

## MINUTES OF THE COMMISSION MEETING HELD JUNE 5, 2018

A formal telephone meeting of the Pennsylvania Turnpike Commission convened at 2:08 p.m. on Tuesday, June 5, 2018 at the Central Office located in Highspire, Pennsylvania. Present for the meeting were Barry Drew, Secretary Treasurer and John Wozniak, Commissioner. Available via telephone were Leslie Richards, Chair; William K. Lieberman, Vice Chair and Pasquale T. Deon, Sr., Commissioner.

Also in attendance for the meeting were Mark P. Compton, Chief Executive Officer; Craig R. Shuey, Chief Operating Officer; Larry Bankert, Chief Engineer, Michael Baker, Inc.; Nikolaus Grieshaber, Chief Financial Officer; Bradley J. Heigel, P.E., Chief Engineer; Jeffrey L. Hess, Assistant Director of Toll Collection-Fares; Doreen McCall, Chief Counsel; Ray Morrow, Chief Compliance Officer; Stacia A. Ritter, Esquire, Director of Policy & External Affairs; Robert Taylor, Chief Technology Officer and Ann Louise Edmunds, Assistant Secretary Treasurer.

Others present were Susan Carson-Casoni, Cash Manager; Kelly Horvath, Executive Administrative Assistant; Cedric Humphrey, Summer employee; Donald S. Klingensmith, P.E., Director of Procurement & Logistics; Anthony Q. Maun, Asst. CFO/Accounting & Budgeting; Jeffrey A. Naugle, Manager of Treasury Operations; Randy Oswald, Summer employee; Joe Sutor, Planning Manager; Justin Simmons, Senior General Accountant; Mark Strause, Technician of PC/Lan Systems; Steve Barber, Michael Baker International; Tom Friel, WSP; Mike Gross, Wallace Montgomery; Blair Stocker, RVE; Jennifer Hendricks, CCJM; and Charles Babcock, CCJM.



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



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



### SUNSHINE ANNOUNCEMENT

The Commissioners met in Executive Session prior to today's Formal Agenda Session to consider matters of Personnel, which included a promotion, new hires, reclassifications, annual compensation program, vacancies and a request to abolish and to reclass, post and fill positions in the Compliance Department.

The Commissioners also discussed Docket No. 2:06-CV-01833 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 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 and effective meeting, all persons wishing to address the Commission should have signed in a requested time to speak. If you have not done so, you are invited to do so at this time.

There were no requests to address the Commission.



MINUTES OF THE MEETING

Motion-That the Minutes of the meeting held May 15, 2017 be approved and filed as submitted -were made by Commissioner Drew, seconded by Commissioner Wozniak, and passed unanimously.



COMMUNICATIONS

Motion-That the Commission approves the memo received from the Chief Counsel-was made by Commissioner Drew, seconded by Commissioner Wozniak, and passed unanimously.



PERSONNEL

Motion-That the Commission approves the Personnel as submitted-was made by Commissioner Drew, seconded by Commissioner Wozniak, and passed unanimously.



UNFINISHED BUSINESS

Motion-That the Commission adopts the proposed Resolution and approve the Annual Operating Expense Budget for the 2018-2019 Fiscal Year in the amount of \$415,553,000.00-was made by Commissioner Drew, seconded by Commissioner Wozniak, and passed unanimously.

Vice Chair Lieberman: I want to ensure I understand this correctly. Nick, our operating revenues last year were \$1.87 billion including tolls and miscellaneous revenues. You expect this year the operating revenue to be \$1.254 billion?

Nikolaus Grieshaber: This is correct.

Vice Chair Lieberman: Out of the operating revenue, the debt service last year was \$737 million and this year it will be \$708 million this year.

Nikolaus Grieshaber: The combination of the Senior and Subordinate Debt Service out of the project revenues will be \$670 million this year.

Vice Chair Lieberman: Almost \$700 million out of \$1.254 revenues. Nick, does that include the bond deals that we are going to approve today?

Nikolaus Grieshaber: Yes, they are included.

Vice Chair Lieberman: Are the bond deals that we are doing later this year included in this figure?

Nikolaus Grieshaber: Yes, they are.

Vice Chair Lieberman: What do you think we will pay in interest this fiscal year?

Nikolaus Grieshaber: The figure of \$670 million includes interest and principal.

Vice Chairman Lieberman: Are you projecting out this year for the bond issues? Are they included in this figure?

Nikolaus Grieshaber: Yes, we are using the information for Act 44 for financial plan for FY19. The bond issues we project for FY19 are included in this funding. If we have any refunding or refinancing of existing debt, that is not yet projected in the FY19 plan.

Vice Chair Liberman: It appears to me that in 2020 or 2021 we would be close to about \$1 billion in debt service, correct?

Nikolaus Grieshaber: In 2020 we will be under \$1 billion in debt service between Act 44 and debt service. We are projecting \$750 million in 2020 for debt service and in 2022 we are project about \$850 million in debt service.

Vice Chair Lieberman: So, we have a Capital Plan that we are going to approve today that is \$500 million and we are going to have to bond that because we don't have enough money to cover that, correct?

Nikolaus Grieshaber: The Commission does debt finance its capital program. About 80%-90% of the capital program is debt financed.

Vice Chair Lieberman: How much is our Reserve Fund?

Nikolaus Grieshaber: The balance in the General Reserve Fund is about \$350 million.

Vice Chair Liberman: What do we use it for?

Nikolaus Grieshaber: We need to maintain reserves for our capital program and it's primarily used for funding our subordinate debt service bond holders. The monies we generate from our toll revenue go down a "waterfall" and excess revenues then go into this general reserve fund and it's used to fund subordinate debt.

Vice Chair Lieberman: Thank you Nick I appreciate that information.



NEW BUSINESS  
POLICIES

Motion-That the Commission adopts the revisions to Policies, a new Policy and rescind a Policy for the items listed in memos "a" through "c":

- a. Revisions to Policy 8.06, Records Management, to reflect procedural changes and to add "test boring samples" to the Policy; and rescind Policy 6.02, Test Boring Sample Disposal, due to its incorporation into Policy 8.06;
- b. Revisions to Policy 6.01, Construction Contract Change Order Approval, to reflect the requirements necessary for an Independent Professional Review, and to amend conditions necessary for a Category 2 Change Order classification;
- c. Adopt Policy 7.16, Emergency Travel Movements-Response to Disaster Recovery Efforts, to establish procedures for collection of toll revenue for Emergency Response Vehicles and Essential Service Provider Vehicles in response to disaster recovery efforts.

-was made by Commissioner Drew, seconded by Commissioner Wozniak, and passed unanimously.



AGREEMENTS

Motion-That the Commission approves the negotiation and execution of the Agreements, Memorandum of Understanding, Work Orders and an Amendment for the items listed in memos "a" through "k":

- a. Lease Agreement with EQT Production Company to permit EQT to lease 48.6378 acres of Right-of-Way and surplus property along the Mon/Fayette Expressway for the purpose of exploring, developing and producing oil and gas down to the Utica Shale Formation;
- b. Amendment to our agreement with Prudential for Accidental Death & Dismemberment (AD&D) insurance; exercising the option to renew the agreement for an additional year (January 1, 2019 – December 31, 2019); at an approximate cost of \$7,000.00;

- c. Reimbursement Agreement with Pennsylvania Power Company (PPC) to reimburse PPC the cost for the engineering and utility relocation work necessary for the replacement of Bridge WB-308 at MP 28.01; at a not-to-exceed amount of \$162,326.36;
- d. Reimbursement Agreement with Columbia Gas of PA, Inc. (CGP) to reimburse CGP the cost for the engineering and utility relocation work necessary for the replacement of Bridge WB-308 at MP 28.01; at a not-to-exceed amount of \$126,198.75;
- e. Two (2) Reimbursement Agreements with West View Water Authority to reimburse the Authority the cost for the engineering and utility work necessary for the total reconstruction project from MP 28.00 to MP 31.00; at a combined not-to-exceed amount of \$268,437.50;
- f. Memorandum of Understanding (MOU) with Upper Uwchlan Township for the Commission to purchase Township property, construct a multi-use trail and purchase and install field netting for Project 70 mitigation for the Park Road Bridge Replacement project at MP 310.36; and approve the execution of a quit claim deed and all necessary documents as prepared and approved by the Legal Department; at a not-to-exceed amount to the Township of \$12,000.00;
- g. Reimbursement Agreement with Robinson Township (Allegheny County) to reimburse the Township future inspection and maintenance costs associated with the Township agreeing to take ownership of a new connector road being construction as part of the Southern Beltway, Section 55A2; at a not-to-exceed amount of \$285,500.00;
- h. Amendment to Work Order #15 of the Interagency Reimbursement Agreement with the Pennsylvania Department of Transportation (PennDOT) for the I-95 project; to extend the term of the Work Order to December 15, 2019 to ensure adequate time for the full reimbursement of funds;
- i. Work Order #19 to the Interagency Reimbursement Agreement with the Pennsylvania Department of Transportation (PennDOT) for PennDOT to reimburse the Commission the cost of the feasibility study to develop, construct, operate and manage a regional Traffic Incident Management (TIM) Training Facility; at a total reimbursement to the Commission of \$67,500.00;
- j. Work Order #17 to the Interagency Reimbursement Agreement with the Pennsylvania Department of Transportation (PennDOT) to reimburse PennDOT the costs associated with the final design review for the Mon/Fayette Expressway, PA 51 to I-376; at a not-to-exceed amount of \$500,000.00;
- k. Settlement Agreement in the case Vista Healthplan, Inc. v Cephalon, Inc. et al., approve the settlement amount due the Commission, and authorize the appropriate Commission officials to execute the Settlement Agreement and other documents necessary to end, settle and discontinue this matter.

-was made by Commissioner Drew, seconded by Commissioner Wozniak, and passed unanimously.



RIGHT-OF-WAY REQUEST

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

- a. Acquisition of Right-of-Way #7135-RC-2 (Robert M. Headley), a total take parcel necessary for the I-95 Interchange project by authorizing payment of \$220,495.22 representing fair market value, pro-rated taxes, recording fees, down payment supplement and closing costs to Diversified Settlement Services, Inc., escrow agent; authorize the appropriate Commission officials to execute the Agreement of Sale and other documents that may be required for closing; authorize the payment of additional statutory damages as calculated by the Right-of-Way Administrator and approved by the Chief Counsel; and payment of fair market value to the property owner is contingent upon the delivery of a deed as prepared by the Legal Department;
- b. Acquisition of Right-of-Way #15100 (The V. Hema Kumar, M.D. and V. Rama Kumar, M.D. Family Limited Partnership), a partial take parcel necessary for the installation of the pre-entry ITS from MP 10.00 to MP 189.00 by authorizing payment of \$2,506.00 representing fair market value and pro-rated taxes to The V. Hema Kumar, M.D. and V. Rama Kumar, M.D. Family Limited Partnership; authorize the appropriate Commission officials to execute the Agreement of Sale and other documents that may be required for closing; authorize the payment of additional statutory damages as calculated by the Right-of-Way Administrator and approved by the Chief Counsel; and payment of fair market value to the property owner is contingent upon the delivery of a deed as prepared by the Legal Department;
- c. Acquisition of Right-of-Way #17653-A (Matchett Farms Partners, LLC), a partial take parcel necessary for construction of the Southern Beltway, Rt. 22 to I-79, by authorizing payment of \$6,043.50 representing fair market value and pro-rated taxes to Matchett Farm Partners, LLC; authorize the appropriate Commission officials to execute the Agreement of Sale and other documents that may be required for closing; authorize the payment of additional statutory damages, as calculated by the Right-of-Way Administrator and approved by the Chief Counsel; and payment of fair market value to the property owner is contingent upon the delivery of a deed as prepared by the Legal Department;
- d. Adopt the proposed Property Acquisition Resolution for Right-of-Way #2040-A (Thomas Chevrolet, Inc.), a partial take parcel necessary for installation of pre-entry ITS from MP 10.00 to MP 189.00; authorize payment of \$500.00 representing estimated just compensation to counsel named at a later date; and authorize payment of additional statutory damages as calculated by the Right-of-Way Administrator and approved by the Chief Counsel;
- e. Adopt the proposed Property Acquisition Resolution for Right-of-Way #2040-B (Shreeji Hotels, LLC), a partial take parcel necessary for installation of pre-entry ITS from MP 10.00 to MP 189.00; authorize payment of \$500.00 representing estimated just compensation to counsel named at a later date; and authorize payment of additional statutory damages as calculated by the Right-of-Way Administrator and approved by the Chief Counsel;

- f. Acquisition of Right-of-Way #14113 (Merion Eagle Ridge Parcels, LLC), a partial take parcel necessary for installation of pre-entry ITS from MP 10.00 to MP 201.00 by authorizing payment of \$507.50 representing fair market value and pro-rated taxes to Merion Eagle Ridge Parcels, LLC; authorize the payment of additional statutory damages as calculated by the Right-of-Way Administrator and approved by the Chief Counsel; and payment of fair market value to the property owner is contingent upon the delivery of a deed of easement as prepared by the Legal Department;
- g. Acquisition of Right-of-Way #13027 (The Pep Boys-Manny, Moe & Jack), a partial take parcel necessary for the installation of pre-entry DMS from MP 10.00 to MP 201.00 by authorizing payment of \$20,795.50 representing fair market value and pro-rated taxes to The Pep Boys-Manny, Moe & Jack; authorize the appropriate Commission officials to execute the Agreement of Sale and other documents that may be required for closing; authorize the payment of additional statutory damages as calculated by the Right-of-Way Administrator and approved by the Chief Counsel; and payment of fair market value to the property owner is contingent upon its delivery of a deed of easement as prepared by the Legal Department;
- h. Acquisition of Right-of-Way #15052 (PTM, LP), a partial take parcel necessary for the installation of pre-entry ITS from MP 10.00 to MP 189.00 by authorizing payment of \$1,753.92 representing fair market value and pro-rated taxes to PTM, LP; authorize the appropriate Commission officials to execute the Agreement of Sale and other documents that may be required for closing; authorize the payment of additional statutory damages as calculated by the Right-of-Way Administrator and approved by the Chief Counsel; and payment of fair market value to the property owner is contingent upon the delivery of a deed as prepared by the Legal Department;
- i. Acquisition of Right-of-Way #3105-A (Roy F. & Peggy L. Crouse), a partial take parcel necessary for the installation of pre-entry ITS from MP 10.00 to MP 189.00 by authorizing payment of \$507.50 representing fair market value and pro-rated taxes to Roy F. & Peggy L. Crouse; authorize the appropriate Commission officials to execute the Agreement of Sale and other documents that may be required for closing; authorize the payment of additional statutory damages as calculated by the Right-of-Way Administrator and approved by the Chief Counsel; and payment of fair market value to the property owner is contingent upon the delivery of a deed as prepared by the Legal Department.

-was made by Commissioner Drew, seconded by Commissioner Wozniak, and passed unanimously.



#### ADVERTISING

Motion-That the Commission approves for three (3) engineering firms to perform open-end engineering design related services systemwide-was made by Commissioner Drew, seconded by Commissioner Wozniak and passed unanimously.



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. Calcium chloride (October 1, 2018 – June 30, 2019), to the lowest responsive and responsible bidders:

Chemung Supply Corp.	\$ 10,000.00
Main Pool & Chemical Co., Inc.	3,000.00
Calcium Chloride Sales	125,000.00
Harmony Deicing Products Inc.	35,000.00
Innovative Municipal Products	<u>160,000.00</u>
TOTAL AWARD	\$333,000.00

- b. Maintenance for print devices for one year, utilizing the Commonwealth’s contract with Fraser Advanced Information Systems; at a total award of \$273,181.28.

-was made by Commissioner Drew, seconded by Commissioner Wozniak and passed unanimously.



CONTRACT AWARD

Motion-That the Commission the Award of Contract #T-000.00R001-3-02 for bituminous resurfacing between MP 0.00 and MP 2.22, to the lowest responsive and responsible bidder, Lindy Paving, Inc.; at a not-to-exceed amount of \$3,352,037.80 and a contingency of \$150,000.00-was made by Commissioner Drew, seconded by Commissioner Wozniak; Commissioner Lieberman abstained. VICE CHAIR LIEBERMAN: I abstain on this item because Lindy Paving, Inc. is a client of my firm.



CHANGE ORDERS AND FINAL PAYMENT

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

- a. Change Order #3 for Contract #T-355.00P001-3-14 for widening and reconstruction of I-95, Section D20, with James D. Morrissey, Inc. for an additional \$1,500,918.27 to balance items to actual work completed to date, changes for excavation, drainage, temporary barrier, coarse aggregate, signage, drilled caissons, clay liner, R-3 & R-4 rock, price adjustment for asphalt and diesel, topsoil, erosion control blanket and joint sealing; for a revised not-to-exceed contract value of \$121,361,283.20;
- b. Change Order #3 and Final Payment for Contract #A-056.04S001-3-02 for the replacement of Bridge NB-345A at MP A56.04 with Allan A. Myers, LP; for a decrease of \$347,680.53 to balance items to actual work completed, change for aggregate, excavation, flowable backfill, payment adjustment for asphalt and steel, impact attenuator repair, mulch, erosion control blanket, rock filter outlets, pavement markings, soil stabilization and road user costs; for a final contract value of \$6,835,506.84 and final amount due to the contractor of \$9,652.03.



-was made by Commissioner Drew, seconded by Commissioner Wozniak and passed unanimously.



### BOND RESOLUTION

Motion-That the Commission authorizes the restructuring of the Pennsylvania Turnpike Commission's Registration Fee Revenue Refunding Bonds, Series B of 2005, Series C of 2005 and Series D of 2005 to modify the interest rate calculations while such bonds are in an index rate mode and an extension of the initial mandatory purchase date for the Pennsylvania Turnpike Commission's Registration Fee Revenue Refunding Bonds, Series B of 2005, Series C of 2005 and Series D of 2005; authorizing the execution, delivery and distribution of the following for the Registration Fee Revenue Refunding Bonds, Series B of 2005, Series C of 2005 and Series D of 2005: (1) an amendment to the existing trust indenture, (2) an amendment to the existing continuing covenant agreement, (3) an amendment to the existing continuing disclosure agreement, (4) amendments to or terminations of the existing interest rate swaps and (5) any other necessary or appropriate documents or certificates; appointing and providing for the appointment of bond counsel, financial advisor and other professionals; and the taking of any and all such other action as may be required or as may be deemed appropriate to carry out and consummate the transactions to be carried out and consummated by the Commission as contemplated by this resolution or the supplemental trust indenture; and a declaration that this resolution shall be liberally construed-was made by Commissioner Drew, seconded by Commissioner Wozniak, and passed unanimously.

Motion-That the Commission authorizes amending a resolution previously adopted by the Pennsylvania Turnpike Commission on May 2, 2017 which resolution approved the issuance of the Pennsylvania Turnpike Commission's variable and/or fixed rate Turnpike Revenue Bonds in an aggregate principal amount not to exceed \$500,000,000 (based on par amount) in one or more series or subseries, taxable or tax-exempt, for the purposes set forth therein, including but not limited to, financing the costs of various capital expenditures for the Pennsylvania Turnpike system set forth in the Commission's current Ten Year Capital Plan, including any amendment thereto, or any prior 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-was made by Commissioner Drew, seconded by Commissioner Wozniak, ; Commissioner Lieberman abstained. VICE CHAIR LIEBERMAN: I abstain on this item because Clark Hill is a client of my firm.



### CAPITAL PLAN

Motion-That the Commission adopts the proposed FY 2019 Ten Year Capital Plan and grant approval to procure long lead equipment items and advertise for the use of consultants, contractors and other necessary professional services to advance all phases of projects within the first two years of the adopted plan-was made by Commissioner Drew, seconded by Commissioner Wozniak, and passed unanimously.



NEXT COMMISSION MEETING

The next meeting of the Pennsylvania Turnpike Commission will be held on Tuesday, June 19, 2018 beginning at 10:00 a.m.



ADJOURNMENT

Motion-That this meeting of the Pennsylvania Turnpike Commission be adjourned at 2:24 p.m. -was made by Commissioner Drew, seconded by Commissioner Wozniak and passed unanimously.



PREPARED BY:

APPROVED BY:

Ann Louise Edmunds  
Assistant Secretary Treasurer

Barry Drew  
Secretary Treasurer