



NEW YORK STATE THRUWAY AUTHORITY NEW YORK STATE CANAL CORPORATION



MINUTES

GOVERNANCE COMMITTEE MEETING NO. 1

April 18, 2007

Minutes of a meeting of the New York State Thruway Authority/Canal Corporation Governance Committee, held in the Board Room at Administrative Headquarters, 200 Southern Boulevard, Albany, New York, 12209.

The meeting began at 9:11 a.m.

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

Present:

Chairman John L. Buono, Governance Committee Member (ex officio)
Nancy E. Carey Cassidy, Governance Committee Member
Erin M. Crotty, Governance Committee Member
Kevin Plunkett, Governance Committee Member

In addition, there were present the following staff personnel:

Michael R. Fleischer, Executive Director
Daniel Gilbert, Chief of Staff
Kevin Allen, Unit Supervisor, Audit and Management Services
Wendy Allen, Deputy Chief of Staff
John Bryan, Chief Financial Officer
Michael Flynn, Director, Audit and Management Services
Diane Galuski, Director, Bureau of Management Analysis and Projects
Sharon O'Conor, General Counsel
Elizabeth Yanus, Special Assistant

Also in Attendance:

Jeffrey D. Williams, Board Member

PUBLIC SESSION

Chairman Buono appointed Mr. Plunkett to the position of Governance Committee Chair. Upon acceptance of the appointment, Mr. Plunkett called the first meeting of the Governance Committee meeting to order.

Ms. Yanus recorded the minutes as contained herein.

Item 1

Review statutory requirements of Governance Committee and discuss recommended benchmarking/information materials that Authority/Corporation staff will conduct, collect and provide to Governance Committee to assist in meeting statutory requirements.

Ms. O'Conor reviewed the statutory requirements of the Governance Committee as outlined in the Public Authorities Accountability Act (Exhibit A), advising that these are the only reference in law that identify the responsibilities of the Governance Committee. The Committee is required by statute to consider key issues relating to governance practices, governance principles, corporate government trends and the qualifications of Committee members.

The Committee was asked how it would prefer to be kept abreast of current best governance practices. The option of utilizing an outside entity with specialized experience in governance was discussed. Mr. Plunkett expressed a preference for relying on an outside entity for compliance assurance and asked if the Authority had any contacts in this area. Ms. O'Conor noted that Scott Fein of Whiteman, Osterman and Hanna conducts Board training specific to the governance component and offered to obtain annual cost estimates from law firms currently under contract with the Authority. This information, along with the amount of funding available in the Board's budget line that could be used to engage an outside consultant, will be provided at

the next meeting. It was determined that the Authority Budget Office (ABO) would be a valuable resource for benchmarking as might industry publications and Webinars specific to governance. Mr. Plunkett proposed that staff be responsible for conducting benchmarking activities and for updating the Committee. The committee was informed of its responsibility to update the Authority's corporate governance principles. Pursuant to this obligation, Ms. Allen will draft governance principles similar to those implemented by the Dormitory Authority, and present them to the Committee for consideration.

The Committee's obligation to advise appointing authorities on the qualifications required of potential Board members was discussed. Ms. O'Conor will consult the ABO to ascertain how best to transmit this information to the Governor's Office.

Item 2

Review proposed, revised Code of Ethics Policy for the Authority/Corporation and recommend any necessary revisions prior to its presentation to Board for approval.

Mr. Fleischer commenced a review of the Authority's Ethics Policy (Exhibit B) noting that this policy for staff has not been updated since 1993. The Committee was also presented with a copy of the ABO's Model Code of Ethics (Exhibit C) to consider as an alternative. In response to members' questions about the differences between the two, Ms. Allen explained that the format of the documents is different and the ABO's Model provides a greater level of detail in the document itself. Members also asked about the "Code of Ethics for Board Members" and suggested that a single document be created that would serve as an Ethics Policy for both staff and Board members. Staff will prepare a draft policy to be presented to the Committee for consideration.

Item 3

Review summary of Policies/guidance currently provided to Authority/Corporation employees regarding governance and accountability and discuss Governance Committee's role in reviewing Policy and guidance documents.

Mr. Plunkett initiated a discussion of this item by asking for clarification of the summary (Exhibit D). Mr. Fleischer stated that many of the items on the summary document are Executive Instructions that he issues to staff to provide guidance and direction on current ethics policies. He asked the Committee if they would like to review future Executive Instructions prior to issuance. Ms. Carey stated that the Executive Director should continue to issue those Instructions as needed. A standing agenda item can be included for each meeting to allow the Executive Director to report out on any governance-related Instructions that have been issued. Ms. O'Conor identified herself as the Authority's Ethics Officer in response to Ms. Carey's inquiry. Ms. Crotty asked if there are any policies missing from the summary and if it is as comprehensive as it needs to be. Staff advised that it was, in fact, inclusive and comprehensive. Ms. Crotty suggested that the ABO be consulted for confirmation.

Item 4

Open discussion of Governance Committee's expectations of Authority/Corporation staff in support of Committee's purpose, conduct of business, and responsibilities.

Mr. Plunkett reiterated that the Committee will rely on staff to keep its members updated on governance-related issues. Ms. Carey Cassidy requested that any ethics violations be reported to the committee. Mr. Plunkett thanked staff for their work in preparing the meeting materials, and indicated that the next meeting will be scheduled after Labor Day.

Adjournment

There being no further business to come before the Governance Committee, on the motion of Ms. Crotty, seconded by Ms. Carey Cassidy, without any objections, the meeting was adjourned at 9:43 a.m.