

**MINUTES OF THE MEETING OF THE
NEW YORK CITY WATER BOARD
JUNE 12, 2015**

A meeting of the New York City Water Board (the “Board”) was held on June 12, 2015 starting at approximately 8:31 a.m. in Spector Hall 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,
Joseph G. Finnerty, III,
Adam Freed¹,
Jonathan Goldin and
Arlene Shaw

constituting a quorum. Mr. Carney 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 May 8, 2015. There being no discussion, upon motion duly made and seconded, the minutes of the meeting held on May 8, 2015 were unanimously adopted.

Approval of Fiscal Year 2016 Water Rates for Customers North of New York City

Next, Steve Lawitts made a presentation to the Board briefly describing the rate hearing for upstate customers that was held in Valhalla on June 1, 2015 and summarizing the proposed water rates for those customers. The upstate water rate of \$1,728.99 per million gallons up to the “entitlement” amount of water allowed for each municipal customer is based on a report from

¹ Mr. Freed joined the meeting after the Minutes of May 8, 2015 were approved.

Amawalk Group, the rate consultant for the Board, which details the cost of supplying water to upstate customers. The upstate water rate of \$5,093.85 per million gallons for water in excess of the entitlement amount is equal to the in-City rate. In response to a question posed by Member Goldin as to whether tiered water rates, based on the costs related to each individual upstate customer, have been or should be considered, Mr. Lawitts noted that the idea had been considered in the recent past, and based on the notion that the Water System is an interconnected system with the obligation of supplying water for the City, there were too many cost variables, including considerable capital costs being expended on upstate projects, to compute individual water rates for each upstate customer. There being no further discussion, upon a motion duly made and seconded, the following resolution was unanimously adopted by the Board.

RESOLUTION

WHEREAS, the Board is authorized pursuant to Section 1045-j of the New York City Municipal Water Finance Authority Act to establish rates and charges for services furnished by the Water System of the City of New York (the “City”); and

WHEREAS, pursuant to the Water Supply Act of 1905 as set forth in Section 24-360 of the Administrative Code of the City of New York, the City is required, upon request, to furnish a supply of water to certain municipalities and water districts north of the City at a rate determined on the basis of the actual total cost of the water to the City (the “Regulated Rate”) in quantities not to exceed the daily per capita consumption in the City multiplied by the number of inhabitants in each municipality or water district as shown by the last preceding census (the “Allowance Quantities”); and

WHEREAS, the Board has received a report dated May 7, 2015 from the Amawalk Consulting Group LLC, Rate Advisor to the Board, which presents the calculated cost of service for the Regulated Rate for Fiscal Year 2016 of \$1,728.99 per million gallons; and

WHEREAS, the proposal to the Board for the rate to be charged for water provided in excess of the Allowance Quantities is equal to the charge for water set forth in “Part II, Section 1. Metered Water” of the Board’s Water and Wastewater Rate Schedule for Fiscal Year 2016 of \$3.81 per hundred cubic feet, which is equivalent to \$5,093.58 per million gallons; and

WHEREAS, upon appropriate notice, a public hearing was held on June 1, 2015 in Valhalla, New York, concerning the proposed increases in the rates for water supply from the City system sold to users north of the City; and

WHEREAS, the Board has received a transcript of the hearing and all written testimony submitted in response to the proposed rates, and staff has recommended the proposed rates; it is therefore

RESOLVED, that effective July 1, 2015, the Regulated Rate shall be \$1,728.99 per million gallons, and the rate and charge for water provided to users north of the City that exceeds the Allowance Quantities shall be continued at a level equal to the retail metered rate effective within the City, which as of July 1, 2015 shall be equal to \$5,093.58 per million gallons.

Approval of Rate Consultant Contract Amendments

The next agenda item was a presentation by Mr. Lawitts requesting additional funding of \$550,000 for contracts with the Board's two rate consultants, Amawalk Consulting Group and Raftelis Financial Consultants, for the contract extension periods that run through September 2016 for Raftelis and March 2017 for Amawalk.

RESOLUTION

WHEREAS, pursuant to Section 1045-g(8) of the New York City Municipal Water Finance Authority Act (the "Act"), the Board is authorized to enter into contracts and to retain private consultants on a contract basis for the purpose of obtaining professional or technical services to assist the Board in carrying out its responsibilities; and

WHEREAS, following a competitive solicitation process, the Board entered into agreements with Amawalk Consulting Group LLC ("Amawalk") and Raftelis Financial Consultants, Inc. ("Raftelis"; the "Agreements"), whereby Amawalk and Raftelis are currently serving as Rate Advisors to the Board under the first extension terms of the Agreements; and

WHEREAS, the Board authorized an aggregate compensation amount not to exceed \$1,050,000 for the initial three-year terms of the Agreements; and

WHEREAS, Amawalk and Raftelis have provided highly satisfactory services to date as indicated by Board staff; and

WHEREAS, the Executive Director of the Board has requested \$550,000 of additional funding for the remaining extension periods of the Agreements; and

WHEREAS, in accordance with the Water Board's Policy on the Procurement of Goods and Services, in particular, Section 5.i. (prior Board approval of contracts where the cumulative value exceeds \$100,000), the Board finds such justification reasonable and appropriate in the present circumstances; it is therefore,

RESOLVED, that the Executive Director is hereby authorized and directed in the name of and on behalf of the Board to execute amendments to the Agreements to provide continuing services upon such terms and conditions as the Executive Director may deem reasonable and appropriate. Total compensation for services performed under the Agreements, as amended, shall not exceed \$1,600,000.

Financial Update

Steve Lawitts, the Executive Director of the Board, presented an update on a report prepared by the National Transportation Safety Board on a gas explosion that occurred in East Harlem, 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.

/S/
SECRETARY