



**NEW YORK STATE THRUWAY AUTHORITY
NEW YORK STATE CANAL CORPORATION**



MINUTES

AUDIT AND FINANCE COMMITTEE MEETING NO. 7

February 20, 2008

Minutes of a meeting of the New York State Thruway Authority/Canal Corporation Audit and Finance Committee, held in the Board Room at Administrative Headquarters, 200 Southern Boulevard, Albany, New York and by video conference from the New York State Thruway Authority's Buffalo and New York Division offices, 455 Cayuga Road, Suite 800, Cheektowaga, New York and 4 Executive Boulevard, Suffern, New York, respectively.

The meeting began at 9:45 a.m.

The following members of the Audit and Finance Committee were present, constituting a quorum:

Present:

Chairman John L. Buono, ex officio Audit and Finance Committee Member
E. Virgil Conway, Chair, Audit and Finance Committee via video conference
Frederick Howard, Audit and Finance Committee Member
Jeffrey D. Williams, Audit and Finance Committee Member via video conference

In addition, there were present the following staff personnel:

Michael R. Fleischer, Executive Director
Daniel Gilbert, Chief of Staff
Kevin Allen, Acting Director, Audit and Management Services via video conference
Wendy Allen, Deputy Chief of Staff
Betsy Graham, Acting Director of Public Affairs
Katherine McCartney, Deputy Counsel
Michael Sikule, Director of Investment and Asset Management

Jill Warner, Board Administrator
Richard Garrabrant, Division Director, Syracuse Division

Also in Attendance:

Stanley Kramer, Bond Counsel, Hawkins Delafield & Wood, LLP, via video conference
Cathy Woodruff, Reporter, *Albany Times Union*
Karl Diehl, NYN

PUBLIC SESSION

Mr. Conway called the meeting of the Audit and Finance Committee to order.

Ms. Warner recorded the minutes as contained herein.

Item 1

Approval of Minutes of Audit and Finance Committee Meeting No. 6

After full discussion, on the motion of Mr. Howard, seconded by Chairman Buono, without any objections, the Audit and Finance Committee approved the Minutes of Audit and Finance Committee Meeting No. 6, held November 8, 2007.

Item 2

Review and Approve Revised Audit and Finance Committee Charter for Board Action

Mr. Howard questioned a deleted section pertaining to the Committee's ability to discuss deficiencies in the Authority/Corporation's management systems and operations in a separate meeting with the independent auditor, without staff or management present. He was under the impression from the training Committee members received that this would continue. Mr. Fleischer stated that the Committee meetings are public meetings and the four members of the Committee form a quorum of the Board. As such, any subject discussed privately with the independent auditor would have to meet the criteria for an executive session discussion under the Open Meetings Law. Mr. Howard stated that he was under the impression that the Committee

had a specific duty to have a closed meeting with the independent auditor to discuss sensitive issues and asked that staff clarify the duties of the Committee in that regard.

After full discussion, on the motion of Mr. Conway, seconded by Mr. Howard, without any objections, the Audit and Finance Committee authorized the submission of the Revised Audit and Finance Committee Charter to the Authority Board for consideration.

Item 3

Review and Approve Issuance of Highway and Bridge Trust Fund Bonds, Series 2008A, Not to Exceed \$450 Million to Finance Projects and Not to Exceed \$470 Million to Refund Outstanding Bonds for Board Action

Mr. Williams requested confirmation that the Authority is not receiving payment from the State for its issuance of bonds for the State. Ms. McCartney confirmed that is the case, but advised that the Authority is reimbursed for the expenses it incurs in conducting these transactions for the State.

After full discussion, on the motion of Mr. Howard, seconded by Chairman Buono, with one objection from Mr. Williams, the Audit and Finance Committee authorized the submission of the Issuance of Highway and Bridge Trust Fund Bonds, Series 2008A, Not to Exceed \$450 Million to Finance Projects and Not to Exceed \$470 Million to Refund Outstanding Bonds to the Authority Board for consideration.

Item 4

Review and Approve Change in the Counterparty and Interest Rate Exchange Agreement Related to the 2003 Refunding of State and Local Highway and Bridge Service Contract Bonds for Board Action

Mr. Howard questioned if the Authority's only option was to stay within the Merrill Lynch family on this. Mr. Sikule responded that the Division of Budget recommended that the contract be assigned to this entity, which is permissible under the contract. Otherwise, staff

would need to monitor the value of the SWAPs on a daily basis and ask the existing contractor to post collateral. The only other option would be to re-bid the entire contract.

After full discussion, on the motion of Mr. Williams, seconded by Chairman Buono, without any objections, the Audit and Finance Committee authorized the submission of the Change in Counterparty and Interest Rate Exchange Agreement Related to the 2003 Refunding of State Local Highway and Bridge Service Contract Bonds to the Authority Board for consideration.

Item 5

Review and Accept Reports Submitted to the Office of the State Inspector General

Mr. Allen requested acceptance of reports submitted to the Office of the State Inspector General.

After full discussion, on the motion of Mr. Williams, seconded by Mr. Conway, without any objections, the Audit and Finance Committee accepted the reports.

Item 6

Review and Discuss, as Necessary, the Following Items

- a. Summary of Significant Audit Recommendations &/or Recent or Proposed Changes to Significant Accounting Policy or Procedures**
- b. Audits by the Office of the State Comptroller**
- c. Committee/Board Member Training Opportunities**
- d. Audit and Finance Committee 2008 Draft Work Plan**

Mr. Allen presented the above Items for review and discussion only.

Mr. Williams inquired about the account reconciliation and suggested write offs. Mr. Sikule stated that progress is being made on the reconciliation without making UHY's suggested write-offs.

After full discussion, the Audit and Finance Committee noted the above Items as received.

Other Business

Mr. Williams inquired if progress had been made in legislation to prosecute toll offenders and suspend registrations. Mr. Fleischer responded that Senator Libous has introduced a bill, but that there is no Assembly sponsor at this time. Mr. Howard suggested that a letter be sent on behalf of the Audit and Finance Committee to Assemblyman Gantt requesting his support of the legislation.

Mr. Howard requested that the remaining Committee meetings for 2008 be scheduled and confirmed with the members as soon as possible.

Adjournment

There being no further business to come before the Audit and Finance Committee, on the motion of Mr. Howard, seconded by Chairman Buono, without any objections, the meeting was adjourned at 10:01 a.m.