



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



## **MINUTES**

### **AUDIT AND FINANCE COMMITTEE MEETING NO. 16**

**September 16, 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. The meeting began at 10:30 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  
E. Virgil Conway, Chair, Audit and Finance Committee  
Donna J. Luh, Audit and Finance Committee Member  
Richard N. Simberg, Audit and Finance Committee Member

In addition, there were present the following staff personnel:

Michael Fleischer, Executive Director  
William Estes, General Counsel  
Kevin Allen, Acting Director, Audit and Management Services  
John Bryan, Chief Financial Officer  
Jill Warner, Board Administrator  
Harry Lennon, Senior Investigator  
Katherine McCartney, Deputy Counsel  
Tracie Sandell, Assistant Counsel  
Dorraine Steele, Director, Office of Fiscal Audit and Budget  
Betsy Graham, Acting Director of Public Affairs  
David Malone, Director, Office of Accounting & Disbursements  
Daniel Gilbert, Chief of Staff

Michael Sikule, Director, Office of Investments and Asset Management

Also in Attendance:

John Armstrong, New York Network

Ronald Toski, Managing Director, Toski, Shaefer & Co., P.C., Executive Session only

Joseph Klimek, Director, Toski, Shaefer & Co., P.C., Executive Session only

Douglas Zimmerman, Director, Toski, Shaefer & Co., P.C., Executive Session only

## **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. 15**

After full discussion, on the motion of Ms. Luh, seconded by Mr. Conway, without any objections, the Audit and Finance Committee approved the Minutes of Audit and Finance Committee Meeting No. 15, held June 23, 2009.

### **Item 2**

#### **Appoint Toski, Schaefer & Co, P.C. (TS&C) to Provide the Authority Accounting and Auditing Services and Approve: the Scope of Services; the Compensation and Other Terms and Conditions; and, the Authorization for the Chairman of the Board to Execute a Contract with TS&C for Such Services**

Mr. Conway stated that this resolution seeks the Committee's approval to advance to the full Board the selection of TS&C to serve as the Authority's independent auditor.

The previous contract with UHY, LLP was running out therefore a competitive RFP procurement process was initiated. Staff reviewed all the responsive proposals and recommends TS&C. The firm is from the Buffalo, NY area. TS&C's fee proposal was the lowest received with the exception of one other firm and was less than UHY's by nearly 60% which is substantial for

professional services. They have the experience and qualifications with over 800 clients, including public authorities and several state agencies including their largest client the New York State Division of the Budget and also perform audit work for the Office of the State Comptroller. TS&C is a well known public auditor.

**Executive Session:**

On the motion of Chairman Buono, seconded by Mr. Conway, the Audit and Finance Committee voted to convene to Executive Session to discuss matters leading to the possible appointment of a corporation.

**Return to Public Session:**

After full discussion, on the motion of Ms. Luh, seconded by Mr. Simberg, without any objections, the Audit and Finance Committee appointed TS&C to provide the Authority with accounting and auditing services and approved the scope of services, the compensation terms and other terms and conditions; authorized the Chairman of the Board to execute a contract with TS&C for such services; and recommended that this appointment and authorization be submitted to the Authority Board for their review and acceptance.

**Item 3**

**Review and Approve the Authority's Second Quarter Investment Report for Board Action**

Mr. Bryan presented this resolution seeking the Committee's approval to advance to the Board the Authority's investment report for the second quarter of 2009. OSC guidelines require the Authority provide a quarterly report on all investments made by the Authority. The report details, by fund, the investments made and yield obtained for each investment. The types of investments include those authorized under the Authority's investment policy, which is approved by the Board each year such as amortized securities (such as Treasury Notes), repurchase agreements and certificates of deposit. In total, in the second quarter of 2009, the Authority invested a total of \$885 million, earning an average yield of approximately 0.4 percent.

As mentioned in previous reports, most of the Authority's investments are made for the short-term – less than 60 days. To give the Committee an indication of where rates are right now Mr. Bryan reported that:

- 1-month CD's earned an average rate of 0.22 percent;
- 1-month commercial paper earned an average 0.17 percent; and
- 1-month Treasuries earned an average 0.09 percent.

After full discussion, on the motion of Mr. Simberg, seconded by Ms. Luh, without any objections, the Audit and Finance Committee authorized submission of the Second Quarter Investment Report to the Authority Board for consideration.

#### **Item 4**

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

Mr. Allen presented the above item for review and acceptance.

The report details the investigative efforts of Authority staff for the month of July. Mr. Conway stated that while it's certainly important to maintain employee discipline the problems reported were rather modest and he congratulated everyone involved in the process.

Mr. Simberg inquired about an ongoing investigation regarding someone being mistreated by a toll collector, he asked if that type of complaint would be a part of these investigations. Mr. Fleischer replied that an investigation of that nature would be done internally by Mr. Bell's office rather than by the Audit staff. Mr. Allen added that the harassment aspect of that investigation would be a criminal matter and would be handled by the court system, but the Authority would also discipline the employee and the possibility exists that it could be forwarded on to the Inspector General's office.

After full discussion, on the motion of Ms. Luh, seconded by Mr. Conway, the Audit and Finance Committee noted the above report as accepted.

## **Item 5**

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

- a. Office of the State Comptroller Audits**
- b. Audit and Finance Committee 2009 Draft Work Plan**

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

Tab A provides a copy of the response letter to the Debt Issuance Costs and Services Audit, as well as a copy of the 90-day response to the Gas Prices at Thruway Travel Plazas Audit.

Under Tab B is the remainder of the 2009 work plan for the Committee itself, which is updated for each Committee meeting.

Ms. Luh stated that Mr. Allen's reports are always well done.

After full discussion, on the motion of Ms. Luh, seconded by Mr. Simberg, the Audit and Finance Committee noted the above reports as accepted.

## **Adjournment**

There being no further business to come before the Audit and Finance Committee, on the motion of Mr. Simberg, seconded by Ms. Luh, without any objections, the meeting was adjourned.