

**Case 10-T-0139**

**Champlain-Hudson Power Express Project**

**Environmental Trust Governance Committee Meeting Minutes**

**March 10, 2014**

On March 10, 2014, Governance Committee for the Hudson River and Lake Champlain Habitat Enhancement, Restoration, and Research/Habitat Improvement Project Trust (the “Trust”) held the second regular meeting of the Governance Committee.

The meeting took place at the NYS Public Service Commission, Third Floor Hearing Room, Albany, New York.

Preliminary Items:

Meeting was called to order at 10:10 a.m. and a quorum was obtained.

Attendees:

Certificate Holders, DPS, Trout Unlimited, DEC, DOS, APA and Hudson River Foundation.

DEC Region 3 at New Paltz – Scenic Hudson, City of NY and DEC

NYC VC Room 4<sup>th</sup> Floor – Trout Unlimited

Agenda Items:

Proposed Agenda for today’s meeting is as follows:

1. Updates:
  - Power Point presentation by HRF (attached)
  - NYC Trout Unlimited is also already looking at projects in the Harriman, Croton and lower Hudson that we would like to be considered, several where we would work with DEC and some of the County S&W Depts.
  - NYC Trout Unlimited would like to move forward on reaching out to NYC fiduciary banks
  
2. Report on Trustee

3. Candidates for the Trustee Bank:
  - U.S Trust
  - Merrill Lynch
  - Bessemer Trust
  - Morgan Stanley
  - TD Bank
  - BNY Mellon
  
4. Update on the selection Trustee Bank selection process
5. Drafting of the Trust Administrator Agreement
6. Meeting Date in June 2014.

Updates:

HRF feels that they are in limbo as Trust Administrator. Their duties as TA and the Projects are intertwined and they are developing a work plan. See, Power Point presentation (attached). HRF is prepared to get started with their own funds and also counting on the \$2.5 infusion from the closing.

Planning Now: Closing is now assumed to take place in Q1 2015. More speculation and uncertainty with how to operate and get started. Goal is to have a work plan developed by next meeting (i.e., budget to be finalized at next meeting). Leave today with a plan as far as who they should be speaking with and reaching out to.

HRF Power Point presentation reviewed. Trying to come up with a detailed work plan and provide an illustration of the program. Questions need to be addressed. How can HRF initiate and move projects ahead? Going under assumption of 4 year construction period for Project. Assuming we would want to see projects in all 3 geographic areas and will seek guidance on moving those ahead. Since TA specifies 75% spent vs. 25% not earmarked and want to work out those percentages. HRF is looking for guidance.

B/T Now and Closing: HRF to review Project list in all areas. Hurricanes Irene, Lee and Sandy created changes and opportunities for leveraging of funds. See opportunity for workshops and meetings to bring in some experts regarding the modeling. Questions are raised about uncertainty in Project. They want to reduce their risk and keep options open. Did quick analysis of what might be doable before Closing – first 2 priority projects for Hudson River. Complementary efforts with other projects have already been undertaken. HRF would like to hit the ground running when Closing happens.

Closing to COD: Three projects with which HRF is already familiar and which work has already commenced.

TU has question regarding HRF depth of knowledge on Lake Champlain and inquires when they will be reaching out to experts on the Lake. Can think of many other projects that are already underway. Concerned that the Lake will come last because they have more knowledge regarding the other areas.

HRF acknowledged they have to catch up re: the lake. They are not leaving Lake Champlain out or being stingy. Started with what they knew and are prepared to make the lake a big part of this next quarter. Outreach of experts will be happening. Want to know who do they work with on this committee for advice.

TU commented that early outreach regarding project that could be funded will be helpful.

TU has question of HRF re: oyster beds that have been receiving some attention off the Bronx River. Also questions the quality of the water in the Bronx River.

HRF replies that NYC has been doing work regarding the water quality. It has improved to the point that indigenous species are returning. Until the quality of the water in the Hudson and Bronx, there won't be any ability to work with oyster beds. Focusing on project around Harriman and not much work going on with DEC. Reached out to DEC for grants and DEC responded that they would like them to go out and source project and DEC would work with them. In addition, NOAA is doing a lot of research – looking at dam removal and bridges that cause problems to stream access by fish. Are any of these projects on HRF's radar? Can be sourced, approved and done very quickly.

HRF has a hand in oyster projects. Projects are similar to one's identified in the priority list. They do reach out to NOAA and will continue to follow these projects. Once the money comes it will be easier to focus. Understand the concept of 'low hanging fruit.'

DEC feels that studying and following up is very important. Any recommended project has to have a nexus to the construction, operation or maintenance of the line. We can't lose this focus. Being cautious and conservative is a good thing at this point.

TU understands the impact of the line to the projects. Wants to know what is foreseen regarding fish and research.

HRF has concerns regarding initial assessments and whether they will focus on the streams. They feel it is challenging to tie in projects with regard to the nexus as fish and water goes everywhere. They do understand the opportunities regarding tributary work and are aware of the work going on with NOAA. If this group is more interested in barrier removal and stream restoration, they are thrilled to get involved. The ideas regarding tributary restoration fit well

with what HRF is doing. HRF and DEC are about to launch a reservoir project regarding impact on streams. Perhaps this could intertwine with other Trust resources?

TU feels that HRF could look to NYC for other resources.

CNY suggests that perhaps NYC could work as a liason. The City is getting new DEP Commissioner as of March 17<sup>th</sup>. It's possible priorities and funding could change. NYC could set up meeting with new people at DEP to see if there are any new leveraging opportunities.

DOS asks if HRF is aware of any other projects that they could work with. The money is going to go fast over 4 years. Maybe we should spend the Trust money attaching to other projects already in progress.

HRF feels it will be a challenge trying to hold down costs.

DOS states that the federal agencies have commented and identified areas of potentially needed research. Has HRF looked at the comments and will they do more research? Can this affect projects?

HRF assumed additional research would be paid for by others and not the Trust. Followed sturgeon work mostly and had some discussion with DEC. Tappan Zee bridge research is ongoing. There may be more work 4-5 years down the road re: sturgeon. Want to know if Certificate Holder (CH) had conversations with federal agencies.

CH has not with regard to priority projects.

DOS would expect the federal agencies to ask us to kick in more money for projects.

CH comments that DOS is probably right and we would expect additional monies to be requested for the Trust and the priority projects.

TU asks if DOE or FERC has made any requests along those lines.

CH comments not to our knowledge, no. There were comments received by federal agencies and we are in the process of addressing those comments.

DEC appreciates the thought HRF is putting into challenges and how to figure out how best to spend the money in the Fund. DEC would be very happy to speak with HRF regarding water bodies and opportunities. Glad to see the level of interest with other projects. We need to stay focused on what we can begin in 2015. Talked about having a sub-committee, perhaps we should continue to think about that. Maybe propose process and structure at the next meeting.

DOS says we may have to do that ahead of time if HRF wants an agreement ready for finalization by June meeting. We need some time to deal with that. There should be some consultation. People should think about whether they want to be on a sub-committee.

HRF will include the process as part of the work plan. What are the tasks and who will perform them? HRF hopes to have developed a work plan encompassing this.

Scenic Hudson seconded DEC's call for a technical process. The next logical step is to convene some parties and outside parties in a technical workshop with a more formal process. Phase I projects are heavier on research side rather than implementation. Want to answer some key questions about impacts and inform projects to follow.

DOS feels that would be helpful. Projects were developed over 2 years ago. Things may have changed. Agreed by all to set up a sub-committee by end of the week.

#### Trustees Update:

Between December and February extensive interviews were conducted. BNY Mellon is a front-runner with the best rates.

HRF feels that State Street Bank may be feasible and prepared to undertake the Trust for virtually nothing. They should know shortly.

It is the decision of the CH regarding the Trustee bank with input from HRF. CH then negotiates with the bank and files Agreement with PSC.

CH wants to file Agreement by 3/24. It may take longer, but CH wants to do this asap. Rates and schedules – waive initial acceptance fee and annual Trustee fee of \$3,500. They are experienced and don't expect to use an outside counsel for the Agreement.

TU highly recommends BNY Mellon.

DOS suggests we pick date for next meeting – the week of June 9<sup>th</sup> or 16<sup>th</sup>. Everyone should get back to the group by the end of the week if June 17<sup>th</sup> is good or what dates are better. Also, advise DOS if anyone wants to participate on a sub-committee as well.

Minutes of December 5, 2013 approved.

Meeting adjourned at 11:21 a.m.

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