



MINUTES

NEW YORK STATE THRUWAY AUTHORITY

BOARD MEETING NO. 685

March 23, 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.

The meeting began at 11:05 a.m.

There were present:

Chairman John L. Buono

E. Virgil Conway, Board Member

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

Donna J. Luh, Vice Chair

J. Donald Rice, Jr., Board Member

Richard N. Simberg, Board Member

Constituting a majority of the members of the Thruway Authority Board.

Brandon R. Sall 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

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
John Callaghan, Acting Director of Canal Corporation
First Sergeant Marc Tryon, Troop T
Thomas Ryan, Chief of Staff
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
Howard Goebel, Hydrologist, Office of Canals Maintenance and Operations
Lawrence Norville, Chief Compliance Officer
David Malone, Director, Accounting and Disbursements
Michael Sikule, Director, Investments and Asset Management
Wai Cheung, Assistant New York Division Director, Operations
Kevin Allen, Director, Purchasing
Jill B. Warner, Board Administrator

Also in attendance:

Karl Diehl, New York Network
Douglas Zimmerman, Director, Toski, Schaefer & Co., P.C.
David Spara, Director, Toski, Schaefer & Co., P.C.
Brian Stratton, Mayor, City of Schenectady

Chairman Buono noted that he, Mr. Conway, Ms. Luh, Mr. Rice, 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. 684

On the motion of Mr. Conway, seconded by Dr. Veras, without any objections, the Board approved the minutes of Meeting No. 684 held on January 19, 2011, which were made available to the Board Members as part of the Agenda.

Report by Finance Committee Chair

As Chair of the Finance Committee, Mr. Conway reported on the recent actions taken by the Committee. The Committee reviewed and approved the Authority's Annual Investment Report, the Financial Reports for December, 2010 and January, 2011, and also reviewed the Authority's Annual Report.

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 Finance Committee, Mr. Rice reported on the recent actions taken by the Committee. The Committee reviewed the 2010 Financial Statement, Single Audit and the related Audits for the year ending December 31, 2010. The audits did not find any issues of noncompliance or nonconformity with standards. There were no material weaknesses and no reportable conditions or negative conditions.

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

Item 2 by Chairman Buono (Appendix B)
Appointing Thomas J. Ryan as Chief of Staff

Chairman Buono stated that it is with great pleasure that he recommends to the Board the appointment of Thomas J. Ryan as Chief of Staff of the New York State Thruway Authority, to have responsibility for ensuring proper coordination within the departments, informed decision making processes and implementation and enhanced efficiencies in the organization as well as improved delivery of services within the Thruway Authority.

Mr. Fleischer added that Mr. Ryan has been Acting Chief of Staff since February 14, 2011. He has done a tremendous job in helping the Authority deal with its every day challenges. He has vast experience in the public and private sector and has worked in the U. S. Senate. Mr. Ryan has worked as a Regional Administrator at the Federal Rail Administration and has worked at the U. S. General Services Administration. Mr. Ryan had been with the Authority for some time as Director of Public Affairs and has done a tremendous job for the staff as well as the Board.

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

RESOLUTION NO. 5881
STAFF APPOINTMENT OF THOMAS J. RYAN AS CHIEF
OF STAFF

RESOLVED, that the Board hereby appoints Thomas J. Ryan as Chief of Staff effective March 23, 2011, at Salary Grade 34, with annual salary of \$119,359, funds for which are available in the 2011 Operating Budget, and be it further

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

Item 3 by Mr. Bryan (Appendix C)
Financial Reports – December 2010 and January 2011

Mr. Bryan reported that last year the Authority saw the beginning of a slow and protracted recovery period from a recession that had a significant impact on traffic and toll collections in prior years. For 2010, traffic increased by 0.4 percent which was exactly the level predicted in the original 2010 Budget by the Authority's independent traffic engineering consultant. As a result, toll collections for the year came in essentially at the level that was predicted by the traffic engineer.

However, the makeup of the traffic growth was different than what was predicted. In 2010, passenger traffic increased by 0.1 percent and commercial traffic increased by 2.4 percent where the 2010 original Budget predicted that passenger and commercial traffic would grow essentially at the same rate (approximately 1.5 percent). Commercial traffic was heavier than expected and passenger traffic was lighter than estimated; however, the amount of toll revenue the Authority collected was essentially on target to the original 2010 Budget estimate.

Overall, under the Authority's 2010 original Budget, the Authority expected to spend just over \$1.1 billion towards its operating and capital needs. However, actual operating and capital expenses were \$1.0 billion, which is 9.0 percent or \$101.2 million below the level estimated in the 2010 original Budget. The three main reasons this happened were: the financial needs of the Capital Program were down about \$108 million or 22 percent, generally because staff received significant bid savings on projects that were let throughout the year. There were a few letting delays and some slower than expected progress on a couple of projects. The second main factor was that the operating expenses for the Thruway and the Canal combined were 2.2 percent or \$14.5 million less than what estimated in the original Budget despite growth in areas such as pension contribution and insurance rates. The Authority ended up below the budget principally due to ongoing cost containment, as well as the implementation of the early retirement incentive program that ultimately will allow the Authority to reduce its headcount by 170 positions. And finally, because of reduced capital and operating needs staff was able to add \$21 million to the Authority's working capital; which will allow the Authority to weather periods of unexpected

high expenses or low revenues. These factors resulted in a net reduced need of \$101.1 million last year.

It is important to note that because Canal and Thruway operating expenses were well below budget, the growth in such expenses over 2009 was very small. Compared to 2009, Canal and Thruway operating expenses increased by only 0.6 percent after adjusting for the early transfer of I-84 back to DOT. This low growth follows an increase of only 1.9 percent in 2009 and a 1.3 percent decline in 2008, showing that cost containment is working well here and that the Authority is becoming more efficient in delivering services to its patrons. The situation could never have been this good if staff did not have the Board's support of the Authority's cost containment goals.

In January, revenues and expenses were just a little off target. January's financials tend to be heavily influenced by weather conditions and its impact on snow and ice control costs, traffic and revenues. This past January had an abundance of large weather events statewide that affected travel and costs throughout the system. As a result, while overall operating expenses were on target, revenues were down quite a bit. The resources committed to working capital ensured the Authority was able to weather this difficult month.

After full discussion, on the motion of Ms. Luh, seconded by Mr. Conway, without any objections, the Board accepted the Financial Reports for the month of December 2010 and January 2011.

Item 4 by Mr. Rice (Appendix D)
Report of Toski, Schaefer & Co., P.C. Examination of the Authority's Financial Statements, Report on Compliance with Investment Guidelines and Report on Compliance with Single Audit Requirements

Mr. Rice stated that this Item was being advanced to the Board at the recommendation of the Audit Committee.

After full discussion, on the motion of Mr. Simberg, seconded by Ms. Luh, without any objections, the Board accepted the Report of Toski, Schaefer & Co., P.C. Examination of the

Authority's Financial Statements and Report on Compliance with Investment Guidelines and Report on Compliance with Single Audit Requirements.

Item 5 by Mr. Bryan (Appendix E)
Review and Approval of the Authority's Annual Investment Report

Mr. Bryan stated that the Public Authorities Law requires that the Authority prepare, approve and submit this report to the Division of the Budget every year. It includes the Authority's policies for making investments, results of the independent audit, investment and investment income information and information on fees charged by firms rendering investment services to the Authority.

In this item, two changes to the Investment Policy are recommended. First, staff recommends that the cap on the number of firms that can be solicited for a bid on an investment be removed. The current policy allows for between four and seven firms to be selected. Staff would like to remove the cap so that for each investment, staff can solicit more than seven firms. Second, staff recommends that the list of employee titles authorized to make investments on the Authority's behalf be changed. Staff recently reclassified a number of existing employees from general accounting titles into an investment officer series of titles that are more widely used in the state and more appropriately reflect the type of work that these individuals perform.

The Authority's toll revenues, construction funds, debt service funds, and all investments are made pursuant to this Policy. Staff will continue to invest in obligations of, or guaranteed by, the United States of America, agencies of the Federal government, commercial paper holding the highest ratings, time deposits and repurchase agreements. The types of securities staff can invest in are all very safe and reflect an ongoing conservative approach to investing. The Authority generally purchases shorter term investments, as funds are usually needed in less than a year and in many cases within 30 days. The Authority makes investments through a competitive bidding process and no fees or commissions are paid to the broker/dealers for these investments. At the end of 2010 the Authority had 70 percent of its funds invested in Federal agencies, 20 percent in commercial paper, and the rest in CDs and repurchase agreements.

The amount of funds available for investment varies from year to year, depending on balances in the Authority's construction fund. In 2010 the Authority made over 887 investments totaling \$6.8 billion. Earnings rates are highly dependent on market conditions. In 2010 market conditions were favorable for investments, earning the Authority an average yield of .21 percent.

Dr. Veras inquired as to the implications of the change in the titles for certain employees. Mr. Bryan responded that the existing titles did not provide a stable career path for employees in the investment area. Staff spent a few years working with Civil Service trying to come up with more appropriate titles and more stable career path for these employees who are very dedicated and hard working people. Staff wanted to make sure that there was some hierarchy in place for promotional opportunities. The new title is a much better fit for what these employees do than a cash management analyst. Mr. Rice inquired as to whether the responsibilities of these employees changed as well. Mr. Bryan responded that just the titles are changing, the same employees are doing the same jobs as they were prior to the change.

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

RESOLUTION NO. 5882
REVIEW AND APPROVAL OF THE AUTHORITY'S
ANNUAL INVESTMENT REPORT

RESOLVED, that the Authority's Investment Report including the revised policy statement FINANCIAL INVESTMENTS, the annual report by the independent auditors, and the listing of investment income has been reviewed and is hereby approved, and be it further

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

Item 6 by Mr. Bryan (Appendix F)
Annual Report of 2010 Procurement Contracts

Mr. Bryan stated that the Public Authorities Law requires the Authority prepare, approve, and submit this report to the Division of the Budget each year. In the report are schedules of all personal service and purchasing contracts, a summary of all bond sales and the Authority's guidelines for awarding these contracts. State law regarding when Public Authority contracts have to be submitted to the Office of State Comptroller (OSC) was changed at the end of 2009. The Public Authorities Reform Act of 2009 (PARA) dictates that OSC approve Public Authority contracts valued over \$1 million and which are awarded from a single or sole source or other noncompetitive process, or are paid in whole or in part from monies appropriated by the State. As Authority policy states, all contracts valued over \$50,000, whether resulting from a competitive or noncompetitive process are sent to OSC, which is well below the new threshold set by PARA.

To briefly summarize procurement activity in 2010, the Authority paid \$39.3 million under personal service and lease agreements, which are considered by value contracts; \$29.3 million under commodities and service agreements, which are low bid contracts; and \$35.2 million under engineering and architectural consulting contracts, for a total of \$103.8 million. In addition, in 2010 the Authority issued just over \$1.0 billion in bonds for the State under the Personal Income Tax and Dedicated Highway Trust Fund Credits, the proceeds of which are being used to finance State and local transportation projects. The Authority did not issue any bonds or notes under its General Revenue credit in 2010.

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

RESOLUTION NO. 5883
ANNUAL REPORT OF 2010 PROCUREMENT
CONTRACTS

RESOLVED, that the Schedules of 2010 Procurement Contracts (Exhibits A1, A2 and A3), as submitted, are hereby accepted, and be it further

RESOLVED, that all such contracts were executed in accordance with the applicable provisions of the following Board approved Policy Statement: PROCUREMENT CONTRACTS (25-5-01), unless otherwise authorized by the Board, and be it further

RESOLVED, that the Bond Sale Report for Calendar Year 2010 (Exhibit B), as submitted, is hereby accepted, and be it further

RESOLVED, that staff is authorized to submit this report to the New York State entities as required by Section 2879 of the Public Authorities Law, and be it further

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

Item 7 by Mr. Bryan (Appendix G)

Approving the Current Thruway Real Property Management Policy (25-6-02), Revisions to the Thruway Real Property Management Standard Operating Procedures (500-2), and the Current Thruway Personal Property Disposal Policy (25-6-01)

Mr. Bryan reported that the Public Authorities Accountability Act of 2005 requires that the Authority's comprehensive guidelines, which detail its operative policy and instructions regarding the use, awarding, monitoring and reporting of contracts for the disposal of real and personal property, be annually reviewed and approved by the Board.

The Canal and Thruway Real Property and Personal Property Disposal Policies that are attached to this item have not been amended since they were last approved by the Board in April 2010. However, there are two small changes to the Thruway Authority (and Canal Corporation) Real Property Standard Operating Procedures (SOPs). Changes were made to the SOPs to conform with statute that requires the Authority to provide the Board with expansive materials in the case of a less than fair market value disposal, and staff also put a new enforcement section in to the

SOPs that reorganized, expanded and more clearly identified roles and responsibilities to ensure a much improved encroachment enforcement process. These policies were approved by the Governance Committee at its January meeting.

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

RESOLUTION NO. 5884

APPROVING THE CURRENT THRUWAY REAL PROPERTY MANAGEMENT POLICY (25-6-02), REVISIONS TO THE THRUWAY REAL PROPERTY MANAGEMENT STANDARD OPERATING PROCEDURES (500-2), AND THE CURRENT THRUWAY PERSONAL PROPERTY DISPOSAL POLICY (25-6-01)

RESOLVED, that the current Thruway Real Property Management Policy (25-6-02), attached as Exhibit A, be, and the same hereby is, approved, and be it further

RESOLVED, that the revised Thruway Real Property Management Standard Operating Procedures (500-2), attached as Exhibit C, be, and the same hereby are, approved, and be it further

RESOLVED, that the current Thruway Personal Property Disposal Policy (25-6-01), attached as Exhibit B, be, and the same hereby is, approved, and be it further

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

Item 8 by Mr. Bryan (Appendix H)
Renewing Authorization Granted Under Resolution No. 5384 Relative to the Authority's Acceptance of the Release of an Existing Permanent Easement, Real Property Reference No. 548-A, from Tennessee Gas Pipeline Company; Declaring Surplus to the Authority's Present Needs a Substitute Permanent Easement, Real Property Reference No. 548-B; and Authorizing the Authority's Conveyance of Such Substitute Permanent Easement to Tennessee Gas Pipeline Company

Mr. Bryan briefed the Board on Items 8 and 9 stating that both resolutions request the Board's approval to finalize two easement exchanges with the Tennessee Gas Pipeline Company. The Department of Transportation (DOT) reconstructed a section of the Cross Westchester Expressway (CWE) which required that segments of Tennessee Gas' high pressure natural gas pipeline be relocated. Tennessee Gas currently has easements for this pipeline in the CWE right-of-way. The pipeline relocation occurred in two phases, the first involved a temporary relocation to facilitate reconstruction of the road, and the second involved a permanent relocation after construction was completed.

For the first Item, which is the smaller of the two easement exchanges, the Authority is swapping an existing easement for a new easement; both of which are approximately the same size and similarly valued. In the second Item staff is seeking to exchange a larger 10 foot wide easement for the existing smaller 6 foot wide easement. As a result the new easement provided to Tennessee Gas is of greater size and value than the one that is being replaced. The larger easement needs to be made to accommodate new construction standards that require that the new pipeline be constructed in a 10 foot wide concrete vault.

Because that pipeline is being moved due to construction work on the CWE and the easement fits in with the Authority's mission to finance, construct, reconstruct, improve, develop, maintain and operate the Thruway, the Authority is not requiring Tennessee Gas to pay for the difference in the easement values. It is important to note that DOT is reimbursing Tennessee Gas for the full relocation costs of the pipeline. Although the substitute easements have a greater value than the existing easements, the values are determined as if they were being appropriated by eminent domain and monetary damages were paid.

The increased corridor width from 6 to 10 feet benefits the Authority and DOT since the new concrete vault encasing the line means that Tennessee Gas will be able to access and maintain the pipeline without having to disturb the highway corridor. This means the line will not have to be moved, which would be at DOT and the Authority's expense, if future construction work in this area is needed.

Despite all of this, because this uneven easement exchange results in a below market value transaction to a private entity, the Public Authorities Law and the Authority's new policy requires the Board be provided with certain information which is included in the Agenda Item. In addition, the statute and policy requires that the Board make a determination that there was no reasonable alternative for this below market value disposal.

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

RESOLUTION NO. 5885

RENEWING AUTHORIZATION GRANTED UNDER RESOLUTION NO. 5384 RELATIVE TO THE AUTHORITY'S ACCEPTANCE OF THE RELEASE OF AN EXISTING PERMANENT EASEMENT, REAL PROPERTY REFERENCE NO. 548-A, FROM TENNESSEE GAS PIPELINE COMPANY; DECLARING SURPLUS TO THE AUTHORITY'S PRESENT NEEDS A SUBSTITUTE PERMANENT EASEMENT, REAL PROPERTY REFERENCE NO. 548-B; AND AUTHORIZING THE AUTHORITY'S CONVEYANCE OF SUCH SUBSTITUTE PERMANENT EASEMENT TO TENNESSEE GAS PIPELINE COMPANY

RESOLVED, that the Authority Board hereby renews the authorization granted under Resolution No. 5384 incorporating the additional authorizations set forth below, and be it further

RESOLVED, that the Easement Exchange described in the agenda item shall be subject to such other legal, financial, engineering, and other terms as may be deemed by the Executive

Director, the Chief Engineer, and the General Counsel, to be in the best interest of the Thruway Authority and consistent with the terms of this agenda item, and be it further

RESOLVED, that the Authority's Contracting Officer determined that the Substitute Permanent Easement may be disposed of by negotiation without public advertising because such disposal falls under Public Authorities Law Section 2897 (6)(c)(ii) and Section IV. H of the Thruway Real Property Management Policy, and be it further

RESOLVED, that the Authority's Contracting Officer determined that the Easement Exchange on the terms contained in the agenda item complies with all applicable provisions of law relating to the disposal of real property, including Article 9, Title 5-A of the Public Authorities Law and with the Thruway Real Property Management Policy, and be it further

RESOLVED, that the Executive Director, or his designee, be, and he hereby is, authorized to execute a contract of sale and all other documents necessary for closing of title, and be it further

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

Item 9 by Mr. Bryan (Appendix I)

Authorizing the Authority's Acceptance of the Release of an Existing Permanent Easement, Real Property Reference No. 562-B, from Tennessee Gas Pipeline Company; Declaring Surplus to the Authority's Present Needs a Substitute Permanent Easement, Real Property Reference No. 562-C; and Authorizing the Authority's Conveyance of Such Substitute Permanent Easement to Tennessee Gas Pipeline Company

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

RESOLUTION NO. 5886

AUTHORIZING THE AUTHORITY'S ACCEPTANCE OF THE RELEASE OF AN EXISTING PERMANENT EASEMENT, REAL PROPERTY REFERENCE NO. 562-B, FROM TENNESSEE GAS PIPELINE COMPANY; DECLARING SURPLUS TO THE AUTHORITY'S PRESENT NEEDS A SUBSTITUTE PERMANENT EASEMENT, REAL PROPERTY REFERENCE NO. 562-C; AND AUTHORIZING THE AUTHORITY'S CONVEYANCE OF SUCH SUBSTITUTE PERMANENT EASEMENT TO TENNESSEE GAS PIPELINE COMPANY

RESOLVED, that the Authority's acceptance from Tennessee Gas Pipeline Company of its release of an existing permanent easement (hereinafter, "Existing PE"), designated as Real Property Reference No. 562-B and described in Exhibit II attached hereto, is hereby authorized, and be it further

RESOLVED, that the Authority Board hereby finds and determines that a substitute permanent easement (hereinafter, "Substitute PE"), designated as Real Property Reference No. 562-C and delineated as Parcel No. 982 on Conveyance Map No. 666-C in Westchester County in the White Plains Section of the Cross Westchester Expressway (a copy of which is attached hereto as Exhibit III), is not presently necessary for its corporate purposes, and, therefore, hereby declares the Substitute PE surplus to the present needs of the Authority, and be it further

RESOLVED, that in consideration of the Applicant's release of the Existing PE, the conveyance of the Substitute PE to the Applicant is hereby authorized (hereinafter, "Easement Exchange"), and be it further

RESOLVED, that the Easement Exchange described in the agenda item shall be subject to such other legal, financial, engineering, and other terms as may be deemed by the Executive Director, the Chief Engineer, and the General Counsel, to be in the

best interest of the Thruway Authority and consistent with the terms of this agenda item, and be it further

RESOLVED, that the Authority's Contracting Officer determined that: the Substitute Easement may be disposed of by negotiation without public advertising because such disposal falls under PAL § 2897 (6) (c) (v) and §2897 (7); and the Easement Exchange complies with all applicable provisions of law relating to disposals of real property, including Article 9, Title 5-A of the Public Authorities Law, and with the Thruway Real Property Management Policy, and be it further

RESOLVED, that based upon the information provided by DOT and Authority staff, there is no reasonable alternative to the proposed below-market transfer of the Substitute Easement to the Applicant, and be it further

RESOLVED, that the recommendation regarding the environmental significance of this Board action (hereinafter the "Recommendation"), pursuant to the State Environmental Quality Review Act ("SEQRA"), be, and the same hereby is, approved, and be it further

RESOLVED, that the Chief Engineer, or his designee, be, and the same hereby is, authorized to execute the SEQRA Short Environmental Assessment Form and Negative Declaration in accordance with the Recommendation, and to distribute any required documents on behalf of the Board relative to such adoption, and be it further

RESOLVED, that the Executive Director, the Chief Engineer, 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 the Executive Director, or his designee, be, and he hereby is, authorized to execute a contract of sale and all other documents necessary to consummate the Easement Exchange, and be it further

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

Item 10 by Mr. Nadratowski (Appendix J)
Report on the 2011 Capital Program

Mr. Nadratowski reported that to date, bidding for 2011 has followed the same competitive pattern as 2010, with higher than normal numbers of bidders competing for projects resulting in very low bids. Through February, the Authority has let three contracts with low bids totaling \$22.6 million compared to the engineers' estimates of approximately \$33.3 million. Cash flow for all active projects through February totaled \$34.6 million, and if all contracts are let, Authority staff expects the entire \$390.1 million in Board approved cash flow will be expended.

2011 is the final year of the \$2.1 billion Capital Program that began in 2005. Authority staff is in the process of developing the next multi-year Capital Program, balancing the needs of the system with projected funding. When completed, the draft Capital Program will be presented to the Board for consideration. The monthly reports also contain updates on issues the Board has expressed an interest in, as well as other significant engineering items being progressed as part of the Authority's Capital Program.

Mr. Simberg stated that he was pleased to see outputs rather than just money spent in these reports. He inquired as to the story behind the new truck parking spaces in the 2005-2011 Capital Program which staff originally projected at between 500 and 600 but is currently at closer to 100. Everything else in the report was in excess of staff's expectations. Mr. Fleischer responded that there was an audit done by the Office of the State Comptroller, as part of the toll process, where questions arose about whether these were important projects and staff thought

they were. But when the Authority began delivery of the Capital Program there were cost escalations. The cost of steel was going up and staff had to reprioritize projects. Staff scaled back on the truck parking space projects, took the designs and put them on the shelf, then when the costs went back down, and staff started getting better bids, the Authority was able to pull some of the truck parking projects back into the Capital Program, but not all of them. Mr. Simberg commended staff for making that decision.

Ms. Luh inquired as to the Governor's directive to increase to 20 percent the use Minority and Women's Business Enterprise (MWBE). She asked staff to report on how the Authority's Capital Program is doing in this area. Mr. Norville responded that overall the Authority is at around 15 percent for utilization of MWBE's with regards to construction. On the consultant side the Authority's overall numbers are closer to 17 percent. Approximately 18 to 20 percent of all Authority designations are going to MWBE's as prime consultants. On the construction side the 15 percent is a value, there are percentage differences between that and the design/consultant side.

After full discussion, on the motion of Mr. Rice, seconded by Mr. Simberg, without any objections, the Board accepted the January and February monthly status reports on the combined Thruway Authority and Canal Corporation 2011 Capital Program.

Item 11 by Mr. Nadratowski (Appendix K)
Authorizing Negotiation and Execution of Six Term Agreements (D214040, D214041, D214044, D214045, D214047 and D214048) with Six Firms to Provide Various Support Services

Mr. Nadratowski reported that in accordance with Authority policy, six different firms have been designated to provide various support services necessary to assure the quality of projects being progressed as part of the 2011 Contracts Program. The four construction inspection agreements are for a period of three years with an option for an additional one year term if the Thruway so desires. Both material testing agreements are for a two-year term with an option for the Authority to extend the agreements for an additional year.

Board authorization is requested to negotiate and execute the individual agreements with each firm for a maximum amount payable for each agreement not to exceed the budgeted amount in the 2011 Contracts Program. Information regarding each of these agreements will be included in the Chief Engineer's quarterly report to the board members on the Contracts Program activities.

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

RESOLUTION NO. 5887
**AUTHORIZING NEGOTIATION AND EXECUTION OF
SIX TERM AGREEMENTS (D214040, D214041, D214044,
D214045, D214047 and D214048) WITH SIX FIRMS TO
PROVIDE VARIOUS SUPPORT SERVICES**

RESOLVED, that the Chief Engineer be, and he hereby is, authorized to negotiate and execute six term agreements (D214040, D214041, D214044, D214045, D214047 and D214048) for support services with the six (6) 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 12 by Mr. Nadratowski (Appendix L)
Authorizing Negotiation and Execution of Three Engineering Agreements (D214042, D214057, D214059) with Three Firms for Construction Inspection Services Relative to TAB 11-8, TANE 10-60B and TAS 10-58BP

Mr. Nadratowski reported that in accordance with Authority policy, three firms have been designated to provide construction inspection services for the following Thruway contracts: Contract TAB 11-8 is a pavement resurfacing and safety upgrade project that's approximately 12 miles in length beginning just west of Pembroke at Interchange 48A through to Depew at Interchange 49 in the Buffalo division. The project is scheduled to be let in May of this year with a completion expected in November of 2012. The second contract is Contract TANE 10-60B and is close to a mile in length located between Port Chester and the Connecticut state line in the New York Division and includes deck resurfacing and painting of the Byram River Bridge, along with approach pavement resurfacing. This project was let in January of 2011 and received a low bid of \$19.68 million from Tully Construction Company. The project completion date is scheduled for November 2012. And the final contract is Contract TAS 10-58BP which is for the painting of 12 bridges in the Syracuse Division that was let in December of 2010.

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

RESOLUTION NO. 5888
**AUTHORIZING NEGOTIATION AND EXECUTION OF
THREE ENGINEERING AGREEMENTS (D214042, D214057
AND D214059) WITH THREE FIRMS FOR
CONSTRUCTION INSPECTION SERVICES RELATIVE
TO TAB 11-8, TANE 10-60B and TAS 10-58BP**

RESOLVED, that the Chief Engineer be, and he hereby is, authorized to negotiate and execute engineering agreements (D214042, D214057 and D214059) 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 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 13 by Mr. Nadratowski (Appendix M)
Approving Engineering Agreement D213991 with HNTB New York Engineering and Architecture, P.C. for Design Services Relative to the Rehabilitation of Four Mainline Bridges over the Silver and Walnut Creeks in the Buffalo Division and Allocating Funds Therefor

Mr. Nadratowski reported that in accordance with Authority policy HNTB, New York Engineers and Architects, PC (HNTB), has been designated to complete preliminary and final design for the rehabilitation of four main line bridges over Silver Creek and Walnut Creek in the

Buffalo Division. The Authority negotiated an agreement with HNTB in conformity with established Authority policy and procedure. The design work needs to be completed in order to meet a scheduled contract letting of November 2013. The estimated construction cost is \$9.4 million. The design cost is \$1 million. Items B900 and B901 of the 2011 Contracts Program provide for \$940,000 for this agreement however, an additional \$60,000 is needed because of the unique open spandrel concrete arch structures that require specialized techniques and equipment for inspection during design. The engineering analysis for these structures will also require specialized personnel and software.

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

RESOLUTION NO. 5889
APPROVING ENGINEERING AGREEMENT D213991
WITH HNTB NEW YORK ENGINEERING AND
ARCHITECTURE, P.C. FOR DESIGN SERVICES
RELATIVE TO THE REHABILITATION OF FOUR
MAINLINE BRIDGES OVER THE SILVER AND WALNUT
CREEKS IN THE BUFFALO DIVISION, AND
ALLOCATING FUNDS THEREFOR

RESOLVED, that the proposed engineering agreement D213991 with HNTB New York Engineering and Architecture, P.C., 1762 Central Avenue, Albany, New York, 12205 for design services relative to the rehabilitation of four Mainline Bridges over the Silver and Walnut Creeks in the Buffalo Division, for a Maximum Amount Payable of \$1,000,000, of which \$940,000 is provided through the 2011 Contracts Program (Items B900.1 and B901.1), be, and the same hereby is, approved, and be it further

RESOLVED, that an additional \$60,000 be allocated to agreement D213991 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 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

ADJOURNMENT

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

EXECUTIVE SESSION

Chairman Buono requested a motion to go into Executive Session, led by the Audit Committee, for the purpose of continuing the discussion regarding the potential actions including employee discipline in relation to the closing of the Thruway in Buffalo, New York in December, 2010.

On the Motion of Mr. Rice, seconded by Dr. Veras the Board reconvened in Executive Session.

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.