

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
FINANCE COMMITTEE MEETING**

March 28, 2017

Utica State Office Building
207 Genesee Street
Utica, NY 13501

10:00 A.M.

CALL TO ORDER

Committee Chairman Anthony Neddo called the meeting to order at 10:00 A.M.

PLEDGE OF ALLEGIANCE

ROLL CALL

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

Excused: Jeffrey Rosenthal

MOTION TO ADOPT COMMITTEE MEETING AGENDA

Chairman Neddo asked for a motion to adopt the Committee's draft agenda. Mr. Finkle moved to adopt the meeting agenda. Mr. Neddo seconded it and the motion was unanimously approved.

APPROVAL OF SEPTEMBER 13, 2016 FINANCE COMMITTEE MEETING MINUTES

A motion was made by Mr. Finkle to adopt the September 13, 2016 Finance Committee Meeting Minutes. Mr. Berkstresser seconded it and the motion was unanimously approved.

COMMITTEE BUSINESS

(1) New Business

(A) Motion to Advance to the Full Board & Recommend Adoption of 2018 Budget & Finance Plan - Mr. Ferrara

Mr. Ferrara noted that pursuant to Section 2801 of the Public Authorities Law, 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. Ferrara based the plan he presented 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. Berkstresser made a motion to advance to the full board and recommend adoption of the Resolution approving the budget & financial plan required pursuant to section 2801 of the Public Authorities Law. Mr. Finkle seconded and the Committee approved the motion by unanimous vote.

(B) Motion to Advance to the Full Board & Recommend Approval of GASB 45 Alternative Measurement Valuation - Mr. Ferrara

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

Mr. Berkstresser made a motion to advance to the full board and recommend adoption of 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. Finkle seconded and the Committee approved the motion by unanimous vote.

(C) EFC Funding of Conklingville Dam Spillway Reconstruction Project Status - Mr. Ferrara

Mr. Ferrara provided the Board with an update regarding EFC's funding of the Conklingville Dam Spillway Reconstruction project. He noted that the loan went to EFC's Loan Committee for review on or about February 15. Further, Mr. Ferrara certified that he provided all documents required by EFC and that he awaits EFC's Notice to Proceed; noting that when it's issued he will be in a position to alert Kingsbury. Mr. Ferrara indicated that he anticipates a three (3) year short-term note with a closing date in late May. He noted that EFC suggested the late closing date to ensure that the Regulating District does not start paying advance interest on a note that is not in use. Mr. Ferrara also anticipates opening a Debt Service Reserve Account at the Bank of America

ADJOURNMENT

There being no further business to come before the Finance Committee, Mr. Finkle moved to adjourn the meeting. Mr. Berkstresser seconded it. The motion was unanimously approved. The committee meeting adjourned at 10:08 A.M.

Respectfully submitted,

Richard J. Ferrara
Secretary/Treasurer

Mark M. Finkle
Board Chairman