NEW YORK CITY WATER BOARD
MEETING

AGENDA

Friday, June 16, 2017 - 10:00 A.M.

Location: Spector Hall
22 Reade Street
New York, New York 10007

1. Roll Call

2. Resolution: Approval of Minutes of May 18, 2017 Meeting

3. Resolution: Implement Expansion of Home Water Assistance Program

4. Resolution: Implement Multi-Family Water Assistance Program

5. Presentation: Department of Environmental Protection on easement relating to Ulster County Rail Trail

6. Resolution: Board Consent to Easement in connection with Ulster Rail Trail
MINUTES OF THE ANNUAL MEETING OF THE
NEW YORK CITY WATER BOARD
May 18, 2017

The annual meeting of the New York City Water Board (the “Board”) was held on May 18, 2017 at approximately 8:30 a.m. on the eighth floor of 255 Greenwich Street, New York, New York 10007. The following members of the Board attended the meeting:

Alfonso Carney,
Evelyn Fernandez-Ketchum,
Adam Freed,
Jonathan Goldin, and
Jukay Hsu¹

constituting a quorum. Mr. Carney chaired the meeting, and Albert Rodriguez served as Secretary of the meeting.

Approval of the Minutes

The first item on the agenda was approval of the minutes of the Board’s previous meeting held on February 24, 2017. There being no discussion, upon motion duly made and seconded, the minutes of the meeting held on February 24, 2017 were unanimously adopted.

Executive Session

Pursuant to New York Public Officers Law, section 105 (d), and upon motion duly made and approved, the Board conducted an executive session to discuss certain current litigation matters. After the executive session, the Board reconvened publicly and reported it had taken no action during the executive session.

Adoption of the Fiscal Year 2018 Annual Budget

¹ Member Jukay Hsu joined the meeting during Executive Session.
The next item on the agenda was the adoption of the Board’s Fiscal Year 2017 annual budget. Vincent Sapienza, acting Commissioner of the Department of Environmental Protection, gave a presentation on the system’s financial strengths highlighting Mayor Bill de Blasio’s elimination of the rental payment, debt service savings due to low interest rates, stronger than projected revenues, a strong economy and low unemployment rates resulting in prompt bill payment, and operations and maintenance cost efficiencies, including lower chemical costs. Next, Commissioner Sapienza introduced the system’s rate consultant, Ed Marcus of Amawalk Consulting. Mr. Marcus confirmed that the system’s finances are trending favorably, and that Amawalk’s projections for fiscal year 2017 and 2018 are based on reasonable assumptions. Chair Carney questioned whether there were any risks the Board should be concerned about. Mr. Marcus replied that an area of possible concern was interest rate volatility, but that an increase in interest rates was built into the fiscal year 2018 projections, and that there were no areas of great risk, barring extraordinary events. Chair Carney further inquired as to whether all of DEP’s needs are addressed in the budget, which was confirmed by Commissioner Sapienza. Member Goldin requested clarification as to why there was a budget line item for defeasance/cash-based capital financing, when current interest rates dictate the benefit of spending on defeasance. Mr. Marcus explained that even though interest rates are favorable now, the fiscal year 2018 budget includes flexibility in the event that defeasance is not a favorable option a year from now. Member Freed questioned the increasing level of upstate water consumption, and Commissioner Sapienza noted that DEP is working on reducing upstate consumption in anticipation of the tunnel repair in 2021. Member Goldin asked whether DEP police are adequately funded to protect the system, which was affirmed by Commissioner Sapienza. Executive Director Joseph Murin further noted that DEP’s executive budget includes
increased spending for security measures going forward. Chair Carney asked whether DEP was comfortable with their level of cyber security, and Commissioner Sapienza affirmed, noting that DEP works closely with NYPD, Homeland Security, and the FBI, and that essentially nothing in the water system can be controlled remotely. Member Freed requested an update on the new billing system, and specifically noted an interest in the implementation of conservation and storm water pricing. Chair Carney requested that the budget resolution be amended to note the impact of not approving the expanded home water assistance program (HWAP) and the multi-family water assistance program (MWAP). Treasurer Omar Nazem proposed to add a footnote to the budget indicating that the total revenue for fiscal year 2018 includes a reserve of $11.4 million for possible implementation of the expanded HWAP and MWAP, and if not implemented, the year end cash balance would increase by the same amount and be carried forward to apply to next year’s expenses. Upon motion duly made and seconded, the following resolution adopting the Fiscal Year 2018 annual budget of the Water Board was unanimously approved by the Board.

RESOLUTION

WHEREAS, pursuant to a Financing Agreement dated as of July 1, 1985, as amended, between the New York City Water Board (the “Board”), the New York City Municipal Water Finance Authority (the “Authority”), and The City of New York (the "City"), the Board is required to adopt an annual budget; and

WHEREAS, the Board has received certification from the Authority regarding the Authority's Budget for the fiscal year commencing July 1, 2017 (“Fiscal Year 2018”) reflecting Authority Expenses and estimated Aggregate Debt Service (as such terms are defined in the Authority's General Revenue Bond Resolution); and
WHEREAS, the Board has received certification from the Director of Management and Budget of the City regarding the amounts that the City reasonably anticipates it will have expended during Fiscal Year 2018 in connection with the operation and maintenance of the water and wastewater system as described in paragraphs (a) through (e) of Section 8.1 of the Agreement of Lease dated as of July 1, 1985, as amended, between the Board and the City (the “Lease”), and the rental payment, if any, requested by the City for Fiscal Year 2018 pursuant to Section 8.2 of the Lease; and

WHEREAS, the Board has received certification from AECOM USA, Inc., Consulting Engineer, pursuant to Section 8.3(a)(ii) of the Lease to the effect that amounts certified by the City for costs incurred or to be incurred in connection with paragraphs (a) and (b) of Section 8.1 of the Lease are reasonable and appropriate; and

WHEREAS, the Board has reviewed a proposed budget for the Board's own anticipated expenses for Fiscal Year 2018, and combined with the proposed expenses for the Authority and the City, the Board has prepared an annual budget for the ensuing fiscal year (the “Annual Budget”); and

WHEREAS, the Board has received certification from Amawalk Consulting Group LLC (“Amawalk”), Rate Consultant to the Board, regarding forecasted cash flows and anticipated revenues for Fiscal Year 2018; and

WHEREAS, the Board has reviewed the Rate Consultant’s forecasted cash flows and the Board’s proposed Annual Budget for Fiscal Year 2018 and has determined that such provision for anticipated expenditures is reasonable and appropriate to enable the Board to exercise its powers and carry out its purposes in accordance with the New York City Municipal Water Finance Authority Act; it is therefore
RESOLVED, that the Annual Budget of the Board for Fiscal Year 2018, a copy of which is attached hereto, is hereby adopted.

Future Business

Secretary Al Rodriguez raised a point of order to note that two agenda items were being removed from the current meeting. Chair Carney agreed and tabled consideration of the two items, expansion of the HWAP credit and implementation of an MWAP credit to the next meeting of the Board.

At the conclusion of this discussion, Treasurer Nazem read the fiscal year 2018 annual budget resolution into the record.

Adjournment

There being no further business to come before the Board, upon motion duly made and seconded, the meeting was duly adjourned.
New York City Water Board  
Annual Budget  
May 18, 2017

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year 2016 Actual</th>
<th>Fiscal Year 2017 Estimated</th>
<th>Fiscal Year 2018 Adopted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Municipal Water Finance Authority</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td>$1,569,223,000</td>
<td>$1,525,656,000</td>
<td>$1,726,534,000</td>
</tr>
<tr>
<td>Less Prior-year Carryforward Revenue</td>
<td>(1,011,600,000)</td>
<td>(1,021,180,000)</td>
<td>(1,135,765,000)</td>
</tr>
<tr>
<td>Authority Expenses</td>
<td>49,003,000</td>
<td>57,056,000</td>
<td>56,983,000</td>
</tr>
<tr>
<td>Debt Defeasance Expense &amp; Cash-financed Capital</td>
<td>882,949,000</td>
<td>975,000,000</td>
<td>825,000,000</td>
</tr>
<tr>
<td>Year-end Cash Balance</td>
<td>1,021,180,000</td>
<td>1,135,742,000</td>
<td>917,809,000</td>
</tr>
<tr>
<td>Less Authority Interest Earnings</td>
<td>(28,264,000)</td>
<td>(25,000,000)</td>
<td>(24,000,000)</td>
</tr>
<tr>
<td>Less Cash Released from Escrow</td>
<td>(8,343,000)</td>
<td>(8,343,000)</td>
<td>(16,570,000)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$2,474,148,000</td>
<td>$2,638,931,000</td>
<td>$2,349,991,000</td>
</tr>
<tr>
<td><strong>City of New York</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations &amp; Maintenance &amp; Reserve</td>
<td>$1,378,043,000</td>
<td>$1,419,000,000</td>
<td>$1,399,819,000</td>
</tr>
<tr>
<td>Prior-year O&amp;M/Rental (Over)Underpayment</td>
<td>(119,756,000)</td>
<td>(219,086,000)</td>
<td>0</td>
</tr>
<tr>
<td>Rental</td>
<td>162,400,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$1,420,687,000</td>
<td>$1,199,914,000</td>
<td>$1,399,819,000</td>
</tr>
<tr>
<td><strong>Water Board Expense Fund</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$35,696,000</td>
<td>$47,003,000</td>
<td>$49,990,000</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong> *</td>
<td>$3,930,531,000</td>
<td>$3,885,848,000</td>
<td>$3,799,800,000</td>
</tr>
</tbody>
</table>

* FY18 figure includes a reserve of $11.4 million for possible implementation of the home water assistance and multifamily affordability credits.
NEW YORK CITY WATER BOARD

June 16, 2017

RESOLUTION

WHEREAS, the New York City Water Board (the “Board”) is authorized pursuant to Section 1045-g(4) of the New York City Municipal Water Finance Authority Act (the “Act”) to establish, in accordance with Section 1045-j of the Act, fees, rates, rents or other charges for the use of, or services furnished, rendered or made available by the water and wastewater system of the City of New York (the “City”); and

WHEREAS, on May 20, 2016, in accordance with Section 1045-j of the Act, the Board adopted various proposals regarding water and wastewater system rates and charges; and

WHEREAS, due to a legal challenge to the Board’s adopted fiscal year 2017 rate schedule, which resulted in an order enjoining implementation of the 2.1% water and sewer rate increase and a $183 credit for tax class 1 customers, certain other provisions adopted as part of the fiscal year 2017 rate schedule could not be implemented without further Board action; and

WHEREAS, one of the proposals, which is not the subject of current litigation is the expansion of Home Water Assistance Program (“HWAP”) eligibility to include additional senior citizen owner occupants identified by the City’s Department of Finance (“DOF”) as an Enhanced STAR recipient with annual income of less than $50,000; and

WHEREAS, Board staff recommends that the existing HWAP income limit of $37,399 be increased to less than $50,000 for senior citizen owner occupants to promote affordable water rates for senior citizens on lower fixed incomes; and

WHEREAS, best practice for lifeline/affordability programs, according to the American Water Works Association, is to apply a discount or credit to the full bill, and this
proposed credit is approximately 25% of the average annual charge for the targeted recipient, which is consistent with other jurisdictions lifeline/affordability programs; and

**WHEREAS**, the Board continues to believe that the proposal promotes the goal of affordability for water and sewer charges for lower income property owners, and should be approved as recommended by staff; it is therefore

**RESOLVED**, that the Board hereby approves implementation, effective July 1, 2017, of the expansion of HWAP eligibility to include additional senior owner occupants with income less than $50,000 as identified by DOF.
NEW YORK CITY WATER BOARD

June 16, 2017

RESOLUTION

WHEREAS, the New York City Water Board (the “Board”) is authorized pursuant to Section 1045-g(4) of the New York City Municipal Water Finance Authority Act (the “Act”) to establish, in accordance with Section 1045-j of the Act, fees, rates, rents or other charges for the use of, or services furnished, rendered or made available by the water and wastewater system of the City of New York (the “City”); and

WHEREAS, on May 20, 2016, in accordance with Section 1045-j of the Act, the Board adopted various proposals regarding water and wastewater system rates and charges; and

WHEREAS, due to a legal challenge to the Water Board’s adopted fiscal year 2017 rate schedule, which resulted in an order enjoining implementation of the 2.1% water and sewer rate increase and a $183 credit for tax class 1 customers, certain other provisions adopted as part of the 2017 rate schedule could not be implemented without further Board action; and

WHEREAS, one of the proposals, which is not the subject of current litigation is a new Multi-family Water Assistance Program (“MWAP”) to provide a credit of $250 per dwelling unit for up to 40,000 qualified multi-family affordable housing units; and

WHEREAS, Board staff has recommended an MWAP credit to assist multi-family properties identified by the City’s Department of Housing Preservation and Development as affordable housing that meets residential income limits and has a long-term affordability agreement; and

WHEREAS, best practice for lifeline/affordability programs, according to the American Water Works Association, is to apply a discount or credit to the full bill, and this
proposed credit is approximately 25% of the average annual charge for the targeted recipient, which is consistent with other jurisdictions lifeline/affordability programs; and

WHEREAS, the Board continues to believe that the proposal promotes the goal of affordability for water and sewer charges for lower income customers, and should be implemented as recommended by staff; it is therefore

RESOLVED, that the Board hereby approves the implementation, effective July 1, 2017, of an MWAP credit of $250 per dwelling unit for up to 40,000 qualified multi-family affordable housing units.
NEW YORK CITY WATER BOARD

June 16, 2017

RESOLUTION

WHEREAS, the New York City Department of Environmental Protection (“DEP”), is engaged in programs within the New York City Watershed communities to ensure an adequate supply of clean and healthful drinking water to millions of New York City residents, as well as to several other regions in New York State; and

WHEREAS, pursuant to such programs, the City has entered into agreements with various municipalities within the Watershed communities to partnership with efforts to improve drinking water and to better protect the quality of the City’s drinking water; and

WHEREAS, the City entered into a Memorandum of Agreement with Ulster County, dated June 16, 2015, in a joint project to develop the Ashokan Rail Trail along the Ashokan Reservoir whereby the County agreed to design, construct, operate and maintain the Ashokan Rail Trail and the City agreed to provide financial support and other assistance to develop the Ashokan Rail Trail, which will improve community benefits that include recreational opportunities in the community and increase economic development and tourism in the community; and

WHEREAS, in order for the County to proceed with the completed design to initiate construction, the County has requested that a trail easement be granted for trail use as it is a condition precedent for the County to seeks its Legislature’s approval for such efforts; and

WHEREAS, the granting of an easement constitutes the granting of an interest in real property subject to the Agreement of Lease, dated July 1, 1985, as amended (as so amend, the
“Lease”), between the City and the New York City Water Board (“Board”) with regards to the Water and Sewer System of the City (the “System”); and

WHEREAS, pursuant to Section 11.1(d) (ii) of the Lease, the City may, with the prior written consent of the Board, grant interests in property covered by the Lease, which, in the reasonable judgment of the Board, do not interfere with the operation and maintenance of the System and the collection of revenues from the System; and

WHEREAS, the granting of an easement for a public purpose is authorized under Title 4, Section 106, Subsection 9 of the New York City Administrative Code; and

WHEREAS, it is the judgment of the Board that such transfer provides benefits to the City and will not interfere with the operation and maintenance of the System or the collection of revenues from the System, it is therefore

RESOLVED, that the Board hereby gives its consent to the granting of a rail trail easements, in the form approved by the New York City Law Department, to the County of Ulster; and be it further

RESOLVED, that the officers of the Board be, and each of them hereby is authorized and empowered, in the name and on behalf of the Board, to grant such consent and to take such other and further actions as the officers or any officer deems necessary or appropriate to effectuate the foregoing resolution.