

December 13, 2010

9. **Filing of the 2011-2014 Four-Year Financial Plan
Pursuant to Regulations of the Office of the State Comptroller**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“In accordance with regulations of the Office of the State Comptroller (‘OSC’), the Trustees are requested to approve the 2011-2014 Four-Year Financial Plan (‘Four-Year Financial Plan’) and authorize: (i) submitting the approved Four-Year Financial Plan to OSC, (ii) posting the approved Four-Year Financial Plan on the Authority’s website and (iii) making the approved Four-Year Financial Plan available for public inspection at not less than five convenient public places throughout New York State.

BACKGROUND

“OSC implemented regulations in March 2006 addressing the preparation of annual budgets and four-year financial plans by ‘covered’ public authorities, including the Authority. (See 2 NYCRR Part 203 (‘Part 203’)). These regulations establish various procedural and substantive requirements, discussed below, relating to the budgets and financial plans of public authorities.

DISCUSSION

“Part 203 sets forth specific requirements in connection with submitting, formatting, preparing supporting documentation for and monitoring annual budgets and financial plans of public authorities.

“Under Part 203, the Trustees are required to adopt a 2011 Budget and Four-Year Financial Plan (attached as Exhibit ‘A’). The 2011 Budget, which is the first year of the Four-Year Financial Plan, has been brought to the Board for approval in a companion item this month. The remaining three years are indicative forecasts. The approved Four-Year Financial Plan must be available for public inspection not less than seven days before the commencement of the next fiscal year for a period of not less than 45 days and in not less than five convenient public places throughout the State. The approved Four-Year Financial Plan must also be submitted to OSC, via electronic filing through the Public Authorities Reporting Information System maintained by OSC and the Authority Budget Office, within seven days of approval by the Trustees. The regulations also require the Authority to post the Four-Year Financial Plan on its website.

“Under Part 203, each approved Four-Year Financial Plan must be shown on both an accrual and cash basis and be prepared in accordance with generally accepted accounting principles; be based on reasonable assumptions and methods of estimation; be organized in a manner consistent with the public authority’s programmatic and functional activities; include detailed estimates of projected operating revenues and sources of funding; contain detailed estimates of personal service expenses related to employees and outside contractors; list detailed estimates of non-personal service operating expenses and include estimates of projected debt service and capital project expenditures.

“Other key elements that must be incorporated in each approved budget and four-year financial plan are a description of the budget process and the principal assumptions, as well as a self-assessment of risks to the budget and financial plan. Additionally, the approved Four-Year Financial Plan must include a certification (Exhibit ‘B’) by the Chief Operating Officer.

FISCAL INFORMATION

“In an accompanying item dealing with the 2011 Operating Budget, the Trustees are asked to approve the 2011 Operating Budget, which is the first year of the Four-Year Financial Plan and serves as the basis for the Authority’s financial reporting during the year. Conversely, the Four-Year Financial Plan net income estimates for

each of the years 2012 through 2014 are indicative forecasts and the Trustees are not being asked to approve any revenue and expenditure amounts for those years at this time.

RECOMMENDATION

“The Vice President – Financial Planning and Budgets and the Director – Financial Planning recommend that the Trustees approve the Four-Year Financial Plan and authorize (i) submitting the approved Four-Year Financial Plan to the Office of the State Comptroller in the prescribed format, (ii) posting the approved Four-Year Financial Plan on the Authority’s website and (iii) making the approved Four-Year Financial Plan available for public inspection at not less than five convenient public locations throughout New York State.

“The Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, the Senior Vice President – Corporate Planning and Finance and I concur in this recommendation.”

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to 2 NYCRR Part 203, the attached 2011-2014 Four-Year Financial Plan, including its certification by the Chief Operating Officer, is approved in accordance with the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That pursuant to 2 NYCRR Part 203, the Corporate Secretary be, and hereby is, authorized to submit the approved Four-Year Financial Plan to the Office of the State Comptroller in the prescribed format, post the approved Four-Year Financial Plan on the Authority’s website and make the approved Four-Year Financial Plan available for public inspection at not less than five convenient public places throughout New York State; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.