



MINUTES

NEW YORK STATE THRUWAY AUTHORITY

BOARD MEETING NO. 684

January 19, 2011

Minutes of a meeting of the New York State Thruway Authority, held in the Board Room at Administrative Headquarters, 200 Southern Boulevard, Albany, New York 12209 and via video conference from the Corporation's New York Division Office, 4 Executive Boulevard, Suffern, New York.

The meeting began at 11:15 a.m.

There were present:

Chairman John L. Buono

E. Virgil Conway, Board Member, via video conference

Jose Holguin-Veras, Ph.D., Board Member

Donna J. Luh, Vice Chair

J. Donald Rice, Jr., Board Member

Brandon R. Sall, Board Member, via video conference

Richard N. Simberg, Board Member

Constituting all of the members of the Thruway Authority Board.

In addition, there were present the following staff personnel:

Michael R. Fleischer, Executive Director

John Barr, Director, Administrative Services
Donald Bell, Director, Operations and Maintenance
John Bryan, Chief Financial Officer
William Estes, General Counsel
J. Marc Hannibal, Director, Audit and Management Services
Carmella Mantello, Director of Canal Corporation
Major Robert C. Meyers, Troop T
Thomas Ryan, Director, Office of Media Relations and Public Affairs
Ted Nadratowski, Chief Engineer
Thomas Pericak, Division Director, Buffalo Division
Michael Loftus, Deputy Division Director, Albany Division
Stephen Grabowski, Acting New York Division Director
Catherine Sheridan, Acting Deputy Director for Canal Maintenance, Operations & Engineering
Wendy Allen, Director, Management and Planning
Anthony Kirby, Director, Real Property Management
Doraine Steele, Director, Fiscal Audit and Budget
Harry Lennon, Senior Investigator
Tracie Sandell, Assistant Director, Audit and Management Services
Jonathan Gunther, Assistant Counsel
Peter Casper, Assistant Counsel
Linda Galligan, Assistant Counsel
Joseph Igoe, Assistant Counsel
Michael Sikule, Director, Office of Investments and Asset Management
Howard Goebel, Hydrologist, Office of Canals Maintenance and Operations
Lawrence Norville, Chief Compliance Officer
Jill B. Warner, Board Administrator
Judy Gallagher, Assistant Secretary

Also in attendance:

John Armstrong, New York Network
Pat Reale, Principal Budget Examiner, NYS Division of the Budget
Christopher Curtis, Senior Budget Examiner, NYS Division of the Budget

Doron Bar-Levav, Partner, Harris Beach PLLC
Eric Taylor, Partner, Harris Beach PLLC
Dan Tomson, Managing Director, Citigroup
Dan Cohen, Director, Citigroup
Ted Sobel, Managing Director, Ramirez & Co.

Chairman Buono noted that he, Mr. Conway, Ms. Luh, Mr. Rice, Mr. Sall, Mr. Simberg and Dr. Veras had received and reviewed the Agenda submitted for consideration at this meeting and were prepared to act on each of the Items.

Chairman Buono called the meeting to order.

Ms. Warner recorded the minutes as contained herein (public notice of the meeting had been given).

Item 1 by Board Secretary (Appendix A)
Approval of Minutes of Meeting No. 683

On the motion of Mr. Sall, seconded by Ms. Luh, without any objections, the Board approved the minutes of Meeting No. 683 held on November 17, 2010, which were made available to the Board Members as part of the Agenda.

Report by Governance Committee Chair

As Chair of the Governance Committee, Mr. Sall reported on the recent actions taken by the Committee. The Governance Committee met that morning and approved the Thruway and Canal Real Property Management Policies, Personal Property Disposal Policies, and revised Real Property Management Standard Operating Procedures for Board action; as well as the Procurement Contract Policies for the Authority and Corporation. In addition, the Committee satisfied its charter requirement to conduct an annual self-evaluation of the Committee's functions and performance.

The items were unanimously approved by the Governance Committee to be sent to the full Board for consideration at the March 2011 Board Meeting.

Report by Finance Committee Chair

As Chair of the Finance Committee, Mr. Conway reported on the recent actions taken by the Committee. The Finance Committee met that morning to approve the investment report for the quarter; an Item selecting a pool of firms for financial advisory services and a pool of firms for co-financial advisory services; and finally an Item approving and adopting the Fifteenth Supplemental Bond Resolution authorizing the issuance of Second General Highway and Bridge Trust Fund Bonds, Series 2011A.

The items were unanimously approved by the Finance Committee to be sent to the full Board for consideration at today's meeting.

Report by Audit Committee Chair

As Chair of the Audit Committee, Mr. Rice reported on the recent actions taken by the Committee. The Audit Committee met that morning and reviewed and accepted the Audit and Management Services 2011 Audit Plan, reviewed and accepted the periodic report sent to the Office of the State Inspector General (OSIG), reviewed and discussed as necessary the OSIG report dated November 30, and reviewed and discussed the Audit Committee's 2011 draft Work Plan. The Audit Committee then went into recess.

The items were unanimously approved by the Audit Committee.

Item 2 by Mr. Fleischer (Appendix B) **Report to Thruway Authority Board for Personal Service Contracts up to \$150,000 for the Period October 1, 2010 through December 31, 2010**

Mr. Fleischer submitted as Exhibit I a listing containing Personal Service Contracts up to \$150,000 for the period October 1, 2010 through December 31, 2010.

After full discussion, on the motion of Mr. Sall, seconded by Mr. Conway, without any objections, the Board accepted Mr. Fleischer's quarterly report.

Item 3 by Mr. Bryan (Appendix C)
Financial Reports – October and November 2010

Mr. Bryan reported that total traffic in the first 11 months of the year was up approximately 0.5 percent. Commercial traffic continued to show good growth through the end of November, up by 2.5 percent. However, passenger traffic continued to show a low level of growth, increasing by only 0.3% for the first 11 months of 2010.

Through the end of November the Thruway collected \$593 million in tolls, which was \$29.2 million higher than the level collected in the same period of 2009, representing an increase of 5.2 percent. Other revenue sources including concession interest and sundry revenues were up by a small amount and as a result, revenues from all sources increased by \$31.1 million or 5.3 percent for the first 11 months of the year. Compared to the budget forecast, total revenues came in about \$2.5 million or 0.4 percent higher than what was expected in the Authority's revised budget forecast.

On the expense side, cost containment continues to produce decent results. Operating expenses for the Thruway and Canal through November were up by 2 percent when compared to the same period in 2009. Relative to the Authority's budget, expenses were \$14.4 million or 3.6 percent below the revised budget forecast. Staff is currently working hard to close out the 2010 numbers and Mr. Bryan advised that the Board would receive a copy of the end of the year report as soon as the figures were available.

Mr. Simberg expressed his appreciation for the auxiliary portion of one of Mr. Bryan's reports. Specifically, the National Consumer Price Index charts for Construction Items which shows what the Authority is up against with regard to the Capital Program. He requested that staff continue to produce this information for the Board's review to help keep in mind the big picture.

Dr. Veras requested additional information with regard to the reported increase in truck traffic. Mr. Bryan responded that truck traffic has been very healthy through most of 2010. However, the Authority lost 15 percent of its truck volume in 2009 and was only up 2.5 percent

for the first 11 months of 2010. While it is still growth, the Authority has not nearly made up where it was before the recession hit.

Chairman Buono inquired as to whether staff had any sense of the numbers for December. Mr. Bryan responded that there have been wild gyrations in the dailies because of the weather, but looking at days where there were non-weather events and comparing the numbers to last year's dailies when there were non-weather events, traffic is pretty good. There is some core growth there. The problem is the recent storms have not been localized, they are generally all over the state and that can really impact traffic numbers.

After full discussion, on the motion of Mr. Conway, seconded by Mr. Simberg, without any objections, the Board accepted the Financial Reports for the month of October and November 2010.

Item 4 by Mr. Bryan (Appendix D)
Investment Transactions – Fourth Quarter 2010

Mr. Bryan stated that the Finance Committee considered this Item at their January 2011 meeting and recommended that this item be presented to the full Board for consideration.

Guidelines established by the Office of the State Comptroller 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.

In the fourth quarter of 2010, the Authority made just over \$2.6 billion in investments, earning an average yield of 0.18 percent. At the end of December, the Authority had \$745 million invested in a variety of instruments that are authorized under the governing statute and Board-adopted investment policy. Of that amount, 71 percent was invested in Federal Agency Securities, 25 percent in commercial paper, 2.5 percent in repurchase agreements and 1.6 percent in various Certificates of Deposit.

After full discussion, on the motion of Mr. Conway, seconded by Mr. Sall, without any objections, the Board accepted the Investment Transactions – Fourth Quarter 2010 Report.

Item 5 by Mr. Bryan (Appendix E)

Approving the Selection of a Pool of Firms for Financial Advisory Services and a Pool of Firms for Co-Financial Advisory Services, and Authorizing Execution of Contracts for Such Services

The Finance Committee considered this item at their January 2011 meeting and recommended that this item be presented to the full Board for consideration.

Mr. Bryan stated that in the past, the Authority traditionally selected and contracted with only one firm to serve as financial advisor on Authority and State-related bond transactions. In this Item staff is requesting that pools be developed whereby the Authority can select a primary and co-financial advisor, if desired.

The selection of firms to serve in the primary and co-financial advisory pools were made as a result of an Request for Proposals that was based on recommendations regarding best practices in financial services adopted by Executive Order No. 10's Minority and Women's Business Enterprise (M/WBE) Task Force.

Staff recommended that the three highest scoring firms serve in a primary advisory pool and the next four highest scoring firms serve in a co-financial advisory pool. On a bond transaction or other task, the Authority will select a firm from the primary Financial Advisor pool to serve as the principal advisor and may choose to assign a firm from the Co-Financial Advisor pool to work alongside the primary advisor.

The term of engagement for each of the firms selected to the pools will be for a three-year period ending December 31, 2013 with two options to renew for an additional year each. First Southwest Company currently provides financial advisory services to the Authority under a contract that will expire in July 2011.

After full discussion, on the motion of Mr. Conway, seconded by Mr. Sall, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5874

APPROVING THE SELECTION OF A POOL OF FIRMS FOR FINANCIAL ADVISORY SERVICES AND A POOL OF FIRMS FOR CO-FINANCIAL ADVISORY SERVICES, AND AUTHORIZING EXECUTION OF CONTRACTS FOR SUCH SERVICES

RESOLVED, that the selection of First Southwest Company; Public Financial Management, Inc., in a joint venture with ButcherMark Financial Advisors LLC and Laurene B. Mahon; and Public Resources Advisory Group, Inc. to a Financial Advisor pool, from which firms will be selected to provide financial advisory services to the Authority as necessary at the Authority's discretion, is hereby approved, and be it further

RESOLVED, that the selection of Acacia Financial Group, Inc.; Estrada Hinojosa & Company, Inc.; Frasca & Associates LLC; and Scott Balice Strategies to a Co-Financial Advisor pool, from which firms will be selected to assist the Financial Advisor in providing financial advisory services to the Authority as assigned by the Authority at the Authority's discretion, is hereby approved, and be it further

RESOLVED, that the costs of such services related to the issuance of bonds be funded from the respective bond proceeds or the State of New York and that the funding of such costs be, and the same hereby is, approved, and be it further

RESOLVED, that the Executive Director or his designee shall have the authority to exercise all powers reserved to the Authority under the provisions of the contracts, manage and administer the contracts, amend the provisions of the contracts consistent with the terms of this item and other Board

authorizations and suspend or terminate the contracts in the best interests of the Authority, and be it further

RESOLVED, that the Chief Financial Officer be, and he hereby is, authorized to charge expenditures for services rendered under such agreements to the appropriated funds provided therefore, subject to reallocation and adjustment, and be it further

RESOLVED, that this resolution be incorporated in the minutes of this meeting

Item 6 by Mr. Bryan (Appendix F)
Authorizing Renewal and Amendment of a Lease of Office Space at Kenwood Professional Park - I, Albany, New York

Mr. Bryan reported that in November 2005, the Authority Board authorized a five-year lease of approximately 18,000 square feet of office space at 270 Mount Hope Drive. The Lease commenced June 1, 2006 and ends May 31, 2011 and contains a five-year renewal option with renewal rent to be set by negotiation.

Given that there is a continued long-term need for this property and this space is in an optimum location right, it is priced fairly and will allow the Authority to avoid expensive moving costs. Staff has tentatively settled with the Landlord for a five-year renewal term.

The negotiated rental rate for the renewal period would be \$15.25 per square foot which is the same rate the Authority pays presently and is competitive, or less than, the present rental rate for commercial property of similar quality that staff looked at in the area. However, the rent proposed in this Item is slightly higher than the appraised value, at \$13.75 per square foot, but when taking into account moving costs, relocating becomes a more expensive and impractical alternative.

Mr. Sall inquired as to how long the Authority has rented this space and what offices are located there. Mr. Bryan responded that the Authority has had a lease for 15 years and that the building houses Albany Division staff, the Headquarters Purchasing Department, the

Headquarters Real Property Management Office, the Construction Management Unit, Traffic Engineering and Equal Opportunity and Compliance.

Mr. Sall inquired if it may be possible to move the Mount Hope staff to Headquarters as a result of openings created through attrition and early retirements. Mr. Bryan responded that the headquarters building is unaccommodating to change. For years staff has discussed a possible centralization of the space but the related expenses are too high. While the head count at Headquarters has dropped in recent years, staff does not believe there is enough room to accommodate all of the staff from the lease space.

Chairman Buono stated that the Board has requested studies in the past to look into rehabilitating the Headquarters building in order to accommodate a better alignment of staff and it did not seem to be very cost effective. Ventilation is poor, and the Chairman stated that he does not see how the Authority could bring more staff in here. Mr. Bryan added that staff had a study done several years ago called the Envest Project. It looked into a combination of doing a facility expansion and some energy and heating and cooling upgrades and the price tag was over \$11 million

Mr. Sall stated that his concern is that the lease costs almost \$300,000 a year and maybe if staff could put more people in headquarters and take less space across the street it would end up being a real savings for the Authority. Mr. Conway asked for clarification as to why the Headquarters building is unaccommodating and why staff could not be squeezed in.

Mr. Bryan responded that staff constantly talks about reducing the Authority's footprint at Mount Hope. The Authority has another facility across the street called Henzel Powers that contains warehouse space that is underutilized that staff has thought about filling up for more office space. There will be a trend to try to consolidate more staff into Headquarters and Henzel Powers but at this point staff feels strongly that the Authority needs to extend the Mount Hope lease.

Chairman Buono requested that staff take a look at what the Board Members suggestions are and get back to the members as to how realistic it is to do something or not. He advised staff to go forward with the lease, but have the analysis done to see what alternatives may be available.

Mr. Sall concurred that staff should go forward with the lease, but have an out where if staff comes back in a couple of months and determines that everyone can be accommodated at Headquarters then the Authority is not committed for the whole five years. Mr. Bryan responded that the Authority would not be committed for the whole five years. Staff could get out of the lease with a notification. Mr. Rice requested clarification regarding the option to get out of the lease. Mr. Bryan responded that it is either a three or six month option to terminate at the Authority's discretion. It is standard language included in the Authority's leases.

After full discussion, on the motion of Ms. Luh, seconded by Dr. Veras, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5875

**AUTHORIZING RENEWAL AND AMENDMENT OF A
LEASE OF OFFICE SPACE AT KENWOOD
PROFESSIONAL PARK - I, ALBANY, NEW YORK**

RESOLVED, that the Authority has a continued need for office space in Albany Division, and be it further

RESOLVED, that a lease-renewal and amendment agreement ("Agreement") with Kenwood Professional Park - I, LP of approximately 17,925 square feet of office space, on the terms contained in this agenda item, and on such other terms as may be deemed to be in the best interest of the Authority and consistent with this item as determined by the Executive Director, be, and the same hereby is, authorized, and be it further

RESOLVED, that the Executive Director, or his designee, be, and the same hereby is, authorized to execute the Agreement, along with all other documents necessary to effectuate such

execution in accordance with the terms authorized during this meeting, and be it further

RESOLVED, that the Executive Director, or his designee, shall have the authority to: exercise all powers reserved to the Authority under the provisions of the Agreement, manage and administer the Agreement, amend the provisions of the Agreement consistent with the terms of this item and other applicable Board authorizations, and be it further

RESOLVED, the Executive Director, the Chief Financial Officer, and the General Counsel be, and the same hereby are, authorized to take all steps necessary to implement this Board action, and be it further

RESOLVED, that this resolution be incorporated in the minutes of this meeting

Item 7 by Mr. Estes and Mr. Bryan (Appendix G)
Approving and Adopting the Fifteenth Supplemental Bond Resolution Authorizing the Issuance of Second General Highway and Bridge Trust Fund Bonds, Series 2011A, Approving the Form of and Authorizing the Preparation, Execution and Delivery of the Preliminary Official Statement and Authorizing the Execution and Distribution of the Official Statement, Approving the Form of the Bond Purchase Agreement for the Series 2011A Bonds, Authorizing the Execution of a Continuing Disclosure Agreement and Any Other Necessary Documents, Agreements, Consents or Certificates in Connection With the Issuance, Sale and Delivery of the Series 2011A Bonds

The Finance Committee considered this item at their January 2011 meeting and recommended that this item be presented to the full Board for consideration.

Mr. Bryan reported that Trust Fund Bonds are issued on behalf of the State, at the request of the Division of the Budget, and are secured by payments made to the Authority from funds held in the State's Dedicated Highway and Bridge Trust Fund. The Trust Fund is funded by a wide variety of state taxes and fees. There is no pledge of Authority revenues or assets as security for the Trust Fund Bonds and the Authority is not liable in the event that the State fails to appropriate the necessary monies for debt service.

Bond funds generated from this proposed transaction will be used to help finance the State's transportation capital program managed by the NYS Department of Transportation. The resolution authorizes the Authority to issue up to \$525 million in new money bonds and up to an additional \$250 million for a possible refunding.

The transaction will be led by CitiGroup, and Ramirez and Company will serve as the M/WBE coordinating manager. First Southwest is serving as the Authority's financial advisor and Harris Beach as bond counsel. The transaction is expected to be priced and closed in mid-to-late February and an "AA" rating is expected to be received on this issue of Trust Fund bonds. Representatives from each firm were present at the meeting to address any questions the Board may have had.

After full discussion, on the motion of Mr. Conway, seconded by Mr. Sall, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5876

APPROVING AND ADOPTING THE FIFTEENTH SUPPLEMENTAL BOND RESOLUTION AUTHORIZING THE ISSUANCE OF SECOND GENERAL HIGHWAY AND BRIDGE TRUST FUND BONDS, SERIES 2011A, APPROVING THE FORM OF AND AUTHORIZING THE PREPARATION, EXECUTION AND DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION AND DISTRIBUTION OF THE OFFICIAL STATEMENT, APPROVING THE FORM OF THE BOND PURCHASE AGREEMENT FOR THE SERIES 2011A BONDS, AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE AGREEMENT AND ANY OTHER NECESSARY DOCUMENTS, AGREEMENTS, CONSENTS OR CERTIFICATES IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF THE SERIES 2011A BONDS

RESOLVED, that Chapter 56 of the Laws of 1993 ("Chapter 56"), as amended, authorizes the Authority, solely upon

the request of the Director of the Budget, to issue up to \$16.5 billion of Dedicated Highway and Bridge Trust Fund Bonds (exclusive of reserve funds and certain financing costs and bonds issued for refunding purposes) to finance or refinance the cost of various state highway, bridge and multi-modal projects as more fully described in Section 89-b of the State Finance Law, and be it further

RESOLVED, that Chapter 56, as amended, authorizes the Commissioner of Transportation to enter into a Dedicated Highway and Bridge Trust Fund Cooperative Agreement on behalf of the State, with the Authority (the “Cooperative Agreement”) to provide for the financing of dedicated highway, bridge and multi-modal trust fund projects (the “Projects”) pursuant to Section 10-e of the Highway Law, and be it further

RESOLVED, that on May 19, 1994 the Board adopted a General Highway and Bridge Trust Fund Bond Resolution (as supplemented and amended, the “First General Trust Fund Resolution”) which authorizes bonds of the Authority, designated as “General Highway and Bridge Trust Fund Bonds” (the “First General Trust Fund Bonds”) to finance all or a portion of the cost of the Projects, and to refinance bonds previously issued for such purpose, and be it further

RESOLVED, that on May 19, 1994, November 15, 1995 and June 27, 2000, respectively, the Board approved the execution of a Cooperative Agreement and amended and restated such Cooperative Agreement to provide for the financing of Projects pursuant to Section 10-e of the Highway Law and 385 of the Public Authorities Law, and be it further

RESOLVED, that on February 27, 2003, at Meeting No. 616, pursuant to Resolution No. 5284, the Board adopted a Second General Highway and Bridge Trust Fund Bond Resolution (as

supplemented and amended, the “Second General Trust Fund Resolution”) which authorized bonds of the Authority, designated as “Second General Highway and Bridge Trust Fund Bonds” (hereinafter the “Second General Trust Fund Bonds”) for the same purposes as First General Trust Fund Bonds, with the exception that the Second General Trust Fund Bonds shall not be secured by a debt service reserve fund, and be it further

RESOLVED, that Sections 201, 202, 203 and 204 of the Second General Trust Fund Resolution require that the issuance of Second General Highway and Bridge Trust Fund Bonds by the Authority shall be authorized by a supplemental resolution or resolutions of the Authority adopted at or prior to the time of issuance, and be it further

RESOLVED, that Section 902 of the Second General Trust Fund Resolution empowers the Authority to adopt, for any one or more of the purposes set forth therein, a supplemental resolution, and be it further

RESOLVED, that there has been prepared and submitted to the Board a form of Fifteenth Supplemental Bond Resolution Authorizing the Issuance of Second General Highway and Bridge Trust Fund Bonds, Series 2011A (the “Fifteenth Supplemental Resolution”), supplementing the Second General Trust Fund Resolution to authorize the issuance of such Second General Highway and Bridge Trust Fund Bonds, Series 2011A in one or more series or sub-series to (i) refund up to \$250,000,000 aggregate principal amount of Outstanding Trust Fund Bonds provided that present value savings that would be realized is satisfactory to the Authority and the State, and (ii) to finance the cost of certain Projects in an aggregate principal amount not to exceed \$525,000,000, and be it further

RESOLVED, that upon the request of the Director of the Budget, the Authority intends to issue Second General Highway and Bridge Trust Fund Bonds, Series 2011A (the “Series 2011A Bonds”) in one or more series or sub-series, all or a portion which (other than refunding bonds) may be designated as Build America Bonds, contingent upon the program’s reauthorization by Congress, in order to (i) refund all or a portion of the Outstanding Trust Fund Bonds in an amount not to exceed \$250,000,000; (provided the foregoing conditions are satisfied) and (ii) finance the costs of various Projects and pay certain costs of issuance of the Series 2011A Bonds in an amount not to exceed \$525,000,000, and be it further

RESOLVED, that any refunding bonds authorized hereby may be issued simultaneously with, prior to or subsequent to the issuance of Series 2011A Bonds that are issued to finance new projects, but not later than December 31, 2011; and be it further

RESOLVED, that the Authority intends to issue and sell, solely upon the request of the Director of the Budget, pursuant to the Second General Trust Fund Resolution and the Fifteenth Supplemental Resolution its Series 2011A Bonds, to the underwriters pursuant to one or more Bond Purchase Agreements, each “Bond Purchase Agreement”, the form of which Bond Purchase Agreement has been set before the Board, and be it further

RESOLVED, that the Board approves and adopts the form of the Fifteenth Supplemental Resolution as submitted at this meeting and made a part of this resolution as though set forth in full herein, and authorizes an Authorized Officer to approve and execute such changes to the Fifteenth Supplemental Resolution through a certificate or certificates of determination as may be

deemed necessary or convenient to effectuate the purposes thereof, and be it further

RESOLVED, that in connection with the sale of the Series 2011A Bonds, the Board approves the form of the Preliminary Official Statement as submitted to this meeting and made a part of this resolution as though set forth in full herein, and authorizes an Authorized Officer to approve and execute such changes as may be deemed necessary or convenient to effectuate the purposes thereof, and be it further

RESOLVED, that the Board authorizes the distribution and use of the Preliminary Official Statement relating to the Series 2011A Bonds by an Authorized Officer, in substantially the form submitted to this meeting with such changes, insertions and omissions to the Preliminary Official Statement as may be approved by such Authorized Officer, said delivery being conclusive evidence of such approval, and any amendments or supplements thereto which may be necessary or desirable, and be it further

RESOLVED, that the Board authorizes an Authorized Officer, to confirm that any Preliminary Official Statement of the Authority relating to the Series 2011A Bonds for the financing of new money projects is “deemed final” for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934, as amended, except for certain omissions relating to certain State information and information not required under Rule 15c2-12 to be included therein, and be it further

RESOLVED, that the Board authorizes an Authorized Officer, to execute and deliver, on behalf of the Authority, one or more Official Statements relating to the Series 2011A Bonds with such changes, insertions and omissions to the applicable

Preliminary Official Statement as may be approved by such Authorized Officer, said execution being conclusive evidence of such approval, and any amendments or supplements thereto which may be necessary or desirable. Any material changes from the Preliminary Official Statement (excluding information provided by or certified as to accuracy by the State of New York) approved pursuant to this resolution to be made in an Official Statement relating to the Series 2011A Bonds issued to finance new projects which are not made pursuant to matters which are authorized to be determined by an Authorized Officer pursuant to this resolution, the Fifteenth Supplemental Resolution or a Certificate of Determination (as defined in the Second General Trust Fund Resolution) shall be distributed to members of the Authority for comments, if any, from such members prior to final printing or electronic posting. After execution, such Authorized Officer or their designee, is hereby authorized to deliver to the underwriters of the Series 2011A Bonds an executed copy or copies of such Official Statement together with any amendments or supplements thereto, and be it further

RESOLVED, that the Board approves the form of the Bond Purchase Agreement submitted to this meeting and made a part of this resolution as though set forth in full herein, in the manner set forth in Section 301 of the Fifteenth Supplemental Resolution and authorizes an Authorized Officer to execute and deliver the Bond Purchase Agreement and to approve and execute such changes to such Bond Purchase Agreement as may be deemed necessary or convenient to effectuate the purposes thereof, and be it further

RESOLVED, that the Board approves the form of the Continuing Disclosure Agreement submitted to this meeting and made a part of this resolution as though set forth in full herein and authorizes an Authorized Officer to execute and deliver the

Continuing Disclosure Agreement and to approve and execute such changes to the Continuing Disclosure Agreement as may be deemed necessary or convenient to effectuate the purposes thereof, and be it further

RESOLVED, that an Authorized Officer is authorized to execute one or more Escrow Deposit Agreements in connection with any refunding and to execute any necessary amendments to the Cooperative Agreement or any other agreement with the State in relation to the program, and be it further

RESOLVED, that an Authorized Officer is authorized to execute upon such terms and conditions as are determined to be in the best interests of the Authority and are consistent with the provisions of the Fifteenth Supplemental Resolution any additional agreements including, but not limited to, consents and any other documents or certificates and to appoint any other agents or appropriate parties, necessary or desirable to facilitate the sale of the bonds issued by the Authority, determined by such Authorized Officer to be necessary or desirable to implement the transactions described in this resolution and to be consistent with existing statutes, Authority guidelines, policies, procedures and other existing obligations and covenants and to do and cause to be done any and all acts and things necessary or convenient for carrying out the transactions contemplated by this resolution, and be it further

RESOLVED, that this Resolution be incorporated in full in the minutes of the meeting

Item 8 by Mr. Nadratowski (Appendix H)
Report on the 2010 Capital Program

Mr. Nadratowski formally submitted a copy of the November and December 2010 Capital Program Monthly Reports, seeking Board acceptance of the November and December Monthly

Status Reports on the combined Thruway Authority and Canal Corporation 2010 Capital Program.

Mr. Nadratowski provided an updated copy of the December monthly report due to a late revision to one of the tables.

Fifteen projects were let in November and December for the low bid total of \$141,690,000. Also included in the December report were the fourth quarter summary reports on the 2010 Contracts Program activity. The Authority closed out 2010 letting 54 contracts with a low bid total of \$572 million, the largest letting program in the history of the Thruway.

With one more year left in the seven year capital program that began in 2005, the Authority has invested over \$1.7 billion in 282 infrastructure projects. Over the last year staff has seen bid savings of approximately 14 percent. Staff believes the Authority will continue to see very competitive bidding by contractors for projects to be let in the first and second quarter of 2011. However, construction commodity costs have been steadily rising over the past year and are predicted to continue to move upward in 2011. As an example, steel mill product prices increased by 0.5 percent in December and are up 12.5 percent compared to levels of one year ago. Highway diesel fuel prices, which averaged \$2.99 per gallon in 2010, are projected to increase to an average of \$3.42 a gallon in 2011 and \$3.52 a gallon in 2012. It is estimated that as the economy gradually recovers through 2011 and commodity costs continue to rise, that staff will see an increase in bids later in the year.

Mr. Sall complimented Mr. Nadratowski and the staff as to the format of the new report, particularly the sections that describe in-house inspections, and the outside consultants. Ms. Luh concurred.

After full discussion, on the motion of Dr. Veras, seconded by Ms. Luh, without any objections, the Board accepted the November and December monthly status reports on the combined Thruway Authority and Canal Corporation 2010 Capital Program.

Item 9 by Mr. Nadratowski (Appendix I)
Authorizing an Amendment to the 2011 Contracts Program for A349.1, Construction of Wind Turbines at Five Locations in Buffalo Division, and Allocation of Funds Therefor

Mr. Nadratowski reported that this Item seeks Board approval to amend the 2011 Contracts Program in order to let Item A349.1 to construct one wind turbine at each of the following five locations in the Buffalo Division. One at Interchange 57A, Eden-Angola; one at Silver Creek, the maintenance facility; one at Interchange 59, Dunkirk and Fredonia; and one at the Westfield maintenance facility; and one at the Ripley toll barrier.

All of these sites have been pre-screened and have been found to be highly feasible for the installation of wind turbines due to their close proximity to some of New York's most valuable wind resources. Five sites currently consume about 25 percent of the annual electric cost for the Authority's Buffalo Division, or about 4 percent of the Authority's annual electricity needs.

It is anticipated the excess wind energy that is produced will be sold back to the grid. Installation of these wind turbines will be a significant step toward meeting the requirements of Executive Order 111, Green and Clean Buildings and Vehicles, and will assist in the attainment of the State's renewable energy goals. The total estimated cost of the project is \$4.8 million and includes the cost of design and inspection. Due to bid savings and other adjustments already made in the 2011 Contracts Program, there are sufficient funds for this project.

If approved, construction is expected to begin in late 2011 or early 2012. This project is only one of several green initiatives being taken by the Authority and Canal Corporation in support of a commitment to environmental stewardship.

Mr. Bryan reported that the Authority and Canal Corporation have several projects under way that are designed to reduce energy consumption, reduce overall cost of the usage, and to try to enhance the use of alternative forms of energy. The wind turbine project, which staff hopes to undertake in the Erie section, could reduce the Authority's energy usage in the Buffalo Division by 25 percent, which is significant and will allow the Authority to sell some clean energy back to

the communities that are neighboring these areas. There is an overall net cost to this project over 20 years. It is between \$1 million and \$1.5 million, which is a small price tag for the Authority to reduce its carbon footprint and help meet the energy goals. Hopefully this will serve as a model for the incorporation of additional wind facilities in other areas of the system.

Staff is developing an energy efficiency master plan under the New York State Energy Research and Development Authority's Flex Tech program. This summer the Thruway Authority Board approved the selection of a consultant, C. J. Brown, out of Buffalo to complete a system-wide energy audit and to help staff identify potential energy efficiency and energy conservation projects that include solar-thermal and solar-photovoltaic power. The assignment is covering all Thruway and Canal Corporation Maintenance facilities, Thruway service areas, toll plazas and highway lighting. The study is currently underway and hopefully will be completed this year.

Staff is also implementing an energy efficiency project here at Headquarters under a program managed by the New York Power Authority. A consultant has been selected to perform audits on the existing heating, cooling, lighting and other mechanical systems in the building to determine what energy conservation and facility improvement upgrades could be performed. It has already been determined that it would be cost effective for the Authority to convert from electricity to natural gas and perform some other heating and cooling upgrades to this building. It is estimated that these upgrades would reduce annual energy usage at Headquarters and save the Authority approximately \$280,000 a year in its energy bill.

The total capital cost of the project is about \$3.50 million and there is a return on investment of 11.5 years. This project has already been approved by the Board as part of the 2010 Contracts Program, and under NYPHYS program, which pays for the initial study and design work.

Dr. Veras inquired as to whether or not staff had received any complaints about the installation of the turbines. Mr. Bryan responded that at the outset staff had a larger list of locations, Batavia being one of them. Staff did get some letters from Town officials in that area that were opposed to it, so the Authority withdrew from that location. No complaints have been received to date with regard to the sites listed in the Item.

Mr. Sall inquired as to the payback for the Authority. Mr. Bryan responded that the net cost over 20 years is \$1 million. The \$4.8 million project cost is on the high end because it includes design and inspection. Mr. Sall then asked why staff is proceeding with this project, if after 20 years the Authority will not have been paid back. Mr. Bryan responded that the Authority has mandates to enhance usage of alternative fuels and reduce its carbon footprint whether Federal or State requirements, adding that alternative energy is not cheap.

Mr. Sall asked if now is the time to be doing these kinds of jobs when the State is in an economic crisis. Mr. Bryan responded that the requirements are the issue, and being more environmentally friendly is part of the stated mission for both the Canal and the Thruway. Chairman Buono added that this project is unique and it will be an interesting model for some other things that staff wants to do.

Mr. Simberg stated that he believes staff is being overly-conservative in its financial analysis because the wind is not going to charge the Authority more over the next 20 years, but the gas companies are, and alternative forms of energy besides wind power are going to go up as well. If staff reexamines its basic assumptions they might find that the Authority will probably be on the other side of breaking even.

Mr. Rice requested additional information regarding complaints from some of the communities. Mr. Bryan responded that one of the communities on the original list was Batavia, but that location was withdrawn from the Item before the Board. The Batavia interchange is much more suburban and there is housing within the proximity of the interchange. The nature of complaint was of an aesthetic concern only. The locations in this Item are more rural.

Chairman Buono requested more information regarding the energy that will go back into the community. Mr. Bryan responded that at night, when not powering these facilities, the Authority is going to net meter it and sell it back to the local grid. The Authority will not earn a huge amount of money doing this, but will be able to provide clean energy back into the grid.

Mr. Bryan reported that the latest analysis from C. J. Brown, who is doing the overall energy master plan for the Authority, suggested that staff put in a 25 percent increase in the cost of power just to be safe. Dr. Veras stated that he felt 25 percent was a conservative estimate and that he felt it is important to support these manufacturers for the well being of the American economy, adding that the Chinese are doing similar projects right now and that he supports going forward with this project.

Mr. Sall inquired as to what consequences the Authority would face if staff ignores the mandate and does not put in the turbines. Mr. Bryan responded that he was unsure as to the specific penalties for not complying with the State and Federal Acts, but he believed that if the Authority does not build the turbines staff would have to find other ways to reduce the Authority's carbon footprint, which could prove to be more costly. For example, solar power technology is more costly than wind turbines. The Authority has a rich wind resource on the Erie section and there are large areas throughout the State where wind turbines are beginning to pop up.

Mr. Conway stated that this project is a costly way of generating energy and is aesthetically unpleasing for the people living nearby.

After full discussion, on the motion of Ms. Luh, seconded by Dr. Veras, with objections by Mr. Sall and Mr. Conway, the Board adopted the following resolution:

RESOLUTION NO. 5877

**AUTHORIZING AN AMENDMENT TO THE 2011
CONTRACTS PROGRAM FOR A349.1, CONSTRUCTION
OF WIND TURBINES AT FIVE LOCATIONS IN BUFFALO
DIVISION, AND ALLOCATION OF FUNDS THEREFOR**

RESOLVED, that the 2011 Contracts Program, authorized by Resolution No. 5868 adopted at Meeting No. 683 held on November 17, 2010, be amended in order to let A349.1, construction of wind turbines at five locations in Buffalo Division (total project cost of \$4,800,000), in 2011, be, and the same hereby is, approved, and be it further

RESOLVED, that the 2011 Contracts Program be amended to account for the additional \$4,800,000 in Thruway funds, and the same hereby is, allocated towards A349.1 from bid savings and adjustments to the 2011 Contracts Program, and be it further

RESOLVED, that the Executive Director or his designee shall have the authority to exercise all powers reserved to the Authority under the provisions of the contract, manage and administer the contract, amend the provisions of the contract consistent with the terms of this Item and other Board authorizations and suspend or terminate the contract in the best interests of the Authority, and be it further

RESOLVED, that this resolution be incorporated in the minutes of this meeting

Item 10 by Mr. Nadratowski (Appendix J)
Authorizing Negotiation and Execution of Four Term Agreements (D214027, D214037, D214038 and D214018) with Four Engineering Firms to Provide Various Support Services

Mr. Nadratowski reported that Agreement D214027 would retain the services of Jacobs Civil Consultants to serve as the Authority's independent traffic engineer and provide consultant services covering a wide range of assignments including preparing surveys, reports, and recommendations with respect to the Authority's traffic volumes and characteristics, revenues, expenses, toll structure, facilities, equipment and other capital outlays, certifications required under the Authority Board bond resolution, assistance in long range financial and capital program planning.

Agreement D214037 would retain the services of Stantech Consulting Services to provide on-call design support services for New York and Albany divisions. The Agreement will permit the efficient and timely assignment of smaller tasks, new initiatives and unanticipated projects that include constructability reviews for larger complex projects, preliminary engineering data collection for scope development and other unanticipated environmental assessments, as well as a variety of other tasks required to keep the 2011 Contracts Program on pace.

After full discussion, on the motion of Mr. Rice, seconded by Mr. Simberg, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5878
**AUTHORIZING NEGOTIATION AND EXECUTION OF
FOUR TERM AGREEMENTS (D214027, D214037, D214038
and D214018) WITH FOUR ENGINEERING FIRMS TO
PROVIDE VARIOUS SUPPORT SERVICES**

RESOLVED, that the Chief Engineer be, and he hereby is, authorized to negotiate and execute term agreements (D214027, D214037, D214038 and D214018) for support services with the four (4) engineering firms listed in Exhibit A, attached hereto, provided that sufficient funding has been identified to complete the projects to be inspected through this agreement, with the Maximum Amount Payable of each of these agreements not to exceed the amount shown in the attached Exhibit A, and be it further

RESOLVED, that the Chief Engineer or his designees shall have the authority to exercise all powers reserved to the Authority under the provisions of the agreements, manage and administer the agreements, amend the provisions of the agreements consistent with the terms of this Item and in accordance with the 2011 Contracts Program Resolution and other Board authorizations, and

suspend or terminate the agreements in the best interests of the Authority, and be it further

RESOLVED, that information relating to each agreement be included in the Chief Engineer's Quarterly Report to the Board on Contracts Program activities which will include the date of execution of each agreement, and be it further

RESOLVED, that this resolution be incorporated in the minutes of this meeting

Item 11 by Mr. Nadratowski (Appendix K)
Approving Engineering Agreement D214015 with Hatch Mott MacDonald NY, Inc. for Design Services Relative to the Replacement of the Interchange 36 Bridge at M.P. 282.93 in the Syracuse Division

Mr. Nadratowski reported that Agreement D214015 would retain the services of Hatch Mott MacDonald NY, Inc. to provide design services to complete preliminary engineering and final design of contract plans, specifications, and estimates for the replacement of the Interchange 36 Bridge with an anticipated letting date of September 2013.

After full discussion, on the motion of Dr. Veras, seconded by Mr. Conway, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5879

APPROVING ENGINEERING AGREEMENT D214015 WITH HATCH MOTT MACDONALD NY, INC. FOR DESIGN SERVICES RELATIVE TO THE REPLACEMENT OF THE INTERCHANGE 36 BRIDGE AT M.P. 282.93 IN THE SYRACUSE DIVISION

RESOLVED, that the proposed engineering agreement D214015 with Hatch Mott MacDonald NY, Inc., 438 Main Street, Suite 700, Buffalo, New York 14202 for design services relative to the replacement of the Interchange 36 Bridge at M.P. 282.93 in the Syracuse Division, for a Maximum Amount Payable of \$1,000,000, which is provided through the 2011 Contracts

Program (Items B611.1 and H611.1), be, and the same hereby is, approved, and be it further

RESOLVED, that the Chief Engineer or his designees shall have the authority to exercise all powers reserved to the Authority under the provisions of the agreement, manage and administer the agreement, amend the provisions of the agreement consistent with the terms of this Item and in accordance with the 2011 Contracts Program Resolution and other Board authorizations, and suspend or terminate the agreement in the best interests of the Authority, and be it further

RESOLVED, that this resolution be incorporated in the minutes of this meeting

Item 12 by Mr. Nadratowski (Appendix L)
Authorizing Negotiation and Execution of Three Engineering Agreements (D214029, D214030, D214036) with Three Firms for Construction Inspection Services Relative to TANE 10-52B, TAB 11-9 and TAB 10-55BP, and Allocating Funds Therefor

Mr. Nadratowski reported that Agreement D214029 would retain the services of Berger Lehman Associates to provide construction inspection support for Contract TANY 10-52B for the rehabilitation of six bridges along the New England Thruway. The contractor is expected to work all six sites concurrently. Given the traffic volumes and involvement with Amtrak, the project is more complex and requires additional staff time to properly inspect.

Agreement D214030 would retain the services of Nussbaumer & Clarke to provide Construction Inspection support Services for contract TAB 10-51(D213962) for the rehabilitation of the Lackawanna Toll Barrier pavement and to repair joints on the Thruway bridge over the tracks of the New York Central Railroad and the Pennsylvania railroad in the Buffalo Division.

Agreement D214036 would retain the services of KTA-Tator Engineering Services, PC, to provide construction inspection support for Contract TAB 10-55BP for the painting of six

bridges in Buffalo Division. It is expected that the contractor will be working on several bridges concurrently over this 60 mile area.

After full discussion, on the motion of Ms. Luh, seconded by Mr. Simberg, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5880

AUTHORIZING NEGOTIATION AND EXECUTION OF THREE ENGINEERING AGREEMENTS (D214029, D214030 AND D214036) WITH THREE FIRMS FOR CONSTRUCTION INSPECTION SERVICES RELATIVE TO TANE 10-52B, TAB 11-9 and TAB 10-55BP, AND ALLOCATING FUNDS THEREFOR

RESOLVED, that the Chief Engineer be, and he hereby is, authorized to negotiate and execute engineering agreements (D214029, D214030 and D214036) for construction inspection services with the three (3) firms listed in Exhibit A, attached hereto, provided that sufficient funding has been identified to complete the projects to be inspected through this agreement, with the Maximum Amount Payable of each of these agreements not to exceed the amount shown in the attached Exhibit A, and be it further

RESOLVED, that an additional \$519,000 be allocated to D214029 through bid savings and other adjustments made to the 2011 Contracts Program, and be it further

RESOLVED, that the Chief Engineer or his designees shall have the authority to exercise all powers reserved to the Authority under the provisions of the agreements, manage and administer the agreements, amend the provisions of the agreements consistent with the terms of this Item and in accordance with the 2011 Contracts Program Resolution and other Board authorizations, and suspend or terminate the agreements in the best interests of the Authority, and be it further

RESOLVED, that information relating to each agreement be included in the Chief Engineer's Quarterly Report to the Board on Contracts Program activities which will include the date of execution of each agreement, and be it further

RESOLVED, that this resolution be incorporated in the minutes of this meeting

ADJOURNMENT

There being no further business to come before the Board, without any objections, on the motion of Ms. Luh, seconded by Dr. Veras, the meeting was adjourned at 12:02 p.m. and went directly into the Canal Corporation Board Meeting.

Jill B. Warner
Secretary

Note: Webcasts, which include dialogue of Authority/Corporation Board Meetings, are available on the Thruway Authority website 48 hours after such meetings occur and remain on the website for a period of 4 months.