Present for the meeting were Timothy J. Carson, Vice Chairman; J. William Lincoln, Secretary Treasurer; Pasquale T. Deon, Sr., Commissioner; A. Michael Pratt, Commissioner and R. Scott Christie, P.E., Deputy Secretary of Transportation.

Others present for the meeting were Joseph G. Brimmeier, Chief Executive Officer; George M. Hatalowich, Chief Operating Officer; Robert F. Brady, Director of Operations/Projects-East; Rich DiPiero, Director of Fare Collection; Jeffrey L. Garrett, Chief Engineer, Michael Baker Jr., Inc.; Nikolaus Grieshaber, Chief Financial Officer; Michael P. Haney, Director of Maintenance; Jeffrey L. Hess, Director of Operations/Projects-West; Frank J. Kempf, Jr., Chief Engineer; Doreen McCall, Chief Counsel; Jeffrey J. Mesaric, Chief Information Officer; Valerie J. Payne, Director of Administration; Craig Shuey, Director of Government Affairs and Ann Louise Edmunds, Assistant Secretary Treasurer.

Also in attendance were Michael D. Begler, Director of Operations Review; William J. Capone, Director of Communications/Public Relations; John Christensen, Manager of Facilities & Energy Management Operations; Derek S. Hansel, Assistant Chief Financial Officer; Donald S. Klingensmith, P.E., Manager of Contracts Administration; Donna Lapano, Executive Assistant; Anthony L. Maniscola, Special Investigator; Anthony Q. Maun, Director of Accounting; Jeffrey A. Naugle, Manager of Treasury Operations; Robert H. Rosell, Technician of PC/LAN and Patricia F. Schlegel, Director of Human Resources.



Ms. Edmunds led the Commissioners and staff in the Pledge of Allegiance.



The Assistant Secretary Treasurer, Ann Louise Edmunds, called the roll and declared a quorum present.



SUNSHINE ANNOUNCEMENT

MS. EDMUNDS: THE COMMISSIONERS MET IN EXECUTIVE SESSION PRIOR TO TODAY'S FORMAL AGENDA SESSION TO CONSIDER MATTERS OF PERSONNEL, WHICH INCLUDED TERMINATIONS, RECLASSIFICATIONS,

VACANCIES AND A REQUEST TO POST AND FILL A POSITION IN THE ENGINEERING DEPARTMENT.

THE COMMISSIONERS ALSO DISCUSSED WITH COUNSEL AN UPDATE ON LITIGATION MATTERS AND ENGAGED IN NON-DELIBERATIVE INFORMATIONAL DISCUSSIONS, REGARDING VARIOUS ACTIONS AND MATTERS, WHICH HAVE BEEN APPROVED AT PREVIOUS PUBLIC MEETINGS.



MINUTES OF MEETING

Motion - That the Minutes of the meeting held January 5, 2010 be approved and filed – was made by Mr. Deon, seconded by Mr. Lincoln; and passed unanimously.



COMMUNICATIONS

Motion – That the Commission accepts and files the memo received from the Chief Counsel– was made by Mr. Lincoln, seconded by Mr. Deon; and passed unanimously.



PERSONNEL

Motion – That the Commission approves the Personnel as submitted – was made by Mr. Lincoln, seconded by Mr. Deon; and passed unanimously.



UNFINISHED BUSINESS

There was no Unfinished Business to discuss.



NEW BUSINESS

Reinvestments, Liquidations and Purchase of Securities

Upon the motion by Mr. Lincoln, seconded by Mr. Deon, the following Resolution was presented for adoption:

RESOLUTION

BE IT RESOLVED that the Pennsylvania Turnpike Commission hereby ratifies the action of the Investment Analyst, with the approval of the Chief Executive Officer and the Consulting Engineer, in directing the Trustee to make the foregoing reinvestments, liquidations and purchases; and

BE IT FURTHER RESOLVED that copies of the Resolution certified by the Assistant Secretary and Treasurer shall be forwarded to the Trustee as required in Article VI, Section 602 of the 2001 Amended and Restated Trust Indenture.

The following members voted yea: Commissioners Christie, Lincoln, Deon and Pratt; Commissioner Carson abstained.

MR. CARSON: AS A LAWYER AND ADVISOR FOR OVER 30 YEARS IN THE PUBLIC FINANCE AREA, I AND/OR MY FIRM HAVE HAD, CURRENTLY HAVE, OR POTENTIALLY MAY HAVE, DEALINGS WITH VIRTUALLY ALL THE MAJOR COMMERCIAL AND INVESTMENT BANKING FIRMS, AND SOMETIMES REPRESENT THEM DIRECTLY IN VARIOUS TRANSACTIONS. MANY OF THESE FINANCIAL FIRMS ALSO ACT AS BROKER-DEALERS FROM WHICH THE COMMISSION OR ITS AGENTS (BOND TRUSTEES, ETC.) MIGHT SOLICIT BIDS AND/OR BUY SECURITIES FROM TIME-TO-TIME FOR ROUTINE INVESTMENT MANAGEMENT PURPOSES. OUT OF AN ABUNDANCE OF CAUTION, I WILL, THEREFORE, ABSTAIN FROM THE VOTE ON THIS PARTICULAR AGENDA ITEM, AND I ASK THAT THE MINUTES SO REFLECT MY ABSTENTION.



AGREEMENT

Motion-That the Commission approves the negotiation and execution of an amendment to our agreement with Ernst & Young LLP for actuarial valuation services of the Post-Employment Benefits Other than Pensions (OPEB); to exercise our second option to renew the agreement-was made by Mr. Lincoln, seconded by Mr. Pratt; and passed unanimously.



RIGHT-OF-WAY REQUESTS

Motion – That the Commission approves the Right-of-Way Requests for the items listed in memos “a” through “e”:

- a. Authorize the acquisition of Right-of-Way #17942, a total take parcel, necessary for construction of the Southern Beltway, by issuing a check in the amount of \$221,483.39, payable to Urban Settlement Company, Escrow Agent; representing fair market value, prorated taxes and recording fees; authorize the appropriate Commission officials to execute the agreement of sale, authorize the payment of additional statutory damages as calculated by the Legal Department and approved by the Chief Executive Officer, and payment of the fair market value to the property owners is contingent upon their delivery of a deed prepared by the Legal Department;
- b. Authorize the acquisition of Right-of-Way #17949, a total take parcel, necessary for construction of the Southern Beltway, by issuing a check in the amount of

- \$245,441.65, payable to Coon and Company, Escrow Agent; representing fair market value, prorated taxes, recording fees and Section 710 damages; authorize the appropriate Commission officials to execute the agreement of sale, authorize the payment of additional statutory damages as calculated by the Legal Department and approved by the Chief Executive Officer, and payment of the fair market value to the property owners is contingent upon their delivery of a deed prepared by the Legal Department;
- c. Authorize the acquisition of Right-of-Way #3138-A, a partial take parcel, necessary for construction of the total reconstruction project from MP 206.00 to MP 210.00, by issuing a check in the amount of \$19,691.00, payable to Coon and Company, Escrow Agent; representing fair market value, prorated taxes and recording fees; authorize the appropriate Commission officials to execute the agreement of sale, authorize the payment of additional statutory damages as calculated by the Legal Department and approved by the Chief Executive Officer, and payment of the fair market value to the property owners is contingent upon their delivery of a deed prepared by the Legal Department;
- d. Authorize the acquisition of Right-of-Way #17913, a total take parcel, necessary for construction of the Southern Beltway, by issuing a check in the amount of \$75,104.27, payable to Coon and Company, Escrow Agent; representing fair market value, prorated taxes and recording fees; authorize the appropriate Commission officials to execute the agreement of sale, authorize the payment of additional statutory damages as calculated by the Legal Department and approved by the Chief Executive Officer, and payment of the fair market value to the property owner is contingent upon his delivery of a deed prepared by the Legal Department;
- e. Adopt the proposed Property Acquisition Resolution for Right-of-Way #6069-RB-01, a partial take parcel, necessary for Bridge EB-735 replacement project; authorize payment of Estimated Just Compensation in the amount of \$271,000.00 payable to outside counsel as escrow agent; and authorize payment of statutory damages and costs as calculated by the Legal Department and approved by the Chief Executive Officer.

-was made by Mr. Lincoln, seconded by Mr. Deon; and passed unanimously.



ADVERTISING

Motion-That the Commission approves advertising for the items listed in memos "a" and "b":

- a. Two (2) engineering/construction management firms to perform open-end construction management and inspection services for the I-80 toll conversion project to implement the I-80 Capital Plan construction projects over the next five (5) years. One agreement will be for the western portion and one agreement will be for the eastern portion;

- b. Four (4) open-end contracts for engineering and design services associated with the I-80 toll conversion and capital plan projects.

-was made by Mr. Lincoln, seconded by Mr. Deon; and passed unanimously.



AWARD OF BIDS AND ISSUANCE OF PURCHASE ORDERS

Motion-That the Commission approves the Award of Bids and the Issuance of Purchase Orders for the items listed in memos "a" and "b":

- a. Storage Area Network Upgrade, utilizing the Commonwealth's contract with Razor Technology; at a total award of \$1,058,000.00;
- b. Six (6) responder units, to the lowest responsive and responsible bidder, Apple Automotive Group; at a total award of \$223,129.00.

-was made by Mr. Lincoln, seconded by Mr. Deon, and passed unanimously.



AWARD OF CONTRACTS

That the Commission approves the Award of Contracts for the items listed in memos "a" through "d":

- a. Contract #EN-00049-03-10, for sound barriers and collision damage repairs from MP 334.16 to MP 351.08, to the lowest responsive and responsible bidder, Bi State Construction Co., Inc., at a total award of \$656,487.00; with a contingency amount of \$30,000.00;
- b. Contract #EN-00088-03-02, for roadway and miscellaneous repairs between MP 75.39 and MP 179.44, to the lowest responsive and responsible bidder, Cottle's Asphalt Maintenance, Inc., at a total award of \$1,500,000.00;
- c. Contract #EN-00088-03-03, for roadway and miscellaneous repairs between MP 241.87 and MP 298.33, to the lowest responsive and responsible bidder, Hempt Bros., Inc., at a total award of \$1,000,000.00;
- d. Contract #EN-00088-03-04, for roadway and miscellaneous repairs between MP A20.00 and MP A130.30, to the lowest responsive and responsible bidder, Road-Con, Inc., at a total award of \$1,500,000.00.

-was made by Mr. Lincoln, seconded by Mr. Deon; and passed unanimously.



IAG 2010 ANNUAL ASSESSMENT

Motion-That the Commission approves payment of the 2010 annual Interagency Group (IAG) assessment in the amount of \$70,000.00 for our participation in the E-ZPass Interagency Group-was made by Mr. Lincoln, seconded by Mr. Deon and passed unanimously.



PROPERTY DAMAGE WRITE-OFF

Motion-That the Commission approves the write off of \$13,758.21 for Property Damage Claim #DC-1497-was made by Mr. Lincoln, seconded by Mr. Deon and passed unanimously.



Items Added to the Formal Agenda

RECOMMENDATION

Motion-That the Commission approves the negotiation and execution of four (4) agreements with the same selected consultants negotiated by PennDOT (KTA-Tator, Inc., HRV Conformance Verification Associates, Inc., Pennoni Associates, Inc. and Bureau Veritas, Inc.) for fabricated structural steel inspections systemwide; for a total combined dollar not-to-exceed amount of the four (4) contracts of \$5,000,000.00-was made by Mr. Lincoln, seconded by Mr. Deon; Mr. Pratt abstained.

MR. CHAIRMAN: I ABSTAIN ON THE BASIS THAT ONE OF THE COMPANIES SET FORTH IN THIS AGENDA ITEM IS A CLIENT OF THE FIRM OF WHICH I AM A PARTNER. I ASK THAT THE SECRETARY PLEASE HAVE THE MINUTES OF THE MEETING REFLECT MY ABSTENTION ON THIS VOTE.

The motion passed.



SUPPLEMENT

Motion-That the Commission approves the preparation and execution of Supplemental Agreement #3 with L.D. Astorino & Associates, Ltd. for open-end architectural services west, for an increase of \$160,000.00; increasing the not-to-exceed amount from \$1,150,000.00 to \$1,310,000.00-was made by Mr. Lincoln, seconded by Mr. Deon; and passed unanimously.



CHANGE ORDER

Motion-That the Commission approves Change Order #3 for Contract #A-089.00R003-3-02 with Locust Ridge Contractors for bituminous resurfacing from MPA88.66 to MP A95.17, for a decrease of \$675,263.57, decreasing the not-to-exceed amount from \$5,936,959.10 to \$5,261,695.53-was made by Mr. Lincoln, seconded by Mr. Pratt; and passed unanimously.



CHANGE ORDER AND FINAL PAYMENT

Motion-That the Commission approves Change Order #1 and Final Payment for Contract #EN-00036-03-02 with Morgan Rail, Inc. for wide area signing between MP 39.50 and MP 242.00; for an increase of \$8,308.67, making the final contract value \$432,350.47, and the final amount due of \$32,461.08-was made by Mr. Lincoln, seconded by Mr. Pratt; and passed unanimously.



POLICY LETTER REVISION

Motion-That the Commission approves the revisions to Policy Letter No. 7.1, Investment Policy and Guidelines, to reflect the following revisions:

- Clarifies that the policy applies to all financial assets of the Commission,
- Clarifies the rating requirements for mortgage backed securities and collateralized mortgage obligations;
- Clarifies the ability to invest in municipal obligations and provides for the usage of additional rating services for municipal obligations and for commercial paper
- Provides a standard for investment management based on “semi-active” investing which will allow for regular portfolio optimization and taking advantage of market opportunities;
- Provides for establishment of portfolio benchmarks based on the duration of individual portfolios and groups of portfolios rather than all of the Commission’s funds as a whole.

-was made by Mr. Lincoln, seconded by Mr. Deon; and passed unanimously.



E-ZPASS (IAG)

Motion-That the Commission authorizes the preparation and execution of two Reimbursement Validation Testing Deposit Agreements on behalf of the E-ZPass Interagency Group (IAG). One agreement is between the Commission and TransCore and the other agreement is between the Commission and Mark IV; authorize the Chief Financial Officer, the Chief Operating Officer, or the Chief Executive Officer’s designee,

to execute the contracts; and authorize the Commission to serve as the agency designated as the E-ZPass Interagency Group (IAG) Treasurer-was made by Mr. Lincoln, seconded by Mr. Deon; and passed unanimously.

NEXT MEETING

MS. EDMUNDS: The next Commission Meeting will be held Tuesday, February 2, 2010.



ADJOURNMENT

MS. EDMUNDS: Commissioners, I have no other items for consideration, if you have nothing further, I request a motion for adjournment.

Motion – That this meeting of The Pennsylvania Turnpike Commission be adjourned at 12:24 p.m. - was made by Mr. Lincoln, seconded by Mr. Christie; and passed unanimously.



PREPARED BY:

Ann Louise Edmunds
Assistant Secretary Treasurer

01-19-10

APPROVED BY:

J. William Lincoln
Secretary Treasurer

ATTACHMENT NUMBER 1
COMMUNICATIONS: MEMO RECEIVED FROM THE CHIEF COUNSEL