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Joanne Mahoney: Tanya thank you and your team for getting this all coordinated for us. Welcome to the March 29, 2021 meeting of the Thruway Authority Board of Directors. On the WebEx we have board members Robert Megna, Dr. Veras, Don Rice, George Miranda, Heather Briccetti, and Steve Saland, and myself Joanne Mahoney. Today we will start with the Finance Committee, Bob Megna chairs that committee for us. Also serving on that committee is Don Rice and Dr. Veras, and I serve ex officio. So Bob, will you please get us started with the finance committee meeting please?

Bob Megna: Thanks Joanne. The first item of business is the approval of the Finance Committee Meeting #61 minutes. Any questions? May I have a motion to advance and discuss and if not, a vote?

Dr. Veras: So moved.

Bob Megna: Do I have a second?

Don Rice: Second.

Bob Megna: Any further discussion? If not all in favor of approving the minutes?

All: Aye. Any opposed? The motion is approved. The second item is review and approval of the financial reports for October, November, and December 2020. The financial reports Matt Howard will present for us.

Matt Howard: Thank you. So this item seeks your approval of the financial reports through December 2020. I'm going to start with the traffic and revenue prediction. Please note from a big picture perspective, these figures are consistent with the revised forecast that the Board approved in the middle of 2020. The actuals actually came in fairly consistent with the revisions that we made taking into account the impacts of COVID. On a yearly basis, that decline was about 23% below the prior year. Of this we saw a decline in commercial traffic of only about 3% while passenger traffic declined by 26%. As I mentioned in the past, we saw you know a major portion of that decline occur last March and into April and then after that period of time over the course of a period of time, basically April through the middle of November slow steady reversion back to a more normalized traffic the traffic and quota began to climb back from those that we saw in March into April. That trend really you know was persistent from the mid April period through about the middle of November and then as we saw an uptick in cases in the responses to that but the growth kind of back to a more normalized trend kind of stressed it and then we saw that in November and December kind of those same yearly numbers about 23% down on a traffic basis. Thankfully, we also saw that kind of persistence in the winter as well but as the winter has worn on and cases receded we have seen traffic begin to make a path back toward more normalized path. So on an overall basis, this corresponded to toll revenue receipts of \$615 million in 2020 which represented a decline of 16.8% or about \$124.5 million below the prior year with commercial tolls declined about 2% and passenger toll revenues declined by about

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27%. Importantly, again, these figures are all basically right in line with the revised budget forecast that the Board approved in the middle of the year to take into account our response to COVID. On a total revenue basis, the Thruway collected about \$670 million in 2020 that also was about 17.6% below the prior year but still actually a couple million better than what we actually had anticipated in our mid year revised budget. But specifically this includes \$615 million in toll revenues, \$33 million in E-ZPass and toll by mail fees, \$3.2 million on interest and investments, \$6.7 in concession revenues and \$14.6 million in various sundry revenues and special hauling permits. And again, putting that on context, we ended up at 0.4% about \$2.6 million above what our revised revenue projections were for 2020.

On the expense side for 2020, we had Thruway operating expenses including all accrued long-term health insurance and OPED expenses that totaled \$403 million which is about \$9.5 million or 2% of all 2019 levels. However, I would note that this figure kind of allies the impact of the cost savings efforts that we engaged in during 2020. The increase on an overall annual basis is really more related to unfunded liability accruals that we made in the pension and other benefits. But when we specifically look at funded expenses on an overall basis the 2020 budget totaled about \$315 million which was down 10% or \$38 million below the prior year. And this reduction really is due to a couple of things namely \$10 million in savings due to lower maintenance costs such as snow and ice, fuel and vehicle repair costs, \$9 million in savings due to the timing of reimbursement for E-ZPass credit card fees from all the state agencies and we received a final reimbursement for 2019 we received that in 2020 and actually lowering expenses, as well as \$7.5 million in savings from personal service costs due to low or temporary overtime costs, restricted back fill vacancies and transition to cashless tolling, and finally \$5 million in Tolls by Mail savings due to lower traffic figures and lower provider rates that were established in the contract extension Board approved last spring.

I think in 2020 the Thruway reimbursed the State of New York for \$59 million associated with Group T costs patrolling the roadway. This was also about 10% below the prior year. On an overall basis what these putting these figures into context, again, our operating expenses were about 10% below budgeted levels. The State Police were about \$2.6 million below our estimates. On an overall basis the revenues were again about 0.4% above what we had planned for in the mid year revised budget and on the expense side we were about 10% below what we had revised in numbers in the mid year budget as well. And with that I'll be willing to answer any questions.

Bob Megna: any questions for Matt? I have one simple one. Matt do you know, and if you don't its fine, do you know how our results in terms of volume kind of compare with some of the other toll agencies like downstate like the other authorities?

Matt Howard: Yeah, we're pretty consistent with what other authorities have seen. In having information conversations, it seems as though they kind of experience the same

reversion back to the fall and then kind of a crest and so I think that everything I've been told it was pretty consistent with what we've seen in other entities.

Bob Megna: Thanks. Any other questions for Matt?

Joanne Mahoney: I have a question. Oh go ahead Steve.

Steve Saland: Just a rather narrow question. When I was looking at what was forwarded to me I just noticed the sizeable increase in what you allocated for retirement. Is that a trend or is that a phenomenon or what caused it?

Matt Howard: I think that really was a function of accounting for the Thruway's share of a retirement system in terms of our liability that we anticipate based on the population that we have of former employees that are now currently in the retiring system and that's the calculation we received from the retirement system itself and it's really basically a function of that.

Brendon: Matt I can help there too. So everyone knows the pension system is measured as of March 31<sup>st</sup> and what's included in the Thruway's financial statements is the March 31<sup>st</sup>, 2020 pension liability and if you think back to a year ago and where the financial markets were, they had effectively plummeted so when the state went to measure their obligation at 3/31/2020, it created a huge spike in our net pension liability. When they go to measure it 2 days from now, I would expect that, and I hate to call it a paper loss but that gap should shrink quite a bit. And so we include the March 31, 2020 in our 12/31/2020 financial statements which is probably what you're seeing. A temporary loss.

Bob Megna: And to remind people the Government Entity makes up any market shortfall right in New York.

Brendon: Overtime. Not an immediate one.

Bob Megna: The pieces that Brendon is talking about would have on paper driven a higher liability.

Brendon: Correct. So that has nothing to get to the question I think maybe I missed it. It had nothing to do with retirements or other issues associated with COVID that we know about yet.

Matt Howard: That's correct, that is absolutely correct.

Joanne Mahoney: This is Joanne so I think Brendon you're just saying now that the market's recovered those numbers will look better.

Brendon: I sure hope so.

Joanne Mahoney: I had just a quick clarification Matt, you said that our revenue is up about 3% and our expenses are down about 10% are both of those numbers based on the revised that we gave you? I mean we're not 10% down on the original budget and 3% up on the revised budget?

Matt Howard: No, that's absolutely right in that when we revised the budget in the middle of the year, we had to kind of look forward and say, "This is what the impact is going to be for revenues and expenses" and that is what the Board approved in the middle of the year. And what we found was that the revenue picture was just a shade better than what we would have anticipated and on the expense side, there were things that we've identified that we wouldn't have been able to capture in the middle of the year that actually lowered our expenses. So on an actual basis the result was our revenues performed a little bit better than we had anticipated when we brought the revised budget to the Board and on the expense side we had a couple of saving figures that we hadn't been able to full kind of project forward on what the impacts would be on that basis. So I think in both instances it's actually positive in terms of our ability to manage what has been a real challenging year.

Joanne Mahoney: Yeah, and that is clear then now that you've clarified that for me and really kudos to Matt Driscoll and the whole team that you were able to pivot and find those savings while revenues were plummeting.

Bob Megna: So yes, I add my kudos to that list. Any other questions for Matt on this issue? If not may I have a motion to advance this item?

Dr. Veras: So moved.

Bob Megna: Do I have a second?

Joanne Mahoney: Second.

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

All: Aye. Any opposed? The motion is approved. We move onto the next item which is approval of the Authority's investment transactions for the third and fourth quarter of 2020 and again, Matt Howard will present.

Matt Howard: This item seems approval of reporting on investment transactions that the Thruway made for the third and fourth quarter of 2020. These transactions include the purchase of authorized securities, repurchase agreements and certificates of deposit. The attached exit A presents the details of all investments purchased for both the quarters ending on September 30, 2020 as well as December 31, 2020. Exhibit B details the investments that were held September 30th through the third quarter as well as December 31<sup>st</sup>, 2020 the fourth quarter. These items were submitted in accordance

with the Authority's investment policy that the Board approved last March. For the fourth quarter we had \$1.8 million in investment transactions that comprised of about \$1.8 million in Thruway Authority funds and \$70 million in Plus 1 Bond Program investments. The average yield of the Thruway Authority funds was 0.8% with an average weighted maturity of 53 days. With that I'd be willing to answer any questions you have.

Bob Megna: Any questions for Matt on this issue?

Dr. Veras: Matt which answer during the briefing that we had, no questions for me.

Bob Megna: So if that's the case may I have a motion to advance this item?

Joanne Mahoney: So moved.

Bob Megna: A second?

Dr. Veras: Second.

Bob Megna: All in favor? Aye

All: Aye. Any opposed? The motion is approved. The next item on the agenda is review and approval of the Authority's annual investment report. Matt Howard will present.

Matt Howard: Thank you. So I had mentioned earlier in the last item the authorization the Board gave last March. This is a follow up that will basically address investment activities in 2021 as well as summarize the full annualized activity that occurred on investments in 2020. This item is submitted in conformance with Public Authority's Law which requires the Authority to prepare and approve these reports on an annual basis. This report includes the Authority's investment policies, our independent auditor's report on investment compliance, and investment income information. The investment policy that is connected to this item has no changes recommended for the Annual Investment Policy. As noted, the independent auditor's report our investment program is compliant with all material respects with the various requirements we are obligated to operate under. They didn't identify any deficiencies or inherent control issues that they noted.

In 2020, in total we had \$8.6 billion investment transactions, an overwhelming majority \$7.5 billion of which were investment transactions associated with Thruway Bond Fund proceeds and about \$1.1 billion in state bond fund transactions that we administered on behalf of the State of New York. our annual interest earnings were about \$5.1 million from an average yield of just about 0.6% with an average maturity of 47 days. With that I'd be willing to answer any questions.

Bob Megna: So any questions for Matt? One quick one Matt, so nothing with COVID adversely affected our investment portfolio over the past year?

Matt Howard: No there was not any direct impact. I would say that with the necessity to ensure that with revenues declining we really made sure that we had proceeds available to draw on really for capital expenses. So, if anything, it made us very mindful over the course of the year how investments will play and making sure that we have those human resources available to draw on as needed basis.

Bob Megna: So a very different story in a sense out of a bad situation.

Matt Howard: Yep.

Bob Megna: Any other questions for Matt? Don. Don we can't hear you. I don't know if anyone can hear Don, I cannot.

All: I can't hear him.

Don Rice: Alright can you hear me now?

Bob Megna: Yes.

Don Rice: Okay what I said was I did think it impacted us in this way, interest rates are so lower now for us and for the world in general. So the consequence it reduced our investment earnings I think materially from what they had been in the past and you know I think you'd agree with that right Matt?

Matt Howard: Oh definitely, it's a very good point.

Don Rice: But we're not alone in that regard.

Bob Megna: Thanks Don. Thanks Matt. Any other questions for Matt. If not can I get a motion to advance this item?

Don Rice: Motion.

Joanne Mahoney: Second.

Bob Megna: If no further discussion all in favor? Aye.

All: Aye. Any opposed? The motion is approved which takes us to number 5, the Annual report of the 2020 procurement contracts and again, Matt Howard will present.

Matt Howard: Thank you. This resolution seeks your approval for the 2020 annual procurement report. This like a proceeding item is a requirement of Public Authority's

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Law that we prepare, approve and submit a good report to the Public Authority Budget Office by April 1<sup>st</sup> of this year. The report includes schedules of all personal service emergency contracts, a summary of all bond sale, and a copy of our procurement policy. To briefly summarize the procurement activity in 2020, the Authority paid \$98.6 million under personal services and lease agreements which are best value contracts; \$41 million under commodity service agreement that were bid contracts; and \$52.9 million under engineering and architectural consultant contracts. These payments add up to \$192 million which is about \$30 million or 19% above what was spent on procurement contracts in the prior year. I would note that increase is driven largely by costs that were associated with the conversion of the cashless tolling and finally we're seeking your approval of the procurement policies that have no change from the policies that have been in place for the last year. And that pretty much summarizes what's in this report and I'd be willing to answer any questions.

Bob Megna: Questions for Matt? If not may I have a motion to advance this item?

Don Rice: So moved.

Bob Megna: A second.

Dr. Veras: Second.

Bob Megna: If no further discussion, all in favor? Aye

All: Aye. Any opposed? The motion is approved. The sixth item on the agenda authorizing a selection of underwriting firms and authorizing the Executive Director to enter into contracts with the selected firms for underwriting services. And again, Matt Howard.

Matt Howard: This item seeks the Board's approval to designate full investment banking firms from which co senior managing and co managing underwriters may be selected for any future authority Bond sales. They will be selected on an as needed basis. These were the result of an RFP process whereby evaluation committee advised the authority staff from the Department of Financing Accounts and Legal evaluated the proposals in accordance with criteria set forth in the RFP. Numerical evaluation standards were provided to and used by the evaluation committee to assist in this process to ensure continuity in the approach. The selection committee found that the best interest of the Authority would be served by entering into agreements with 13 firms having the highest weighed scores for those applying for senior management positions, and entering into agreements for co-managing underwriting services with the 6 additional firms from those remaining that had the highest weighed scores as well as 8 firms from those remaining as certified MWBE and SVDOP firms that had the highest rating scores. This has been circulated and Director conferred with the determination of the selection committee. I would be willing to answer any questions that the Board may have relative to this process.

Bob Megna: Any questions on this? Matt, what's the duration?

Matt Howard: It's an initial term of three years with optional two option six month extension periods.

Bob Megna: Any other questions for Matt?

Joanne Mahoney: I have a question, so you made selections also among MWBE firms is there a requirement about how we use the firms that we then procure in the same way? Like do we have policies where we made sure that we're using the MWBE firms that we're procuring as well?

Matt Howard: Yes, just as a matter of fact, ensure that in each of the issuances that we use these firms to provide underwriting services to ensure that we have appropriate participation by these MWBE and SVDOB firms. I would say that on a sort of just general basis, it may on any given transactions depending on size, we can utilize anywhere from 4 to maybe 7 firms to help execute the issuances and of those numbers, we typically have I would say 2 to 3 of those 4 to 7 firms typically are within the category of MWBE or SVDOB firms. That's something that we usually go to lengths to make sure that we offer the ability to participate to those firms in that group.

Joanne Mahoney: I was just wondering and I appreciate that Matt that we do that, I was wondering whether the requirement is that for procurement purposes we meet certain goals but then we have a stable of folks to go to and do we have those same policies in terms of utilization? And I understand you said by practice we do, but I just wonder whether there's a policy to do that.

Matt Howard: Yeah, I'd have to go back and double check on that only because it's been so engrained as what we have done whether or not there is that codified requirement I couldn't say with certainty, I would have to go back and review the policies.

Don Rice: Madam Chair, I don't know whether or not the Thruway has a policy it might be nice to have one but the State does have a policy or at least it has targets and I think the guidelines are 28% or thereabouts for MWBE's and then another target for Veteran Disabled Firms and there's also a target for Women Owned firms. Is that your understanding Matt?

Matt Howard: Yeah in the broadest sense for procurement contracts definitely there is the goal set of like 30% so that maybe where you're looking at the 28 and you know lower thresholds for SVDOB firms. Again, I think at the state level that's like a 6% goal for participation that we have but like I said, I wouldn't want to misspeak and indicate that there is a concrete codification that is in our policy.

Joanne Mahoney: Maybe we could follow up on this and just let us know what the actual policy of the Thruway Authority is that'd be great. Okay thanks.

Matt Driscoll: Madam Chair if I may, I think that's a great point. We will do that and take a hard look at the policies but also just so everybody's aware, in the time that I've been here we've made it a practice to ensure, depending on the structure and the sizing that we move things around so that we're giving opportunity in a broad sense when we do our issuances. So, I'm proud of that work and I think you'll see that when we come back to you later.

Joanne Mahoney: Thank you.

Bob Megna: I actually thought it was a policy so it will be interesting to see Matt. But, any other questions on this? If not, may I have a motion to advance this item?

Joanne Mahoney: So moved.

Bob Megna: Second?

Male: Second.

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

All: Aye. Any opposed? The motion is approved. Number seven is any other business before the Finance Committee? If not we can move to adjournment and can I have a motion to adjourn today's Finance Committee meeting?

Male: So moved.

Joanne Mahoney: Second.

Bob Megna: All in favor aye?

All: Aye. We are adjourned.

Joanne Mahoney: Thank you Bob. Up next is the Audit Committee and Don Rice chairs that committee for us. Also serving on the committee is George Miranda and Bob Megna and I serve in an ex-officio capacity. So Don would you please get us started with the Audit Committee?

Don Rice: Sure. Can I have a motion to enter into the Audit Committee?

Male: Motion

Joanne Mahoney: Second.

Don Rice: Okay so one moment. Can I have an approval of the minutes from the last meeting?

Joanne Mahoney: I think we need a quick vote of the motion to start the meeting.

Don Rice: Thank you for that. Could I have a motion to start the meeting?

Male: Motion.

Joanne Mahoney: Second. All in favor? Aye

All: Aye.

Don Rice: Thank you. Can I have approval of the minutes from the last meeting?

Joanne Mahoney: So moved.

Bob Megna: Second.

Don Rice: Okay. The first item is I don't know if this is happening to other people but in my phone it is extraordinarily loud from shuffling papers or something.

Joanne Mahoney: So maybe if we're not speaking we could mute for Don please.

Don Rice: Thank you. Let's start with the Harry I think it's with the Audit Plan for the Bureau of Fiscal and Toll Audit.

Tanya: No it's actually Matt Howard.

Don Rice: Oh Matt again, I'm sorry. Matt go right ahead.

Matt Howard: Well thank you. So this request of the Audit Committee's acceptance of our internal fiscal and full audit plan for 2021. Each year the Financing and House Departments conduct a large number and a wide variety of risk based audits and reviews. This plan lays out planned activities for the Bureau of Fiscal and Full Audit that the staff wanted to take in 2021. Key focus will be implementation, reconciliation and reporting of cashless tolling trips and revenues. In addition, billings for maintenance and equipment on gantries and toll collection software at cashless tolling locations will also be reviewed to ensure that these billings are in accordance with agreements that we have for those activities. Beyond that, this fiscal and full audit unit will continue to do it's skilled work and additional activities that its traditionally done from monitoring, reviewing accuracy of personnel and salary calculations, to contract compliance and review. The Authority's Bureau of Fiscal and Total Audit is staff by auditors, accountant aides, clerks and other staff who, on average, spent almost 11,000 staff hours going

over 400 audits including some of the topics I just talked about and reconciling auditing toll revenues and toll transactions to ensuring that we have accurate and reliable financial reports in systems support load reports.

In your Committee binder you're going to find a copy of the post audit program that details all the specific audits that we expect to perform in 2021 and it's a function that often can be overlooked but one that we continue to invest in to make sure that we're keeping a real focus on performance of our internal process on how funds are reported and reconciled and information is reported out on a monthly basis. So that's a broad summary and with that I'd be willing to answer any questions.

Don Rice: Are there any questions? Okay Matt I think the next item is yours too. I'm sorry Matt Howard.

Matt Howard: This item thankfully is one that Brendon Kennedy on the conference call will address. He's going to review for your approval the 2020 audit independent financial statements. Again, our auditors BST lead by Brendon Kennedy is going to present the findings report.

Joanne Mahoney: Don before we do that, I just want to make the job of our secretary easier. We didn't vote on Matt's last presentation so can I please move to accept the 2021 Audit Plan?

Bob Megna: Motion.

Joanne Mahoney: I'll second it then. And we'll take a quick vote.

Don Rice: Yes, thank you.

All: Aye.

Joanne Mahoney: Okay sorry about the interruption.

Don Rice: Thank you Joanne.

Matt Howard: So I guess with that we can turn it over to Brendon Kennedy to review the independent financial statements.

Brendon Kennedy: Good morning everyone, almost afternoon. For those of you who don't know me my name is Brendon Kennedy. I'm going to walk you through a very brief presentation. Since Matt covered most of the financial aspects of the Authority, my focus is going to be discussing the audit results and what I've done is prepare a brief presentation that hopefully you all have a copy of and what I'm going to do now is share my screen and walk you through that. I tend to talk pretty quickly. I understand we

have a full agenda, but as always, if there's any questions, feel free to stop me and I will do my best to address those.

Okay is everyone looking at the presentation?

Don Rice: Yes.

Brendon Kennedy: Beautiful. Alright, after the cover page here we have just the various items that we'll be discussing; a brief executive summary and overview of the financial statements. Matthew has already discussed the investment compliance. I'm make some required communications under professional standards and then we'll talk about a few things that we're working on in the background; some new accounting standards out there that may impact the Authority as we move forward. And obviously, we'll have time for any questions or comments that you would like to discuss at the end of the presentation. And if there's anything again, during that you want to bring up, we're happy to discuss.

So, we completed our work as of March 11<sup>th</sup> and the deliverables are fairly consistent with the prior year. We have our report on the basic financial statements. We have our report on internal control and compliance which is commonly known as the GAS report. We have our investment compliance and then there's a separate letter that we issue our required communications and while that's a separate document, most of those required communications will be made as part of this presentation. You will note that we did not have a federal single audit for the period ending 12/31/2020 and that is because we did not spend equal to or in excess of \$750,000 in federal awards. This is the first time in a long time that we have not had to do that audit and so again, no audit of federal funds because we did not exceed the threshold set out by the federal government.

As it relates to our Independent Auditors Report, we have an unmodified opinion. An unmodified opinion also known as a clean opinion is the highest level of assurance we can give you the Board that the financial statements are free of material misstatement.

Our report on Controls Compliance, I'll just combine these next two, we do not have any material weaknesses or significant deficiencies, or any material noncompliance that we will report to you as part of our 12/31/2020 audit. In addition to there being no material weaknesses or significant deficiencies, we didn't identify any control deficiencies either that would be recorded in a separate document. As Matt alluded to earlier, our examination on Investment Compliance we believe that you materially complied with the investment requirements as established by New York State Law so that is also a clean opinion for the period ending 12/31/2020.

So just to go through the financial statements. The content of the financial statements and the breakout in the pages are fairly consistent with the prior year. While 2020 was a challenge obviously for the Authority, the presentation and the work that went into

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preparing the document was largely done on time and allowed us to meet all of our reporting obligations.

The Independent Auditor's Report on pages 1 and 2, those are the only two pages really that BST owns. That's where our report can be found. After that, you can find management's discussion and analysis. I jokingly refer to that as the cliff notes to the financial statements. If you want a quick summary of the financial position of the Authority and how things went, you can check out pages 3 to 12. Pages 13 to 16 are the detailed financial statements, the balance sheet, the income statement and cash flows. Then we have the notes to the financial statements found on 17 to 48. That's where all those financial items are explained including our basis of accounting. And then finally there's some required supplementary information that US GAP requires us to disclose as separate schedules in the back of the document. Those are on pages 49 to 51.

One of the key areas that we focused on when we did this audit, obviously a lot of the work was done remotely which is different than in prior years. So we did consider the remote work environment when conducting our audit. We also considered the remote work environment as it relates to the Authority. So for example, what processes and controls may have changed as a result of Authority personnel working remotely? We did consider that in the conduct of our audit and we did not identify any material changes or any control lapses as a result of the remote work environment.

The other areas are fairly consistent with the prior year, you're going to notice the material audit errors areas, excuse me not errors, capital assets, cash and investment, revenue recognition and receivables. We did also consider the impacts of cashless tolling. So any time there's a new change as it relates to the Authority, we pay particular emphasis in that area. So we did consider the cashless tolling implementation as part of the audit and then we did examine payroll, bond issuances and bond transactions, our significant counting estimates and then in consideration of contingencies including any litigation claims and others. So all those significant audit areas were examined, tested, and proved to be properly accounted for in the period ending December 31, 2020.

Just a summary of the Audit results here. We found again the process of controls to be properly functioning. All the transactions that we selected were adequately supported. We believe that management judgments were reasonable and nonbiased. We believe that the Thruway Authority were courteous and helpful. We received the full cooperation of all the individuals that we encountered as part of the audit. So anything that BST asked for, we were provided and we felt comfortable with the documentation that supported the transactions as reported.

Just briefly on the investment compliance; so we've cited a law that we're examining and your compliance and as previously mentioned, there was no compliance issues

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regarding the investments and our report will be attached to your investment report and files in accordance with DABL regulations.

A few other required communications and then we'll talk about some upcoming transactions. Significant accounting policies, those are found in footnote 1 of the financial statements. We did not identify any significant changes and there were no new accounting standards that materially impacted the financial statements. We did not identify any unusual transactions or disagreements. No difficulties encountered during the audit. As mentioned, we received the full cooperation of everyone at the organization. There were no audit adjustments or materially uncorrected audit differences. That is a real kudos to the finance folks at the Authority. We're not aware of any consultations that we would have to disclose to you with other accountants. We did look at one significant transaction which would be your debt issuance and refunding to make sure that was properly accounted for. And one matter that we did discuss is just your contingencies as it relates to outstanding claims. We did discuss the status of everything with management and we believe that it's properly disclosed in the financial statements as it is.

A few more required communications. As mentioned, we did look at your significant accounting estimates. These are things that involve subjectivity at times and require management's input. We looked at your allowance, claims payable which would include litigation, depreciation expense. And with depreciation we're looking at useful lives to make sure assets are being properly expenses. We looked at your other post employment benefit obligation which is an actuarially determined liability and we briefly discussed earlier the net pension liability as we discussed. That's really a number that's provided by the State Comptroller's office and you notice that it increased significantly from the prior year and that really has to do with the timing of the measurement of that liability. It coincides with the State's fiscal year end which is March 31<sup>st</sup> and we therefore used the March 31<sup>st</sup>, 2020 evaluation which is acceptable in accordance with US GAP. Unfortunately on March 31<sup>st</sup>, 2020, the sky was falling and the markets had plummeted and as a result of the spread between our pension liability and our pension assets had grown and as we discussed, when we go to measure this 2 days from now, hopefully there's no material changes in the markets, you will notice that net pension liability should be significantly smaller and the funded status should be better compared to 2020. The timing really couldn't have gotten much worse as it relates to that particular actuarial liability but we really didn't have any choice but to follow what the State had done. The State's hands were tied as their fiscal year ends March 31<sup>st</sup> just kind of bad timing all around as it relates to that.

We do have a Management letter with some recommendations in there and that should be available for your review as well but nothing that rises to the level of an internal control deficiency.

So on the horizon, there is a pretty significant accounting standard out there, GASB 87 mirror the FASB equivalent out there and it removes the concept of an operating vs.

capital lease and what we'll do when we are leasing an asset is we're going to recognize it right to use asset and a lease liability and consequently, if we're leasing anything, we will have a lease receivable and a deferred inflow of resources. So what I'll tell you is that we're working with the finance folks to evaluate our population of leases and we're going through the accounting treatment of this so that when it is time to implement we will be ready.

A few other standards out there Conduit Debt Obligations that we do have some conduit debt. We've issued some on behalf of the State. I don't know that this accounting standard is going to materially impact our reporting. As it stands we don't include that debt in our financial statements which is proper under GASB 91, previously you had the option to include it. And then GASB 92 we'll consider some of these elements as we go forward as well. It's kind of a hodgepodge of accounting requirements out there that we'll consider as to how they impact our future financial statements.

So what I would say is overall, positive audit. We are happy that we met all the deadlines and timelines associated with the audit. We enjoy working with the Thruway Authority. We're hopeful in the future that we'll be able to be on-site more with hopefully the pandemic coming to an end. And with that I'll leave it open for any questions that you folks might have for me.

Don Rice: Do we have any questions?

Joanne Mahoney: Sounds good.

Don Rice: I have one, I work with a few auditors in this virtual world and sort of just like this meeting those things have gone very smoothly. For organizations like ours do you see any risk to not being there physically for an audit as you typically have been.

Brendon Kennedy: Don sometimes I like to just see original copies and we worked around that through the confirmation process. I don't see a huge incremental risk. I think sometimes its simply more efficient to be on-site and as someone who's involved in client service, I feel that our service is better when we're not sending e-mails and talking over, it's nice to sit shoulder to shoulder with your clients and go through things from an audit perspective. But you guys have your ducks in a row, your documentation was readily accessible and I can't remember if we had to come on-site for a day or two here just to look at things that may have been too voluminous to scan. But, overall it went pretty smoothly. Sometimes also, I like to go look at assets. I'll give you an example with a fire district, they go out and buy a \$500,000 fire truck. Sometimes I like to see the truck. I want to make sure the truck is there. So sometimes visually confirming things too it's a little easier. I've driver over the Mario Cuomo Bridge so I know it's there and I drive the Thruway all the time so I'm pretty confident there's a road there. But, just some loose ends but not a significant risk to that point Don.

Don Rice: I do remember early on in my career somebody asking me when I was working at a great big shop had I actually seen what it was we were financing and I had to say no I hadn't. Yes, you do feel better if you see things.

Brendon Kennedy: I've done tours of wastewater treatment plants. I couldn't tell you what the parts were there but there's a lot of pipes and tanks and so it is nice to see that right.

Don Rice: Lately, some other firms then do due diligence visits with drones flying them around. You can see a lot with a drone.

Brendon Kennedy: I'm going to immediately ask my supervisor for a drone. And I'm going to say per Don Rice we need a drone. So I like it.

Don Rice: For the Thruway. Alright can I get a motion to accept the report?

Male: Motion.

Joanne Mahoney: Second.

Don Rice: All in favor?

All: Ayes. Thank you so do we have any other business?

Brendon Kennedy: Don if I could just throw one final comment in there and that's that I enjoy meeting with everyone once a year but I'm available on a year round basis so if there's any questions or comments or concerns you need, my contact information is right on the back of this presentation and I'm more than willing to speak with you on an as needed basis with any Thruway related subject matter. So feel free to contact me at any point.

Don Rice: Thank you very much Brendon. Okay so there being no other business can I get a motion for adjournment?

Male: So moved.

Bob Megna: Second.

Don Rice: All in favor?

All: Aye. Alright the meeting is adjourned thank you very much.

Joanne Mahoney: Thank you very much Don. Up next is the Governance Committee and Steve is chair of the committee also serving is Dr. Veras, George Miranda and

again, I serve in an ex-officio capacity. So Steve will you please get us started on the Governance Committee Meeting?

Steve Saland: Yes, I can do that. let's start the meeting by asking for approval of the minutes of the Governance Committee Meeting #31. May I have a motion to advance this item?

Male: Motion.

Joanne Mahoney: Second.

Steve Saland: Any discussion? All in favor aye.

All: Aye. Any opposed? Motion is approved. Next item agenda is Review and Approval of Real Property Management Policy, Personal Property Disposal Policy, Procurement Contracts Policy, Whistleblower Policy, and Code of Ethics.

Frank Hoare: Thank you good morning. The single item on the Governance Committee Agenda this meeting is the review and approval of a variety of policies. This review is either required by the Public Authority's Law or is recommended as best practices and due diligence by the Authority's Budget Office. Those six policies that are on the agenda are Real Property Management Policy, the Personal Property Disposal Policy, Procurement Contracts Policy, Whistle Blower Policy, Code of Ethics Governing Employees Policy and the Code of Ethics Governing the Board Members. I note that there are no material or substantive changes to the existing policies and that is my presentation subject to your questions.

Steve Saland: Thank you Frank any discussion? Anybody have any questions for Frank? Hearing none. May I have a motion to advance this please?

Bob Megna: Motion.

Joanne Mahoney: Second.

Steve Saland: Moved and seconded, all in favor aye?

All: Aye, opposed. Motion is approved. There being no further business may I have a motion to adjourn today's meeting of the Governance Committee?

Bob Megna: Motion.

Joanne Mahoney: Second.

Steve Saland: Moved and seconded, all in favor aye?

All: Aye, opposed. Motion carries, the Governance meeting is adjourned.

Joanne Mahoney: Thank you very much Steve and again I hear the same paper shuffling that Don was hearing so if folks could mute when you're not talking that would probably help all of us. I'd like to call to order now the Board Meeting of the New York State Thruway Authority. This scheduled meeting has been duly noticed by the Open Meetings Law. May I please have a motion to enter our Board Meeting.

Bob Megna: Motion.

Steve Saland: Second.

Joanne Mahoney: All in favor?

All: Aye. Thank you. We are now in the full meeting of the Board and the first order of business is the Public Comment Period for speakers to address items on today's agenda. And due to COVID-19 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 the Board Administration. Tonya has anyone sent in written comments regarding today's agenda?

Tanya: No they haven't.

Joanne Mahoney: The next order of business is the approval of the Consent Agenda items number 1 through 8 that we just heard a lot about. May I have a motion to approve the consent agenda?

Bob Megna: Motion.

Joanne Mahoney: And I think I saw a second. Yep. All in favor?

All: Aye. The 8 items are approved and we can move onto a report now from our Director, Matt Driscoll. Matt the floor is yours.

Matt Driscoll: Thank you Madam Chair and good morning or afternoon once again everybody. I just wanted to give you a brief update on the marketing program that you authorized last year. You may recall that in October we started a marketing program targeting E-ZPass purchasing and awareness. We did that ahead of the conversion. We originally set that goal for 60,000,000 impressions. We actually hit 62,000,000 a little over so about 2.4 million more than we targeted which is great news and that represented in terms of sales about a 95% increase in that period of time compared to last year. So we sold another 142,000 new accounts. We have over 206,000 people visit our website that's good news. And so we'll continue keeping the momentum going, of course, utilizing social medial platforms and outreach events assuming that the fair is open this year. We are also able to travel around the state, we'll be doing that getting

face to face with individuals and again, marketing E-ZPass. So, very successful campaign. We really appreciate your support on that. And that concludes my report. If there's any questions, I'm happy to answer them.

Joanne Mahoney: Are there any questions for the Director?

Dr. Veras: Very glad to hear the campaign is doing well.

Joanne Mahoney: Thanks Jose. Any other questions or comments for Matt? I don't want to put anybody on the spot but I'll be interested at some point to hear what percentage of our traveling public now is using the E-ZPass. How many folks are we still missing given this outstanding marketing campaign.

Matt Driscoll: Yeah, so we're you know prior to COVID, we were probably around 80 low 80's percentage. We've still got work to do. So the number is a little skewed right now because of COVID but I'll refer back to you when we have a better idea of that.

Joanne Mahoney: Terrific. Thank you very much. And now we can move onto the action agenda part of the Board Meeting. And item number 9 is the Staff Appointment of our new General Council and that is for you Matt.

Matt Driscoll: Yep, okay thanks again. So Board members I'd like to bring to you the appointment request for Frank Hoare as General Counsel at the Thruway Authority. Frank brings a wealth of both public and private knowledge and experience to this position. Frank has also honorably served our nation at deployments around the world in his legal capacity and he has quickly grasped the complexities of the Thruway Authority and taken a strong role in leading the legal division all while becoming a very valuable member to the team and providing wise council to us all. So it's for this reason and certainly more that I request your consideration for Frank Hoare for your appointment as General Counsel at the New York State Thruway.

Joanne Mahoney: Thanks Matt. Can I have a motion to consider this item please?

Bob Megna: Motion.

Joanne Mahoney: And a second? Is there any discussion?

Heather Briccetti: I just wanted to say I think he's a great addition and happy to have him onboard.

Joanne Mahoney: Thanks Heather.

Steve Saland: I'd like to echo that I knew him in a former life.

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Joanne Mahoney: Any other comments? Hearing none can I please have a vote on the motion to approve Frank as our new General Counsel please? All in favor?

All: Aye. And see no opposition, the motion is approved and Frank we are very happy to have you onboard. Item number 10 is authorizing a 2 year renewal of the Authority's Sewer Services Agreement with the Town of Grand Island and Jim Konstalid is going to present this item for us please.

Jim Konstalid: Thank you Madam chair, good morning. I'm seeking the Board's approval to enter a two year renewal of the existing agreement with the Town of Grand Island for sewage treatment services at our Western New York Welcome Center. The original agreement term to treat wastewater from our Western New York Welcome Center began on July 16<sup>th</sup>, 2018 and end on December 31<sup>st</sup>, 2020. It has a \$49,000 maximum spending limit. This renewal or extension will extend this period from December 31<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2022. The original agreement and subsequent extension are temporary in nature. The Authority and town of Grand Island are working together to craft a long-term agreement. We anticipate this long-term agreement will be in place before the end of the requested term renewal which ends on 12/31/22. To date, we've encumbered \$39,175 in costs. We anticipate expensing an additional \$6,000 through December 31<sup>st</sup> of 22 for an estimated total of approximately \$45,000 of the approved \$49,000 cap. I'd be happy to answer any questions you may have.

Joanne Mahoney: Any questions for Jim? Can I have a motion to approve please?

Bob Megna: So moved.

Steve Saland: Second.

Joanne Mahoney: All in favor?

All: Aye. Thank you very much Jim, the motion is approved. And Rich Lee is going to present agenda item number 11 for us please Rich.

Rich Lee: Thank you and good afternoon. This Board item seeks authorization of the Executive Director to enter into a contract and transfer of Marine monitoring equipment to the New York State Department of Environmental Conservation for \$1. Environmental permits for construction of the Governor Mario Cuomo Bridge required the authority to monitor water quality in the Hudson River and to perform mitigation and endangered species monitoring of the endangered sturgeon. Now that construction of the bridge is essentially complete, the Authority has no present or foreseeable future need for this equipment anywhere on the Thruway System. New York State DEC inquired about the transfer of this equipment in 2020 as they have other uses for it. Based on the environmental benefit that the public will realize from DEC continuing to use this equipment, Authority staff is proposing to transfer the Marine equipment to DEC. Our purchasing office developed an appraisal for the equipment which is

attached as exhibit A. If the Board approves this transfer the Authority will deliver to DEC and unload it for them. If you have any questions, I would be pleased to answer them.

Joanne Mahoney: This sounds like a good outcome to me Rich. Does anybody have any questions for Rich about the transfer of our monitoring equipment to DEC?

Steve Saland: So moved.

Joanne Mahoney: I heard a motion can I have a second?

Bob Megna: Second.

Joanne Mahoney: All in favor?

All: Aye. The motion is approved. Thanks Rich and the next item is yours as well item #12.

Rich Lee: Okay thank you. With this item I am requesting the authorization of D214797 which is a term agreement for our potential design and support services primarily in the Albany and New York divisions. This agreement is for 3 years with an option for the Authority to extend for one additional year. The MWBE goal is 30% and the SVD0B goal is 6%. The maximum amount payable is \$1,500,000. Sixteen firms submitted letters of interest, four were short listed. The selected firm is CPL Architects, Engineers, Landscape Architect and Surveyor DPC. And again, if you have any questions, I'd be happy to answer them.

Joanne Mahoney: Any questions for Rich? Can I please have a motion to approve.

Bob Megna: So moved.

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

All: Aye. The motion is approved. Thanks Rich I think you've got two more #13.

Rich Lee: Yep thank you. With this next item I'm requesting the authorization of D214798 which is a term agreement for architectural design support services primarily in the Syracuse and Buffalo division. This agreement is for three years with an option of the Authority to extend for one additional year. The MWBE goal is 30% and the SVD0B goal is 6%. The maximum amount payable for this contract is also \$1,500,000. Sixteen firms submitted letters of interest, four of which were short listed. And in this case the selected firm is CNS Architects, Engineers, and Landscape Architect, PLLC. Any questions on this contract?

Joanne Mahoney: Any questions? May I please have a motion to approve.

Don Rice: So moved.

Joanne Mahoney: Thank Don and I saw Jose with a second. All in favor?

All: Aye. Seeing no opposition, the motion is approved. And the final one for Rich Lee agenda item #14 please.

Rich Lee: Okay. So the last item I'll be presenting today is a request at \$221,670.15 of additional funds to D214785 which is an Albany Division Steel repairs and miscellaneous painting contracts for Route 295 over I90 on the Berkshire. When the original budget for this project was prepared back in 2019, a little less than \$700,000 was allocated. This was before the final inspect was performed and the design was completed. This project was let on September 30<sup>th</sup>, 2020 and had a low bid of \$920,300.55. A bid analysis was performed, there were six bidders all competent and responsible contracts. Our analysis concluded that the plans and specifications were clear, the prices submitted represented the true nature and the cost of the work, and rebidding a contract would not be of any benefit to the Authority. Sufficient funding for this addition is available in the Contracts Program and so we are requesting that the Board approve the additional funds for this contract. And again, if you have any questions, or require any further explanation, I'd be happy to answer them.

Joanne Mahoney: And are there any questions on this one? I'm just assuming that Matt Driscoll and your whole team keep track of when these kinds of things are happening and whether there's any patterns that we should be aware of to just make sure that we are giving everybody an opportunity to responsibly bid. I know there's exceptions but I just want to make sure that we're keeping an eye out for any patterns. Any questions? I'll make a motion to approve. Do I have a second.

Bob Megna: So moved.

Joanne Mahoney: All in favor?

All: Aye. The motion is approved. Any opposed? Alright the motion is approved. Thank you very much for that Rich. And agenda item #15 approving the policy on the use of security video cameras is going to be presented today by Sharon Tate. Welcome Sharon.

Sharon Tate: Thank you. Yes, we are seeking your approval of a new Board policy #25-1-18. This policy covers the utilization of security video camera systems deployed on structures, facilities, and bridges. Security systems are operated 24 hours a day 7 days a week and are used to enhance safety and security of Authority property and it's employees and the public. The Authority will take all appropriate measures to protect the security, confidentiality, and integrity of all sensitive video and data. Security video

may only be used for safety and security purposes, except as required by law, subpoena or other court processes, and will not otherwise be disclosed by the Authority. Any violation of the policy will so result in appropriate disciplinary action up to and including termination. If I can I will answer any questions.

Joanne Mahoney: Any questions for Sharon?

Steve Saland: Could I just ask one question please? Surveillance and security in addition to the bridges and other infrastructures does that also include the headquarters building in Albany?

Sharon Tate: Yes. There are security cameras here on the headquarters building.

Joanne Mahoney: Well I have a question Sharon about how long we hang onto the video?

Sharon Tate: Oh absolutely yes and this new policy does determine 30 days unless otherwise contractually required. You know if there is a subpoena for something, it is 30 days

Joanne Mahoney: And then we loop it?

Sharon Tate: Absolutely yep, yep it's just overwritten.

Joanne Mahoney: Okay. Any other? George I jumped on your question there sorry about that.

George Miranda: That's the same question I had yes.

Bob Megna: And is that the standard? Is that a typical standard the 30 days?

Sharon Tate: From my understanding it is yes. Legal did a lot of research background on that and that's what they had determined.

Joanne Mahoney: I think in county government we had some that were only 24 hours we just looped over on it in case there was an incident we could go back quickly and that 30 days seems like the outside time limit. Any other questions for Sharon? May I please have a motion to approve.

Bob Megna: So moved.

Don Rice: Second.

Joanne Mahoney: All in favor?

All: Aye. Okay seeing no opposition that motion is approved. Thank you very much Sharon for that. And Kevin is going to present our final action item for today's agenda. Agenda item #16 please.

Matt Driscoll: Madam Chair before Kevin moves to that I just wanted to say thank you to Sharon, today is actually Sharon's last day after 31 years of service, she's retiring. So she's been really instrumental in helping us with our fiber program and so forth so I just wanted to say thank you and give her our best wishes.

Joanne Mahoney: That's terrific thank you. Sharon I'm glad we got to see you on your final day thank you.

Sharon Tate: Thank you for that. Thank you very much everyone.

Dr. Veras: All the best to you.

Joanne Mahoney: Yes, enjoy your retirement. And Kevin you are up.

Kevin: Okay good afternoon we made it to the afternoon. Chair, Board Members and Executive Management, this report is the quarterly report of actions taken by the Executive Director in the previous quarters, the third and four quarter of 2020. On this report that's in your item, there are 8 contractual items, 5 of those are amendments to previous agreements, 4 of them are solely for additional time and 1 was for time and additional funds. And then there were 3 new contracts listed; 2 of them for training, 1 for International Truck Technical Support training and one for Lift Training UBIU which is Under Bridge Inspection Units training for staff and 1 was for support of the website on the Governor Mario M Cuomo Bridge. So that makes up the 8 contracts for the two quarters ending 2020 and I'll answer any questions that anybody might have.

Joanne Mahoney: Thank you very much. Any questions for Kevin? Yes, Jose.

Dr. Veras: What is the total amount of these contracts?

Kevin: The contract total amounts for 3 of them are financial advisors, I don't have those numbers off the top of my head, I believe they were \$150,000 originally but we're not adding any money to those. The contracts that were new contracts the International Truck Support Training was just over \$26,000 the UBIU Lift training was \$18,000 even and then the website technical development and assistance for the Governor Mario M Cuomo Bridge was \$49,500.

Dr. Veras: Okay thanks a lot.

Joanne Mahoney: Any other questions for Kevin? May I please have a motion to approve.

Steve Saland: So moved.

Joanne Mahoney: Thanks Steve a second. All in favor?

All: Aye. The motion is approved. And that concludes our action agenda and we can move onto our second Public Comment period which is reserved for General Thruway Authority letters and Tanya I heard you saying we have at least one person who's asked to comment at today's meeting is that right?

Tanya: We actually have two.

Joanne Mahoney: Okay.

Tanya: Okay the first person is Aleta Dupris – today I bring you my comments concerning the work of the Thruway Authority. First, I write on the matter of the proposed toll adjustments. I recently offered testimony on that matter at your recent virtual public hearing session. I feel E-ZPass is ideal and essential and so this proposal program can be a means of encouraging E-ZPass usage. It is reasonable to have a price differential between E-ZPass and toll by mail. Toll by mail is really an extension of credit while E-ZPass offers a title savings account when one fills your fuel tank and more so these days charging a battery that is a type of savings account. So the idea of saving when operating vehicles isn't new, we often just don't think about it. It is essential to ensure networks where people can take their cash to pay for E-ZPass. I personally do not use cash at all so when I emptied out what cash I had, I put it in a transit fare vending machine. These networks are best in the retail state ideally with kiosks and already existing establishments to reduce person-to-person contact in this challenging time that is COVID-19. Toll by mail offers another option for infrequent users traveling those that might not use the Thruway often. I like the idea of not worrying about having cash on my person and still being able to pay but I find myself at Thruway or any other toll road even on occasional basis, I would get an E-ZPass. It would make my life easier and save me money. Now that the cashless tolling system has been turned on, I look forward to your continued reporting on its progress. There will surely be many opportunities to build upon that and innovate. I think now the removal of toll booth should be performed expeditiously. I feel some kind of website dashboard showing the progress of toll booth removal would be most helpful. Again, congratulations on bringing the system cashless tolling system into full revenue service. Thank you.

Then we have another one by Murray Bodin – Bob Cournoyer has prepared an update to the road marking specifications to increase safety and reduce harm. I arranged for him to work with the federal highway administration Manual of Uniform Traffic Control Devices team to formally receive permission to implement these changes before any road stripping is done in 2021. Global warming requires fast tracking items that will reduce the environmental impact. Fast tracking is a new concept that may be difficult for some to understand it requires marking changes to the prepared at the same time

legal issues are dealt with. The old way was to do the legal first then start the practical on the groundwork that has changed. I will be glad to answer any questions you might have. Please e-mail me so the answers can be sent to all interested parties. As an example of how difficult it is to change using the greeting glad to see you instead of how are you which is not appropriate. I got how are you a lot this week at a number of doctor's offices. I would not be in doctor's offices if I was okay. my usual answer is, "I'm not okay which is why I am here." I'm aware that I make mistakes, I know now that some of them are related to my dyslexia which I feel I have right now, I cannot recognize mistakes that are obvious to others. We have had our vaccine injections and we are both okay. I look forward to being at the next Board Meeting in person. Face to face discussions are more productive than zoom especially since I can't do this presentation in person and it is to be read for me. Best wishes to you all Murray.

Joanne Mahoney: Thank you Tanya you did a wonderful job representing Murray in his absence. I'm happy to hear that he and his wife are both fully vaccinated. We will look forward to seeing him again in person before too long. Are there any further comments or any other business that you would like to have considered at today's meeting?

Matt Driscoll: I would just like to add that we do have the demo scheduled on our website.

Joanne Mahoney: Super that's great. I traveled a lot of the Thruway this past weekend and thought the same thing myself Matt. I made my way to Indianapolis to watch Syracuse University loose it's sweet sixteen game unfortunately. But I was able to drive the New York State Thruway while I made my way. Any other comments? Alright may I please have a motion to adjourn?

Bob Megna: So moved.

Dr. Veras: Second.

Joanne Mahoney: Thank you. All in favor?

All: Aye. That concludes our meeting today. Our next Board meeting will be June 7<sup>th</sup> and I wish everybody all the best in the meantime.