

MINUTES OF THE ANNUAL MEETING OF THE NEW YORK CITY WATER BOARD

The annual meeting of the New York City Water Board (the “Board”) was held on May 23, 2014 starting at approximately 10:00 a.m. at 22 Reade Street, New York, New York 10007. A roll call of the Board’s members was called, and the following members of the Board were present at the start of the meeting:

Alan Moss,

Alfonso Carney,

Adam Freed,

Jonathan Goldin, and

Arlene Shaw

constituting a quorum. Mr. Moss 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 April 23, 2014. There being no discussion, upon motion duly made and seconded, the minutes of the meeting held on April 23, 2014 were unanimously adopted.

Adoption of the FY 2015 Annual Budget for the Water and Wastewater System

The next item on the agenda was adoption of the Fiscal Year 2015 (“FY 2015”) annual budget for the operation and continuing construction of the New York City water and wastewater system. In a presentation on said budget made by the Executive Director of the Board, Steven Lawitts, the following points were made:

- the total FY 2015 budget is \$3,688,576,000;
- net total debt service for FY 2015 is projected to be \$950,894,000;

- the Director of the Office of Management and Budget (“OMB”) certified the cost of operating the system and the annual rental payable to the City in FY 2015 to be \$1,559,171,000, a cost certified by the City’s Consulting Engineer, AECOM, as being a reasonable and appropriate; and
- the FY 2015 expense budget for the Board is \$39,230,000.

In response to questions from Chairman Moss, Mr. Lawitts stated that (i) the FY 2015 rental payment was higher than the Fiscal Year 2014 (“FY 2014”) payment due to the increase in Municipal Water Finance Authority debt service and (ii) the Board’s expense budget is sufficient to cover any expenses for educational tours of the system for the Board.

In response to a question from Member Goldin, the Board’s Treasurer, Ms. Mathilde McLean noted that the Board’s projected FY 2015 operating costs are higher than the amount certified by the Director of OMB because they include funding of the Operations and Maintenance Reserve Fund.

In response to a question from Member Freed, Mr. Lawitts said that the \$4 million in the budget for Board discretionary funds and new contracts were contingency funds that would be spent as needed for consultants and other contracts that the Board decided to retain in the coming year, especially in situations where the regular procurement process would take too long.

In response to a question from Member Carney, Ms. McLean explained that the budget line for collection attorneys dropped from \$420,000 in FY 2014 to \$20,000 in FY 2015 because the NYC Law Department hired a new attorney for collections, and the Board did not transition to using the new firm.

There being no more discussion, upon motion duly made and seconded, the following resolution was unanimously adopted by the Board.

RESOLUTION

WHEREAS, the New York City Water Board (the "Board") has received certification from the New York City Municipal Water Finance Authority (the "Authority") regarding the Authority's Budget for the fiscal year commencing July 1, 2014 ("Fiscal Year 2015") 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 of New York (the "City") regarding the amounts which the City reasonable anticipates it will have expended during Fiscal Year 2015 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 requested by the City for Fiscal Year 2015 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 2015; and

WHEREAS, the Board has reviewed the proposed Annual Budget for the Board's expected expenditures for Fiscal Year 2015 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 for the Board for Fiscal Year 2015, a copy of which is attached hereto, is hereby adopted.

Adoption of the FY 2015 Water and Wastewater Rate Schedule

The next item on the agenda was adoption of the Board's FY 2015 Water and Wastewater Rate Schedule applicable to customers in the City of New York (the "City"). Prior to the Board vote, Mr. Lawitts noted the following:

- the Board held a hearing on the proposed rate schedule in each of the five boroughs. Approximately 44 people attended the five hearings of which 22 people testified; and
- in response to a comment made at the Manhattan rate hearing, the rate schedule proposal would be amended to lengthen the forgiveness period for extraordinary leaks or disasters to 120 days.

Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board.

RESOLUTION

WHEREAS, the Board is authorized pursuant to Section 10a5-g(a) 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, in accordance with Sections 1045-j (3) and (9-a) of the Act, public hearings concerning certain proposals regarding water and wastewater system rates and charges were held in each borough of the City on May 14, 15, 16, 19 and 20, 2014, and a transcript of each hearing along with all written statements submitted by May 20, 2014 have been received and reviewed by the Board; and

WHEREAS, in accordance with certifications received from (i) the New York City Municipal Water Finance Authority (the "Authority") with respect to the Authority's annual budget for the fiscal year commencing July 1, 2014 ("FY 2015"), (ii) the City with respect to (a) the amounts which the City reasonably anticipates it will expend during FY 2015 in connection with the operation and maintenance of the water and sewer system and (b) rental payments requested from the Board, and (iii) AECOM USA, Inc., Consulting Engineer, with respect to the reasonableness of the City's certification of certain expenses, the Board has on this day adopted its annual budget for FY 2015; and

WHEREAS, based on the requirements set forth in the Board's annual budget for FY 2015 and the testimony and statements submitted at the aforementioned public hearings, the Board has determined that, effective July 1, 2014, the water rate for all in-City customers, flat rate and metered, should increase 3.35% over the rate in effect in Fiscal Year 2014, except for the minimum charge for meter-billed customers, which will remain at the Fiscal Year

2014 rate, and that the rate for wastewater services should remain at 159% of the applicable water charge; and

WHEREAS, the Board has further determined that the billing policy proposals and fees of 1) various modifications to the leak forgiveness program including, but not limited to, extending the program to include leaks of maintainable plumbing fixtures for any customer who, within 120 days, fixes a leak that resulted in a high bill and decreasing the time to apply for the program from 18 months to within 120 days of the high bill, 2) an extension of the response time for customers to file final appeals from 30 to 60 days, 3) an exclusion from the lien sale for customers who have filed an appeal prior to the publication of the 90-day lien sale list, 4) a suspension of interest for 90 days when previously under-billed consumption is billed after the installation of a wireless meter reading device, 5) an extension until June 30, 2016 for properties automatically enrolled in the Multiple-family Conservation Program in Fiscal Year 2013 to have a meter and automated meter reading device installed, 6) an increase in the Sewer Service Line Protection Policy annual rates from \$95.88 to \$101.64 per sewer service line contract, 7) new miscellaneous fees in connection with the Toilet Replacement Program, including an Installation Confirmation Form Enforcement Administrative Fee of \$50 and a Toilet Installation Enforcement Administrative Fee of \$250 plus the full value of the redeemed fixture voucher, and 8) various clarifications to existing policies and procedures set forth in the Board's revised Water and Wastewater Rate Schedule for Fiscal Year 2015, as described in the public notice, the New York City FY2015 Water and Wastewater Rate Report dated May 2014, and the Board's water and Wastewater Rate Schedule for Fiscal Year 2015, should be approved as recommended by staff; it is therefore

RESOLVED, that the Water and Wastewater Rate Schedule for Fiscal Year 2015, a copy of which is attached hereto, which reflects an increase of 3.35% for in-City water rates as well as the new and modified billing policies, programs and fees as described above is hereby approved.

FY 2014 Financial and Contract Update

The final agenda item was a financial update for FY 2014 presented by Mr. Lawitts and Ms. McLean, a copy of which is attached hereto.

Adjournment

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


SECRETARY