
Joanne Mahoney: Good morning and welcome to the May 12, 2020 meeting of the Thruway Authority Board of Directors. On the phone we have seven members, Robert Megna, Dr. Veras, Don Rice, George Miranda, Heather Briccetti and Steve Saland and I am Joanne Mahoney. And we will start with the Finance Committee and Bob Megna is Chair of that Committee. Also serving on the Committee is Don Rice and Dr. Veras, and I serve as ex-officio so Bob would you please start us off with the Finance Committee Meeting?

Robert Megna: Sure, can everyone hear me?

Yes, yes, yes.

Great! So let's go through the Finance Committee agenda #1 is approval of minutes of Finance Committee meeting number 57. May I have a motion to advance and discuss this item?

Male: So moved.

Robert Megna: Do I have a second? Thank you. Any discussion? If not all in favor of approval of the minutes say aye?

All: Aye.

Robert Megna: Any opposed? The motion is approved. Next item on the agenda is review and approval of the January and February 2020 Financial reports and Matt Howard will present for us.

Matt Howard: Thank you. This item represents our monthly Financial Reports through February of 2020 and through that month our total traffic was up by about 4.8% above the prior year with commercial traffic increasing by 1.2% and passenger traffic increasing by a little over 5% which corresponded to total revenues receipts of \$105.3 million that is a growth of 5.4% or \$5.3 million above the prior year. This included commercial tolls that were roughly flat compared to the prior year and passenger toll revenues increasing by 10%. In total through February, the Thruway collected \$116.7 million comprised of \$105 million in toll revenues, \$1.3 million in concession revenues, \$6.4 in E-Zpass and toll by mail fees and \$3.4 million in rent sundry revenues and special hauling permit and other earning noninterest income. Through February Thruway operating expenses and reimbursements for State Police cost total \$72.5 million, just \$2.9 million or 3.8% below last year. So through February our revenues were about \$7.8 million or 7% above what we had planned for through February and on the expense side, we were \$1.2 million or about 1.6% below our budget target through February. Unfortunately, that doesn't represent the last word on trends that we've seen. As I think I've briefed most of the board members on it, since the beginning of the Covid-19 crisis, the Thruway has seen a significant decline in traffic and toll revenue. Just about 2 weeks ago we provided disclosure that looked at what our preliminary unaudited results were from the period of about March 8th through the last week of April. What we've seen is that our toll revenues over that period declined by about 36% from the prior year levels that was based on traffic declines that were about 48% below what we had seen in that timeframe in 2019. So these are unprecedented

declines. And while we have seen some slight improvements in recent days, we're going to need to monitor traffic and revenue as we begin the process of working through and developing revised budget plans to respond to these figures. So, with that I'd be willing to answer any questions that folks might have.

Robert Megna: Any questions for Matt?

Joanne Mahoney: ...for the record have the opportunity ahead of the meeting to have conversations with Matt and I did that and went through all of this so I'm good, thank you.

Robert Megna: Yes, I've also had some conversations with Matt. I think it's pretty clear what's been happening. Any other discussion? If not can I have a motion to advance the financial reports?

Male: So moved.

Robert Megna: Do I have a second?

Male: Second.

Robert Megna: All in favor?

All: Aye.

Robert Megna: Any opposed? The motion is approved which takes us to our next item which is number three; it is Authorizing the Authority to Enter into an Agreement with Empire State Thruway Partners for Design, Construction, Financing, Operations and Maintenance of the 27 Thruway Food Service Facilities located at the Service Areas along the Thruway and Mark Hixson will present this item.

Don Rice: This is Don Rice, prior to the presentation with the item, I want to recuse myself from this.

Robert Megna: Okay so we have it noted that Don Rice accused himself.

Don Rice: I'll take the no action on this item.

Robert Megna: Hello, we're here Bob. Hello I'm sorry I was on mute for a second. Is Mark ready?

Mark Hixson: Yes, I am thank you. Good morning Chair and Board Members. I have quite a bit of information to cover so I'll get right to it. This item seeks the Finance Committee's recommendation to the full Board to the Thruway Authority to Enter into a Lease Agreement with Empire State Thruway Partners for the Design, Construction, Financing, Operation and Maintenance of the 27 Service Areas along the New York State Thruway. The initiative to

reimagine the Thruway service areas was announced in Governor Cuomo's 2018 State of the State address. In October of 2018, the Authority issued request for proposal #18C15 for the service area redevelopment project. In June of 2019, the Authority received three responsive proposals. The proposal from Empire State Thruway Partners or Empire was selected after receiving the highest evaluation scores. Empire submitted a \$400 million investment plan to rebuild 23 of the 27 service area restaurant buildings and provide significant renovations and upgrades to the remaining 4. Specifically, the plan invests \$299,999,998 in capital funds for construction. An additional \$103,990,440 in renewal and replacement funds. The plan also provides the Authority .84% of gross sales rent with a guaranteed minimum of \$51,429,986 in rent over the life of the contract. Empire's proposal projected \$85,380,220 gross sales based rent to the Authority over the life of the contract meaning the total value of the contract is at least \$450 million but may be even greater based upon Empire's projections. A lease agreement with Empire includes a thirty-three year term with two phases of construction; phase 1 includes 16 services areas with staged construction expected to begin in 2021, phase 2 includes 11 service areas with phase construction expected to begin in 2023. Empire's proposal offers varying building sizes and levels of service to accommodate traveler's needs on a regional basis. Some highlights of the proposal include a new variety of food and services, food trucks and other seasonal offerings, enhanced services such as call ahead ordering, kiosk, virtual welcome and tourism centers and drive-thru service at most locations. Leadership and energy and environmental design or lead Silver Rating Principles Incorporated at all locations. Rooftop and parking area solar arrays as well as rain water harvesting for landscaping. New commercial amenities including increased truck parking, shower, laundry and fitness facilities, and a significant commitment to the Taste New York and I Love New York programs. Empire State Thruway Partners has clearly demonstrated a commitment to the Thruway's customers as well as a commitment to our State's diversity. This is a partnership that will help transform the services and customer experience along the entire Thruway system.

The Authority received two additional responsive proposals: the first of those from New York Go proposed to invest \$157,500,000 in capital funds with an additional \$57,035,999 in renewal and replacement funds and to provide the Authority 2.71% of gross sales in rent with a guaranteed minimum of \$224,579,119 in rent over the life of the contract. New York Go projected \$249,048,122 of gross sales based rent to the Authority over the life of the contract. New York Go proposed to remodel the existing facilities.

The second of these responsive proposals came from Liberty Infrastructure Partners or Liberty who proposed to invest \$181,297,883 in capital funds with an additional \$135,973,416 in renewal and replacement funds and to provide the Authority 2.0% of gross sales in rent with a guaranteed minimum of \$149,149,782 in rent over the life of the contract. Liberty projected \$167,125,563 in gross sales based rent to the Authority over the life of the contract. Liberty proposed to remodel the existing service area facilities.

Now I'd like to just provide some further information about the selection and negotiation process. An evaluation committee reviewed and scored the three responsive proposals, predetermined weights were then applied to the evaluation scores to determine the highest ranked proposers. The Authority obtained two independent appraisals at the highest ranked

proposal and it was determined that the Authority will be receiving fair market value from the Empire proposal as required by the Public Authority's Accountability Act. Principal terms of a lease agreement with Empire have been negotiated and finalized. While Empire's financing plan is not yet complete, it will be subject to the financial close provisions of the lease agreement. We have been provided assurances of Empire's ability to obtain financing for the project. The lease agreement will be effective after it has been approved by the New York State Attorney General and the Office of the State Comptroller. If Empire does not achieve the financing for this project, either the Authority or Empire can terminate the lease agreement. The lease agreement will run for 33 years from the date Empire commences operation of the first 16 service areas designated in the RFP. Empire will commence operation of the remaining 11 service areas upon expiration of the current contractor's agreement at the end of 2022. The authority has the right to terminate for convenience objective payment to Empire for such termination in accordance with the lease agreement terms pursuant to SECRA. An assessment of the environmental significance of the project was conducted and issuance of a determination of non-significance is recommended. As the final scope of work for each location is developed, it will be reviewed to ensure consistency with this earlier determination.

Under terms of a lease agreement the Authority may be liable for payment to Empire for certain events such as Authority directed changes to the project requirements, discriminatory changes in law or policy directed at the project, regulated site conditions and forced majeure events. It is recommended that the Executive Director be provided with the authorization to spend up to an aggregate of \$15 million in Authority funds to cover such events over the life of the agreement. That concludes my summary and I can answer any questions you may have.

Bob Megna: Any discussion or any questions for Mark?

Dr. Veras: No questions for me.

Joanne Mahoney: This is Joanne Mark but thank you very much. That was a really thorough explanation of the project and the process and this is a great way for the Thruway Authority to be able to do some of the work that it wouldn't otherwise be able to do if we have to invest the money upfront. So putting a plan together that has a private company making that kind of investment in our assets is really a great way for us to be able to deliver the better services for the public that's using the Thruway. So this has been a long time in coming. I know it was a lot of work for your staff and that was just an excellent presentation, so thank you.

Mark Hixson: You're very welcome.

Robert Megna: Thank you Mark. Go ahead I'm sorry.

Steve Saland: Bob you were speaking?

Robert Megna: All I was going to say is I was going to reiterate I think the words of the Chair, I would add it has been a longtime coming and there have not been significant renovations for a

significant period of time to the Thruway rest stops and I think being able to do this at such scale I think is a real advantage and again, I appreciate all the work people put in.

Steve Saland: Let me add my voice to the chorus. The gross amount of commitment by Empire greatly exceeds that of the other two bidders and while the net in terms of available annual income or annualized income over the term of the lease income may not be equivalent, certainly the benefit not only to the Authority but to the people who use the Thruway by the significantly improved structures that Empire is going to deliver at pretty much their expense, is of benefit to the Thruway, to the Thruway users.

Robert Megna: Absolutely good point any further discussion?

Joanne Mahoney: I was going to make the motion but I'm ex-officio so I will not.

Robert Megna: Oh so someone else, may I have a motion to advance this item?

Male: So moved.

Robert Megna: Do I have a second?

Dr. Veras: Second.

Robert Megna: All in favor?

All: Aye.

Any opposed? That motion is approved. There being no further business for the Finance Committee may I have a motion to adjourn today's meeting of Finance?

Dr. Veras: So moved.

Robert Megna: A second?

Don Rice: Second.

Robert Megna: All in favor? The Finance Committee Meeting is adjourned.

All: Aye

Okay we are adjourned.

Joanne Mahoney: Thank you very much Bob. Up next is the Governance Committee and Steve is the Chair of that Committee, also serving is Dr. Veras and Mr. Miranda. And as Chair I also serve as ex-officio so Steve will you please start the Governance Committee Meeting?

Steve Saland: Ah yes, thank you Joanne. First item on today's agenda is approval of the minutes of the Governance Committee Meeting #29. May I have a motion to advance this item?

Male: Motion.

Dr. Veras: Second.

Steve Saland: And second. Any discussion? All in favor?

All: Aye.

Any opposed? The motion is approved.

Our next item is approving the revised Thruway Authority Real Property Management Policy #25-6-02 and Matt Howard will present.

Matt Howard: Thank you. This item is brought to the Committee in conformance with Public Authority's Law that requires the Thruway Authority Board to adopt on an annual basis, resolutions detailing our guidelines for the policies related to Real Property management. The attached policy that's included with this item reflects the existing policy that's been in effect with one exception; that exception is a proposed amendment that will clarify that the policy will conform with Public Authority's Law that requires at least one appraisal for acquisitions other than leases for which the Authority is a tenant. The current policy in effect states that two independent appraisals are required that does not conform with Public Authorities Law so the policy we're bringing today would make the amendment to require that at least 1 appraisal would occur for disposals that exceed \$300,000. And we would still retain the ability to seek additional appraisals if it's in the best interest of the Authority. And with that I'd be willing to answer any questions.

Steve Saland: Is there any discussion or any questions for Matt? Hearing none, may I have a motion to advance this item?

Male: Motion.

Dr. Veras: Second.

Steve Saland: Second. All in favor?

All: Aye.

Opposed? Motion is approved. There being no further business may I have a motion to adjourn today's meeting of the Finance Committee?

Male: Motion.

Dr. Veras: Second.

Steve Saland: Was there a second on that?

Dr. Varas: Yes.

Steve Saland: All in favor?

All: Aye.

The Finance Committee Meeting is adjourned.

Joanne Mahoney: And thank you Steve but just for the record that was the Governance Committee. And I would like to call to order the Board Meeting of the New York State Thruway Authority. This scheduled meeting has been duly noticed as required by the Open Meetings Law. May I have a motion to enter the Board Meeting please?

Male: So moved.

Dr. Veras: Second.

Joanne Mahoney: All in favor?

All: Aye.

We are now in a full meeting of the Board and our first order of business is the Public Comment Period for speakers wishing to address items that are on today's agenda. Due to Covid-19 and Executive Order 202.1 we are able to have our Board Meeting by audio. Individuals who wish to address items on today's agenda would have had to submit their written comments by e-mail prior to the Board Meeting to the Board Administrator. Tanya has anyone sent in written comments regarding items on today's agenda?

Tanya: Yes, they've sent in two comments. Do you want me to read the first one?

Joanne Mahoney: Yes if you'll read the first comment please.

Tanya: Okay it's from Steven Cuzzo and his comment is "Why in light of the Mini-Randolph-Sheppard Act of 2010 are the state licensing agent, the New York State Commission for the Blind and the State Committee of Blind Vendors excluded for sharing in the revenue from the 27 rest stops throughout New York State?"

Joanne Mahoney: Okay and um I would ask our Executive Director, Matt Driscoll, would you like to respond to that at this time or would you like to move on?

Tanya: I'm going to add the second comment first before Executive Director Driscoll speaks. The next one is from BDS2016 – according to the 1985 Kenley Amendment to the Federal Surface Transportation Act the Blind and entrepreneurs working under the Randolph-Sheppard Act are entitled to run all rest area vendings. The New York State Committee of Blind Vendors trust that this will remain the case going forward.

Matt Driscoll: So Madam Chair and Board Members thank you. I would like to let you know that consistent with federal and state law Empire State's Thruway Partners will comply with the requirements set forth in the lease agreement recognition of the New York State Commission for the Blind Business Enterprise Program to facilitate and maximize blind participation in and derive financial benefits from the operation of food, beverage and other vending in the state. Empire State Thruway Partners has agreed to recognize that priority be given to the Commission in the operation of the food, beverage and other self-served vending machines proposed by the Empire State Thruway Partners. The language included in the RFP on this topic was developed in conjunction with and is agreed to by OCFS and the New York State Commission for the Blind.

Joanne Mahoney: Okay thank you very much. Tanya are there any other comments for items on today's agenda?

Tanya: No, there isn't.

Joanne Mahoney: Okay then this concludes the Public Comment Period on today's agenda. And Don I see on the consent agenda the item that you spoke to earlier so if you want an opportunity before we move forward with the consent agenda, you have the floor.

Don Rice: I would like not to take action on that issue on the consent agenda but I can take action on the other issues so I guess you could remove it from the consent agenda for a separate vote or something along those lines.

Joanne Mahoney: I'm happy to do that. The consent agenda has four items; one to consider the minutes of our previous Thruway Board Meeting; two, review and approval of the January and February 2020 Financial reports; three is approving the revised Thruway Real Property Management Policy that we just heard from Matt about. Those three items I think everybody on the Board is able to vote on so can I please have a motion to approve the first three items on the consent agenda for today's meeting?

Robert Megna: So moved.

Dr. Veras: Second.

Joanne Mahoney: Okay I have a motion and a second. Is there any discussion it's the consent agenda so I hope not but you're welcome. Okay all in favor?

All: Aye

Is there any opposition? Hearing none, agenda items 1 through 3 are approved. And now for the record Don has recused himself agenda item number 4. So I will ask the other Board members for a motion to approve this consent agenda item #4 which is authorizing the Authority to enter into an agreement with Empire State Thruway Partners for the design, construction, financing, operation, and maintenance of 27 Thruway food service facilities located at service areas along the Thruway. May I please have a motion to advance that item?

Male: So moved.

Male: I second.

Joanne Mahoney: Any discussion? All in favor?

All: Aye.

Is there any opposition? Agenda item #4 is approved. Thank you very much and we will now move onto the action agenda and we're going to move onto agenda item #5 authorizing the Executive Director to execute a lease agreement with the Power Authority and I understand that one of our board members would like to speak before we introduce this item. Is that true Heather?

Heather: Yes, I just wanted to mention that the Power Authority is a member of the Business Council and so for that reason I'm going to recuse myself from the vote on this.

Joanne Mahoney: Okay thanks Heather so is there another Board member willing to advance a motion to discuss this item?

Male: So moved.

Joanne Mahoney: And a second?

Male: Second.

Joanne Mahoney: Kim McKinney is going to present before we have the opportunity for a discussion. So Kim now you have the floor so thank you.

Kim McKinney: Thank you. Good morning. We're seeking authority for the Executive Director to execute a lease agreement with the Power Authority of the State of New York for the use of fiber optic cable in regeneration building space. The Power Authority of the State of New York has requested use of the fiber optic cable and regeneration space owned by the Authority to facilitate operations of NYPA statewide Integrative Smart Operations Center a digitized power asset monitoring and diagnostic center to analyze it's informants of NYPA's power generation assets and statewide network of transmission lines to identify problems and issues before they occur. More specifically, NYPA would like a 20-year agreement for the use of two strands of

fiber optic cable installed along 439.84 miles a total of 923.98 square feet of regeneration building space, and four lateral connections. As NYPA is a public authority, NYPA shall only be charged the actual cost providing for the fibers, regeneration space and the lateral connections. For 20 years firm the estimated amounts of such costs are for the 2 fibers to be used by NYPA for 20 years a lump sum payment of \$964,242; for the use of regeneration building space an annual fee of \$21,600; and for the fiber optic lateral connections an annual fee of \$7,200. These estimated actual costs are equal to the fair market value established by the appraisal and they do not exceed such. In addition, NYPA will pay the Authority annual \$7,120 for excess power requirements of construction costs, maintenance and additional testing of the fibers. Maintenance under the agreement will be provided by a third party contractor that NYSTA is in the process of securing. It is recommended the Chief Information Officer be delegated the authority to make all necessary decisions pursuant to the State Environmental Quality Review Act and its implementing regulations. I'd be happy to answer any questions that you may have.

Dr. Veras: No questions for me.

Male: Madam Chair as you still with us?

Joanne Mahoney: Oh my goodness I was on mute I'm sorry I've been talking away. Wow I thought you were all being really patient. Okay we have a motion and we already have a second and Kim has offered to answer any questions. Do any Board members have any questions or is there any discussion about this agenda item #5? Okay all in favor?

All: Aye

Is there any opposition? The motion is approved. And before we have a lot of exceptions for a very short agenda, before we move onto agenda item #6 I think Don Rice wants to speak is that correct?

Don Rice: I'm going for my mute button for item #6 yes, that's correct.

Joanne Mahoney: Are you planning to recuse yourself from this item?

Don Rice: I'm sorry, let me just make sure I understand.

Joanne Mahoney: We're moving onto agenda item #6 which is authorizing the executive of agreement D214776 with Greenman Peterson, Inc. Rich Lee is going to make a presentation and before he does that I had a note that you might like to be heard before that.

Don Rice: What is Greenman Peterson, Inc. What is agreement D.

Matt Driscoll: Sorry Chair it's Matt Driscoll. So this is related to an agreement for work related to the service plaza so I would recommend that you abstain from this.

Don Rice: I got it I wasn't aware of that. Yes, I'll recuse myself from this one as well because it relates to Davenport.

Joanne Mahoney: Okay so thank you. Board Member Don Rice has recused himself on agenda item #6 and Rich Lee is going to present for the Board. Thanks Rich.

Rich Lee: Thank you and good morning. With this item I'm requesting authorization for engineering agreement D214776. This agreement is to provide design and construction and quality assurance oversight and sampling and material testing in support of the Authority's service area initiative. The selected firm is Greenman Peterson, Incorporated. Six firms submitted letters of interest, three were short-listed. This agreement is for three years with an option for the Authority to extend for two additional one-year terms. The maximum amount payable is \$5 million. The MWBE goal is 30% and the SDVOB goal is 6%. Sufficient funding for D214763 is provided for in the 2020 contracts program. Now if there are any questions, I'd be pleased to answer them.

Joanne Mahoney: Thank you Rich. Does anybody have any questions for Rich on agenda item #6? May I please have a motion to advance this item?

Male: So moved.

Robert Megna: Second.

Joanne Mahoney: Ah no questions for Rich. All in favor?

All: Aye

Hearing no opposition the motion is approved. Thank you very much Rich and the record should reflect it was with Don having recused himself.

Are there any reports to the Board we had the opportunity to hear from the Director already. Tanya are there any other reports to the Board?

Tanya: No, there's none.

Matt Driscoll: The only thing that I would add is just very briefly for everybody's awareness as I reported last time, we continue to stay heavily involved in the Covid-19 action under the Governor's leadership so in our role we're transporting around the state PPE's, hand sanitizers, test kits and all kinds of equipment, etc. We are also through New York Responds helping transport materials up to that region of the state in the advance of any potential flooding. So we're staying really quite busy. Thank you.

Joanne Mahoney: Well thank you and that gives us an opportunity to thank the men and women of the Thruway Authority. There are a lot of essential workers that are making that important work that you just discussed possible and we thank them very much for continuing to work the

way they are. And today's a really good day for the Thruway Authority, as I said, the plan that's been put into place led by you Matt and Mark and your whole team is a tremendous win and it's needed in this moment when we've been all consumed with corona virus and the pandemic and it's really encouraging to see the work continue and the progress continue and when we come out of this, the service that will be delivered by the Thruway Authority on behalf of the people of the State of New York is great and I know there will be critics because there always are, but we could not have done what we are now planning to do without this really creative plan that's been put in place by your team. So, I want to thank you for that, your team for that and especially the men and women that are out there working every day to keep the traffic moving and to keep that PPE being delivered and all the good work that you're doing on behalf of the State. And Matt as a central New Yorker I see you are heading the committee for us as we open so you'll have yet another hat to wear and thank you all for all the good work that you're doing.

Matt Driscoll: Thank you.

Joanne Mahoney: Is there any...

George Miranda: On my part Matt I want to thank you as well for all of the hard work that you're putting into the PPEs and the mask and all of that.

Matt Driscoll: Yeah thank you. It's really a credit to as Joanne pointed out the men and women who are working day and night quite honestly around the clock to help move these essential products across the state, so thanks. And I'll make sure that they make sure they all know of your kind words.

Male: Thank you.

Joanne Mahoney: Is there any other business before the Board or any comments from any of the Board Members? Okay there being no further business I guess I maybe skipped it but I will ask Tanya, were there any public comments delivered to us today on items that weren't on today's agenda?

Tanya: No, there wasn't.

Joanne Mahoney: Okay thank you. So then I will move and ask for a motion to adjourn today's meeting.

Bob Megna: So moved.

Dr. Veras: Second.

Joanne Mahoney: Is there any discussion? Hearing none, all in favor?

All: Aye.

The meeting is adjourned and I thank everyone. I don't have in front of me the date of the next meeting. I don't believe we meet in June but we will be back to you with information about the date and time of our next meeting. Thank you all stay safe.