

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
BOARD MEETING**

March 28, 2017

Utica State Office Building

207 Genesee Street

Utica, New York 13501

Immediately following the Finance Committee Meeting scheduled for 10:00 AM

CALL TO ORDER

Chairman Mark M. Finkle called the meeting to order at 10:10 A.M.

ROLL CALL

Present: Board Chairman Mark M. Finkle; First Vice-Chair Albert J. Hayes; Second Vice-Chair David W. Berkstresser, and Board Member Anthony M. Neddo; Executive Director Robert J. Smullen; General Counsel Robert P. Leslie; Chief Fiscal Officer Richard J. Ferrara; Chief Engineer Robert Foltan; Administrator John Hodgson; and Compliance Officer Stephanie Ruzycky.

Excused: Jeffrey Rosenthal

MOTION TO ADOPT OR REVISE THE MEETING AGENDA

Chairman Finkle asked for a motion to adopt the meeting agenda. Mr. Berkstresser made a motion to adopt the agenda. Mr. Hayes seconded. The Board unanimously approved the motion.

PUBLIC COMMENT

Chairman Finkle opened the floor to public comments; hearing none.

**APPROVAL OF THE FEBRUARY 14, 2017 ORGANIZATIONAL MEETING MINUTES
AND REGULAR MEETING MINUTES**

Chairman Finkle asked for a motion to adopt the February 14, 2017 organizational meeting minutes and regular meeting minutes. Mr. Berkstresser advanced the motion to approve both the organizational meeting minutes and the regular meeting minutes. Mr. Neddo seconded and the motion was approved by unanimous vote.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Smullen presented his report; noting the NYS 'New' New York Leaders website has announced the intern program for the Spring/Summer 2017. The Regulating District has received an outstanding number of qualified candidate applications. Mr. Smullen assured the

Board that Senior Staff would evaluate such applicants and return to the Board with a slate of two to three candidates to whom the Board might extend offers by the middle of April. Mr. Smullen reported a meeting held with representatives from Schnabel Engineering; the firm the Board selected to prepare a technical proposal for the Conklingville Spillway Grouting and Concrete Repair Project. Senior staff are evaluating the proposal for cost, schedule and performance metrics. Mr. Smullen anticipates inviting the company to present the proposal Board at the May meeting. Mr. Smullen reported that negotiations are progressing with the Black River Environmental Improvement Association (BREIA) regarding land adjacent to HRBRRD property at Hawkinsville.

Mr. Smullen noted that the Town of Edinburgh has approached the Regulating District regarding a request for use of the Town's access permit area by the American Diabetes Association. The Town indicated that the Diabetes Association contemplated use of both the Town's Park (under permit) and an adjacent unallocated area and, further, that Town leadership wanted to ensure that the Association met any and all requirements the Board may elect to impose. Noting that the Board's rules contemplate issuance of access permits to charitable organizations (6 NYCRR 606.25(b)), but that permits are not required for occasional access to or use of the reservoir areas not covered by permits (6 NYCRR 606.31(a)), Mr. Smullen proposed an interpretation of the access permit rules that would sanction such short-term events on HRBRRD managed lands and yet shelter the Regulating District from liability. Mr. Leslie confirmed that the Board could authorize issuance of such Temporary Revocable Permits under the enabling statute and that issuing such a TRP would subject the individual or group event sponsors to the access permit rules. Mr. Smullen introduced a draft Temporary Revocable Permit Application for the Board's consideration. Mr. Smullen explained that the TRP application provides an avenue to impose a liability insurance requirement and to impose several standard terms and conditions. Chairman Finkle led a brief discussion resulting in a consensus among the Board to authorize such TRPs here and in the future. Chairman Finkle offered praise for the Newsletter and inquired as to the next publication date. Mr. Smullen replied that the next Newsletter is slated for publication between the end of April and the Middle of May. He again solicited articles/features from interested parties.

CONTRACTS

RESOLUTION AUTHORIZING THE REGULATING DISTRICT TO RETAIN A CONSULTING FIRM FOR INSURANCE AND RISK MANAGEMENT SERVICES

Mr. Ferrara presented a Resolution to the Board. He noted that The Compass Company provided the Regulating District with insurance and risk management services for the period 2013-2014. He opined that during the course of that contract, the company completed the specified scope of services in a satisfactory manner; in particular completing the RFP process to obtain the Regulating District's current insurance consulting firm. Mr. Ferrara reported that he has met with Patricia McCarthy, the Principal of The Compass Company who advocated for The Compass Company to assess and meet the Regulating District's insurance and risk management service needs. Mr. Ferrara recommends that the Regulating District re-engage The Compass Company to provide insurance and risk management services at a not to exceed amount of \$12,500.

Chairman Finkle asked for a motion adopting the Resolution. Mr. Neddo made a motion to adopt the resolution authorizing the Regulating District to retain the Compass Company to provide insurance and risk management services at a not to exceed amount of \$12,500. Mr. Hayes seconded and the Board adopted the motion by unanimous vote.

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ADMINISTER THE DISTRICT'S NYS LEADERS INTERNSHIP PROGRAM

Executive Director Smullen introduced a Resolution to the Board authorizing the Regulating District's participation in a Student Internship Program. He explained that the New York State Leaders Initiative includes the first ever coordinated, statewide Student Intern program designed to bring students into state government where they will be exposed to the work of governing and introduced to the increasingly complex challenges facing New York. He opined that the program will be an effective tool in grooming future leaders and at the same time augmenting manpower needs across the Regulating District's operations. Mr. Smullen sought Board authorization to implement a district wide Internship Program utilizing the tools offered by the NYS Leaders Initiative web portal and to hire up to three (3) interns for the summer session, which will run on or about May 15 to August 15 of the year of hiring.

Chairman Finkle asked for a motion adopting the Resolution. Mr. Berkstresser made a motion to adopt the resolution authorizing the Regulating District's participation in the New York State Leaders Initiative and the hire of up to three interns for the summer. Mr. Neddo seconded and the Board adopted the motion by unanimous vote.

FINANCE COMMITTEE REPORT

RESOLUTION APPROVING BUDGET & FINANCIAL PLAN REQUIRED PURSUANT TO SECTION 2801 OF PUBLIC AUTHORITIES LAW

Finance Committee Chair Neddo introduced a Resolution approving a budget and financial plan pursuant to Section 2801 of the Public Authorities Law. Chairman Neddo reported that the Regulating District is required to submit a budget and financial plan to a set of oversight entities by way of the Public Authorities Reporting & Information System (PARIS) no later than 90 days prior to the start of the Regulating District's next fiscal year; July 1, 2017. Mr. Neddo noted that Mr. Ferrara based the plan he presented to the Finance Committee upon the draft 2015-2018 draft budget with financial data for the 'proposed years' or 'out years' based on prior budget, actual and other estimated information.

Mr. Neddo made a motion to adopt the Resolution approving the budget & financial plan required pursuant to section 2801 of the Public Authorities Law. Mr. Hayes seconded and the Board approved the motion by unanimous vote.

RESOLUTION APPROVING BPAS TO PERFORM GASB 45 VALUATION FOR FISCAL YEAR ENDING JUNE 30, 2017

Finance Committee Chair Neddo presented a Resolution through which the Board would authorize BPAS to prepare a valuation to measure and report liabilities associated with the Regulating District's postemployment benefits. Mr. Neddo explained that **GASB 45**, or GASB Statement 45, is an accounting and financial reporting provision requiring government employers to measure and report the liabilities associated with (other than pension) postemployment benefits (or OPEB). Reported OPEBs may include post-retirement medical, pharmacy, dental, vision, life, long-term disability and long-term care benefits that are not associated with a pension plan. Mr. Neddo further explained that GASB 45 was instigated by the Governmental Accounting Standards Board (GASB) in July 2004 because of the growing concern over the potential magnitude of government employer obligations for post-employment benefits. GASB 45 will:

1. Recognize the cost of OPEB benefits in the period when services are received.
2. Provide information about the actuarial liabilities for the promised benefits.
3. Provide information useful in assessing potential demands on future cash flows.

GASB 45 applies to the financial statements issued by government employers that offer OPEB and that are subject to GASB accounting standards; including the Regulating District. Mr. Neddo explained that the Board employed Harbridge/BPAS to address this requirement for the period ending June 30, 2008 and June 30, 2013. Pursuant to a recent GASB requirement (GASB 75), valuations are now required every two years. BPAS proposes to substantially increase their fee for the next valuation.

Mr. Neddo explained that BPAS is currently waiting for guidance and most likely would not be able to produce GASB 75 results until later in 2017 for any plan. He explained that the Regulating District faces the following two options for a valuation:

1. BPAS could prepare a valuation for 7/1/16 - 6/30/17 under current rules which would provide results for the current year only for a fee of \$6,000 and this work could be completed prior to your year-end date. Then, for next year (fiscal year ending 6/30/18) BPAS would likely require a smaller fee to provide an interim valuation that complies with GASB 75 and reflects the necessary changes.
2. BPAS could wait until the second half of 2017 and, if appropriate guidance is released, they may be able to adopt GASB 75 early and prepare the 7/1/16 - 6/30/17 valuation along with results to be used for the following year; both under the new requirements. The base fee for the valuation would still be \$6,000 but they may have to charge an additional fee for the work to comply with GASB 75 which could be in the range of \$1,000 to \$2,000.

Mr. Neddo explained that, given the lead time required for KBL to perform the required independent audit for this coming fiscal year ending June 30, 2017, Mr. Ferrara recommends the Board select option #1 as the correct approach.

Mr. Neddo made a motion to adopt the Resolution approving accepting BPAS' proposal to perform the Regulating District's June 30, 2017 valuation under current rules for a fee of \$6,000. Mr. Hayes seconded and the Board approved the motion by unanimous vote.

STAFF REPORTS

Mr. Leslie presented his report to the Board. Mr. Leslie noted that the U.S.C.A. DC Cir. has still yet to schedule oral argument in the Erie v. FERC matter. Negotiations with DEC over the use of a fishing access point for staging and the embankment for the Hawkinsville Dam Remediation continue. He noted his attendance at the semi-annual Agency General counsel meeting at the Capitol and briefly explained a research project undertaken regarding Unmanned Aircraft Systems ('Drones') flying above Conkingville.

Ms. Ruzycky presented her report to the Board. She noted that the third quarter utilization report was accepted by ESD and that it showed that the MWBE spend achieved 25.5% year to date. The 4th Quarter report is due April 15. Current quarter expenditure to date are approximately \$46,390. She noted that the MWBE annual goal plan for FY17-18 has been submitted and reflects a 30% goal. The Service-Disabled Veteran-Owned Business (SDVOB) spend during the 4th quarter was 3.85%.

Mr. Ferrara presented his report to the Board. He noted that at the close of fiscal February 28, 2017, the general fund balances for the HRA and BRA were approximately \$2,517,650 and \$706,183 respectively. He noted that District's transactional processing and reporting are current. District bank reconciliations are complete through February 28, 2017. Mr. Ferrara provided the Board with an update regarding an upgrade to the Regulating District's phone systems at Mayfield and Albany.

Mr. Foltan presented the Chief Engineer's report to the Board. Mr. Foltan noted that the February average daily release from the Sacandaga Reservoir (Great Sacandaga Lake) was approximately 2,840 cubic feet per second (cfs). Precipitation during the month of February was above normal across the Great Sacandaga Lake watershed and above average in the Indian Lake watershed. The monthly inflow to Great Sacandaga Lake and Indian Lake reservoir was approximately 258% and 243% of historic average, respectively. Monthly release of water from Great Sacandaga Lake and Indian Lake measured 100% and 80% of historic average, respectively.

The February average daily release from Stillwater Reservoir was approximately 400 cfs. Monthly total precipitation measured 120%, 148%, 139% of historic average at Stillwater, Old Forge, and Sixth Lake, respectively, as of February 26th. Precipitation in the month of February was above average at Stillwater, and Old Forge and below average at Sixth Lake. The monthly inflow to Stillwater Reservoir was approximately 148% of historic average. The inflow to Sixth Lake and Old Forge Reservoir totaled 0.17 and 0.40 billion cubic feet, respectively, in February. Release of water from Stillwater Reservoir averaged 73% of historic discharge.

Mr. Foltan also noted that use of the Regulating District's storage capacity at Conkingville directly reduced flow in the Hudson at Fort Edward preventing significant

flooding at the end of February. The Chairman asked that Mr. Foltan and Mr. Smullen include the particulars of that event in a narrative to be placed in the next Newsletter.

Mr. Hodgson presented his report to the Board. He provided the Board with an update of the remediation efforts associated with the Oakey, Gizzi, Edwards encroachment and reported that he met with several permit holders in regard to purported work on permit areas. He noted that the SFO staff have processed 20 work permit applications during the reporting period and that 98% of renewal permits have been processed.

RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE ORGANIZATIONAL AND REGULAR MEETING FOR APRIL 11, 2017

Chairman Finkle asked for a motion to adopt a Resolution setting the next meeting of the Board of the Hudson River-Black River Regulating District for Tuesday, April 11, 2017 at the Dulles State Office Building, 317 Washington Avenue, 1st floor Conference Room, Watertown, NY 13601 at 10:00 A.M.

Mr. Neddo moved to adopt the Resolution setting the date, time and place of the next meeting. Mr. Berkstresser seconded and the Board adopted the Resolution by unanimous vote.

ADJOURNMENT

Chairman Finkle called for a motion to adjourn the meeting. Mr. Berkstresser advanced the motion. Mr. Hayes seconded. The meeting adjourned at 10:49 A.M.

RESOLUTIONS

17-5-3 RESOLUTION AUTHORIZING THE REGULATING DISTRICT TO RETAIN A CONSULTING FIRM FOR INSURANCE AND RISK MANAGEMENT SERVICES

Chairman Finkle asked for a motion adopting the Resolution. Mr. Neddo made a motion to adopt the resolution authorizing the Regulating District to retain the Compass Company to provide insurance and risk management services at a not to exceed amount of \$12,500. Mr. Hayes seconded and the Board adopted the motion by unanimous vote.

17-6-3 RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ADMINISTER THE DISTRICT'S NYS LEADERS INTERNSHIP PROGRAM

Chairman Finkle asked for a motion adopting the Resolution. Mr. Berkstresser made a motion to adopt the resolution authorizing the Regulating District's participation in the New York State Leaders Initiative and the hire of up to three interns for the summer. Mr. Neddo seconded and the Board adopted the motion by unanimous vote.

**17-7-3 RESOLUTION APPROVING BUDGET & FINANCIAL PLAN
REQUIRED PURSUANT TO SECTION 2801 OF PUBLIC AUTHORITIES
LAW**

Mr. Neddo made a motion to adopt the Resolution approving the budget & financial plan required pursuant to section 2801 of the Public Authorities Law. Mr. Hayes seconded and the Board approved the motion by unanimous vote.

**17-8-3 RESOLUTION APPROVING BPAS TO PERFORM GASB 45
VALUATION FOR FISCAL YEAR ENDING JUNE 30, 2017**

Mr. Neddo made a motion to adopt the Resolution approving accepting BPAS' proposal to perform the Regulating District's June 30, 2017 valuation under current rules for a fee of \$6,000. Mr. Hayes seconded and the Board approved the motion by unanimous vote.

**17-9-3 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE
ORGANIZATIONAL AND REGULAR MEETING FOR APRIL 11, 2017**

Mr. Neddo moved to adopt the Resolution setting the date, time and place of the next meeting. Mr. Berkstresser seconded and the Board adopted the Resolution by unanimous vote.

Respectfully submitted,

Richard J. Ferrara,
Secretary/Treasurer

Mark M. Finkle
Board Chairman