



**NEW YORK STATE THRUWAY AUTHORITY  
NEW YORK STATE CANAL CORPORATION**



# **MINUTES**

## **AUDIT AND FINANCE COMMITTEE MEETING NO. 10**

**July 16, 2008**

Minutes of a meeting of the New York State Thruway Authority/Canal Corporation Audit and Finance Committee, held in the Board Room at Administrative Headquarters, 200 Southern Boulevard, Albany, New York. The meeting began at 9:30 a.m.

The following members of the Audit and Finance Committee were present, constituting a quorum:

**Present:**

Chairman John L. Buono, ex officio Audit and Finance Committee Member  
Frederick Howard, Audit and Finance Committee Member and Acting Committee Chair  
Donna J. Luh, Audit and Finance Committee Member

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

In addition, there were present the following staff personnel:

Michael R. Fleischer, Executive Director  
Daniel Gilbert, Chief of Staff  
Kevin Allen, Acting Director, Audit and Management Services  
Betsy Graham, Acting Director of Public Affairs  
John Bryan, Chief Financial Officer  
Jill Warner, Board Administrator  
Sharon O'Connor, General Counsel  
Richard Garrabrant, Division Director, Syracuse Division  
Tracie Sandell, Assistant Counsel  
Dorraine Steele, Director, Office of Fiscal Audit and Budget  
Michael Sikule, Director, Office of Investments and Asset Management

Also in Attendance:

Cathy Woodruff, Reporter, *Albany Times Union*  
Doron Bar-Levav, Esq., Partner, Harris Beach  
Abigail Sterling Olsen, Esq., Associate, Nixon Peabody  
Angela Rodell, Senior Vice President, First Southwest Company  
John Armstrong, Production Coordinator, New York Network

## **PUBLIC SESSION**

Mr. Howard called the meeting of the Audit and Finance Committee to order.

Ms. Warner recorded the minutes as contained herein.

---

### **Item 1**

#### **Approval of Minutes of Audit and Finance Committee Meeting No. 9**

After full discussion, on the motion of Chairman Buono, seconded by Mr. Howard, without any objections, the Audit and Finance Committee approved the Minutes of Audit and Finance Committee Meeting No. 9, held April 25, 2008.

### **Item 2**

#### **Review and Approve the Seventh Supplemental Bond Resolution Authorizing the Issuance of State Personal Income Tax Revenue Bonds Series 2008A for up to \$400 Million for New Purposes, \$100 Million in Refunding Authorization and Related Documents for Board Action**

Ms. O'Connor explained that this item is a request for authorization to issue up to \$500 million in Personal Income Tax Revenue Bonds (Transportation) to provide reimbursement to municipalities and project sponsors for costs associated with the State's local highway, bridge and multi-modal capital program. She explained that the bonds are issued at the request of the Division of the Budget, that the debt service is paid to the Trustee by the State Comptroller on behalf of the Authority from monies available in the Revenue Bond Tax Fund subject to appropriation by the State Legislature and pursuant to the terms of the Financing Agreement

between the Authority and the Division of the Budget. There is no pledge of any Authority assets or revenues as security for the Bonds. All expenses incurred by the Authority are reimbursed by the State.

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

After full discussion, on the motion of Chairman Buono, seconded by Ms. Luh, with no objections, the Audit and Finance Committee authorized submission of the Seventh Supplemental Bond Resolution Authorizing the Issuance of State Personal Income Tax Revenue Bonds Series 2008A for up to \$400 Million for New Purposes, \$100 Million in Refunding Authorization and Related Documents to the Authority Board for consideration.

### **Item 3**

#### **Review and Approve the Eleventh Supplemental Bond Resolution Authorizing the Issuance of Second General Highway and Bridge Trust Fund Bonds, Series 2008B for up to \$500 Million in Refunding Authorization, \$400 Million for New Purposes and Related Documents for Board Action**

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

After full discussion, on the motion of Chairman Buono, seconded by Ms. Luh, with no objections, the Audit and Finance Committee authorized submission of the Eleventh Supplemental Bond Resolution Authorizing the Issuance of Second General Highway and

Bridge Trust Fund Bonds, Series 2008B for up to \$500 Million in Refunding Authorization, \$400 Million for New Purposes and Related Documents to the Authority Board for consideration.

**Item 4**

**Designate UHY the External Auditor for 2008 and Approve a Contract Extension for Such Services**

Mr. Howard commented that there appears to be an overlap in time when the next auditor may start their review while UHY is still under contract. Mr. Bryan responded that the contracts are task based. UHY will conduct the 2008 Audit while the concessionaire audit starts later. There may an overlap of a few months but a new auditor would be assigned different tasks than UHY.

After full discussion, on the motion of Chairman Buono, seconded by Mr. Howard, with no objections, the Audit and Finance Committee designated UHY the External Auditor for 2008 and approved a Contract Extension for Such Services.

**Item 5**

**Review and Approve 2008 Internal Audit Programs:**

- a. Fiscal and Toll Audit**
- b. Audit and Management Services**

After full discussion, on the motion of Chairman Buono, seconded by Ms. Luh, with no objections, the Audit and Finance Committee approved the 2008 Internal Audit Programs.

## **Item 6**

### **Review and Accept the May 2008 Report Submitted to the Office of the State Inspector General**

After full discussion, the Audit and Finance Committee noted the above report as received.

## **Item 7**

### **Review and Discuss, as Necessary, the Following Items:**

- a. 2007 Accomplishments - Fiscal and Toll Audit**
- b. 2007 Accomplishments - Audit and Management Services**
- c. Office of the State Comptroller Audits**
- d. Audit and Finance Committee 2008 Draft Work Plan**

Mr. Allen presented the above Items for review and discussion only.

After full discussion, the Audit and Finance Committee noted the above Items as received.

## **Other Business**

Mr. Howard requested that the following issues be discussed at each meeting under other Business, as they are of particular interest to the Committee as well as the entire Board. He inquired if the Authority had received a response from the Governor's office regarding the Authority's letter outlining plans for cost containment. Mr. Fleischer responded that because the Authority receives no State tax dollars the Division of Budget (DOB) did not consider the Authority part of the State's budget cutting. However, DOB informally expressed appreciation that the Authority complied with both the spirit and the letter of the Executive Directive.

Mr. Howard requested more information with regard to unpaid toll legislation. Ms. O'Connor responded that it was approved by the Senate but that there was no action taken in the

Assembly. Chairman Buono asked Ms. O'Connor who follows up on legislative action on behalf of the Authority. She responded that Pam Davis, in the legal department, is the legislative contact. Chairman Buono then asked if the bill regarding tolls will now have to be resubmitted. Ms. O'Connor stated that it will have to be resubmitted because this year marks the end of a two-year legislative session, unless there is a special session held. After the elections, the bills will have to be resubmitted and renumbered. The Chairman asked if this bill would be part of the Governor's proposed package. Ms. O'Connor responded that there are two separate bills, one related to the enforcement mechanism and the other to penal law and theft of services. She explained that there are two proposed pieces of legislation which the Authority believes will assist in the collection of toll revenues from people who are delinquent in paying. The Authority has statutory authority to use video enforcement to take photos of license plates that go through the booths without tags and to track down the owners. The State can impose a fine if the violator is located and convicted of toll evasion; however all revenue collected for infractions along the Thruway goes to the State while the cost is upon the Authority. One bill would allow the Authority to collect the lost toll revenue and if the person is convicted five or more times then their vehicle registration can be suspended. The Authority would collect this information and report it to DMV to allow them to take action; currently there is no such reporting mechanism and the legislation requires that the offenses all occur in the same court jurisdiction, with the Thruway spanning over 540 miles that is problematic. The second bill involves State Police, and requests that toll evasion be considered theft of services enhancing the enforcement capabilities under penal law. Mr. Bryan stated that the Authority now has a collection contract, approved by the Board, and is with the Comptroller's Office for approval. Ms. O'Connor stated that Ms. Davis and staff worked diligently to get the bills through, but never received feedback on any particular problems with the bills as drafted.

Mr. Howard stated that a number of people, during the toll hearings, expressed a lack of support for the Authority paying for Canal activities with toll revenue. He asked if there was any movement on that. Ms O'Connor replied that there was not. Mr. Howard stated that at the time there was a lot of talk from elected officials that the Canals would be transferred away from the Authority, but he assumes in these fiscal times nothing was going to happen with those

proposals. Ms O’Conor stated that none of the proposals mentioned at the time ever went anywhere.

**Adjournment**

There being no further business to come before the Audit and Finance Committee, on the motion of Chairman Buono, seconded by Ms. Luh, without any objections, the meeting was adjourned at 9:49 a.m.