

NEW YORK CITY WATER BOARD

1:30PM Meeting of the Board

October 14, 2021

2 [START RECORDING]

3 MR. OMAR NAZEM: For any members of the
4 public who are new to these meeting or either
5 joining for the first time, this is a meeting of
6 the New York City Water Board. It is a business
7 meeting. So the point of the meeting is for the
8 Board to the consider board business, discuss
9 among themselves, but in a public format, and to
10 receive informational updates from the Water
11 Board staff, Department of Environmental
12 Protection and from outside presenters we may
13 invite from time to time. It is not a form for
14 public input so I would ask everyone, put your
15 phone in listen-only mode. Your questions or
16 anything you want to share with us, this meeting
17 is not the right format for that. You can send
18 any questions, comments or anything you want
19 outside of this meeting to the Board staff and I
20 will give you the information right up front.
21 The email, nycwaterboard@dep.nyc.gov or you can
22 call us at 718-595-3594 anytime. We will take
23 your questions and concerns there or report back
24 to Board staff, but this is a business meeting
25 not for public input. You need to call or email

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2 if you have questions and we'll get to the Board.
3 All the meeting materials what we are discussing
4 today have been posted electronically on the
5 Water Board website. Our website is
6 nyc.gov/nycwaterboard, all one word, which is
7 n-y-c-w-a-t-e-r-b-o-a-r-d. We will be talking
8 about quite a bit of financial information today.
9 All the financial documents and supporting
10 materials are in PDF pattern. You can go to
11 that website and look at the announcement
12 section on the right hand column. It's all
13 there. We have an outside presenter from Parks
14 Department who will be sharing a PowerPoint
15 presentation with us. Because we're in a
16 conference call format, we can't do that by
17 visual share like we normally would. That
18 presentation is in the PDF pattern you can see
19 on the Water Board homepage as well if you want
20 to follow along there. The last thing, for
21 anyone who is hard of hearing or wants to follow
22 along in real-time with text captioning, we have
23 a text captioning service that records—that
24 transcribes the call and makes it available in
25 real time. It's streamtext.net URL. It's quite

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lengthy, but if you open that PDF packet on the home page and look at the agenda in the bottom, it's right there, you can copy and paste that link. We will also be posting a transcript of this meeting and an audio recording of the meeting to the Board's website in the coming two to three days. With all that said, I am going to hand the meeting now to Secretary Rodriguez who will do the roll call and we will get things going. Thank you.

MR. ALBERT RODRIGUEZ: Okay. It's Al Rodriguez calling the roll of the Board. Chairman Carney?

MR. ALFONSO CARNEY: Present.

MR. RODRIGUEZ: Thank you. Member Fernandez-Ketcham?

MS. FERNANDEZ-KETCHAM: Yes.

MR. RODRIGUEZ: Thank you. Member Freed?

MR. FREED: Present.

MR. RODRIGUEZ: Thank you. Member Goldin?

MR. JONATHAN GOLDIN: Here.

MR. RODRIGUEZ: Thank you. Member Hsu?

MR. JUKAY HSU: Here.

MR. RODRIGUEZ: All right. You are here.

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2 Great. Thank you. Member Shaw?

3 MS. ARLENE SHAW: Here, present.

4 MR. RODRIGUEZ: Thank you. Member Zarrilli?

5 MR. DANIEL ZARRILLI: I am here and happy to
6 join my first Water Board meeting. Thank you.

7 MR. RODRIGUEZ: Thank you. Welcome. We
8 have a quorum Mr. Chairman.

9 MR. CARNEY: Mr. Secretary, thank you very
10 much. First of all, welcome to everybody. This
11 is a lovely—what is this—Thursday afternoon in
12 New York City. We haven't been together in a
13 long time, although, our last meeting was on the
14 14th of June, we are going to get to that in a
15 minute. We were not together then. It will be
16 great when we can figure out how to do that
17 again safely and comfortably. I want to start
18 out by introducing to all the members our newest
19 member, Daniel Zarrilli. Dan is a special
20 advisor on climate policy at Columbia and he
21 advises the University on climate of course and
22 on sustainability and is involved with something
23 I only learnt about recently the New Columbia
24 Climate School. Dan was a senior climate policy
25 advisor to the city under Mayors de Blasio and

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2 Bloomberg and was with New York City Economic
3 Development Corporation for many years. Dan,
4 welcome, it's a pleasure to have you with us.

5 MR. ZARRILLI: Thank you so much for that
6 introduction.

7 MR. RODRIGUEZ: We have a lot of important
8 guests with us today. I guess all of our guests
9 are important, but I am going to mention several
10 of them. We are joined by representatives of
11 the New York City Parks Department and they will
12 be presenting a proposed real-estate transfer.
13 I will introduce them shortly, but I had the
14 pleasure of meeting Mitchel Loring recently very
15 much enjoyed your company, Mitchel. Thank you
16 for joining us on the phone. Collen Olgerson,
17 and Nicholas Molinari also on the phone with us
18 today. We are joined by representatives from,
19 of course, DEP including two of the senior
20 professionals who are involved directly with
21 Department's new billing software project, which
22 is—which is very exciting. I have met some of
23 those folks recently and it was a pleasure to
24 see the beginning of the implementation of that
25 project. And I think you will enjoy that report.

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2 Jeff Lynch is with us, Deputy Commissioner, and
3 Albert Kramer, who is the project manager. From
4 the Water Board Staff we have Joe Murin and Omar
5 Nazem and we have Albert Rodriguez. He is the
6 secretary of the Board and a legal advisor. We
7 have a number of important agenda items
8 including a review of that—the proposed
9 real-estate transfer. It is a section of Hart
10 island. It's in the Bronx and it's going to
11 another city agency, of course, as well as vote
12 on approving the audited financial statements
13 for fiscal 2021. This meeting was preceded by
14 meeting of the Joint Audit Committee of the
15 Water Financial Authority and the Water Board
16 and I want to thank Adam Freed and Jon Goldin
17 for joining me at that meeting. It was a very
18 productive meeting, great outcome. We will talk
19 about that in a minute. And, of course, the
20 Water Finance Authority had its three
21 representatives present at that meeting. We are
22 also going to hear presentations from DEP and
23 the Board staff providing us with a financial
24 update as well as an update on other activity at
25 —at DEP. We will be voice voting today, I am

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2 going to ask Mr. Rodriguez to call the votes
3 after motion is moved—I'm sorry after a
4 resolution is moved and seconded so that we can
5 have a voice vote since we can't see each other
6 and raising your hands won't help. The first
7 agenda item then the approval of the minutes of
8 the June 14th meeting—as I say we weren't
9 together then. We are not together now. I hope
10 we can do—we can get together sometime in the
11 near future. We had a chance to—members had a
12 chance to review the minutes. Are there any
13 comments—proposed revisions?

14 MR. FREED: Yeah. This is Member Freed. I
15 have a few comments that I would love
16 to - - included. On Page 2, when we talked
17 about—Members Freed and Goldin having some
18 discussion around request of the rental payments
19 in the City, in particular I think Jon - - I
20 raised the fact that the discretionary waiver of
21 the rental payments caused a lot of uncertainty
22 and financial risk for the Water Board and for
23 the Water System and urged the City to
24 permanently eliminate the rental payment. And I
25 would love to see the urgency particularly that

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2 on record that members of the Board were urging
3 the City to permanently eliminate our rental
4 payments moving forward so that we could remove
5 that uncertainty and fiduciary risks on
6 financial risks that we face. And then on Page
7 8, at the end—and I appreciate the secretary for
8 noting my comments around the stormwater
9 management and the urgency needed to incentivize
10 stormwater management to rate settings. I also
11 had urged DEPs to move forward with a
12 sustainable stormwater rate setting that was not
13 happening to enable us on the Water Board and
14 DEP and others to explore a more progressive
15 rate structure as soon as possible and finding
16 ways to speed that up knowing that the billings
17 systems also being updated, which was something
18 that was preventing us from moving forwards so
19 that will be good to put on record. Now that we
20 noting the urgency but having - - DEP - - do
21 anything possible to accelerate that study and
22 resolution of that so that we are on the Water
23 Board can act on it.

24 MR. CARNEY: Adam, I remember both comments.
25 Al, what would you recommend? Shall we differ

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the approval of the minutes pending those two additions in whatever form you would choose to do that or shall we approve the minutes subject to the Board's approval of the addition of Adam's two comments. I think both should be incorporated. I simply don't know how best to do that.

MR. RODRIGUEZ: Yeah. I think we can take the latter, but those actions, which is to approve the minutes, subject to those—the two amendments being made to the minutes. - - which if approved by the Board would be made and then will be distributed to the Board.

MR. CARNEY: Well then, we will make that the motion. Thank you very much, Al. Does everybody understand what we are doing? Do all the members—are the members clear on how we are going to do this?

MS. SHAW: Yes.

MR. GOLDIN: Yes.

MR. CARNEY: Okay. Okay. Then may I ask for a motion to approve the minutes from the—from the last—the June 14th meeting subject to the revisions that the Board members will be

2 given an opportunity to read and approve before
3 they are incorporated in the minutes. Thank you.

4 MR. GOLDIN: May I - - motion.

5 MR. CARNEY: Thank you - - That was—I'm
6 sorry. Yes. John, that was you?

7 MR. GOLDIN: Yes.

8 MR. CARNEY: Thank you very much. Is there
9 a second?

10 MS. SHAW: Arlene Shaw seconds.

11 MR. CARNEY: Arlene, thank you very much for
12 the second. Mr. Secretary, will you do the roll
13 call?

14 MR. RODRIGUEZ: Yeah. Yeah. Chairman
15 Carney, how do you vote?

16 MR. CARNEY: To approve, subject to of
17 course.

18 MR. RODRIGUEZ: Okay. Member
19 Fernandez-Ketcham, how do you vote?

20 MS. FERNANDEZ-KETCHAM: Approved pending the
21 changes if any.

22 MR. RODRIGUEZ: Thank you. Member Freed,
23 how do you vote?

24 MR. FREED: Approved pending the changes and
25 I will just reassure you that we do read the

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minutes though. Thank you.

MR. RODRIGUEZ: That's certainly fair—for some time now. Member Goldin, how do you vote?

MR. GOLDIN: Approved.

MR. RODRIGUEZ: Member Hsu, how do you vote?

MR. HSU: Approved.

MR. RODRIGUEZ: Thank you. Member Shaw, how do you vote?

MS. SHAW: Approved.

MR. RODRIGUEZ: Member Zarrilli, how do you vote?

MR. ZARRILLI: I have just a procedural question here. That was not in the meeting. I am not sure if it makes sense for me to vote for the minutes, but I have no objection to the minutes.

MR. RODRIGUEZ: Okay. Very good. I think that's a reasonable response. Your response is very reasonable, but Mr. Chairman, the resolution has been approved by six members and I think Mr. Zarrilli.

MR. CARNEY: I have no objection - - I understand. And the minutes from this meeting will reflect that.

2 MR. RODRIGUEZ: Yeah. Okay.

3 MR. CARNEY: Mr. Rodriguez, thank you very
4 much. See, our next agenda item is the Parks
5 Department presentation on a proposal to
6 transfer a section of Hart Island from DEP to
7 the Parks Department. The presentation will be
8 made by Mitchel Loring, Colleen Anderson and
9 Nicholas Molinari.

10 MR. LORING: Hi, there. This is Mitchel
11 Loring. I am a senior project planner in the
12 New York City Department of Parks and
13 Recreations in the Planning and Development
14 division. Regretfully, Colleen Anderson and
15 Nicholas Molinari are not able to join the
16 call. - -

17 MR. CARNEY: Just so, you have got the duty,
18 I guess. Thank you.

19 MR. LORING: I've got the duty and I will
20 try to cover everybody's questions, but there
21 may be a few things I will have to take back and
22 if that is the case we will work through those.
23 So thank you for your patience. Thank you for
24 doing this request. I understand that the
25 presentation and the memo that was prepared was

2 already distributed before and since we are
3 doing this over the phone, I will try and be
4 brief in my description of everything knowing
5 the images. So I will just start with the
6 overview of Hart Island. is been a municipal
7 facility and has been used as a cemetery shortly
8 after the civil war. The island had several
9 uses throughout its history. It had various
10 institutional facilities, hospital facilities,
11 reformatories, substance abuse rehabilitation
12 centers, different military uses as well as jail
13 uses by the Department of Corrections and the
14 Department of Corrections had been operating the
15 island for most of its history up until July 1st,
16 2021, earlier this year where the Parks
17 Department received the jurisdiction of the
18 majority of the island, which is blocks 5649 lot
19 1; however, we paused on the center of block
20 5649 lot 100 once we realized the fact the
21 portion of the island was not under DOC control,
22 but possibly under DEP jurisdiction which have
23 led us here today. So from that point, Parks
24 did a little bit more research background
25 information with why that portion of that island

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2 was under DEP jurisdiction. I went through the
3 North River Waste Water Treatment Facility with
4 DEP staff with the old record. We did discover
5 that there used to be a waste water treatment
6 plant on the lot 100 area, very southern most
7 portion of this island. It was demolished in
8 the 1970s and the transfer from DEP to
9 Department of Correction at that time never took
10 place. So Department of Corrections continued
11 operating their cemetery facilities across the
12 island since the time of that facility's
13 demolition in 1970 even though the portion of
14 the island was still under DEP jurisdiction. A
15 local law that has passed in 2019 that outlined
16 the center of jurisdiction from the Department
17 of Correction to New York City Parks Department.
18 So that's the main reason behind all the actions
19 related to the transfer of Hart Island from DOC
20 to Parks and the reason why we are here today.
21 So - - hopefully you know request this approval
22 of transfer of this remaining lot 100 from the
23 Water Board and finalize the various actions
24 that were requested of the City via the local
25 laws of 2019 any other key points to highlight.

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I think it is worthwhile to note that since the waste water treatment facility was demolished, burials has since take place on lot 100. There are some great tombstones located at that portion of the island and again, DOC had operated that portion of the island as they did the rest of the island throughout their history from southern point Parks jurisdiction on July 1, 2021, and Parks Management and Resources Administration began through operational control of the island very recently on October 1st, 2021. I think that this is the key point I'll pause if there are any questions, I am happy to go through more details.

MR. CARNEY: Mitchel, before you take questions. Can you all hear me? I get this mute thing wrong every once in a while.

MR. MURIN: Yes.

MR. CARNEY: Thank you. Before you take questions, Mitchel, I would like to add a few things to your report—your presentation. First of all, thank you very much for hosting me and several other people on the luxurious ferry ride from City island to Hart island on Tuesday.

2 The—it's a 10-minute ferry ride for anybody who
3 is interested. I had a—I was curious about this
4 transfer and I wanted to see it. I and Mitchel—
5 Omar was kind enough through Mitchel to organize
6 that trip and it was an eye opening and it was
7 almost an adventure. I got to see the southern
8 end of the island, which is on three sides
9 surrounded by water, but has absolutely—probably
10 has absolutely no commercial value whatsoever.
11 It's the smaller end of the island. It is—there
12 are now gravesites there. I suppose it's
13 conceivable that some inspired developer could
14 do something with it, but it would not be worth—
15 I don't think it will be worthy of any effort.
16 I am—I am not qualified to make such judgments.
17 It was an eyeball decision I made. Hart Island
18 had on it a number of structures and I was
19 unaware of that. There was a facility there for
20 wayward boys. There was, what is referred to
21 now as an, asylum of some sort on the property—
22 on the island. There is now what was a
23 beautiful church and these are all on the
24 southern end of the island and not all inclusive
25 of the—of the area that the water—that the DEP

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holds. But near and or on that—that site plot—
lot 100, I guess it is called. It is an
interesting island because all those buildings
and, there must be 10 or 11 of them on the
Southern end, had been allowed to deteriorate
and will be razed at some point probably by the
Parks Department. What impressed me most was
that Hart Island actually has a historical
significance that I had not known of before
with—the tale is that there are million people
buried out there. Our guide on the island was
Captain Martin Thompson and Captain Thompson
made it clear that that's got to be wrong but
there may be thousands and thousands and
thousands of—buried out there. A Civil War
memorial which is impressive. A number of Nike
missile sites make sense during the cold war the
army decided that that was a good idea and so
they, I mean, they're - - the area where these
sites—areas, are still clear. It sounds to me
like the Parks department has an opportunity,
don't know that it will but, has an opportunity
to actually explore the historical significance
of Hart Island to the public and how they choose

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2 to do that and where the money comes form is an
3 entirely different story, but just for the
4 members sake I would probably vote in favor of
5 this transfer, it makes sense, and now if
6 there's questions for Mitchel, please ask them.

7 [Crosstalk]

8 MR. CARNEY: Sorry, say again. The two of
9 your tried to talk at the same time.

10 MR. RODRIGUEZ: Go ahead, please.

11 MR. FREED: Thanks, sorry, I don't have a
12 question necessarily on the project. I did note
13 that in the resolution it connected the transfer
14 of the plan with the great point
15 landing - - project and I was assuming that that
16 was from the last line transfer we did last
17 board meeting. I just wanted to clarify that?

18 MR. RODRIGUEZ: I've made the same
19 assumption now.

20 MR. NAZEM: In the final document pack the
21 circular of yesterday, you don't see that. This
22 resolution to vote on today does not have that
23 included.

24 MR. FREED: Perfect. Thank you.

25 [Crosstalk]

2 MR. RODRIGUEZ: Thanks so much.

3 MR. NAZEM: There's a version in your e-mail
4 that we'll vote on that was first on the website
5 to the public are the correct text to the
6 resolution does not include that section.

7 MR. FREED: Perfect, thank you.

8 MR. CARNEY: Jon?

9 MR. GOLDIN: Thank you Mr. Chairman. My
10 question is whether there is currently, in
11 connection with any of the structures or
12 otherwise, water or sewers service on the island,
13 and if so, how that's provided?

14 MR. LORING: I'll try to answer that
15 question to the best of my ability. My
16 understanding is that all of the waste part
17 treatment plant was demolished in the 70's, at
18 that time it was dismissed because newer
19 facilities were built throughout the - - and
20 that service from the island was cutoff however,
21 I am under the impression from DOC's - - on the
22 island that there is some form of water service
23 on the island. There are several hydrants
24 spread throughout the island. Some of them are
25 functional, some of them are not. So I'm sorry

2 that I don't know the exact technical details of
3 how water is supplied to the island - -.

4 MR. JOSEPH MURIN: This is Joe Murin, if I
5 may interject now? On that point Jonathan,
6 member of Member Goldin. Whatever water supply
7 or if there's any sewer service that is on the
8 island would be connected in some way to the
9 Hunt's point of waste water treatment plant
10 which is in the South Bronx and as with other
11 city-owned facilities, Parks-owned zone
12 facilities, the - - department would be
13 responsible for all future maintenance and
14 taking care of those facilities—the sewer lines
15 and the water lines on the island itself and we
16 in DEP just like any other Parks facility we
17 would be responsible for keeping any of those
18 connections and that would just be part of our
19 normal services that do with any of our other
20 city agencies where they have a facility for
21 servicing.

22 MR. GOLDIN: Thank you, and I just also
23 wanted to thank the Water Board staff for its
24 work on this and specifically determining
25 whether there were any meaningful or

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valuable - - including that there are - - in the area that we're considering and there are benefits to the system including not having to maintain the upkeep and the - - of liabilities so I think all of that counts as-in favor of submitting the transfer.

MR. CARNEY: Jon, it's Al. Thank you. Are there other questions or comments for Mitchel Loring?

MS. FERNANDEZ-KETCHAM: Yes. This is Evelyn Fernandez-Ketcham, and I just want to comment or share, so thank you Chair Carney for your remarks and introducing this matter. Omar, thank you so much for the update to the Board I'm not ignoring your responses on the matter at all but I just want to share some of my reactions as I was reading through the material. So as I was reviewing the questions from me revolved around the process of the information and just utility and value of the Law, again Omar, you e-mailed answers to some of the questions but I thinks it's important for me to share and for the record. You did mention that AECOM Consulting Engineers reviewed and confirm

2 to no impact to DEP's revenue operation. Still
3 I wonder if you could have been presented these
4 findings before voting. The firm also confirmed
5 that there's no utility of loss for future
6 projects but I still wonder to what extent are
7 we thinking about the future? In the memo from
8 the Parks department, dated 9/13/2021, there's
9 mention of public and the public's interest is
10 being considered. I did wonder who the public
11 that we're referring to. Were there a survey, a
12 town hall meeting, a form where the public's
13 interest was recorded? Omar you did mention an
14 explain this transfer is consistent with the
15 requirements with board lease agreement, again,
16 I still wonder as an agency we have considered
17 the value of this lot as an asset. At this
18 moment I still have sort of these questions in
19 the best interest of DEP—I don't know if it's in
20 the best interest for the DEP to let go of the
21 lot or I think for me to make an inform decision
22 I just need to better understand the value of
23 lots for DEP physically as a whole, you know. I
24 just wonder about what is the utility of lots
25 for the water system and what is the value of

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2 our lots as a whole. I mean, we're here to move
3 forward and if we vote on the transfer of the
4 lot I do hope that we consider ensuring that for
5 historical context and educational records. We
6 find a way to tell the DEP story in relation to
7 the lot and I join this board because I do not
8 take for granted the supply of water and the
9 clean water that is provided for millions of New
10 Yorkers. I mean this commitment signals our
11 city's way of participating and ensuring public
12 health. So our future is uncertain and I don't
13 think we have worked through fully the ways that
14 our water system can best function in the future.

15 MR. MURIN: So if I may interject again,
16 thank you Member Ketcham, Fernandez-Ketcham - -.
17 On the issue of the assessment AECOM is the
18 engineer record that works for the system both
19 for the Water Board and for the Water Finance
20 Authority and the letter that is within the
21 package, Bill Frank, who is the lead engineer
22 that works for AECOM. He was also on that trip
23 with Chairman Carney. You know they did the
24 assessment and when we do any of these land
25 transfers it is our responsibility to have the

2 engineer of record go through a necessity
3 operational functionality as well as the revenue
4 potential for any lot. So on the operational
5 functionality as was , I believe it indicated in
6 the package but I'll rearrange when Hunt's Point
7 was constructed in 1951, the city began to
8 transfer and slower down those smaller waste
9 water treatment plans that were operating
10 including the one on Hard Island which serviced
11 a portion of the Eastern section of the Bronx at
12 that time so that was when the waste water
13 treatment plants was decommissioned and the
14 demolished eventually in 1970, because Hunt's
15 Point was then able to function to service
16 whatever - - that would be performed by the Hart
17 Island plant at that time. The assessment is
18 that we--and by both the City Council, as well as
19 by its concurrence of the mayor, that--and
20 remember the city is the prime--is the owner of
21 all the assets including the land, that the
22 Board is leasing from the city. They have made
23 the determination, that it is in the best
24 interest of both the city and the system to turn
25 this lot over to Department of Parks and have it

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2 be part of the Harts Island-Parks ownership, and
3 I believe there is a long term and maybe
4 park - - to this, in terms of what the eventual
5 visitation rights, people will have, because you
6 said there I think a number of people who have
7 had family members that have been buried on the
8 island. I think there were some community input,
9 particularly in the Bronx area to be able to
10 have that. I don't know Parks I'll turn it over
11 to Mitchell in terms of that whether-what their
12 long-term plan is in terms of accessibility
13 there. I also think it's a very interesting
14 point to raise about-what, acknowledgement, and
15 that's something we could take back with Parks
16 in terms of Evelyn about what functionality and
17 acknowledging that there was a value added at
18 for many, many years where Harts Island was
19 serving the community of the Bronx as part of
20 the water and sewer system, in terms of being
21 able to service their needs. I don't know if I
22 answered all your questions. Definitely please
23 follow up with me if you do have more on there,
24 and also, Mitchel [phonetic], I don't know if
25 you want to talk about the long-term plans for

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2 the site as Parks facility.

3 MS. FERNANDEZ-KETCHAM: Thank you.

4 MR. LORING: Yeah, I'm happy to speak to
5 longer term vision for the island. So, the
6 answer to original question, I brought up. Who
7 is public and what is the public's interest
8 here? I think that in the memo, the reference
9 to the public was in regards to a group of
10 advocates that have been pushing for several
11 decades now to have the island, open to the
12 public, which I think was not allowed until 2015,
13 and then transferred out of Department of
14 Corrections Control to Park Control, who make
15 the island, be a bit more welcoming and plan for
16 additional public access in the future. As it
17 stands right now, the Parks Department is
18 continuing the Department of Corrections
19 visitation procedures, which allowed for two
20 visits per month for families and loved ones of
21 those buried on Hart Island, exhibit great sites,
22 pay their respects like one would be able to do
23 it at a private cemetery facility. So in the
24 short term until additional funding be provided
25 the transition progressed a bit further, that is

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2 the kind of access to Parks will be allowing us
3 to site. But to your point about history
4 of - - DEP's involvement at - - hundred, and
5 just general history of the island. Overall, I
6 think it is in Parks vision that has additional
7 funding is supplied as more of a long-term
8 master planning vision for - - that created.
9 Public access would be increased to some extent,
10 still in the parameters of this being a cemetery
11 or technical by a contemplated place, but to
12 that degree I think that some informational
13 signage or different kinds of educational
14 materials related to the various history of the
15 islands those that whole - - buildings, the
16 wastewater treatment plant was demolished, all
17 of this was on the table for potential
18 information that would be available to public,
19 in the future as the island goes from current
20 date, this kind of thing , family grave site
21 visit to a bit more public accessibility in the
22 future.

23 MR. CARNEY: Mitchel thank you for that.

24 And I want to thank the members should have-I'm
25 sorry. Are there other questions or comments?

2 MR. ZARRILLI: Yeah. Oh, this is Dan.
3 Mitchel, I appreciate what you're trying to do
4 here, I think this island itself is really a
5 solemn and meaningful site in New York City and
6 especially during the pandemic, I think we saw
7 how this wasn't just an historic use site either
8 and it continues to serve New York City and
9 those in need. And so, I'm—where I'm going with
10 this, I guess very interested in to the future
11 of this island, then how it gets served and what
12 Parks does with this. And one—I guess one quick
13 question, is this lot specifically subject to
14 the local law and the transfer? Or because it
15 was in the DEP's jurisdiction - - it wasn't
16 referenced in the local law?

17 MR. LORING: The local law did not break out
18 the islands in terms of its various law . So
19 our interpretation of the law was that the
20 entire island was meant to be transferred to the
21 Parks.

22 MR. ZARRILLI: And then I right in thinking
23 that any potential uses or any discussion that
24 we've just had here about the marketability or
25 development of the site, this is city owned

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waterfront property which I had always assumed means it's essentially inalienable. It can't be sold. There's no residual value to the Water Board on this, because it is city owned waterfront property. Is that correct?

MR. LORING: I think you're using the term inalienable there in terms of Parkland alienation, like state authority. Is that correct?

MR. ZARRILLI: Well, I think I had also, I've heard that term use, in reference to the city on waterfront as well. And maybe that's incorrect or imprecise. But the city can't sell waterfront property.

MR. LORING: I am not 100% certain whether that is correct or not. I do know that calling all those in Hart Island real estate on the phone, Colleen. Do you have any insights to that question?

MS. Colleen: Yes. I think - - wrong, I think this would be considered a - - be subject to that, that's usually something decaf than others. - - going on, but I don't - - be considered - - properly - -.

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MR. ZARRILLI: That's true, then it seems like there are no—there really are no ultimate uses here that the Board can be considering. And given the public policy needs to transfer the property to Parks for the whole island. It seems like that is the, that's the public policy choices been made here and as consistent with what the—what this board should be doing is supporting that effort, knowing that this doesn't have any value to the water system at this point. Well just that point, I guess.

MR. RODRIGUEZ: Mr. Chairman.

MR. CARNEY: Sir .

MR. RODRIGUEZ: This is the secretary. Can I have your permission to add something to this discussion?

MR. CARNEY: Please, please.

MR. RODRIGUEZ: Okay. So, as everybody on the Board knows the water system is owned by the city. Pursuant to the lease agreement between the city and the Board. The Board has leased the property. But both the statute and the lease. Only leases the property, for water system purposes. Okay? It doesn't lease the

2 property for development purposes. It doesn't
3 lease the property for the Board to hold assets.
4 The only use that the Board has right to the
5 property is for operations of the system. So,
6 if the property is not being used. As part of
7 the operations of the system then technically
8 under the lease. This property really doesn't
9 fall under - -. But that's not what we're doing
10 here. What we're doing here, is we're
11 transferring control and jurisdiction of the
12 property, I mean if it's approved, to from one
13 city agency to another and those kinds of
14 transfers are provided for also in the lease,
15 and what the lease actually says is that there
16 are two provisions, that would allow this type
17 of thing, but the summary of both those
18 provisions is that, if the property that's being
19 transferred—the control of the property that's
20 being transferred. If it doesn't affect the
21 revenues of the system. And it's it doesn't
22 have anything to do with the operations of the
23 system. Then I think that puts the Board in a
24 corner where it really has to approve these
25 kinds of transfers, and with respect to any

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2 other use of the property. The lease also state
3 that the Board can transfer, sale, or use the
4 property for any other purposes only for the
5 purposes of the Board. and the authority
6 without the consent of the city. So, I mean
7 really, that puts the Board in the position
8 where they really couldn't do anything with the
9 property other than use it for water system
10 purposes without the consent of the city. And
11 if the property is not really being used for the
12 operations of the system or it's producing any
13 revenue, then the Board really wouldn't have a
14 rational reason not to approve the transfer of
15 the control of the property between city agency.

16 MR. CARNEY: And technically has, has not.
17 The property transfer should have occurred back
18 to the city, at least.

19 MR. RODRIGUEZ: Right.

20 MR. CARNEY: When there was no wastewater
21 treatment facility in use there.

22 MR. RODRIGUEZ: Yeah.

23 MR. CARNEY: Okay. All right. Now thank
24 you that's extremely helpful for me. I hope
25 other members have found that those pieces of

2 information useful. Are there any other
3 questions or comments about the resolution
4 that's before us?

5 MS. FERNANDEZ-KETCHAM: This is Evelyn
6 [phonetic]. I just want to say thank you
7 everybody, I really appreciate the responses,
8 because I'm much clearer now, and totally get it,
9 thank you.

10 MR. CARNEY: Thank you Evelyn, thank you for
11 your comments. Hearing no other questions or
12 comments, we have before us a resolution
13 approving the transfer of lot 100 to the Parks
14 on Hart Island to the Parks department. May I
15 have a motion, please to approve?

16 MR. ZARRILLI: - -.

17 MR. CARNEY: Thank you. Adam [phonetic],
18 that was you?

19 MR. ZARRILLI: That was Dan.

20 MR. CARNEY: Oh, I'm sorry Dan, thank you.
21 Is there a second please?

22 MR. FREED: This is Adam, second.

23 MR. CARNEY: Thank you Adam. We're going to
24 have another voice vote. The motion has been
25 made and seconded. Mr. Rodriguez, would you

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call the roll? Hello? Hello?

[Crosstalk]

MR. RODRIGUEZ: I'm sorry, I - -. Yeah, I had an issue with my new mute button. Chairman Carney, how do you vote in the resolution.

MR. CARNEY: Yes, I vote to approve the transfer.

MR. RODRIGUEZ: Member Fernandez [phonetic] - -, how do you vote?

MS. FERNANDEZ-KETCHAM: Approve.

MR. RODRIGUEZ: Member Freed, how do you vote?

MR. FREED: Approve.

MR. RODRIGUEZ: Member Goldin, how do you vote?

MR. GOLDIN: Approve.

MR. RODRIGUEZ: Member Hsu, how do you vote?

MR. HSU: Approve.

MR. RODRIGUEZ: Member Shaw [phonetic], how do you vote?

MS. SHAW: Approved.

MR. RODRIGUEZ: Member Zarrilli, how do you vote?

MR. ZARRILLI: Approved.

2 MR. RODRIGUEZ: Thank you. Mr. Chairman, we
3 have a unanimous approval of the resolution.

4 MR. CARNEY: Thank you, Mr. Secretary. The
5 resolution is approved the transfer either has
6 been—or will be made shortly . Agenda item
7 number five. I'm sorry. Was there a comment?
8 Agenda item number five is an update on fiscal
9 year 2021 financial—financials and investment
10 results, and the year to date, revenue update.

11 MR. MURIN: Okay. This Chief Financial
12 Officer Joe Murin of DEP. I'll start with the
13 update.[Background Noise] overall fiscal year
14 2021 finished somewhat better than the financial
15 plan for the year. In light of the pandemic the
16 system adopted conservative budget—conservative
17 budget assume lower revenues. We knew that
18 fiscal year 2020 was like to you show lower
19 revenues than our baseline prior to the start of
20 the pandemic, as customers experience reductions,
21 personal rental and business income and water
22 use overall decline, due to diminished commuter
23 and tourist traffic. We adopted expense budgets
24 that could fit into the lower revenue profile
25 that we still view as sufficient —yet with that

2 we still viewed as sufficient how to operate and
3 maintain the system to an adequate standard
4 while meeting obligations to the system's
5 bondholder. Operating revenues declined during
6 the year by 4.6%, reduction of \$175 million,
7 compared to the prior year, that is—that was
8 3.67–3.656 billion versus 3.831 billion in 2020.
9 As a reminder, the Board adopted operating
10 revenue budgets of the year of 3.315 billion,
11 with final audited numbers subject to accounting
12 adjustments coming in 344–\$341 million above the
13 operating plan. Lower revenues reflected a
14 reduction in water used by customers in the city
15 with total water use by metered customers
16 decreasing by negative—by 3.8%, compared to the
17 year before, which was the net effect of a plus
18 three–0.3% increase in residential water usage
19 compared to fiscal year 2020, and a negative
20 14.9% in non-residential uses. I'll pause there
21 before we move on to see if any of the members
22 have any questions on the revenue update?

23 MR. CARNEY: None here, Joe.

24 MR. MURIN: Okay. Thank you, Mr. Chair
25 [phonetic]. Hearing none, I'm going to turn it

2 over to Omar [phonetic], continue on other
3 financial updates.

4 MR. OMAR NAZEM: I'm going to touch on a
5 little more than we normally do some of the
6 balance sheet items, as well as the wholesale
7 side of our revenues. The combined systems
8 liquidity was very strong at the year end, we
9 had \$2.3 billion of cash and securities on hand,
10 which \$1.6 billion was restricted. Looking at
11 the Combined Authority Water Board balance sheet
12 and liquidity profile. We don't talk so often
13 but I do want to touch on this year. The
14 system's net investment in capital assets
15 increased in fiscal year 2021 despite all the
16 delays and disruptions, everywhere in the world
17 basically, on here as well. They completed
18 construction projects that the net carry value
19 the six is the system's fixed income -this is
20 fixed asset portfolio, increased to \$32.5
21 billion, an increase of \$766 million. Look at
22 his original cost of assets, the fixed asset
23 portfolio has a value of more than \$50 billion.
24 I view that as a major achievement, as well as
25 the outperformance of the revenue budget on

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2 completing large construction projects in the
3 city, the complexity, the DEP undertakes is
4 challenging in the best of times and with the
5 backdrop of this pandemic, it was probably
6 triple challenging. And despite that
7 the - - was able to add \$766 million of fixed
8 asset value to the plant and equipment we use to
9 generate the revenue in the first place, that
10 was a highlighted—I want to draw attention to.
11 Revenues for the fiscal year 2021 were more than
12 sufficient to meet debt service coverage, and
13 we're consistent with the expectations of the
14 credit rating agencies, lower revenues did not
15 have an ability—did not have an impact on the
16 Board's ability to meet its financial
17 obligations to DEP or to bondholders, and the
18 Board was able to fund a larger DEP operating
19 budget in fiscal year 2021, than the year before.
20 Similarly, all bond holder payments of principal
21 and interest were made on time and in full
22 during the year. All three of the major credit
23 rating agencies reaffirmed their high investment
24 grade rating of the authorities senior and
25 junior debt securities in September 2021 as well.

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2 The wholesale water supply side was a little
3 different. We saw wholesale water so increase
4 by 5% during fiscal year 2021, due to higher
5 consumption by communities north of the city.
6 Not totally surprising given the change in
7 commuting patterns. A lot of people who would
8 be in city—weren't because they were staying at
9 home working from home in the suburbs . To
10 further contextualize it, just to remind
11 everyone at fiscal year 2019, there was a huge
12 improvement in water efficiency on the wholesale
13 side, we saw 17% reduction in the water sales
14 that year. So this is probably a little bit of
15 a reversal of that effect. They're probably
16 mostly due toward the change the temporary, we
17 hope, to change the commuting patterns from the
18 suburbs into the city. Revenues from overdue
19 interest charges, decreased by 19% during the
20 year to \$31 million, \$39 million the year before.
21 Due to a reduction in the rate of interest, we
22 are allowed to charge overdue bills under City
23 Council's legislation. On the council
24 I - - view prudently reduced the late interest
25 charge as part of the general COVID relief

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2 effort, and there's when we charge a lower rate
3 of interest, of course, the amount of late
4 interest we collect on falls in tandem to that,
5 so. We still do collect a significant amount of
6 late interest but less than we did in the prior
7 year. In light of the increase in delinquencies,
8 the audited financial statements for fiscal year
9 2021, reflect an increase as well, of 1.3% and
10 the percentage amount used to calculate the
11 balance sheet reserve we carry for receivables
12 that may not be immediately collectible. This
13 is an accounting convention to kind of guide
14 analysts and rating agencies about the timing
15 and magnitude of what we think we'll be able to
16 collect on the receivable side. Generally, with
17 substantially most of the water charges we issue,
18 the charges are a senior governmental claim
19 secured by real property. They're collectible
20 when the property gets sold or refinanced, we
21 charge that late interest rate in the meantime,
22 the issue is that people especially New York
23 City, hold on a property for decades and decades
24 so, we do take that reserve as a prudent
25 accounting device to capture the economic value

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2 of what for modeling purposes might not be
3 immediately collectible. And I know that Jeff
4 Lynch will talk about the current year Fiscal
5 Update.

6 MR. JEFF LYNCH: Hello, this is Deputy
7 Commissioner Jeff Lynch. Turning into the
8 current fiscal year, a fiscal year 2022. We can
9 provide you with an update on the revenue and
10 water consumption through October 13th of this
11 year. Revenues were 1.54 billion which is about
12 0.2% above the revenue plan for the year to date,
13 and about 0.1% below revenue at this time last
14 year. The variance on that is—the variance in
15 the plan on that is about \$3 million. Just as a
16 reminder DEP implemented a 2.76% rate increase
17 as approved by the Board at this June meeting.
18 For the first two months of the fiscal year,
19 water consumption was 1.1% lower than the year
20 before, reflecting a 3.4% reduction in
21 residential use. And a 7.3% increase in
22 non-residential use. We're still reviewing
23 metered billing data for September and October,
24 and the early reviews indicate that metered
25 billing is beginning to follow, an upward trend,

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2 beginning in September, will provide the Board
3 with a more detailed analysis of water
4 consumption trends with the next fiscal update
5 with the next financial update. Delinquencies,
6 continue to be at elevated levels resulting from
7 property owners deferring payments due to
8 reduction in their personal or business incomes,
9 and to non-payment of rent by tenants. We
10 believe the decision to not close on a lien sale
11 during the fiscal year 2020, and 2021. While
12 consistent with the policy goals of providing
13 the Board—the broad base customer least during
14 the peak of the of the pandemic contributed to
15 the higher delinquencies, as well as the recent
16 decision to exclude water charges from the
17 city's lien sale in process right now, during
18 the fiscal year 2022. In addition, reductions
19 to the interest rate charged on overdue bills.
20 3% has made the economic cost of non-payment
21 less severe, turn it back over to Omar.

22 MR. NAZEM: I'm not talk - - the about the
23 Board's investment portfolio, wherever the Board
24 is going to be asked to vote shortly on the
25 fiscal year 2021 investment report, which

2 summarizes what we bought, sold during the year,
3 and to readopt the Board's investment
4 guidelines. - - for all the members,
5 particularly for Dan as well as members of the
6 public. Are the investment philosophy we've had
7 since 1997, when we last adopt—when we
8 originally adopted the investment guidelines
9 we're currently working on, during work tendered
10 continuously without revision or amendment Since
11 1997. Exceptionally conservative, what we—what
12 we're allowed to buy under the guidelines is
13 basically bonds notes and bills sold by the US
14 Treasury. So that just about the least risky
15 security you can buy. We're allowed to buy
16 federal agencies securities that are explicitly
17 guaranteed by the federal government, not the
18 implicit guarantees, the explicit guarantee,
19 which is basically Ginnie Mae. We're also
20 allowed to buy—we haven't done this, I'd
21 probably ever been not shown—not the last decade
22 in particular category of loans which are short
23 term in nature, and that are completely
24 collateralized by those same types of securities,
25 so US Treasury securities, and those federally

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2 explicitly backed Ginnie Mae securities. Those
3 three are—that's all we're allowed but we don't
4 do real estate or stocks or even corporate bonds,
5 we don't do any of that stuff. So the
6 guidelines, just what we're allowed to invest in
7 are very conservative. For the last five years
8 that we've been on even the most the
9 conservative side of conservative. The only
10 things you bought, going back to 2016 are
11 treasury bills notes, so the shorter-term
12 securities issued by the federal government.
13 And starting two years ago, when the pandemic
14 was - -, we brought in the duration of what
15 we're allowed to buy, even shortest. We only
16 buy the shortest-term treasuries securities you
17 can buy now. We do it that way because the
18 interest rates - - the market, the price of the
19 bonds there's a matter of response. And we have
20 always been concerned about losing the face
21 value of our bonds in sponsor - - saw an
22 interest rate movements in the market. And
23 that's been a prudent investment strategy in the
24 sense we've never lost money going back to 2016.
25 We can go back further than that too, we haven't

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2 had a down or we had a sort of loss on the
3 investment portfolio. It has a flip side which
4 is when market rates become very low as they
5 have been trending lower for years and years and
6 years for like 20 years now they've been rates
7 been falling. And the aftermath of the pandemic,
8 the yield on short term treasury securities fell
9 by about 90%. So they went from they went from
10 2% to about one fifth of 1% in pretty short
11 order. So the, I offer all that as this kind of
12 context of background to what we do here for Dan
13 and then for the members of the public, all
14 which is to say the investment income for the
15 Board this year was \$376,000 which we are happy
16 to have to make on the portfolio but it was the
17 lowest investment return we've made on the Board
18 side since 2014 and it was stunningly externally
19 small return. When you think about we had to
20 speak about a billion and six of treasury
21 securities. Just to recap you explain how that
22 could be, we take the billion six and you
23 multiply by that one 20th and 1% and you take
24 into account that we don't hold the stock for
25 the full year. We start our savings portfolio

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2 basically zero and then we accumulate bonds
3 really starting the six-month mark. We pay the
4 city first and the bondholders first then we
5 start to accumulate savings at the midpoint and
6 those very low rates on the stuff we buy times
7 that fraction of a year leads you, you can have
8 a very large investment portfolio but you're
9 buying the low risk stuff and the lowest risk,
10 low risk, you end up with a pretty modest
11 investment portfolio or investment return for
12 the year. So that that's you know, I view it
13 actually as a success and it says we didn't lose
14 money in a very, very crazy year with a lot
15 going on in the capital markets but it was it
16 was the smallest investment return we've had
17 since 2014, not unprecedented low number for the
18 lowest in several years. We don't plan to take
19 any more risk in the portfolio next year, you'll
20 see that with the investment guidelines rate I
21 proposed to you, to readopt shortly or identical
22 to what the Board saw first in 1997. And in
23 terms of what we actually are doing in the
24 portfolio, we don't plan to anything different
25 other than buy those short-term treasury bills

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2 for the foreseeable future. The reason that we
3 just we we're really using these investments as
4 a savings proxy. This is not a venture capital
5 portfolio. We're trying to use this as a
6 savings vehicle and add a little bit of return
7 safely on top of it. So that's the update on
8 that. A successfully year says we didn't lose
9 money a lot going on, so at this point you
10 understand it was the lowest return since 2014,
11 explained by those low market yields and by the
12 fact that you only buy the bonds for part of the
13 year to start with. So that's—or else Michael
14 O'Keefe is going to provide you with the next
15 update on the DEP operating update.

16 MR. MICHAEL O'KEEFE: Good afternoon
17 everyone, I'm Michael O'Keefe, Deputy Chief
18 Financial Officer for DEP. Tropical Storm Ida
19 reached the city on September 1st, bringing with
20 it a series of unusually heavy rainfall that
21 resulted in sewer overflows flooding throughout
22 the city, including roadways and the closure of
23 the subway system. DEP's offices were
24 temporarily closed due to electrical power
25 issues although employees were able to pivot

2 remote work due to the personal technology put
3 in place during the pandemic. Total rainfall in
4 the city varied by neighborhood with some areas
5 seeing in the most two inches of rainfall from
6 the storm and others seeing much more at eight
7 inches. A particular challenge was the rate of
8 rainfall with rainfall in certain areas at a
9 rate of three inches per hour; a rate that
10 exceeds the capacity of most sewers constructed.
11 On September 27th in response to the impacts of
12 storm Ida and in preparation for future extreme
13 storms, the city announced plans to commit an
14 additional \$2.1 billion in DEP's capital budget
15 for flood mitigation and infrastructure. This
16 funding which is spread across fiscal years 2023
17 to 2031 focuses on increasing DEP's due
18 replacement cycle, expansion of both the
19 Bluebelt system and green infrastructure and
20 other measures to make the city more resilient
21 to intense rate event. The city also announced
22 plans to accelerate over \$200 million in
23 existing DEP capital projects in that funding
24 for expense programs - - and producing quality.
25 At this time DEP projects that these additional

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capital funds and accelerations will have minimal impact on annual rates increase. That I'll turn it over to Deputy Commissioner Lynch and Albert Kramer to discuss the new billing system.

MR. MURIN: Well I think - - if we could just pause for a second to see if any of the members have questions but I [crosstalk] go ahead, Mr. Chair.

MR. CARNEY: Thank you Joe. Forgive me, my mute button isn't doing what it should be doing. Are there any questions for any of the four presenters so far?

MR. ZARRILLI: This is Dan, just-I want to make sure I heard correctly what I think I heard, is that in the investment guidelines are not changing. The resolution is a continuation of the same investment guidelines that we've had since 1997?

MR. NAZEM: Correct. You're going to be asked to vote to adopt the investment guidelines and they are exactly the same, not a word changed from what was in place last year and it's what's been in place every year since 1997.

2 So yes, you have to vote to readopt, it's the
3 same thing.

4 MR. ZARRILLI: Great, thank you. And the
5 second question is that you mentioned additional
6 capital dollars after Hurricane Ida. Can you
7 just clarify, is that city geo debt or is that
8 Water Board debt that's associated with those
9 new capital dollars?

10 MR. NAZEM: That's water utilities funding.

11 MR. ZARRILLI: Thank you.

12 MR. CARNEY: Thank you. Are there—sorry,
13 are there other questions for the presenters?
14 Omar, is staff giving any thought given this
15 year's—well it is abysmal performance, we made
16 nearly \$400,000, but is there any thought being
17 given to revising in any way the investment
18 guidelines?

19 MR. NAZEM: No, if there's an interest to
20 kind of explore—to taking somewhat more interest
21 rate risk in the hope of a higher investment
22 return there are a number of options for doing
23 that under the existing guidelines. I mean
24 starting with resuming the practice we had in
25 2016 to 17 and buying a mix of bills and notes

2 it isn't right that if we buy everything right
3 now with a duration of less than one year to
4 maturity. You could take it out to one to two
5 years to maturity and there would be a higher
6 return associate with that as well as investment
7 risk. But on the sums of bonds we have in the
8 portfolio, small change of interest rate where
9 an interest rate can have a large dollar effect.
10 I mean the Board would recall this used to be a
11 \$5 to \$10 million a year investment performance
12 on the Board side. So 376 is again it's
13 extremely low compared to where we were given a
14 couple of years ago but not unprecedented. But
15 I would say that if the Board wants to have a
16 discussion around enhancing the investment
17 returns, over and above just waiting for the
18 yield on bills to hopefully pop back upward more
19 than where they are, I would just say the first
20 steps to look at would be, let's look at taking
21 more interest rate risks within the treasury
22 world or even the kind of the secure agency
23 world before undertaking the revision of the
24 investment guidelines, because there are a
25 number of options for trying to enhance

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investment returns within the guidelines we already have versus a wholesale - - of the guidelines.

MR. CARNEY: Might we have a conversation about that? At what other upcoming board meetings, Might you present some options to the Board for investing differently without revising the guidelines.

MR. NAZEM: Absolutely. We'll take that into consideration and we'll come back to you.

MR. CARNEY: Okay, thank you. Other questions or comments for the presenters? I'm sorry, there is one remaining presentation?

MR. LYNCH: Yeah. So this is Jeff, Deputy Commissioner Jeff Lynch on the billing system. So we're five weeks in past our new billing system launch. We implemented DEP's new UMAX billing system on September 7th. And it's been an early success despite the ongoing pandemic, the historic flooding that happened the week before we launched and the normal kind of growing pains on the operational side when you launch a system like this. First I just want to thank all of our partners in this effort, BCS,

2 BIT, other bureaus throughout DEP, our vendor,
3 Itineris, our trusted advisor, EMA. We wouldn't
4 have been able to launch the system to better
5 serve the city of New York without the full team
6 on this very complex project. Um our staff were
7 in the office early this summer following all
8 the safety guidelines to complete over 25,000
9 hours of UMAX training and thousands more hours
10 of practice in the new system above and beyond
11 the training so that they were as prepared as
12 possible for the launch in early September. The
13 project is now in our six-month operations phase
14 where we are focused on stabilizing the new
15 system and that includes triaging technical and
16 process challenges as well as continuing to
17 build our staff's expertise in our new system.
18 Our extensive testing phases that we did for the
19 project resulted in—as of right now again five
20 weeks in, no serious bugs being detected in the
21 new system since our launch. Also, after our
22 planned pause of billing for the first week of
23 launch, billing commenced to UMAX and we've sent
24 out bills to hundreds of thousands of customers
25 who are receiving our new bill from the new

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2 system, and now here in October we're returned
3 to kind of our normal billing pace. This is
4 sort of the—this is the standard way of
5 launching a new billing system just as an
6 example of one of the teams that had been doing
7 really well in the new system, our billing
8 exceptions unit, which is responsible for
9 monitoring possible issues with bills before
10 they go out to new customers, has done an
11 excellent job in our bill quality going out to
12 customers the bills that have been generated in
13 UMAX has been excellent, which we're very happy
14 to report. Additionally, a couple of the key
15 pieces to the new launch were we included a new
16 online customer portal for folks; my DEP account,
17 and it's been very well received, we've had it
18 visited over 130,000 times since the launch.
19 We've also been using our new, easy to
20 understand color bill that it's a big
21 improvement over our old bill for our customers.
22 And that's we've even gotten some proactive
23 compliments from the public and our customers on
24 the new bill. DEP and the Water Board staff has
25 reacted mostly positively to the new system,

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2 despite some challenges including readjusting to
3 being back in the office and the expected
4 learning curve of a very complicated new billing
5 system in UMAX. As part of the launch—the
6 phased in launch, our key business processes
7 gradually started up over the last month. That
8 includes a couple examples; our field
9 inspections, our denial of access unit, our
10 borough office, taking appointments from
11 customers. And that's been going very well and
12 continuing to ramp up as we continue to get
13 further into the stabilization efforts. Our
14 vendor Itineris, our DEP's trusted advisor EMA
15 and our project team members that were on the
16 project team for many months or quite frankly,
17 some for more than a year, have continued to
18 support our operations with flow walking and
19 technical issues. But I also want to just
20 highlight the team is continuing to work through
21 some expected challenges, there are I'll
22 highlight two or three of them. There's
23 complicated billing adjustments that involve
24 migrating data from our old system and those
25 continue to—we continue to work through. We

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have a slower call center response times due to staffing shortages, as well as a bump in call volume from customers with questions as they reregister their bill—their online billing and other questions about the new system. But we've augmented that by shifting some of our operational staff that is less critical in the early phases to taking calls on a short-term basis. And then last, we've had some delays in cash flow related to the plan shift of billing phases as well as the auto pay schedule for the new system. And this is all connected to the kind of transition from the old to the new system to give us all a little bit of a window for making sure there are no major bugs right after launch and allow the staff to adjust to the new system. That was kind of the major update on our side here with the new billing system.

MR. CARNEY: Jeff, can you hear me at all?

MR. LYNCH: Yeah, yeah. I hear you.

MR. CARNEY: First of all, thank you very much for helping me to see how the implementation of the system is working, hosting

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me at your offices and introducing me to a lot of the members of your staff. It's an incredibly high hurdle that you all are dealing with. I'm sure you've got your bumps and potholes but the fact of the matter is that your staff is extremely enthusiastic about the successful implementation. The launch has gone exceedingly well, I don't want to jinx that by having something take a left turn now, but thank you for taking the time to help me understand the complexity of putting this new system into operation. It seems to be going extremely well.

MR. LYNCH: Thank you, Chair. And the staff was very happy to see you as you walk through the floors. It was good for them to talk to you a little bit when you were here.

MR. CARNEY: Well you kind of say that they probably wondered, what is he looking for? [laughter] I'm looking for anything [laughter]. It was very encouraging to talk to people, your team leaders who were just really up, I mean, feeling good about the success of the implementation. Thank you very much for what you're doing for all of us, it is very special

2 to see. Are there questions for now any of the,
3 I guess five presenters? Then I think we can
4 move on to the next agenda item. And thank you
5 all very much. We're going to vote on the
6 acceptance of the 21 and 20 financial statements.
7 Before we do that, the Board should be aware
8 that the joint audit committee of the Water
9 Finance Authority and the Water Board met
10 immediately preceding this meeting to hear a
11 presentation from our external auditors, Grant
12 Thornton. And that meeting was terrific, it was
13 brief and it was really—it was a testament to
14 what the two organizations were able to do
15 together to put these combined financial
16 statements together. The short story is that we
17 received an unmodified opinion, the so-called
18 clean opinion. We also heard that our Internal
19 Control Environment in every separate area of
20 inquiry that, Internal Control Environment were
21 very good. It was a very encouraging report
22 from the external auditors. Bob Balducci
23 [phonetic], who may be on the phone now, in my
24 view is doing a terrific job along with Omar
25 Nazem, of putting together those financial

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statements and actually as to make them attractive and successfully, so with the auditors, thank you both very much for that. Adam Freed [phonetic] and Jon Goldin [phonetic] were also at that meeting as members of the Joint Audit Committee, do you have any comments?

MR. FREED: No comments. I would just - - your statement as a thorough meeting and not only we'll walk through the findings of the audit in the review, but also the methodology and process they went through, which is--continues to be very thorough.

MR. CARNEY: It was, I agree, Jon?

MR. GOLDIN: No further comments there.

Thank you.

MR. CARNEY: Thank you very much then. Then we're going to proceed to vote to approve the 20 and 21 financial statements, may I have a motion to do so?

MR. ZARRILLI: Can I jump in with one quick question? This is Dan.

MR. CARNEY: Oh, hey Dan. Yeah, of course.

MR. ZARRILLI: So at the back of the package--and maybe I didn't realize this was in

2 the financial statement too. There's a number
3 of KPIs, the key performance measures for the
4 system. And I want to just familiarize myself
5 with these because I think they're important.
6 And the it's the last one in particular that I'm
7 looking at that, how we've set a performance
8 goal of establishing rates that provide for
9 sustainable high-quality delivery of water and
10 sewer services.

11 MR. CARNEY: Sure.

12 MR. ZARRILLI: And what I'm curious about is
13 that the answer to that is largely driven by our
14 bond ratings. And I'm curious that it—I think
15 that's right, it could be very subjective to
16 figure out how we're providing for sustainable
17 high quality delivery of water services,
18 especially given —

19 MR. CARNEY: You and I both know about the
20 rating agencies?

21 MR. ZARRILLI: Right, and I'm just curious
22 if that's the right way to answer this kind of
23 question or if over time we can think about that
24 KPI in a different way, especially in this post
25 Ida moment, when there's a lot of focus on the

2 sustainability of the sewer network in
3 particular.

4 MR. CARNEY: Well certainly we can talk
5 about it, Dan. It's an interesting question and
6 may well be a better way to think about that
7 specific topic, that is the performance measures
8 topic generally, happy to sit down with you and
9 do that.

10 MR. FREED: Sure, this is Adam Freed. I
11 assume there's nothing that would prevent us
12 from having multiple networks because I think
13 the complexity of the system and the fiduciary
14 responsibility brought in to the Dan's point is
15 often focused on drinking water but the sewer
16 system and the - - provide-would be - - about a
17 number of retrospective come together for that.

18 MR. CARNEY: I agree. There's no reason we
19 could not have different approaches to
20 determining the performance measures. Sure.

21 MR. NAZEM: So this is - - -

22 MR. FREED: All right. Go ahead.

23 MR. NAZEM: - for follow up with the Board.
24 We'll take that as to do, make it a follow file
25 with the Board for a future meeting. We can

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schedule some catchup sessions on alternate ideas or approaches.

MR. CARNEY: Okay.

MR. FREED: Thank you.

MR. CARNEY: Certainly works to me, thank you Omar. And Adam, thank you. And Dan, thank you too. So may I have a motion please, to approve the financial statements now audited for fiscal Years '20 and '21.

MR. GOLDIN: This is Jon, I so move.

MR. CARNEY: Thank you, Jon. Is there a second?

MR. FREED: I'll second, Adam.

MR. CARNEY: Adam, thank you very much. We're going to have a voice vote. Mr. Secretary?

MR. RODRIGUEZ: Yeah. Chairman Carney [phonetic], how do you vote?

MR. CARNEY: To approve.

MR. RODRIGUEZ: Member Fernandez-Ketcham, how do you vote?

MS. FERNANDEZ-KETCHAM: Approve.

MR. RODRIGUEZ: Member Freed, how do you vote?

2 MR. FREED: Approve.

3 MR. RODRIGUEZ: Member Goldin, how do you
4 vote?

5 MR. GOLDIN: Approve.

6 MR. RODRIGUEZ: Member Hsu, how do you vote?

7 MR. HSU: Approve.

8 MR. RODRIGUEZ: Member Shaw, how do you
9 vote? We can come back, I'll see if she's still
10 on the phone. Member Zarrilli, how do you vote?

11 MR. ZARRILLI: Approved.

12 MR. RODRIGUEZ: Member Shaw, are you still
13 on to vote? Okay. Mr. Chairman, the resolution
14 has passed by a vote of six.

15 MR. CARNEY: Thank you.

16 MR. RODRIGUEZ: - board members.

17 MR. CARNEY: Thank you very much. And the
18 record will indicate that Member Shaw did not
19 vote?

20 MR. RODRIGUEZ: Yes, that's correct.

21 MR. CARNEY: Okay, terrific. Thank you very
22 much. [Crosstalk] yes, please.

23 MR. GOLDIN: This is Jon, may - - the
24 question, do we need to have a formal vote on
25 the investment guidelines adoption?

2 MR. CARNEY: I think we do. [Crosstalk].

3 MR. RODRIGUEZ: Yes, we do, Mr. Chairman.

4 MR. CARNEY: It is the next agenda item.

5 The list on the agenda that I've got in front of
6 me. The investment guidelines and investment
7 report and it calls—we are asked to vote. May I
8 combine the two or do we vote on them
9 separately? That is the investment guidelines
10 and the investment report itself?

11 MR. RODRIGUEZ: I think we could do it
12 [crosstalk].

13 MR. NAZEM: It's a single resolution. So
14 there's one resolution that covers both items.

15 MR. CARNEY: That's fine. Then may I have a
16 motion please, to approve the investment
17 guidelines and investment report?

18 MR. GOLDIN: This is Jon, I so move.

19 MR. CARNEY: Thanks John. Second, please?

20 MS. FERNANDEZ-KETCHAM: Evelyn, second.

21 MR. CARNEY: Thank you, Evelyn. We're going
22 to have a voice vote and I'll ask Mr. Rodriguez
23 to read the roll.

24 MR. RODRIGUEZ: Yes, I will. Chairman
25 Carney, how do you vote?

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MR. CARNEY: To approve.

MR. RODRIGUEZ: Member Fernandez-Ketcham,
how do you vote?

MS. FERNANDEZ-KETCHAM: Approve.

MR. RODRIGUEZ: Member Freed, how do you
vote?

MR. FREED: Approve.

MR. RODRIGUEZ: Member Goldin, how do you
vote?

MR. GOLDIN: Approved.

MR. RODRIGUEZ: Member Hsu, how do you vote?

MR. HSU: Approved.

MR. RODRIGUEZ: Member Zarrilli, how do you
vote?

MR. ZARRILLI: Approved.

MR. RODRIGUEZ: Thank you. Member Shaw, how
do you vote, if you're here?

MS. SHAW: Yeah, I'm here, approved.

MR. RODRIGUEZ: Okay. Thank you.

MR. CARNEY: Thanks very much to all of you.

MR. RODRIGUEZ: Unanimous vote of the
resolution.

MR. CARNEY: Right. Got it, thank you very
much Mr. Secretary.

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MR. RODRIGUEZ: Mr. Chairman, can we ask Ms. Shaw if she would like to vote on resolution number six, that was the sixth agenda item?

MR. CARNEY: - - we had a vote to -

MS. SHAW: - - I approve that resolution, my apology.

MR. RODRIGUEZ: Thank you very much.

MR. CARNEY: Okay. Thank you very much. So that vote becomes a unanimous vote as well.

MR. RODRIGUEZ: Yeah.

MR. CARNEY: Thank you, sir. The last agenda item I believe is agenda-it's numbered eight here and it is DEP's

MR. NAZEM: We split it out of sequence there. We actually covered that one -

MR. CARNEY: Yeah, I was going to ask whether or not we needed to say something else, we did not-we do not.

MR. GOLDIN: That was the reason for my confusion, Mr. Chair in asking if - -

MR. CARNEY: That's a great question - - thank you. Then, is there any other business to come before this board? Hearing no comments at all, may I have a motion

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please to adjourn?

[Crosstalk]

MR. CARNEY: Thank you. Again, voice vote, Mr. Secretary?

MR. RODRIGUEZ: Yes. Chairman Carney, how do you vote?

MR. CARNEY: To adjourn.

MR. RODRIGUEZ: Member Fernandez-Ketcham, how do you vote?

MS. FERNANDEZ-KETCHAM: Adjourn.

MR. RODRIGUEZ: Uh-huh, thank you. Member Freed, how do you vote?

MR. FREED: Adjourn.

MR. RODRIGUEZ: Member Goldin, how do you vote?

MR. GOLDIN: Adjourn.

MR. RODRIGUEZ: Member Hsu, how do you vote?

MR. HSU: Adjourn.

MR. RODRIGUEZ: Member Shaw, how do you vote?

MS. SHAW: Adjourn.

MR. FREED: And member Zarrilli, how do you vote?

MR. ZARRILLI: Adjourn.

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MR. RODRIGUEZ: Thank you. Unanimous approval to adjourn the meeting, Mr. Chairman.

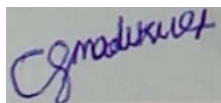
MR. CARNEY: Thank you very much, Mr. Secretary. It's a good meeting. We covered a lot of ground today. I'll look forward to our next gathering, maybe it'll be in person. We'll see. Thank you all for coming.

[END RECORDING]

C E R T I F I C A T E

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