

**New York State Thruway Authority
Board Meeting
November 18, 2019**

Madam Chair: Welcome to the new November 18, 2019 Meeting of the Thruway Authority Board of Directions. In Albany we are joined by Board members Robert Megna, Dr. Veras and Heather Bricetti and in Tarrytown you can see him on the video we have George Miranda. Welcome George can you hear us? Okay. We'll start with the Finance Committee, Bob Megna chairs that committee. Don Rice, who is not with us today, Dr. Veras and I are on that committee. So, Bob do you want to start that Finance Committee meeting please?

Bob Megna: Absolutely. The first item on the Finance Committee agenda is approval of the minutes of the Finance Committee meeting #53 and if there is any discussion? May I have a motion to advance this item? Second? Alright all in favor?

(Chorus of ayes). Any opposed? The minutes are approved.

The second item is review and approval of the Financial Reports for August and September 2019 Financial Reports and Matt Howard will present.

Matt Howard: Thank you. Through September total traffic was up by 0.2% above the prior year with passenger traffic growth of 0.1% and commercial traffic growth of 1%. This corresponds to total revenue receipts of \$559,000,000 which represents growth of .83% or \$4.6 million above the prior year. Commercial toll revenues grew by 1.9% and passenger toll revenues grew by 0.1%. In total, the Thruway collected \$612,000,000 in revenues through September comprised of \$559,000,000 in toll revenues, \$11.2 million in concession revenues, \$41.6 million in E-ZPass, rental income sundry revenues and interest on investments.

Through September total operating expenses for the Thruway equaled \$390,000,000 which is \$14.3 million or 4.4% below last year. Through the end of September overall revenues were about 0.4 above what we had planned for and on the expense side we were 0.6 below the 2019 Budget and with that I'd be willing to answer any questions folks might have.

Bob Megna: So how do those two-net relative to what was expected in the budget?

Matt Howard: On an overall basis, the operating expenses were about \$1.8 million below what we anticipated and on the revenue side; the operating revenues were about \$2.5 million above.

Bob Megna: So close to \$5 million?

Dr. Veras: You mentioned that the operating expenses were \$4 million lower than last year because of no expenditures?

Matt Howard: Well the real driver in that reduction has to do with it's actually a preview of another item that we have on the agenda today and it has to do with the long-term health insurance, retiree health insurance that is part of the actuary report that we have and that the 2019 numbers have yet to build that liability into the year to date operating expenditures. They will, by the end of the year and upon approving the report today, we will incorporate that into our fourth quarter results. It will balance it out. It will still likely be a reduction on a year over year

basis, but you know that sort of \$4 million reduction is going to get minimized and spread out a little bit because of the impact of the long-term liabilities.

Bob Megna: But just so I'm clear Matt, the budget's roughly \$5 million to the good?

Matt Howard: Exactly.

Bob Megna: Any other discussion? If not, may I have a motion to advance this item?

Male: So, moved.

Madam Chair: Second.

Bob Megna: All in favor?

(Chorus of ayes) any opposed. The motion is approved.

Item 3, approval of the 2019 Revised Budget and 2020 proposed budget for the New York State Thruway Authority. And again, Matt Howard will present.

Matt Howard: This resolution seeks the Committee's approval of the revised 2019 budget and the proposed 2020 budget. This budget incorporates the significant investments in the core mission of the Thruway including the completion of the remaining components of the Governor Mario Cuomo Bridge project and the conversion to cashless tolling; all doing so in a manner that will benefit the long-term prospects of the Authority.

For 2019, the 19 revised budget is \$1.37 billion, that's a downward adjustment of \$179,000,000 or 16% from the budget that the Board approved last November.

Madam Chair: I think it's 279.

Matt Howard: Yep 279. The components of those reductions include on the revenue side, our revenue forecast is adjusted upward by \$2.4 million or 0.3% to \$800,000,000. Per capital there's a downward revision of \$102,000,000 for expenses for projects across the Thruway system and a reduction of \$181,000,000 for Capital Expenses in 2019 associated with the Governor Mario Cuomo Bridge project. These revisions are due largely to bid savings, revised letting estimates, and timing differences. And for the operating budget in 2019 the revised 19 budget would decrease our overall operating expenses by \$526,000 to an overall level of \$363,000,000. That takes into account offsetting impacts associated with a little bit higher expenses for snow and ice and other programs mainly salt and costs associated with responding to weather. Those increases were offset by a lower than expected cost associated with pension, health insurance, and other employee benefits.

If we go to slide 2- the main points for the 2020 budget to consider, the first is there is no toll increase assumed in this budget, it marks the 10th year since the last increase took effect. Our traffic estimates forecast traffic to be 269,000,000 vehicles to use the system in 2020. That's growth of 2.4 million vehicles or 0.9% above 19. Our 2020 to 2024 Capital Program that's part of the 2020 budget provides \$2.15 billion for Thruway Authority Capital Projects between 2020

and 2024. It includes roughly \$300,000,000 for remaining Governor Mario Cuomo project budget costs as well as \$1.8 billion for system wide projects.

Slide 3- the 2020 budget in summary. This proposal authorizes an overall amount of \$1.34 billion which reflects a reduction of \$33.2 million or 2.4% below the 19 levels. This \$1.34 billion budget includes \$371,000,000 for Thruway operating expenses and \$66,000,000 for State Police Troop T expenses. Combined this represents an increase of \$8.6 million or 2% above the 19 levels. The 2020 budget will provide for \$295,000,000 for debt service expenses and the overall Authority Capital Program is projected to be \$606,000,000 in 2020 which reflects a \$23,000,000 or 3.8% decline from 19. Within that overall \$606,000,000 figure it includes \$72,000,000 for expenses on the remaining project costs associated with the bridge project. That's roughly a \$147,000,000 reduction from 2019 levels. That reduction is offset by increases in projects across the system, an increase of basically \$123,000,000 that's largely associated with the efforts that we have to convert the system to cashless tolling in 2020.

Turning to slide 4 – the traffic and revenue projections that are embodied in the budget reflect a conservative approach. Since 2016 for traffic growth, we've averaged about 1.3% on a going forward basis, this budget projects a little bit less than that, it's a .9% annual growth over the term through 2024. The same holds true for toll revenues as well. We used a conservative approach. Our 2020 estimate is total revenues of \$735,000,000 by 2024. That figure is projected to grow by \$2,000,000 to roughly \$737,000,000.

Going to slide 5 – this looks at the revenues in a little bit more specific detail. The 2020 budget forecast total Thruway Authority venues of \$793,000,000; it's a slight reduction of \$6.9 million from the 19 levels. This corresponds to the toll revenue forecast of \$735,000,000, concession revenues of \$8.5 million and interest in sundry revenues of \$49.7 million.

Turning to slide 6 – we have a summary of our operating budget. The Thruway's \$371,000,000 operating budget that we're proposing for 2020 includes roughly 65% of it which is made up of staff salary costs, personal services costs and that includes basically 38 made up of personal services cost, another 27 is associated with employee benefits. That total is 65% of our budget. Those two things are really what support that 2,000 full-time employees that we have as well as the part-time employees. Also, in this slide you see that another category that makes up a significant aspect is operating supplies that's another 24% of our annual operating budget.

Slide 7 – basically is a history of how we've been able to economize over the last 10 years and we're seeing a downsizing in our headcount to the tune of roughly 19% from where it was back in 2010, that's a reduction of over 500 budgeted positions during that timeframe.

Slide 8 – is a summary of our Capital Spending Program. Again, 2020 would provide for roughly \$606,000,000 which is \$23,000,000 less than the 2019 level. Again, that's a combined impact of lower costs associated with completion of the bridge project that are offset by really increases that are tied to the conversion to cashless tolling in 2020.

The last slide is a historical look at how our Capital Spending relates to investments that we made overtime. And if you see the projected 19/20 and 21 levels, there's increases associated with that conversion while at the same time obtaining our underlying capital investments at a level that's pretty consistent with what we've done in the past. I think the one thing you'll see is

that in 2020 between the work that we're doing on the system as well as the conversion to cashless tolling, we're going to be doing a lot of work on the system.

So, as we move forward to the beginning of the next fiscal year in January, there's always risks that we have to be mindful of, looking at the fact that toll revenues are 90% of our revenue base and accuracy in that projection is crucial which is why we are very conservative in how we forecast. And on the expense side, it's very sensitive to factors such as changes in input be it steel costs, asphalt those sorts of things as well as how the weather treats us over the first quarter of the year. So, we'll be looking at all these things on a going forward basis and with that I'd be happy to answer any questions that the Board may have.

Heather Bricetti: I just wanted to say congratulations on achieving continued savings and refinancing the debt, it's nice to see that anticipated numbers go down. And then just wanted to make sure that we clarify that the reason that the Capital Program number the line went down is essentially entirely due to the fact of spending being complete on the new bridge and a shift of some of those funds actually increase spending in other areas. Thanks.

Bob Megna; Is it worth talking about the amount we saved on the refinancing?

Matt Howard: Sure, I skipped over that. So, at the last Board meeting the Board approved the authorization for the Thruway to do a refunding debt issuance and at the end of October we concluded those issuances and the results were that we achieved savings of \$328,000,000 over a 10 year period from basically 2021 through 2032. So, it's definitely a positive thing and I think we were able to access the market right at the right time to achieve those savings.

Bob Megna: And that included liquidating our federal debt right?

Matt Howard: Exactly. So as part of those savings, it incorporated the prepayment of the federal TIFIA loan that was executed in 2013. As a result, that loan has been paid in full with the proceeds that we issued in October at a rate that was favorable to the Authority.

Madam Chair: And I just have to say seeing it all comprehensively like this, it's really impressive. The traffic is up, the head count is down. We're doing this massive transition to cashless tolling, building the new bridge, investing more in the rest of the system, no toll increase for 10 years, really hats off to the whole Authority. That is a good story that you're telling.

Matthew Driscoll: And I want to thank Matt and Staff for the refinancing \$328,000,000 over 10 years is a lot of money.

Madam Chair: Nice work.

Bob Megna: Any other discussion? If not, may I have a motion to advance this item?

Madam Chair: So, moved.

Heather Bricetti: Second.

Bob Megna: All in favor?

(Chorus of ayes) any opposed. The motion is approved.

Number four, approval of the Authority's Investment transactions for the third quarter of 2019, Matt again, will present.

Matt Howard: This item reflects the quarterly report that is consistent with the annual investment policy that the Board approved in April of this past year. There are two exhibits which show the investments we made during the third quarter that ended on September 30th. Through the end of the quarter we had \$2.9 billion investments comprised of \$2.6 billion in Thruway authority funds which included a large portion of it was funds that we had received during September related to the federal TIFBIA loan that we've ultimately paid back. In addition to that, there were \$207,000,000 in Trust and Bond Program investments, \$21,000,000 for local highway and bridge CHIPS program funds that were invested, and \$27,000,000 in state personal income tax revenue bond program bonds. The average yield was 1.9% and the weighted average maturity was 46 days. And with that I'd be willing to answer any questions.

Madam Chair: I would move to approve.

Bob Megna: So, all in favor?

(Chorus of ayes) any opposed? The motion is approved.

Fifth - approval of the 2020 Thruway Authority Contracts Program. Just so we change pace a little, Rich Lee will present.

Rich Lee: Thank you. This morning I'm requesting approval of the 2020 Thruway Authority Contracts Program in conjunction with the Thruway Authority 2020 budget, Authority staff has prepared the 2020 Thruway Contract Program for rehabilitation and reconstruction of highway, facilities and the progression of intelligent transportation systems and architectural projects. The Thruway Authority has estimated cash flow as shown on attached exhibit A for the 2020 Thruway Program amounts to \$560,089,478. This amount includes the estimated costs of construction contracts, contingencies, and engineering. A list of project proposed to be let in 2020 is also attached and that will be in exhibit B. These projects will be progressed using a combination of funding from Thruway revenues, farm proceeds, state and other sources. So, at this time if there's any questions you have, I'd be pleased to answer them.

Bob Megna: Any discussion? If not, do I have a motion to advance the item?

Male: So, moved.

Heather Bricetti: Second.

Bob Megna; All in favor?

(Chorus of ayes) any opposed? The motion is approved. With that I think we have really concluded our business. Is there any other business that the members would like to raise? If not, I would call for adjournment.

Madam Chair: I would second that motion.

Bob Megna: All in favor?

(Chorus of ayes) we are adjourned.

Madam Chair: Thanks very much Bob. Up next is the Governance Committee which is chaired by Steve Saland and on the Committee Dr. Veras, George Miranda and in Steve's absence, I will chair the Governance Committee and the first item for us is approval of the minutes from Governance Meeting #27. Is there a motion to approve the minutes of our last meeting?

Dr. Veras: So, moved.

George Miranda: Second.

Madam Chair: All in favor?

(Chorus of ayes) the motion is approved. And we'll move to Chris O'Brien for the Thruway Procurement Contracts Policy. You're up.

Chris O'Brien: Public Authorities Law requires the Authority Board to annually review and approve the Authority's Procurement Policy. This year there's some changes being proposed that are intended to promote efficiency, provide certain non-substantive clarifications and updates due to statutory changes. Specifically, the policy clarifies that construction contracts and design build contracts are included within the policy. Other clarifications include how awards to professional firms are to be made and requires Board approval for professional services contracts that are in excess of 1 year, and also modifies the content of the annual procurement reports. Some additional updates and clarifications include language regarding MWBEs, service disabled veteran owned business enterprises, New York State business enterprises including increasing the monetary threshold for discretionary contracts in which the authority may purchase from small businesses concerns or certified MWBEs from \$200,000 to \$500,000 which is consistent with a recently enacted statutory change.

Lastly, it increases the monetary thresholds for contracts that the Board must approve from \$200,000 to \$300,000. Any questions?

Madam Chair: Hearing none can I have a motion to advance this policy?

Dr. Veras: So, moved.

Madam Chair: George second, thank you George. All in favor?

(Chorus of ayes) hearing no opposition, the motion is approved. There being no further business, can I have a motion to adjourn today's meeting of the Governance Committee?

Dr. Veras: So, moved.

George Miranda: Second.

Madam Chair: All in favor?

(Chorus of ayes) the meeting is adjourned. Up next is the Audit Committee, Don Rice is the chair of the Audit Committee. Serving on the Committee is George Miranda and Bob Megna and in Don's absence, I will chair the Audit Committee and first up for that committee as well is the approval of the minutes of the Audit Committee Meeting number 50 which are in your materials. Can I have a motion to approve the minutes please?

Bob Megna: So, moved.

George Miranda: Second.

Madam Chair: All in favor?

(Chorus of ayes) the minutes are approved. And agenda item #2 for the Audit Committee is the Audit's Initiatives and Projects Plan from Harry Lennon. Harry welcome.

Harry Lennon: Good morning Chair and Board members. As the Director of the Department of Audit Management Services, I submit the following item for review and acceptance. 2019 Internal Audit Plan and the 2020 Internal Audit Plan. The aforementioned item is the 2019 and 2020 Internal Audit Plans that the Department of Audit Management Services has conducted or has planned to conduct for the Authority. Attachment A, you'll find the 2019 Internal Audit Plan consisting of two audits conducted for the 2019 calendar year. The Procurement Card Program Audit has been completed and the Tuition Assistance Program will be completed by the end of 2019. Attachment B, you'll find the 2020 Internal Audit Plan. The four audits the office plans to address in 2020 are controls over payment processes of the stabilization account; personal electronic devices; discretionary spending; and highway bridge inspections. I recommend that the Audit Committee approve and accept this item. Thank you very much.

Madam Chair: Any questions for Harry? Hearing none, can I have a motion to approve?

Bob Megna: So, moved.

George Miranda: Second.

Madam Chair: All in favor?

(Chorus of ayes) the motion is approved. And we will move onto GASB 75 Actuary Valuation Report for Fiscal Year ending December 31, 2019 and Matt Howard is back up.

Matt Howard: Thank you. This item seeks your approval of an Actuary Valuation Report that's used to calculate our estimated liability for post employee benefits other than a pension for the period that ends December 31st of this year. The valuation was prepared by our actuary Bolton Partners Incorporated and is used to comply with GASB 75 which the Authority adopted in 2007. And referred back to Dr. Veras' question, the year to date results, the value that Bolton Partners found in the report was that our OPED liability as of December 31st will be roughly \$983,000,000 which is \$100,000,000 less than what was reported in 2018. So, by applying the estimates that they found in their report, there will be a result that impacts our retiree health liabilities that we put on our books that once we ultimately incorporate that into the monthly

reports, we'll see the year-to-year reduction balance out a little bit. But given the broader findings of their report that our overall liabilities are going down by \$100,000,000 and that's really based on changes in demographic assumptions and underlying interest rate calculations that they apply to the long-term projection will sort of result in all that so. That again is really the factor of this report. I don't know if there's any questions?

Madam Chair: Any questions for Matt? Alright can I please have a motion to advance this item?

Bob Megna: So, moved.

George Miranda: Second.

Madam Chair: All in favor?

(Chorus of ayes) hearing no opposition the motion is approved. And we are going to move onto a presentation from BST on the audit plan for the year ending December 2019 and I think we have a new face. Matt, will you introduce Brendan Kennedy for us?

Matt Howard: Sure, at this point in time, I'll turn things over to Brendan Kennedy from BST he is going to be working on our 2019 audit.

Brendan Kennedy: Hi folks hope you can hear me okay. It's tough to follow a GASB 75 presentation but I will certainly do my best. I have a few guests here as well that I'll introduce you to. I'm going to be largely speaking from this document. I do tend to talk quickly but if you have any questions, comments, concerns, please stop me and I will do my best to address those. So, looking past the cover, the table of contents, we'll go through our scope of services, the team, our approach, responsibilities, timing. We'll talk a little bit about some accounting standards coming down the pipeline and some communications and reaffirm our independence to you folks at the Authority.

Scope of services is largely the same as the prior year. We will audit the financial statements of the Authority for the period ending December 31st, 2019. That audit will be conducted not only in accordance with US Auditing Standards but government auditing standards. In addition, we'll issue a report on internal controls, over finance support and compliance, that's commonly referred to as the Yellow Book Report. We will do an audit of your investment compliance with state requirements. Our federal single audit act in accordance with the uniform guidance will make all required communications, and if necessary, will issue a management letter to you folks at the conclusion of our audit. So again, largely consistent with the prior period.

At the option of the Authority, I believe as part of this contract negotiation, we have the concessionaire agreements and those are presented here for your consideration on page 4. I believe those are at your option to engage us or not.

Page five the engagement team. Again, I'm Brendan Kennedy. Due to the Public Authority's Law requirement to rotate audit partners, Paul Goetz, the previous partner has rolled off, I have rolled on. I do have some experience with the Authority, when we first worked with you folks about 5 years ago as I served in the senior management capacity and I also spent the first ten years of my career working largely with the State of New York and State related authorities, so I do understand how the Thruway Authority fits into the broader state government.

With me is John Gibbs. John is a senior manager at BST he's been working with you folks I believe for the last four years. And I also have a few guests here from our Team Avalori, that's our MBE team and I was going to have Bear introduce himself along with his colleague here so you can meet some of our teaming folks from Team Avalori. Baer if you want to just quickly introduce yourself.

Baer Katigbak: Hi, my name's Baer Katigbak from Team Avalori. We've been a partner of the firm for a lot of independent auditors from Upstate. We've been auditing in the State of New York for almost 10 years now along with KPMG and that's where we had excessive experience with DOT out on Wolfe Road. We have and are excited to joined Brendan's team here and just help you guys.

Brendan Kennedy: Because of their experience working with the State and State related entities, they were a natural fit for us. So, we're very excited. This will be a first-year teaming opportunity with Team Avalori. So, we're working together to fully come up with our plan as to you know which audit areas they may help us on as part of the audit. But obviously the key area is being the financial and the single audit.

Page six is just an overview of how these teams fit in. In addition, if we were to be involved in the concession audits, we've teamed in the past successfully with Tronconi, Segarra and Associates. So that's the other team member here that's not represented.

Just to confirm your responsibilities, I'm moving onto page seven here. I told you I move quick. You guys are responsible for the financial statements and their fair presentation. You're also responsible for internal control and designing that internal control, and you're also responsible for giving us access to any of the information we need to conduct our audit.

Our responsibility is to conduct an audit in accordance with Government Auditing Standards and generally accepted auditing standards. We will perform procedures to obtain audit evidence about the amounts and disclosures and financial statements. Obviously, an audit involves quite a bit of professional judgment which will exercise and we will evaluate the appropriateness of accounting policies used and also with a significant account estimate such as that GASB 75 report. I've already preliminarily reviewed that report but any of those kinds of decisions that require management subjectivity, we do consider those in the conduct of our audit.

We will obtain reasonable assurance about the financial statements which will be used to formulate our opinions on the reports.

Page nine is a diagram of our audit methodology. It's akin to RSM. We are an RSM Alliance member, they're the 5th largest firm in the country. It's a four phased approach; pre-audit activities, planning, our audit fieldwork and then the conclusion.

Page ten shows how those four components fit into the timing of the engagement. We consider the pre-audit phase to be a year-round endeavor. Obviously, we're working with Dave and his team as to regards of any questions or issues that may arise. So that's a year-round activity. Our traditional planning takes place in November and December. Fieldwork in February and March and that's because we have a 90-day filing deadline as far as the Public Authority's Law. T his has to be completed and filed with the state by the end of March.

Moving onto the key areas of focus – some of these will look very familiar and some of this has to do with the fact that our operations may not change too much, but what I will point out particularly on page twelve is obviously that Bond refinancing was a significant transaction during the year. We will go through the accounting of that to make sure that was properly incorporated into the financial statements. There is actually a disclosure we need to make about the amount of refinance savings, so you'll get a second kudos in your audited financial statements as well. But a lot of these areas should seem very familiar to you. And we'll talk a little bit more about how we do spice things up in the Conduct for Audit as we talk on a future slide here.

Single Audit – Federal Single Audit changed several years ago from A133 to the Uniform Guidance, so we're familiar with those single audit requirements obviously. We'll go through your schedule of expenditures to federal awards, select the major programs to be tested and at that point, the federal single audit is a pretty prescribed audit. We do have to follow the federal requirements in the compliance areas when conducting that audit.

Page fourteen – discuss the reviews and reporting. There is obviously quite a bit of reviews on our side to make sure the work we've done is sufficient. The staff and the in-charge level people prepare a lot of the work, the manager folks review it. I will review the critical areas and obviously review deliverables. And then it goes through a fairly exhaustive quality control process whereby someone completely independent from the team does a scan of all the work that we've done. They scan all the reports to make sure they're compliant and at that point we've completed the reporting process and we're ready to issue our reports.

Page fifteen- Consideration of Fraud. We do have a responsibility to consider fraud in the conduct of our audit. Our goal is to identify any material fraud, obviously immaterial fraud, if someone's taken money out of the soda machine; we're going to have trouble catching that. But our goal is to identify those kinds of material items that could impact the financial statements. We do a number of tests in the corporation of this risk we obviously discuss with management.

And the second bullet point towards the bottom here is incorporating an element of unpredictability. So as we said before, a lot of those previous areas of focus looked pretty similar but one of the things we have to do under auditing standards is incorporate that element of unpredictability. It could even be an area that might not be traditionally material. And that's where I'll ask you folks too, if there's any areas in particular that you think we ought to be looking at obviously, we'll work with Harry as well, but any areas in addition to those common areas of focus that we look at we're open ears as to what that element might be. So, we value any feedback that you folks may have for us.

We look at journal entries, whether they're traditional or top side and we consider any other information in the conduct for audit.

Finally, on page sixteen, we have some accounting standards. There's a couple that we're going to be considering that's part of this year's audit. One of the other bigger ones out there is leases and Dave and I have talked about GASB 87 leases. This is kind of following the FASB model as well that's out there, very similar but the lease accounting standard is certainly something while it doesn't impact this audit for 2019, we're going to be working with the Thruway Authority behind the scenes to make sure that's properly adopted for the 2020 report period.

Pages seventeen and eighteen are really just reminders to keep the lines of communication open. We're your auditors, we're the Board's auditors. If you have questions for us, you should contact us. We're always happy to discuss any issues and consequently like I mentioned before, if there's any areas of risk, we want to hear it from you. And to the same side, if we hear anything that needs to be reported to you, we will make sure that's communicated to you in a timely manner.

Those were our prepared remarks. If you have any questions, I'd be happy to take them now.
Yes sir.

Dr. Veras: How do you incorporate unpredictability?

Brendan Kennedy: Excuse me?

Madam Chair: Unpredictability?

Brendan Kennedy: Good question. Traditionally, it's looking at an audit area that we may not have focused on in the past. Even again, if it may be immaterial, because, as some people know, big problems start out small so if we look at something that we may not have focused on, perhaps a particular department or particular type of transaction that we may have kind of glanced at before, we might do a deeper dive.

Madam Chair: Any other questions or comments? Thank you very much for that presentation and tell Paul we'll miss him, but welcome aboard.

Can I have a motion to advance this item?

Bob Megna: So, moved.

Dr. Veras: Second.

Madam Chair: All in favor?

(Chorus of ayes) the motion is approved. And the final agenda item for this Committee is the 2020 Audit Plan for the Bureau of Fiscal and Toll Audit and Matt Howard is going to present that for us.

Matt Howard: Thank you. This item requests the Audit Committee's acceptance of the Authority's Internal Fiscal Toll Audit Plan for 2020. Each year, the Finance and Accounts Department conducts a large number and wide variety of its own risk based audits and reviews. The plan before you lay out the activities that we intend to focus on in 2020. Really, the key focus in 2020 will be on the implementation of reconciliation and reporting of our revenues as a result of the transition to cashless tolling, in addition to looking at and insuring that bills for maintenance and equipment on the equipment itself is done in an accurate way in accordance with agreements. The Authority's Bureau of Fiscal and Toll Audit is staffed by auditors, account and aides, clerks and other staff on average annual spend roughly 12,000 staff hours on over 500 audits including everything from reconciling our toll revenue and toll transaction data, as well as other revenue and payments that are made to the Authority. Also includes reviewing our payroll,

payments for accuracy, and a number of other topics. So again, in your binder you find some of the specifics that lay out the audit activities that they engage in, as well as some of the efforts and results of the efforts that we've seen in 2019. It includes everything from reviewing over 700 billings that totaled \$86,000,000 in capital contracts. As a result of that, we identified that we saved over \$200,000 just by auditing those payments, as well as ensuring that over \$43,000,000 in federal funds were received appropriately and accounted correctly. So, it's a lot of internal work that we do to make sure that things are proceeding in an appropriate manner.

Madam Chair: Thanks Matt. Do you have any questions?

Bob Megna: I know that it's only one aspect but at least in theory, after a complicated turnover process, cashless tolling should improve our auditing ability or am I thinking about it wrong?

Matt Howard: Well it will definitely change the work that we have to engage in, in terms of historically we've had a process set up that tracks the day to day operations of activities in the toll lanes and the toll collectors all the way through deposits into the bank accounts. We move to an automated cashless system and the focus then becomes on being able to reconcile daily updates to information that comes in on a real time basis. It's just a different activity. I think that there could be some automation but there's challenges as well that we have to work through when the whole system converts.

Bob Megna: Thanks.

Madam Chair: Any other discussion, questions, comments for Matt? Hearing none can I have a motion to advance this last item?

Bob Megna: So, moved.

Dr. Veras: Second.

Madam Chair: All in favor?

(Chorus of ayes) any opposition? Hearing none the motion is approved. There being no further business, can I have a motion to adjourn today's Audit Committee.

Dr. Veras: So, moved.

Bob Megna: Second.

Madam Chair: All in favor?

(Chorus of ayes) The Audit Committee is now adjourned, and we can move into the Board Meeting itself. I'd like to call to order the Board Meeting of the New York State Thruway Authority. The scheduled meeting has been duly noticed as required by the Open Meetings Law. May I have a motion to enter the Board Meeting?

Bob Megna: So, moved.

George Miranda: Second.

Madam Chair: All in favor?

(Chorus of ayes) we are now in full meeting of the Board. Our first order of business is the Public Comment Period for speakers to address items that are on today's agenda. Kathy has anyone signed up to speak about today's agenda?

Kathy: No, they have not.

Madam Chair: Okay thank you. we will start then with reports to the Board although I think we're going to do yours at the end right? Okay so we will move to the consent agenda. Can I have a motion to approve consent items 1 through 6 please?

Dr. Veras: So, moved.

Heather Bricetti: Second.

Madam Chair: Any discussion? All in favor?

(Chorus of ayes) hearing no opposition the six items are approved and we'll move onto the action agenda. Our Chief Financial Officer, Matt Howard will present the first item having to do with a lease for office space in Liverpool.

Matt Howard: Thank you. This agenda item seeks the Board's authorization for a new 4-year lease agreement between the Authority and 290 Elwood Davis Road, LLC, the landlord for administrative offices for the Syracuse Division. Effectively this item is an extension of the existing lease for this facility through 2025. The proposed lease, like the current lease, is a modified growth lease whereby utilities and operating expenses are included within our rental payment and escalation is only paid on real estate taxes. So, the existing lease provides favorable terms for the Thruway and this item effectively is extending those terms to 2025.

Madam Chair: Good news. Any questions or comments for Matt on this item? Okay can I have a motion to advance the item?

Heather Bricetti: So, moved.

Dr. Veras: Second.

Madam Chair: All in favor?

(Chorus of ayes) any opposition. Hearing none, this motion is approved. And we'll move onto our General Council again Chris O'Brien to present the next item.

Chris O'Brien Thank you. This item seems the Board's authorization to increase the maximum amount payable for the Authority's contract with Hawkins Delafield and Wood, LLP which is a law firm by \$500,000 to \$1.3 million. The Authority entered into the contract with the first in 2016 for a term of five years and they have served as the Authority's Bond Counselor since that time. Hawkins has been actively engaged with the Authority due to the Authority's recent debt issuances as well as with the Authority's Service Area RFP. It is expected Hawkins will

continue to perform such services for the remainder of the contract which is through 2021. I can answer any questions about that.

Madam Chair: Anybody have any questions? Alright can I please have a motion to advance this item?

Bob Megna: So, moved.

Dr. Veras: Second.

Madam Chair: All in favor?

(Chorus of ayes) alright hearing no opposition the motion is approved. And Rich Lee, our Chief Engineer will present the next item for us please.

Rich Lee: At this time, I'm requesting authorization of two engineering agreement, both for 2020/2021 biannual bridge and other structure inspections, D214739 is for the New and Albany Divisions, WSA group PE-PC is the selected firm. Thirteen firms submitted levels of interest and there were five firms shortlisted. This contract has a maximum payable \$4,500,000. The MWBE goal is 30% and the SDVOB goal is 6%.

The second contract D214740 is for the Syracuse and Buffalo Divisions. D. Dinado Associates Engineering and Architecture PC is the selected firm. Twelve firms submitted letters of interest and six were shortlisted. This contract has a maximum amount of payable of \$3,600,000. Again, the MWBE goal is 30% and the SDVOB goal is 6%. Both these contracts are for three-year term with one option for the Authority to extend for one additional year. Sufficient funding for agreements D214739 and D214740 is provided for in the 2020 contracts program. So now I respectfully request authorization to enter into these two agreements.

Madam Chair: Thank you. Any questions for Rich about either of these two agreements? And they are presented here at one so I'm assuming that we can do both in one motion. Any discussion? If not, can I have a motion to advance both of these?

Bob Megna: So, moved.

George Miranda: Second.

Madam Chair: And I heard George second. All in favor?

(Chorus of ayes) hearing no opposition, the motion is approved. And now we'll move onto staff reports and Kevin Allen is going to report out on our Procurement Contracts is that correct?

Kevin Allen: Correct. Good morning Chair, Board Members, Major and executive staff, this report is for the quarter ending September 30th, 2019 on contracts executed by the Executive Director under Board delegated authority. Twenty-seven contracts are in your report, twenty-five of those are for the second six-month extension to underwriter contracts. There's one tourist information center extension for Seneca Service area and one IT contract related to the Thruway's micro net and that completes the twenty-seven contracts.

Madam Chair: Any questions? Thank you, Kevin. Any questions for Kevin about his report? Alright thank you very much and our last report is going to be from our Executive Director, Matt Driscoll who is going to provide the Board, I think, with a winter prep update.

Matt Driscoll: Yes, it is that time of year. Good morning. Thank you, Madam Chair. I do want to provide a quick update of the Thruway Authority and make sure everybody is ready for the upcoming snow season. I just personally, along with our Operations Deputy, Mark Hickson we have personally inspected the readiness of three out of the four of our divisions across the state. We'll be here in the Albany Division later this week to complete that.

So, the preparations, as you probably already know, they really begin right after the winter ends. But our statuses were actively recruiting, hiring and training staff in all four of our divisions. I'm pleased to report to you that we have about a 4% vacancy rate, last year at this time it was about 6% so that puts us in a good position. We started 2 years ago a retiree recruitment program. It started out we got about 7 people and now we're well over 2 dozen of seasoned employees who come back during the snow and ice season, helps us augment our staffing. Currently, we're on a 24/5 schedule, beginning December 7th that will go to 24/7 so we'll be round the clock. Every piece of the snow fighting equipment including new and old has been inspected to ensure its readiness and I can tell you and I can attest to our Firehouse readiness across the divisions, we're ready to be out their full force. We've already done that with a couple of winter storms that we've already had.

We also meet with other state agencies in a coordinated fashion. We also meet with local responders, fire departments and others so that we're well coordinated. We're also inspecting the weather detecting technology that's across our system, the Mesonet systems. It really helps us respond faster and deploy necessary resources in the event that we need to shift.

And lastly, we have held a number of meetings and live drills already with the deployment readiness strategy, that's something we've started. We've walked through those responsive actions. They happened on the fly, if you will, during a snow and ice event.

Slide 3 – so our day to day operations here we've got 600 plow recruiters and more than 400 pieces of snow fighting equipment, you can see them listed out there. We just received 28 new large plows this year as well as new loaders and salt spreaders. We've also added 25 new VMS portable VMS boards that helps us with messaging and with events that we need to ban travel, or an everyday messaging as well, really helps create a safer environment

Slide 5 please – Again, I want to talk a little bit of planning. This is a lot to read on that but the gist of it is, is that we really start planning for a weather incident 3 days in advance, so 72 hours before the first flake flies, we are out there, and we are coordinating across all divisions to be prepared. They are a well coordinated team effort and I want to commend the folks in the other divisions who can't be here but there's a lot of team work that goes into that, and its something that we pride ourselves on and it helps ensure that they're not only prepared in advance but we have a game plan ready to respond in the event that we need to shift in changing conditions. So that concludes my report. I'm happy to answer any questions anyone may have relative to that.

Madam Chair: That last slide with the timing is very reassuring. Is that something that you've just put in place?

Matt Driscoll: No, it's always been here. We've modified it to some degree, but I think really what's really greatly enhanced here is the communication and myself and Mark Hickson going out and personally inspecting not only the equipment but the personnel, get a chance to meet the folks has been really good for our operation. And we've had really great success. No silos across our division. When it comes to shifting and moving equipment and manpower our people are really working well together, I'm very pleased with that.

Madam Chair: That's really great because that is oftentimes the difference between people getting off the road safely and not, is the other divisions stepping up and helping where the storm hits hardest. Any questions for Matt? Or Mark? Thank you very much. Alright so we will move on to the general public comment period and this is the time where members of the public can comment on general Thruway Authority matters. Individuals who wish to speak may do so at this time. And individuals have 2 minutes each. Kathy has anyone signed up to speak?

Kathy: Yes, Murray Bodin.

Madam Chair: That was my guess, welcome Mr. Bodin.

Mr. Bodin: My name is Murray Bodin. I'm a whistleblower, I provide information. It's your responsibility to act on that information. This is the sign that I saw when I came in this morning downstairs, I brought it up with me, it was about an accident and safety and I was noticing these two-state trooper here, they don't have reflective vests on. The State of New Hampshire the uniform is reflective. For every trooper that's out in the car his jacket his uniform is reflective. If you're talking about safety that's where you start. You can within 1 hour notify every trooper on the Thruway put your vest on and keep it on. I'm 86 years old, I'm failing. Some of my friends are still driving at 90. We can't see the troopers out there. Just because you know they're troopers doesn't mean we can see them. So, it is your responsibility to get on that and notify everybody so by the time I start driving back and I see a trooper pulling somebody over, he should have a vest on. That's what a whistleblower does. He notifies you about that safety issue and it's your responsibility as a Board to see that it's done within the hour. You have the ability to notify every trooper, right? I told you I was going to do this before the meeting so it's not a surprise. Tomorrow I'm going to New Jersey Turnpike and say exactly the same thing.

Madam Chair: Thank you Murray. You don't look surprised. Kathy are there any other speakers signed up for us today?

Kathy: No, there are not.

Madam Chair: Okay any further business for the Thruway Authority Board? Okay no more business, may I please have a motion to adjourn today's meeting?

Bob Megna: So, moved.

Dr. Veras: Second.

Madam Chair: All in favor?

(Chorus of ayes) Thanks George. Hearing no opposition, this meeting is adjourned. Thank you all very much.