

**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 April 5, 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,

Marcia Bystryn,

Mehul Patel, and

Benjamin Tisdell,

constituting a quorum. Mr. Moss chaired the meeting, and Olivia O’Neill served as Secretary of the meeting.

Approval of Minutes of February 15, 2013 Meeting

The first item on the agenda was approval of the minutes of the Board’s previous meeting held on February 15, 2013. There being no discussion, upon motion duly made and seconded, the minutes of the meeting held on February 15, 2013 were unanimously adopted.

Fiscal Year 2014 Water Rate Proposal

The other item on the agenda was the presentation to the Board of the FY 2014 Water Rate Proposal and related financial information by New York City Department of Environmental Protection Commissioner Strickland. Mr. Moss commended Commissioner Strickland for attending so many public meetings. The following points were emphasized:

FY 2014 Rate Proposal Summary The proposed 5.6 % in water rates was the lowest since FY 2006, eight years ago. In addition, the rate proposal was 28% lower than the

2010 projection of FY 2014 rate increases, due to four primary factors: 1) strong revenues due to 96% completion of the wireless meter reading device initiative, 2) low interest rates that have resulted in debt service of \$147 million less than projections, 3) regulatory advances that have resulted in better control of the capital budget and 4) operational cost savings, including a 4% budget reduction and the OpX program.

Historical Revenue At the end of March, revenues were \$67 million, or 2.7% ahead of plan. This is only the third time in eight years that revenues have been ahead of plan.

Capital Outlook From FY 2002 to 2012, \$15.2 billion (65%) of capital commitments were mandated. DEP has been successful working with regulators to reduce future mandates, and the capital spending projections have fallen, along with required rate increases. \$2.6 billion (18%) of the FY 2013 to FY 2023 Capital Improvement Plan is mandated.

DEP's Mission-Strategy 2011-2014 Strategy 2011-2014 set forth 100 strategies and initiatives to achieve DEP's mission in four core areas: 1) serving nine million customers, 2) operating the safest, highest-performing water utility at the lowest possible cost, 3) building capital projects on time and on budget, and 4) delivering clean waters, clean air and a sustainable quality of life for all New Yorkers. Of the plan's 100 initiatives, 87 have been partially or fully achieved, and the remaining 13 are on track.

Customer Service AMR installation has been substantially completed. There has been a 77% reduction in estimated bills since 2009 and a 16% reduction in billing disputes since 2008. During the presentation, Mr. Moss noted that the AMR had been very helpful during Hurricane Sandy.

General Discussion After the conclusion of the Proposal, general discussion was had. Mr. Moss noted that Hurricane Sandy caused re-thinking as to how to contend with future climate

events. It was noted that a review had already been underway and will include an expanded risk analysis, taking into account the newly issued FEMA flood and elevation maps. New design systems would also be examined.

On behalf of the Board, Mr. Moss thanked Commissioner Strickland for his presentation.

Adjournment

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

SECRETARY