

MINUTES OF THE NATURAL HERITAGE TRUST
BOARD MEETING
January 29, 2021

ATTENDEES:

BOARD MEMBERS

Erik Kulleseid	Commissioner NYS Office of Parks, Recreation and Historic Preservation (OPRHP)
Dr. Lucy R. Waletzky	Chair, New York State Council of Parks
Laura DiBetta	Designee for Commissioner Basil Seggos Director of Outdoor Recreation NYS Department of Environmental Conservation
Sarah Crowell	Designee for Secretary Rossana Rosado Director of Planning, Development & Community Infrastructure NYS Department of State

STAFF

Sally Drake	NHT Executive Director
Sarah Purcell	NHT Deputy Director & CFO
Michelle Phillips-Conlen	NHT Resource Manager
Cinzia Tschantret	NHT Bookkeeper
Andrea Buniak	NHT Development Associate

OTHER ATTENDEES

Jenny O'Neill	NHT Certified Public Accountant (CPA)
Matt Davidson	Deputy Director for Resource Development, OPRHP
Jennifer Maglienti	General Counsel, OPRHP
Maggie Clements	Senior Attorney, OPRHP
Steven Seivold	Vice President, Wilmington Trust Investment Advisors
Janine Otis	Asst. Vice President, Wilmington Trust Investment Advisors

Briefing Materials provided for the January 29, 2021 Board of Directors (Board) meeting included:

- Agenda
- Draft minutes of October 29, 2020 Board meeting
- NHT Wilmington Trust Portfolio Performance Report
- ESG Investing Information
- Resolution #2021-1: Adopting ESG Investment Policy
- NHT Banking Account Activity through December 31, 2020
- NHT Q3 Cash Report & Balance Sheet through December 31, 2020

- Operating Budget to Actual through December 31, 2020
- Resolution #2021-2: Approving Preliminary Budget Plan for FY2021-2022
- Proposed 2021-2022 Operating Budget & Multi-Year Financial Plan
- NHT Employee Salary Policy
- Memo to the Board: Proposed Schedule of Board Meetings for 2021-2022
- Donor and Grant Report through December 31, 2020
- Project Account Activity Summary through December 31, 2020

This meeting took place via recorded virtual teleconference as permitted by Executive Order 202.1 in response to the COVID-19 pandemic. Commissioner Kulleseid called the October meeting of the Natural Heritage Trust (NHT) to order at 2:02 p.m.

Approval of October 29, 2020 Meeting Minutes

Erik Kulleseid asked for a motion approving the minutes from the June 29, 2020 Board meeting.

- *Moved by Laura DiBetta, seconded by Lucy Waletzky and unanimously approved.*

Presentation from Wilmington Trust Investment Advisors

Sarah Purcell introduced Steve Seivold and Janine Otis from Wilmington Trust, the team assigned to NHT for the last three years. In addition to the annual portfolio overview, Steve will also present on Environmental, Social and Governance (ESG) Investing, as the Board has discussed in the past few meetings.

Steve Seivold first provided a market outlook, noting that despite a COVID-related recession in 2020, the lowering of interest rates and stimulus packages turned the domestic market around. He noted that his team will continue to monitor the portfolio as future inflation could impact bonds. He noted that the capital reserve accounts had performed well in line with the benchmarks, that the endowments were just under their benchmark but still had over 20% returns, and that the main management account performed above its benchmark. Overall, he noted that it was a much better year than could have been anticipated last year.

Steve then moved on to discuss Environmental, Social and Governance (ESG) Investing policies. He noted that sustainable investing is often misconstrued as restrictive, however it remains relatively inclusive as it looks at all equities and fixed incomes available and grades them on their achievement of certain metrics. This type of investing is developing very quickly and may include unexpected stocks based on their ESG policies. Several major entities now monitor ESG compliance, and this increased availability of information has helped corporate groups move toward this investment strategy in the last five years. He noted ESG investments may show some performance differences over short time periods, but tend to be very similar over periods of three to five years compared to portfolios that track the major indexes.

With Board approval, the Wilmington Trust team will realign the NHT portfolio to ESG strategies. The main management account will only change in that the ESG analysis can be used to make changes in terms of selling some bond holdings that do not rate as well as their industry peers and buying new bonds. The NHT investment policies have been revised to include specific

ESG language in compliance with the NHT's mission and a red-lined version has been provided to the Board. There were some questions from Board members related to the fees charged on ESG investments. Steve explained that ESG investments trade a few basis points higher with fees, but that on a portfolio size of NHT's the difference is negligible and some of the fee difference will be offset by better yields to be had on some of the ESG bonds.

Erik Kulleseid asked for a motion approving Resolution #2021-1: Adopting Environmental, Social and Governance Investment Policy Statements.

- *Moved by Sarah Crowell, seconded by Laura DiBetta and unanimously approved.*

Financial Updates

Sarah Purcell began her report by reviewing the budgets for the current fiscal year and the proposed budget for FY2021-2022. She noted that the current year's budget was previously revised down by about \$100,000 in revenue, which is directly related to lower investment income. The proposed budget for next fiscal year anticipates the same and thus budgets for lower investment income. Expenditures are set to hold relatively flat except for one administrative development position that NHT held off hiring last year due to the pandemic. The proposed budget does project a \$200,000 deficit, but this would be covered by the NHT fund balance.

The multi-year financial plan is in line with the proposed budget for FY2021-2022, remaining relatively flat on investment and administrative income and contemplating the same staffing structure into the out years. She noted the low interest rates due to federal interest rate policies are likely to extend at least a couple years and the NHT will need to start thinking about different ways to fund the core operating budget of the NHT, but in the immediate term the NHT remains in a strong financial position.

Sarah explained once the Board approves this budget for posting, it will be posted on the web page for public comment. Administrative staff will review any comments received, share those comments and will ask for official Board adoption of the budget at the March meeting.

Matt Davidson and Erik Kulleseid were excused from the meeting at 3:06 p.m.

Sarah Purcell asked for a motion approving Resolution #2021-2: Approving Preliminary Budget Plan for the 2021-2022 Fiscal Year.

- *Moved by Laura DiBetta, seconded by Lucy Waletzky and unanimously approved.*

Executive Director's Report

Sally Drake referenced the memorandum provided to Board members regarding the proposed schedule for Board meetings through 2022, which mostly align with requirements around the financial reporting calendar. She noted there will be four meetings in 2021, but the Board will return to three meetings in 2022.

Next, she mentioned the ongoing effort to strengthen transparency and governance throughout the organization. As an example, Sally and Sarah referenced the written NHT Salary Policy provided in the briefing materials.

Sally then updated the Board on fundraising, grant management and development. The NHT is currently managing three grants totaling approximately \$13M from the Ralph C. Wilson, Jr. Foundation. These funds are applied to projects along the Empire State Trail and several State Park trail systems in Buffalo and along the gorge. The first grant, now in its final year, funded several gateways that were featured in the Governor's State of the State address. These gateways provide Parks facilities and opportunities for community engagement on an otherwise linear system designed to keep patrons moving. The second grant is moving into its second year and will fund similar projects in the Allegany region.

The third grant is earmarked for the Ladders to the Outdoors program. The program aims to launch youth recreation programs at seven State Parks in Western New York in order to engage at risk youth with the Parks system through recreational programming. Despite COVID, which struck almost immediately as the new coordinator began, the program has made good progress with community outreach and engagement. Sally noted that this program is a priority for fundraising and that regional commissioners in the State Council of Parks have discussed implementing this program in other areas throughout the state.

Sally then moved on to The Autism Nature Trail campaign, which continues to be managed by Allen Payne. This capital campaign is marching toward its conclusion as the successful fundraising campaign has allowed construction to begin. The campaign is now transitioning its focus to support of the endowment, which would fund specialized programming and maintenance. This project was also featured in the Governor's State of the State address.

The Jones Beach Energy and Nature Center opened during Climate Week in September 2020 with an announcement by the Governor. The NHT had partnered in fundraising for this project initially for exhibits, but is now focusing on programming and a possibly a long-term endowment. Additionally, the NHT is managing a grant from the Rauch Foundation for teacher training and educational programming at the Center.

Finally, Sally discussed her development plans with the Board. While the NHT is in an impressive place managing grants and private funds, she sees plenty of potential to be harnessed in terms of the level of the individual donor. COVID has proven how valued Parks and the environment are, so it is important for the NHT to be their vehicle in supporting these resources. In order to attract and maintain relationships with individuals, Sally suggests enhancing the NHT's identity as charitable partner by creating a more independent website, updating web-based donations and creating regular communications. The new communications plan will include newsletters, email updates and new social platforms. Sally will begin the strategic planning process by working with our partner agencies to identify appropriate projects and programs to promote. This increase in development activity is the reason that NHT would like to add an administrative development role, so that staff can boost capacity.

Laura DiBetta noted that she is working hard to advance private investments in DEC programming and that NHT could be a critical partner in this respect as well.

Adjournment

There being no further business, Sarah Purcell asked for a motion to adjourn the meeting.

- *Moved by Lucy Waletzky, seconded by Sarah Crowell and unanimously approved.*

Meeting adjourned at 3:19 p.m.

Respectfully Submitted,

Andrea Buniak, NHT Secretary to the Board

MINUTES OF THE NATURAL HERITAGE TRUST
BOARD MEETING
March 17, 2021

ATTENDEES:

BOARD MEMBERS

Erik Kulleseid	Commissioner NYS Office of Parks, Recreation and Historic Preservation (OPRHP)
Dr. Lucy R. Waletzky	Chair, New York State Council of Parks
Laura DiBetta	Designee for Commissioner Basil Seggos Director of Outdoor Recreation NYS Department of Environmental Conservation
Sarah Crowell	Designee for Secretary Rossana Rosado Director of Planning, Development & Community Infrastructure NYS Department of State

STAFF

Sally Drake	NHT Executive Director
Sarah Purcell	NHT Deputy Director & CFO
Michelle Phillips-Conlen	NHT Resource Manager
Cinzia Tschantret	NHT Bookkeeper
Andrea Buniak	NHT Development Associate

OTHER ATTENDEES

Jenny O'Neill	NHT Certified Public Accountant (CPA)
Matt Davidson	Deputy Director for Resource Development, OPRHP
Jennifer Maglienti	General Counsel, OPRHP
Maggie Clements	Senior Attorney, OPRHP
Carey Merrill	DEC Special Counsel for Ethics, Risk & Compliance

Briefing Materials provided for the March 17, 2021 Board of Directors (Board) meeting included:

- Agenda
- Draft minutes of January 29, 2021 Board meeting
- NHT Investment Account Activity
- NHT Banking Activity
- NHT Balance Sheet
- Q4 Budget Update

- Resolution #2021-3: Adopting FY2021-2022 Budget
- Resolution #2021-4: Establishing Shido Endowment
- Resolution #2021-5: Establishing Autism Nature Trail Endowment
- 2021 Donor and Grant Report through February 28, 2021
- 2021 Project Account Activity Summary through February 28, 2021

This meeting took place via recorded virtual teleconference as permitted by Executive Order 202.1 in response to the COVID-19 pandemic. Commissioner Kulleseid called the March meeting of the Natural Heritage Trust (NHT) to order at 12:32 p.m.

Approval of January 29, 2021 Meeting Minutes

Commissioner Kulleseid asked for a motion approving the minutes from the January 29, 2021 Board meeting.

- *Moved by Laura DiBetta, seconded by Lucy Waletzky and unanimously approved.*

Deputy Director & CFO Report

Sarah Purcell began by providing investment updates. She noted that despite the market drop at the end of March 2020, with one month left in the current fiscal year all of last fiscal year's losses had been recovered and had additional significant gains. The portfolio value currently sits at about \$57M. The endowments performed well this year at over 30% total returns as compared to last year's -5% return. The capital/reserve accounts returned 14% and the Main Management accounts returned 2%, both performing above their benchmarks. Wilmington Trust has begun the portfolio's transition to Environmental, Social and Governance (ESG) investment strategies and should be close to complete by month's end, making the 2021-2022 fiscal year the first full year of ESG investing.

Sarah then discussed cash accounts, noting that the NHT started this fiscal year with about \$4.6M in cash. Throughout the year, approximately \$9.1M in revenue was received and \$11.4M was expended, bringing the current cash balance to about \$2.4M. Sarah anticipates the receipt of an additional \$3M in revenue and year-end payments. Despite the pandemic, revenue from donors and grantors have been on time or early. Moving on to the Balance Sheet, she noted that the NHT's total assets were just over \$60M as of February 28. Liabilities are currently at \$53M; she noted that long-term liabilities for pensions and other post-employment benefits (OPEB) are determined actuarially by changing employment demographics and do not necessarily reflect actual cash obligations.

The current year operating budget, which covers the administrative staff only, was revised mid-year to reflect anticipated lower investment income; the revised budget remains on target. Sarah noted that the budget is calculated on a cash basis, but as a governmental entity, NHT is required to report financial statements on a modified accrual basis. There were over \$660,000 unrealized gains on investments this year – much higher than what would usually be expected – directly related to an unprecedented year for the stock and financial markets.

Sarah reviewed the budget process for the Board: a proposed budget is presented for preliminary approval from the Board at the winter meeting, this preliminary budget approved by the Board is posted to the NHT's website for public review and comment, any comments received are shared with the Board, and the final budget proposed for adoption at the March Board meeting. As no public comments were received and assumptions remain the same, the proposed budget for the 2021-2022 fiscal year remains the same as presented at January's meeting. This budget reflects a 2.7% increase from the current year's budget.

Sarah noted the two primary revenue sources that support operating costs are administrative fees and investment income, and that the latter was budgeted very conservatively as it has been difficult to forecast fixed income this year. The result of this conservative budget is a forecasted \$200,000 deficit on a cash basis, which could be covered from the \$3.6M fully unrestricted portion of the fund balance if needed. Sarah noted that the multi-year financial plan presented is similarly conservative and thus has the same potential for similar deficits in the out years. To address this structural budget issue, Sarah noted she and Sally Drake have discussed some options with Commissioner Kulleseid to gradually increase administrative income and Sally's Executive Director report will elaborate on more of the details.

Erik Kulleseid asked for a motion approving Resolution #2021-3: Adopting FY2021-2022 Budget and Multi-Year Financial Plan.

- *Moved by Sarah Crowell, seconded by Lucy Waletzky and unanimously approved.*

Executive Director's Report

Sally Drake began her report by following up on the operating budget discussion, explaining the NHT will continue to analyze the organization's operations and opportunities where changes can be made to accurately reflect the work of NHT administrative staff both organizationally and functionally. She emphasized the NHT is in a very strong fiscal position, particularly in our primary role managing \$50M+ in fiduciary funds. Sally reminded the Board that fiduciary funds are those held for endowments, donations, grants, programs, project and program staff; these funds are only spent in agreement with the Agencies and other partners, and all NHT funds are completely off of the state budget. She noted the fiduciary funds under management have grown nearly 140% since 2010 primarily due to the increase in long-term endowment assets as well as some large capital grants.

The fiduciary funds are separate from the NHT general fund, which support operations of the NHT Administrative Office to administer and manage the funds. Sally emphasized that while the NHT's fiduciary assets have grown threefold in the last decade while the operating budget and number of administrative staff to manage all the growth has remained relatively flat.

The growth is a good reason and opportunity to address and review NHT fee policies. First, a standardized grant administration fee should be considered. NHT currently administers almost 30 grants, for which little or no fees are collected despite all the work related to managing those grants. Most program accounts aren't assessed any fees. The NHT will explore the possibility of a 1-3% administrative fee on those. In addition, the NHT is continuing to review accounts to suggest consolidations, close outs or fund reassignment to account holders. These two proposed

fees would more accurately reflect the NHT's work and add to administrative income, which would ultimately reduce potential cash deficits caused by lower interest rates significantly by 2024. It was noted that direct fees on donations are not currently contemplated. Any new fee proposals will be discussed with the Board. The NHT will also work with the Board to designate the accumulated organizational fund balance for its long-term liabilities, an operating reserve and perhaps Board-led initiatives.

Sally then moved on to discuss fundraising updates. She began by detailing two new proposed endowments, the first for the Shido Endowment at Thacher State Park. This endowment would be created from funds bequeathed for the "further benefit of Thacher State Park" as both the donor and her partner were deeply connected to the park and community as noted geologists. The region is aware of the funds and will assign to projects as needed using the same distribution process as usual.

Erik Kulleseid asked for a motion approving Resolution #2021-4: Establishing the Shido Endowment for Thacher State Park.

- *Moved by Lucy Waletzky, seconded by Sarah Crowell and unanimously approved.*

Sally then outlined a proposed maintenance endowment for the Autism Nature Trail (ANT) at Letchworth State Park. She first provided updates on the campaign, noting that construction began on the ANT in January 2021, with a small ceremonial groundbreaking in February. Partnership agreements between the park and program leaders with Camp Puzzle Peace and the Perry Central School District have been finalized to become effective as of April 1, 2021. Finally, an official advisory group tasked with guidance and ongoing oversight of ANT programs and activities is forming. The maintenance endowment will yet another important component of the project to ensure perpetual funding for the specialized level of maintenance and care the Trail will require.

Erik Kulleseid asked for a motion approving Resolution #2021-5: Establishing the Autism Nature Trail Endowment.

- *Moved by Lucy Waletzky, seconded by Erik Kulleseid and unanimously approved.*

Sally then detailed the NHT's main development goal, which is to strengthen our role as a public-facing charitable partner while growing the development portfolio in line with our partner agencies' project goals. Among the tactics for achieving this goal is creating a new communications plan and website. An updated website will provide a platform to increase our donor communication, and hope to share our new website at the next Board meeting.

Adjournment

There being no further business, Erik Kulleseid asked for a motion to adjourn the meeting.

- *Moved by Lucy Waletzky, seconded by Erik Kulleseid and unanimously approved.*

Meeting adjourned at 1:35 p.m.

Respectfully Submitted,

Andrea Buniak
NHT Secretary to the Board

MINUTES OF THE NATURAL HERITAGE TRUST
BOARD MEETING
June 21, 2021

ATTENDEES:

BOARD MEMBERS

Erik Kulleseid	Commissioner NYS Office of Parks, Recreation and Historic Preservation (OPRHP)
Dr. Lucy R. Waletzky	Chair, New York State Council of Parks
Laura DiBetta	Designee for Commissioner Basil Seggos Director of Outdoor Recreation NYS Department of Environmental Conservation
Sarah Crowell	Designee for Secretary Rossana Rosado Director of Planning, Development & Community Infrastructure NYS Department of State

STAFF

Sally Drake	NHT Executive Director
Sarah Purcell	NHT Deputy Director & CFO
Michelle Phillips-Conlen	NHT Resource Manager
Andrea Buniak	NHT Development Associate

OTHER ATTENDEES

Jenny O'Neill	NHT Certified Public Accountant (CPA)
Matt Davidson	Deputy Director for Resource Development, OPRHP
Jennifer Maglienti	General Counsel, OPRHP
Maggie Clements	Senior Attorney, OPRHP
Frank Ferrucci	Partner, Wojeski & Company
Christopher Stevens	Manager, Wojeski & Company

Briefing Materials provided for the June 21, 2021 Board of Directors (Board) meeting included:

- Agenda
- Draft Minutes of March 17, 2021 Board Meeting
- Draft Audited Financial Statements
- Resolution #2021-6: Adopting 2020-2021 Audit and Financial Statements
- FY2020-2021 Investment Report
- NHT Banking & Investment Policy
- Investment Policy Statements
- Resolution #2021-7: Adopting NHT Banking & Investment Policy
- Resolution #2021-8: Approving FY2020-2021 Investment Report

- FY2020-2021 Procurement Report
- NHT Procurement Guidelines
- Resolution #2021-9: Re-Adopting NHT Procurement Policy
- Resolution #2021-10: Approving FY2020-2021 Procurement Report
- FY2020-2021 Employee Report
- List of NHT Employees as of 3/31/2021
- Mission Statement & Performance Measures Report
- FY2020-2021 Donor and Grant Report
- FY2020-2021 Project Account Activity Summary

This meeting took place via recorded virtual videoconference as permitted by Executive Order 202.1 in response to the COVID-19 pandemic. Commissioner Kulleseid called the June meeting of the Natural Heritage Trust (NHT) to order at 11:20 a.m.

Approval of March 17, 2021 Meeting Minutes

Erik Kulleseid asked for a motion approving the draft minutes of the March 17, 2021 Board meeting.

- *Moved by Laura DiBetta, seconded by Lucy Waletzky and unanimously approved.*

Appointment of Chair and Vice-Chair

Sally Drake stated that annual appointments for the positions of Chair and Vice-Chair of the Natural Heritage Trust Board of Directors (Board) are now due. She stated the willingness of Commissioner Kulleseid and Commissioner Seggos to continue their appointments as Chair and Vice-Chair respectively.

- *Moved by Lucy Waletzky, seconded by Sarah Crowell and unanimously approved.*

Sally then noted that the Audit and Governance committees had not met regularly throughout the past year due to COVID, though the Audit Committee did meet in regards to the NHT's annual audit. As a point of governance, the current membership lists will be shared with Board members to confirm their continued interest of the representatives or offer new members for consideration. Any changes will be taken up at the next meeting.

Review of 2020-2021 Audit and Financial Statement

Sally Drake introduced Frank Ferrucci and Chris Stephens of Wojeski & Company CPAs. This is the group's second year in the contract, which can be extended annually for up to three more years. Chris Stephens has been on the team for several years and this is Frank Ferrucci's second year.

Frank Ferrucci began by reviewing their Report to the Board, which is a required audit communication. First, Frank noted that Wojeski & Company issued a "clean opinion" for the NHT financial statements, the highest level of assurance. Additionally, the NHT did implement GASB 84 this fiscal year as required, which created no significant changes in reporting. Finally,

Frank noted that there were some adjustments made to the financial statements but that they are typical in adjusting the financial statements to be on an accrual basis rather than cash basis.

Chris Stephens then went on to review the NHT's Audit and Financial Statements. This report summarized:

- Organization and significant accounting policies
- Statement of Net Position
- Statement of Cash Flows
- Statement of Fiduciary Fund Revenue and Expenses
- Statement of Fiduciary Net Position
- Required Supplemental Information related to Other postemployment benefits (OPEB) and Pension obligations liabilities and NHT Operating Budget

Wojeski & Company concluded that the NHT financials were fairly stated in their opinion with no material deficiencies or weaknesses, and compliant with Generally Accepted Accounting Principles (GAAP). Frank Ferrucci stated that the final report was a review of NHT's compliance with its investment policies. They concluded that from the review that in their opinion, the NHT was in compliance its investment policies.

Erik Kulleseid asked for a motion to approve Resolution # 2021-6 Adopting the 2020-2021 Audited Financial Statement.

- *Moved by Sarah Crowell, seconded by Laura DiBetta and unanimously approved.*

After their report, Frank Ferrucci and Chris Stephens exited the meeting. Laura DiBetta left the meeting at 12:00 p.m.

Deputy Director & CFO Report

Sarah Purcell reminded the Board that the NHT submits several reports with the Authority Budget Office and the NYS Office of the State Comptroller annually. First, she discussed the investment report, which includes the investment policy statement and summaries of the both the banking and investment activity and any policy changes throughout the fiscal year. The full report was included with the Board materials, but Sarah highlighted several key points:

- In FY 2020-21, revenue of about \$9.6M was received, approximately \$11.9M was expended and cash balances at year end were around \$2.4M.
- This was the NHT's strongest year in history in terms of investments as the portfolio value increased by \$10M as a result of a 20% overall portfolio return. All investment strategies outperformed their related benchmarks.
- Over \$930k was distributed from the endowment accounts.
- This fiscal year, the NHT managed about \$55M in fiduciary funds, with \$32M as endowments and \$23M allocated for programming and special projects.
- All assets were transitioned to ESG-aligned holdings as of fiscal year-end, as the ESG investing policy was adopted at January's Board meeting.

Erik Kulleseid asked for a motion to approve Resolution # 2021-7 Adopting the NHT Investment Policy and # 2021-8 Approving the 2019-2020 Investment Report.

- *Moved by Lucy Waletzky, seconded by Sarah Crowell and unanimously approved.*

Sarah then moved on to discuss the procurement report, which includes procurements of \$5k or more annually. These expenditures, totaling about \$8.5M, were largely spent on a variety of equipment, supplies and materials for stewardship, conservation, public programming, events, recreation and projects. Of that, \$5.9M were reimbursements to Parks for large capital projects like the Ralph C. Wilson, Jr. Foundation-funded gateway projects. Sarah reminded the board that the NHT Administrative Office reviews procurement for compliance to our guidelines, but that the regional offices are responsible for doing the procurement (getting quotes, writing specifications, etc). Finally, she noted that the procurement guidelines will be submitted with this annual reporting, but that there have been no changes to this policy since 2013; she hopes to work with the Governance Committee this year to review and update where necessary.

Erik Kulleseid asked for a motion to approve Resolution # 2021-9 Re-Adopting the NHT Procurement Guidelines and Resolution # 2021-10 Adopting the NHT 2020-2021 Procurement Report.

- *Moved by Sarah Crowell, seconded by Lucy Waletzky and unanimously approved.*

Finally, Sarah referred to the employee report that includes all employee names, titles and wages paid throughout the fiscal year. As of March 31, 2021, the NHT had 58 employees on payroll, which are largely program staff. Over half of these employees deal with stewardship, about one-third focus on shoreline protection, and the rest are designated for historic preservation and access and inclusion initiatives. The fiscal year's staffing level remained relatively steady, but the NHT anticipates the hire of several new employees in the next fiscal year for upcoming projects like the Shirley Chisholm State Park Bike Library, the DOS Downtown Revitalization Initiative and a community programming liaison through the Friends of Ganondagan State Historic Site.

Executive Director's Report

Sally Drake noted that the performance measures report, another required annual report, has been included in the Board materials. This remained similar to the past several years and the information contained in it is reflected through all other reports.

Sally then provided highlights for several current year projects:

- Shirley Chisholm State Park Bike Library: While this program is now in its third year, a new partnership between the NHT, the ConEd Power of Giving Program, the Jamaica Bay-Rockaway Parks Conservancy and Bloomberg Philanthropies began this year. NHT uses private funding to pay for staff, including the program director, bicycle mechanics and instructors. The Bike Library remains a remarkable and well-used program as it loans bicycles for patron use in the park and hosts instructional programs. NHT sees a great potential for fundraising both in terms of cash and donated bicycles and equipment moving forward.

- Ladders to the Outdoors: The Sloan Foundation granted the NHT \$50,000 this spring to expand the program into the Palisades and Central regions. This expansion will work with the Connect Kids to Parks program to create sustained outdoor recreational experience for youth and families in underserved communities. This funding will be targeted for the upcoming school year and programming for summer of 2022. An additional grant from the Ralph C. Wilson, Jr. Foundation brought the Ladders program through to its second year in Western NY.
- Niagara Falls State Park Welcome Center: The Ralph C. Wilson, Jr. Foundation provided an \$8M grant for the new welcome center being built at Niagara Falls State Park, which has been well received as it will be a welcome upgrade for all visitors. This adds to the \$13M of Wilson Foundation funding for other programs managed by NHT.

Sally then moved on organizational updates for the Board. After the Board approved the new program assistant position in the NHT Administrative Office, a hire was made in May 2021 – Brittney Desmond. Brittney has been a large part of the creation of the NHT’s new website, which will encompass a featured projects section, a blog, quarterly newsletters and social media integration. The website is set to launch next month and a link will be forwarded to the Board. It will be a great opportunity to publicly demonstrate NHT’s work and provides better outreach platforms. Brittney also worked to upgrade to the current donation platform to integrate secure and customizable forms that automatically import data to the system, reducing staff time and margin of error for database entry. This also enables the NHT to finally accept monthly recurring gifts. Similarly, Sally noted that Brittney assisted in reworking our annual report, a draft of which is included with the Board materials.

Once all materials are finalized and live, the NHT will work with State Parks to add donation links to each page, ensuring that potential donors have easily accessible ways to contribute. NHT will also focus on marketing these updates in addition to working with State Parks’ Public Affairs, and these will also be presented to the State Council of Park at the fall meeting.

Other Business

Erik Kulleseid then mentioned that he had recently been in a meeting with the New York Power Authority (NYPA) that had discussed the creation of an entity similar to NHT to promote recreation along NY’s canalways. He noted that NHT should be included to combine efforts instead of duplicate as the missions would overlap in certain aspects. This will be discussed further in the coming months.

Adjournment

There being no further business, Erik Kulleseid asked for a motion to adjourn the meeting.

- *Moved by Lucy Waletzky, seconded by Sarah Crowell and unanimously approved.*

Meeting adjourned at 12:31 p.m.

Respectfully Submitted,

Andrea Buniak
NHT Secretary to the Board

MINUTES OF THE NATURAL HERITAGE TRUST
BOARD MEETING
October 25, 2021

ATTENDEES:

BOARD MEMBERS

Erik Kulleseid	Commissioner, NYS Office of Parks, Recreation and Historic Preservation (OPRHP)
Dr. Lucy R. Waletzky	Chair, New York State Council of Parks
Laura DiBetta	Designee for Commissioner Basil Seggos Director of Outdoor Recreation NYS Department of Environmental Conservation
Kisha Santiago	Deputy Secretary, Planning & Development with NYS Department of State and Designee for Secretary of State Rossana Rosado

STAFF

Sally Drake	NHT Executive Director
Sarah Purcell	NHT Deputy Director & CFO
Michelle Phillips-Conlen	NHT Resource Manager
Cinzia Tschantret	NHT Bookkeeper
Brittney Desmond	NHT Program Assistant

OTHER ATTENDEES

Jenny O'Neill	NHT Certified Public Accountant (CPA)
Matt Davidson	Deputy Director for Resource Development, OPRHP
Jennifer Maglienti	General Counsel, OPRHP
Maggie Clements	Senior Attorney, OPRHP
Bryan Erwin	Chair, Long Island State Park Regional Commission and Foundation for Long Island State Parks
Rey Muniz	Saratoga-Capital District Regional Office
Madeleine Goodman	Policy Fellow, OPRHP

Briefing Materials provided for the October 25, 2021 Board of Directors (Board) meeting included:

- Agenda
- Draft Minutes of June 21, 2021 Board Meeting
- Quarter 2 Fiscal Updates Memo
- Quarter 2 2021-22 Fiscal Updates
- Resolution 2021-11 Proposed 22-23 Budget
- 2022-23 Proposed Budget and Multi-Year Financial Plan
- Quarter 2 Donation Report
- Quarter 2 Project Account Activity

This meeting took place via recorded virtual videoconference as permitted by Open Meetings Law. Commissioner Kulleseid called the October meeting of the Natural Heritage Trust (NHT) to order at 10:30 a.m.

Approval of June 21, 2021 Meeting Minutes

Erik Kulleseid asked for a motion approving the draft minutes of the June 21, 2021 Board meeting.

- *Moved by Lucy Waletzky, seconded by Laura DiBetta and approved with one abstention.*
- *Kisha shared that her colleague Sarah Crowell reviewed the minutes and noted that they were accurate but that she would have to abstain due to her absence from the June 21, 2021 Board Meeting.*

Deputy Director & CFO Report

Sarah Purcell began her report with a review of the NHT investment accounts. Sarah noted that the investment report used to be much shorter and explained that in 2007 the board asked NHT staff to reevaluate their investment strategy. The NHT competitively bid its investment management services and contracted with Wilmington Trust, which now manages all NHT investments. Funds have been invested in long-term endowments as well as shorter term investments with success over the last 10 years. The main management account continues to be invested conservatively. Sarah summarized the investment report for the board. She stated that the market value of the NHT portfolio as of 9/30/21 is \$60.6M with a total return of 2.65%. Endowments performed the best over the last quarter, but benchmarks were exceeded for capital/reserve and fixed income investments as well. Fixed income investments had the lowest return.

Sarah then proceeded to review cash and banking activity. She stated that the NHT holds three accounts, a primary operating account at Key Bank, a credit card activity account at M&T Bank, and an account for Long Island and NYC is maintained at Capital One as Key Bank is not available downstate. Sarah shared that over the last quarter, NHT brought in \$8M and just over \$13M in revenue for the fiscal year and had \$8.5M in expenditures, resulting in an ending cash balance around \$5.8M. Sarah noted that the cash balance is on the high side, with the average NHT cash balance typically around \$1-2M. After a few large capital reimbursements are disbursed Sarah will likely move some excess cash to Wilmington Trust for investment.

Next, Sarah reviewed the NHT balance sheet as of 9/30/21. Sarah stated that current NHT assets are valued at \$67.4M. Liabilities include accounts payable, which represent the money owed for various Park and DEC projects that NHT holds money for. Long term liabilities include OFEB, which represents retiree health benefits under a revised program that had been enacted four years prior. Sarah noted that Lucy was very involved in revising the program. Sarah stated that the pension liability of \$10,000 is not a typo, but what the Comptroller's Office provided as our valuation, which was released early this year. The value of the pension fund increasing results in a decrease in our liability. Erik Kulleseid confirmed that NHT has no control over the NYS pension fund. Sarah shared that NHT's organizational net position (funds remaining after all

liabilities are accounted for) is currently just over \$2.5M. Laura DiBetta asked why the cash balance is unusually high. Sarah stated that a lot of the Wilson Foundation grants received by the NHT, including \$6M of an \$8M grant in September, will not be spent immediately.

Next, Sarah reviewed the current FY NHT operating budget. She stated that fiduciary activity has increased steadily over time as have the programs and projects expenditures. Meanwhile, the NHT operating budget has remained relatively flat at around \$1M annually. This budget supports six admin staff. Sarah presented the mid-year budget update for the current year and stated that the NHT had budgeted for a revenue shortfall that would result in a deficit this year fiscal year. Sarah stated that we are on target for expenditures. She also noted that we are over on office supplies due to the cost of the accounting system and additional costs associated with the NHT website launch.

Sarah presented the 2022-23 proposed operating budget. She stated that projected revenue is \$765,000. Investment income is projected to increase slightly due to investment of additional cash and a potentially small increases in interest rates. Sarah reiterated that investment income has been impacted by low interest rates brought on by pandemic monetary policy. Admin income is projected to remain flat. Expenditures are projected to be \$985,000 which is a \$50,000 increase (5%) over the prior year. The increase is attributable to the salary and fringe line. Sarah reminded the board that staff did not receive cost of living adjustments this year and that they are likely to next year, as NHT traditionally mimics the cost of living adjustments put forth by the State Executive for non-unionized state employees. A deficit in 2022-23 is projected, and Sarah stated that reliance on the fund balance will be necessary to cover the deficit. Erik Kulleseid asked if 2021 started with a projected deficit, noting last year there was a \$100k+ surplus, and inquired as to whether the deficit would work itself out. Sarah clarified that we are still projecting a possible deficit for this year, we budget on a cash basis and convert to an accrual basis at year-end due to government accounting requirements. The unrealized gains and losses on investments can result in a positive or negative impact on year-end results, sometimes significantly. Lucy Waletzky asked how we plan to adjust to cover the deficit, Sarah answered that we plan to increase admin fees starting 2023-24 and that the NHT has been doing research and benchmarking to restructure fees. Sally Drake added that this is the second meeting where increasing fees have been discussed. She reiterated that we are in a good financial position and that we have time to think about the new fee schedule thoughtfully.

Erik then introduced Resolution 2021-11 asking for a motion to approve the proposed 2022-23 operating budget for public inspection and comment,

- *Moved by Lucy Waletzky, seconded by Kisha Santiago and approved unanimously.*

Executive Director's Report

Sally Drake echoed Sarah's sentiment on the budget and its complicated and nuanced nature.

Sally discussed the progress in our development program and outreach goals. She shared a Q2 donation summary, which showed \$6.8M in donation revenue, which is primarily comprised of the \$6M grant from the Wilson Foundation which will fund the Niagara Falls State Park Welcome Center. Sally stated that the remaining \$800,000 is also substantial and promising,

crediting the Autism Nature Trail fundraising efforts. She then pointed out that we have been receiving many small dollar donations coming in at a steady rate. Sally shared a year-to-year comparison of donation revenue which showed a strong rebound from a 2020 decrease which is accredited to decreased giving during the Covid pandemic.

Sally provided an update on the development goals presented at the January 2021 board meeting. Goals included launching an independent website, growing the NHT's non-profit identity and building its audience. She shared that the NHT website was launched in July, that the web based online donation platform has been updated, that NHT has established a Facebook page. The NHT Audience has also been increasing due to working closely with Parks to spread the word. Sally shared that she gave a presentation last month at the Parks and Trails NY Friends Group meeting and also met with State Council on Parks.

Sally reported that Website traffic has increasing steadily with 2,600 unique views as of October 2021. Donate buttons on the Parks and Reserve America's websites have resulted in substantial click-throughs.

Sally shared a report showing an increase in online giving year over year. She shared that NHT has raised over \$12,000 on the new website in three months. Erik Kulleseid asked if anyone gives directly to the NHT, Brittney Desmond reported that there have been two gifts designated for the NHT.

Mid-Year project update, Sally shared that she and Erik Kulleseid attended the ANT Ribbon Cutting in October, also stating that NHT holds the long-term maintenance endowment for the Trail. Sally reported that the Niagara Falls State Park Welcome Center broke ground and construction is moving along quickly. NHT administers the \$8M grant for this project. Sally shared that the new Ladders to the Outdoors program served 2,000 kids in year one and is funded by the Wilson Foundation. Sally reported that NHT is also administering a federal grant from the Northern Borders Commission to promote the Empire State Trail. This project includes a new map as well as television spots expected to premiere in the spring. This project focuses on the northern portions of the trail. Lucy Waletzky commended Sally for the progress made on fundraising and asked if the success of the Letchworth cash box program is attributed to the ANT. Sally stated that it is difficult to know where these small gifts come from but that the ANT and Humphrey Nature Center are likely responsible for most of the funds raised. Sally shared that the NHT does not have an abundance of information on cash boxes and that a survey has been distributed to the regions to gather more information on cash boxes and to get them thinking about a digital cash-box option. Erik Kulleseid asked if donors could designate their gift specifically to the ANT or Humphrey Nature Center, which Sally confirmed.

Sally ended her presentation by offering her gratitude to Lucy Waletzky prior to her departure. Sally shared that Lucy has brought about much growth and change for the NHT during her tenure. Lucy was there for every Parks 2020 Capital Campaign, she helped to launch Connect Kids to Parks, and she activated the SCOP as a fundraising entity. Sally also thanked her for assisting in building the NHT's identity as a charitable partner. Kisha Santiago shared her gratitude to Lucy for all she's learned from her. Laura DiBetta expressed that she enjoyed working with Lucy at Parks and Trails and that she will miss her.

Adjournment

There being no further business, Erik Kulleseid asked for a motion to adjourn the meeting.

- *Moved by Laura DiBetta, seconded by Lucy Waletzky and unanimously approved.*

Meeting adjourned at 11:38 a.m.

Respectfully Submitted,

Brittney Desmond
Interim NHT Secretary to the Board