

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

A meeting of the New York City Water Board (the “Board”) was held on March 27, 2015 starting at approximately 8:32 a.m. at 22 Reade 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:

Alfonso Carney

Adam Freed

Jonathan Goldin and

Arlene Shaw

constituting a quorum. Mr. Carney chaired the meeting and Albert Rodriguez served as Secretary of the meeting. Member Tawan Davis arrived after the roll call had been taken.

Approval of the Minutes

The first item on the agenda was approval of the minutes of the Board’s previous meeting held on February 27, 2015. There being no discussion, upon motion duly made and seconded, the minutes of the meeting held on February 27, 2015 were unanimously adopted by Members Carney, Freed, Goldin, and Shaw.

Resolution Noting the Service of Alan M. Moss

The next item on the agenda was the passage of a resolution recognizing the long-term service of former Water Board Chairman Alan M. Moss. Chairman Carney read the resolution below and there being no discussion, upon motion duly made and seconded, the resolution was unanimously adopted by Members Carney, Freed, Goldin, and Shaw.

RESOLUTION

WHEREAS, Alan M. Moss has completed his term of service as a Member and Chair of the New York City Water Board; and

WHEREAS, Alan Moss served the people of the City of New York with commitment and distinction, beginning with his appointment to the Board in 2007 and later, with his appointment as Chair in 2008, led the Board with careful, thoughtful, dedicated and skillful consideration of the governance responsibilities of the Members; and

WHEREAS, Mr. Moss, as Chair, stressed consistently the importance of the Board's knowledge of the complexities of New York City's water and sewer system (the "System") in order to fulfill the Board's duty to establish rates for the System designed to ensure both the sustainable provision of service at a fair price for customers and the efficient financing of the System's infrastructure; and

WHEREAS, the Board wishes to recognize Mr. Moss's exemplary service to the Board; it is therefore

RESOLVED, that the members of the Board, as well as its officers and staff, together express sincere appreciation and gratitude to Alan M. Moss and extend to him best wishes in all of his future endeavors.

After adoption of the above resolution, Chairman Carney expressed his gratitude for his recent appointment as Chairman of the Board and his intention to work closely with the Board to continue improving operation of the System and its facilities.

Presentation of the Fiscal Year 2016 Rate and Billing Policy Proposals

The next item on the agenda was a presentation by Emily Lloyd, the Commissioner of the NYC Department of Environmental Protection ("DEP") on the Fiscal Year 2016 Rate and Billing Policy Proposals and certain updates on System operations (said presentation being available on the Public Notice section of the Board's website: nyc.gov/waterboard). Ms. Lloyd stated that DEP was proposing a 3.24% increase in water and sewer rates for FY 2016, the lowest rate increase since FY 2006. Ms. Lloyd reported that low interest rates on debt issued by the NYC Municipal Water Finance Authority (the "Authority"), revenues in excess of

projections, and operational cost savings supported the low rate increase proposal. She noted that NYC water and sewer rates are currently slightly below the national average for large cities.

As part of the presentation, Ms. Lloyd updated the Board on System capital plans, Authority debt service, status of the FY 2015 budget plan, and financial projections for FY 2016.

Ms. Lloyd also described certain policy proposals for FY 2016 including (i) plans by the City to return a portion of the System rental payments to the Board; (ii) expansion of the Home Water Assistance Program; (iii) a credit for customers enrolling in monthly eBilling; and (iv) an increase in the credit for customer participation in DEP's lead and copper monitoring program.

Finally, Ms. Lloyd presented the Borough Rate Hearing schedule for the FY 2016 Rate Proposal.

In response to a question from Member Freed on whether DEP has considered pricing models that would include charges for stormwater runoff, Steve Lawitts, Executive Director of the Board stated that DEP had commissioned a study in 2009, which evaluated pricing models, including models for stormwater charges. In addition, DEP conducted a pilot program that charged parking lots for stormwater runoff. Lawitts noted that the stormwater models indicated such charges would have a particularly negative effect on single-family homeowners, and DEP had not resolved how it might mitigate that impact.

In response to a question from Member Davis on the \$805 million Authority bond buy-back program for FY 2015, Tom Paolicelli, Executive Director of the Authority, described how the buy-back program would lower future System rate increases through the purchase of high coupon debt structured to spread debt service savings across future years.

In response to a question from Member Goldin on Authority debt projections, Tom Paolicelli said he expected Authority debt service would grow at an average of 3% per year depending on the average of future interest rates.

In response to a question from Chairman Carney on whether the legislation authorizing the HEAP program has a sunset, Nancy Cianflone, DEP's Deputy Commissioner of Customer Services, stated that the program doesn't have a sunset, per se, but it needs an appropriation from Congress.

Adjournment

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

SECRETARY