

MINUTES OF THE NATURAL HERITAGE TRUST
BOARD MEETING
June 29, 2017

ATTENDEES:

BOARD MEMBERS

Rose Harvey	Commissioner NYS Office of Parks, Recreation and Historic Preservation
Dr. Lucy R. Waletzky	Chair, New York State Council of Parks
Jeff Stefanko	Designee for Commissioner Basil Seggos Assistant Commissioner NYS Department of Environmental Conservation
Greg Capobianco	Designee for Secretary of State Rossana Rosado Director of Development NYS Department of State

STAFF

Allen G. Payne	NHT Executive Director
Sarah Purcell	NHT Deputy Director & CFO
Andrea Mangione	NHT Development Associate

OTHER ATTENDEES

Paul J. Laudato	General Counsel, OPRHP
Rob Hiltbrand	Executive Deputy Commissioner, OPRHP
Mindy Scott	Deputy Commissioner for Administration & Finance, OPRHP
Jenny O'Neill	NHT Certified Public Accountant (CPA)
Matt Lindemann	Managing Partner, Wojeski & Company CPAs, P.C.
Chris Stephens	Audit Manager, Wojeski & Company CPAs, P.C.

Commissioner Harvey called the meeting of the Natural Heritage Trust (NHT) to order at 2:10 p.m.

Approval of March 2017 Meeting Minutes

Allen Payne asked for a motion approving the minutes from the March 29, 2017 Board meeting.

- *Moved by Lucy Waletzky, seconded by Jeff Stefanko and unanimously approved.*

Appointment of Chair and Vice-Chair

Allen Payne stated that annual appointments for the positions of Chair and Vice-Chair of the NHT Board of Directors (Board) were due. He stated the willingness of Commissioner Harvey and Commissioner Seggos to serve as Chair and Vice-Chair respectively.

- *Moved by Greg Capobianco and Seconded by Lucy Waletzky unanimously approved.*

Executive Director Payne asked for a motion appointing Andrea Mangione as secretary.

- *Moved by Jeff Stefanko, seconded by Rose Harvey and unanimously approved.*

Appointment of Audit and Governance Committees

Deputy Director & CFO Purcell explained that organizational bylaws and Public Authority Law require the NHT to have both an Audit Committee and a Governance Committee. The NHT has had an Audit Committee with members from OPRHP and DEC, and the DOS has just nominated a member as well. A Governance Committee was appointed several years ago but hasn't met in awhile. She noted the growth of the NHT and envisions this Committee will help to both update existing policies, as well as formulate new policies and procedures.

Allen Payne asked for a motion to approve Resolution 2017-2 appointing the Audit Committee members and 2017-3 appointing the Governance Committee members.

- *Moved by Rose Harvey, seconded by Jeff Stefanko and unanimously approved.*

Review of 2016-17 Audit and Financial Statement

Sarah Purcell introduced Matt Lindemann and Chris Stephens of Wojeski & Company and noted this was the third year of their five-year contract for auditing services.

Ms. Purcell prefaced the report by noting the pre-audit process and procedures and stating the NHT had \$39.1 Million in total assets at fiscal year-end: the highest ever to date.

Mr. Lindemann and Mr. Stephens then reviewed the NHT's Audit and Financial Statements.

The Report summarized:

- Organization and significant accounting policies
- Cash and cash equivalents
- Investments
- Fiduciary Revenue and Expenses
- Governmental Fund Revenue and Expenses
- Due to/from other funds
- Pension plan
- Other postemployment benefits (OPEB) obligation

Mr. Lindemann noted that the income side was relatively constant, but explained that there was a variation in the expenses from previous years due to the OPEB expense and an increase in the pension expense. This is an actuarial calculation and is viewed as non-controllable; though it may look like expenditures are up considerably, this calculation is actually more of a journal entry, and does not mean there is more money going out than coming in. This apparent loss that appears in the report was because of these items.

Mr. Lindemann also commented on an issue of unclaimed deposits in the regions that present an issue with the audit process. Though the NHT is able to identify them, these unclaimed transactions do make account reconciliations more difficult. This has been an issue for quite a while and does not have a clear solution due to the decentralized nature of the NHT.

Wojeski & Company concluded that overall the NHT financials were fairly stated with no material deficiencies or weaknesses, and compliant with Generally Accepted Auditing Principles (GAAP).

Allen Payne asked for a motion to approve Resolution 2017-4 adopting the 2016-2017 Audited Financial Statement.

- *Moved by Jeff Stefanko, seconded by Lucy Waletzky and unanimously approved.*

Executive Director's Report

Allen Payne provided a summary of projects and initiatives, and explained the programs on which he has been working.

Private Fundraising

- Humphrey Nature Center (HNC) at Letchworth State Park was the keystone project for NHT fundraising as it touched on many facets: public-private partnership, capital campaign, environmental education, and nature centers.
- Mr. Payne believes this can be replicated for future projects.
- Since the HNC project, the NHT has been used as a resource for fundraising campaigns in other, smaller projects like the renovations at the Minna Anthony Common Nature Center and the new Thacher Park Visitor's Center.
- Construction of nature centers at Green Lakes State Park and Jones Beach State Park represent larger-scale projects using HNC as a template.

50th Anniversary of NHT

- 2018 will represent the 50th year since the NHT was founded.
- Not-for-profits often use this milestone as special fundraising tool, to update branding and for visibility.
- The NHT administrative staff is discussing how best to recognize the anniversary.

New NHT Folders

- In lieu of a printed annual report, the NHT will use new pocket folders filled with similar information that can be updated and customized more quickly and easily.
- This folder will become a kit of parts to provide all information donors or grantors may need – financials, board member biographies, descriptions of programs, etc.
- Folders can be used for fundraising campaigns as well as for information packets that can be customized for each region.

Retiree Health Benefit Plan

Sarah Purcell explained that voting on Resolution 2017-5 to Adopt the Retiree Health Reimbursement Plan will be postponed in order to allow some members to become more familiar with the details of the proposal. She then went on to further describe the plan that will be presented for adoption at the next meeting.

- Due to significant growth in both the number of program employees and health insurance premiums, the NHT worked with outside consultants to draft a new benefit that will be more financially feasible in the long term.

- The retiree Health Reimbursement Arrangement (HRA) plan would provide a specified amount of funding into an account annually that a retiree could use to fund retirement health expenses (i.e., buying own private insurance, out of pocket medical costs). This pre-determined, flat-dollar amount will not increase the way health insurance premiums do, and will help the NHT have a better idea of what the current and projected liability is.
- Actuaries recommended doing flat-dollar amount so that administration of the benefit is easier than it would be if the amounts were indexed to inflation or other metric; the Board could always move to amend the amounts in the future if it were inclined to so.
- There are provisions in the Affordable Care Act that will soon have tax implications for plans with a certain dollar thresholds. The amounts in the NHT plan are under these thresholds so it may remain a tax-free benefit for retirees.

2016-17 Employee Report

Sarah Purcell then presented the 2016-17 Employee Report to the Board, explaining that overall staffing has increased as compared to the FY 2015-16 levels.

Employee Report Summary

- The average NHT employee salary for FY 2015-16 was \$56,000.
- NHT authorized a 2% cost of living adjustment for all employees that were on the payroll for 13 consecutive payroll periods in FY 2016-17.
- The NHT hired ten new employees to assist OPRHP in a Statewide Stewardship Initiative during FY2016-17 and continued to support 14 other major program areas.

Performance Measures Report

Sarah Purcell explained that this report is something that the Public Authorities Law requires NHT and all state authorities to do. As the NHT does not have many easily quantifiable benchmarks, these measures focus on raising funds and putting those funds to work. The typical NHT narrative for this report compares year-to-year data, but this year NHT used a five-year comparison, showing substantial growth in NHT fiduciary fund activity. Specifically:

- Revenue has increased by 57% (\$14.9 Million compared to \$9.4 Million in 2013)
- Fiduciary assets in 2013 were at \$21.8M and went up to \$35.5M in 2017, an increase of over 60%
- Program staff positions have increased by about 38% (67 positions in 2017 vs 44 in 2013)
- All of this growth has happened while the number of NHT administrative staff doing the work to manage the fiduciary funds (bookkeeping, accounting, finance, human resources, contract management, compliance, fundraising and donor relations) has decreased.

2016-17 Investment Policy and Report

Sarah Purcell reviewed the Investment Report with the Board.

- The NHT started the year with \$35.3M in investments, and closed the year at \$37.6M.
- Funds invested under the long-term endowment strategy returned about 10% this year. This is a significant improvement from last year in which there was a slight loss.
- This year, the NHT made about \$4.1M in total distributions.

She then reviewed the Investment Policy, noting the NHT investment policy went through major changes about seven years ago. Funds are managed in one of three ways:

1. Long-term endowments, which are invested more aggressively with greater equity exposure
2. Capital reserve, which is a mid-term strategy (5-10 years) with a bit of equity exposure, but mostly corporate bonds
3. Shorter-term/Fixed income, with investments in low risk government bonds

Allen Payne asked for a motion to approve Resolution 2017-6 to re-adopt the NHT Investment Policy and 2017-7 to approve the 2016-17 Investment Report.

- *Moved by Jeff Stefanko, seconded by Greg Capobianco and unanimously approved.*

2016-17 Procurement Policy and Report

There were no proposed changes to the Procurement Policy.

Sarah Purcell proceeded to summarize the NHT 2016-17 Procurement Report, which includes all procurements and payments totaling \$5,000 or more during the fiscal year and categorized as either competitive, non-competitive, non-contract/purchase order or State Contract.

Consistent with New York State, the NHT also set goals to support Minority- and Women-Owned Businesses (MWBE). MWBE utilization was about 19%, missing the goal of 30%, though the NHT continues to work toward reaching the goal.

Allen Payne asked for a motion to approve Resolution 2017-8 in order to re-adopt the NHT Procurement Guidelines and Resolution 2017-9 to adopt the NHT 2016-17 Procurement Report.

- *Moved by Greg Capobianco, seconded by Jeff Stefanko and unanimously approved.*

Adjournment

There being no further business, Allen Payne asked for a motion to adjourn the meeting.

- *Moved by Greg Capobianco, seconded by Jeff Stefanko and unanimously approved.*

Meeting adjourned at 3:33 p.m.

Respectfully Submitted,

Andrea Mangione, Board Secretary and Development Associate