



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



## **MINUTES**

### **AUDIT AND FINANCE COMMITTEE MEETING NO. 12**

**January 20, 2009**

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 and via video conference from the Authority's New York Division Office. The meeting began at 3:00 p.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  
Donna J. Luh, Audit and Finance Committee Member  
E. Virgil Conway, Chair, Audit and Finance Committee, via video conference

In addition, there were present the following staff personnel:

Daniel Gilbert, Chief of Staff  
Kevin Allen, Acting Director, Audit and Management Services, via video conference  
Kimberly Chupa, Public Information Specialist  
John Bryan, Chief Financial Officer  
Jill Warner, Board Administrator  
Sharon O'Connor, General Counsel  
Tracie Sandell, Assistant Counsel  
Dorraine Steele, Director, Office of Fiscal Audit and Budget, via video conference  
Michael Sikule, Director, Office of Investments and Asset Management  
Christopher Waite, Chief Engineer

Also in Attendance:

John Armstrong, Production Coordinator, New York Network  
Virginia Wong, Partner, Nixon Peabody

## **PUBLIC SESSION**

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

Ms. Warner recorded the minutes as contained herein.

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### **Item 1**

#### **Approval of Minutes of Audit and Finance Committee Meeting No. 11**

After full discussion, on the motion of Mr. Howard, seconded by Ms. Luh, without any objections, the Audit and Finance Committee approved the Minutes of Audit and Finance Committee Meeting No. 11, held November 19, 2008.

### **Item 2**

#### **Review and Approve the Twelfth Supplemental Bond Resolution Authorizing the Issuance of Second General Highway and Bridge Trust Fund Bonds, Series 2009A for up to \$250 Million for New Purposes and \$200 Million in Refunding Authorization, and Related Documents for Board Action**

Ms. O'Connor stated that the sale of Highway and Bridge Trust Fund Bonds provides funds to reimburse the state for the cost of the state highway and bridge capital program. The bonds are secured by payments made to the Authority from funds held in the state's dedicated highway and bridge trust fund. Moneys held in the trust fund include a statutory allocation of all or a portion of the excise tax and business taxes and fees imposed on petroleum businesses, motor fuel, highway use, motor vehicles, auto rentals and transportation corporations. The state is not liable beyond the amounts appropriated for these payments and no assets or revenues of the Authority are pledged to support these bonds.

Of the \$16.5 billion in statutory authorization, the Authority has previously issued over \$10 billion in bonds with approximately \$6.89 billion currently outstanding. The bonds are issued solely at the request of the Director of the Budget and the Authority has received a written request to issue an amount not to exceed \$250 million to finance new projects and up to \$200 million for refunding purposes should the market present a refunding opportunity. At the moment staff are hearing that the refunding may only be in the neighborhood of approximately \$50 million but the Division of Budget would like to keep the authorization at \$200 million just in case.

The current financing schedule has the Authority pricing in the middle of February with a closing in early March. Virginia Wong, who is a partner at Nixon Peabody, the Authority's bond counsel for this transaction is here today to answer any questions that the Committee may have regarding the documents or the transaction.

Mr. Howard inquired if Ms. Wong had anything she would like to add to Ms. O'Connor's report. Ms. Wong stated that this transaction is very straightforward and in line with usual practices.

After full discussion, on the motion of Mr. Howard, seconded by Ms. Luh, with no objections, the Audit and Finance Committee authorized submission of the Twelfth Supplemental Bond Resolution Authorizing the Issuance of Second General Highway and Bridge Trust Fund Bonds, Series 2009A for up to \$250 million for New Purposes and \$200 million in Refunding Authorization, and Related Documents to the Authority Board for consideration.

### **Item 3**

#### **Review and Accept Reports to and from the Office of the State Inspector General**

- a. Periodic Summaries of Investigative Action**
- b. OSIG Report on Equipment Usage**

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

After full discussion, on the motion of Mr. Howard, seconded by Mr. Conway, the Audit and Finance Committee noted the above reports as received.

#### **Item 4**

#### **Review and Discuss, as Necessary, the Audit and Finance Committee 2009 Draft Work Plan**

The Audit and Finance Committee noted the above Item as received.

#### **Item 5**

#### **Other Business**

- a. Status on Legislative Actions Related to Unpaid Tolls**
- b. Status on Legislative Action Related to the Canal**

Ms. O'Connor provided an update, as requested by the Committee, on the legislative program in relation to enhancing the Authority's ability to collect toll revenue from scofflaws. The Thruway Authority resubmitted a Departmental bill for 2009 which is the same as the bill originally submitted in 2008. The legislative session just opened a week ago and so far none of the Authority's bills have been introduced yet. Staff will be going down to meet with the Chairs of the transportation committees and corporations committees in both Houses to try to pursue passage of these bills. In addition, the Chairman of the Authority sent a letter to the Comptroller's office, on behalf of the Board, asking for the Comptroller's support of the legislation to enhance the Authority's ability to collect tolls from scofflaws. To date, no response has been received.

The Thruway Authority's requests that the Division of the Budget provide financial relief on the maintenance of the Canal System or, at a minimum, raise Canal bond caps, were not included as part of the Governor's Budget. Authority staff will continue to review options for getting the bond cap increased via legislation.

## **Adjournment**

There being no further business to come before the Audit and Finance Committee, on the motion of Ms. Luh, seconded by Mr. Howard, without any objections, the meeting was adjourned at 3:09 p.m.