

MINUTES OF THE COMMISSION MEETING HELD MAY 15, 2012

A formal meeting of the Pennsylvania Turnpike Commission convened at 12:10 p.m., May 15, 2012 at the Central Office located in Highspire, Pennsylvania. Present for the meeting were William K. Lieberman, Chairman; A. Michael Pratt, Esq., Vice Chairman; J. William Lincoln, Secretary Treasurer; Pasquale T. Deon, Sr., Commissioner and Barry J. Schoch, P.E., Secretary of Transportation.

Others present for the meeting were Roger E. Nutt, Chief Executive Officer; Craig R. Shuey, Chief Operating Officer; Robert F. Brady, Director of Operations/Projects-East; William J. Capone, Director of Communications/Public Relations; Richard S. DiPiero, Director of Fare Collection; Jeffrey L. Garrett, Chief Engineer, Michael Baker Jr., Inc.; Todd S. Garrison, Director of Maintenance; Nikolaus Grieshaber, Chief Financial Officer; Bradley Heigel, Chief Engineer; Jeffrey L. Hess, Director of Operations/Projects-West; Doreen McCall, Chief Counsel; Myneca Y. Ojo, Director of Diversity and Inclusion; Joseph P. Suess, Acting Chief Information Officer; Stacia A. Ritter, Director of Government Affairs and Ann Louise Edmunds, Assistant Secretary Treasurer.

Also in attendance were Elizabeth Benion, Executive Analyst; Michael D. Begler, Director of Operations Review; Susan Carson-Casoni, Cash Manager; John Christensen, Director of FEMO; Kelly Decker, Attorney IV; Carl E. DeFebo, Jr., Manager of Public Information-East; Donald S. Klingensmith, P.E., Manager of Contracts Administration; Donna Lapano, Executive Office Assistant; Jeffrey A. Naugle, Manager of Treasury Operations; Catherine L. Sabo, Senior General Accountant; Patricia F. Schlegel, Director of Human Resources; Bob Rosell, Technician of PC/LAN Systems; Cara Sherman, Summer Law Clerk; Brenda Szeles-Bratina, Director of Toll Revenue Audit; Kim D. Tosh, Treasury Analyst; Thomas Harding, Auditor General's Office; Dean Kohr, Atkins; Richard Stees-Erdman Anthony; Scott Wivell, Hill International and Mike Ryan, Michael Baker, Jr., Inc.

*

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 AN EQUITY ADJUSTMENT, TERMINATION, RE-HIRES, VACANCIES,

REORGANIZATIONS AND REQUESTS TO RECLASS; AND TO POST AND FILL POSITIONS IN THE MAINTENANCE, FACILITIES AND ENERGY MANAGEMENT OPERATIONS AND FINANCE AND ADMINISTRATION DEPARTMENTS.

THE COMMISSIONERS ALSO DISCUSSED Fabrizio v. PTC, Docket No. 4501090005765; LITIGATION MATTERS 1325; 2865; 3119; 3609; A1998; B1998; CONSIDERED THE PURCHASE OF REAL PROPERTY ALONG THE SYSTEM AND ENGAGED IN NON-DELIBERATIVE INFORMATIONAL DISCUSSIONS REGARDING VARIOUS ACTIONS AND MATTERS, WHICH HAVE BEEN APPROVED AT PREVIOUS PUBLIC MEETINGS.

*

PUBLIC COMMENT

MS. EDMUNDS: THE PUBLIC IS WELCOME AT THIS TIME TO ADDRESS THE COMMISSION REGARDING ITEMS LISTED ON THE AGENDA OR OTHER ITEMS NOT LISTED ON THE AGENDA THAT ARE WITHIN THE COMMISSION'S AUTHORITY OR CONTROL.

IN ORDER TO CONDUCT AN ORDERLY, EFFICIENT, EFFECTIVE AND DIGNIFIED MEETING, ALL PERSONS WISHING TO ADDRESS THE COMMISSION SHOULD HAVE SIGNED IN AND REQUESTED TIME TO SPEAK. IF YOU HAVE NOT DONE SO, YOU ARE INVITED TO DO SO.

COMMISSIONERS, WE HAVE NO REQUESTS TO ADDRESS THE COMMISSION. AT THIS TIME WE ASK ALL VISITORS TO STAND AND INTRODUCE YOURSELF.
THOMAS HARDING, AUDITOR GENERAL
DEAN KOHR, ATKINS
RICHARD STEES, ERDMAN ANTHONY
SCOTT WIVELL, HILL INTERNATIONAL
MIKE RYAN, MICHAEL BAKER, JR., INC.

*

MINUTES OF THE MEETING

Motion-That the Minutes of the meeting held May 1, 2012 be approved and filed as submitted-was made by Commissioner Lincoln seconded by Commissioner Deon; and passed unanimously.

*

COMMUNICATIONS

Motion-That the Commission accepts and files the memos received from the Chief Counsel and the Director of Operations Review-was made by Commissioner Lincoln, seconded by Commissioner Schoch; and passed unanimously.

*

PERSONNEL

Motion-That the Commission approves the Personnel as amended-was made by Commissioner Deon, seconded by Commissioner Pratt; and passed unanimously.

*

NEW BUSINESS

REVENUE BOND

Motion-That the Commission approves the issuance of the Pennsylvania Turnpike Commission's Variable and/or Fixed Rate Turnpike Revenue Bonds in an aggregate principal amount not to exceed \$250,000,000 (based on issuance value) in one or more series or subseries, taxable or tax-exempt, for the purpose of financing the costs of various capital expenditures for the Pennsylvania Turnpike system set forth in the Commission's current Ten-Year Capital Plan including, but not limited to, the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or the rehabilitation of certain interchanges and including funding necessary reserves and capitalized interest; authorizing the execution, delivery and distribution of the following: (1) Supplemental Trust Indentures to the Restated Indenture; (2) one or more Preliminary Official Statements or Preliminary Private Placement Memoranda; (3) one or more Official Statements or Private Placement Memoranda; (4) one or more Purchase Contracts or Private Placement Agreements; (5) agreements for the provision of one or more credit facilities or related agreements; (6) one or more remarketing agreements and continuing disclosure agreements; and (7) any other necessary or appropriate documents or certificates; authorizing swap agreements; authorizing appointment of co-bond counsel, and one or more underwriters, financial advisors or other professionals; and making a declaration of official intent that the Commission be reimbursed from bond proceeds for certain expenditures paid prior to the issuance of such bonds; authorizing the taking of further action; repealing inconsistent resolutions; and declaring that this resolution shall be liberally construed-was made by Commissioner Lincoln, seconded by Commissioner Pratt; and passed unanimously.

*

AGREEMENTS

Motion-That the Commission approves the negotiation and execution of the Agreements, Supplemental Agreements and an Amendment for the items listed in memos "a, b and d-f":

- a. Reimbursement Agreement with Menallen Township Sewer Authority to reimburse the Authority the costs associated with the facility relocation work necessary for the construction of Section 51B of the Mon/Fayette Expressway; at a not-to-exceed amount of \$86,500.00;
- b. Supplemental Agreement with Pennsylvania Electric Co. (Penelec) to relocate the electrical facilities necessary for the replacement of overhead Bridge B-504 at MP 108.33, for an additional \$47,103.99 for traffic control, contractor mobilization and additional labor;

- d. Supplemental Agreement with the PA Fish & Boat Commission for stream mitigation for the total reconstruction project from MP 199.00 to MP 202.00, for an additional \$50,000.00 for additional habitat enhancement to satisfy stream mitigation regulatory requirements;
- e. Amendment to our agreement with Integrated Transportation Finance Group, LLC (ITF) for electronic toll interoperability; utilizing our option to renew the agreement for an additional six-months (June 1-November 30, 2012);
- f. Amendment to our agreement with Public Financial Management (Investment Advisor), to evaluate a proposed Escrow Restructuring associated with the Commissioners Series A and B of 1998 Oil Franchise Tax Senior and Subordinate Revenue Bonds.

-was made by Commissioner Deon and seconded by Commissioner Lincoln.

Motion-That the Commission approves the negotiation and execution of the Agreement for the item listed in memo "c":

- c. Reimbursement Agreement with PECO Energy to reimburse PECO the costs associated with the required engineering and facility relocation work necessary for the replacement of Bridge DB-155 at MP 342.75; at a not-to-exceed amount of \$375,000.00;

-was made by Commissioner Lincoln, seconded by Commissioner Deon; Commissioner Pratt abstained.

VICE CHAIRMAN PRATT: MR. CHAIRMAN, I ABSTAIN ON THIS VOTE BECAUSE THE VENDOR IS A CLIENT OF MY FIRM.

The motions passed.

*

RIGHT-OF-WAY REQUEST

Motion-That the Commission approves the Right-of-Way Requests for the items listed in memos "a" and "b":

- a. Authorize an easement on Right-of-Way #17518, a total take parcel that was necessary for construction of the Southern Beltway, to accommodate a lateral sewer connection from a neighboring property to the existing sewer main; approve a fair market value of \$500.00 and the Commission will deliver the executed easement agreement upon receipt of fair market value;
- b. Authorize the acquisition of Right-of-Way #7090-C-1, a partial take parcel, necessary for the I-95 Interchange Project, by authorizing payment of fair market value in the amount of \$2,200.00 payable to The Villas at Chancellor's Glen Community Association; authorize the appropriate Commission officials to execute the agreement of sale and other documents as may be required for closing; payment of additional statutory damages as calculated by the Right-of-Way Acquisition Unit and approved by the Chief Counsel; and payment of the fair market value to the property owner is contingent upon its delivery of a deed as prepared by the Legal Department.

-was made by Commissioner Lincoln, seconded by Commissioner Pratt; and passed unanimously.

*

FY12-13 OPERATING BUDGET & FY13 CAPITAL PLAN

Motion-That the Commission adopts the Annual Operating Expense Budget for FY 2012-2013 and approves the proposed FY2013 Ten Year Capital Plan as listed in memos “a” and “b”:

- a. Adopt the Resolution approving The Pennsylvania Turnpike Commission’s Annual Operating Expense Budget for the 2012-2013 fiscal year in the amount of \$326,679,000.00;
- b. Approve the proposed FY2013 Ten Year Capital plan and grant approval for staff to advertise for the use of consultants, contractors and other necessary professional services for all phases of projects within the first two years of the adopted plan.

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

The Chairman recognized the Chief Executive Officer, Roger E. Nutt.

MR. NUTT: TWO COMMENTS, YOU NEED TO BE AWARE THAT THE OPERATING BUDGET, ON THINGS WE CONTROL, IS LIMITED TO 1%. WE WILL GO UP OVER 3% BUT THEY ARE THINGS LIKE STATE POLICE AND THEIR BENEFITS; HOWEVER THINGS THAT ARE UNDER OUR CONTROL ARE LIMITED TO 1% INCREASE EVEN THOUGH WE ARE DOING MORE THINGS OUT THERE.

AS YOU RECALL, LAST YEAR WE STARTED ON AN ENHANCED CAPITAL PROGRAM. ON THE HIGHWAY SIDE WE WANT TO GET TO \$600 MILLION AND WE ARE AT \$4 MILLION. THIS PROGRAM GETS US THE CLOSE TO \$5 MILLION; WE HAVE PUT EVERYTHING IN THERE THAT WE THINK WE CAN PUT IN THERE THAT’S READY. WE STILL HAVE 5 LEFT OVER TOTAL RECONSTRUCTIONS AND WE’VE ADDED 3 MORE.

WE WILL BE ABLE TO START SOME RECONSTRUCTIONS THAT ARE OUT THERE BY DOING THE WIDENING OF THE BRIDGES, THE TOTAL IS PROBABLY NOT THERE, BUT WE WILL SPEND \$50 MILLION ON THOSE WIDENING PROJECTS DOING THE BRIDGES FIRST. WE HAVE ABOUT \$750 MILLION OF CONSTRUCTION IN THE FIELD. THAT’S A LOT OF JOBS AND WE WILL BID ANOTHER \$480 MILLION IN CONSTRUCTION PROJECTS THIS YEAR. WE ARE DOING SIGNIFICANT, IN ADDITION TO THAT THIS FITS IN WITH OUR FINANCIAL PLAN, WE ARE ABLE TO CONTINUE ACT 44 FINANCING AND WE ARE ABLE TO FUND THIS PROGRAM. THE CAPITAL PROGRAM WILL GO TO \$573 MILLION WITH THE HIGHWAY, FACILITIES AND OTHERS. WE ARE MAKING A GOOD CONTRIBUTION AND THERE ARE REAL NEEDS OUT THERE AND WE ARE ON OUR WAY OF GETTING TO THAT \$600 MILLION PER YEAR IN HIGHWAY CONSTRUCTION WHICH THE ROADWAY NEEDS TO BE IMPROVED SO THIS IS SIGNIFICANT AND WE ARE ON OUR WAY.

CHAIRMAN LIEBERMAN: THE ROAD NEVER LOOKED BETTER, AND I GET COMMENTS ABOUT IT ALL THE TIME. WE ARE ON OUR WAY TO MAKING ALL OF THESE IMPROVEMENTS WE WANT TO DO AND SOMETIMES WE CAN’T DO THIS AS QUICKLY BECAUSE THE PROJECTS AREN’T READY, BUT WE ARE ON OUR WAY TO DOING IT.

*

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 c-e":

- a. Unleaded gasoline and ethanol, exercising our option to renew the agreements for an additional year (June 1, 2012-May 31, 2013):

<u>Vendors:</u>	<u>Renewal Amount</u>
Petroleum Traders	\$2,838,000.00
Mansfield Oil Co.	730,000.00
Export Fuel	277,000.00
Talley Petroleum	140,000.00
Bedford Valley Petroleum	<u>190,000.00</u>
TOTAL RENEWAL:	\$4,175,000.00

- c. Chloride, exercising our option to renew the agreements for an additional year (September 1, 2012-May 31, 2013):

<u>Vendors:</u>	<u>Renewal Amount</u>
Cargill Inc.-Deicing Tech	\$4,200,000.00
American Rock Salt Co.	<u>\$ 650,000.00</u>
TOTAL RENEWAL:	\$4,850,000.00

- d. Aggregates (stone, slag & gravel), to the lowest responsive and responsible bidders:

<u>Vendors:</u>	<u>Award Amount</u>
Hansen Aggregates	\$62,000.00
Three Rivers Aggregate	18,500.00
New Enterprise Stone & Lime	41,000.00
Valley Quarries	5,000.00
Handwerk Materials	14,000.00
Hempt Bros.	7,500.00
Pennsy Supply-Harrisburg	6,000.00
Martin Limestone	10,000.00
Silver Hill Quarry	6,500.00
Glasgow	6,500.00
Hanson Aggregates-Allentown	6,800.00
Highway Materials	12,000.00
Eureka Stone Quarry	2,500.00
Miller Materials/Naceville	7,000.00
Naceville Materials	2,500.00
Martin Stone Quarries	10,000.00
Eastern Industries	10,000.00
Tarheel Quarry	18,000.00
Locust Ridge (H&K)	3,000.00
Wilkes-Barre Materials	2,000.00
Pennsy Supply-Slusser Bros.	<u>8,000.00</u>
TOTAL AWARD:	\$258,800.00

- e. Herbicides, exercising our option to renew the agreements for an additional year (April 1, 2012-March 31, 2013):

<u>Vendor:</u>	<u>Renewal Amount</u>
Arborchem Products Co	\$135,000.00
Crop Production Svcs.	39,500.00
CWC Chemical Inc.	37,000.00
Helena Chemical Co.	<u>30,000.00</u>
TOTAL RENEWAL:	\$241,500.00

-was made by Commission Lincoln, seconded by Commissioner Schoch.

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

- b. Bituminous material, to the lowest responsive and responsible bidders who bid pick-up pricing:

<u>Vendor:</u>	<u>Award Amount</u>
HEI-WAY, LLC	\$ 16,000.00
Lindy Paving	22,000.00
Lane Construction	2,000.00
Hanson Aggregates	12,000.00
New Enterprise Stone & Lime	65,000.00
Hempt Bros., Inc.	10,000.00
Pennsy Supply-Harrisburg	3,000.00
Valley Quarries	27,000.00
Reading Materials/Lebanon Materials	2,000.00
Handwerk Materials	3,000.00
Silver Hill Quarry	8,000.00
Reading Materials/Sanatoga Quarry	15,000.00
H&K Materials	2,000.00
Reading Materials/South Reading Blacktop	2,000.00
Locust Ridge Quarry	5,000.00
Dunmore Materials	2,000.00
Reading Materials/Eckley Asphalt	2,000.00
Coopersburg Asphalt	2,000.00
Pennsy Supply dba Slusser Brothers	2,000.00
Wilkes-Barre Materials	30,000.00
Eastern Industries, Inc.	16,000.00
Pikes Creek Asphalt & Crushed Stone	4,000.00
Highway Materials	2,000.00
Glasgow	17,000.00
Seaboard Asphalt	25,000.00
Martins Limestone-Blue Ball	<u>4,000.00</u>
TOTAL AWARD:	\$300,000.00

-was made by Commission Pratt, seconded by Commission Lincoln; Chairman Lieberman abstained.

CHAIRMAN LIEBERMAN: I ABSTAIN ON THIS VOTE BECAUSE ONE OF THE VENDORS LISTED IN THIS ITEM IS A CLIENT OF MY FIRM.

The motion passed.

*

AWARD OF CONTRACTS

Motion-That the Commission approves the Award of Contracts for the items listed in memos “a” and “b”:

- a. Contract #EN-00124-03-02 for sinkhole repairs between MP 312.03 and MP 358.11 and MP A20.00 to MP A70.07, to the lowest responsive and responsible bidder, New Enterprise Stone & Lime Co., Inc.; at a not-to-exceed amount of \$1,500,000.00;
- b. Contract #T-311.93R001-3-02 for bituminous overlay at the Downingtown Interchange Ramps, to the lowest responsive and responsible bidder, Highway Materials, Inc.; at a not-to-exceed amount of \$1,447,033.86 and a contingency of \$75,000.00.

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

*

CHANGE ORDERS & CHANGE ORDERS/FINAL PAYMENTS

Motion-That the Commission approves the Change Orders and Change Orders/Final Payments for the items listed in memos “a” and “b”:

- a. Change Order #1 for Contract #EN-00027-03-03 with William Orr and Sons, Inc. for sign installation between MP 245.75 and MP 359.00 and MP A20.00 to MP A131.00, for an additional 337-day time extension necessary for fabrication of signing materials needed to complete work authorizations 7 and 8;
- b. Change Order #1 and Final Payment for Contract #M-034.50R001-3-02 with Matcon Diamond, Inc. for concrete pavement rehabilitation and joint repairs between MP M34.49 and M35.79 and slide repair buttress at MP M39.00, for an additional \$49,868.98, necessary for normal quantity adjustments to balance items to actual work completed, costs associates with Class 1 excavation, concrete pavement repairs, drainage, flowable backfill, concrete mix design changes, guide rail and stream restoration; for a final contract value of \$1,093,900.76 and a final amount due to the contractor of \$181,548.34;

-was made by Commissioner Lincoln, seconded by Commissioner Pratt.

- Motion-That the Commission approves the Change Order for the item listed in memo “c”:
- c. Change Order #14 for Contract #M-015.30X001-3 with Trumbull Corporation for construction of Section 51J (MP M26.98-M31.14) and signing and pavement markings between MP M21.47 and MP M23.31 on the Mon/Fayette Expressway, for an additional \$627,030.75 to settle a claim filed by Trumbull for additional excavation costs; and approve the execution of the settlement agreement in *Trumbull Corp v PTC, Board of Claims Docket #3997* to resolve this matter.

-was made by Commissioner Lincoln, seconded by Commissioner Schoch; Chairman Lieberman abstained.

CHAIRMAN LIEBERMAN: I ABSTAIN ON THIS VOTE BECAUSE THE VENDOR LISTED IN THIS ITEM IS A CLIENT OF MY FIRM.

The motions passed.

*

AWARD OF SERVICES

Motion-That the Commission approves the award of services and authorizes the negotiation and execution of an agreement with the selected firm(s) for the items listed in Resolutions “a” through “f”:

- a. Open-end material inspection and testing services from MP 0.00 to MP 200.00, the James E Ross Highway, Amos K. Hutchinson Bypass and the Mon/Fayette Expressway; at a not-to-exceed amount of \$950,000.00, to Jeff Zell Consultants-was made by Commissioner Pratt, seconded by Commissioner Lincoln; and passed unanimously.
- b. Open-end material inspection and testing services from MP 200.00 to MP 358.11 and MP A20.00 to MP A130.11; at a not-to-exceed amount of \$950,000.00, to Solar Testing of PA, LLC;-was made by Commissioner Lieberman, seconded by Commissioner Lincoln; and passed unanimously.
- c. Open-end environmental engineering services for the storage tank program; at a not-to-exceed amount of \$1,500,000.00, to GAI Consultants, Inc.-was made by Commissioner Lieberman, seconded by Commissioner Lincoln; and passed unanimously.
- d. Open-end coating consultant services systemwide; at a not-to-exceed amount of \$950,000.00, to KTA-Tator, Inc.-was made by Commissioner Deon, seconded by Commissioner Lincoln; and passed unanimously.
- e. Open-end quality assurance testing laboratory services systemwide; at a not-to-exceed amount of \$950,000.00, to Professional Service Industries, Inc.-was made by Commissioner Pratt, seconded by Commissioner Lincoln; and passed unanimously.
- f. Construction inspection/project management services for the Beaver River Bridge replacement project and roadway and bridge reconstruction from MP 12.00 to MP 14.00; at a not-to-exceed amount of \$20,000,000.00, to ALCM, LLC-was made by Commissioner Deon, seconded by Commissioner Lincoln; and passed unanimously.

*

ITEM ADDED TO THE FORMAL AGENDA

Motion-That the Commission approves ratification of the executed Amendment to our Lease Agreement with Synergy Development Hempfield, LLC, to extend the contingency period until June 19, 2012-was made by Commissioner Lincoln, seconded by Commissioner Deon, and passed unanimously.

*

NEXT COMMISSION MEETING

Ms. Edmunds: The next meeting of The Pennsylvania Turnpike Commission will be a telephone meeting on Tuesday, June 5, 2012 beginning at 10:00 am.

*

ADJOURNMENT

Motion-That this meeting of The Pennsylvania Turnpike Commission be adjourned at 12:26 p.m. -was made by Commissioner Lincoln, seconded by Commissioner Pratt; and passed unanimously.

*

PREPARED BY:

Ann Louise Edmunds
Assistant Secretary Treasurer

05-15-12

APPROVED BY:

J. William Lincoln
Secretary Treasurer

ATTACHMENT NUMBER 1
COMMUNICATIONS: MEMO RECEIVED FROM THE CHIEF COUNSEL AND
THE DIRECTOR OF OPERATIONS REVIEW