

**MINUTES OF THE MEETING OF THE
NEW YORK CITY WATER BOARD
May 1, 2019**

A meeting of the New York City Water Board (the “Board”) was held on May 1, 2019 starting at approximately 8:30 a.m. at 255 Greenwich Street, 8th Floor, Room 8-S1S2, New York, New York 10007. The following members of the Board attended 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.

Approval of the Minutes

The first item on the agenda was approval of the minutes of the Board’s previous meeting held on November 26, 2018. There being no further discussion, upon motion duly made and seconded, the minutes of the meeting held on November 26, 2018 were unanimously adopted.

City Water and Sewer Rate Proposals

The next item on the agenda was a presentation by Vincent Sapienza, Commissioner of the Department of Environmental Protection (“DEP”), and Joseph Murin, Executive Director of the Board, on DEP’s capital and operating expenses and a proposal for water and sewer rates for customers in the City that would be effective as of July 1, 2019. Commissioner Sapienza highlighted DEP’s focus on water quality and system investments in wastewater treatment that have resulted in a noticeable increase in harbor water quality. The Commissioner noted that operating expenses, estimated to be approximately \$1.55 billion for Fiscal Year 2020, are driven

in large part by energy costs for wastewater treatment plants, personnel expenses, and upstate property taxes. Major components of new capital needs of the system include sewer work, water tunnel #3, water quality preservation and the dam safety program.

DEP's rate proposal that would be effective starting July 1, 2019 includes a 2.31% increase for water and sewer charges, which will increase a monthly bill for a typical customer in the range of \$1.35 to \$1.82. Water Board Executive Director, Joseph Murin, noted an increase of 2.31% would be among the lowest rate increase in 18 years and that the proposed rate increases are being recommended due to interest rate uncertainty and the importance of moderating future rate increases. Commissioner Sapienza also noted that DEP's proposal includes the continuation of affordability programs, including 1) an assistance program for low income senior and disabled homeowners, 2) an assistance program for properties subject to long-term affordable housing agreements, 3) partial bill credits for homeowner that repair leaks in a timely manner, and 4) a freeze of the minimum charges for homeowners that conserve water. He further noted that even with the proposed increase, New York City water and wastewater rates are 15.5% lower than the average of the thirty largest U.S. cities.

Easement Approvals

Next, Matthew Schwab, DEP's Real Property Manager for Water Supply, made a presentation requesting the Board's consent to the granting of easements on system properties. The first request concerned an easement to be provided to Westchester County over a road the City is building to provide DEP access to the Harlem Siphon Valves, which are critical to the operation of the System. The greater portion of the road will be built on property the City owns in Westchester County but a smaller portion of the road will be built on Westchester County property. The County has provided the City an easement to build the road on its property and is

seeking an easement from the City to use the road to access certain County property not currently accessible by a road.

The second request concerned extending the term during which the Board can grant conservation easements to the New York State Department of Environmental Conservation (“DEC”) on system watershed property and easements acquired through the Land Acquisition Program (the “LAP”). The LAP, as authorized by the New York City Watershed Memorandum of Agreement, grants the City the right to acquire property and easements in the watershed area to protect City water quality and requires the City to grant easements to DEC on such property. The requested approval would extend the City’s authority to grant such easements for another four years.

Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Board approving the easements described above.

WHEREAS, pursuant to the New York City Watershed Memorandum of Agreement, dated January 21, 1997 (the “MOA”), the City of New York (the “City”), acting by and through the New York City Department of Environmental Protection (“DEP”), is engaged in a land acquisition program in the New York City Watershed; and

WHEREAS, pursuant to such program, the City is seeking to acquire fee title to, or conservation easements on, sensitive watershed lands to better protect the quality of the City’s drinking water; and

WHEREAS, pursuant to the MOA, the City agreed to grant conservation easements to the New York State Department of Environmental Conservation (“NYSDEC”) on lands acquired in fee under such program, all as more fully described in and subject to the terms of Paragraph 82 of the MOA; and

WHEREAS, the granting of such conservation easements constitutes the granting of an interest in real property subject to the Agreement of Lease, dated as of July 1, 1985, as amended (as so amended, the “Lease”), between the City and the New York City Water Board (the “Board”); and

WHEREAS, pursuant to Section 11.1(d)(ii) of the Lease, the City may, with the prior written consent of the Board, upon the Board’s receipt of a certificate signed by the Consulting Engineer, grant interests in the Leased property which, in the reasonable

judgment of the Board, do not interfere with the operation and maintenance of the System and the collection of revenues from the System; and

WHEREAS, by resolution adopted on June 19, 2003, the Board consented to the granting of such conservation easements by the City to NYSDEC, in substantially the form of Attachment 1 annexed to such resolution, for a period of one (1) year, and on the condition that a report on the land acquisition program be submitted to the Board together with any request to extend such consent; and

WHEREAS, by resolution adopted on May 7, 2004, the Board consented to the granting of such conservation easements by the City to NYSDEC, in substantially the form as approved by the Board on June 19, 2003, for an additional period of two (2) years, and on the condition that a report on the land acquisition program be submitted to the Board together with any request to extend such consent; and

WHEREAS, by resolution adopted on September 15, 2006, the Board consented to the granting of such conservation easements by the City to NYSDEC, in substantially the form as approved by the Board on May 7, 2004, for an additional period of two (2) years, and on the condition that a report on the land acquisition program be submitted to the Board together with any request to extend such consent; and

WHEREAS, by resolution adopted on November 20, 2008, the Board consented to the granting of such conservation easements by the City to NYSDEC, in substantially the form as approved by the Board on September 15, 2006, for an additional period of two (2) years, and on the condition that a report on the land acquisition program be submitted to the Board together with any request to extend such consent; and

WHEREAS, by resolution adopted on March 18, 2011, the Board consented to the granting of such conservation easements by the City to NYSDEC, in substantially the form as approved by the Board on November 20, 2008, for an additional period of two (2) years, and on the condition that a report on the land acquisition program be submitted to the Board together with any request to extend such consent; and

WHEREAS, by resolution adopted on September 19, 2014, the Board consented to the granting of such conservation easements by the City to NYSDEC, in substantially the form as approved by the Board on November 20, 2008, for an additional period of four (4) years, and on the condition that a report on the land acquisition program be submitted to the Board together with any request to extend such consent; and

WHEREAS, DEP has submitted a report on the progress of the land acquisition program together with a request to extend such consent for an additional period of four (4) years; it is therefore

RESOLVED, that the Board hereby gives its consent, for an additional period of four (4) years from the date hereof, to the granting of conservation easements by the City to NYSDEC, substantially in the form presented to the Board on September 19, 2014, on

lands acquired in fee under the City's watershed land acquisition program, as and when required pursuant to the terms of the MOA; and be it further

RESOLVED, that a report be submitted to the Board on the progress of the City's land acquisition program together with any request to extend such consent beyond such four (4) year period; and be it further

RESOLVED, that the officers of the Board be, and each of them hereby is, authorized and empowered, in the name and on behalf of the Board, to execute such agreements and other instruments, and to take such other and further actions, as they or any them deem necessary or appropriate to effectuate the foregoing resolutions.

WHEREAS, pursuant to the New York City Watershed Memorandum of Agreement dated January 21, 1997 (the "MOA"), the City of New York (the "City"), acting by and through the New York City Department of Environmental Protection ("DEP"), is engaged in programs within the New York City Watershed communities to ensure an adequate supply of clean and healthful drinking water to millions of New York City residents, as well as to several other regions in New York State; and

WHEREAS, the City of New York is a partner in the watershed communities and contribute to the overall well-being of the community; and

WHEREAS, the New York State General Municipal Law, Article 5, Section 72-h authorizes the transfer of real property to a municipality for no consideration; and

WHEREAS, pursuant to Section 11.1(d) (ii) of the Lease, the City may, with the prior written consent of the Board, grant interests in property covered by the Lease, which, in the reasonable judgment of the Board, do not interfere with the operation and maintenance of the System and the collection of revenues from the System; and

WHEREAS, it is the judgment of the Board that such transfer provides benefits to the City and will not interfere with the operation and maintenance of the System or the collection of revenues from the System, it is therefore

RESOLVED, that the Board gives its conditional consent to the City to grant a permanent easement to Westchester County provided the City receives a reciprocal permanent easement in exchange; and be it further

RESOLVED, that the Board hereby gives its consent for the City to grant a permanent easement by a conveyance deed in the form approved by the New York City Law Department; and be it further

RESOLVED, that the officers of the Board be, and each of them hereby is authorized and empowered, in the name and on behalf of the Board, to grant such consent

and to take such other and further actions as the officers or any officer deems necessary or appropriate to effectuate the foregoing resolution.

Upstate Water Rate Proposals

Commissioner Sapienza and Executive Director Murin made a presentation to the Board discussing the capital and operating expenses related to the provision of water to the upstate communities for fiscal year 2020. Based on those expenses and the fact the upstate communities experienced no rate increases in the prior two fiscal years, DEP was proposing an upstate entitlement rate increase of 9.2% equating to a rate per million gallons of \$1,888.05 and an increase in the excess rate equal to the increase in water rates charged for City customers effective as of July 1, 2019.

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

SECRETARY