

**MINUTES OF THE MEETING OF THE
NEW YORK CITY WATER BOARD
MAY 10, 2021**

A meeting of the New York City Water Board (the “Board”) was held on Monday, May 10, 2021 starting at approximately 9:00 a.m. via teleconference in accordance with the Governor’s Emergency Order regarding the Covid-19 pandemic. Approximately 50 members of the public dialed into the teleconference. The following members of the Board attended the meeting:

Alfonso Carney,
Dr. Demetrius Carolina, Sr.,
Evelyn Fernandez-Ketcham,
Adam Freed,
Jonathan Goldin,
Jukay Hsu, and
Arlene Shaw

constituting a quorum. Mr. Carney chaired the meeting, and Albert Rodriguez served as Secretary of the meeting. Dr. Carolina joined the meeting during the HPD presentation.

Approval of the Minutes of March 23, 2021

The first item on the agenda was approval of the minutes of the Board’s meeting held on March 23, 2021. There being no further discussion, upon motion duly made and seconded, the minutes of the meeting held on March 23, 2021 were unanimously adopted.

Presentation of Department of Housing Preservation and Development (HPD): Block 2494, Lot 6, in Greenpoint, Brooklyn

HPD presented a proposal to the Water Board, headed by Lin Zeng, Director of Brooklyn Planning, along with other HPD staff who were on the call: Erin Buchanan, Deputy Director, Brooklyn Planning; Arielle Goldberg, Director, Land Use Planning and Policy; Dan Moran; and Alice Hintermann, Senior Project Manager, New Construction Finance.

HPD is requesting that the Board release their leasehold interest in the balance of Lot 6 (approx. 0.207 acres or 9,011 square feet), which is Block 2494, Lot 6, so that the City may transfer jurisdiction of the lot from the Water System to HPD to support the development of affordable housing and infrastructure on the Greenpoint waterfront.

After the presentation, Board members raised the following questions. What is the fair market value of the land? Whether any proceeds from the sale could be directed into the funds of the Water System for the benefit of ratepayers? Whether the Board needs to convene in an executive session to clarify its fiduciary obligations on this topic?

Water Board Executive Director Joseph Murin noted that the question before the Board is not the value derived from property but whether the lot still has continued value to the Water System. With the removal of the sludge tank from that lot, and the reconstruction of the Newtown Creek Plant, the surrounding land had become extraneous to DEP's operations.

HPD staff replied that according to the City Charter, whenever there is City land that is being conveyed, the money must go into the General Fund. They also noted that the appraised value of the land was the greater of the 2014 appraisal and the recent 2021 appraisal. It turned out that the 2014 appraisal was greater. The land is valued at approximately \$8.2 million, which

will become \$5.2 million after the developer's discounts, related to their infrastructure work in the area.

Secretary Rodriguez stated that in his opinion, the Board would not be contravening any fiduciary duty they have to the system or to its customers by releasing the Board's leasehold interest in this property that is no longer useful for system operations. The City, as owner of the property, is entitled to receive any proceeds upon property transfer, and the Board does not have a basis to claim such proceeds.

Chair Carney said that it was unfortunate that the HPD deal was done during the meeting when the Board is also looking at the water rates since there were many questions. All the Board members were queried and were satisfied with the responses to the questions raised, and there was no further comment received. Hence, Chair Carney concluded the Board will not go into an executive session, and thanked HPD for their excellent presentation and the merits of the project especially on housing affordability.

There being no further discussion, upon motion duly made and seconded, the following resolution was adopted by all of the Board members, except for Member Hsu who had left the meeting prior to the vote.

RESOLUTION

WHEREAS, the water and wastewater systems (the "Systems") of the City of New York (the "City") have been leased by the City to the New York City Water Board (the "Board") pursuant to an Agreement of Lease, dated as of July 1, 1985 and as amended by Amendment No.1 dated as of November 1, 1985, between the City and the Board (the "Lease"); and

WHEREAS, the City, through the New York City Department of Environmental Protection ("DEP") operates and maintains the System; and

WHEREAS, the City has requested that the Board give its consent to release the Board's leasehold on, and then transfer to the City's Department of Housing Preservation and Development, of an unused 0.207 acre land parcel that comprises the portion of

Brooklyn Block 2494, Lot 6 not previously authorized for release to the City by the Board, in order to support the development of, and to meet the City's obligations in connection with, the Greenpoint Landing real estate development project; and

WHEREAS, by letter dated April 22, 2021, the Board has received certification from William Pfrang, P.E., Vice President of AECOM USA, Inc., Consulting Engineer, that it has evaluated the above real property action and has confirmed that such transfer has no impact on the operations of the Systems, the collection of revenues of the Systems, or the ability of the Board to make any payments required under the Lease; and

WHEREAS, the Board has determined that releasing its leasehold interest in the 0.207 acre parcel that comprises a portion of Brooklyn Block 2494, Lot 6, to the City is reasonable and appropriate; it is therefore,

RESOLVED, that, pursuant to Section 11.1(d) (i) of the Lease, the Board hereby consents to the property release and transfer as described herein; and be it further

RESOLVED, that the officers of the Board be hereby authorized and empowered, in the name of, and on behalf of, the Board, to grant such consent and to take such other and further actions as the officers, or any officer individually, deems necessary or appropriate to carry out this resolution

DEP Presentation of the FY 2022 Water Rates

Treasurer Omar Nazem outlined the topics to be discussed, such as an update on DEP operations over the last year; updates on the financial and capital markets; DEP's rate proposal to the Board; administrative billing policies and proposals; an initial look into the Board's FY 2022 budget based on preliminary numbers; and lastly, the proposed approach to the water rates for customers outside of the City.

Commissioner Sapienza presented next by stating that the water and wastewater services were fully maintained throughout the pandemic without interruption. He also presented some of the capital construction work that was either completed or just started over the past year. Chair Carney inquired about the Delaware aqueduct bypass tunnel that was completed in February. The Commissioner responded that the Delaware aqueduct, which provides 50% of the City's water supply, would be shut down for about a five-month period, starting in the fall of 2022 and

into early 2023. At those times, the Croton system will be providing approximately 30% of the required supply and the Catskill system will provide the remaining 70%. This work is being planned during the months when the City's demands for water are historically lower.

Executive Director Joseph Murin presented next about year-to-date revenues. Member Freed asked about DEP's access to stimulus funding to support the water system. Murin answered that DEP is working with City Hall to get access to the Federal funding that may be available. Chair Carney asked how long the system could operate without receiving the federal funds, given the increasing number of delinquencies. Treasurer Nazem replied that even with the lower revenues, there is a multi-year sustainability built-in into the forecasts, and that the system's financials plans d. Rate consultant Ed Markus of Amawalk added to Nazem's answer that they are assuming a gradual recovery but opined that it will not be until 2025 that the system will be completely back into the pre-pandemic days. Further, he said that the system is positively impacted by the favorable interest rate environment that has produced significant savings on the cost of debt service.

Treasurer Nazem continued the presentation about the effect of the pandemic on water consumption and updates on the capital markets. David Womack and Olga Chernat of the Water Finance Authority affirmed Nazem's presentation. Nazem continued with presenting the 10-year capital investment plan, following which Member Freed asked if there was an estimate for green infrastructure and blue belt investments, to which Murin replied that the figure was in the range of \$1 billion. Murin then followed with a presentation on DEP's rate proposal that would be effective starting July 1, 2021. DEP proposes a 2.76% increase for water and sewer charges, which can translate to a \$1.50 to \$2.50 increase in monthly bills for the average household. In response to a question about the rental payment, Executive Director Murin opined that at this

time he is confident that there would not be a rental payment request in FY 2022. Nazem continued that DEP's proposal includes the continuation and expansion of affordability programs, which increased to a total budget of \$30 million from last year's \$20 million, which include 1) an assistance program for multi-family properties 2) a home water assistance program for smaller residential properties; and 3) partial bill credits for homeowners that repair leaks in a timely manner. He concluded that even with the proposed increase, NYC's water and wastewater rates are still lower than the average rates nationwide.

Lastly, DEP was proposing an upstate entitlement rate increase of 8.82%, and an increase in the excess rate equal to the increase in water rates charged for City customers (2.76%) effective as of July 1, 2021.

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

SECRETARY