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**The Authorities Budget Office Releases Report on
Environmental Facilities Corporation Board of Directors**

The Authorities Budget Office (ABO) today released its report on the role of the Environmental Facilities Corporation's (EFC) board of directors in the authorization of a Clean Water State Revolving Fund (CWSRF) loan by EFC to the New York State Thruway Authority (NYSTA) bridge project ("New New York Bridge").

The report is the response to a complaint filed by a coalition of environmental advocates who suggested the EFC board of directors may have acted inappropriately on June 26, 2014 when it authorized the \$511.45 million loan because the project did not qualify for funding under the federal Clean Water Act, and the loan was authorized in violation of EFC policies and loan practices. EFC and NYSTA maintain that the loan was appropriate.

The ABO found that the EFC board was aware of the proposal to authorize the CWSRF loan for the NYSTA bridge project since August 2013, but met only three times with NYSTA and EFC staff prior to approving the loan at the June 26 EFC board meeting. The report states board members had little to no interaction with each other on the loan proposal during this nine month period, did not receive any project status reports or financial updates from staff during this time, and as a matter of practice approved loans for all eligible projects with little discussion.

The report notes that the EFC board inappropriately used executive session to discuss the project and held no discussions in regular board meetings open to the public. This lack of transparency and accountability contributed to the complaint being made. The board also did not obtain adequate assurance that federal regulations were followed when the project was added to the annual list of projects eligible to receive CWSRF funding without the required public comment period two weeks prior to the board's vote.

The report raised questions concerning the lack of engagement by the board as demonstrated by its limited discussion and consideration of the project proposal and loan request. The report pointed out that two of the six board members voted to authorize the loan without participating in any of the three meetings.

Prior to its authorization of the loan, board members received a letter from the Regional Administrator of the Environmental Protection Agency (EPA). This letter raised questions and expressed reservations about the project's eligibility for funding under the Clean Water Act. The report notes that the board dismissed the position of the federal agency charged with managing and allocating Clean Water program funding and proceeded to a vote without adequate or independent consideration of those concerns. While governance practices recognize that board members are entitled to and expected to rely on staff for its expertise, the report suggests that once the board was put on notice by the EPA of its concerns, it had a responsibility to defer action until those questions were resolved.

More than \$480 million of the \$511 million loan was subsequently denied by EPA. That decision is currently being appealed by the State.

In preparation of this report, the ABO met with EFC board members and EFC and Thruway Authority staff, talked with the Regional Administrator of the federal Environmental Protection Agency, examined documents on the project prepared by EFC and Thruway Authority staff, and reviewed other public records.

The report is available [here](#) on the ABO web site.