

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

A meeting of the New York City Water Board (the “Board”) was held on February 15, 2013 at 8:30 a.m. at the New York City Department of City Planning, 22 Reade Street, 1st Floor, Spector Hall, New York, New York 10007. The following members of the Board were present:

Alan Moss,

Alfonso Carney,

Mehul Patel, and

Benjamin Tisdell,

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

Approval of Minutes of December 7, 2012 Meeting

The first item on the agenda was approval of the minutes of the Board’s previous meeting held on December 7, 2012. There being no discussion, upon motion duly made and seconded, the minutes of the meeting held on December 7, 2012 were unanimously adopted.

Executive Session

Upon motion duly made and seconded, the Board resolved to convene in Executive Session to discuss potential litigation. Thereafter the Board resolved to reconvene in Open Session without having taken any action in Executive Session.

Financial Update

The final item on the agenda was a financial update provided by Executive Director, Steven Lawitts. Mr. Lawitts said that collections to date are 3% or \$59 million ahead

of the plan target amount. He said that this was the third time in eight years that year-to-date revenue collections were ahead of the plan target amount for February.

The pace of customers converting from flat rate to metered consumption initially accelerated in Fiscal Year 2013 due to changes in the Multi-Family Conservation Program but has since slowed. Mr. Lawitts displayed a chart illustrating this trend.

Mr. Lawitts said that DEP revised its payment agreement terms in January 2012, to permit customers to enter into an agreement for up to 10 years with as little as no down payment. Mr. Lawitts displayed a chart which indicated that customers have entered into 14,624 agreements in an aggregate amount of \$127 million with an average down payment of 5%.

Approximately 20,000 properties with \$217 million in delinquent water and sewer charges were included in the 90-day lien sale notice. The customers who were notified have until May 16, 2013 to pay past due charges or enter into a payment agreement to avoid the lien sale.

Mr. Lawitts displayed a chart describing the status of final appeals challenging water and sewer charges. He said that the overall trend is declining. Pending appeals are mainly from customers recently enrolled in the Automated Meter Reading (“AMR”) program who are now receiving bills for actual consumption, which are higher than previously issued estimated bills.

AMR installation is now 98% complete. Estimated bills have been reduced from 17% of all bills to 4%.

13,000 customers have enrolled in the Service Line Protection Program, 90% of whom have subscribed to both water and sewer line protection.

The annual impact of OPX initiatives which have been implemented as of January 2013 is \$11.4 million, while the cumulative effective benefit as of that date is \$4 million. Initiatives which have been implemented include the renegotiation and/or re-bidding of certain contracts and training procurement personnel to prepare more cost-effective procurement specifications. In addition, \$500,000 in savings is attributable to the elimination of wireless communication devices for individuals who do not need or use such instruments.

The 10-year capital plan released in January contains \$14.4 billion in capital commitments. The number of mandated projects is forecast to decrease from 65% of capital spending in the last 10 years to 17% of capital expenditures in the next 10 years.

Adjournment

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

SECRETARY