

**MINUTES OF THE MEETING OF THE
NEW YORK CITY WATER BOARD
FEBRUARY 27, 2015**

A meeting of the New York City Water Board (the “Board”) was held on February 27, 2015 starting at approximately 10:33 a.m. on the 7th Floor at 255 Greenwich Street, New York, New York 10007. A roll call of the Board’s members was conducted, and the following members of the Board were present at the start of the meeting:

Alan Moss,

Alfonso Carney,

Adam Freed, and

Jonathan Goldin

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 October 21, 2014. There being no discussion, upon motion duly made and seconded, the minutes of the meeting held on October 21, 2014 were unanimously adopted.

Approval of Internal Controls Policy

The next item on the agenda was the review and adoption of the Board’s Policy on Internal Controls. As an introduction, pursuant to a prior Board request, Mathilde McLean, the Treasurer of the Board, gave a presentation on the various roles played by the nine full-time staff of the Water Board, including the Board’s treasurer, deputy treasurer, policy analyst, upstate liaison, chief of financial operations, and other support staff and the role of the New York City Law Department in providing legal analysis and representation for the Board on an as needed

basis. Chairman Moss thanked Ms. McLean for the presentation and noted that it was important for the Board to have a fuller understanding of the operations of the Board.

Steve Lawitts, the Executive Director of the Board, noted that the Joint Audit Committee of the New York City Municipal Water Finance Authority and the Water Board met prior to the meeting to review and approve a recommendation to the Board to adopt the Policy on Internal Controls. Member Freed noted that the Audit Committee reviewed the Policy with the Board's auditor and that some minor technical changes had been made to the policy. There being no further discussion, upon a motion duly made and seconded, the following resolution was unanimously adopted by the Board.

RESOLUTION

WHEREAS, the New York City Water Board (the "Board") and the New York City Municipal Water Finance Authority (the "Authority") established a joint Audit Committee in light of their joint role in the financial operations of the water and wastewater system of the City of New York (the "System"); and

WHEREAS, pursuant to the Audit Committee Charter, the Audit Committee shall recommend to the Water Board a policy on internal controls; and

WHEREAS, on February 27, 2015, the Audit Committee reviewed the Board's policy on internal controls and recommends such policy to the Board; it is therefore

RESOLVED, that the Board hereby approves and adopts such policy on internal controls, which is attached hereto as Exhibit 1.

Presentation on the Water Board's Land Acquisition Program, Natural Gas Impact Assessment Project and Upstate Water Demand Management Program

The next item on the agenda was a presentation by David Warne, Assistant Commissioner of Water Supply of the Department of Environmental Protection, on the status of the following:

- (i) The Board's land acquisition program, which includes the purchase and management of land in the water shed. It was reported that 134,000 acres of land had been purchased to date protecting 37.5% of the Catskill –Delaware system.
- (ii) An assessment study contracted by the Board to determine the potential impacts to the NYC watershed from natural gas drilling. Three reports were produced as part of the study, which concluded that hydraulic fracturing in the watershed area would pose many environmental threats to the System's water supply. Mr. Warne also reported that based on New York State Department of Health studies, the New York State Department of Environmental Conservation is expected to ban high-volume hydraulic fracturing in New York State.
- (iii) DEP's water demand management program, which has a goal of reducing water demand on the System by 5% by 2021. The program consists primarily of retrofitting and replacing inefficient fixtures, continued leak detection, and conservation programs for non-residential customers and for upstate wholesale customers. The Board is providing demand management consulting services to upstate wholesale customers.

Introduction of Nancy Cianflone

Nancy Cianflone, the newly appointed Deputy Commissioner of Customer Services, was introduced to the Board.

Financial Update

Steve Lawitts, the Executive Director of the Board, presented an update on FY 2015 revenue collections; water distribution; billing and payment issues; the FY 2015 Lien Sale; DEP

online programs; and the Service Line Protection Program as outlined in the PowerPoint presentation 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