



New York State Assembly
2011 ANNUAL REPORT

committee on
**CORPORATIONS,
AUTHORITIES, AND
COMMISSIONS**

James F. Brennan
Chairman



Sheldon Silver
Speaker



JAMES F. BRENNAN
44th Assembly District
Kings County

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

CHAIR
Committee on
Corporations,
Authorities,
and Commissions

Committees
Codes
Education
Real Property Taxation

December 15, 2011

The Honorable Sheldon Silver
Speaker of the Assembly
State Capitol, Room 349
Albany, New York 12248

Dear Speaker Silver:

As Chairman of the Assembly Standing Committee on Corporations, Authorities and Commissions, I am pleased to submit the Committee's 2011 Annual Report. During the 2011 session, the Committee held 6 meetings and reviewed 380 bills, acting favorably on 49 bills. Of those bills, 18 became law.

The Committee continued to build upon and strengthen the landmark Public Authorities Reform Act of 2009 (PARA) by advancing a number of bills relating to increased enhancement of transparency and accountability within public authorities. The Committee advanced legislation that would have directed the Authorities Budget Office (ABO) to implement debt limitations and debt reduction policies for all state authorities, as well as legislation that would prohibit payment of bonuses to employees and board members of state and local authorities.

The Committee worked throughout the 2011 session to address issues impacting mass transit systems, corporations, public authorities, and the telecommunications industry. Specifically, the Committee advanced legislation to create the Syracuse Regional Airport Authority (SRAA). This newly formed authority will be tasked with operating and maintaining the Syracuse Hancock International Airport in Onondaga County. Legislation enhancing the operation of and services provided by utilities and telecommunication corporations were also advanced by the Committee, including a bill that would have reaffirmed the Public Service Commission's (PSC) statutory duty to

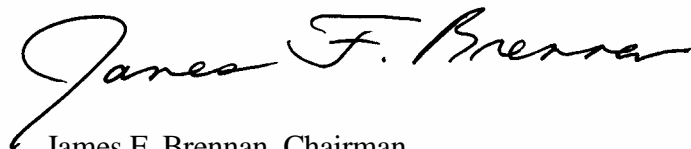
oversee and assure that just and reasonable rates are charged by New York's Power Producers. This bill would have required energy corporations, without exception, to file annual reports with the PSC.

The Committee also advanced legislation that creates a new business corporate form in New York State known as a Benefit Corporation. This new law will allow corporate directors and officers to consider other factors apart from profit-maximization when running the corporation, without violating their fiduciary duty. This law would also provide more transparency and accountability for socially conscious investors or entrepreneurs who wish to ensure their investments are used to promote their moral and ethical standards.

Also enacted this year were several laws extending Dormitory Authority financing to entities throughout the State. As a result, the Dormitory Authority is now authorized to provide financing for the construction of facilities for several new institutions and organizations that provide educational, residential, health and other support services to students, the elderly, persons with disabilities, and other residents of the State.

It has been a privilege to serve as Chairman of the Corporations, Authorities and Commissions Committee. I look forward to our further collaboration in the coming year.

Sincerely,

A handwritten signature in black ink that reads "James F. Brennan". The signature is written in a cursive style with a large, sweeping initial "J".

James F. Brennan, Chairman
Assembly Standing Committee on
Corporations, Authorities and Commissions

**New York State Assembly Standing Committee on
CORPORATIONS, AUTHORITIES AND COMMISSIONS**

James F. Brennan, Chairman

Members

Majority

Minority

Catherine Nolan	Jane I. Corwin
Vivian E. Cook	Lou Tobacco
Sandy Galef	Michael Montesano
William Scarborough	Ken Blankenbush
Joan L. Millman	Nicole Malliotakis
Carl E. Heastie	Donald R. Miller
Robert P. Reilly	Phillip A. Palmesano
Andrew D. Hevesi	Kevin Smardz
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Brian P. Kavanaugh	
Addie Russell	
Vanessa L. Gibson	
Micah Kellner	
Robert J. Rodriguez	
Thomas J. Abinanti	

Staff

Mark Casellini, Assistant Secretary for Program and Policy
Alexander Monticello, Associate Counsel
Funsho Owolabi, Legislative Analyst
Lorrie Smith, Legislative Director
Lisa Forkas, Committee Clerk
Laura Inglis, Program and Counsel Executive Secretary

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I. INTRODUCTION

The Committee on Corporations, Authorities and Commissions has jurisdiction over the laws concerning private, not-for-profit and public corporations in New York State. Much of the Committee's work focuses on the organizational framework and activities of the State's many public authorities. These authorities, which provide services in areas such as health care, transportation, financing and environmental services, operate as quasi-governmental agencies at the state and local level. While these entities perform vital public functions and are at times more efficient than other governmental agencies, it is imperative that they be held accountable through oversight by public officials, which is the reason that the Committee devotes much of its time to public authority reform.

The Committee has a particular interest in the Metropolitan Transportation Authority (MTA), as well as the other authorities providing public transportation in the State. The Assembly Majority and this Committee have fought for adequate financing for mass transit for many years, and have worked to ensure that money is spent wisely in improving and expanding these systems.

In addition, the Committee monitors the operations and policies of the State Public Service Commission (PSC). This five-person panel within the Department of Public Service has the mandate to ensure that customers of the investor-owned electric, gas, telephone and water utilities in the State obtain adequate service at reasonable rates and in a manner that has the least adverse effect on the environment. In the Assembly, it is the Corporations Committee that is charged with making sure that the interests of utility consumers receive a fair hearing before the PSC when the investor-owned utilities plead their cases.

The Committee is also charged with examining proposals affecting the governance of both for-profit and not-for-profit private corporations in the State. Providing adequate oversight of corporations based in the State while promoting an attractive business environment is a Committee priority.

II. 2011 COMMITTEE ACTIVITIES AND INITIATIVES

A. PUBLIC AUTHORITIES

The following bills were signed into law:

A.2166-A/Magnarelli; Chapter 463 of the Laws of 2011 This law establishes the Syracuse Regional Airport Authority (SRAA) to facilitate adequate, safe, secure and efficient aviation and transportation facilities at a reasonable cost to the people. This measure will also grant SRAA the power to issue up to \$200 million in bonds and provide that the State, Onondaga County, and the City of Syracuse will not be liable for debt accrued by the authority. SRAA will also be exempted from fees, taxes, levies or assessments on real property owned by it or under its authority, however, PILOT agreements would be granted under this bill.

A.2245/Rabbitt; Chapter 409 of the Laws of 2011 This law authorizes the Dormitory Authority to provide financing to and construction for the Medical Missions for Children, Inc.

A.2440/Lentol; Chapter 155 of the Laws of 2011 This law authorizes the Dormitory Authority to provide financing to and construction for the Williamsburg Infant and Early Childhood Development Center.

A.3152/Calhoun; Chapter 508 of the Laws of 2011 This law increases the board membership of Orange County Water Authority to 7 members. Currently, the Board is made up of 5 members. All members shall be residents of Orange County and are elected by the county executive with approval of the county legislature.

A.6444/Brennan; Chapter 212 of the Laws of 2011 This law increases the Thruway Authority's bond authorization for Canal System purposes from \$60 million to \$160 million and the Canal System emergency bond authorization from \$10 million to \$20 million. The Authority exhausted its statutory bond limit in 1996.

A.6445/Brennan; Chapter 584 of the Laws of 2011 This law authorizes the Dormitory Authority of the State of New York (DASNY) to form subsidiaries for the purpose of limiting the potential liability to the Authority when in pursuit of remedies against a borrower that has defaulted in its obligations under a loan agreement or mortgage with the Authority. This authorization expires July 1, 2012.

A.6446/Brennan; Chapter 516 of the Laws of 2011 This law increases by \$800 million, from \$15 billion to \$15.8 billion, the aggregate amount for which the Dormitory Authority of the State of New York (DASNY) is authorized to issue hospital and nursing home project notes and bonds.

A.6726-A/Russell; Chapter 518 of the Laws of 2011 This law authorizes the Dormitory Authority to provide financing to and construction for the Beacon Institute, Inc.

A.6935/Gunther; Chapter 288 of the Laws of 2011 This law extends the enabling statute of the Middletown Parking Authority for an additional two years. The Authority was created in 1986 to assist the city of Middletown with creating parking lots within the city. The enacting clause of the authority had sunset in December 2010.

A.7212/Magee; Chapter 610 of the Laws of 2011 This law amends public authorities law to allow the county of Otsego to terminate membership in the Montgomery, Otsego, Schoharie county solid waste management authority (MOSA). Such termination from MOSA would be effective upon the approval of a resolution by the Otsego county board of representatives.

A.8015/Brook-Krasny; Chapter 580 of the Laws of 2011 This law authorizes the Dormitory Authority to provide financing to and construction for the Poly Prep Country Day School.

A.8188-A/Gibson; Chapter 537 of the Laws of 2011 This law makes a technical amendment to the Dormitory Authority authorization for financing and construction of health care facilities by Primary Care Development Corporation, which is a not-for-profit corporation.

The following bills passed the Assembly but failed to pass the Senate:

A.353-C/Hoyt This bill would have limited employee compensation paid by state authorities to salary and benefits that are comparable to those of civil service employees, and if applicable, reimbursement of expenses. All state authorities would be prohibited from providing bonuses to any employee who is not covered under a negotiated contract, or to a board member.

A.1820/Jeffries This bill would have required the Urban Development Corporation (d/b/a Empire State Development Corporation/(ESDC)) to form a subsidiary to oversee the developments, future planning, design and oversight of the Atlantic Yards land use improvement and civic project.

A.4250-A/Gabryszak This bill would have required the Power Authority to file annual reports with the Dept Of Public Service (DPS) that conform to those applicable to electric companies under section 66(6) of Public Service Law.

A.5888-A/Brennan This bill would have limited employee compensation paid by local authorities to salary and benefits that are comparable to those of civil service employees, and if applicable, reimbursement of expenses. All local authorities would be prohibited from providing bonuses to any employee who is not covered under a negotiated contract, or to a board member.

A.6310-A/Brennan This bill would have required the Authorities Budget Office (ABO) to recommend debt limitation practices for all state authorities that do not have statutorily set limits within 180 days of the effective date.

B. MASS TRANSIT OPERATIONS AND FINANCE

The following bills were signed into law:

A.6443/Brennan; Chapter 98 of the Laws of 2011 This law extends the provisions of law allowing the Metropolitan Transportation Authority (MTA) and New York City Transit (NYCT) to procure goods and services in methods designed to provide efficiencies and savings from June 30, 2011 to June 30, 2015.

A.7898/Millman; Chapter 576 of the Laws of 2011 This law extends for an additional four years, until 2016, the participation of two non-voting members on the MTA Board that represent the users of the transit system, and the labor organization representing the majority of MTA employees.

The following bills passed the Assembly but failed to pass the Senate:

A.745/Kellner This bill would have established the MTA Riders' Council for People with Disabilities (the "Council") to study, investigate, monitor and make recommendations with respect to the accommodations of the needs of people with disabilities. Additionally, this bill would have added an additional non-voting member to the MTA Board upon the recommendation of the Council.

A.1726-A/Rosenthal This bill would have formalized the hearing process to require the MTA to hold companion hearings in each of the affected areas regarding proposed fare hikes and service changes; provided that the authority is limited to one hearing per day.

A.5162-A/Lancman This bill would have required the MTA to submit to the Governor and Legislature an annual report of all assaults or attacks on employees, non-employees and passengers which occurred on or in connection to any bus, subway or train facilities. The report would also have included all injuries or deaths of employees, non-employees and passengers caused by the physical infrastructure, safety, condition, security or other health hazards identified by the authority.

A.6754/Bronson This bill would have required the Rochester Genesee Regional Transportation Authority (RGRTA) to hold a public hearing and serve notice of the hearing at least thirty days prior to a substantial change in service.

A.6819/Cook This bill would have broadened the authority of the Inspector General to delegate the power to take testimony to a first Deputy Inspector General, a Deputy Inspector General, an Assistant Deputy Inspector General, a General Counsel, a supervising Associate General Counsel, an Associate General Counsel, an Assistant General Counsel, a Chief Investigator, a Deputy Chief Investigator, a Senior Principal Investigator, a Principal Investigator, an Audit Manager, or an Auditor-in-Charge.

C. CORPORATIONS LAW

The following bills were signed into law:

A.678/Magnarelli; Chapter 564 of the Laws of 2011 This law enables a surviving business entity of a merger between a professional service corporation and a professional service limited liability company as defined in New York Limited Liability Company Law to have the opportunity to operate as a limited liability company. Currently, surviving entities of these mergers automatically default to a professional service corporation.

A.4692-A/Silver; Chapter 599 of the Laws of 2011 This law creates a new corporate form in New York known as a benefit corporation. The intent is to allow corporate directors and officers to consider other factors apart from profit maximization when running the corporation, without violating their fiduciary duty.

A.6313/Finch; Chapter 472 of the Laws of 2011 This law adds the Town of Fleming to the list of those towns whose fire corporations are exempted from a restriction that prevents nonresident membership of a fire corporation in towns outside of villages and fire districts to no more than 45 percent of the total membership.

The following bills passed the Assembly but failed to pass the Senate:

A.3036/Morelle This bill would lower the age eligibility for voting and serving as a lay delegate in the Protestant Episcopal parishes from eighteen to sixteen.

D. TELECOMMUNICATIONS AND UTILITIES

The following bills were signed into law:

A.3614/Sweeney; Chapter 609 of the Laws of 2011 This law requires the Long Island Power Authority (LIPA) to notify the Public Service Commission (PSC) of any proposal for a rate increase exceeding 2.5 percent over a 12-month period. The measure also would require the PSC to be notified when there is an extension or re-establishment of any portion of a temporary rate increase over 2.5 percent.

The following bill was vetoed by the Governor:

A.4161/Pretlow; Veto Memo. 58 This bill would have enacted the “Accessible Electronic Information Act” to require a qualified not-for-profit entity capable of providing accessible electronic information service to provide such service for eligible blind and disabled persons. The bill would have required that such service be provided from year to year, and that other funding sources be obtained including grants and in-kind support from appropriate programs and securing access to low-cost interstate rates for telecommunications.

The following bills passed the Assembly but failed to pass the Senate:

A.1598-A/Kellner This bill would have required parties who communicate with the Department of Public Service (DPS) who are involved in an adjudicatory proceeding before the Public Service Commission (PSC) to which the commissioner or such employee of the DPS are assigned to render a decision to, shall file a notice and summary of such communications. The notice and summary would have been served to all parties involved.

A.2001/Weprin This bill would have deemed payment of utility charges to an authorized payment agent the same as payment to the utility. In addition, it would have prohibited the imposition of a penalty or extra charge if such payment were made to an authorized payment agent on or before the designated due date, prohibited an authorized payment agent for an electric corporation absent a written contract, and required an electric corporation to submit for approval to the Public Service Commission each contract that would result in an authorized payment agent collecting more than \$50,000 to be remitted to the corporation.

A.6268/Brennan This bill would have required the Department of Public Service (DPS) to commence a study and generate a report on the current status of cable television systems operating and providing services to customer premises over fiber optic cables. The completed report would have been submitted to the Commission, the Governor, the temporary president of the senate, the speaker of the assembly, and the chair of both the senate and assembly standing committees on Corporations.

A.7306/Brennan This bill would have compelled power producers under the jurisdiction of the Public Service Commission (PSC) to file annual reports, without exception, as statutorily required by the PSC.

III. 2011 PUBLIC HEARINGS

The Committee convened the following hearings:

A. Status of the current Metropolitan Transportation Authority (MTA) Operations and Compliance with the Public Authorities Reform Act of 2009 (PARA).

April 29th

10:44 a.m.

New York City

The Corporations, Authorities and Commissions Committee held a public hearing seeking broad information and public testimony from the Metropolitan Transportation Authority (MTA) and its affiliate agencies on current operational policies as well as compliance with the Public Authorities Reform Act.

Testimony was provided by Metropolitan Transit Authority Chairman Jay Walder; Mr. Ira Greenberg, Permanent Citizens Advisory Committee to the MTA; Mr. Gene Russianoff, NYPIRG Straphangers Campaign; and John Samuelson, Transport Workers Union, Local 100.

B. Issues surrounding the Public Service Commission's (PSC) September 2010 approval of the Hudson Transmission Project (HTP), a 345 kilovolt underwater electric transmission line.

May 20th

10:34 a.m.

New York City

The Corporations, Authorities and Commissions Committee, along with the Committees on Energy and Cities, held a joint public hearing on the necessity of the proposed project and sought to examine whether the PSC adequately considered the need for additional power and whether other economical alternatives existed that presented a less negative environmental impact.

Testimony was presented by Gil C. Quiniones, New York State Power Authority; Rajendra "Raj" Addepalli, Office Of Electric, Gas And Water, New York State Department Of Public Service; Rick Gonzales, New York Independent System Operator; Tom Rumsey, New York Independent System Operator; Christopher Hocker, Powerbridge, Llc/Hudson Transmission Partners, Llc; Annie Wilson, Sierra Club Atlantic Chapter.

The purpose of the hearing was to evaluate and examine the need for additional out of state electric resources, alternative investments in New York City and the State, and the potential economic and environmental impacts of the proposed transmission line.

C. Regulatory Oversight of Local Public Authorities and Development Corporations regarding the Public Authorities Reform Act of 2009 (PARA).

June 8th

10:00 a.m.

Albany

The Corporations, Authorities and Commissions Committee, along with the Committee on Local Government held a joint public hearing on the relationship between municipal governments and local development corporations. The Committees' focus was LDC compliance with State procurement laws and other economic development activities.

Testimony was provided by Mr. Pete Grannis, Office of the State Comptroller; Mr. David Kidera, Authorities Budget Office; Mr. Paul Williams, Jr., Dormitory Authority State of New York.

The Chair of the Committee noted that the hearing served as an opportunity for the Committee to ensure "the groundbreaking Public Authorities Reform Act is implemented fully."

IV. OUTLOOK FOR 2012

In the year ahead, the Committee on Corporations, Authorities and Commissions will continue its work aimed at overseeing the operations and functions of public authorities in the state as envisioned in the Public Authorities Reform Act of 2009. The Committee will also continue its oversight of the Metropolitan Transportation Authority (MTA). Among the Committee's priorities will be to continue to monitor the progress of the MTA's capital program, its mega projects such as East Side Access and Second Avenue Subway, and the overall financial health of the Authority.

The Committee will also continue its oversight of the utility and telecommunications industry. Legislation aimed at strengthening consumer protections within cable corporations, advancing legislation aimed at widening consumer access to broadband, and monitoring the work of the Public Service Commission will continue to be priorities of the Committee.

**APPENDIX A
2011 SUMMARY SHEET**

**Summary of action on all bills referred to the Committee on
CORPORATIONS, AUTHORITIES, AND COMMISSIONS**

<u>Final Action</u>	<u>Assembly Bills</u>	<u>Senate Bills</u>	<u>Total Bills</u>
<u>Bills Reported With or Without Amendment</u>			
To Floor; not returning to Committee	8	0	8
To Ways and Means Committee	28	0	28
To Codes Committee	6	0	6
To Rules Committee	7	0	7
To Judiciary Committee	0	0	0
Total	49	0	49
<u>Bills Having Committee Reference Changed</u>			
To Codes	1	0	1
To Economic Development	2	0	2
To Higher Education	2	0	2
To Insurance	2	0	2
To Ways and Means	2	0	2
To Energy	2	0	2
Total	11	0	11
<u>Senate Bills Substituted or Recalled</u>			
Substituted		6	6
Recalled		1	1
Total		7	7
<u>Bills Defeated in Committee</u>	0	0	0
<u>Bills Never Reported, Held in Committee</u>	281	14	295
<u>Bills Never Reported, Died in Committee</u>	0	0	0
<u>Bills Having Enacting Clauses Stricken</u>	18	0	18
<u>Motions to Discharge Lost</u>	0	0	0
TOTAL BILLS IN COMMITTEE	359	21	380
<u>TOTAL NUMBER OF COMMITTEE MEETINGS HELD</u>			6

**APPENDIX B
BILLS THAT BECAME LAW**

<u>Bill #</u>	<u>Sponsor</u>	<u>Chapter #</u>	<u>Description</u>
A.678	Magnarelli	564	Provides that the surviving business entity in the case of a merger between a professional service corporation and a professional service limited liability company may be a professional service limited liability company.
A.2166-A	Magnarelli	463	Creates the Syracuse Regional Airport Authority to facilitate adequate, safe, secure and efficient aviation and transportation facilities at a reasonable cost to the people.
A.2245	Rabbitt	409	Enables the state dormitory authority to construct and finance dormitories and related facilities for the Medical Missions for Children, Inc.
A.2440	Lentol	155	Enables the state dormitory authority to construct and finance capital facilities for the Williamsburg Infant and Early Childhood Development Center.
A.3152	Calhoun	508	Increases the membership of the Orange county water authority from five to seven members.
A.3614	Sweeney	609	Requires the Long Island Power Authority (LIPA) to notify the Public Service Commission (PSC) of any proposal for a rate increase exceeding 2.5 percent over a 12-month period.
A.4692-A	Silver	599	Creates a new corporate form in New York known as a benefit corporation.
A.6313	Finch	472	Provides for an exemption to the residency requirement for firefighters of the fire departments in the town of Fleming in Cayuga County.
A.6443	Brennan	98	Relates to procurements by the New York city transit authority and the metropolitan transportation authority.
A.6444	Brennan	212	Relates to the power of the New York State Thruway Authority to finance certain projects in connection with the canal system.

<u>Bill #</u>	<u>Sponsor</u>	<u>Chapter #</u>	<u>Description</u>
A.6445	Brennan	584	Relates to the powers and duties of the dormitory authority relative to the establishment of subsidiaries for certain purposes.
A.6446	Brennan	516	Increases the amount of bonds and notes for the New York state medical care facilities finance agency.
A.6726-A	Russell	518	Provides for technical amendments to the Dormitory Authority authorization for financing and construction of education facilities with The Beacon Institute.
A.6935	Gunther	288	Extends the term of existence of the Middletown parking authority until December 2012.
A.7212	Magee	610	Amends public authorities law to allow the county of Otsego to terminate membership in the Montgomery, Otsego, Schoharie county solid waste management authority (MOSA). Such termination from MOSA would be effective upon the approval of a resolution by the Otsego county board of representatives.
A.7898	Millman	576	Extends provisions relating to the membership composition of the metropolitan transportation authority board.
A.8015	Brook-Krasny	580	Enables the state dormitory authority to construct and finance certain facilities of the Poly Prep Country Day School.
A.8188A	Gibson	537	Enables the state dormitory authority to construct and finance certain facilities of the Primary Care Development Corporation.
A.8444	Lentol	218	Makes technical amendments relating to financing and construction of capital facilities for Williamsburg Infant & Early Childhood Development Center, Inc.

**APPENDIX C
BILLS VETOED BY THE GOVERNOR**

<u>Bill #</u>	<u>Sponsor</u>	<u>Veto #</u>	<u>Description</u>
A.4161	Pretlow	58	Enacts the accessible electronic information act for blind and disabled persons; creates a new fund in the state finance law; authorizes a NFP to administer the program.