



MINUTES

NEW YORK STATE THRUWAY AUTHORITY

BOARD MEETING NO. 666

April 25, 2008

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

The meeting began at 11:10 a.m.

There were present:

John L. Buono, Chairman
E. Virgil Conway, Board Member
Erin M. Crotty, Board Member
Frederick M. Howard, Board Member
Kevin J. Plunkett, Board Member
Jeffrey D. Williams, Board Member

Constituting all of the members of the Thruway Authority Board.

In addition, there were present the following staff personnel:

Michael R. Fleischer, Executive Director
Sharon O'Connor, General Counsel
Christopher Waite, Chief Engineer
John Bryan, Chief Financial Officer
Jill Warner, Secretary and Board Administrator
William Rinaldi, Director, Albany Division
Ramesh Mehta, Division Director, New York Division
Richard Garrabrant, Division Director, Syracuse Division
Thomas Pericak, Division Director, Buffalo Division
Michael Sikule, Director, Office of Investments and Asset Management
Kevin Allen, Acting Director, Audit and Management Services

Joanne Riddett, Director, Information Technology
John Barr, Director, Administrative Services
Donald Bell, Director, Operations and Maintenance
Carmella Mantello, Director of Canal Corporation
Betsy Graham, Acting Director, Office of Public Affairs
Major Robert Meyers, Troop T
Daniel Gilbert, Chief of Staff
Wendy Allen, Deputy Chief of Staff
Kenneth Flood, Director, Office of Real Property Management
Karen Osborn, Office of Fiscal Audit and Budget
Peter Casper, Assistant Counsel
Katherine McCartney, Deputy Counsel
Tracie Sandell, Assistant Counsel
Liz Yanus, Office Manager, Office of the Deputy Chief of Staff
Also in Attendance:
Bob Connor, Reporter, *Daily Gazette*
Cathy Woodruff, Reporter, *Albany Times Union*
Gerald Nielsten, Senior Principal, Stantec Consulting
Stanley Kramer, Hawkins Delafield & Wood
Angela Rodell, Senior Vice President, First Southwest
Pat Reale, Principal Budget Examiner, NYS Division of Budget
John Armstrong, NYN
Josh Boose, Reporter, WGRZ
Bob Marcuso, Cameraman, WGRZ
John McLoughlin, Reporter, WTEN
Ric Eason, Cameraman, WTEN
Richard Richtmyer, Reporter, Associated Press
Joe Spector, Reporter, Gannett News Service
Bill Lambdin, Reporter, WNYT
Duffer Kendrick, Cameraman, WNYT
Paul Merrill, Reporter, FOX23 News
Chris Limmir, Cameraman, FOX23 News
Erin Billups, Reporter, Capital News 9
Michelle Marsh, Reporter, WRGB
Joe Ficurille, Cameraman, WRGB
Kathleen Garceau, State Program Examiner 1 (Fiscal), Office of the State Comptroller
Roger Mazula, Audit Supervisor, Office of the State Comptroller

Chairman Buono noted that he, Mr. Conway, Ms. Crotty, Mr. Howard, Mr. Plunkett and Mr. Williams had received and reviewed the Agenda submitted for consideration at this meeting and were prepared to act on each of the items.



The Chairman called the meeting to order.

Ms. Warner recorded the minutes as contained herein.

Public notice of the meeting had been given, Ms. Warner said.

Item 1 Ms. Warner (Appendix A)
Minutes of Meeting No. 665

On the motion of Mr. Plunkett, seconded by Mr. Howard, without any objections, the Board approved the minutes of Meeting No. 665 held on March 19, 2008, which were made available to the Board Members as part of the Agenda.

Item 2 by Mr. Fleischer (Appendix B)
Report to Thruway Authority Board for Personal Service Contracts Up to \$150,000 for the Period January 1, 2008 through March 31, 2008

Mr. Fleischer submitted as Exhibit I a listing containing Personal Service Contracts up to \$150,000 for the period of January 1, 2008 through March 31, 2008.

After full discussion, on the motion of Ms. Crotty, seconded by Mr. Howard, without any objections, the Board accepted Mr. Fleischer's report.

Item 3 by Mr. Fleischer (Appendix C)
Designating Erin M. Crotty as Vice-Chair of the Thruway Authority Board

Mr. Plunkett congratulated Ms. Crotty on her appointment.

After full discussion, on the motion of Mr. Howard, seconded unanimously by the remaining Board Members, the Board adopted the following resolution:

RESOLUTION NO. 5673
**DESIGNATING ERIN M. CROTTY AS THE VICE-
CHAIR OF THE THRUWAY AUTHORITY BOARD**

RESOLVED, that Erin M. Crotty be, and she hereby is, designated Vice-Chair of the New York State Thruway Authority, and be it further



Item 3 by Mr. Fleischer (Appendix C)

**Designating Erin M. Crotty as Vice-Chair of the Thruway Authority Board
(Continued)**

RESOLVED, that the Vice-Chair's responsibilities shall be as delineated in the Bylaws of the New York State Thruway Authority, and be it further

RESOLVED, that this Resolution be incorporated in full in the minutes of this meeting

Report to the Board by the Governance Committee

As Chair of the Governance Committee, Mr. Plunkett reported on the Committee's recent activities, summarizing the actions taken at the April 25, 2008 meeting. The Committee authorized that a revised proposed resolution prohibiting the extension of credit in the form of a personal loan be submitted to the Authority/Corporation Board for consideration. This item will be addressed later in the agenda and was already addressed in the Canal agenda.

In addition, the Committee approved three ethics-related publications. The first two, Ethics Law Restrictions on Communications Related to Post-Government Employment Opportunities and Financial Disclosure, are Executive Instructions that are issued annually to all employees and were updated. The third, Tracking of Class 3, Canal Roving and Pool Vehicles, was reissued to improve monitoring of vehicle usage.

Report to the Board by the Audit and Finance Committee

As Chair of the Audit and Finance Committee, Mr. Conway reported on the Committee's recent activities, summarizing the actions taken at the April 25, 2008 meeting. The Committee approved for Board action: a proposed revenue adjustment; a supplemental Local Highway and Bridge Special Limited Obligation Service Contract Resolution Authorizing \$575,000,000 of Local Highway and Bridge Service Contract Refunding Bonds; and the Report of Investments for the Quarter Ending March 31, 2008. A number of items were reviewed and discussed including: the 2007-08 Internal Control Report submitted to the NYS Division of the Budget; Office of the State Comptroller Audits; and the Audit and Finance Committee 2008 Draft Work Plan.



Item 4 by Mr. Fleischer (Appendix D)
Adopting a Revised Governance Committee Charter

After full discussion, on the motion of Mr. Plunkett, seconded by Mr. Howard, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5674
ADOPTING A REVISED GOVERNANCE COMMITTEE CHARTER

RESOLVED, that the revised Governance Committee Charter, attached hereto as Exhibit B, be, and hereby is, adopted, replacing all prior Governance Committee Charters; and be it further

RESOLVED, that this resolution be incorporated in the minutes of this meeting

Item 5 by Mr. Fleischer (Appendix E)
Prohibiting the Extension of Credit in the Form of a Personal Loan

Mr. Fleischer affirmed for the Board that, not only does the Authority/Corporation lack a policy allowing this activity, there is no record of there ever having been an instance of a loan being granted or any related activity.

After full discussion, on the motion of Mr. Williams, seconded by Mr. Howard, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5675
PROHIBITING THE EXTENSION OF CREDIT IN THE FORM OF A PERSONAL LOAN

RESOLVED, that, in accordance with the provisions of Section 2824(5) of the Public Authorities Law, the New York State Thruway Authority (Authority) shall not directly or indirectly, including through any subsidiary, extend or maintain credit, arrange for the extension of credit, or renew the extension of credit, in the form of a personal loan to or for any officer, Board member or employee (or equivalent thereof) of the Authority or any subsidiary, and be it further



Item 5 by Mr. Fleischer (Appendix E)
Prohibiting the Extension of Credit in the Form of a Personal Loan (Continued)

RESOLVED, that this resolution be incorporated in the minutes of this meeting

Item 6 by Mr. Fleischer(Appendix F)
Approving Revisions to Whistleblower Policy (25-2-26)

After full discussion, on the motion of Mr. Howard, seconded by Mr. Plunkett, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5676
APPROVING REVISIONS TO WHISTLEBLOWER
POLICY (25-2-26)

RESOLVED, that the Whistleblower Policy (25-2-26), attached hereto as Exhibit B be, and hereby is, approved; and be it further

RESOLVED, that such Policy shall take effect immediately; and be it further

RESOLVED, that this resolution be incorporated in the minutes of this meeting

Item 7 by Mr. Bryan (Appendix G)
Financial Reports – January and February 2008

Mr. Bryan reported that the Authority collected \$82.3 million in revenue in the first two months of 2008, which was \$2.3 million above the level collected in the same period of 2007, representing an increase of 2.8 percent. The increase in cash toll rates implemented in January 2008 is the main factor contributing to this increase. However, the overall increase in total revenue collections was tempered by two factors: (i) a decline in gasoline concession revenues as several Sunoco stations at service plazas have been closed for reconstruction and (ii) a decline in interest earnings due to declining market yields.

After adjusting for unfunded OPEB liabilities which the Authority is now required by GASB rules to account for in 2008, total operating expenses were \$65.8



Item 7 by Mr. Bryan (Appendix G)
Financial Reports – January and February 2008 (Continued)

million for the first two months of 2008, which was \$892,000 or 1.4 percent above operating expenses for the same period in 2007.

Mr. Plunkett noted that the revenue was \$3 million less than budgeted. Mr. Bryan attributed the reduced revenue to a number of factors including: the reduction in gas concession revenues due to the temporary closure of several Sunoco gas stations for reconstruction; a decrease in interest earnings due to federal actions taken in the first two months to offset the recession; an increase in the number of commuter trips; a five percent increase in E-ZPass plan enrollment over the past year; and a continued reduction in the average trip length.

Mr. Williams asked why the total number of gallons of gas delivered was up, but the gas revenues were down. Mr. Bryan attributed the difference to a timing issue between delivery and payment.

Mr. Howard asked what the relationship is between the reimbursement for I-84 expenses and revenues. Mr. Bryan advised that the Authority bills the New York State Department of Transportation monthly and there is a slight lag between billing and reimbursement. Mr. Williams asked if the monthly reimbursements were being audited. Mr. Bryan indicated that the Department of Transportation is making the required payments.

Mr. Howard also questioned the differences in some of the figures reported. Mr. Bryan explained that these reports are for the first two months of the year during which 2007 reimbursable expenses are being received and 2008 expenses are being billed. The revenue is expected to level out over the next few months.

Item 8 by Mr. Bryan(Appendix H)
Investment Transactions

Mr. Plunkett commented that last year the yield was doubled. Mr. Bryan concurred, indicating that it was approximately five percent.

Chairman Buono noted, and Mr. Conway confirmed, that this report was discussed and approved at the previous Audit and Finance Committee meeting.

Following discussion regarding the purchase of authorized securities, repurchase agreements and certificates of deposit, on the motion of Mr. Conway,



Item 9 by Mr. Bryan (Appendix I)

Approving the Public Authority Reporting Information System (PARIS) Annual Report

seconded by Mr. Williams, without any objections, the Board accepted the Authority's quarterly report on Investment Transactions.

Ms. Crotty asked if this was the first year this reporting system was implemented and if this system was easier. Mr. Bryan responded affirmatively to both inquiries.

After full discussion, on the motion of Ms. Crotty, seconded by Mr. Conway, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5677
APPROVING THE PUBLIC AUTHORITY REPORTING INFORMATION SYSTEM (PARIS) ANNUAL REPORT

RESOLVED, that the PARIS Annual Report for the fiscal year ending December 31, 2007, attached hereto as Exhibit A be, and the same hereby is, approved, and be it further

RESOLVED, that this resolution be incorporated in the minutes of this meeting

Item 10 by Mr. Bryan (Appendix J)

Extending the Authorization Granted Under Resolution No. 5605 Relative to the Conveyance of a Temporary Easement, Real Property Reference No. 562-A to Tennessee Gas Pipeline Company

After full discussion, on the motion of Mr. Plunkett, seconded by Mr. Howard, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5678
EXTENDING THE AUTHORIZATION GRANTED UNDER RESOLUTION NO. 5605 RELATIVE TO THE CONVEYANCE OF A TEMPORARY EASEMENT, REAL PROPERTY REFERENCE NO. 562-A, TO TENNESSEE GAS PIPELINE COMPANY



Item 10 by Mr. Bryan (Appendix J)

Extending the Authorization Granted Under Resolution No. 5605 Relative to the Conveyance of a Temporary Easement, Real Property Reference No. 562-A to Tennessee Gas Pipeline Company (Continued)

RESOLVED, that the Authority Board hereby finds and determines that the authorization heretofore granted under Resolution No. 5605 is hereby extended an additional six months beyond the one-year expiration, or until November 16, 2008, and be it further

RESOLVED, that the Executive Director, the Chief Engineer, the Chief Financial Officer, and the General Counsel be, and the same hereby are, authorized to take all steps necessary to implement this Board action, and be it further

RESOLVED, that the Authority's Contracting Officer determined that this Board action complies with Article 9, Title 5-A of the Public Authorities Law, and with the Thruway Real Property Management Policy, and be it further

RESOLVED, that this resolution be incorporated in the minutes of this meeting



Item 11 by Ms. O’Conor and Mr. Bryan (Appendix K)

Approving the Seventeenth Supplemental Local Highway and Bridge Special Limited Obligation Service Contract Resolution Authorizing an Amount not to Exceed \$575,000,000 of Local Highway and Bridge Service Contract Refunding Bonds, Series 2008C (the “Series 2008C Refunding Bonds”), Amending the Service Contract and Approving the Form of and Authorizing the Distribution and Use of the Preliminary Official Statement and the Official Statement, Approving the Execution of the Official Statement, Approving the Form of Bond Purchase Agreement and the Form of the Continuing Disclosure Agreement, and forms of Letter of Credit and Reimbursement Agreements and Standby Bond Purchase Agreement, and forms of Remarketing Agreement and Tender Agency Agreement, and Authorizing the Execution of Such Agreements, One or More Escrow Deposit Agreements and any Additional Documents Deemed Necessary or Desirable, for the Sale of the Series 2008C Refunding Bonds, and Appointing a Trustee for the Series 2008C Refunding Bonds, Taking Such Action as Necessary to Effect the Restructuring of the Local Highway and Bridge Service Contract Bonds, Series 2003C (Adjustable Rate Bonds), Including Termination of Insurance on Certain Bonds Described Herein, and Authorizing Any Necessary Amendments to or Termination of One or More Interest Rate Exchange Agreements or Other Documents Relating to the Bonds to be Refunded or Otherwise Converted to a Different Interest Rate Mode

Mr. Bryan introduced Pat Reale from the New York State Division of the Budget (NYSDOB) who provided a brief description of the proposed transaction. Ms. Crotty asked if the Authority was going to be pooled with other agencies involved in the transaction. Mr. Reale responded negatively, advising that this would be a separate transaction.

Mr. Plunkett inquired as to the anticipated financial impact. Mr. Reale reported that outstanding bonds are currently resetting at anywhere from five to ten percent when it had been anticipated that the bonds would trade at one or two percent. Included in the State’s enacted budget is an additional \$20 million for the additional costs these bonds are presently experiencing. Mr. Plunkett summarized his understanding of this response, indicating that the Authority is working with the State to take out bonds that are resetting at a much higher rate and replace them with new local highway and bridge bonds in the amount of \$575 million which would be at a much lower rate.

Mr. Williams commented that he and Mr. Reale had a conversation regarding this transaction at the Audit and Finance Committee meeting and that he had no further questions.



Item 11 by Ms. O’Conor and Mr. Bryan (Appendix K)

Approving the Seventeenth Supplemental Local Highway and Bridge Special Limited Obligation Service Contract Resolution Authorizing an Amount not to Exceed \$575,000,000 of Local Highway and Bridge Service Contract Refunding Bonds, Series 2008C (Continued)

After full discussion, on the motion of Mr. Howard, seconded by Mr. Conway, with one objection from Mr. Williams, the Board adopted the following resolution:

RESOLUTION NO. 5679

APPROVING THE SEVENTEENTH SUPPLEMENTAL LOCAL HIGHWAY AND BRIDGE SPECIAL LIMITED OBLIGATION SERVICE CONTRACT RESOLUTION AUTHORIZING AN AMOUNT NOT TO EXCEED \$575,000,000 OF LOCAL HIGHWAY AND BRIDGE SERVICE CONTRACT REFUNDING BONDS, SERIES 2008C (THE “SERIES 2008C REFUNDING BONDS”), AMENDING THE SERVICE CONTRACT AND APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION AND USE OF THE PRELIMINARY OFFICIAL STATEMENT AND THE OFFICIAL STATEMENT, APPROVING THE EXECUTION OF THE OFFICIAL STATEMENT, APPROVING THE FORM OF BOND PURCHASE AGREEMENT AND THE FORM OF THE CONTINUING DISCLOSURE AGREEMENT, AND FORMS OF LETTER OF CREDIT AND REIMBURSEMENT AGREEMENTS AND STANDBY BOND PURCHASE AGREEMENT, AND THE FORMS OF REMARKETING AGREEMENT AND TENDER AGENCY AGREEMENT, AND AUTHORIZING THE EXECUTION OF SUCH AGREEMENTS, ONE OR MORE ESCROW DEPOSIT AGREEMENTS AND ANY ADDITIONAL DOCUMENTS DEEMED NECESSARY OR DESIRABLE, FOR THE SALE OF THE SERIES 2008C REFUNDING BONDS, AND APPOINTING A TRUSTEE FOR THE SERIES 2008C REFUNDING BONDS, TAKING SUCH ACTION AS NECESSARY TO EFFECT THE RESTRUCTURING OF THE LOCAL HIGHWAY AND BRIDGE SERVICE CONTRACT BONDS, SERIES 2003C (ADJUSTABLE RATE BONDS), INCLUDING TERMINATION OF INSURANCE ON



Item 11 by Ms. O’Conor and Mr. Bryan (Appendix K)

Approving the Seventeenth Supplemental Local Highway and Bridge Special Limited Obligation Service Contract Resolution Authorizing an Amount not to Exceed \$575,000,000 of Local Highway and Bridge Service Contract Refunding Bonds, Series 2008C (Continued)

CERTAIN BONDS DESCRIBED HEREIN, AND AUTHORIZING ANY NECESSARY AMENDMENTS TO OR TERMINATION OF ONE OR MORE INTEREST RATE EXCHANGE AGREEMENTS OR OTHER DOCUMENTS RELATING TO THE BONDS TO BE REFUNDED OR OTHERWISE CONVERTED TO A DIFFERENT INTEREST RATE MODE

RESOLVED, that on August 23, 1991 the Board adopted a Local Highway and Bridge Special Limited Obligation Service Contract Bond Resolution (the “Service Contract Resolution”) which authorizes the bonds of the Authority, designated as “Local Highway and Bridge Service Contract Bonds”(the “Bonds”) to finance all or a portion of the cost of local highway and bridge projects (the “Projects”) and to refund such Bonds prior to their maturity at the discretion of the Authority; and be it further

RESOLVED, that the Director of the Budget of the State has entered into a service contract, on behalf of the State, with the Authority (the “Service Contract”) to provide for the financing of Projects and the refunding of Bonds, and such Service Contract, as amended, was approved by the Board pursuant to Resolution No. 4659, adopted at Meeting No. 548 held on August 29, 1996; and be it further

RESOLVED, that the Authority has issued Bonds in order to finance the costs of the Projects authorized by law; and be it further



Item 11 by Ms. O’Conor and Mr. Bryan (Appendix K)

Approving the Seventeenth Supplemental Local Highway and Bridge Special Limited Obligation Service Contract Resolution Authorizing an Amount not to Exceed \$575,000,000 of Local Highway and Bridge Service Contract Refunding Bonds, Series 2008C (Continued)

RESOLVED, that Sections 202, 203 and 205 of the Service Contract Resolution require that the issuance by the Authority of Bonds, including refunding bonds, shall be authorized by a supplemental resolution or resolutions of the Authority; and be it further

RESOLVED, DOB has selected Allied Irish Bank, BNP Paribas and Dexia Credit Local for this transaction and the Board hereby adopts said selection of those two banks that have been through a complete Vendor Responsibility review and have been deemed responsible. Further, the Executive Director is hereby authorized to select the third bank provided Vendor Responsibility is complete and said bank has been deemed responsible. The Executive Director is hereby authorized to select any other bank recommended by DOB for the Authority provided Vendor Responsibility is completed and the bank(s) deemed responsible; and be it further

RESOLVED, that the Executive Director is authorized to take all actions necessary to effectuate the refunding and restructuring of the Series 2003C Bonds, as requested by DOB, including the following:

- currently refund all or a portion of the Series 2003C Bonds;
- convert any portion of the Series 2003C Bonds to bonds bearing interest in a Weekly Mode;
- include in the refunding series, either as part of the variable rate series or subseries, or as a separate fixed rate series or subseries, Series 2008C Bonds in an amount sufficient to pay all Authority Expenses and State bond issuance charges, and as necessary any termination or other payments relating to the interest



Item 11 by Ms. O’Conor and Mr. Bryan (Appendix K)

Approving the Seventeenth Supplemental Local Highway and Bridge Special Limited Obligation Service Contract Resolution Authorizing an Amount not to Exceed \$575,000,000 of Local Highway and Bridge Service Contract Refunding Bonds, Series 2008C (Continued)

- rate exchange agreements entered into concurrently with the issuance of the Series 2003C Bonds;
- terminate the municipal bond insurance policies for all or a portion of the Series 2003C Bonds;
 - negotiate and enter into Letter of Credit and Reimbursement Agreements with each of Allied Irish Bank and BNP Paribas, or such other qualifying direct-pay letter of credit providers substituted therefor by DOB; the Board hereby adopts the selection by DOB of said Banks as DOB conducted said procurement and as such the Authority’s standard procurement process was not followed;
 - negotiate and enter into a Standby Bond Purchase Agreement with Dexia Credit Local, or such other qualifying liquidity facility provider substituted therefor by DOB; the Board hereby adopts the selection by DOB of said Bank as DOB conducted said procurement and as such the Authority’s standard procurement process was not followed;
 - amend or terminate all or a portion of the related interest rate exchange agreements entered into in connection with the Series 2003C Bonds; and
 - take all other actions, enter into any agreements which he deems necessary in connection therewith in the public interest and requested or concurred in by the DOB; and be it further

RESOLVED, that there has been prepared and submitted to the Board a form of Seventeenth Supplemental Local Highway and Bridge Special Limited Obligation Service Contract Bond Resolution Authorizing an Amount Not to Exceed \$575,000,000 of Local Highway and Bridge Service Contract Bonds, Series 2008C (the “Seventeenth Supplemental Resolution”), to refund and restructure all or a portion of said Bonds, Series 2003C, on terms satisfactory



Item 11 by Ms. O’Conor and Mr. Bryan (Appendix K)

Approving the Seventeenth Supplemental Local Highway and Bridge Special Limited Obligation Service Contract Resolution Authorizing an Amount not to Exceed \$575,000,000 of Local Highway and Bridge Service Contract Refunding Bonds, Series 2008C (Continued)

to the Authority and the State (the “Series 2008C Refunding Bonds”); and be it further

RESOLVED, that the Board approves and adopts the Seventeenth Supplemental Resolution; and be it further

RESOLVED, that there has been prepared and submitted to the Board a form of amended Service Contract to provide for payment of debt service on the Series 2008C Refunding Bonds, as appropriate, on a variable interest rate basis; and be it further

RESOLVED, that the Board approves the form of the amended Service Contract; and be it further

RESOLVED, that the Authority intends to (i) issue the Series 2008C Refunding Bonds prior to October 31, 2008, pursuant to the Service Contract Resolution, the Seventeenth Supplemental Resolution and a Series Certificate, and (ii) sell the Series 2008C Refunding Bonds pursuant to a Bond Purchase Agreement between the Authority and a syndicate of underwriters (the “Bond Purchase Agreement”), the form of which Bond Purchase Agreement has been set before the Board; and be it further

RESOLVED, that in connection with the offering and sale of the Series 2008C Refunding Bonds, the Board (i) approves the form of the Preliminary Official Statement as submitted to the Board at this meeting and made a part of the Resolution as though set forth in full herein, (ii) authorizes its distribution and use, and (iii) authorizes an Authorized Officer (as defined in the Service Contract Resolution) to approve and execute such changes, insertions and omission thereto as may be deemed necessary or desirable to effectuate the purposes thereof, said



Item 11 by Ms. O’Conor and Mr. Bryan (Appendix K)

Approving the Seventeenth Supplemental Local Highway and Bridge Special Limited Obligation Service Contract Resolution Authorizing an Amount not to Exceed \$575,000,000 of Local Highway and Bridge Service Contract Refunding Bonds, Series 2008C (Continued)

distribution being conclusive evidence of such approval and any necessary or desirable changes, insertions or omissions thereto; and be it further

RESOLVED, that the Board authorizes an Authorized Officer, to certify that the Preliminary Official Statement related to the Series 2008C Refunding Bonds is deemed final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, except for certain permitted omissions and information not required under said Rule to be included therein; and be it further

RESOLVED, that the Board approves and ratifies the terms and the form of the Bond Purchase Agreement in the manner set forth in Section 301 of the Seventeenth Supplemental Resolution and authorizes an Authorized Officer to execute and deliver the Bond Purchase Agreement with such changes, insertions or omissions as may be approved by such officer; and be it further

RESOLVED, that the Board approves the terms and the form of the Letter of Credit and Reimbursement Agreement, the Standby Bond Purchase Agreement, the Remarketing Agreement and the Tender Agency Agreement, each relating to the Series 2008C Refunding Bonds and/or the Subseries 2008C-7 Bonds bearing interest at a variable rate per annum, and authorizes an Authorized Officer to execute upon such terms and conditions as are consistent with the provisions of the Seventeenth Supplemental Resolution each of such agreements with such changes, insertions or omissions as may be approved by an Authorized Officer; and be it further



Item 11 by Ms. O’Conor and Mr. Bryan (Appendix K)

Approving the Seventeenth Supplemental Local Highway and Bridge Special Limited Obligation Service Contract Resolution Authorizing an Amount not to Exceed \$575,000,000 of Local Highway and Bridge Service Contract Refunding Bonds, Series 2008C (Continued)

RESOLVED, that in connection with the sale of the Series 2008C Refunding Bonds, the Board authorizes the distribution and use of the Official Statement and delegates to an Authorized Officer authorization to execute the Official Statement relating to the Series 2008C Refunding Bonds in substantially the form of the Preliminary Official Statement with such changes, omissions and insertions as may be approved by an Authorized Officer; and be it further

RESOLVED, that the Board approves the terms and the form of the Continuing Disclosure Agreement and authorizes an Authorized Officer to execute upon such terms and conditions as are consistent with the provisions of the Seventeenth Supplemental Resolution a Continuing Disclosure Agreement with such changes, insertions or omissions as may be approved by an Authorized Officer; and be it further

RESOLVED, that an Authorized Officer is authorized to execute one or more Escrow Deposit Agreements and any additional agreements or other documents necessary or desirable to facilitate the sale and delivery of the Series 2008C Refunding Bonds issued by the Authority, such other agreements and documents to be consistent with existing statutes, policies, procedures and other existing obligations and covenants; and be it further

RESOLVED, that the Board authorizes the selection of the Bank of New York to serve as Trustee and the Tender Agent for the Series 2008C Refunding Bonds; and be it further

RESOLVED, that this resolution be incorporated in full in the minutes of this meeting



Item 12 by Ms. Riddett and Mr. Bryan (Appendix L)
Authorizing Additional Funding for C100701 with Solbourne Computer, Inc. to Provide Consulting Services to Support the Authority's Financial System

Mr. Williams asked if the increase was attributed to glitches in the software. Ms. Riddett responded negatively, advising that elements requiring changes were discovered as the process was conducted in each department. The implementation schedule was subsequently extended as additional time was necessary to make the changes and perform additional testing. Mr. Williams asked if the match from Solbourne Computer, Inc. (Solbourne) was to cover its share of the issues. Ms. Riddett noted that the match was an acknowledgement that Solbourne contributed to some of the issues.

Mr. Howard asked if this covered an increase in the scope of services that the Authority required of Solbourne, to which Ms. Riddett provided an affirmative response.

Mr. Plunkett asked if the additional \$200,000 was expected to be sufficient or if additional expenses were expected. Ms. Riddett reported that this amount would be sufficient to complete this aspect of the project. Additional work may be necessary to fully integrate the system; however, internal resources will be utilized to provide those services.

After full discussion, on the motion of Mr. Plunkett, seconded by Mr. Williams, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5680
**AUTHORIZING ADDITIONAL FUNDING FOR C100701
WITH SOLBURNE COMPUTER, INC. TO PROVIDE
CONSULTING SERVICES TO SUPPORT THE
AUTHORITY'S FINANCIAL SYSTEM**

RESOLVED, that an additional \$200,000 in Authority funding be provided to contract C100271 with Solbourne Computer Inc., 1790 38th Street, Suite 300, Boulder CO 80301, for consulting services to support the Authority's financial system, and be it further

RESOLVED, that the revised Maximum Amount Payable for this contract (C100271) be \$7,900,000, and be it further



Item 12 by Ms. Riddett and Mr. Bryan (Appendix L)

Authorizing Additional Funding for C100701 with Solbourne Computer, Inc. to Provide Consulting Services to Support the Authority's Financial System (Continued)

RESOLVED, that this resolution be incorporated in the minutes of this meeting

Item 13 by Mr. Bell (Appendix M)

Authorizing the Executive Director to Execute an Agreement with NCO Financial Systems, Inc. to Provide Collection Services to the Authority for E-ZPass Debt

Mr. Williams acknowledged that a 14 percent fee was a reasonable amount for collection services. Mr. Plunkett commented that it is noteworthy that this proposal was issued in October 2006, which predated any suggestion by an external party that the Authority institute additional debt recovery measures. Mr. Williams inquired as to whether the Legislature was still considering legislation to suspend registrations of toll evaders. Mr. Fleischer responded affirmatively stating that while the Legislation has no sponsor in the Assembly at this time, it had been introduced in the Senate and reported out of Committee.

Mr. Bryan advised that the Authority collects 99 percent of its toll revenue which is why the fiscal impact of this plan is relatively small; however, violators should be required to pay.

Mr. Conway noted a typographical error relative to the maximum amount payable being "appropriate." Mr. Fleischer acknowledged the error, stating that "approximate" was the correct term to describe the maximum amount payable.

After full discussion, on the motion of Ms. Crotty, seconded by Mr. Williams, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5681

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN AGREEMENT WITH NCO FINANCIAL SYSTEMS, INC. TO PROVIDE COLLECTION SERVICES TO THE AUTHORITY FOR E-ZPASS DEBT

RESOLVED, that the Executive Director be, and hereby is authorized to execute an agreement with NCO Financial Systems, Inc. to provide the Authority with



Item 13 by Mr. Bell (Appendix M)

Authorizing the Executive Director to Execute an Agreement with NCO Financial Systems, Inc. to Provide Collection Services to the Authority for E-ZPass Debt (Continued)

collection services for E-ZPass debt (“Agreement”); and be it further

RESOLVED, that such Agreement shall be for a term of three years, with an option to renew for one additional three-year term, shall have a maximum amount payable of \$1.2 million, and shall be on such other terms and conditions as the Executive Director and General Counsel determine to be in the best interests of the Authority; and be it further

RESOLVED, that the Authority’s Chief Financial Officer be, and hereby is, authorized to charge expenditures for services rendered pursuant to such Agreement to the Operating Budget; and be it further

RESOLVED, that the Executive Director or his designee shall have the authority to exercise all powers reserved to the Authority under the provisions of the Agreement, manage and administer the Agreement, amend the provisions of the Agreement consistent with the terms of this item and other Board authorizations and suspend or terminate the Agreement in the best interests of the Authority, and be it further

RESOLVED, that this resolution be incorporated in full in the minutes of this meeting

Item 14 by Mr. Waite (Appendix N)

Approving Engineering Agreement D213644 with Hardesty & Hanover, LLP for Design Services Relative to the Replacement of the Bridge Carrying North Avenue Over I-95 at M.P. NE5.76 in the New York Division

Mr. Plunkett contrasted the maximum amount payable of this contract, which is 11 percent of the construction cost, with that of the previous item and others on the agenda (which were ten percent), and asked if the price was negotiated or is it



Item 14 by Mr. Waite (Appendix N)

Approving Engineering Agreement D213644 with Hardesty & Hanover, LLP for Design Services Relative to the Replacement of the Bridge Carrying North Avenue Over I-95 at M.P. NE5.76 in the New York Division (Continued)

determined on a percentage basis. Mr. Waite advised that the Authority first establishes a scope of services and then negotiates the estimated hours required to complete the project and the staff required to accomplish the tasks. The contractor's assigned staff is adjusted as is the number of hours. The Authority uses a standard table of proper hourly wages to determine estimated wages, which is comparable to Authority pay rates, with an adjustment for the location. Mr. Waite confirmed Mr. Plunkett's statement that the percentage is a figure provided to the Board as a barometer; it is not the driving force.

Mr. Howard added that other factors increase the cost, including variable environmental permits which are unrelated to the actual construction, but require hours and efforts. Mr. Waite concurred, adding that the complexity of the project increases the costs (in terms of hours) as well, noting that this project is in the middle of the city and is more complex due to its odd shape. Mr. Conway agreed that it was odd-shaped.

After full discussion, on the motion of Mr. Plunkett, seconded by Ms. Crotty, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5682

**APPROVING ENGINEERING AGREEMENT D213644
WITH HARDESTY & HANOVER, LLP FOR DESIGN
SERVICES RELATIVE TO THE REPLACEMENT OF
THE BRIDGE CARRYING NORTH AVENUE OVER I-95
AT M.P. NE5.76 IN THE NEW YORK DIVISION**

RESOLVED, that the proposed engineering agreement D213644 with Hardesty & Hanover, LLP, 1501 Broadway, New York, New York 10036 for design services relative to the replacement of the bridge carrying North Avenue over I-95 at M.P. NE5.76 in the New York Division, for a Maximum Amount Payable of \$1,200,000, which is provided through the 2008 Contracts Program (Item B284.1), be, and the same hereby is, approved, and be it further



Item 14 by Mr. Waite (Appendix N)

Approving Engineering Agreement D213644 with Hardesty & Hanover, LLP for Design Services Relative to the Replacement of the Bridge Carrying North Avenue Over I-95 at M.P. NE5.76 in the New York Division (Continued)

RESOLVED, that the Chief Engineer or his designees shall have the authority to exercise all powers reserved to the Authority under the provisions of the agreement, manage and administer the agreement, amend the provisions of the agreement consistent with the terms of this item and in accordance with the 2008 Contracts Program Resolution and other Board authorizations, and suspend or terminate the agreement in the best interests of the Authority, and be it further

RESOLVED, that this resolution be incorporated in the minutes of this meeting

Item 15 by Mr. Waite (Appendix O)

Approving Supplemental Agreement No. 1 to D213066 with Parsons Transportation Group of NY, Inc. for Design Services Relative to the I-90/I-290/NY Route 33 Interchange and Corridor Study in the Buffalo Division

Mr. Williams asked if there have been significant traffic increases. Mr. Waite advised that there have been increases on the Niagara section due to the removal of the toll barriers. Mr. Howard requested confirmation of his understanding of the funding process. He stated that half of the project is State-funded and 80 percent of the Authority's share is provided through a federal earmark. The Authority provides the first instance of funding throughout and then the Authority bills the State and files for federal reimbursement. Mr. Waite confirmed that this explanation was accurate.

After full discussion, on the motion of Ms. Crotty, seconded by Mr. Howard, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5683

APPROVING SUPPLEMENTAL AGREEMENT NO. 1 TO D213066 WITH PARSONS TRANSPORTATION GROUP OF NY, INC. FOR DESIGN SERVICES RELATIVE TO THE I-90/I-290/NY ROUTE 33 INTERCHANGE AND CORRIDOR STUDY IN THE BUFFALO DIVISION



Item 15 by Mr. Waite (Appendix O)

Approving Supplemental Agreement No. 1 to D213066 with Parsons Transportation Group of NY, Inc. for Design Services Relative to the I-90/I-290/NY Route 33 Interchange and Corridor Study in the Buffalo Division (Continued)

RESOLVED, that the proposed Supplemental Agreement No. 1 to D213066 with Parsons Transportation Group of NY, Inc., 300 Cathedral Park Tower, 37 Franklin Street, Buffalo, New York 14202, for an additional sum of \$520,000, be, and the same hereby is, approved, and be it further

RESOLVED, that fifty percent of Supplemental Agreement No. 1 to D213066 be funded by the Authority, of which eighty percent is Federal aid and the remaining 20 percent are Thruway Operating monies which are provided through Item HS915.1 of the 2008 Contracts Program, and be it further

RESOLVED, that fifty percent of Supplemental Agreement No. 1 to D213066 (\$260,000) be funded by New York State Department of Transportation, and be it further

RESOLVED, that the revised Maximum Amount Payable for this Agreement (D213066) be \$1,720,000, and be it further

RESOLVED, that the Chief Engineer or his designees shall have the authority to exercise all powers reserved to the Authority under the provisions of the Supplemental Agreement, manage and administer the Supplemental Agreement, amend the provisions of the Supplemental Agreement consistent with the terms of this item and in accordance with the 2008 Contracts Program Resolution No. 5653 and other Board authorizations, and suspend or terminate the Supplemental Agreement in the best interests of the Authority, and be it further

RESOLVED, that this resolution be incorporated in the minutes of this meeting



Item 16 by Mr. Waite (Appendix P)

Authorizing Negotiation and Execution of Engineering Agreement D213769 with Prudent Engineering, LLP for Construction Inspection Services Relative to TAS 08-18, Highway Resurfacing from M.P. 304.5 to M.P. 313.8 in the Syracuse Division

This Item was withdrawn from consideration at this time.

Item 17 by Mr. Waite (Appendix Q)

Authorizing the Execution of Four (4) Stipulation Orders Issued by the New York State Department of Environmental Conservation (“NYSDEC”) for the Remediation of Open Spills at Pembroke, Clifton Springs, Seneca and Scottsville Service Areas

Mr. Williams asked if the potentially responsible parties are contractors through Sunoco, Lehigh, and Exxon Mobil, to which staff responded affirmatively. Mr. Plunkett asked if they have begun negotiations. Ms. O’Conor advised that Sunoco has initiated discussions because they are in the process of reconstructing a site at which there is a spill and are working with the Authority and the NYSDEC to come up with a remediation plan. Mr. Plunkett asked if the Authority would pay for the remediation work in advance and then recoup the costs. Ms. O’Conor responded affirmatively, adding that the Authority has been in contact with the New York State Office of the Attorney General (NYSAG) concerning the pursuit of legal measures to recover costs if a negotiated settlement cannot be reached. Mr. Plunkett asked what the cost of the first four sites would be, to which Mr. Waite advised \$2,350,000. Mr. Plunkett then asked how many sites are expected to require remediation and whether or not the NYSDEC has provided an estimated total cost to the Authority. Mr. Waite informed Mr. Plunkett that nine other sites have been identified at an estimated cost of \$2.2 million.

Ms. O’Conor noted that not all costs may be reimbursable because some sites are located on the Authority’s facilities. Mr. Williams asked if there was such a thing as spill insurance or if an additional policy rider was available for vendors. Mr. Bryan responded affirmatively; however, the Authority determined that the premium would not be worth the cost due to the long list of exceptions. Mr. Plunkett asked how the NYSDEC prioritizes sites and if proximity to residential areas is a determining factor. Mr. Waite reported that the potential effect on ground and drinking water sources is a significant factor. Mr. Plunkett inquired whether the NYSDEC works with the Authority to address these issues. Mr. Waite responded affirmatively, noting that the Authority tries to find where the plume actually goes as part of the investigation.



Item 17 by Mr. Waite (Appendix Q)

Authorizing the Execution of Four (4) Stipulation Orders Issued by the New York State Department of Environmental Conservation (“NYSDEC”) for the Remediation of Open Spills at Pembroke, Clifton Springs, Seneca and Scottsville Service Areas (Continued)

Mr. Howard commented that it has been his experience that when there is a leak and spill, the NYSDEC wants it cleared up, despite whether or not it affects ground water. He stated that there will be limited potential for a reoccurrence with the new above-ground tanks and monitoring systems. Mr. Waite concurred, adding that the above-ground tanks allow for easier detection of leaks. The Authority also uses moats and other methods of preventing spills from progressing.

Mr. Bell noted that most of the service areas are equipped with tanks made from double-wall fiber glass (installed in the 1990s) which are considered to be state-of-the-art. Mr. Howard added that there is rigid balancing of the intake and outtake flow, and leaks will be detected early by the leak detention system creating a different situation now than when the problem initially occurred.

Mr. Plunkett stated that he recognizes that the work needs to be done, but favors the concept of bringing all involved entities together at one time to discuss remediation efforts prior to signing the stipulations. He asked if the NYSDEC has met with Exxon Mobil, as it appears that this work is expected to be costly (33 potential spill sites). Mr. Fleischer reported that it was the NYSDEC’s position that the Authority is the property owner and, as such, is responsible for addressing remediation of the sites. The Authority has the right to pursue legal recourse with the NYSAG against those entities it believes to be responsible.

Mr. Howard expressed the opinion that the Authority should get the spills cleaned up and then pursue legal action to avoid the assessment of fines. Mr. Conway concurred with Mr. Howard’s position. When asked by Mr. Howard if this project would be added to the quarterly report to the Board, Mr. Waite responded affirmatively.

After full discussion, on the motion of Mr. Williams, seconded by Mr. Howard, without any objections, the Board adopted the following resolution:



Item 17 by Mr. Waite (Appendix Q)

Authorizing the Execution of Four (4) Stipulation Orders Issued by the New York State Department of Environmental Conservation (“NYSDEC”) for the Remediation of Open Spills at Pembroke, Clifton Springs, Seneca and Scottsville Service Areas (Continued)

RESOLUTION NO. 5684

AUTHORIZING THE EXECUTION OF FOUR (4) STIPULATION ORDERS ISSUED BY THE NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION (“NYSDEC”) FOR THE REMEDIATION OF OPEN SPILLS AT PEMBROKE, CLIFTON SPRINGS, SENECA AND SCOTTSVILLE SERVICE AREAS

RESOLVED, the Executive Director or his designee is authorized to execute the four (4) stipulation orders issued by the New York State Department of Environmental Conservation for the remediation of opens spills at Pembroke, Clifton Springs, Seneca and Scottsville Service Areas; and be it further

RESOLVED, that this resolution be incorporated in the minutes of this meeting

Item 18 by Mr. Fleischer (Appendix R)

Establishing Lead Agency Status for Environmental Review of the Proposed Toll Rate Adjustments, Approving the Issuance of a Negative Declaration of Environmental Significance, Approving Proposed Toll Rate Adjustments in Order to Provide Sufficient Net Revenue to Finance the Authority’s Multi-Year Capital Program and to Comply with 2 NYCRR Part 203, the General Revenue Bond Resolution and the Authority’s Fiscal Management Guidelines and Any Other Action Necessary for Implementation of the Proposed Toll Rate Adjustment

Mr. Fleischer outlined the Authority’s current and projected financial conditions utilizing a PowerPoint presentation to highlight the activities that have occurred since the Board last discussed the proposed toll revenue adjustment.

The Authority is committed to maintain and operate the highway in safe condition; implement a capital improvement program to deliver high levels of safety and service; and improve the travelers’ experience. Continuous safety improvements,



Item 18 by Mr. Fleischer (Appendix R)

Establishing Lead Agency Status for Environmental Review of the Proposed Toll Rate Adjustments, Approving the Issuance of a Negative Declaration of Environmental Significance, Approving Proposed Toll Rate Adjustments in Order to Provide Sufficient Net Revenue to Finance the Authority's Multi-Year Capital Program and to Comply with 2 NYCRR Part 203, the General Revenue Bond Resolution and the Authority's Fiscal Management Guidelines and Any Other Action Necessary for Implementation of the Proposed Toll Rate Adjustment (Continued)

the dedication of New York State Police Troop T, and the coordinated incident response efforts of Troop T and Authority staff can be credited for the Thruway's outstanding safety record.

The Authority is responsible for maintaining in good condition 807 bridges and nearly 2,500 lane miles of pavement. The Capital Program is designed to retain the road and bridges in good condition.

The Thruway is a user-fee highway. Since the early 1990s the Authority has spent more than \$1 billion on non-Thruway expenses for upstate economic development projects and operation of the Canal System. The economic development projects have largely been completed; however, the Authority continues to finance the Canal which has an estimated \$80 million annual budget impact.

Regarding increased federal aid, the Authority was unsuccessful in an attempt to renew an agreement with the New York State Department of Transportation (NYSDOT) to receive approximately \$30 million annually in Interstate Maintenance Funds for the Thruway's percentage of interstate mileage. Further, the Authority does not receive State aid from the Dedicated Highway and Bridge Trust Fund Program.

The Authority does receive a small amount of federal aid for the Canal System; however, it does not cover the Canal's \$80 million annual operating costs which are funded by Thruway toll revenues. Additional federal aid is provided for specific transportation projects that have earmarked funds at the federal level and are accounted for in the Authority's financial model. Approximately 96 percent of the Authority's revenue comes from tolls.

The Canal was not transferred as part of the 2008 adopted State budget and remains an Authority responsibility. The Authority does not have any remaining bonding capabilities for Canal capital projects; the cap has been reached. All Canal capital projects must be paid in cash, which



Item 18 by Mr. Fleischer (Appendix R)

Establishing Lead Agency Status for Environmental Review of the Proposed Toll Rate Adjustments, Approving the Issuance of a Negative Declaration of Environmental Significance, Approving Proposed Toll Rate Adjustments in Order to Provide Sufficient Net Revenue to Finance the Authority's Multi-Year Capital Program and to Comply with 2 NYCRR Part 203, the General Revenue Bond Resolution and the Authority's Fiscal Management Guidelines and Any Other Action Necessary for Implementation of the Proposed Toll Rate Adjustment (Continued)

impacts the overall financing of the Thruway. Chairman Buono asked when the Canal was transferred. Mr. Fleischer advised it was transferred in 1992.

Mr. Fleischer summarized the Multi-Year Capital Program, reiterating its purpose is to retain the infrastructure in good condition: 78 percent of the \$2.74 billion plan is for highway and bridge capital expenditures, 10 percent for the Canal Capital Program and 12 percent for Thruway equipment replacement and other facility capital needs (snowplows, etc.). Despite the hindrances imposed by funding deficits, the aging infrastructure, and increased inflation rates that have resulted in decreased purchasing power, the Authority seeks to maintain its infrastructure in good condition and maintain high levels of safety and service at the end of its Capital Program.

Mr. Fleischer reviewed the goals established by the Thruway Authority/Canal Corporation's Audit and Finance Committee in September 2007 that were intended to address out-year gaps in the Multi-Year Financial Plan. Mr. Williams expressed the opinion that a 1.7 debt service coverage ratio is a tremendous amount of cash flow for any operation. Chairman Buono stated that it remains to be seen, as the Authority needs to maintain its bond rating. Mr. Conway commented that the Authority still has a good bond rating. Mr. Bryan indicated that the rating agencies had put the Authority on negative watch. Ms. Crotty questioned the need to cover the gaps. Mr. Fleischer reported that if the gaps are not addressed, the Authority would be unable to deliver its Capital Program and would have to stop investing in the highway. Ms. Crotty asked if this would negatively affect the bond rating which would translate into a higher interest rate that the State would have to pay when the Authority conducts bond transactions. Mr. Fleischer acknowledged that the Authority's bond rating would be effected negatively. In addition, the insurance costs for bond issuances have escalated considerably.

Mr. Fleischer continued his presentation by summarizing the Authority's plan to close the gaps that include limiting its annual operating growth to 3.2 percent. Governor Paterson has recently directed State agencies to further restrict their



Item 18 by Mr. Fleischer (Appendix R)

Establishing Lead Agency Status for Environmental Review of the Proposed Toll Rate Adjustments, Approving the Issuance of a Negative Declaration of Environmental Significance, Approving Proposed Toll Rate Adjustments in Order to Provide Sufficient Net Revenue to Finance the Authority's Multi-Year Capital Program and to Comply with 2 NYCRR Part 203, the General Revenue Bond Resolution and the Authority's Fiscal Management Guidelines and Any Other Action Necessary for Implementation of the Proposed Toll Rate Adjustment (Continued)

budgets in order to reduce the 4.7 percent increase in the State's adopted budget. In response, the Authority will further enhance its current cost containment efforts.

Planned cost reduction measures include: deferring or canceling facility and equipment purchases; holding positions vacant and evaluating the need to fill; reducing overtime and fuel/energy usage; and the elimination of 50 additional jobs through attrition from 2008 to 2011. In addition to implementing an adjusted toll structure, the Authority is instituting proactive activities to generate revenue that include enhancing real property revenue through the implementation of a proposed market-based permit fee structure, as well as recovering revenue from unpaid tolls and fines. The new permit fee proposal will be presented to the Board in the future.

Chairman Buono questioned the consistency of the Authority's plan to fill vacant positions with the Governor's hiring freeze, to which Mr. Fleischer stated that the Authority could implement a similar program. Chairman Buono suggested that the Board may want to consider that. Mr. Williams asked if that wasn't already being done. Mr. Fleischer explained that positions are held vacant as long as possible without compromising a high level of safety and service (minimally 16 weeks), and are then evaluated. Some maintenance positions, such as highway safety and snowplow operators, are considered critical. Mr. Howard noted that replacing snowplow operators would be in accordance with the Governor's guidelines. Mr. Fleischer concurred, noting that snowplow operators fall within the exceptions of critical operations and health and safety.

Mr. Fleisher provided an overview of the actions that have been taken in association with the public process that was approved by the Board in December 2007. In December 2007, financial reports were submitted to the Governor, State Comptroller and the Legislative fiscal committees; proposed regulations for filing and public comment were submitted in accordance with the requirements of the State Administrative Procedure Act in January 2008; and an action plan was provided in March 2008 in response to the Comptroller's audit. In addition, the Authority conducted five statewide public hearings throughout March and April that were



Item 18 by Mr. Fleischer (Appendix R)

Establishing Lead Agency Status for Environmental Review of the Proposed Toll Rate Adjustments, Approving the Issuance of a Negative Declaration of Environmental Significance, Approving Proposed Toll Rate Adjustments in Order to Provide Sufficient Net Revenue to Finance the Authority's Multi-Year Capital Program and to Comply with 2 NYCRR Part 203, the General Revenue Bond Resolution and the Authority's Fiscal Management Guidelines and Any Other Action Necessary for Implementation of the Proposed Toll Rate Adjustment (Continued)

attended by staff and several Board Members. Chairman Buono asked how many lay citizens spoke in favor of or against the increase. Mr. Fleischer noted that of the 66 speakers statewide, approximately 15 were regular citizens. Half supported the increase and half were opposed. Mr. Conway defined the number of citizens opposed to the increase to be seven or eight. Members of the trucking industry and the New York State Motor Truck Association were also in attendance. Most attendees praised the Thruway for its level of service and reliability, particularly under snow and ice conditions.

Approximately 15 Canal enthusiasts expressed concern about the proposed reduction of operating hours of the Canal System in an effort to save funds. In response, the hours have been restored during the peak summer season. These participants were supportive of the Authority and were appreciative of the level of investment the Canal has received since its transfer. They noted an enhancement of Canal communities in terms of the harbors, infrastructure and tourism. Automobile club representatives expressed concern about the use of Thruway revenues on non-highway expenses. They do not perceive the Canal as a transportation asset and were opposed to it being funded with user fees considering most users of the Thruway do not use the Canal. The AAA participants reported that they had recently polled their members. Results indicated that AAA members were not opposed to tolls and would support paying higher tolls if the revenue was applied to Thruway infrastructure projects.

Representatives of the trucking industry expressed concern relative to the impact of the elimination of the temporary S-Discount program that was originally proposed as part of the toll adjustment. The temporary S-Discount was instituted when the vehicles were reclassified as an initial measure to transition from a length-based to an axle-based classification system. (Both the Authority and the New York State Motor Truck Association agree that tolls should be assessed by weight and that axles are an appropriate proxy for determining weight.) This reclassification predominantly affected operators of 48-foot and other small trucks, who would be assessed a disproportionate toll increase since they have the same number of axles as a



Item 18 by Mr. Fleischer (Appendix R)

Establishing Lead Agency Status for Environmental Review of the Proposed Toll Rate Adjustments, Approving the Issuance of a Negative Declaration of Environmental Significance, Approving Proposed Toll Rate Adjustments in Order to Provide Sufficient Net Revenue to Finance the Authority's Multi-Year Capital Program and to Comply with 2 NYCRR Part 203, the General Revenue Bond Resolution and the Authority's Fiscal Management Guidelines and Any Other Action Necessary for Implementation of the Proposed Toll Rate Adjustment (Continued)

53-foot vehicle, resulting in a 75 to 80 percent increase were it not for the discount. The plan was subsequently modified to accommodate these commercial customers of the New York Customer Service Center thereby minimizing the impact on the upstate trucking community. New York Customer Service Center customers (those possessing E-ZPass tags from the Thruway Authority, the Metropolitan Transportation Authority Bridge and Tunnel or the Port Authority of New York and New Jersey) will remain eligible to participate in the temporary discount program, which is expected to save the New York State commercial industry approximately \$10 to \$12 million annually. Mr. Plunkett asked if this was an expansion of the program. Mr. Fleischer explained that the program was originally due to be eliminated; it is instead being confined. Complete elimination of the program would generate approximately \$14 million annually. Pursuant to the modified provisions, the Authority anticipates incurring a \$2 to \$3 million annual increase which will be subsidized primarily by out-of-state trucking firms. Staff will be working with the trucking industry to develop a plan to phase out the program.

No modifications to the volume discount program were made. The thresholds will remain the same, which will result in more volume discounts being distributed. The Farm Bureau had requested that the thresholds not be changed.

The Authority addressed the concerns vocalized at the hearings that were within its power to address. Other concerns could not be addressed because they would require legislative authority or would compromise the level of safety.

Mr. Howard asked Mr. Fleischer to characterize the opinions of the elected officials and their representatives that attended the public hearings. Mr. Fleischer reported that some expressed concern for daily commuters; some supported transfer of the Canal; and others opposed the increase, but did not offer any viable alternatives. Most praised the Authority and supported maintaining high levels of safety on the Thruway.



Item 18 by Mr. Fleischer (Appendix R)

Establishing Lead Agency Status for Environmental Review of the Proposed Toll Rate Adjustments, Approving the Issuance of a Negative Declaration of Environmental Significance, Approving Proposed Toll Rate Adjustments in Order to Provide Sufficient Net Revenue to Finance the Authority's Multi-Year Capital Program and to Comply with 2 NYCRR Part 203, the General Revenue Bond Resolution and the Authority's Fiscal Management Guidelines and Any Other Action Necessary for Implementation of the Proposed Toll Rate Adjustment (Continued)

Mr. Williams commented that 90 percent of the Buffalo hearing participants that spoke in opposition of the toll adjustment were against funding the Canal. He added that Congressman Higgins and Senator Thompson were in attendance. Mr. Fleischer spoke regarding Congressman Higgins' opinion that the Authority is undercounting the amount of federal aid it receives. Mr. Fleischer has explained to the Congressman's staff that some of the federal aid the Congressman is referring to is the NYSDOT's share of the joint Authority/NYSDOT I-84/I-87 project. Since the Authority is letting the project, it appears that it is receiving hundreds of millions in federal aid, when in actuality the aid is being used to offset NYSDOT expenses, not Authority expenses. Mr. Fleischer has extended an invitation to both the Senator and Congressman to meet and further discuss this matter.

Referencing the concern for commuters expressed by the elected officials, Chairman Buono asked what impact the toll adjustment will have on commuters. Mr. Fleischer advised that upstate commuters enrolled in the annual permit program currently pay an \$80 annual fee that includes the first 30 miles of travel free of additional charge. These commuters would experience a \$.02 per trip increase (since 1988) when fully implemented in 2010 as would Grand Island Bridge commuters. Mr. Conway commented that this increase is substantially lower than the inflation rate. Mr. Plunkett asked about the rates for the Tappan Zee Bridge. Mr. Fleischer noted that the \$2 differential between the cash and commuter rates would remain; the E-ZPass commuter rate will increase to \$3 and the cash rate will increase to \$5. Mr. Plunkett commented that he had attended the public hearing in Rockland County and, although there were participants who expressed support for the transfer of the Canal and a trucker who spoke, no one spoke against the Authority. Mr. Fleischer reiterated the trucker's praise for Thruway operations. He added that the trucker was not opposed to the increased tolls; he was opposed to the increase being implemented all at once and recommended a phased-in approach. Chairman Buono asked what the rates are at the other downstate bridges. Mr. Fleischer reported that the other downstate bridges, such as the George Washington, are charging \$8.



Item 18 by Mr. Fleischer (Appendix R)

Establishing Lead Agency Status for Environmental Review of the Proposed Toll Rate Adjustments, Approving the Issuance of a Negative Declaration of Environmental Significance, Approving Proposed Toll Rate Adjustments in Order to Provide Sufficient Net Revenue to Finance the Authority's Multi-Year Capital Program and to Comply with 2 NYCRR Part 203, the General Revenue Bond Resolution and the Authority's Fiscal Management Guidelines and Any Other Action Necessary for Implementation of the Proposed Toll Rate Adjustment (Continued)

Consistent with the public process, 445 hits on the website were received, 27 letters 79 emails and 82 phone calls were also received. The environmental review was completed in accordance with the State Environmental Quality Review Act (SEQRA), as was an assessment of public comment to assess any potential for traffic diversion among other things.

Mr. Fleischer reviewed the recommendations of the Comptroller's audit. Following the Board's earlier approval of a vendor, the Authority will, upon approval by the State Comptroller, award a contract to retain a collection agency to collect any unpaid E-ZPass tolls. Even though this revenue represents a small percentage of the Authority's revenue, it is still additional revenue and will be pursued. Initiation of this process began prior to the Comptroller's recommendations.

In terms of advertising on the Thruway, the Authority sought guidance from the Federal Highway Administration (FHWA), since the Thruway, as an Interstate, is subject to the FHWA's rules and regulations. The FHWA advised that right-of-way of public highways must be devoted exclusively to public highway purposes. In addition, the FHWA expressed disdain for advertising at the toll booths since these are critical decision points and adding distractions that are unrelated to highway purposes presents a danger to the motorist. Mr. Fleischer concurred with Mr. Williams' comment that the FHWA doesn't approve of sponsored ads at toll booths. Mr. Howard added that the FHWA disapproves of advertising at toll booths because it is unsafe.

Consistent with the Comptroller's other recommendations, Mr. Fleischer reiterated that the Authority has sought to renew its agreement with the NYSDOT to obtain additional federal funds. However, the recently adopted State budget does not provide additional federal funds, nor are funds allocated to the Authority in the NYSDOT's multi-year capital program that extends from 2009 through 2014 as has been past practice.



Item 18 by Mr. Fleischer (Appendix R)

Establishing Lead Agency Status for Environmental Review of the Proposed Toll Rate Adjustments, Approving the Issuance of a Negative Declaration of Environmental Significance, Approving Proposed Toll Rate Adjustments in Order to Provide Sufficient Net Revenue to Finance the Authority's Multi-Year Capital Program and to Comply with 2 NYCRR Part 203, the General Revenue Bond Resolution and the Authority's Fiscal Management Guidelines and Any Other Action Necessary for Implementation of the Proposed Toll Rate Adjustment (Continued)

The Authority has had preliminary discussions with the Volpe Center, part of the U.S. Department of Transportation (DOT), that specializes in transportation management, to identify further efficiencies. The agency would evaluate the Authority's decision-making policies as well as its structure, operations

Mr. Williams reverted to the topic of advertising at toll booths by asking if the Authority has ever examined a policy of leasing space to Lamar Advertising or other billboard companies for space along the Thruway. Messrs. Howard and Fleischer provided the response that the FHWA would prohibit it. Chairman Buono asked if the feasibility of advertising inside travel plazas has been explored. Mr. Fleischer reported that advertising within the plazas is allowed by the FHWA; however, the use of advertising outside the buildings is limited, which makes the concept unattractive to the sponsors since it wouldn't be seen by the passing traffic. Mr. Williams commented that he has noticed several new billboards on the Seneca portion of I-90. He inquired whether or not the Authority could place billboards on its portion and suggested soliciting business from various advertising firms and charging a land lease. Mr. Fleischer stated that the signs would have to be placed outside the right-of-way. Billboards are not allowed on the Interstate nor is the posting of advertising in the rest areas that is visible from the highway except in very limited cases. Service signs are permitted under the appropriate manual. Placing signs on the Interstate isn't done nationwide.

Mr. Fleischer reiterated that the Authority does not have the unilateral ability to divest itself from the Canal without State legislation. Chairman Buono asked Mr. Fleischer to summarize the recommendations of the audit. Mr. Fleischer stated that the audit recommendations provided approximately \$6 million in revenue opportunities that will be accounted for and included in the Authority's plan. Deferring non-essential capital projects was also suggested. However, one of the projects recommended for deferral, the Woodbury Toll Plaza highway speed E-ZPass project, has been awarded with the Comptroller's approval. The potential of deferring other non-essential projects such as Canal trails and other Intelligent Transportation System projects is being considered. Reducing the Capital Program by



Item 18 by Mr. Fleischer (Appendix R)

Establishing Lead Agency Status for Environmental Review of the Proposed Toll Rate Adjustments, Approving the Issuance of a Negative Declaration of Environmental Significance, Approving Proposed Toll Rate Adjustments in Order to Provide Sufficient Net Revenue to Finance the Authority's Multi-Year Capital Program and to Comply with 2 NYCRR Part 203, the General Revenue Bond Resolution and the Authority's Fiscal Management Guidelines and Any Other Action Necessary for Implementation of the Proposed Toll Rate Adjustment (Continued)

\$100 million only reduces the revenue by \$10 million because the capital projects are funded with bond proceeds. Revenue is a cash number and is not offset by reducing the Capital Program. Mr. Williams reiterated a question he had asked in the prior Audit and Finance Committee relative to the status of legislation for toll evaders. Mr. Fleischer advised that legislation has been introduced in the Senate, although similar action has not been taken by the Assembly. Chairman Buono asked what precludes the Authority from pursuing toll evaders. Mr. Fleischer explained that a person would have to be found evading tolls five times in the same jurisdiction in order to lose their registration. If the Authority spent its resources pursuing evaders in court, the revenue wouldn't go to the Authority; it would go back to the State or the local jurisdiction. Ms. O'Connor added that there is no provision in the current statute for the Authority to actually recoup the toll. It can prosecute the offender and the offender can be fined, but the recovered revenue would go to the State not the Authority. Mr. Williams equated the recovery of tolls to a parking violation, an offense for which municipalities have the authority to suspend registrations. His understanding of the law that necessitates legislation requires the citation to be issued by a peace officer. Since a parking ticket is issued by a police officer or meter maid, they are allowed to suspend registrations. Cities are experiencing problems suspending registrations for tickets issued by automated meters since the violation is generated by equipment rather than a person. In response, they are attempting to enact similar legislation to address this issue. Chairman Buono asked if this measure is part of the Authority's legislative package, to which Ms. O'Connor responded affirmatively, adding that the Authority has been pursuing the suspension of registrations for toll violators for approximately 12 years.

Mr. Williams reiterated his opposition to the proposed toll adjustment he professed in the prior Audit and Finance Committee, attributing his position to the lack of the movement of the Canal to State control; the lack of legislation for toll evaders; the lack of a response on federal funds from the NYSDOT; and the lack of reimbursement for the conduit financing being conducted by the Authority for the State.



Item 18 by Mr. Fleischer (Appendix R)

Establishing Lead Agency Status for Environmental Review of the Proposed Toll Rate Adjustments, Approving the Issuance of a Negative Declaration of Environmental Significance, Approving Proposed Toll Rate Adjustments in Order to Provide Sufficient Net Revenue to Finance the Authority's Multi-Year Capital Program and to Comply with 2 NYCRR Part 203, the General Revenue Bond Resolution and the Authority's Fiscal Management Guidelines and Any Other Action Necessary for Implementation of the Proposed Toll Rate Adjustment (Continued)

Mr. Fleischer outlined the specific elements of the proposed toll adjustment: a reduction in E-ZPass discounts for passenger and commercial vehicles to five percent beginning June 29, 2008; a restriction of temporary S-Discounts to only those customers of the E-ZPass New York Customer Service Center (NYCSC) effective July 1, 2009; an increase in the fee for the annual permit plan from \$80 to \$84 in 2009, and to \$88 in 2010; and a one-time increase for some cash customers at the barriers and bridges except for passenger cars at the Grand Island Bridges. Chairman Buono asked what percentage of Thruway users are from out-of-state. Mr. Fleischer estimated the amount to be one-third. Two-thirds of current commercial users are customers of the NYCSC (the temporary S-Discounts).

Mr. Fleischer went on to describe other aspects of the toll adjustment that include: maintaining a \$2 commuter discount at the Tappan Zee Bridge when the commuter rate becomes \$3 per trip in 2009; an increase in the monthly usage charges by five percent for certain bridge and barrier commuter plans in 2009 and 2010; implementation of two, five percent general toll increases in January of 2009 and 2010; and expansion of the additional E-ZPass discount for certain hybrid vehicles that meet certain fuel efficiency and emission standards ("Green Discount Plan") to include customers of the NYCSC Authorities effective immediately. The impact of the toll adjustment is approximately one penny per mile for E-ZPass passenger vehicles. Cash rates for passenger vehicles would increase \$.043 per mile.

Mr. Williams inquired if there was a plan to offer E85 (ethanol) at any of the travel plazas. Mr. Fleischer reported that tanks have been installed at New Baltimore and are poised to be installed by vendors at other travel plazas. Plans to offer E85 at select travel plazas were proceeding until Underwriters Laboratories, Inc., the certification agency, rescinded certification of the E85 dispensers. The Authority continues to use E85 for its fleet but will not make E85 available to the public until UL certification is granted.



Item 18 by Mr. Fleischer (Appendix R)

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Mr. Fleischer summarized the impact of the toll adjustment on commercial customers. At the request of the Farm Bureau, the Authority has retained its low discount thresholds thereby affording commercial drivers a 10, 15 or 20 percent monthly discount depending on their total monthly charges. The value of the commercial volume discount will grow from \$21 million in 2006 to \$29.1 million in 2011, resulting in \$8 million that will be returned to commercial operators annually.

The Authority's proposed passenger and commercial toll rates were compared with the current (unadjusted) rates of other national toll roads. Even after the toll adjustment is implemented, the Thruway would remain among the lowest per mile compared to other facilities.

Mr. Fleischer reiterated the Authority's commitment to maintaining and operating the highway at safe levels which, despite current and proposed cost containment measures, would not be possible without an adjustment to the toll structure. He also reiterated the public's unanimous praise of the Authority's employees for the level of service they provide on the Thruway, regardless of whether they were in support of or in opposition to the toll adjustment.

Chairman Buono commended Mr. Fleischer's presentation and thanked him and staff for their efforts in preparing an informative presentation. He deferred to Mr. Conway for confirmation of the Audit and Finance Committee's prior approval of this item. Mr. Conway confirmed that the Committee approved this item with one dissenting vote from Mr. Williams.

After full discussion, on the motion of Mr. Conway, seconded by Mr. Howard, with one objection from Mr. Williams, the Board adopted the following resolution:



Item 18 by Mr. Fleischer (Appendix R)

Establishing Lead Agency Status for Environmental Review of the Proposed Toll Rate Adjustments, Approving the Issuance of a Negative Declaration of Environmental Significance, Approving Proposed Toll Rate Adjustments in Order to Provide Sufficient Net Revenue to Finance the Authority's Multi-Year Capital Program and to Comply with 2 NYCRR Part 203, the General Revenue Bond Resolution and the Authority's Fiscal Management Guidelines and Any Other Action Necessary for Implementation of the Proposed Toll Rate Adjustment (Continued)

RESOLUTION NO. 5685

ESTABLISHING LEAD AGENCY STATUS FOR ENVIRONMENTAL REVIEW OF THE PROPOSED TOLL RATE ADJUSTMENTS, APPROVING THE ISSUANCE OF A NEGATIVE DECLARATION OF ENVIRONMENTAL SIGNIFICANCE, APPROVING PROPOSED TOLL RATE ADJUSTMENTS IN ORDER TO PROVIDE SUFFICIENT NET REVENUE TO FINANCE THE AUTHORITY'S MULTI-YEAR CAPITAL PROGRAM AND TO COMPLY WITH THE GENERAL REVENUE BOND RESOLUTION, THE AUTHORITY'S FISCAL MANAGEMENT GUIDELINES AND TO MEET THE REQUIREMENTS OF 2 NYCRR PART 203 AND TO AUTHORIZE ANY OTHER ACTION NECESSARY FOR IMPLEMENTATION OF THE PROPOSED TOLL RATE ADJUSTMENT

RESOLVED, in accordance with the provision of Resolution No. 5651 adopted at Meeting No. 663 held on December 19, 2007, the staff of the Authority has undertaken preparatory actions in relation to establishing a toll rate adjustment and that such actions conform with the Authority's General Revenue Bond Resolution, the Authority's Fiscal Management Guidelines, 2 NYCRR Part 203 and the applicable statutory procedures outlined in the Public Authorities Law, the State Administrative Procedure Act, Executive Order #20 and the State Environmental Quality Review Act, and be it further

RESOLVED, that in accordance with the applicable provisions of the State Environmental Quality Review Act and the regulations promulgated thereunder (6 NYCRR



Item 18 by Mr. Fleischer (Appendix R)

Establishing Lead Agency Status for Environmental Review of the Proposed Toll Rate Adjustments, Approving the Issuance of a Negative Declaration of Environmental Significance, Approving Proposed Toll Rate Adjustments in Order to Provide Sufficient Net Revenue to Finance the Authority's Multi-Year Capital Program and to Comply with 2 NYCRR Part 203, the General Revenue Bond Resolution and the Authority's Fiscal Management Guidelines and Any Other Action Necessary for Implementation of the Proposed Toll Rate Adjustment (Continued)

Part 617), as the Authority is the only involved agency for this action, the Board determines and establishes that the Authority shall be Lead Agency for the determination as to whether the proposed toll adjustment will have a significant impact on the environment, and be it further

RESOLVED, that as Lead Agency, the Authority has prepared a full Environmental Assessment Form, attached hereto as Exhibit III and made a part hereof, and has undertaken a full environmental assessment to examine the impact that a proposed toll adjustment will have on environmental, human and community resources and has given them appropriate weight in considering the action to be taken with respect to the implementation of a toll adjustment, and be it further

RESOLVED, that the Board adopts the Negative Declaration of Environmental Significance attached hereto as Exhibit IV and made a part hereof and approves the issuance of such Negative Declaration of Environmental Significance in accordance with the provisions of 6 NYCRR Part 617, and be it further

RESOLVED, that the Board approves and adopts the specific toll adjustment proposal as detailed in Exhibits V and VI attached hereto and made a part hereof, such toll adjustments being necessary to fund the Authority's Multi-Year Capital Plan and to meet the requirements of the Authority's General Revenue Bond Resolution, the Authority's Fiscal Management Guidelines and 2 NYCRR Part 203 and hereby authorizes the Executive Director, or his designee, to take all actions necessary to amend the rules



Item 18 by Mr. Fleischer (Appendix R)

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and regulations of the Authority and to implement the proposed toll adjustment in accordance with this Resolution, and be it further

RESOLVED, that the Board authorizes the Executive Director, or his designee, to take any other action deemed necessary to accomplish the implementation of the toll adjustment authorized herein, and be it further

RESOLVED, that this resolution be incorporated in full in the minutes of this meeting

Adjournment

There being no further business to come before the Board, on the motion of Mr. Plunkett, seconded by Ms. Crotty, without any objections, the meeting was adjourned.

Jill B. Warner
Secretary

