



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



MINUTES

FINANCE COMMITTEE MEETING NO. 4

January 19, 2011

Minutes of a meeting of the New York State Thruway Authority/Canal Corporation Finance Committee, held in the Board Room at Administrative Headquarters, 200 Southern Boulevard, Albany, New York and via video conference from the Authority's New York Division Office, 4 Executive Boulevard, Suffern, New York. The meeting began at 10:30 a.m.

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

Present:

Chairman John L. Buono, ex officio Finance Committee Member
E. Virgil Conway, Finance Committee Member, via video conference
J. Donald Rice, Jr., Finance Committee Member
Richard N. Simberg, Finance Committee Member

In addition, there were present the following staff personnel:

Michael Fleischer, Executive Director
Wendy Allen, Director, Office of Management and Planning
John Bryan, Chief Financial Officer
William Estes, General Counsel
Jonathan Gunther, Assistant Counsel
J. Marc Hannibal, Director, Audit and Management Services
Harry Lennon, Senior Investigator
Carmella Mantello, Director of Canal Corporation
Tracie Sandell, Assistant Director, Audit and Management Services
Michael Sikule, Director, Office of Investments and Asset Management
Jill B. Warner, Board Administrator
Brandon R. Sall, Board Member

Also in Attendance:

John Armstrong, Television Engineer, New York Network
Pat Reale, Principal Budget Examiner, NYS Division of the Budget
Christopher Curtis, Senior Budget Examiner, NYS Division of the Budget
Doron Bar-Levav, Partner, Harris Beach PLLC
Eric Taylor, Partner, Harris Beach PLLC
Dan Tomson, Managing Director, Citigroup
Dan Cohen, Director, Citigroup
Ted Sobel, Managing Director, Ramirez & Co.

PUBLIC SESSION

Mr. Conway, Committee Chair, called the meeting of the Finance Committee to order.

Ms. Warner recorded the minutes as contained herein.

Item 1

Approval of Minutes of Finance Committee Meeting No. 3

After full discussion, at the recommendation of Mr. Conway, without any objections, the Finance Committee approved the minutes of Finance Committee No. 3, held November 17, 2010.

Item 2

Review and Approve Report of Investments for the Quarter Ending December 31, 2010 for Submission to the Board

Mr. Bryan requested the Committee approve for advancement to the Board the investment report for the fourth quarter of the year. Guidelines established by the Office of the State Comptroller require that the Authority provides a quarterly report on all investments that it has made during that period. The report details, by fund, the investments made and the yield obtained for each item. In the fourth quarter of the year the Authority made just over \$2.6 billion in investments, earning an average yield of 0.18 percent. At the end of December the Authority had \$745 million invested in a variety of instruments authorized under its governing statute and the Board adopted investment policy. Of the total amount, 71 percent was invested in federal agency

securities, 25 percent in commercial paper, no percentage was invested in treasuries, 2.5 percent in repurchase agreements and 1.6 percent in various Certificates of Deposit.

After full discussion, on the motion of Mr. Rice, seconded by Mr. Simberg, the Finance Committee approved the Report of Investments for the Quarter Ending December 31, 2010 and authorized its submission to the Authority Board for consideration.

Mr. Conway requested that staff present the monthly financial reports to the Finance Committee going forward.

Item 3

Review and Approve the Selection of a Pool of Firms for Financial Advisory Services and a Pool of Firms for Co-Financial Advisory Services and Authorize Execution of Contracts for Such Services

Mr. Bryan reported that this item seeks the Committee's approval to advance to the full Board a resolution seeking approval to enter into contracts to provide the Authority with financial advisory services. In the past, the Authority traditionally selected and contracted with only one firm to serve as financial advisor on Authority and State-related deals during a certain time period. Staff is requesting that pools be developed whereby the Authority can select a primary and co-financial advisor, if desired.

The selection of firms to serve in the primary and co-financial advisory pools were made as a result of an Request For Proposals (RFP) that was based on recommendations regarding best practices in financial services adopted by Executive Order No. 10's M/WBE Task Force. The Authority received 12 proposals and scoring and selections were made pursuant to the Authority's procurement policies and procedures.

Staff is recommending that the three highest scoring firms serve in a primary advisory pool and the next four highest scoring firms serve in a co-financial advisory pool. On a bond transaction or other task, the Authority will select a firm from the primary Financial Advisor pool to serve as

the principal advisor and may choose to assign a firm from the Co-Financial Advisor pool to work alongside the primary advisor.

The three firms recommended to serve in the primary Financial Advisory Pool are:

1. Public Resources Advisory Group
2. Public Financial Management (in a joint venture with ButcherMark Financial Advisors LLC and Laurene B. Mahon – both of which are M/WBE firms)
3. First Southwest Company

The four firms recommended to serve in the Co-Financial Advisor Pool are:

1. Scott Balice Strategies
2. Estrada Hinojosa & Company, Inc.
3. Acacia Financial Group, Inc.
4. Frasca Associates LLC

* All of these firms are either certified New York M/WBE's or are eligible to become certified.

The term of engagement for each of the firms selected will be for a three-year period ending December 31, 2013 with two options to renew for an additional year each, and will provide payment based on hourly rates. First Southwest Company currently provides financial advisory services to the Authority under a contract that will expire in July 2011.

After full discussion, on the motion of Mr. Simberg, seconded by Mr. Rice, without any objections, the Finance Committee approved the Selection of a Pool of Firms for Financial Advisory Services and a Pool of Firms for Co-Financial Advisory Services and Authorized Execution of Contracts for Such Services and authorized its submission to the Authority Board for consideration.

Item 4

Review and Approve the Fifteenth Supplemental Bond Resolution Authorizing the Issuance of Second General Highway and Bridge Trust Fund Bonds Series 2011A, Approving the Form of and Authorizing the Preparation, Execution and Delivery of the Preliminary Official Statement and Authorizing the Execution and Distribution of the

Official Statement, Approving the Form of the Bond Purchase Agreements for the Series 2011A Bonds, Authorizing the Execution of a Continuing Disclosure Agreement and Any Other Necessary Documents, Agreements, Consents or Certificates in Connection with the Issuance, Sale and Delivery of the Series 2011A Bonds

Mr. Bryan reported that this item seeks the Committee's approval to advance to the full Board a resolution seeking approval to issue a new series of Dedicated Highway and Bridge Trust Fund Bonds. Trust Fund bonds are issued on behalf of the State, at the request of the Division of the Budget, and are secured by payments made to the Authority from funds held in the State's Dedicated Highway and Bridge Trust Fund. The Trust Fund is funded by a wide variety of State taxes and fees. There is no pledge of Authority revenues or assets as security for the Trust Fund Bonds and the Authority is not liable in the event that the State fails to appropriate the necessary monies for debt service.

Bond funds generated from this proposed transaction will be used to help finance the State's transportation capital program managed by the New York State Department of Transportation. The resolution authorizes the Authority to issue up to \$525 million in new money bonds and up to an additional \$250 million for a possible refunding.

The transaction will be led by CitiGroup and Ramirez and Company will serve as the M/WBE coordinating manager. First Southwest is serving as the Authority's financial advisor and Harris Beach as bond counsel. The transaction is expected to be priced and closed in mid-to-late February and a AA rating is expected to be received on this issue of Trust Fund bonds.

Mr. Simberg asked staff to confirm that the Authority has no discretion on what this money is used for and has no liability as to the eventual surety of the bonds. Mr. Bryan concurred.

After full discussion, on the motion of Mr. Simberg, seconded by Mr. Conway, without any objections, the Finance Committee approved the Fifteenth Supplemental Bond Resolution Authorizing the Issuance of Second General Highway and Bridge Trust Fund Bonds Series 2011A, Approving the Form of and Authorizing the Preparation, Execution and Delivery of the Preliminary Official Statement and Authorizing the Execution and Distribution of the Official Statement, Approving the Form of the Bond Purchase Agreements for the Series 2011A Bonds,

Authorizing the Execution of a Continuing Disclosure Agreement and Any Other Necessary Documents, Agreements, Consents or Certificates in Connection with the Issuance, Sale and Delivery of the Series 2011A Bonds and authorized its submission to the Authority Board for consideration.

Adjournment

There being no further business to come before the Finance Committee, on the motion of Mr. Rice, seconded by Mr. Conway, the meeting was adjourned at 10:40 a.m.