



MINUTES

NEW YORK STATE THRUWAY AUTHORITY

BOARD MEETING NO. 668

July 16, 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 10:40 a.m.

There were present:

John L. Buono, Chairman
Erin M. Crotty, Vice-Chair
Frederick M. Howard, Board Member
Donna J. Luh, Board Member
Kevin J. Plunkett, Board Member
Brandon R. Sall, Board Member

Constituting a majority of the members of the Thruway Authority Board.

Mr. Conway was not present at this meeting and did not vote on any of the Items.

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, Division Director, Albany Division
Ramesh Mehta, Division Director, New York Division
Richard Garrabrant, Division Director, Syracuse Division

Thomas Pericak, Division Director, Buffalo Division
Kevin Allen, Acting Director, Audit and Management Services
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
Captain Joe Flagler, Troop T
Daniel Gilbert, Chief of Staff
Kenneth Flood, Director, Office of Real Property Management
Richard Harris, Deputy Director, Office of Community Development & Land Management
Richard Matters, Thruway Real Estate Specialist 2
Tracie Sandell, Assistant Counsel
Michael Sikule, Director, Office of Investments and Asset Management
Wendy Allen, Deputy Chief of Staff
Joanne Riddett, Director, Information Technology
William McDonough, Assistant Investment Officer
Also in attendance:
John Armstrong, NYN
Cathy Woodruff, Reporter, Albany Times Union
Doron Bar-Levav, Esq., Partner, Harris Beach
Abigail Sterline Olsen, Esq., Associate, Nixon Peabody
Angela Rodell, Senior Vice President, First Southwest Company

Chairman Buono noted that he, Ms. Crotty, Mr. Howard, Ms. Luh, Mr. Plunkett and Mr. Sall 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. 667

On the motion of Mr. Howard, seconded by Mr. Plunkett, without any objections, the Board approved the minutes of Meeting No. 667 held on May 21, 2008, which were made available to the Board Members as part of the Agenda.



Item 2 by Mr. Bryan (Appendix B)
Financial Report – March 2008

Mr. Bryan stated that typically at the July meeting he would be presenting the reports for April and May. However, the Authority recently implemented a major new financial management system and there are data conversion and report generating issues that are causing a delay in the release of the April and May reports. He expected this delay to be relatively short-lived. By the September Board meeting staff will be back to the usual reporting schedule with a one-month lag in the reports and staff should also have the draft Budget for 2009 and an updated Multi-Year Financial Plan for the Board to review.

Mr. Bryan summarized the results in the first quarter of 2008. The Authority collected \$128 million in revenue, which was \$2.1 million above the level collected in the same period of 2007, representing an increase of 1.7 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 on Authority investments and a decline in sundry earnings due to a number of offsetting factors.

After adjusting for unfunded OPEB liability which the Authority is now required by GASB rules to account for in 2008, total operating expenses were \$97.9 million for the first quarter of 2008, which was \$547,000 or only 0.6 percent above operating expenses for the same period in 2007. This is reflective of the cost containment efforts which have been implemented at the Authority.

While the monthly reports for April, May and June were not ready in time for this meeting, Mr. Bryan summarized the trends that the Authority can expect. Since March, the Authority has seen a significant reduction in traffic on the system. As has been widely reported across the nation, the impact of high gas prices and the overall poor economic condition of the national economy have had a significant impact on both commercial and passenger travel. While the Authority had some growth in traffic earlier in the year due to a relatively mild winter, traffic fell by 5.0 percent in June 2008 over June 2007 and to date is down 3.1 percent in July 2008. As a result, staff estimates traffic for the first half of the year will be down about 1.5 percent compared to the Authority's independent traffic engineer's forecast of a decrease of 0.1 percent for all of 2008 and an annual average growth rate over the last 17 years of 1.7 percent.



Item 2 by Mr. Bryan (Appendix B)
Financial Report – March 2008 (Continued)

In the April, May and June reports the Board can expect to see toll revenues, which account for nearly 95% of Authority revenue collections, to fall short of staff's budget estimates. The latest Energy Information Administration forecasts on fuel prices and the July 15, 2008 statement from the Fed Chairman that the current economy is fragile and is facing what he calls "numerous difficulties" does not bode well for a quick turnaround in the Authority's traffic numbers. In recognition of this, the Authority has implemented significant operating cost containment measures that are expected to generate more than \$9 million in operating savings this year – predominantly through strong hiring and discretionary spending controls as well as the elimination of a number of non-safety-related contracts and scheduled work. As a result, in the April, May and June financial reports the Board can anticipate a significant decline in expenses compared to budgeted levels. For the long-term, while staff will continue cost containment efforts, staff will be researching new ways to deliver safe transportation services at a cheaper overall operating cost.

On the capital side of the Authority's financials, which the Chief Engineer will discuss in more detail, staff are continuing to see significant increases in construction costs that are forcing staff to reconsider the need and scopes of a number of projects in the Multi-Year Capital Program. The price of fuel, salt, steel, asphalt and other inputs have significantly eroded the Authority's purchasing power which has resulted in a reduction in the amount of work completed under the \$2.7 billion Multi-Year Capital Program.

Mr. Howard questioned the 12 percent increase in operating costs as a result of GASB 45. He inquired if that percentage is for the entire year or month by month, to which Mr. Bryan responded that it only represents the figure for the first three months of 2008. GASB requires that the Authority have an account for all non-funded, non-pension liabilities that has to be added to the balance sheets. This is a change from what was required in 2007. The Authority had an actuarial consultant come in and do an assessment of the actual OPEB liability, the results came in just short of \$1 billion. Mr. Howard stated that the unfunded portion represents approximately \$50 million a year, Mr. Bryan concurred.

Mr. Plunkett referred to pages one and two of the financial blue books the Board had received and questioned if the total operating expenses listed on page one as \$97 million is a true number or an accounting number used by the Authority. Mr. Bryan reported that staff budgeted for \$100.4 million in non-OPEB operating



Item 2 by Mr. Bryan (Appendix B)
Financial Report – March 2008 (Continued)

expenses, the actual costs were \$97 million. Total operating expenses, including those required by GASB 45, total \$109 million.

Mr. Waite reported that the projects in the Authority's multi-year capital program have been re-prioritized. Last year staff had to cut \$300 million in projects and expects to cut an additional \$250 million this year due primarily to inflation. All projects were not necessarily cut, but rather in some cases instead of doing a replacement a reconstruction was done, others were pushed to the out-years of 2012, 2013 and beyond. In terms of cash flow and lettings 2008 got off to a slow start in that staff was prudent in not committing to lettings that the Authority might not have been able to pay for. In the first half of 2008 the Authority let 12 projects worth approximately \$47 million; these came in within 3 percent of staff's estimates. There are 40 projects anticipated to be let during the remainder of 2008 worth an additional \$317 million in value. Mr. Waite stated that he expects the cash flow for the year to be approximately \$370 million which is down \$100 million from the original estimates. Under the \$2.7 billion Multi-Year Capital Program approximately \$2.1 billion has been set aside for pavement, bridges and buildings along the Thruway. Staff will have to continuously watch the increases in asphalt, steel and fuel costs to insure that infrastructure repairs can be completed.

Mr. Howard asked if the anticipated increase in asphalt prices in August would create a liability for the Authority in relation to ongoing projects. Mr. Waite agreed, stating that engineering staff attempts to make allowances for those increases, however often times at the letting prices have exceeded the estimates. Mr. Howard asked if the figures presented to the Board in Items involving asphalt contain projected amounts for August and September. Mr. Waite stated that his Item today was based on July prices, however, the Item contains a 5 percent contingency on the project that can be used to offset asphalt costs.

Mr. Bryan stated that the \$250 million pulled from this year's capital program will provide a buffer for escalating costs and will assist in the completion of projects through until 2011.

Following discussion regarding the financial condition of the Authority, on the motion of Ms. Crotty, seconded by Mr. Plunkett, without any objections, the Board accepted the Financial Report for the month of March 2008.



Item 3 by Mr. Bryan (Appendix C)

Declaring Surplus to Authority Needs a Permanent Easement, Real Property Reference No. TN063, and Authorizing its Release to Brook Shopping Centers, LLC; and Authorizing the Acquisition of a Substitute Permanent Easement, Real Property Reference No. TN074, from Brook Shopping Centers, LLC

Mr. Plunkett read the following statement: As of February 4, 2008 I became a non-equity partner in the law firm of DelBello Donnellan Weingarten Wise & Wiederkehr, LLP, which represents Brook Shopping Centers LLC. As a non-equity partner, I do not share in the firm's profits for those matters I am not directly involved in. I am not involved in the legal representation of Brook Shopping Centers LLC and I have no financial connection to Brook Shopping Centers LLC. I have discussed the issue of a potential conflict with Ms. O'Connor, the New York State Thruway Authority's Counsel, and have been advised that I should recuse myself and as such I will promptly leave the Board Room until the discussion of this matter has concluded.

Mr. Sall read the following statement: I am of counsel to the law firm of DelBello Donnellan Weingarten Wise & Wiederkehr, LLP, which represents Brook Shopping Centers LLC. As of counsel, I do not share in the firm's profits for those matters I am not directly involved in. I am not involved in the legal representation of Brook Shopping Centers LLC and I have no financial connection to Brook Shopping Centers LLC. I have discussed the issue of a potential conflict with the New York State Thruway Authority's Counsel whose staff has also discussed this with the staff of the Public Integrity Commission and we have concluded that there is no conflict if I were to vote on this item before the Board.

After full discussion, on the motion of Mr. Howard, seconded by Ms. Crotty, the Board adopted the following resolution:

RESOLUTION NO. 5691

DECLARING SURPLUS TO AUTHORITY NEEDS A PERMANENT EASEMENT, REAL PROPERTY REFERENCE NO. TN063, AND AUTHORIZING ITS RELEASE TO BROOK SHOPPING CENTERS, LLC; AND AUTHORIZING THE ACQUISITION OF A SUBSTITUTE PERMANENT EASEMENT, REAL PROPERTY REFERENCE NO. TN074, FROM BROOK SHOPPING CENTERS, LLC

RESOLVED, that the Authority Board hereby finds and determines that Real Property Reference No. TN063



Item 3 by Mr. Bryan (Appendix C)

Declaring Surplus to Authority Needs a Permanent Easement, Real Property Reference No. TN063, and Authorizing its Release to Brook Shopping Centers, LLC; and Authorizing the Acquisition of a Substitute Permanent Easement, Real Property Reference No. TN074, from Brook Shopping Centers, LLC (Continued)

(hereinafter “Existing Easement”), delineated as Parcel No. 733 on Conveyance Map No. 712-C in Westchester County in the Southern Westchester Connection of the Thruway, is not necessary for its corporate purposes, and, therefore, hereby declares it surplus to the needs of the Authority, and be it further

RESOLVED, that the Authority Board hereby authorizes the release of the Existing Easement to Brook Shopping Centers, LLC (“BSC”), and be it further

RESOLVED, that the Authority Board hereby authorizes the acquisition of Real Property Reference No. TN074 (“Substitute Easement”), delineated as Parcel No. 732 on Appropriation Map No. 711 in Westchester County in the Southern Westchester Connection of the Thruway, from BSC, and further authorizes the state Department of Transportation to act on the Authority’s behalf in effectuating such acquisition, and be it further

RESOLVED, that the release of the Existing Easement and the acquisition of the Substitute Easement shall be transacted for a net consideration of \$623,690 to be paid by BSC to the Authority, and be it further

RESOLVED, that the Executive Director, or his designee, be, and the same hereby is, authorized to execute an agreement for the release of the Existing Easement and for the acquisition of the Substitute Easement, along with all other documents necessary to effectuate such transactions in accordance with the terms authorized during this meeting, and be it further

RESOLVED, that the recommendations regarding the environmental significance of this Board action



Item 3 by Mr. Bryan (Appendix C)

Declaring Surplus to Authority Needs a Permanent Easement, Real Property Reference No. TN063, and Authorizing its Release to Brook Shopping Centers, LLC; and Authorizing the Acquisition of a Substitute Permanent Easement, Real Property Reference No. TN074, from Brook Shopping Centers, LLC (Continued)

(hereinafter the “Recommendation”), pursuant to the State Environmental Quality Review Act (“SEQRA”), be, and the same hereby are, approved, and be it further

RESOLVED, that the Chief Engineer, or his designee, be, and the same hereby is, authorized to execute the SEQRA Short Environmental Assessment Forms and Negative Declarations in accordance with the Recommendations, and to distribute any required documents on behalf of the Board relative to the implementation of this Board action, 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 a release of the Existing Easement and the acquisition of the Substitute Easement on the terms recommended in the agenda item comply with the Thruway Real Property Management Policy and all applicable provisions of law, and be it further

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



Item 4 by Ms. O’Conor and Mr. Bryan (Appendix D)

Approving and Adopting the Eleventh Supplemental Bond Resolution Authorizing the Issuance of Second General Highway and Bridge Trust Fund Bonds, Series 2008B, Approving the Form of and Authorizing the Preparation, Execution and Delivery of the Preliminary Official Statement and Authorizing the Execution and Distribution of the Final Official Statement, Approving the Form of the Bond Purchase Agreement for the Series 2008B Bonds, Authorizing the Execution of a Continuing Disclosure Agreement and Any Other Necessary Documents, Agreements, Consents or Certificates in Connection With the Sale of the Series 2008B Bonds

Ms. O’Conor explained that this item is a request for authorization to issue up to \$900 million in Highway and Bridge Trust Fund Bonds to provide reimbursement to the State for costs associated with the State’s highway and bridge capital program. She explained that the bonds are issued at the request of the Division of the Budget, that the debt service is paid to the Authority by the State through appropriations from the State’s Highway and Bridge Trust Fund and that there is no pledge of any Authority assets or revenues as security for the Bonds.

Ms. O’Conor introduced Bond Counsel Ms. Abigail Sterline Olsen, Esq., of Nixon Peabody and Financial Advisor Angela Rodell of First Southwest Company and stated they were available to answer any questions the Board may have regarding this transaction.

Mr. Howard stated that at the Audit & Finance Committee meeting held earlier in the day the Committee recommended that this Item be brought before the Board for its approval.

Ms. Crotty asked if this funding was part of the 2008 Capital Plan for DOT. Ms. O’Conor stated that it could be because the Authority provides monies on a reimbursement basis. Mr. Bryan stated that DOT prepays its Capital Plan and reimburses itself.

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

RESOLUTION NO. 5692

**APPROVING AND ADOPTING THE ELEVENTH
SUPPLEMENTAL BOND RESOLUTION
AUTHORIZING THE ISSUANCE OF SECOND
GENERAL HIGHWAY AND BRIDGE TRUST FUND
BONDS, SERIES 2008B, APPROVING THE FORM OF**



Item 4 by Ms. O’Conor and Mr. Bryan (Appendix D)

Approving and Adopting the Eleventh Supplemental Bond Resolution Authorizing the Issuance of Second General Highway and Bridge Trust Fund Bonds, Series 2008B (Continued)

AND AUTHORIZING THE PREPARATION, EXECUTION AND DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION AND DISTRIBUTION OF THE FINAL OFFICIAL STATEMENT, APPROVING THE FORM OF THE BOND PURCHASE AGREEMENT FOR THE SERIES 2008B BONDS, AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE AGREEMENT AND ANY OTHER NECESSARY DOCUMENTS, AGREEMENTS, CONSENTS OR CERTIFICATES IN CONNECTION WITH THE SALE OF THE SERIES 2008B BONDS

RESOLVED, that Chapter 56 of the Laws of 1993 (“Chapter 56”), as amended, authorizes the Authority, solely upon the request of the Director of the Budget, to issue up to \$16.5 billion of Dedicated Highway and Bridge Trust Fund Bonds (exclusive of reserve funds and certain financing costs and bonds issued for refunding purposes) to finance or refinance the cost of various state highway, bridge and multi-modal projects as more fully described in Section 89-b of the State Finance Law, and be it further

RESOLVED, that Chapter 56, as amended, authorizes the Commissioner of Transportation to enter into a Dedicated Highway and Bridge Trust Fund Cooperative Agreement on behalf of the State, with the Authority (the “Cooperative Agreement”) to provide for the financing of dedicated highway, bridge and multi-modal trust fund projects (the “Projects”) pursuant to Section 10-e of the Highway Law, and be it further

RESOLVED, that on May 19, 1994 the Board adopted a General Highway and Bridge Trust Fund Bond Resolution (as amended, the “First General Trust Fund Resolution”) which authorizes the bonds of the Authority,



Item 4 by Ms. O’Conor and Mr. Bryan (Appendix D)

Approving and Adopting the Eleventh Supplemental Bond Resolution Authorizing the Issuance of Second General Highway and Bridge Trust Fund Bonds, Series 2008B (Continued)

designated as “General Highway and Bridge Trust Fund Bonds” (the “First General Trust Fund Bonds”) to finance all or a portion of the cost of the Projects, and to refinance bonds previously issued for such purpose, and be it further

RESOLVED, that on May 19, 1994, November 15, 1995 and June 27, 2000, respectively, the Board approved the execution of a Cooperative Agreement and amended and restated such Cooperative Agreement to provide for the financing of Projects pursuant to Section 10-e of the Highway Law and 385 of the Public Authorities Law, and be it further

RESOLVED, that on February 27, 2003, at Meeting No. 616, pursuant to Resolution No. 5284, the Board adopted a Second General Highway and Bridge Trust Fund Bond Resolution (as amended, the “Second General Trust Fund Resolution”) which authorized the bonds of the Authority, designated as “Second General Highway and Bridge Trust Fund Bonds” (hereinafter the “Second General Trust Fund Bonds”) for the same purposes as bonds authorized pursuant to the First General Trust Fund Resolution, with the exception that the Second General Trust Fund Bonds shall not be secured by a debt service reserve fund, and be it further

RESOLVED, that Sections 201, 202, 203 and 204 of the Second General Trust Fund Resolution require that the issuance of Second General Highway and Bridge Trust Fund Bonds by the Authority shall be authorized by a supplemental resolution or resolutions of the Authority adopted at or prior to the time of issuance, and be it further



Item 4 by Ms. O’Conor and Mr. Bryan (Appendix D)

Approving and Adopting the Eleventh Supplemental Bond Resolution Authorizing the Issuance of Second General Highway and Bridge Trust Fund Bonds, Series 2008B (Continued)

RESOLVED, that Section 902 of the Second General Trust Fund Resolution empowers the Authority to adopt, for any one or more of the purposes set forth therein, a supplemental resolution, and be it further

RESOLVED, that there has been prepared and submitted to the Board a form of Eleventh Supplemental Bond Resolution Authorizing the Issuance of Second General Highway and Bridge Trust Fund Bonds, Series 2008B (the “Supplemental Resolution”), supplementing the Second General Trust Fund Resolution, to authorize the issuance of such Second General Highway and Bridge Trust Fund Bonds, Series 2008B in one or more series or sub-series to refund all or a portion of Outstanding Trust Fund Bonds provided that present value savings would result therefrom satisfactory to the Authority and the State and to finance the cost of certain Projects, and be it further

RESOLVED, that upon the request of the Director of the Budget, the Authority intends to issue Second General Highway and Bridge Trust Fund Bonds, Series 2008B (the “Series 2008B Bonds”) in one or more series or sub-series in order to (i) refund all or a portion of the Outstanding Trust Fund Bonds in an amount not to exceed \$500,000,000; (provided the foregoing conditions are satisfied) and (ii) finance the costs of various Projects and pay certain costs of issuance of the Series 2008B Bonds in an amount not to exceed \$400,000,000, and be it further

RESOLVED, that any refunding bonds authorized hereby may be issued simultaneously with or subsequent to the issuance of Series 2008B Bonds that are issued to finance new projects, but not later than December 31, 2008, and be it further



Item 4 by Ms. O’Conor and Mr. Bryan (Appendix D)

Approving and Adopting the Eleventh Supplemental Bond Resolution Authorizing the Issuance of Second General Highway and Bridge Trust Fund Bonds, Series 2008B (Continued)

RESOLVED, that the Authority intends to sell, solely upon the request of the Director of the Budget, pursuant to the Second General Trust Fund Resolution and the Supplemental Resolution its Series 2008B Bonds, to the underwriters pursuant to one or more Bond Purchase Agreements, each “Bond Purchase Agreement”, the form of which Bond Purchase Agreement has been set before the Board, and be it further

RESOLVED, that the Board approves and adopts the form of the Supplemental Resolution as submitted at this meeting and made a part of this resolution as though set forth in full herein, and authorizes an Authorized Officer to approve and execute such changes to the Supplemental Resolution through a certificate or certificates of determination as may be deemed necessary or convenient to effectuate the purposes thereof, and be it further

RESOLVED, that in connection with the sale of the Series 2008B Bonds, the Board approves the form of the Preliminary Official Statement as submitted to this meeting and made a part of this resolution as though set forth in full herein, and authorizes an Authorized Officer to approve and execute such changes as may be deemed necessary or convenient to effectuate the purposes thereof, and be it further

RESOLVED, that the Board authorizes the distribution of the Preliminary Official Statement relating to the Series 2008B Bonds by an Authorized Officer, in substantially the form submitted to this meeting with such changes, insertions and omissions to the Preliminary Official Statement as may be approved by such Authorized Officer, said delivery being conclusive evidence of such approval, and any amendments or supplements thereto which may be necessary or desirable, and be it further



Item 4 by Ms. O’Conor and Mr. Bryan (Appendix D)

Approving and Adopting the Eleventh Supplemental Bond Resolution Authorizing the Issuance of Second General Highway and Bridge Trust Fund Bonds, Series 2008B (Continued)

RESOLVED, that the Board authorizes an Authorized Officer to confirm that any Preliminary Official Statement of the Authority relating to the Series 2008B Bonds for the financing of new money projects is deemed final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, except for certain omissions relating to certain State information and information not required under said Rule to be included therein, and be it further

RESOLVED, that the Board authorizes an Authorized Officer to execute and deliver, on behalf of the Authority, one or more final Official Statements relating to the Series 2008B Bonds with such changes, insertions and omissions to the applicable Preliminary Official Statement as may be approved by such Authorized Officer, said execution being conclusive evidence of such approval, and any amendments or supplements thereto which may be necessary or desirable. Any material changes from the Preliminary Official Statement (excluding information provided by or certified as to accuracy by the State of New York) approved pursuant to this resolution to be made in a final Official Statement relating to the Series 2008B Bonds issued to finance new projects which are not made pursuant to matters which are authorized to be determined by an Authorized Officer pursuant to this resolution, the Supplemental Resolution or a Certificate of Determination (as defined in the Second General Trust Fund Resolution) shall be distributed to members of the Authority for comments, if any, from such members prior to final printing. After execution, such Authorized Officer or their designee, is hereby authorized to deliver to the purchasers of the Series 2008B Bonds an executed copy or copies of such final Official Statement and any amendments or supplements thereto, and be it further



Item 4 by Ms. O’Conor and Mr. Bryan (Appendix D)

Approving and Adopting the Eleventh Supplemental Bond Resolution Authorizing the Issuance of Second General Highway and Bridge Trust Fund Bonds, Series 2008B (Continued)

RESOLVED, that the Board approves the form of the Bond Purchase Agreement submitted to this meeting and made a part of this resolution as though set forth in full herein, in the manner set forth in Section 301 of the Supplemental Resolution and authorizes an Authorized Officer to execute and deliver the Bond Purchase Agreement and to approve and execute such changes to such Bond Purchase Agreement as may be deemed necessary or convenient to effectuate the purposes thereof, and be it further

RESOLVED, that the Board approves the form of the Continuing Disclosure Agreement submitted to this meeting and made a part of this resolution as though set forth in full herein and authorizes an Authorized Officer to execute and deliver the Continuing Disclosure Agreement and to approve and execute such changes to the Continuing Disclosure Agreement as may be deemed necessary or convenient to effectuate the purposes thereof, and be it further

RESOLVED, that an Authorized Officer is authorized to execute one or more Escrow Deposit Agreements in connection with any refunding and to execute any necessary amendments to the Cooperative Agreement or any other agreement with the State in relation to the program, and be it further

RESOLVED, that an Authorized Officer is authorized to execute upon such terms and conditions as are determined to be in the best interests of the Authority and are consistent with the provisions of the Supplemental Resolution any additional agreements including, but not limited to, consents and any other documents or certificates and to appoint any other agents or appropriate parties, necessary or desirable to facilitate the sale of the bonds



Item 4 by Ms. O’Conor and Mr. Bryan (Appendix D)

Approving and Adopting the Eleventh Supplemental Bond Resolution Authorizing the Issuance of Second General Highway and Bridge Trust Fund Bonds, Series 2008B (Continued)

issued by the Authority, determined by such Authorized Officer to be necessary or desirable to implement the transactions described in this resolution and to be consistent with existing statutes, Authority guidelines, policies, procedures and other existing obligations and covenants and to do and cause to be done any and all acts and things necessary or convenient for carrying out the transactions contemplated by this resolution, and be it further

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

Item 5 by Ms. O’Conor and Mr. Bryan (Appendix E)

Approving and Adopting the Seventh Supplemental Bond Resolution Authorizing the Issuance of State Personal Income Tax Revenue Bonds (Transportation) Series 2008A, Approving the Form of and Authorizing Execution and Delivery of the Preliminary Official Statement and Authorizing the Execution and Distribution of the Final Official Statement, Approving the Form of and Authorizing the Execution of the Bond Purchase Agreement(s) for the Series 2008A Bonds and Authorizing the Execution of One or More Escrow Deposit Agreements and Any Additional Documents, Agreements, Consents or Certificates Deemed Necessary or Desirable in Connection with the Sale of State Personal Income Tax Revenue Bonds (Transportation), Series 2008A

Ms. O’Conor explained that this item is a request for authorization to issue up to \$500 million in Personal Income Tax Revenue Bonds (Transportation) to provide reimbursement to municipalities and project sponsors for costs associated with the State’s local highway, bridge and multi-modal capital program. She explained that the bonds are issued at the request of the Division of the Budget, that the debt service is paid to the Trustee by the State Comptroller on behalf of the Authority from monies available in the Revenue Bond Tax Fund subject to appropriation by the State Legislature and pursuant to the terms of the Financing Agreement between the Authority and the Division of the Budget. There is no pledge of any Authority assets or revenues as security for the Bonds.



Item 5 by Ms. O’Conor and Mr. Bryan (Appendix E)

Approving and Adopting the Seventh Supplemental Bond Resolution Authorizing the Issuance of State Personal Income Tax Revenue Bonds (Transportation) Series 2008A (Continued)

Ms. O’Conor introduced Bond Counsel Doron Bar-Levav, Esq. of Harris Beach and Financial Advisor Angela Rodell of First Southwest Company and stated they were available to answer any questions the Board may have regarding this transaction.

Mr. Howard stated that at the Audit & Finance Committee meeting held earlier in the day the Committee recommended that this Item be brought before the Board for its approval.

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

RESOLUTION NO. 5693

APPROVING AND ADOPTING THE SEVENTH SUPPLEMENTAL BOND RESOLUTION AUTHORIZING THE ISSUANCE OF STATE PERSONAL INCOME TAX REVENUE BONDS (TRANSPORTATION) SERIES 2008A, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION AND DISTRIBUTION OF THE FINAL OFFICIAL STATEMENT, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF THE BOND PURCHASE AGREEMENT(S) FOR THE SERIES 2008A BONDS AND AUTHORIZING THE EXECUTION OF ONE OR MORE ESCROW DEPOSIT AGREEMENTS AND ANY ADDITIONAL DOCUMENTS, AGREEMENTS, CONSENTS OR CERTIFICATES DEEMED NECESSARY OR DESIRABLE IN CONNECTION WITH THE SALE OF STATE PERSONAL INCOME TAX REVENUE BONDS (TRANSPORTATION) SERIES, 2008A

RESOLVED, that Part I of Chapter 383 of the Laws of New York of 2001 (“Chapter 383”) authorized the



Item 5 by Ms. O’Conor and Mr. Bryan (Appendix E)
Approving and Adopting the Seventh Supplemental Bond Resolution Authorizing the
Issuance of State Personal Income Tax Revenue Bonds (Transportation) Series 2008A
(Continued)

Authority solely upon the determination of the Director of the Budget, to issue State Personal Income Tax Revenue Bonds (exclusive of certain costs) to finance the cost of various projects which meet the statutory definition of Authorized Purposes, and be it further

RESOLVED, that Chapter 383 authorized the Director of the Division of the Budget of the State of New York to enter into a financing agreement (each, a “Financing Agreement”) with Authorized Issuers to secure payment of debt service and other cash requirements in connection with the issuance of State Personal Income Tax Revenue Bonds, and be it further

RESOLVED, that on June 27, 2002, the Board approved the execution of a Financing Agreement to provide for the financing of Authorized Purposes pursuant to Chapter 383, and be it further

RESOLVED, that on August 7, 2002, the Executive Director and the Director of the Division of the Budget executed a Financing Agreement to provide for the financing of Authorized Purposes pursuant to Chapter 383, and be it further

RESOLVED, that on May 1, 2002, the Authority executed the Master Continuing Disclosure Agreement, since State Personal Income Tax Bonds are issued by the Authority and four other State authorities (collectively, the “Authorized Issuers”) under disclosure documents containing significant amounts of common information, the Division of the Budget developed a Master Continuing Disclosure Agreement to which it and all of the Authorized Issuers became signatories (the Authority on May 1, 2002). Upon the issuance of a series of State Personal Income Tax Bonds by an Authorized Issuer, such series of State Personal



Item 5 by Ms. O’Conor and Mr. Bryan (Appendix E)
Approving and Adopting the Seventh Supplemental Bond Resolution Authorizing the
Issuance of State Personal Income Tax Revenue Bonds (Transportation) Series 2008A
(Continued)

Income Tax Bonds is added to the master list of bond issues covered by the Master Continuing Disclosure Agreement and it is intended that the Series 2008A Bonds will be so added to such master list, and be it further

RESOLVED, that upon the request of the Director of the Budget, the Authority intends to issue in one or more series or sub-series up to \$500,000,000 of State Personal Income Tax Bonds (Transportation) Series 2008A (the “Series 2008A Bonds”), in order to finance the costs of various Authorized Purposes, and to refund certain State Personal Income Tax Revenue Bonds previously issued by the Authority pursuant to the State Personal Income Tax Revenue Bond (Transportation) Program (collectively the “Prior Bonds”), provided that such refunding produces present value savings satisfactory to the Authority and the State, and be it further

RESOLVED, that upon the request of the Director of the Budget, the Authority intends to issue such Series 2008A Bonds, in one or more series or sub-series in order to finance the costs of Authorized Purposes in an aggregate principal amount not to exceed \$400,000,000 and, if the foregoing conditions are satisfied, to refund an aggregate principal amount of Prior Bonds not to exceed \$100,000,000, and be it further

RESOLVED, that the refunding bonds authorized hereby may be issued simultaneously with or subsequent to the issuance of Series 2008A Bonds that are issued to finance the costs of Authorized Purposes, but not later than December 31, 2008, and be it further

RESOLVED, that on June 27, 2002, the Board adopted the State Personal Income Tax Revenue Bonds (Transportation) General Bond Resolution (the “General



Item 5 by Ms. O’Conor and Mr. Bryan (Appendix E)

Approving and Adopting the Seventh Supplemental Bond Resolution Authorizing the Issuance of State Personal Income Tax Revenue Bonds (Transportation) Series 2008A (Continued)

Bond Resolution”) and the State Income Tax Revenue Bonds Standard Resolution Provisions (“Annex A”) (the General Bond Resolution and Annex A together hereinafter referred to as the “Resolution”) which authorizes the bonds of the Authority, designated as State Personal Income Tax Revenue Bonds (Transportation) to finance all or a portion of the cost of projects which meet the statutory definition of Authorized Purposes, and to refinance Prior Bonds, and be it further

RESOLVED, that Sections 201 and A-201, A-202, A-204 of the Resolution require that the issuance of State Personal Income Tax Revenue Bonds by the Authority shall be authorized by a supplemental resolution or resolutions of the Authority adopted at or prior to the time of issuance, and be it further

RESOLVED, that Section A-902 of the Resolution empowers the Authority to adopt, for any one or more of the purposes set forth therein, a supplemental resolution, and be it further

RESOLVED, that there has been prepared and submitted to the Board a form of the Seventh Supplemental Bond Resolution Authorizing an Aggregate Principal Amount Not To Exceed \$500,000,000 of State Personal Income Tax Revenue Bonds (Transportation), Series 2008A (the “Seventh Supplemental Resolution”) amending and supplementing the Resolution, and be it further

RESOLVED, that the Authority intends to sell, solely upon the request of the Director of the Budget, pursuant to the Resolution and the Seventh Supplemental Resolution in one or more series or sub-series its State Personal Income Tax Revenue Bonds (Transportation) Series 2008A to the Underwriters pursuant to one or more Bond Purchase



Item 5 by Ms. O’Conor and Mr. Bryan (Appendix E)

Approving and Adopting the Seventh Supplemental Bond Resolution Authorizing the Issuance of State Personal Income Tax Revenue Bonds (Transportation) Series 2008A (Continued)

Agreements (collectively, the “Bond Purchase Agreement”), the form of which Bond Purchase Agreement has been set before the Board, and be it further

RESOLVED, that the Board approves and adopts the form of the Seventh Supplemental Resolution as submitted at this meeting and made a part of this resolution as though set forth in full herein, and authorizes an Authorized Officer to approve and execute such changes to the Supplemental Resolution through a certificate or certificates of determination as may be deemed necessary or desirable to effectuate the purposes thereof, and be it further

RESOLVED, that in connection with the sale of the Series 2008A Bonds, the Board approves the form of Preliminary Official Statement for the Series 2008A Bonds as submitted to this meeting and made a part of this resolution as though set forth in full herein, and authorizes an Authorized Officer to approve and execute such changes as may be deemed necessary or convenient to effectuate the purposes thereof, and be it further

RESOLVED, that the Board authorizes the distribution and use of the Preliminary Official Statement relating to the Series 2008A Bonds by an Authorized Officer in substantially the form submitted to this meeting with such changes, insertions and omissions to the Preliminary Official Statement as may be approved by such Authorized Officer said delivery being conclusive evidence of such approval, and any amendments or supplements thereto which may be necessary or desirable, and be it further

RESOLVED, that the Board authorizes an Authorized Officer to confirm that the Preliminary Official Statement relating to the issuance of Series 2008A Bonds to



Item 5 by Ms. O’Conor and Mr. Bryan (Appendix E)

Approving and Adopting the Seventh Supplemental Bond Resolution Authorizing the Issuance of State Personal Income Tax Revenue Bonds (Transportation) Series 2008A (Continued)

finance the costs of Authorized Purposes and/or for the issuance of refunding bonds is deemed final for purposes of Rule 15c2-12, except for certain omissions relating to certain State information and information not required under said Rule to be included therein, and be it further

RESOLVED, that the Board authorizes an Authorized Officer to execute and deliver, on behalf of the Authority, one or more final Official Statements relating to the Series 2008A Bonds with such changes, insertions and omissions to the Preliminary Official Statement as may be approved by such Authorized Officer said execution being conclusive evidence of such approval, and any amendments or supplements thereto which may be necessary or desirable. Any material changes from the form of the Preliminary Official Statement (excluding information provided by or certified as to accuracy by the State of New York) approved pursuant to this Resolution to be made in a final Official Statement relating to the Series 2008A Bonds issued to finance Authorized Purposes for refunding bonds, which are not made pursuant to matters which are authorized to be determined by an Authorized Officer pursuant to this Resolution, the Seventh Supplemental Resolution or a Certificate of Determination (as defined in the Resolution) shall be distributed to members of the Authority for comments, if any, from such members prior to final printing. After execution, such Authorized Officer or his or her designee is hereby authorized to deliver to the underwriters of the Series 2008A Bonds an executed copy or copies of such Official Statement and any amendments or supplements thereto, and be it further

RESOLVED, that the Board approves the form of the Bond Purchase Agreement submitted at this meeting and made a part of this resolution as though set forth herein, in the manner set forth in Section 301 of the Seventh



Item 5 by Ms. O’Conor and Mr. Bryan (Appendix E)

Approving and Adopting the Seventh Supplemental Bond Resolution Authorizing the Issuance of State Personal Income Tax Revenue Bonds (Transportation) Series 2008A (Continued)

Supplemental Resolution and authorizes an Authorized Officer of the Authority to execute and deliver one or more of such Bond Purchase Agreements and approve and execute such changes to any such Bond Purchase Agreement as may be deemed necessary or convenient to effectuate the purposes thereof, and be it further

RESOLVED, that an Authorized Officer is authorized to execute (i) one or more schedules or supplements to the Master Continuing Disclosure Agreement; (ii) an updated schedule to the Financing Agreement; and (iii) one or more Escrow Deposit Agreements in connection with any refunding of any Prior Bonds, and be it further

RESOLVED, that an Authorized Officer is authorized to execute upon such terms and conditions as are determined to be in the best interests of the Authority and are consistent with the provisions of the Seventh Supplemental Resolution any additional agreements including, but not limited to, consents and any other documents or certificates and to appoint any other agents or appropriate parties, necessary or desirable to facilitate the sale of the State Personal Income Tax Revenue Bonds (Transportation) Series 2008A issued by the Authority, determined by such Authorized Officer to be necessary or desirable to implement the transactions described in this resolution and to be consistent with existing statutes, Authority guidelines, policies, procedures and other existing obligations and covenants and to do and cause to be done any and all acts and things necessary or convenient for carrying out the transactions contemplated by this resolution, and be it further

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



Item 6 by Mr. Fleischer (Appendix F)

Authorizing the Executive Director to Execute an Agreement with the John A. Volpe National Transportation Systems Center (Volpe Center) to Review and Analyze the Thruway Authority's Policies, Processes and Operations (Continued)

Mr. Fleischer reported that consistent with the directions of the Thruway Board and recommendations of a recent State Comptroller's Audit, as well as the Governor's initiative to deliver services more efficiently, the Authority has elected to initiate an independent review of its policies, processes and operations. The Authority has been actively controlling costs, and has eliminated close to 500 positions since 1995. In addition, the Authority has complied with the Governor's initiative to reduce spending, through implementation of a plan to cut growth by 2.3 percent, resulting in a reduction of \$420 million through 2010. However, an organizational analysis is one more opportunity to review operations and procedures and increase efficiency.

The services offered by the Volpe Center are unique in terms of affiliation and experience. The Volpe Center is a branch of the U.S. Department of Transportation's Research and Innovative Technology Administration that specializes in transportation management, and the Center has experience with many authorities and departments of transportation nationwide.

The Authority can engage the Volpe Center on a fee-for-service basis and the Center can only charge the actual costs associated with performing work.

After full discussion, Ms. Crotty made a motion on the resolution, seconded by Mr. Plunkett. Additional discussion followed.

Mr. Howard commended staff on locating the Volpe Center and developing the proposal to assist with the Authority's efficiency monitoring. Mr. Howard then requested an amendment be made to the resolution. He requested that the Chairman and two additional Board Members, as named by the Chairman, review and approve the scope of the project as it is defined in the first stages and that a structure be put into place to facilitate the Board continually reviewing and monitoring the project as it moves forward to its ultimate conclusion. As such, the Board agreed on the motion of Mr. Howard, seconded by Mr. Plunkett, to vote on an amended resolution.

Ms. Crotty inquired as to how staff came up with the budget of \$250,000 for this project. Mr. Fleischer responded that the amount was projected based on the preliminary scope of work to be performed by the Volpe Center, a copy of which will be provided to the Board.



Item 6 by Mr. Fleischer (Appendix F)

Authorizing the Executive Director to Execute an Agreement with the John A. Volpe National Transportation Systems Center (Volpe Center) to Review and Analyze the Thruway Authority's Policies, Processes and Operations (Continued)

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

RESOLUTION NO. 5694

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN AGREEMENT WITH THE JOHN A. VOLPE NATIONAL TRANSPORTATION SYSTEMS CENTER (VOLPE CENTER) TO REVIEW AND ANALYZE THE THRUWAY AUTHORITY'S POLICIES, PROCESSES AND OPERATIONS

RESOLVED, that the Executive Director be, and hereby is, authorized to negotiate and execute an agreement on behalf of the Thruway Authority with the Volpe Center, 55 Broadway Cambridge, Massachusetts 02142, pursuant to which this firm will provide the Authority with a review and analysis of the Authority's policies, processes and operations, including but not limited to, recommended strategies to address any areas for improvement including cost reduction, and be it further

RESOLVED, that the agreement shall be for a term of one year subject to a maximum amount payable of \$250,000, and shall be on such other terms and conditions as the Executive Director determines to be in the best interests of the Authority, and be it further

RESOLVED, that funding for 2008 is available from savings in the 2008 operating budget, with the remaining funds being provided in the 2009 operating budget, and be it further

RESOLVED, that the Board will provide oversight throughout the course of the review by means of a committee comprised of the Chairman and two Board Members as named by the Chairman, and be it further



Item 6 by Mr. Fleischer (Appendix F)

Authorizing the Executive Director to Execute an Agreement with the John A. Volpe National Transportation Systems Center (Volpe Center) to Review and Analyze the Thruway Authority's Policies, Processes and Operations (Continued)

RESOLVED, that the committee will approve the scope of the project as it is defined in the first stages and will continually review and monitor the project as it moves forward to its ultimate conclusion, and be it further

RESOLVED, that the Executive Director 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 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 7 by Mr. Waite (Appendix G)

Authorizing Additional Funding for the Award of TAS 08-25 (D213783), Mill and Inlay with Selective Full Depth Repairs at Various Locations in the Syracuse Division

Mr. Plunkett inquired as to whether this project coming in 45 percent above the engineers estimate is indicative of the future for projects like these to which Mr. Waite concurred stating the primary reason for the difference was the cost of asphalt. Mr. Sall asked about the number of bidders for the work. Mr. Waite replied that there were only 2 bids for this project, stating that the paving companies along the Thruway are rather large and as such there is very little competition for the work. Mr. Howard stated that he believes this will be a very common problem moving forward as the costs of asphalt and diesel fuel increase. Mr. Waite responded that the Authority has looked into alternatives to asphalt and recently bid a project near Catskill using an alternative product, saving the Authority approximately \$3 million. However, those type of repairs are not the equivalent of a reconstruction. Ms. Crotty inquired as to whether some projects were being reprioritized as a result of the increased costs. Mr. Bryan responded affirmatively, stating that the Capital Program team meets monthly.



Item 7 by Mr. Waite (Appendix G)

Authorizing Additional Funding for the Award of TAS 08-25 (D213783), Mill and Inlay with Selective Full Depth Repairs at Various Locations in the Syracuse Division (Continued)

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

RESOLUTION NO. 5695

AUTHORIZING ADDITIONAL FUNDING FOR THE AWARD OF TAS 08-25 (D213783), MILL AND INLAY WITH SELECTIVE FULL DEPTH REPAIRS AT VARIOUS LOCATIONS IN THE SYRACUSE DIVISION

RESOLVED, that additional funding for the award of TAS 08-25, Mill and Inlay with Selective Full Depth Repairs at Various Locations between MP 242.20 to MP 285.45 in the Syracuse Division, to Dolomite Products Co. Inc. (d/b/a Ulster Paving Company) for their low bid of \$1,448,182 be, and the same hereby is authorized, and be it further

RESOLVED, that an additional sum of \$488,182 for 2008 be, and the same hereby is, allocated toward contract TAS 08-25 from adjustments made to the 2008 Contracts Program, 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 contract, manage and administer the contract, amend the provisions of the contract consistent with the terms of this item and other Board authorizations and suspend or terminate the contract in the best interests of the Authority, and be it further

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



Other Business

Ms. Crotty requested an update from staff on three issues at the September Board Meeting. The Tappan Zee Bridge EIS, the Stantec Toll Study, and the current issues within the banking industry as it pertains to the Authority's strategy regarding underwriters.

Mr. Plunkett read the following statement: The Board members of the Thruway Authority and Canal Corporation have chosen to apply the highest possible standard to ensure that there is neither a conflict of interest, nor the appearance of a conflict of interest in any of the actions taken by the Board.

A matter is currently scheduled for discussion in Executive Session regarding the valuation of certain Authority real property in the City of Rye. I am the part-time corporation counsel in the City of Rye and I have been informed that the City of Rye may have an interest in this property. As such, I believe that I should recuse myself from this discussion in Executive Session. Additionally I request that the Executive Director advise staff that they shall not communicate with me about this matter in any way and I will again leave the Board Room at this time while this matter is under consideration.

On the motion of Mr. Howard, seconded by Ms. Crotty, the Board voted to convene to Executive Session to discuss the valuation of a parcel of property in Rye, NY.

Adjournment

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

Jill B. Warner
Secretary

