

**MINUTES OF A MEETING OF THE
NEW YORK CITY WATER BOARD**

A meeting of the New York City Water Board (the “Board”) was held on November 9, 2012 at 8:30 a.m. at the New York City Department of City Planning, 22 Reade Street, 1st Floor, Spector Hall, New York, New York 10007. The following members of the Board were present:

Alan Moss,

Marcia Bystryn,

Alfonso Carney, and

Mehul Patel,

constituting a quorum. Mr. Moss chaired the meeting, and Albert F. Moncure, Jr., served as secretary of the meeting.

Introductory Remarks

The Board’s Chair Alan Moss opened the meeting with a few introductory remarks about the effects of Hurricane Sandy on the City and the extraordinary response by DEP personnel.

Approval of Minutes of October 10, 2012 Meeting

The next item on the agenda was approval of the minutes of the Board’s previous meeting held on October 10, 2012. There being no discussion, upon motion duly made and seconded, the minutes of the meeting held on October 10, 2012 were unanimously adopted.

Board Consent to Property Disposition - Release of Leasehold Interest in Brooklyn Block 7, Lots 1, 9, and 21 to the City of New York

The next item on the agenda was a request for the Board’s consent to the disposition of Brooklyn Block 7, Lots 1, 9, and 21 so that such property may be relinquished to

the City. It is proposed that the property, which is owned by the City and leased to the Board pursuant to the System Lease, be annexed by the City to Brooklyn Bridge Park to be used for park purposes.

The Board's Executive Director, Steven Lawitts, explained that DEP's former water meter testing operations at the property have been relocated to Maspeth, Queens, and the Maspeth facility is now up and running in a more secure location away from Brooklyn Bridge.

Mr. Lawitts confirmed that the System's Consulting Engineer has certified, as required by the System Lease, that the disposition will not materially adversely affect the revenues of the System or impair the ability of the Board to make any payments under the System Lease.

Mr. Moss acknowledged that the Board's consent is mandatory, under these circumstances, pursuant to the System Lease. He indicated his support for the proposal because of the positive spillover effect which the transfer of publicly accessible waterfront property will have on the adjacent community.

There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the water and wastewater systems (the "Systems") of the City of New York (the "City") have been leased by the City to the New York City Water Board (the "Board") pursuant to an Agreement of Lease, dated as of July 1, 1985 and as amended by Amendment No. 1 dated as of November 1, 1985, between the City and the Board (the "Lease"); and

WHEREAS, the City, through the New York City Department of Environmental Protection ("DEP") operates and maintains the Systems; and

WHEREAS, pursuant to Section 11.1(d)(i) of the Lease, the City may, with the prior written consent of the Board, transfer property covered by the Lease which does not materially adversely

affect the revenues of the Systems or impair the ability of the Board to make any payments required under the Lease; and

WHEREAS, the City has requested that the Board give consent to the disposition of Brooklyn Block 7, Lots 1, 9 and 21, which was previously utilized by DEP as a meter test facility, so that such property may be relinquished to the City; and

WHEREAS, the disposition of Brooklyn Block 7, Lots 1, 9 and 21 will not adversely impact the operations of the Systems, as the operations undertaken on such property will be relocated to an alternative site; and

WHEREAS, the Board has determined that transferring Brooklyn Block 7, Lots 1, 9 and 21 to the City is reasonable and appropriate; and

WHEREAS, by letter dated October 17, 2012, the Board has also received certification from William Pfrang, P.E., Vice President of AECOM USA, Inc., Consulting Engineer, that it has evaluated the above property disposition and has confirmed that such transfer does not materially adversely affect the revenues of the Systems or impair the ability of the Board to make any payments required under the Lease; it is therefore,

RESOLVED, that, pursuant to Section 11.1(d)(i) of the Lease, the Board hereby consents to the property disposition as described herein.

Presentation: Hurricane Sandy's Impact on the System

Next Mr. Lawitts provided an update of Hurricane Sandy's effects on the System. He presented a chronological timeline of the hurricane's impact. He said the hurricane affected DEP's distribution, collection, and treatment infrastructure.

In advance of the storm, DEP released water from reservoirs, cleaned catch basins, and hardened wastewater treatment plants with sandbags.

Beginning on Monday, October 29, 2012, DEP senior personnel and executive staff remained at DEP's command center, at its Lefrak City headquarters around the clock.

Lefrak was unaffected by the storm.

Due to the storm, 28 of DEP's 96 pumping stations were confirmed down; 13 wastewater treatment plants were impacted, with six temporarily losing the ability to perform secondary treatment; and 19 water supply facilities were operating without power.

The water facilities were operated on back-up diesel generators and drinking water remained safe; although, turbidity levels were temporarily elevated. Responding to Ms. Bystryn, Mr. Lawitts said that in light of the hurricane, DEP will reconsider the positioning of generators at its facilities, continuing an ongoing review which actually began three years ago.

Responding to Mr. Moss, Mr. Lawitts explained that three and a half years ago, DEP began to revise design specifications to update its infrastructure so as to account for the effects of sea level rise. In particular, the Croton Filtration Plant, now under construction in Van Cortlandt Park, was designed to enhance groundwater collection and disposal capabilities.

Mr. Lawitts described flooding at DEP water supply facilities and wastewater treatment plants, which exacerbated problems caused by the loss of power. Three wastewater treatment plants lost the ability to treat any wastewater, and treatment was temporarily affected at ten other plants.

In addition, sludge boats were unable to make normal collections or deliveries due to closure of the harbor by the Coast Guard.

By Tuesday morning DEP pumps were deployed to remove water from pumping stations and wastewater treatment plants, as well as to help pump out Bellevue Hospital, NYU Langone Hospital and Con Ed and Verizon infrastructure.

Responding to Ms. Bystryn, Mr. Lawitts said that DEP offered to supply water to Nassau County through an inter-connection, but the County declined the offer, possibly because

City water is fluoridated and Nassau County water is not.

Mr. Lawitts explained that DEP facilities on Staten Island sustained major damage from flooding. As designed, the Staten Island Bluebelts retained significant stormwater, but they also captured unwanted debris from the surrounding area.

DEP also coordinated relief efforts with aid organizations and provided potable water supplies to communities with damaged water distribution facilities through its *Water-on-the-Go* program.

DEP offered space at Lefrak to displaced employees of other City agencies.

Environmental, Health and Safety issues were managed effectively by DEP personnel with only three employees experiencing minor injuries.

Most DEP employees came to work during the emergency despite the fact that 20% of agency personnel reside in evacuation zones A and B. The Board's Treasurer, Mathilde McLean, attributed minimal absenteeism during the storm to Mr. Lawitts' daily blog posts, often uploaded in the middle of the night, which provided up-to-date information on transportation alternatives to agency employees.

Mr. Lawitts said that, as of October, collections were 1% ahead of the plan target amount for the year. Although it is difficult to project results for November because of the extraordinary nature of the storm, DEP does expect revenue to be on target for the entire fiscal year.

Following up on an earlier question from Mr. Moss, Ms. Bystryn asked what DEP's long-term plans are for the System's infrastructure to take into account the effects of sea-level rise.

Mr. Lawitts responded that the agency will continue to address these

considerations in connection with the biennial revision of DEP's 10-year capital plan.

Mr. Moss and Mr. Patel acknowledged the extraordinary efforts of DEP staff during the storm. Mr. Moss observed that Mr. Lawitts was especially well qualified to manage emergency operation, by virtue of his background working at the MTA and as a former Deputy Commissioner in the City's Department of Sanitation.

With respect to regulatory matters, Mr. Lawitts said that the state Department of Environmental Conservation agreed to return \$22.3 million in funds that were being held in an escrow account related to DEP's Newtown Creek consent order based on DEP's substantial completion of the required milestones.

Motion to Proceed to Executive Session: Discussion of Water Board Performance Evaluation

Upon motion duly made, and seconded, the Board next resolved to convene in Executive Session to discuss the summary results of the confidential Performance Evaluations completed by each Board member as required by the Public Authorities Accountability Act. Subsequently, the Board reconvened in open session without having taken any action in Executive Session.

Adjournment

There being no further business to come before the Board, upon motion duly made and seconded, the meeting was duly adjourned.

SECRETARY