

Joanne Mahoney: Welcome to the December 5th, 2022, meeting of the Thruway Authority Board of Directors. It is so nice to be here in person, it's been a long time. Nice to see everybody. We have with us here today board members Bob Megna, Jose Dr. Veras is here, and Heather Briccetti-Mulligan, whose name has changed since I last saw you in person. Nice to see you. Today, we're going to start with the Finance Committee and Bob Megna is Chair of that committee. Also serving is on that committee Dr. Veras, and I am ex officio. So, Bob, will you please start the Finance Committee Meeting.

Bob Megna: Sure, thank you, Chair. As always, the first item is approval of the minutes of Finance Committee meeting #69, may I have a motion to discuss this item?

Male: So moved.

Joanne Mahoney: Second.

Bob Megna: Any comments on the minutes? If not, do I have a motion to accept? Okay, motion approved, second. Review and approval of the financial reports for July, August, and September 2022. And Matt Howard will present.

Matt Howard: Thank you. As you indicated, this item seeks the Finance Committees approval to advance to the full Board the finance reports through September of 2022. Through September, total traffic was up by 4% from the prior year with passenger tolls traffic increasing by 3.9% and commercial traffic increasing by about 5%. This corresponds to total revenue receipts of \$612 million representing an increase of 8% for \$47 million above the prior year. that included commercial tolls increasing by about 8% and passenger toll revenues also increasing by that 8% level. In total, the Thruway collected \$673 million through September. These collections are comprised of again \$612 million in toll revenues, \$11.5 million in lease revenues, \$46 million in E-ZPass toll-by-mail and special hauling permits and interest on investments as well. And \$3.2 million in other sundry revenues. Through September Thruway operating expenses total \$329 million which is about 9% above last year. This increase is primarily due to the payment of marketing fees associated with the fiberoptic system, leasing on the fiberoptic system, increases in the E-ZPass and toll-by-mail administration costs, and other costs as well. But on an overall basis, when you compare those figures to the budget, our operating revenues are above what we had planned for by about 3%, and on the operating expense side, we're right on track, we're only 0.7% above our 2022 budget target. That's a summary of where things stand through September. And I can answer any questions.

Bob Megna: Any questions for Matt? If not, can I have a motion to advance this item? Can I have a second? If there's no further discussion, all in favor? Aye.

All: Aye.

Bob Megna: Any opposed? Let's move onto item 3 which is approval of the 2022 revised budget and the 2023 proposed budget for the New York State Thruway Authority. Again, we'll hear from Matt Howard.

Matt Howard: Thank you again. And as you indicated, this resolution seeks the Committee's approval of the revised 2022 budget and the proposed 2023 budget. This presentation is as much about continuing to move forward and maintain the Thruway as one of the safest highways in America, as it is anything else. So, with that, let me just jump right into the key points related to the 2023 budget. The budget at a glance. The 2023 overall budget is \$1.2 billion and includes \$397 million for Thruway operating expenses, \$356 million for debt service, \$368 million for capital projects across the system, \$45 million for the Governor Mario M. Cuomo Bridge, and \$69 million for reimbursement for New York State police Troop T costs for patrolling the system. For 2023 Thruway traffic is forecast to be 366 million transactions reflecting a decline of 3 million transactions or 0.9% below the revised 2022 levels. For 2023, there is an \$800.7 million toll revenue forecast that actually reflects a reduction of about \$10 million or 1.2% below our revised 2022 levels. I am going to expand on that a little bit more later in the presentation. For our capital program of 2023 through 2027 capital program, this will provide \$1.9 billion for Thruway Authority capital projects. This includes \$1.7 billion for systemwide projects and roughly \$234 million for Governor Marion M. Cuomo Bridge project costs over the 2023 through 2027 plan. 2023 budget revenues – the proposed 23 budget is based on again a total revenue forecast of \$889.6 million which is 8.4 million or 0.9% below the 2022 levels. I should note that the current year, 2022, our revenue forecast is actually increased by about 2% from the forecast that we produced 1 year ago. So, there is a \$17.4 million increase from our original budget estimates for revenue that the board reviewed roughly a year ago. On an overall basis, the \$889 million includes total revenues of 800, a violation and fees of about 61 and other sundry revenues from concession, interest income and permits of \$27 million. The impact forecast shifts on our multiyear revenue forecast. So, again, it is a positive thing that our current year revenue forecast is increasing with an upward provision by \$17 million and it reflects a real improvement from where we had seen things roughly a year ago, but still, it's also important to reflect on how this compares to our projections prior to COVID. And what you see here is while we have made improvement, there is still a gap between what we're projecting today vs. what we did prior to COVID. And what this graph shows is that if you look at the red segments on this bar, there is a delta in 2020, our revenues were about \$125 million below what our forecast was prior to COVID. That difference continues through the year 2025 to the point where the aggregate loss in revenues from where we predicted them to be prior to COVID is about \$240 million dollars.

Slide 5 is the 2023 budget summary. I'm going to start with the revised 2022 budget which the revised budget totals for 2022 \$1.25 billion. This reflects a downward revision of \$65 million from the budget that was approved a year ago. Most of this downward revision relates to schedule adjustments for capital projects the effect of reducing the spending levels in 2022 and shifting those expenses into 2023. So, on an overall basis for 23, the proposed 2023 budget total \$1.2 billion that includes really underlying growth of about 2% from the prior year, but that's before taking into account that shift in capital expenses from 2022 into 2023, its about a \$65 million shift that once we account for that, it results in an inflated year over year growth rate of about 14% under the amount of \$154 million.

Bob Megna: Is that going to play itself out Matt, over time through that 2024 and beyond period?

Matt Howard? Yeah, there's a couple of factors that will hopefully mitigate that in the future. I think one of them has to do with some of this was trying to schedule a year and a half before expenses actually hit in relation to some work that is ongoing on the bridge. But beyond that, the process that we go about developing you know the pipeline of projects, hopefully we'll get to a place where we are able to mitigate that on a long-term basis. The 2023 budget also includes again, \$397 million in operating expenses and \$69 million for the State Police Troop T expenses. Those are the operating expense line that's about a 4% growth rate from the revised 2022 levels. This operating expense increase includes roughly \$6 million in anticipated personal service costs that are due to higher anticipated fill levels, increase in E-ZPass and toll-by-mail costs related to our contract that are roughly \$6 million above the prior year, and increased health insurance premiums of about \$4.5 million. The 23 budget also includes \$356 million for debt service, and the Authority's Capital program is expected to increase again, a lot of it due to that shift from 22 to 23 from a revised level of \$327 million up to \$412 million in 2023. Again, much of that increase on the capital projects is associated with a shift from 22 to 23. That program in 2023 is \$412 million that is comprised of about \$45 million associated with project costs on the Mario M. Cuomo Bridge and \$367 million for capital projects across the thruway system in 2023.

Moving forward, this is a view of the long-term trajectory of our head count. The 2023 budget maintains the level of budgeted positions at 1,955 budgeted positions. That's a staffing level that's about 9 positions higher than the budget level for 2022. I would note that like many organizations with the tight labor market that we're seeing, that often can pose a challenge to being able to get to fill levels to the point where we would like to be. We're hoping that through 2023 that process improves to the point where we're able to align a little bit closer to our budget and fill levels. But still, one of the important parts of this slide is that since 2010, the Thruway has reduced its workforce by 746 budgeted positions, that's a reduction of about 28% since 2020.

Bob Megna: How much of that is toll stuff?

Matt Howard: There were two major drivers that are associated with that; the first was back in the 2013 timeframe, there was a reduction forces so, there was an actual reduction of about 200+ positions that were sort of Authority wide positions that took effect. And beyond that, then there was a similar number in 2020 with the conversation to cashless tolling that were impacted by the conversion to cashless tolling.

Bob Megna: Yeah.

Matt Howard: What this then leads into is the effect that it's had over that long haul on our operating budget. It should be noted that since 2010, the Thruway operating budget has only grown at a level that has averaged about 1.7% per year over that period. In fact, for our operating budget, the spending figures that we now plan on achieving for the 2020 through 2023 timeframe are currently \$73 million or 5% less than what we had projected prior to COVID. So, since 2020 with the onset of COVID we made the difficult decision to keep that operating budget at a level less than what we had predicted prior to the onset of COVID.

Moving forward, this is a slide on our Capital program. Again, the capital program continues to make investments into the system. In its entirety the 23 through 27 capital program will provide \$1.9 billion for Thruway Authority capital projects. This slide shows how these investments are right from 22 through 27 compared with past spending levels and it's important to note on an overall basis in 23 through 27, we see increases in the investment that we've been able to make when compared to some of the priors from COVID moving forward.

The final slide for this presentation is a multiyear forecast. This presents our multiyear plan for the Authority, and I think its important to note that what it shows is that our balance of revenues vs. expenses are sufficient to meet our obligation and budget requirements in 2022, and 2023. However consistent with projections from higher budgets that presented, we see that beginning in 2024, there's a situation where our current toll rate structure fails to produce sufficient revenues to meet these needs. You can see if you look at the 2024 line, there's a gap of about \$2.8 million that ultimately grows to \$117 million by 2026, and eventually will grow to roughly \$250 million by 2031. This slide is not only important to point this out in relation to this item, but also important as it relates to our overall revenue need in the future. With all of that, I'm going to stop here and answer any of your questions.

Bob Megna: Any questions for Matt?

Joanne Mahoney: I appreciate that I had the opportunity to go through this with Matt previously. I think its important to recognize 1) that those percent changes on that early slide especially are relative to the revised budget. And that's a key point that I think needs to be reiterated. And those lost revenues from COVID are gone forever. We're not going to make that up and that \$240 million in lost revenue over the five years is gone forever. So, it is also worth noting and the fact that you've, Matt, kept the operating budget where you have through all of this. I think we've done a good job of managing through this crisis. But something has to happen to recognize that we lost that.

Dr. Veras: Could you please explain the jump between 2024 and 2025?

Matt Howard: Yeah, that really is the result, more than anything, of the growth that we see in our debt service. So, if you look a couple rows down, you see that from 24 to 25 our senior debt service grows from \$256 million to \$307 and our junior debt service which is the debt service to finance the bridge goes from about \$108 up to \$129.

Bob Megna: First, I want to reiterate what the Chair mentioned. I think you guys have done a great job of managing your operating over this period of time and the graph that Matt put up there shows that. But you know that money is gone forever and a chunk of that would have gone to capital improvements. Is it fair to make that assertion? So, I think that's something also to keep in mind. How much, and you may have answered this at a prior time, how much do we see increasing interest rates that the state has done in that you're saying to say some borrowing affecting any of that debt service payment or is that not an issue right now.

Matt Howard: It's really not an issue frankly because that's more associated with sort of the prior activity. So, it's something that we're monitoring as everyone probably across the country is looking at, but making sure that as the rates change, it will definitely have impact on us going forward.

Heather Briccetti-Mulligan: It precludes an opportunity to refinance at lower rates because they don't have lower rates.

Matt Howard: Yeah, we have been very active over the last decade in refinancing where the opportunities arise. Even in the last five years, when I was looking at it over the weekend, I think we've executed like 6 refundings and the net effect is that we saved upwards of \$500 million in debt service savings by executing those refundings. So, that's been a good tool for us to work through the course of the last decade. But unfortunately, where rates are today, it's less of an opportunity that we have in the short-term.

Heather Briccetti-Mulligan: And the only I mean the only option other than finding additional revenue would be to cut basically capital investment, which is something that obviously has very severe long-term consequences and can also immediate rate in means of maintaining the roadways?

Matt Howard: Yeah, and we've already had to do that actually. When we think about our response to COVID and the loss of that revenue, it resulted in our need to reduce our capital spending levels really in that same 2020 through 2025 period in a significant way.

Director Driscoll: We had to defer \$470 million in this capital plan because we didn't have the resources to do that.

Dr. Veras: In reality the facilities that we have are very old and they have significant needs and are basically original we need to invest in them.

Joanne Mahoney: It really highlights the benefit of public/private partnership being negotiated on the service areas.

Director Driscoll: Well, we wouldn't be doing that if we had to do that on our own.

Joanne Mahoney: Right.

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

Dr. Veras: So moved.

Joanne Mahoney: Second.

Bob Megna: Any further discussion, if not, all those in favor? Aye.

All: Aye.

Bob Megna: Any opposed? The motion is approved. And now we go onto item 4 on the agenda which is approval of the 2023 Thruway Authority Contracts Program and Rich Lee will present.

Rich Lee: Thank you and good morning. Today I'm requesting approval of the 2023 Thruway Contracts Program. Staff prepared the program in conjunction with the Authority's 2023 projects. Thruway Authority's estimated cashflow for the 2023 program is projected to be slightly over \$353 million dollars. Exhibit A in the item breaks down how we plan to spend these funds, how much will go to highway projects, bridges, Governor Mario Cuomo Bridge, intelligent transportation systems, other facilities and studies. Lists of the projects scheduled to be let in 2023 is also attached in Exhibit B of the item. In order to effectively administer the 2023 contract program and expedite the awarding of contracts, it is recommended that the Executive Director, Chief Engineer, and Chief Financial Officer be authorized to take the respective actions as outlined in the resolutions of the site. Authority staff has proposed some updates to the authorization tables contained in the resolution. These recommendations update the approval thresholds to reflect the type, sizes, and complexities of projects the Authority currently lets, and better clarifies the Authority's budgetary controls. If you have any questions, I'd be pleased to answer them.

Bob Megna: Questions for Rich?

Dr. Veras: What the report provided was before is very clear. No questions.

Bob Megna: Thank you Rich. May I have a motion to advance this item?

Joanne Mahoney: So moved.

Bob Megna: And a second. If there's no further discussion, can I get a vote? All in favor? Aye.

All: Aye.

Bob Megna: And opposed? The motion is approved. Item number 5, authorizing the Executive Director to proceed with necessary actions to implement toll rate adjustments. Again, we turn it over to Matt Howard.

Matt Howard: Thank you. This Board item that the Director's brought forward would authorize us to begin the formal public toll adjustment process and includes a report from our independent traffic engineer that reviews the Thruway Systemwide Operating debt service and capital needs that identifies projected additional revenue requirements and provides recommended toll adjustments for the Authority to fulfil its obligation through the forecasted period. It also includes the draft regulations that would be submitted as part of the public view making process that would progress over the course of the next year. Going forward, this formal process will include public hearings and ample opportunities for public comments on the proposed changes.

At the end of this process, recommendations will be coming back to the Board for final approval. And this item today represents the start of a transparent public process.

The last systemwide New York E-ZPass toll adjustment outside of the Cuomo Bridge occurred in 2010. Given that the Authority currently receives no federal or state support for our operations, tolls account for 90% of the resources needed to maintain and operate our system. The impact of this was never more apparent as we just discussed the impact when confronted by the dramatic effects that COVID had on our revenues. Again, in 2020, Thruway toll revenues declined by 17% or \$125 million from prior levels. This magnitude of this reduction was 7 times greater than anything the Thruway experienced in the last 40 years. In fact, as we just talked about, we are still recovering that lost ground. And as I mentioned earlier, the current projection is that revenues will be about \$240 million lower than what we had forecasted prior to COVID for the 2020-2025 period. Still, we have managed to weather that storm and it's attributed to everyone in the Authority and the strength of our organization that we were able to do so without the need of any federal or state COVID relief funds. As we talked about, since 2010 our annual operating budget growth has been limited to 1.7% per year and every avenue has been pursued to restrain our expenses be it for daily operations, debt service, or capital projects. Taking these actions have allowed us to extend the timeframe between increases but unfortunately, that can't continue indefinitely. Earlier in relation to the budget, I had mentioned that the projected additional revenue need that begins in 2024 and continues to grow in future years will grow to roughly \$250 million by 2031. These financial revenue pressures are a major factor in the item that the Director has brought forward today. The second driving factor is the infrastructure needs we know will only grow over time. While we continue to invest our resources in the system, we also find ourselves managing aging infrastructure that was all put into service at roughly the same time in the 1950s. Further, in 2021, Thruway staff conducted a needs assessment that identified \$470 million in capital project needs that are presently not supported by the resources we have available for the 23-26 capital program. This requires us to then shift and focus on the short-term solutions to maintain the service and safety and reliability of the road. In the near the expense of being able to support addressing the longer terms problem. Just like anything, when you can only focus on treating the symptoms, the longer you wait to address the underlying issue, the larger the problem becomes. By way of example, 75% of the Thruway's bridges are more than 60 years old, and 80% of the roadway foundation dates back to the original construction of the system. We know that all of this infrastructure will eventually need to be addressed in the future. It's imperative that we begin to do so in a responsible manner to ensure that the Thruway remains one of the safest highways in the country. Again, it's that impact of the aging infrastructure and the revenue and financial pressures that result in what I have before you today.

So, at this point, I'd like to provide a quicker review of the plan itself. The recommendations submitted with this item include a plan for toll adjustments with the following components: tolls will continue to remain frozen at their current rates in 2023, base New York E-ZPass rates will increase by 5% on January 1, 2024 and 2027. In 2024, this plan will equalize the current 15% non-New York E-ZPass differential and 30% toll-by-mail differential, so they both will have a 75% differential in the New York E-ZPass rate. As a result, non-New York E-ZPass rate is currently 5.1 cents per mile for passenger cars, and toll-by-mail rates is currently 5.8 cents per

mile. They will both increase to 8.6 cents per mile by 2027. Later in this presentation, I'm going to show how even with the 75% differential, the Thruway non-New York E-ZPass and toll-by-mail rates will remain below the current levels of many other systems across the nation, some of the lowest toll rates in the nation. Currently, the base New York E-ZPass toll rate for passenger vehicles is about 4 1/2 cent, that's the level it has been at since 2010. What this slide shows that through this plan the rate will increase in 2024 to 4.7 and ultimately increase to 4.9 cents per mile in 2027. It's still near the bottom of this comparison. It is also important to note this rate, this 4 1/2 cent rate going to 4.9 cents in 2027 will apply to roughly 74% of our customer base, so a vast majority of our customers will be paying at this low rate. As you can see, many states have toll rates that far surpass these proposed levels. Examples include the Garden State Parkway is about 40% higher than our current thruway rate. The Indiana toll road has nearly doubled the current thruway rate. And the Pennsylvania turnpike is more than triple the current Thruway rates so, even after adjusting these figures up by 5% in 2024 and 2027. Thruway toll rates are going to remain below 5 cents per mile but just as importantly, when we make that change, we don't even move up the list. So, we stay at the bottom. We're not even displacing another toll system on this.

Bob Megna: And that also assumes they don't increase rates even further which would make us even more competitive.

Matt Howard: Exactly, that's a comparison to current rates.

Director Driscoll: New Jersey is doing annual increases; they have for the last few years.

Matt Howard: So, this next slide tries to place that change into context of some common trips across the system. One example that it shows is that one of our highest traveled corridors are exit 24 in Albany to exit 25 in Schenectady, the toll will go from the current 27 cents to 29 cents by 2027. So, if you think about it, the plan is limiting the increase over a 17-year time span from 2010 through 2027 for one of our most traveled quarters across the entire system to 2 cents. Another important factor here is if we were to have grown that rate by the consumer price index over that 2010 through 2027 period, it would be 38% higher than the rates that are being proposed today.

Moving forward, the next slide shows a comparison of our Out-of-State and Toll-by-mail rates. And before I begin to describe this slide, I think there's a real important point to note, which is anyone, anywhere can enroll in a New York E-ZPass and for those who do, you will completely avoid the impact of the higher rates on this slide. You'll pay the New York E-ZPass rate. That being said, what this slide does show is now the Thruway's rates for Out-of-State E-ZPass and Toll-by-mail would still fall well below many other states. Examples here show that the current out-of-state toll rate for the Illinois tollway is nearly 50% higher than the rate being proposed, and the current out-of-state rate for the West Virginia Turnpike is almost 68% higher than the rates we are proposing for 2027. It's on the out-of-state side. Likewise, for the toll-by-mail rates, the proposed rate would still lead the Thruway with toll rates below the current as of today rates of many other systems such as the Ohio Turnpike and Illinois tollway. As has been said in the past, other states have higher differentials than what we're proposing today. As an example,

the Massachusetts Turnpike has an 87% differential, and the Pennsylvania Turnpike has a 98% differential among other systems. I think the bottom line point of this slide is that it is possible to increase the differential for these segments of our public that this group generally represents less frequent users and they make up only about 26% of our customer base. That we can do that and still have toll rates that are well below other states.

I'm going to move onto the Governor Marion M Cuomo Bridge. Beginning on January 1st, 2024, this plan would include annual 50 cent increases to the New York E-ZPass toll rates on the bridge during the period of 24 to 2027. This would bring the current base toll rates on the bridge from \$5.75 to \$7.75 in 2027. This plan will continue the commuter discount plan on the bridge. This is a 40% discount that would result in a \$4.65 toll in 2027. And the plan would also increase the Westchester and Rockland Resident Discount program for the bridge and would bring it from the 17% discount to a 20% discount resulting in a toll of \$6.20 in 2027. For these two discounts in total, they would apply to roughly 31% of the traffic on the bridge. And putting those increases in context even after the proposed increases, the base bridge rate in 2027 would be 44% below the current rates today for the George Washington, Goethals bridge both are at \$13.75. That would be 41% below the current rates today. For the MTA bridges like the Verrazzano, White Stone, and Frogs Neck which currently all have \$13.10 tolls. Looking at the plan as a whole, one thing I want to point is that in each of these recommendations for both bridge and toll systemwide, there are commercial toll rate adjustments that we will see that are similar to the passenger adjustments that I just walked through. They are adjusted in a proportionate manner to the changes that are being made for passenger tolls.

So, to conclude, beginning this process will hopefully be the strong path toward addressing our aging infrastructure and revenue needs in a manner that builds on the fact that it's been 14 years since the last increase took effect. That maintains the Thruway's position as having some of the lowest tolls in the country. That supports the sound, financial planning to meet our capital operating expense and debt service obligations and allows us to address the projected revenue requirements that the Authority will continue to provide the safety and reliability of the system that the traveling public has come to expect. That concludes the summary. I'm going to stop right there and can answer any questions.

Bob Megna: Questions for Matt? Let me ask one. I think it's important, maybe not a question but to emphasize and maybe you can clarify it a little bit how much federal money does the Thruway get to do these capital projects, and how much COVID money came in to do capital projects on the Thruway?

Matt Howard: For both, the answer is zero.

Bob Megna: I think it's important for people to know that. Any other questions for Matt?

Dr. Veras: Could you explain why do we believe the proposed increase will address the needs of the infrastructure?

Matt Howard: Yeah, I think that through these changes it will allow us to produce the additional revenues necessary not only to meet those projects that I walked through earlier, but also support additional capital work that will allow us to meet that \$470 million that the Director mentioned in the budget item to begin to start that process now. Because I think the underlying issue with aging infrastructures, you have a wave of bridges that have all been put into service at the same time, and the longer you wait, the harder its going to get to be able to contend with replacing them all in an abbreviated timeframe, and the more expensive it becomes.

Joann Mahoney: I would add that you talked about the fiscal discipline and the fact that the Authority is down 750 employees since 2010. We've kept the operating expenses less than 2% for that entire time despite escalations that we all see in our own lives that have happened at the same time, and then COVID decimated revenues, we, as Bob just pointed out, received none of that federal money that other organizations did to mitigate that loss. We have a responsibility to maintain the infrastructure. This is safety for the driving public and for me, it's very easy to just say, "No, we don't want toll increases." But I haven't heard any other solutions, and so while we expect that we'll get a lot of pushbacks from people, I would ask everybody to kind of tune in to offer some other solutions. How are we going to fix these bridges? How are we going to keep the road in the condition that its in? How are we going to keep it plowed with these storms we already had in Buffalo this year? If people have a solution other than that, we will certainly listen to that, but this road is funded by the people who use the road. It is not a taxpayer funded road, and I think there's still a big misunderstanding in the public about that. It's actually a great model and for people who use the road, it's a tremendous benefit, and they pay a nominal fee relative to our neighboring states in order to do that. So, I know we're going to have our work cut out for us in terms of working through this year long transparent process we want to hear from everybody. We know there will be impacts, but I think the fact that the Thruway Authority has kept toll increases to zero over 14 years and still maintain the quality of the operation and the road, is something to give pats on the back to the people who work here for it. So, we'll just work our way through that process, but I'm very comfortable with your presentation. Thank you.

Heather Briccetti-Mulligan: And I just wanted to I think you said it, but the commercial rate increases are not disproportionate to the ordinary traffic right?

Matt Howard: That's correct. They are actually exactly proportionate to the passenger toll rate increases.

Heather Briccetti-Mulligan: Thank you.

Joanne Mahoney: So, we're not asking businesses to carry a heavier load.

Bob Megna: Well, and again, I guess maybe Matt could you, this is to the Chair's point. This is the beginning of a transparent process, right? And so, what's the next step.

Matt Driscoll: What we're asking is for your authorization today for us to enter that very public process as Matt described, the three public meetings across the state. We will be taking input

from people from organizations all across the state and considering all of that. So, it will be very transparent, very open. We're already continuing to gather comments from people, and we will continue to do so. That's what today's action will do, it allows us to begin the process to move forward. And as a reminder, there is no tax increase in 2023, no toll increase rather in 2023.

Joanne Mahoney: Which is three years beyond the commitment we made years ago to keep tolls flat till 2020.

Bob Megna: I think this is a well thought out plan and thank you Matt for presenting it. Are there any other questions for Matt? If not, may I have a motion to advance this item?

Dr. Veras: So moved.

Joanne Mahoney: Second.

Bob Megna: All in favor? Aye.

All: Aye.

Bob Megna: Any opposed? The motion is approved. Let's move onto item 6, approval of the Authority's Investment Transactions for the third quarter of 2022. Matt Howard will present.

Matt Howard: Thank you. This item seeks approval of the reporting on our investment transactions for the third quarter that ended in September. Exhibit A presents the details of all the investments purchased during that quarter, and Exhibit B details what held those investments on September 30th, 2022. This is all submitted in conformance with the Authority's Investment policy that the Board approved last March.

For the third quarter, we had \$12.4 billion in investments comprised of \$3.1 billion in State Personal Income Tax Revenue Bond programs funds, \$1.3 billion of Thruway Authority Funds, and \$30 million in trust fund program investments. The average yield for the Thruway Authority funds was 2.7% with a weighted added maturity of 79 days. That's a summary of the investment activity through the third quarter. I would note that over the summer we did execute on behalf of the State of New York a rather significant PIT issuance that is accommodated within those numbers. So, I'll stop right there and answer any questions.

Bob Megna: Any questions for Matt? Just a comment drama wise I moved this item up one but other than that. Any other questions for Matt on this issue? If not, can I have a motion to advance this item?

Dr. Veras: So moved.

Joanne Mahoney: Second.

Bob Megna: All those in favor? Aye.

All: Aye.

Bob Megna: Any opposed? The motion passes. We move onto any other business before the committee. If not can I get a motion to adjourn?

Dr. Veras: So moved.

Joanne Mahoney: Second.

Bob Megna: All in favor? Aye.

All: Aye.

Bob Megna: Any opposed? We are adjourned.

Joanne Mahoney: Thank you very much. And we will move onto the Audit Committee, and I will be chairing the Audit Committee. First item is the approval of the minutes and they've been distributed. Can I have a motion to advance?

Bob Megna: So moved.

Joanne Mahoney: Second. Thank you, Jose. Any edits, any comments. Okay, all in favor? Aye.

All: Aye.

Joanne Mahoney: Alright, the motion is approved, and we'll move onto Brendan Kennedy for our presentation for BST on the Audit Plan the year ending December 2022.

Brendan Kennedy: Hi guys, can you hear me okay? I don't know where you want me to stand or sit.

Joanne Mahoney: Come up here and I'll slide out of your way so they can all see you well.

Brendan Kennedy: Thank you all for having me. I have a brief presentation prepared. Copies should have been distributed to everybody in advance. I believe Matt is going to work the power point for me while I proceed here. So, I understand you guys have a full agenda. If there's any questions or comments, just stop me and I'm happy to address those.

So, moving forward to the Table of Contents; these are the areas we're going to talk about. A lot of these areas should be familiar to you folks. There's a few things when we get to the audit approach that will be new for the 2022 audit that we'll walk you through. Moving on to page 3, just to confirm the scope of services, the first item we have listed here is the financial statement audit. So, annually you guys produce a financial statement that's subject to audit by BST. Our

job is to express an opinion on that document. We follow two types of auditing standards when we conduct our audit. Those are generally accepted in the United States. And we also follow governmental auditing standards.

In addition to the financial statement audit, we have a few other deliverables that we provide to you. A report on internal controls and compliance that is sometimes referred to as the Yellow Book or the GAAS report. We have an investment on your investment guidelines, I heard you folks earlier talking about the different types of investments that the Authority conducts. That is actually subject to an annual examination in accordance with the NPO regulations, so a separate audit on that process. And then we have your single audit, your federal single audit. Historically there has been some federal money as it relates to from the Department of Transportation and some from FEMA as well, and we will issue a report of compliance with those programs.

In addition, we have our required communications. We're making some of those to you folks here today as part of our audit planning process. And finally, to the extent, we have any management letter comments which would be improvements on internal controls or other observations from a qualitative perspective that would be our final deliverable to you folks.

The Engagement Team – what's nice about this is that we don't always get this, is we have continuity. We have relatively the same team BST has done tremendous with the staff retention, so Donald Carobine is our second daily reviewer and does all the deliverables. You may have heard John Gibbs before. John was recently promoted to partner, but he historically functioned as our manager. But he is going to continue on in that roll even though he's a partner. And I would like to especially highlight our MBE Teaming Partner Katigbak Also know as Team Avaloria. They are our MBE teaming partner. We're thrilled to have them back assisting BST. And even when you dip below that level to the senior associates and associates, a lot of them are still with BST and they will be returning in that capacity so, we're looking forward to a smooth and efficient audit process.

Again, just some information on the team here. Team Avaloria is our MBE teaming partner; we're thrilled to have them back. They have large staff right here in the Albany area and they also, I know, I used to work at KPMG as well, and they do a lot of work with KPMG on the state audit. So, they have a lot of familiarity with the state and local government arena. So, again, they're a great teaming partner to assist us here on the Thruway Authority audit.

We are going to confirm Management's responsibilities and then do BST's responsibilities. First and foremost, the financial statements that you produce are the responsibility of the Thruway Authority. I know you guys do a monthly report which is very close to US GAAP and then you take that report and update it year end. You're responsible for income controls as it relates to the preparation of the financial statements and monitoring those internal controls. And finally, you're going to be responsible for providing us with all the information we need to conduct the audit. Historically, we've received tremendous cooperation from the Authority, and we're looking forward to again working with these folks.

So, we're going to conduct our audit again in accordance with both US Government Auditing Standards and the Generally Accepted Government Auditing Standards. We are going to perform a number of substantive tests. We're going to look at some of your internal controls. This year in particular, I would like to focus a little bit more on the IT related controls. There is going to be a mix of substantive tests and analytics. And, of course, with that comes some professional judgment. We're going to have to assess management estimates and consider those kinds of transactions. And then we're going to go through all of your accounting policies to make sure that your significant practices are compliant with US GAAP to the extent if there's a new accounting standards to be adopted, that those have been properly implemented. And in doing all these things, we're going to obtain a reasonable assurance that the financial statements are free from material statement and all of that is going to be the basis for our audit opinion. And historically here, we've had unmodified opinions which is the highest level of assurance we can give you folks that the financial statements are free of material error. So, all that culminates in the audit opinion which we hope to present to you in the March timeframe.

I won't spend too much time here on this little pictorial. BST has a four-phase audit approach. In that top left, we call the preaudit. And so, during the year, we're speaking with Dave Malone and his crew and the folks here. As things pop up, we're actually very proactive here with the Thruway Authority with the intent to ensure there are no surprises when we get to year end. So, that preplanning phase really does encompass the entire year.

And then we get to the planning and risk assessment. That's kind of where we are now. We're planning to visit you folks, I think in the next couple of weeks to do some of that preliminary internal control testing, make sure all of our files are set up and position ourselves for the year end audit.

The field work, I like to refer to as the guts of the audit. Traditionally, again, that's in the February timeframe leaking into early March. Again, we'll talk about the timeline. That's where we spend the bulk of our time probably about 60%.

And then finally we have a reporting and conclusions, and that's where we draft our audit reports, we present those to you, and meet for our final audit committee meeting.

This next slide here going on is just the timing. And again, we're at the planning phase right now, November/December. We've had some talks with the accounting and finance people. Our field work traditionally is in that February/March timeframe, and then because of the ABO requirements, we have a 90-day filing deadline after year end. So, we need to have everything buttoned up and filed with the state no later than March 31st, 2023. And historically, we have had no issues achieving that objective.

We talked earlier about traffic and how post COVID things have declined. And it made me think of this. So, in particular when the pandemic was ongoing, BST implemented a number of tools and technology and one of them is Audit Dashboard which is basically a repository for folks to upload documents as part of the audit. So, traditionally, we would e-mail Matt and his team and Dave, a list of things we need. Now it's all done on this tool called Audit Dashboard. And if

you flip to the next page, you can kind of see an example of what it is. It has all the requests on it and you folks have the ability then to upload documents directly to this. And so, while we like being on-site, we like working shoulder to shoulder with our fellow colleagues here at the Thruway Authority, it does provide us the ability to work remotely, and we've done that in the past. So, there is some flexibility there. But this tool and there's others like it, have allowed folks to shift some of that field work out of the field and do it remotely. And I can tell you just anecdotally as we have a statewide government practice, we do travel less. Our traffic is down. Our number of hotel nights are down, and we are not sure how that's going to impact in the future, but just anecdotally, our firm does travel a little less than we did pre-pandemic. So, that's the reality of the situation. With that said, I immediately have to leave this meeting and drive to Long Island, so I'm going to make you some money, I'm going to ride on some bridges, so I'm going to try to do my part guys, I swear.

Key areas of audit focus. These next two pages are fairly standard. These are your big classes of transaction. There's a lot of money flowing through the Authority. We spend a lot of time on your cash and investment management and that includes that examination of compliance with the investment guidelines that you have to adhere to. Revenues and receivable are a significant class of transaction. We've implemented that toll list, not toll list, excuse me, cashless, strike that. So, the toll-by-mail program that was something that you folks had implemented last year. Again, we're going to take a look at that. You do have a real robust system of controls and processes in place, and we intend to beat that up. Capital assets is probably the largest item on your balance sheet. So, going through those projects, making sure costs are properly captures, assets are being depreciated properly to the extent that there's any impairment or things that we would consider, we have to go through that as well. So, just large audit areas of the Authority.

Moving onto the next page there, accounts payable and accrued expenses. There's a number of things that goes into this, not just your traditional AP but I've lumped together here some of those significant accounting estimates. We're participants in the New York State Retirement System, and so we rely on reports produced by ERSPFRS, well we don't have a PFRS here I don't believe. We have an OPED valuation that is significant liability. You're going to find that that liability probably went down for the 2022 period simply because interest rates have gone up. The discount rate that we use in our OPED valuation likely increased, so you're going to see some benefit there, at least on paper. Bond payable and related accounts I would expect as you said, refundings are probably going to go down. That was an area of focus in the past and we would capture those and disclose those present value gains on the refundings but we'll still reconcile and tie out all of your bond related transactions, make sure all your premiums and deferred gains or losses have been calculated properly and tie those out. Finally, operating expenses. This has just kind of always been a focus on mine, particularly in the government industry. Because of the transparency we've talked about before, I really do like to sample a bunch of transactions just to make sure that they adhere to your bidding process. Make sure things are adequately supported, and just get some comfort that the money going out the door that we're spending is proven in that sense and adequately supported. So, we do sample a bunch of operating expenses just to make sure they are adequately supported.

The big scene is we have the adoption of GASB 87, this is on leases. This largely mirrors if you have any private sector experience, there is a similar GASB standard on leases that's being implemented right now, and really without getting into the minutia of accounting, which I can, but we will keep it at a high level. It kind of throws out the concept of an operating lease, that's kind of gone and when we have a multiyear lease now, if we're leasing, we have a lease receivable which I know we do and we have the deferred inflow, and if we're the one acquiring the lease, we have a right to use asset and we have a commensurate liability that we book and we treat that almost as a debt moving forward. So, this is one of the areas I talked about how the Authority is very proactive. Dave Malone and his team have been on this accounting standard. We've already had several conversations and its going to be something we do in that interim December timeframe just to make sure it's probably captured before we get to year end to avoid any surprises. So, as it relates to accounting changes and the adoption of new standards, this is the big one and we'll report back on this when we meet again in the March timeframe.

The single audit, I'll just quickly go through this. Its pretty mechanical when you get federal money. There's not as much subjectivity on my end when it comes to executing the procedures. They are pretty well laid out by the federal government. But we'll get your schedule of expenditures and federal awards, we'll determine the major programs to be audited, and we'll execute those tests in a manner consistent with the federal compliance supplement. And that will be one of those secondary deliverables we report back to you in the March timeframe.

Just to let you know from a review and reporting standpoint, it's not Brendan Kennedy in a box doing the audit, there's a lot of checks and balances that goes into this audit. So, after the financial statements are prepared, we will do a preliminary review. I will go through the financial statements detail. I'll provide my comments to Dave and the group and then we also share those financial statements with our quality control reviewer. This is a person that is going to be a completely cold review, although he's looked at the financial statements before in prior years. He's not a member of the team. He's doing an independent report review. He goes through all of those financial statements and reports on deliverables, and then he gives us feedback on the things that we should have considered or may have considered. We share those comments, and that's how we get to the final product. So, there's a few checks and balances on our end just to make sure we've done everything that we should do to comply with all those professional standards.

Almost done, I swear. Consideration of fraud. We do have a professional responsibility to consider fraud in the financial statement audits. There are a number of things we do. Simple things like inquiring of people, interviewing people, asking them in their thoughts. Obviously, we're here to identify what would be material fraud. To the extent we find anything, we share it with management. Historically, we haven't. some guy stealing soda cans out of the vending machine, I'm not going to be able to catch that, maybe. So, those immaterial things are not the focus. We're looking for material things that could impact the audit and we would present those to your attention. We do like to incorporate an element of unpredictability. I have a few thoughts. I'm not going to share them with you because then it wouldn't be unpredictable at that point. so, I have a few thoughts, little things that we're going to incorporate into the audit, and I will present those to you in the March timeframe. So, just know we are thinking about this. We

do look at journal entries, we look at bank statements. We do a number of kind of basic tests that you would expect and then we'll have some of those unpredictable procedures that we'll bake into the audit as well.

Just from a communication standpoint in the next two slides, all I'm going to say here and we'll skip through this quick, is it's really important for us to keep those lines of communication open. I would like to remind the Board that I work for you folks. You are the folks that engage us to do this audit. If there's questions or comments you have for me, please share them. And if I have anything of substance for you, I will certainly share it with you as well. Like I said, management team of Authority has done a great job communicating to us during the audit period. As things arise the team has been very proactive again at talking to BST and getting our input again, to avoid any surprises because of that tight turnaround that we have at year end. So, we can skip past those two communications slides. And finally, this last slide independence. I'm simply confirming our independence. We have a process at BST to make sure that everyone is aware this is not a client. Making sure that we're compliant with all those professional standards and I am here today to represent that we are independent relative to the Authority and therefore able to conduct the audit.

So, with that said, those were my prepared remarks. If there's any questions, I'm happy to answer them. Again, we're excited to be here. We like working with the Thruway Authority. I believe this is our fourth year in our five-year arrangement, so we've got a good team. We've got a nice returning team coming back. we've got our team partner we're excited to work with and so we'll be here in the coming months, and we'll meet back again here in March to talk about how it went.

Bob Megna: One quick thing; first I think we oppose soda theft so that's clear. But second, can you talk a little about the IT piece because I think lots of organizations including others that I have the pleasure of working with have these same concerns and would be interested.

Brendan Kennedy: Yeah, so, we're actually going to likely subcontract a piece of this with a firm we've used in the past. I've brought them to a number of organizations and what we're going to do first is go through your general IT controls. That's kind of a foundation for all of your internal control systems. And so just give some feedback on those general IT controls, those are your disaster recovery, your basic things, your change management, etc. And then what I'd like to do is think about some of those. We have other things we do here at the Thruway. We have service organizations and we do get those SOC reports, they produce internal control reports. But to the extent we have any IT controls that we rely on here at the Authority that I think would benefit the audit, we made tests. We may use this firm to assist us in identifying those and then have our own IT people test them. So, it's the way of the world. It's less paper, it's more information technology, and so having these skills to execute those kinds of IT tests are growing. And certainly, here again, with the cashless tolling not the free tolling, those are the kinds of things we've got to think about and we do again have service organizations and SOC reports, those are internal control reports that they produce. We have to go through all of that information because otherwise you're just looking at a report that a computer prints out and that's not audited. So, there's going to be instances where you have to test internal controls

otherwise you wouldn't have captured all of the audit procedures that you need to do. So, that's kind of where my head's at.

Bob Megna: Thanks.

Joanne Mahoney: Any other questions? Thank you for the presentation.

Brendan Kennedy: And again, I'm going to go make you some money, I've got to go drive down to Long Island. Thank you so much for having me.

Joanne Mahoney: Thank you. (All talking and laughing).

Brendan Kennedy: Auditors throw compliments like manhole covers.

Joanne Mahoney: Thank you. We don't have to take any formal action on that so we will move on to agenda item #3. Matt the audit plan for the bureau of fiscal and toll audit.

Matt Howard: Thank you. As you mentioned, this item is a review of the fiscal and audit toll plan for 2023. Each year fiscal and accounts conduct a large number and wide variety of risk-based audits and review. This plan lays out the planned activities the Bureau of Fiscal and Toll Audit and you can look on their take in 2023. The plan identifies five key areas of focus including the audit of revenues reimbursements including reconciliation reporting of cashless tolling trips and revenues, concessionary revenues, and reimbursement of federal disaster assistance. The second category is audit financial reporting and regulatory compliance including auditing of monthly annual and year end reports. The third include auditing of contract compliance and billing payment activities. The fourth is reviewing asset control including equipment and material for control policies. And fifth is auditing of salary benefit calculation and expenditures. We are staffed by accountants, auditors, aides, clerks, and other staff who average roughly 9,000 staff hours and produce over 500 audits annually. In your committee binder you will find a copy of the proposed audit plan and the details of the specific audit that we expect to perform in these five key areas in 2023. I'll stop right there and see if you have any questions.

Joanne Mahoney: Anybody have any questions? Alright, can I have a motion to approve? And a second? All in favor?

All: Aye.

Joanne Mahoney: The motion is approved. And Mary the 2023 internal audit plan and projects please.

Mary: Thank you. On behalf of the Department of audit and management services I present the 2023 audit plan and projects. They can all be found in your committee binder for review. I would be happy to answer any questions for you.

Joanne Mahoney: Anybody got any questions? Can I have a motion to advance? Thank you and second. All in favor?

All: Aye.

Joanne Mahoney: The motion is approved. There being no further business for the audit committee can I have a motion to adjourn?

Bob Megna: So moved.

Joanne Mahoney: All in favor?

All: Aye. We are adjourned. And we will move onto the Governance Committee which I will also chair and first is the approval of the minutes of the Governance Committee. I will move those can I have a second? I don't know I can't remember who's on the Governance Committee Tanya.

Tanya: Steve Saland is the Chair. Also you and Dr. Veras are members on committee.

Joanne Mahoney: Do we have a quorum of the Governance Committee?

Tanya answered yes.

Joe Igoe: So, you're ex-official we can name somebody as an ad hoc. Heather Briccetti-Mulligan agreed to be on Committee.

Joanne Mahoney: Thank you Tanya for your notes and you got that?

Tanya: Yes.

Joanne Mahoney: So, I have moved the approval of the minutes. Any discussions? All in favor?

All: Aye.

All: Aye.

Joanne Mahoney: The motion is approved. And Andy Trombley is up next, update to the Procurement Contract policy please.

Andy Trombley: Good morning, Chair Mahoney, Authority's Board Member, Director Driscoll, it is an honor to be with you today. We are here to present the attached revisions for the Procurement Contracts policy #25-5-01. Request your approval to advance the resolution to the full board for consideration. Part of the vision for the initiative the Office of Procurement Services with partnership of the Authority Council's office conducted a review of all procurement policies in an effort to reach some strategic objectives including maximizing

procurement opportunities for minority, women, and service disabled veteran owned businesses, streamline and standardize authority policies consistent with other New York State public authorities, improve our customer service in timely delivery for goods and service methods within procurement services, incorporate all recent statutory changes. To that end, I am requesting that the Governance Committee approve this item to authorize Authority staff to present this item to the board. Thank you for the opportunity to speak with you today and I'll be happy to answer any questions you have.

Joanne Mahoney: I'm deferring to our volunteer.

Heather Bricetti-Mulligan: I'll move the item.

Joanne Mahoney: I will second the item. All in favor?

All: Aye.

Joanne Mahoney: The motion is approved. And there being no further business for the Governance Committee I have a motion to adjourn.

Female: Motion.

Joanne Mahoney: I will second it. All in favor?

All: Aye. The Governance Committee meeting is adjourned. I would like to start the Board Meeting of the New York State Thruway Authority. This scheduled meeting has been duly noticed as required by the Open Meetings Law. May I have a motion to enter the Board Meeting?

Bob Megna: So moved.

Dr. Veras: Second.

Joanne Mahoney: Second Jose, thank you. All in favor?

All: Aye.

Joanne Mahoney: We are now in our full Board Meeting and the first order of business is the public comment period for speakers to address items on today's agenda. Tanya.

Tanya: Yes, we have five comments that came in. Lori submitted comments in opposition to the proposed E-ZPass differentials. Her full comments will be included in the official record.

Rockland County Executive Ed Day submitted a letter expressing his opposition to the toll adjustment. His full letter will be included in the official records.

Glenna Chance, Director MCS Advocacy.com submitted comments expressing concern about the proposed E-ZPass differentials and its possible impact on members of the disabled community. Her full comments will also be in the official records.

Sharon Kelly Bland submitted comments in opposition to charging different rates for different people. Her comments will be included in the official records.

We also received an e-mail from Kyle O'Grady in opposition to toll increases at the Mario Cuomo Bridge. His e-mail will also be included in the official records.

Joanne Mahoney: That concludes the public comment period for today's agenda. And before we get started with the consent agenda, I want to share the news with all of you that our fellow board member and friend Don Rice has stepped down as a member of our Board. He served on this Board for more than a decade and chaired our Audit Committee and I think we're lucky to have had his service as long as we did, because we all know Don is a very busy man. Just as a bit of background, he is the founder and CEO of an investment banking firm, Rice Financial. His company has grown into a leading municipal investment banking firm and is one of the leading lenders to historically black colleges and universities in our nation. In addition to his time serving on our Board, Don served as a Board Director for Kettering University, New York City's HeadStart Program, and New York City's United Neighborhood Houses. Don has received several notable awards including Entrepreneur of the Year by the National Association of Securities Professionals, and this year was named among New York's notable black leaders in Crain's. All of these are well deserved accolades. And while he wasn't able to join us at this final meeting, we want to be sure to recognize him and thank him for his hard work, insight, and years of dedicated service. And Don if you're listening, I wish you all the best.

The next order of business is the approval of the consent agenda. You see it there, items 1-7. Can I have a motion to approve? Thank you, and I see a second from Heather. All in favor?

All: Aye.

Joanne Mahoney: These items are approved. And we'll move onto the action agenda. No. 8, I was going to say No. 1 but No. 8 Authorizing the Director to enter into an agreement with Daktronics. Jim Konstalid will present.

Jim Konstalid: Thank you, Chair. This item requests Board authorization for a waiver competitive bid process to enter a sole source with Daktronics, Incorporated. The Authority uses Daktronics electric signs at all Authority Thruway divisions. There are over 160 Daktronics electric signs and components on the Governor M Cuomo Bridge alone. Just some other Daktronic products include VMS signs, all overhead and ground mount speed limit signs, and lane control signs. This agreement would be for spare parts and repair of Daktronic signs. These items and services are proprietary and only available from Daktronics, no other vendor can provide or repair these items and they are critical to keep our network and VMS signs in operation. Terms of this agreement shall start upon contract approval from the New York State Comptroller's Office. It shall continue through December 31, 2027, with a maximum amount

payable not to exceed \$570,000. Budget exists in the 2023 ITS maintenance projects and will continue in subsequent budget years. I'll pause for any questions you may have.

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

Bob Megna: So moved.

Dr. Veras: Second.

Joanne Mahoney: Thank you. All in favor?

All: Aye.

Joanne Mahoney: The motion is approved. And Jim, as I told you when we had an opportunity to talk earlier, I don't know who's going to be opposed to chainsaw safety.

Jim Konstalid: Thank you. Approval is being sought to Authorize the Executive Director to Execute an Agreement with CPR and Safety Consulting and Training, LLC doing business as Compliance Training for Chainsaw Safety. The contract is necessary to provide maintenance staff with required chainsaw training involve teaching and maintain their skills and maintaining compliance with current OSHA regulations. On May 18, 2022, the Authority advertised in the Contract Reporter to a focused RFP. One proposal was received. That proposal was evaluated by a committee of stakeholders and confirmed CPR and Safety Consulting and Training was found to be totally responsive. They were certified MWBE vendor and regarded as a premiere provider of chainsaw safety training. Agreed to a three-year term with an option to renew for two one-year periods. Contract will begin on January 1, 2023. Full amount spent is not to exceed \$173,430. I will pause for any questions you may have.

Bob Megna: You know some movie directors might be against that but I'm in favor of it.

Joanne Mahoney: Would you like to make a motion?

Bob Megna: I so would.

Joanne Mahoney: All in favor?

All: Aye.

Joanne Mahoney: The motion is approved. And Jim #10 please.

Jim Konstalid: This item seeks approval of the Authority to enter into an extension to our current multiyear Agreement for membership in TRANSCOM in the years of 2024 and 2025. TRANSCOM operates a 24 hour a day information center, provides notification for participating agencies regarding incidents which impact the transportation network in New York, New Jersey, Connecticut, and Metropolitan Region. TRANSCOM has been instrumental with

regional accident management and plan development and coordination, new technology research and development. The organization is funded by a combination of federal funds and other agency contributions. The Authority has been a member of TRANSCOM since 1985, that's one of 16 transportation and public safety member agencies. The Authority has entered into 7 previous multiyear agreements with TRANSCOM since 1991. The Authority's annual share of 2019 through 23 multiyear agreement but fiscal year 2024 is \$165,752. The Authority's total cost for the 2024, 2025 two-year extension will not exceed \$350,000. Sufficient funds will be allocated in maintenance and operations 2023 Budget. And I'll pause to answer any questions you may have on this one.

Joanne Mahoney: Hearing none? Can I have a motion to approve? Thanks Jose, second Bob. All in favor?

All: Aye.

Joanne Mahoney: The motion is approved. Thanks Jim. And we will move onto Diana who is going to present agenda items.

Diana: Hello everyone. I'm seeking a fourth amendment to the Thruway's Contract with Caps Traffic Com to increase the monetary cap by \$5 million, bringing the total amount to exceed to \$73.6 million dollars. This increase is necessary to allow the Authority to continue to purchase E-ZPass tags, transponders, and other parts that are necessary for us to run our E-ZPass and cashless tolling program. We are confident that this amendment will allow us to continue to provide our customers with the tags needed in order for us to operate a best-in-class cashless tolling system across the state. I would be happy to answer any questions.

Joanne Mahoney: When does the contract expire?

Diana: The contract expires in November of 2024.

Joanne Mahoney: Okay, and this is the fourth amendment to the current one?

Diana: Yes, ma'am.

Joanne Mahoney: Anybody have any questions? Jose, second Heather. All in favor?

All: Aye.

Joanne Mahoney: The motion is approved. And I have in my notes that Frank will present but I see he's not here. Joe Igoe will present.

Joe: He's in warmer climate so I'll take over for him. Good afternoon, this item seeks authorization for the Executive Director to execute a contract with Blackburn Group, Incorporated for mandatory Medicare reporting services. The Authority as a self-insured entity must comply with mandatory reporting requirements set forth in federal law as it relates to the

personal injury litigation and claims where the Thruway needs to pay out money. So, Blackburn Group was selected to ensure that the Authority is in compliance with these federal requirements as well as provide consulting related to Medicare requirements. They were selected pursuant to an RFP. This agreement is for a term of five years beginning on January 1, 2023 and is for a maximum amount payable of \$35,000 for the life of the term.

Joanne Mahoney: Any questions? Can I have a motion to approve? Heather thank you. Second Bob. All in favor?

All: Aye.

Joanne Mahoney: And #13 please.

Joe: Okay next, this item seeks Authorization for a transfer of partial jurisdiction of approximately .277 acres of real property in the town of Hamburg, Erie County to the New York State Department of Transportation for the purpose of constructing, reconstructing, and maintaining drainage structures. So, us conveying part of this jurisdiction would allow them to perform these services for one of their roads. The Authority would still maintain some jurisdiction over the property and no monetary consideration for the transfer is involved.

Joanne Mahoney: I'll make a motion to approve. Second. All in favor?

All: Aye.

Joanne Mahoney: Thank you. #14, we have a few more, I think.

Joe: Yes, this item seeks authorization for a transfer of partial jurisdiction of approximately .57 acres of real property in the City of Buffalo to the New York State Department of Transportation for the purpose of them constructing, operating, and maintaining parking and pedestrian facilities for the Buffalo Amtrak Station pursuant to a lease agreement between Amtrak and DOT. Once again, we would still maintain some jurisdiction over the property and no monetary consideration for the transfer is involved.

Joanne Mahoney: Thank you and again, I'll make a motion to approve. Second. All in favor?

All: Aye.

Joanne Mahoney: Approved. #15 please Joe.

Joe: This item seeks authorization for the transfer of approximately 4.6 acres in the Village of Canastota in Madison County to the Madison County IDA for \$1.00. This subject disposal is authorized by legislation to transfer the property for \$1.00 payment waived to Madison County IDA. Madison County IDA will then transfer the property to the Boxing Hall of Fame.

Joanne Mahoney: I'll move to approve. Heather, second. All in favor?

All: Aye.

Joanne Mahoney: The motion is approved. And the last one is #15.

Joe: Okay lastly, this item seeks authorization for the auction and transfer of approximately .2 acres in the City of New Rochelle Westchester County. An application to purchase this surplus property was received and it was deemed to auction off this parcel. Yes, not necessary then we would dispose of it via auction for a minimum acceptable bid price of \$72,000 which is the appraised fair market value.

Heather: I'll move it.

Joanne Mahoney: I'll second. All in favor?

All: Aye.

Joanne Mahoney: Thank you very much Joe. And item #17, Josh Clemm will present.

Josh Klemm: This item is for authorizing an agreement with MCI Communications for the use for the New York State Thruway Authority's fiberoptic system. MCI has requested the use of the Thruway Authority's fiberoptic system for its own use. We have agreed to it and are seeking your approval for a lease for twelve fibers for a duration of 10 years. The total fees payable to the Authority are \$14,440,240.35. I'll pause at this time if there are any questions.

Joanne Mahoney: I had my questions answers on the phone. Any questions? Motion by Bob, second Heather. All in favor?

All: Aye.

Joanne Mahoney: And Rich Lee is going to bring us home.

Rich Lee: Item 18 is to request to approve an engineering term agreement D214908 a transportation grant application development services. The structure of this term agreement will assist the Authority with the involvement of _____ applications. . The maximum amount payable is \$1 million with the standard 30% MWBE goal, 6% SVDBOE goal. It's a three-year term with an option to extend for two additional one-year terms. Four firms submitted letters of interest, three of which were short listed. Henningson, Durham and Richardson Architecture and Engineering, BCE is the selected firm. Sufficient funding for this agreement is provided for in the 2023-2027 contract. Any questions?

Joanne Mahoney: Questions for Rich.

Bob Megna: I move this item.

Joanne Mahoney: I'll second. All in favor?

All: Aye.

Joanne Mahoney: Thank you. Rich #19 please.

Rich Lee: Item #19 and item #20 are both to authorize additional funding for two striking contracts let by the Authority on November 9th of this year. The majority of the cost increase related to these contracts is due to rise in material and labor costs since these projects were originally let. Authority staff performed the required bid evaluation which included a bid as reasonable and reflects accurately the work described in the contract documents. For both of these, the additional funding is available from project deferrals and bid savings from the 2023 contract program. Item #19 specifically is requested an \$271,069.50 to D214899 which is the Albany and Syracuse division pavement stripping in various locations. The original budget amount was \$825,000 and a low bid was \$1,096,069.50. Questions.

Joanne Mahoney: Hearing none to help Tanya keep her notes clear, we'll do one at a time. Can I have a motion to advance agenda item #19?

Bob Megna: So moved.

Joanne Mahoney: Heather. All in favor?

All: Aye.

Joanne Mahoney: The motion is approved. And agenda item #20.

Rich Lee: Item #20 is authorized additional funding for D214901 which is installation of pavement markings in various locations in the Buffalo region. The low bid was \$1,362,196.74. The original budget amount was \$1,125,000 thus this request is for an additional \$238,196.74.

Joanne Mahoney: I almost feel like you could ask us for anything right now.

Bob Megna: I was going to question 74 cents but no.

Joanne Mahoney: Can I have a motion to approve?

Bob Megna: So moved.

Heather: Second.

Joanne Mahoney: All in favor?

All: Aye.

Joanne Mahoney: Thank you very much. This has been a lot of I mean I can tell a lot of preparation went into this meeting. and I appreciate everybody's time and thoroughness. And I will turn the floor over to Director Driscoll for his report to our Board.

Director Driscoll: Thank you, Madam Chair. So, let me pass out to you Jose, this is a year end final report on the vision forward project which many of you have heard about and I'll just give a brief recap of this. obviously, look at that at your leisure going forward. So, as you recall, a little more than two years ago, the Thruway Authority completed the systemwide conversation to cashless tolling that ended nearly 70 years of cash toll collection. While cashless tolling changed how we functioned on the collection side, it presented an opportunity to review and modernize our operations, business processes, and technology across the organization. To assist in this effort we brought in a censure at the beginning of the calendar year and divided the work into two phases. Phase one was to analyze the current state and provide recommendations for improvements. Phase two was work to implement the recommendations and initiate process change. The objective of the engagement was to review the impact of the transition to cashless tolling. With more than 500 authority employees participating, a censure made 94 recommendations covering 20 areas including communication, human resources, training, capital program, procurement, tolling infrastructure, governance, and technology. With the help of a censure the authority completed 15 of the 34 quick wins that we identified. These were recommendations with short-term implementation time frames. Most notably, we created two new departments and an improved capital project development process. The new Department of Revenue Management led by Diana Rubiolo is responsible for tolling and non tolling revenue operations as well as exploring new revenue opportunities. We've also established the new Strategic Center of Excellence led by Erica Beardsley which is responsible for strategic planning, program management, and continuous improvement. The improved capital project development process is far more inclusive pulling in feedback from our critical internal stakeholders. It incorporates a commitment beginning in 2025 of at least \$50 million in project lettings each year towards full depth replacement work on the roadway. It ensures the Authority has a 5-year project pipeline which positions us to better target resources to priorities. And if identified, tracking nearly ready projects to be accelerated within the plan. We now have a foundation by which the Authority will continue to develop a five-to-ten-year strategic plan focused on our Authority's guiding principles. The Strategic plan will be supported by strategic goals and initiatives guiding the Authority into the future. The Center of Excellence is currently working with Departments and Divisions on setting strategic goals and anticipates presenting a working draft document to this Board in March of 2023. It is important to note that the Authority, with your support, moves into the next phase of this project by undertaking a similar analysis across our four divisions. This will ensure that the Authority's top to bottom review of operations and business practices is completed systemwide and positions the Authority to meet the challenges of operating a high-speed superhighway well into the future. I want to thank you all for your support on this project. It has really been beneficial, and it will continue to be so going forward.

So, that said, just a few brief comments as well. As you know, I called you several weeks ago in advance to inform you of my pending retirement. Thank you for keeping that under your hat before I announced it. And I want to say thank you. I want to say thank you because you have been very supportive not only of myself but you've been very supportive of everything that

we've tried to do here at the Thruway Authority. I am blessed in a lot of ways. When I left being Mayor in Syracuse and I came to state service, I had the opportunity to lead the Environmental Facilities Corporation and then I led the Department of Transportation, and I can't think of a better place to end my career here in state service than at the Thruway Authority. I have high expectations and I can be I think pretty persistent much of the time, and I think I want to recognize the staff that is around this table here today. And there are people who are not here today and also across our divisions who have bought in. They've bought into that kind of mind set and approach and I believe we've really moved the needle. We've had some challenging times. Matt talked about COVID. When COVID hit, as we all remember, we were still working here because we were and are an essential operation, but everybody was here in person with their sleeves rolled up working every day. It has been an absolute honor to work with all of you over these past 5 years and Joanne you and I go way back. And I want to thank you for the advice you've given me because it's been numerous times and I always appreciated that. Heather I really appreciate your perspective on the private side of things and what you bring to the Board. Jose when I was thinking about moving into the drone space here and how we utilized that technology, you invited me up to the campus several times. I appreciate your insight and advice on that. we have done that by the way, and we think that's really going to provide big benefits in the future in terms of safety. But also, as we talked about how we continue to modernize the Thruway and take advantage of a 570-mile uninterrupted right of way. And Bob you and I 13 years for me in state service and you and I have interacted at every level that I've been on and you've been on a lot too and I appreciate all that you've done. So, it's just been a terrific experience for me. Again, none of it would be possible without the folks that you see here and across. So, I think a lot of good things have happened. There's more good things that will continue to happen. I have full faith and confidence in this staff here at the Authority. They understand what needs to get done in that role about continuous mindset improvement, I think is going to carry forward and it's really going to mean great things for the Thruway Authority in the long run. So, I've said a lot. Thank you. I appreciate everything that you've done to help support me. It's been a pleasure.

Joanne Mahoney: It really is perfect that you're leaving us with this blueprint for the future. It's a real gift to us that you took on this extra project and I'll say you took a lot of my talking points. I wasn't sure when to talk whether I should talk before your report or after your report. But anyhow I was going to talk about some of the things that you did about how your experienced and came to us from DOT only 5 years ago. I mean it seems like a long time but I say only when you consider how much you've been a help to us in those 5 years. You came to us with that expertise as well as the expertise that you brought from EFC where you were president and CEO and that financing infrastructure. That has all entered into the benefit of the Thruway Authority. And as Matt mentioned, he and I go way back. I first ran for office in 1999 and joined the Syracuse Common Council when Matt was the president. And I have a lot of fun, can't help but like Matt. You're very hard working, you're funny, you were a pleasure to work with. it's interesting because the roles are reversed. He was running those meetings. And then for those of you who don't know, Matt kicked my butt in 2005 when I tried to take his job as Mayor away from him. If you told me the morning after that race that we would be here, it's good advice for people coming up though because we both have a passion for public service. We have very common interests and I've really enjoyed my time working with you. I've learned a lot from

you. your perspectives especially on customer service and recognizing the communities that were part of when we had the problem with the tolls by mail, we had a couple bumps in the road. The fact that you went right there to our vendor, and you saw it for yourself and you got in touch with people who had a problem, and recognized honest mistakes, and really got us through what could have been a lot more difficult. And I think that comes from your time as Mayor and City Councilor in the City of Syracuse. And we throw the word transformative around a lot, but some of the projects that you have done in your time at the Thruway are transformative. The Governor Mario Cuomo Bridge that you took on day 1 and ran with and finished...

Director Driscoll: With Bob.

Joanne Mahoney: And have put all suspenders on now right. And the move to cashless tolling, I mean these are huge projects. They are so difficult with all the constituency you have to work your way through, and you brought them both home for us and now, we are well on our way to modernizing our service centers. And I will say, with this with the plan for the Capital Program going forward you had a tremendous impact on the Thruway. You had a tremendous impact on the people who live in the State of New York your entire career. But leaving here, you can enjoy your retirement. You and Patty and your children enjoy your family, and just sit back and I hope recognize that you've left us in a better place than you found us.

Director Driscoll: Thanks, that's very nice. I appreciate that.

Joanne Mahoney: And this is from all of us as a token of our appreciation for your service. Do you want to open it here?

Director Driscoll: Thank you so much, I greatly appreciate it. You've all been great, thank you so much.

Joanne Mahoney: Any other, oh we do have one more order of business. We have to approve the 2023 Board Meeting dates. I think they have been vetted with all of you. If there's no objections, can I have a motion to approve them? Bob, second Jose.

Tanya: We also have to do the public comment too.

Joanne Mahoney: Oh, yeah, yeah, yeah. Okay let's finish this. We have a motion from Bob and a second from Jose. All in favor?

All: Aye.

Joanne Mahoney: We have approved Board meeting dates and I will back up to the public comment period for general Thruway Authority matters.

Tanya: Yes, we have one comment. We have to end the day this way with Murray Bodin. It's totally appropriate. One last time. It says, Matt, it is time the Thruway contracted, oh it's about regarding snow plow drivers. It is time the Thruway contracted out some snowplowing to use

some construction vehicles that are idle in the winter season. It reduces the number of trucks the Thruway maintains for snowplowing. Connecticut has used this system for a number of years, Murray.

Director Driscoll: And I will take that under advisement.

Joanne Mahoney: Alright that's it. Tanya. Okay. if there's no other business before the Board, may I please have a motion to adjourn?

Bob Megna: So moved.

Joanne Mahoney: I have a second. All in favor?

All: Aye.

Joanne Mahoney: I will see all of you except for Director Driscoll back here on January 23rd. Thank you all.