

Joanne Mahoney: Good morning, and welcome to the December 1st, 2020, meeting of the Thruway Authority Board of Directors. On WebEx we have Board Members Robert Megna, Dr. Veras, Don Rice, Heather Briccetti, and Steve Saland. Today we will start with the Finance Committee and Bob Megna is Chair of the Committee. Also serving on that committee is Don Rice and Dr. Veras, and I serve as the ex officio. So Bob, will you please start us with the Finance Committee Meeting?

Bob Megna: I will but I'm going to take a moment of personal privilege to congratulate the Chair on her appointment as President of SUNY School of Environmental Science and Forestry and I think that Council there made a great choice and we look forward to her tenure in that position.

Joanne Mahoney: Thank you Bob I really appreciate it especially coming from you that means a lot. Thank you very much.

Bob Megna: Sure. So, the first item on the Finance Committee agenda is approval of the Minutes of Finance Committee Meeting Number 60. May I have a motion to advance and discuss the item?

Male: So moved.

Bob Megna: Second?

Joanne Mahoney: Second.

Bob Megna: You were on mute for a second Joanne okay. Any discussion? If not, all in favor?

All: Aye. Any opposed? The motion is approved the minutes are approved. The second item on the Finance agenda is review and approval of our Financial Reports for August and September 2020 and Matt Howard will do a presentation before we take a vote.

Matt Howard: Thank you. As you said, this item is seeking the approval of the monthly finance reports through September 2020. Through September 24% below the prior year with passenger traffic 27% and commercial traffic declines year to date of 6%. The significant impact for this year and the year to date results are impacted greatly due to the COVID pandemic and is a reminder of the significant impacts that we experienced in April. Back in April our toll revenues were down about 47% below the previous levels. March and April was a period where we saw the most significant impacts in that period of time and we'll go into a little bit more detail on our next item but this mid April timeframe and seeing traffic and toll revenues continue to climb back more toward the normal. In fact for the month of September, for all bases our revenues were down about 9%. That included growth on a year over year basis of about 4% on commercial traffic with our passenger traffic still persisting at a level of decline that we saw 18%

down on a year over year basis in September. The positive is that early point in time in mid April the traffic continued to work its way back. On an overall revenue basis, it corresponds to year to date toll revenue collections figure of \$456 million which is a decline of about 18% below the prior year. That includes commercial tolls down by about 4% through September with passenger toll revenue still decline through September by about 28%. In total the Thruway collected \$496 million through September and prior of \$456 million in toll revenues. \$4 million in concession revenues and 35.7 million in E-ZPass fees, interest and sundry revenues. Through September total operating expenses totaled \$300 million which is about \$8.7 million or 2.8% below last year. Through the end of September our operating revenues were down 17% below what we planned on the operating expense side we were about 9% below what we had anticipated in our original 2020 profit. That's the summary and I'll be willing to answer any questions folks may have.

Bob Megna: So Matt, am I allowed to ask an unfair question outside the period you discussed?

Matt Howard: Sure.

Bob Megna: How do we think Thursday went?

Matt Howard: Well that is a very tough question to answer right now and something that we're still working our way throughout you know the daily recording and is currently going through the audit process. You know the positive is that trend that we saw in September carried forward through October into the first half of November where we were in that kind of 8% below the levels. You know that's a very positive thing. The holiday traffic was impacted. I think it's going to be an important thing to look at as we complete the audit process.

Bob Megna: And I know I should know this but is holiday traffic big, do we usually get a significant amount of revenue around that time or am I over thinking it?

Matt Howard: Well they're big days individually and are significantly more than what you find on a normal day obviously, but you know as a driver of an annual number it's not a huge significant factor in that case.

Bob Megna: Thanks Matt. Anyone else have questions for Matt on this? If not may I have a motion to advance this item?

Male: So moved.

Bob Megna: Do I have a second?

Joanne Mahoney: Second.

---

Bob Megna: If no further discussion can we have a vote? All in favor?

All: Aye. Any opposed? The motion is approved. That brings us to item 3, approval of the 2020 revised budget and the 2021 proposed budget for the New York State Thruway Authority. And again, Matt will take us through it.

Matt Howard: Thank you so this item seeks the committee's approval of the revised 2020 budget and the proposed 2021 budget. This presentation is as much about the challenges that we faced this year and how many impacts may persist in the future as it is anything else. I think that the year that we're in right now has been a challenge for a multitude of reasons but there continues to be reasons to be optimistic for the future. So with that, let me just jump right into some of the points related to 2020.

Slide two is the Revenue impacts for the period of March through September. This is kind of consistent with what I just talked about in the last item that it shows what our daily revenue results were, revenues for the period from March 1<sup>st</sup> through September 30<sup>th</sup> looking at it on a 7 day average basis. The key points of this again, consistent with what I just spoke about, if you look at the red solid line in the middle of that basically is our daily toll revenues, you see that it bottomed out in mid April timeframe at around 50% below the prior year and as the calendar moved forward the remainder of the year began to move back closer toward the norm. In addition to that, this graph shows both commercial tolls and passenger tolls. The commercial toll line is the dotted line at the top. You can see that the decline that we experienced in the spring was significantly less than what we saw for passenger tolls and it's really returned back to the norm over the course of the year. And likewise, passenger traffic still while returning back it's still persisting at a level that's in that kind of 18% down from the prior year level. So the important thing to know is that as things improved over the course of this year, we started from a point where there was uncertainty as to what the severity of the downturn was going to be and how long it was going to last. And that brings us into how it impacts our multi year toll revenue forecast on slide 3. Very early in the pandemic we began working with our traffic engineer to continuously monitor what the impact would be so that we could have a basis that sort of found our decision making. In the spring again, with both the depth of the impact and the duration of the effects of COVID unknown, we did face a significant challenge in updating and producing a forecast. So our traffic engineers shifted their approach to effectively provide a low, medium and high scenario that was based on potential ranges of impacts overtime and that's what you see on this slide. So as the slide shows, there was and continues to be projected significant declines in 2020 and they do persist over the full projection period to 2024. Those projected declines in 2020 range from 16% below our prior year levels, the least of their forecast to about 19% in the most severe dotted red line is sort of the lowest, sharpest decline.

For the purpose of budget making, we've been utilizing the mid range scenario which is that solid blue line in the middle. The projected decline that is showing for the mid level scenario is about 17% down in 2020 then rebounding as we move to 21 through 24.

---

Again, the important part to note on this multi year forecast is to note over time the results have improved significantly. We're still managing uncertainty as we move forward. So we do have a sense of what we've had to face through the year to date. The part that we still have to monitor is what the results will be going forward. But again, the positive thing is that it's significantly better than what our early fear was in March and April timeframe. But other important part to recognize on this is this fourth slide puts in contents what a 17% decline actually would mean in what the Thruway has experienced over the last 38 years.

This graph shows that going back to 1982, there were only 3 years where the Thruway experienced year over year decline in toll revenues; 1991, 2007 and 2011. The largest decline prior to this year was back in 2007 at 2.4. So given that history and put it in context, a 17% decline for 2020 that we're projecting it has 7 times greater than the largest decline year over year basis in toll revenue that the Thruway has experienced over the last 38 years. So, while the picture has significantly improved over the course of the year, it's important to note that as we manage through the uncertainty we did have to add the counteracting impacts and that results in slide 5 which summarizes some of the responses that we've made related to COVID-19 impacts in 2020.

So, on an overall basis, guiding our responses through the uncertainty, have been a couple of key areas of focus mainly ensuring that the resources continue to remain available for the operations on a daily basis. Working to secure the capability to draw external resources in the event that we will return to a prolonged impact to COVID. We focused also on maintaining compliance with our bond resolution, tax law and other statutory requirements. And while we're doing this, we also have been working on the continuing solutions we are going to need for 2021 and beyond. So with all of that our 2020 response to COVID restructuring of the funding of our capital programs to allocate \$126 million in bond proceeds, to fund eligible capital expenses that we previously projected needed to be supported with Thruway revenues. We secure \$125 million JP Morgan on credit and \$100 million RBC Direct Note purchasing agreement. We adjusted our multi year capital program to reduce system-wide spending \$518.5 million spread out 2020 through 2025 while still making significant investments in 2020 and beyond. We reduced our 2020 operating spending budget by \$22.6 million or 5% and utilized prior year balances and line of credit funds to reduce the debt service expenses that needed to be funded from current year revenues in 2020.

A net result of all this is a revised 2020 budget that is \$1.1 billion reflecting a reduction of 14% for all of the original 2020 budgets.

That moves us to the proposed 2021 budget. The proposed 2021 budget is \$1.1 billion requesting a reduction of \$14.2 million or 1.2% below the revised 2020 budget. It includes the following; \$360 million for Thruway operating expenses and \$63 million for State Police Troop T expenses. This reflects an increase of \$8.3 million of all the revised 2020 levels. \$338 million is provided for debt service expenses and the Authority's Capital program is expected to decline from the revised level of \$543 million

---

in 2020 to \$374 million in 2021, representing a decrease of \$169 million or 31%. You should know that the capital program includes \$52 million in spending under remaining project costs for the Governor Mario Cuomo Bridge and \$321 million for capital projects across the Thruway Authority in 2021 which is \$123 million net increase from 2020 largely due to the fact that we had significant expenses for the cashless tolling conversion in 2020 that don't reoccur in 2021.

Slide 7 summarizes total Thruway Authority Revenues projected for 2021. The 21 budget forecasts total Thruway Authority revenues of \$786 million which is an increase of \$118 million the revised 2020 balance. This increase reflects the impact of a lower 2020 base that we had as a result of COVID as well as the influx of revenues that are associated with a toll plan that will be on the agenda following this item. In total - total revenues included toll revenues of \$708 million, concession revenues at \$5 million and the interest and sundry are \$71 million.

Slide 8 is a summary of our operating budget for 2021 the Thruway's operating budget is projected to be \$360 million. Of this roughly 57% is made up of salary benefits which includes 31% for personal services (salaries) and another 26 in employee benefits of health insurance, pensions and worker's comp. Another significant category is operating costs that will comprise of about 32% of the budget while maintenance, repair costs, snow and ice and fuel make up about 10% of the operating budget.

Bob Megna; Matt, I know I should have asked you this probably before but how much of the increase is budgeted increases in the union contracts that were already negotiated that's built in?

Matt Howard: Yeah, you know on an overall basis there is a couple million dollar increase associated with longevity and salary increments. The one thing I would note consistent with what state agencies across the State of New York are doing this does not include the funding for salary increments, you know like the State of New York has been suspended at the time.

Bob Megna: Thanks.

Matt Howard: Finally, slide 9 is a summary of the multi year capital program through 2025. Our five year capital program continues to make the necessary investments in it's entirety for 21 through 25 the capital program will provide \$1.85 billion for Thruway Authority Capital Projects. This slide shows how these investments compare to past investments as well as what they look like going on a forward basis. Again, this is an important thing to note that in the aggregate of the \$448 million in system-wide capital spending that we are projecting will occur even after revisions in 2020 all this excludes capital spending with the bridge project. That figure in 2020 is still as large as an investment in the system that you're going to see on that graph.

---

So, on an overall basis, there's always some risk to budgeting in advance at the start of a fiscal year. On the revenue side toll collections which is probably about 9% of our revenue base is always a key component and most important this year with the continued persistence of uncertainties around COVID impacts that's going to remain a real risk that we will need to continue to monitor and clearly any recurrence or other impact of COVID on traffic and tolling.

On the operating expense side of this include changes in the cost of things like fuel and steel and other inputs as well as inclement weather and any unforeseen expenses that increase overall costs. Given all of this, and what we managed to do in the course of last year, continued vigilance in managing our budgets are necessary. But in the end, I think this budget attempts to incorporate all the known impacts that we've experienced from COVID while continuing to make the necessary investments in adjustments to continue the support and mission of the organization as a whole. I guess, with all that, I'll stop there and answer any questions you folks may have.

Dr. Veras: Matt could you tell me what is the recent assumption growth commercial traffic.

Matt Howard: So we are seeing right now that the last couple of months we've been about 4% above the prior year. When we go to where we think the 17% is down I think it assumes that we will continue with that 4 to 8% right down the remainder of the year and as time goes on the impacts, while not totally getting back to baseline the forecast projects lessening period over time. So I think it's a good thing that we're being conservative on this front because we're actually seeing and there's a possibility that we could end the year on the commercial side at or above what we experienced in 2019 it's all dependent on how we finish off the last month or so of the year.

Steve Saland: Can I follow up with a question on the graph that you presented here?

Matt Howard: Sure.

Steve Saland: You probably threw these numbers out and it went right by me but I think you had said something about the toll revenue constituting about 90%.

Matt Howard: 90.

Steve Saland: 90% okay. So between 2020 and 2024 we are still going to be at a decrease revenue our earliest will be decreased over pre-pandemic year and taking that over that four year period how much of a loss revenue does that, in terms of gross dollars what does that mean? At best by 2024 we'll be back to at 4% below our pre-pandemic level. How much revenue would we have lost over that period of time?

Matt Howard: I think when we looked at this, we thought about it in the context of the 5 year number and I think that when we balanced the 17% down that we're projecting in

---

2020 it then goes to about 7 in 21 and then goes to like 6 in 22 makes it way to about 4% in 2024. In the aggregate over the course of all those years, the impact is about 8% of our revenue base. So the exact dollar amount number off the top of my head I don't have it but I know that on a percent basis or that 5 year period, it's about an 8% adjustment from what we had anticipated prior to the pandemic.

Steve Saland: Can you ballpark a number?

Matt Howard: Yeah, I know that for instance the year to year decline that we're projecting in 2020 is about \$126 million and I think we're likely to project forward a number that's probably consistent with that but spread over the next 3 years. So I'd say that its likely to double that number maybe a little bit more than that over the following couple of years. But again, part of it is so difficult on getting a point estimate is you don't know what's going to happen the second half of next year let alone in 23 and 24. You know the hope is we're going to plan for what effectively could be the worst but anticipate that things are going to improve over time.

Bob Megna: You know to build on that Matt, your assumptions about growth in the old budget its not like you were projecting 5% growth a year right. You were pretty much in the 1 to 2% range or something like that?

Matt Howard: That's right, that's right. Less than 2% probably closer to 1 and probably even a little bit less than that.

Bob Megna: So you essentially were using this off a relatively flat base to begin with?

Matt Howard: Yep.

Bob Megna: Sorry Senator.

Steve Saland: No problem. Let me just conclude with the extent that you leave us or whatever in 2023 and 2024 we'll experience that revenue loss what does that do in terms of our capability to support our long-range planning and to support our bonded indebtedness? Is it any way jeopardize?

Matt Howard: Well I think the important part to know and I didn't really...

Steve Saland: I'll just add one more and does it require accommodations?

Matt Howard: Well I think the important thing to note is that with the adjustments we've been planning for in 2020 carrying into the 2021 budget and building upon that to the extent that the revenue performance does meet or stay at that level that's in the mid level scenario, we would continue to support our revenue requirements and operating and debt service requirements throughout the full projection period. In the event that the performance actually doesn't adhere to that middle level scenario in the ongoing

years, that's where I think accommodations would need to be considered. But based on the steps that we took over the course of this year and that mid level scenario revenue projection, we do accommodate the needs in levels similar to what we thought we were going to do prior to the pandemic.

Steve Saland: Thank you Matt.

Joanne Mahoney: Matt, it's Joanne to clarify this is a budget and its really your best guess and anybody's best guess but to Steve's point your best guess that you used to build this budget looks like about a net decrease cumulatively over the next 5 years of about \$250 million.

Matt Howard: Yeah, I think again I'd have to go back and look at the specifics. I'm sure we have them in the budget I have before me. I think it's probably that plus or minus a little bit.

Joanne Mahoney: Yeah but just in that ballpark, you said doubling the 126 over the following years. So I hope that maybe answers the question for you Steve that that budget is built with a deficit of about \$250 million over 5 years from what we anticipated prepandemic.

Steve Saland: Thank you.

Bob Megna: Any other questions for Matt? If not can I have a motion to advance the budget?

Joanne Mahoney: So moved.

Bob Megna: Do I have a second?

Joanne Mahoney: Jose has got his hand up.

Dr. Veras: Yes, second.

Bob Megna: If there is any further discussion. If no further discussion all in favor?

All: Aye. Any opposed? The motion is approved. Item 4 on the Finance Agenda 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 two New York CRR part 203 the issuance of a negative declaration of environmental significance and any other action necessary for the implementation of the proposed toll rate adjustment. So after saying all of that, I'm assuming this supports the blue line budget that was just presented but again, Matt can give us the details.

---

Matt Howard: That is correct. It was incorporated into those estimates that were part of the blue line assumption in the broadest sense. This item would provide final approval of proposed toll rate adjustment plan. The board provided initial approval back in December of last year. In addition, the item fulfills, as you reference, all of the statutory requirements and will authorize the actions necessary to implement the plan. And approves the required issuance of a negative declaration of environmental significance as related to the plan. This follows the formal public toll adjustment process that stayed in place over the course of the last year. It would mark the first toll adjustment since the last increase took effect in 2010.

I would like to start with a quick review of the steps that we've taken along the way. The Board provided initial approval to being the process back in December of last year. After this the proposal rule-making was published in the State Register in January of 2020 which includes proposed regulation and the release of the required needs assessment report. Between January and October we received public comment on the proposed changes. There were about 150 comments that we received, we provided those as well as our response that was submitted on those that we received. In October we held three virtual public hearings in addition we've already completed the required environmental assessment to the proposed modification which also was submitted as part of this item. The Authority completed all of the necessary actions as required by Public Authority Law, the State Administrative Procedures Act, and the State Environmental Quality Review Act. All of these things in these tasks were part of the toll adjustment process which now leads us to review of the plan.

Slide 4 is the component for the Governor Mario Cuomo Bridge. Specifically related to the bridge these adjustments include the NY E-ZPass pay rate which would see a 2 year increase in 2021 and 2022 of \$.50 per year increasing from the current rate of \$4.75 to \$5.25 on January 1, 2021 and then to \$5.75 on January 1, 2022. Frequent users of the bridge will be offered a lower toll rate with an enhanced commuter discount plan which would increase the current discount from 37% to 40% of the NY E-ZPass rate beginning in 2021. A new E-ZPass resident discount program is created for residents of Westchester and Rockland that will result in the toll remaining at the current \$4.75 for eligible customers signed up for that. The plan establishes a 15% differential for non-New York E-ZPass accounts. These rates will now be 15% higher than the base of New York E-ZPass rates. And the plan establishes a 30% differential tolls by mail rates they are now 30% higher than the base New York E-ZPass rate which is an approach that is very consistent with how other systems who have converted to the cashless tolling.

For the Bridge finally for commercial tolls for the smaller trucks 2H-4H commercial tolls their increases will be similar to the passenger changes and there will be larger increases for the larger trucks mainly for the 5H-7H commercial tolls and the plan provides for increases that are 20% higher than the passenger rate, increases that are being proposed. This will bring these commercial rates on the bridge closer in line but

---

still significantly less than the rates in effect at similar crossings in the New York Metropolitan area.

A slide of the summary of the components of the total plan for all other facilities except the Governor Mario Cuomo Bridge. First and foremost, there will be no impact for New York E-ZPass holders outside of the bridge so across the system their E-ZPass rates will remain at their current levels with no change outside the bridge. So let me just say the third time if you have a New York E-ZPass outside the bridge, your rates will not change. The plan will also apply a 15% differential on non-New York E-ZPass accounts across the system. This is similar to what I mentioned at the bridge so that their tolls will be 15% higher than the base New York E-ZPass rate. The same will go for toll by mail rate differential where the plan will apply 38% rate differential for the toll by mail rate across the system same as the bridge and that will begin in 2021. In addition, beginning in 2021, there will be a \$2.00 administrative surcharge that will be applied on the monthly billing statement for a toll by mail customer that would apply all the toll by mail transactions across the systems. And finally, the plan would clarify that all transactions that are processed via an image review of a license plate will be charged at the toll by mail rate.

Please note again, that all these changes are consistent with how other systems are that converted to cashless tolling and implemented the change. And again, the important thing to note is E-ZPass tolls outside the bridge remain unchanged. It's never been more easy to sign up.

Slide 6 is a breakdown of passenger traffic by category. And this is an important thing to know and if you look at the graph under the plan 45% of the passenger traffic 2 years in residence will receive a discount and will be paying less than the NY EZ-Pass rate. In addition, 74% of the overall passenger travel in 2022 will be paying at a rate at or less than the \$5.75. That leads us to a comparison of the bridge passenger toll rates compared to other crossings. This slide shows the bridge is currently a bargain in compared to other crossings. Even after implementation of this plan, it will still remain one of the most economical facilities in the Northeast. This slide shows even at \$5.75 the bridge passenger toll rates will still be about 58% below the current rate of the Port Authority and about 53% below the current rates at major bridges at MTA. Similarly the next slide is a comparison of the commercial toll rates and bike passenger rate. This shows a little prospective for commercial rates. Even with the proposed increases the bridge toll will remain 38% below the tolls in the Port Authority. And then the final slide looks at the system as a whole, if you look at how we compare it to other systems across the Northeast, we are nearly at the very bottom currently relative to the toll rates per mile. Even with the adjustments that we're talking with the out of state and toll by mail customers, we're still pretty much at the bottom of the chart in comparison to other toll systems across the Northeast. So that concludes the summary and I would be willing to answer any questions you might have.

Bob Megna: Any questions for Matt? If no questions may I have a motion to advance this item?

Male: Moved.

Bob Megna: A second?

Joanne Mahoney: Second.

Bob Megna: If no further discussion can we have a vote? All in favor?

All: Aye. Any opposed? The motion is approved. So we can move onto item 5 approval of the 2021 Thruway Authority Contract Program and Rich Lee will present.

Rich Lee: Thank you. Today I am requesting approval of the 2021 Thruway Contract Program. Staff in conjunction with the Authority's 2021 budget has prepared this program. The Thruway Authority's estimated cash flow for 2021 is projected to be slightly over \$331 million. Exhibit A of the item breaks down how we plan to spend these funds. How much on highway projects, bridges, the Governor Mario M. Cuomo Bridge, intelligent transportation systems and other facilities. A list of the projects scheduled to be left in 2021 is also an attached as exhibit B. In order to effectively administer the Contracts Program and expedite the awarding of contracts, it is recommended that the Executive Director, Chief Engineer and the Chief Financial Officer be authorized to take the respective actions as outlined in the resolutions of the item. These authorizations are identical to those approved as far as the 2020 contracts go. So now if you have any questions, I'd be pleased to answer.

Bob Megna: Any questions for Rich? If not may I have a motion to advance this item?

Joanne Mahoney: So moved.

Dr. Veras: Second.

Bob Megna: Thank you. If no further discussion, all in favor?

All: Aye. Any opposed? The motion is approved. Unless there is any other business I'm going to move to adjournment may I have a motion to adjourn today's meeting of the Finance Committee?

Dr. Veras: Moved.

Joanne Mahoney: Second.

Bob Megna: All in favor of adjourning?

All: Aye.

Joanne Mahoney: Thanks Bob. Up next is the Audit Committee and Don Rice is Chair of the Committee. Also serving on the committee is George Miranda and Bob Megna and as Chair I serve ex-officio. So Don will you please start us with the Audit Committee meeting?

Bob Megna: You're on mute Don.

Joanne Mahoney: Don said that he uses a different platform. Don for some reason we still can't hear you. Tanya is he muted on our end?

Tanya: No.

Joanne Mahoney: I can hear you now.

Don Rice: Do you hear me now?

Joanne Mahoney: Yes.

Don Rice: You guys are not coming through my headset so I don't know what's going on but I can hear you through some other speakers. And now I understand why you didn't laugh at my joke a moment ago cause you couldn't hear it. Anyway can we start with a motion to enter into the Audit Committee?

Joanne Mahoney: So moved.

Don Rice: Okay can I have a second?

Male: Second.

Don Rice: Okay all in favor of having the Audit Committee. Alright. Let's start with the approval of the minutes from the last Audit Committee meeting #53. can I have a motion to approve?

Bob Megna: So moved.

Joanne Mahoney: Second.

Don Rice: Okay all in favor?

All: Aye. Okay the minutes are approved and now let's have the presentation from BST on the Audit Plan for the coming year. I think that is you introducing that Matt.

---

Matt Howard: Thank you. So this item seeks the committee's acceptance of the general audit plan for 2020 that we conducted by our independent auditor BST outlining the approaching timetable for their performance of the annual audit in 2020. We're seeking the approval today so that we can ensure a timely start to the audit. With that I'm going to turn the floor over to Brendon Kennedy from BST who will walk through and summarize the audit plan.

Brendon Kennedy: Hi there, can everyone hear me okay?

Joanne Mahoney: Yes.

Brendon Kennedy: Hey Don I really want to hear your joke now we never got to, hopefully it wasn't a poke at accountants. Okay but anyway so everyone hopefully has a copy of our presentation here. I'm going to share my screen or attempt to share my screen and I'm going to largely work off of this document here and here we go. Okay off to the races. Can everyone see the presentation okay?

Joanne Mahoney: Yep.

Brendon Kennedy: Okay perfect. Well obviously I know you folks have a full agenda so what I wanted to do was to quickly go through the parts that are relatively consistent with the prior year and spend a little more time in talking about BST approaches audits in a remote environment. Obviously, the big issue going on right now and what we're trying to do and what the Governor is trying to do is mitigate the spread of COVID and at BST we take that very serious as well and we've developed tools and processes to minimize our on-site presence at clients during these unusual times. So I have a couple of slides about that that we'll go through but with that I'm going to flip past the cover here and get to our table of contents and again, the agenda fairly similar to what you have seen in the prior years. We'll talk about the team, our approach, some outstanding accounting standards and just reaffirm BST's independence as we approach the 2020 audit.

So we've been engaged to audit the financial statements of the Authority for the period ending December 31<sup>st</sup>, 2020. We're going to follow both regular auditing standards in compliance with the US and those auditing standards prescribed for governments issued by the Comptroller General. There is a handful of other reports and letters we issue; one is our gas report which is a report on internal control's compliance. We also have an investment compliance audit we do. We have the federal single audit to the extent the Authority spent more than \$750,000 in federal awards. We have to do a federal single audit. We'll make our communications to those charged with governments, you folks. We're making our planning communications now and we will also present at the conclusion of the audit where we'll go through our final audit results. And to the extent there's any management letter comments or items that we recommend, we'll address those as well in our management letter.

---

Additionally, and this is optional and we actually opted not to do this for 2019 or excuse me 2020, where we would have audited the 2020, 19 excuse me concession. Given what's going on, this is obviously an optional service and we'll work with management if the concessionaire audit agreements is something they want us to pursue. Just leaving this out there as an optional service.

The team, so I will serve as lead audit partner. We have a QC person, this person makes sure that everything we're doing adheres to both our firm's standards and professional standards. John Gibbs will return as the audit senior manager and below John I'm noting the fact that we have two other organizations we team with: Katjibac CPA is our MBE firm, we've worked with them in prior years and other engagements. They're a great organization and in fact I think I've had Al Katjibac the owner of that firm attend various board meetings in the past so we'll continue our services with those. And then to the extent that we do do any concessional work, we've used this additional firm Traconi to help us out with that work.

So, a little information here on this slide just about the different teams and the different firms that we team with to address our professional services. Management's responsibilities has not changed. In summary I'd like to reiterate the fact that you are responsible for internal control. You are responsible for the preparation of the financial statements and you are responsible for providing us with the audit requests that we need to do our figures. And again, we received full cooperation of everyone at the organization in past audits and we look forward to continuing our services here.

We will perform an audit in accordance with professional standards. There is obviously judgment that goes into that. We will evaluate your accounting policies and procedures and just wanted to note too as in regards to material statements, obviously we're looking for material items, its possible that small or immaterial items may not be caught as a result of the audit and that's not the purpose. We're trying to make sure that the financial statements are materially reliable for the external users.

Our methodology has not changed significantly from the past years. What's changed is the way we execute that methodology. So we do have a 4 phased approach and we outline all those phases here. Right now we're somewhat in the pre-audit phase and we're going to be working towards the planning phase, and then the most significant is the fieldwork phase and that's really the guts of the audit where we're testing all the balances and the transactions that have happened during the year and then finally the reporting phase. Obviously, we have a 90 day filing deadline with the public with State and so we have to have our audit completed and filed and approved by the end of March. And that last reporting phase usually leaks into the early March timeframe.

So just to reiterate the timing, right now we're in the planning, pre-planning phase. We anticipate fieldwork to commence usually its early February and it leaks into March. And then our reporting and finalization phase will be in the March 2021 timeframe.

---

So here is where I wanted to spend just a little time talking about auditing in a remote environment. So this year may be a little different from a BST perspective. We're trying to limit our footprint at our clients, trying to limit the number of people we send out to the field. So we anticipate a significant portion of this year's audit will be performed on a remote basis. Particularly now, as I was drafting this us about 3 weeks ago, how much has changed in the last 3 weeks in terms of the uptick in cases and what's going on and it really seems like it's only going to get worse until this vaccine is going to start to be delivered hopefully at the end of the month. So, in particular as cases tend to tick up, we're shifting more of our work to the remote based environment. We have a bunch of tools that we use. Obviously we're using WebEx right now. There's other tools very similar. BST uses Zoom. Internally we use Microsoft Teams which is an excellent product it allows us to do these video features and communicate, obviously sell an e-mail and audit dashboard. Audit dashboard I have a couple of slides but it's a great tool that will allow us to work seamlessly with the Thruway Authority to exchange data in a secure and remote environment.

If there's anything that's sensitive that we don't want floating through the Internet, of course, we'll come on site and review documentation. Also it's possible that some of the documentation can be too voluminous. If it's something we don't want to scan and e-mail over or use through one of our secure portals, we can make arrangements to come on-site. Things that come to mind include payroll records and other sensitive documentation. Perhaps any ongoing litigation or claims and those kinds of things we're happy to come on-site and review in person as long as it's a safe and secure fashion.

Just like you folks, I'm sure BST has a whole bunch of COVID-19 protocols to make sure that our staff are safe and make sure that if we do come to your client site that we're sending folks that have been vetted through our processes. We do have a daily health questionnaire that we have to answer. Obviously looking to see if any of our key members have symptoms of COVID or been exposed and if that's the case, then we adhere to whatever the CDC requirements are and we track that through our Human Resources Department.

Kind of the benefit that we have right now heading into these 12/31 audit engagements is that we've been working in a remote environment on and off since this pandemic started. So we have the experience and we can leverage that experience from our past audits over the last 7, 8 months as we work with the Thruway Authority and therefore we have a high degree of confidence that even though we may not be on-site physically on-site as much as we used to be, that we can still achieve the same modequality (sounds like) and meet all the deadlines that you folks have to comply with New York State laws and regulation.

Just to give you guys a flavor here, this is kind of a big fancy snip chart but this is really our tool for auditing in a remote environment. And interestingly we signed up for this software protocol even before the pandemic thinking that audit work in general would be

---

shifting to more of a remote base. So we use Audit Dashboard which is a licensed software. It's a web-based tool and we use it here to track all of our different engagements you can see here. I'm going to improve forward. So here's an example of what we might use. This is simply our client request list and each request is linked to a tab over here where the corresponding Thruway Authority number who will have access to this can upload the documents. So as an example up here, I know it's very, very small but at the top it says Bank Statements. And so if we were requesting the 12/31/20 bank statements, the Thruway Authority would simply click on that and there's be this yellow highlighted area the ability to upload the documents there. So each request will correspond with the ability to upload the audit support and then we can really audit that stuff in a real time fashion. So as you upload documents, we can get to it immediately vs. when we traditionally are there we're waiting for you to deliver these things or e-mail them over. So it's added a degree of efficiency. So I just wanted to give you folks a little flavor of what this tool is and how we're going to use it to approach the 2020 audit engagement. And we'll largely be working with Dave Malone and the other folks on this. And again, to the extent there's something you don't want to upload and this is a secure portal but to the extent you'd like to keep things on-site, then we will come on-site and look at documentation that way.

So I know I'm probably going over my allotted time so I'm going to start to talk even faster. Key areas of audit focus largely have not changed. We understand obviously that the 20/21 period was a rough period financially with the volume being down and therefore revenues and on top of that I know we've implemented the cashless tolling system which anecdotally I love. It's tremendous being able to go through there without having to stop at the tolls and I'm an E-ZPass person still.

So, the key areas of focus are largely consistent with the past. We do a ton of substantive testing. We go through your transactions in detail. We reconcile the material balance sheet accounts and trace things to source documentation to make sure they're properly recorded in the financial statement. From a single audit perspective, obviously we need to identify our major programs which can change from year to year. Traditionally it's the DOT programs and occasionally we have some FEMA to look at but in terms of the approach of a single audit, there have been no changes from the federal perspective. And so we'll largely approach the single audit consistent with prior periods.

We have a number of reviews that we go through to make sure what we've done is compliant with all professional standards. So in addition to my reviews, I mentioned before we have that quality control review which happens and that's an independent review of someone outside of the BST engagement team. I mean it's a BST employee but still, they're looking at things completely independently to make sure all the work we've done is compliant.

We do consider fraud just like in the past. We do a number of procedures. We look at journal entries. We design other tests including looking at things that we may not

traditionally look at to incorporate an element of unpredictability. And, of course, if we come across anything that we feel is not reasonable, we know the chain and we discuss that with management or if necessary, we'll discuss that with Don, the Chair of the Audit Committee. If there's anything that we feel needs to be addressed it gets brought to your attention immediately.

Wrapping it up here, there's a slew of accounting standards out there. The good news is that GASB delayed a whole bunch of them due to the pandemic. They gave people a lot more time to work on these accounting standards. I will say one of the more significant accounting standards that all governments will have to implement is GASB 7 and that deals with lease accounting and I can tell you already we're having discussions with management at the Authority to see how this accounting standard may impact our financial statements going forward. So that's going to be effective for periods beginning after June 15, 2021 so we really don't have to deal with that until our 2022 reporting period but with that said, we're going to want to make sure it's addressed before then. So that's something we'll be working on in the background in addition to the audit making sure these accounting standards have been contemplated by the Authority and that they're prepared to adopt them if they impact the Authority's initial reporting processes.

Just to reiterate, communication obviously if there's any thing that you folks have for me, we have these meetings a couple of times a year but I'm available on a year round basis if there's any questions, comments or concerns, please feel free to reach out to me and obviously if there's anything that I believe you need to be aware of, any significant items impacting the audit or any areas of concern, I will, of course, bring it to your attention in an expeditious manner.

Just to reaffirm BST is independent. We go through our independence training annually and evaluate anything that may preclude us from being independent with our clients. And I'm here today just to reiterate the fact that we are independent as it relates to the Thruway Authority and any audit services to the extent that we provide them are vetted as well to make sure that they're permitted test services. And with that just again, reiterating our independence as it relates to the Thruway. Those were my prepared remarks if anyone has any questions, I'm happy to address them now and if you think of questions down the line, feel free to reach out to me at your convenience and I'm happy to speak with you about our audit of the Thruway Authority.

Don Rice: So are there questions for Brendon? Brendon why don't you take your presentation down.

Brendon Kennedy: Don I would love to. I don't figure out how to do it.

Don Rice: I can empathize with you.

Brendon Kennedy: And I know one way to do it and that would be the leave the meeting. Oh here we go got it.

Don Rice: Good I can see everybody. So are there any questions for Brendon?

Joanne Mahoney: No, that was a very thorough presentation.

Don Rice: I've got one. Since you talked about it so much at the end there what is Independence mean?

Brendon Kennedy: Independence, well it's a professional standard we have to adhere to and basically there's two kinds of ways to look at it. There's all the things we can't do for example, I can't prepare your accounting records. I can't implement your accounting software. There's all these things where I would be caught auditing my own work for example that I need to avoid. There's also independence in appearance. So while the rules exist that we must follow, it might look bad if Brendon and Don went out for a couple of beers or something and we're sitting on a pub stool. We have to also consider the appearance of our actions as well. So there's both the professional and the appearance risks of independence that we consider when we take on our clients. There's just certain non-audit services that we can't provide, can't be like an out sourced accountant and then go audit our own records for example. So also if someone at the organization let's just say if my wife were to work for Matt Howard that also not only would be an appearance of independence issues but it could preclude me or the firm from being involved in the audit because of the relationship that a close person might have. Independence is really the cornerstone of an audit and without it we can't express our opinion.

Don Rice: That was good. So if there are no other questions on the BST plan can I have a motion to accept the plan?

Bob Megna: So moved.

Don Rice: Can I have a second? Thank you Joanne. All in favor?

All: Aye. None opposed. So we accept the BST plan. Okay do we have any other business for the Audit Committee? Being no other business can I have a motion to adjourn?

Joanne Mahoney: So moved.

Don Rice: And a second, thank you. All in favor of adjournment?

All: Aye. None opposed. We're adjourned. To you madam chairman.

---

Joanne Mahoney: Thank you Don and thank you Brendon. I would like now 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 please have a motion to enter our Board Meeting.

Bob Megna: So moved.

Joanne Mahoney: And I saw Heather a second thank you. all in favor?

All: Aye. We are now in full meeting of the Board and our first order of business is the public comment period for speakers to address items on today's agenda. Due to the pandemic COVID-19 and Executive Order 202.1 we are able to have our Board Meeting by WebEx. Individuals who wish to address items on today's agenda would have had to submit their written comments via e-mail prior to the Board Meeting to our Board Administrator. Tanya has anyone sent in written comments regarding today's agenda?

Tanya: No they haven't.

Joanne Mahoney: Okay so that concludes the public comment period on today's agenda and I'm going to ask our Executive Director Matt Driscoll do you want to take a couple of minutes at this point?

Matt Driscoll: Yes, good afternoon. Very briefly. I do want to follow Bob's lead though on behalf of myself and all the staff that are here congratulate you on your confirmation as SUNY ESF President.

Joanne Mahoney: Thank you.

Matt Driscoll: That's really terrific. We've known each other a long time so I would say on a personal level, and a practical level, you will serve that institution extremely well with your hands-on approach. So I'm certain of great things to come there and I'm sure it will make Bob feel a little more comforted too going forward. So congratulations.

But just Board of Members as you're aware on Saturday morning November 14<sup>th</sup> we successful converted the system to all electronic tolling. That transition was seamless. We've had no issues with it and then shortly thereafter we began Phase 2 which is removal of the tollbooths and equipment and reconfigurations in 7 locations across the system. That work is underway, it's going well. As long as the weather continues to cooperate we'll be happy about that. We anticipate having all 52 locations completed in the summer of 21. That concludes my report.

Joanne Mahoney: Terrific, thank you. Does anybody have any questions for Matt before I move on? Okay so the next order of business is the approval of the consent agenda. And Bob did the lion share of the work for this meeting in his Finance

---

Committee meeting so you'll see those agenda items on the consent agenda. Can I have a motion to accept the consent agenda?

Bob Megna: So moved.

Joanne Mahoney: Is there a second, thank you.

Female: Second.

Joanne Mahoney: All in favor?

All: Aye. Is there any opposition? Hearing none, the five items are approved. And the next order of business is our action agenda. Item number 6 authorizing the execution of supplemental agreement #8 for the New New York Bridge Project Owner's Engineer Services term agreement and Rich Lee is going to present that for us. Please Rich.

Rich Lee: Thank you. So this next item requests authorization of supplemental agreement #8 D214187 HNTB New York Engineering and Architecture, PC that provides Owner's Engineering Services for the Governor Mario M. Cuomo Bridge. back in June 2013, the Authority entered into this term agreement after the Board approved such at the December 2012 Board Meeting. Staff is now requesting to execute this supplement by an additional amount of \$28,500,000 which will increase the maximum amount payable to \$168,500,000 to extend the term for 3 years until June 30<sup>th</sup>, 2024. The following tasks are included; filing certification and close out, operations and maintenance support including transition and conclusion of warranty work, engineering support services during bridge operation, contractual closeout and permanent records transitioned to the Authority. Funding for supplemental #8 is provided through item B0538.1 of the 2020 Contracts Program. And I think it's important to note that the original estimate back in 2013 of what these services might ultimately cost the Authority was projected at \$215,000,000. This supplemental which will close out the project brings a maximum amount payable to \$168,500,000 well below that original estimate. So obviously if you have any questions I can answer them.

Joanne Mahoney: Thanks Rich that is good news. Any questions for Rich on agenda item #6? Alright thank you can I have a motion to approve? Jose. Second anyone. Steve thank you. All in favor?

All: Aye. Seeing no opposition the motion is approved. Agenda item #7 declaring surplus to the Authority's Needs Permanent Easement Real Property reference TB19-2 and authorizing it's release to William Turner. And Matt Howard this one is yours please.

Matt Howard: Thank you. The purpose of this item is to authorize the release of a permanent easement for a 4,300 square foot parcel in the town of Victor in Ontario County. The subject easement was acquired by the Authority for the construction of the

---

original system back in 1947. The thought then was that it would be used for drainage, was not the case. We haven't had a need for it but we are able to maintain that easement. So it currently sits on a broader parcel about an acre and a half and the applicant is making a request so they can clear title on that broader parcel so they can have it for commercial use. As part of this item, we've had an appraiser independent to estimate the value of the release of that easement; it's estimated to be \$387,000. In our internal review of the appraisal, confirmed that this valuation made sense in the term that it represented the easement's market value and the contribution that it makes to that broader parcel that potential commercial use. So, based on this and subject to approval by the Attorney General and State Comptroller, I would recommend this item for you to approve.

Joanne Mahoney: Alright can I have or does anyone have any questions for Matt? Can I have a motion to approve?

Bob Megna: Move.

Joanne Mahoney: And I see a second Jose thank you. All in favor?

All: Aye. The motion is carried. And that brings us to agenda item #8 approve the waiver of competition and authorize the executive director to execute two contracts of New York Urgent Care Practice and our stand in Extraordinaire Matt Trapasso will present on behalf of John Bar.

Matt Trapasso: Thank you very much madam chair I appreciate it. So this item seeks approval of a waiver of competition and authorization for the Executive Director to execute a total of 4 contracts; 2 contracts with Well Now Urgent Care and 2 contracts with Industrial Medicine Associates. These contracts will ensure the Authority's compliance with OSHA standards with supervising medical services including respiratory clearance evaluations, medical record keeping, and date reporting, respiratory fit testing, blood lead testing, audiometric testing, and monitoring crystalline silica in our employees. The Authority received written approval from Civil Service to use their agreements with Well Now and Industrial Medicine to perform these off-site medical consultation and examination services in specific regions throughout the state. So this agreement with Civil Service will allow us to purchase these services directly through Civil Service. However the Authority also requires services to include qualitative fitness testing and processing of medical forms which are not covered under the Civil Service agreements with both of these companies. Therefore we are seeking your approval for the waiver of competition to enter into these two additional contracts with Well Now and Industrial Medicine. In total all four agreements are for a term of 30 months or two years and six months with a total maximum amount payable of \$90,000 and we are recommending this item for Board approval.

Joanne Mahoney: Thank you. Any questions for Matt? Hearing none can I have a motion to approve please?

Bob Megna: So moved.

Joanne Mahoney: And I see a second. All in favor?

All: Aye. The motion is approved. Thank you Matt. Agenda item #9 is Authorizing the Executive Director to execute a non-engineering personal services contract with the New York State Office of General Services to provide webcasting services and I think they're doing that for us on this meeting. So Kim McKinney will you please present that agenda item?

Kim McKinney: Thank you. We are seeking authorization to enter into a personal services contract with the Office of General Services for webcasting services, and you are right, as we are doing today. Pursuant to Executive Order 3 of 2007 we must ensure that all open meetings are broadcast on the Internet. We wish to continue to use the Office of General Services for their webcasting services. Public Authority's Law section 362 allows contracting with a state entity that is performing these services directly. OGS provides webcasting, video capturing, streaming and transcription services. The contract is for a 5-year term with a maximum amount of \$75,000.

Joanne Mahoney: Okay thank you. Any questions for Kim on that item? Hearing none, can I please have a motion?

Bob Megna: So moved.

Joanne Mahoney: And I see Jose second us again thank you. All in favor?

All: Aye. Seeing no opposition, that motion is approved. Thanks Kim. This brings us to the public comment period for general Thruway Authority matters. Tanya I understand you did get a couple of comments for this part of our agenda?

Tanya: Yes, I did. The first comment is from Mr. Reid who submitted his comment to me on Sunday, November 1<sup>st</sup> related to DC fast charges along with Thruway system and his comments, Mr. Reid who has been an electric vehicle owner for more than 3 years notes that there are no DC fast charging stations west of Utica to the State Line with Pennsylvania on I90. He highlights that the lack of fast charging infrastructure on the Thruway is contributing to the slowest option of EDs more broadly in the state. Mr. Reid is requesting that the Thruway make the installation of DCFC stations a top priority to ensure these locations are accessible to users of the Thruway System. Because Mr. Reid submitted these comments well in advance we are able to provide a response which I would like to provide a summary now.

By the end of the year 18 more DC charging stations will be online at the services areas and commuter lots from Westchester County to the state's border. This includes 6 level 3 fast chargers at Thruway Service Areas including Ontario, Dewitt, Warners, and

---

Angola east and west service areas. Also as part of the proposal to redevelop our 27 service plazas at least 1 level 3 charging station will be located at all service areas as each location is completed. We're proud of the fact that when these projects are complete, the Thruway will be a robust corridor of more than 100 fast changing DC stations with an average of 30 miles between each location.

The next comment is from David Reyes. Mr. Reyes made a comment to me on November 2<sup>nd</sup>, related to changing E-ZPass policy to streamline the process for E-Z owners to request a green E-ZPass. Mr. Reyes notes that requiring owners to mail a request letter and a copy of their vehicle registration adds friction, generates paper waste and negatively impacts the likelihood of participation in the program. Mr. Reyes suggests that vehicle registration data including fuel type is available via data.ny.gov and as such, identifying what vehicles are eligible to be automated. To quote directly, "Switching to a green E-ZPass should be recommended by the add a vehicle portion of E-ZPass New York website prompting for then to verify as soon as the user selects quality model of vehicle. Mr. Reyes also suggests change to simplify the process would help in reaching Governor Cuomo's Charge New York all of 850,000 zero emissions on New York roads by 2025. Again, because Mr. Reyes submitted his comments in advance to the meeting, we were able to provide a response which I will summarize now. The Thruway is continually looking for ways to make it easier and more convenient for customers to participate in money saving programs like the Green E-ZPass. We appreciate you sharing your ideas to streamline the process and will look into this approach as we work to refine and update this in other programs also.

And that's it.

Joanne Mahoney: Thank you Tanya. And thank you also for those responses that have gone out. I don't know if anybody has any questions or comments for what Tanya shared. Okay so I will move onto our final agenda item which is to approve the list of Board meeting dates for 2021 and those dates are on the agenda Monday, they are all Monday's. January 25<sup>th</sup>, March 29<sup>th</sup>, June 7<sup>th</sup>, September 20<sup>th</sup>, and December 6<sup>th</sup>. I know I saw the list ahead of time I don't know if you all had an opportunity to see that. if anybody has any concerns with any of those dates?

Male: Joanne could I ask you to repeat that?

Joanne Mahoney: Repeat the dates? Yep, they're all Mondays. January 25<sup>th</sup>, March 29<sup>th</sup>, June 7<sup>th</sup>, September 20<sup>th</sup>, and December 6<sup>th</sup>.

Male: Thank you.

Joanne Mahoney: Sure thing. If there's no concern with those dates could I please have a motion to approve that list of dates? Jose, thank you. All in favor?

All: Aye. Okay seeing no opposition that sets our schedule for next year and it also concludes the formal agenda for the December 1<sup>st</sup>, 2020 Board Meeting. our next Board Meeting is January 25<sup>th</sup>, 2021. And if there is no more business that any of you would like us to consider at this meeting, I will entertain a motion to adjourn.

Dr. Veras: Before you do basically could we assume that the meetings will be at 11:00 in the morning?

Joanne Mahoney: Yes, Tonya said yes, 11:00 a.m. Good point Jose. Any questions. Can I have a motion to adjourn the meeting?

Dr. Veras: So moved.

Joanne Mahoney: Jose and Steve seconded. All in favor?

All: Aye. Alright seeing no opposition we are adjourned. Thank you all very much. See you in January.

All: Aye. Opposed? The motion carries. Thank you very much Matt and that concludes the formal agenda for September 30<sup>th</sup>, 2020 meeting and our next Board meeting will be on December 1<sup>st</sup>, 2020. Is there any other business that anyone would like to bring before the Board today? Alright then may I please have a motion to adjourn today's meeting?

Male: So moved.

Male: Second.

Joanne Mahoney: Thank you. All in favor?

All: Aye. We are adjourned. Thank you all very much and I will see you back here in December.