

**MINUTES OF THE MEETING OF THE  
NEW YORK CITY WATER BOARD  
OCTOBER 12, 2018**

A meeting of the New York City Water Board (the “Board”) was held on October 12, 2018 starting at approximately 9:30 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,

Evelyn Fernandez-Ketcham,

Jonathan Goldin, and

Jukay Hsu,

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 June 18, 2018. There being no discussion, upon motion duly made and seconded, the minutes of the meeting held on June 18, 2018 were unanimously adopted.

**Acceptance of the Independent Auditor’s Report for Fiscal Years 2018 and 2017.**

The next item on the agenda was the presentation and acceptance of the Independent Auditor’s Report on the Audited Financial Statements of the Water and Sewer System for the Fiscal Years ended June 30, 2018 and June 30, 2017 and authorization of the public release of such audited financial statements. Chair Carney reported that the Joint Audit Committee of the Water Board and the New York City Municipal Water Finance Authority met with the System’s

independent auditors, Marks Paneth, and reviewed their report. Marks Paneth reported that the financial statements fairly present the net position of the System in conformance with generally accepted accounting principles and provided a letter, which stated that they found no material weakness in the System's internal controls over financial reporting. After such review, the Joint Audit Committee unanimously approved a recommendation that the Board and the Authority accept the auditor's report and authorize the public release of the financial statements.

There being no further discussion, upon 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 joint Audit Committee Charter and the Board resolution of January 25, 2008 establishing the joint Audit Committee, the Board and the Authority each acting separately, after receiving a recommendation from the joint Audit Committee, shall annually approve the audited financial statements of the System; and

**WHEREAS**, on October 12, 2018, the Audit Committee met with the independent auditors and reviewed their report on the System's audited financial statements for the fiscal years ended June 30, 2018 and June 30, 2017; and

**WHEREAS**, the Audit Committee believes the independent auditors' report and the financial statements are reasonable and appropriate and has recommended that the Board and the Authority accept the independent auditors' report and authorize the release of the financial statements; and

**WHEREAS**, the Board of Directors of the Authority are scheduled to meet and approve the independent auditors' report and authorize the release of the financial statements on October 12, 2018 contingent on their approval by the Board; it is therefore,

**RESOLVED**, that the Board hereby accepts the independent auditors' report on the audited financial statements of the System for the fiscal years ended June 30, 2018 and June 30, 2017 and authorizes the release of such audited financial statements, provided that both the independent auditors' report and the audited financial statements may be amended to reflect non-material changes acceptable to the Comptroller of the Authority.

### **Approval of Investment Guidelines and the Fiscal Year 2018 Investment Report**

The next agenda item was the presentation and approval of the Board's Investment

Guidelines and the Fiscal Year 2018 Investment Report as annually required by the New York State Public Authorities Act. Water Board Treasurer Omar Nazem reported that interest income was up this year due to higher short-term interest rates.

There being no further discussion, upon a motion duly made and seconded, the following resolution was unanimously approved by the Board.

### **RESOLUTION**

**WHEREAS**, the New York City Water Board (the “Board”) adopted Investment Guidelines to establish policies for the investment of its funds on May 2, 1986 and subsequently amended the Investment Guidelines on October 24, 1990 and February 14, 1997; and

**WHEREAS**, pursuant to the Investment Guidelines, the Board is required annually to review and approve both the Investment Guidelines and an Investment Report; and

**WHEREAS**, the Board has reviewed the Investment Guidelines as contained in the Fiscal Year 2018 Investment Report and finds both the guidelines and report to be reasonable and appropriate; it is therefore

**RESOLVED**, that the Investment Guidelines and the Fiscal Year 2018 Investment Report, copies of which will be filed with the minutes of this meeting, are hereby approved.

### **Consent to Release Leasehold Interest in Real Property in Town of Bedford and Village of Brewster**

The next item on the agenda related to the release by the Board of its leasehold interest in one parcel of real property located in the Town of Bedford and several parcels of real property located in the Town of Brewster so that the City may donate the properties to the respective municipalities. Assistant Commissioner David Warne of the Bureau of Water Supply for the New York City Department of Environment Protection (“DEP”) made a presentation on the proposed donation of the parcels. He noted that all of the parcels under consideration are currently being used by the municipalities under land used permits granted by DEP. He further noted that there are no DEP facilities on any of the parcels under consideration, that the parcels are not suitable for future DEP facilities, and do not provide any benefit in terms of water supply protection. The first parcel under consideration is located in the Town of Bedford, County of

Westchester and was acquired through condemnation proceedings in 1897 associated with the construction of the Muscoot Reservoir. The property proposed to be conveyed consists of approximately 2 acres improved with paved parking areas and a two-story structure that houses the Community Center of Northern Westchester. Assistant Commissioner Warne explained that DEP does not need this isolated parcel for the protection of water quality or for other utility purposes and its disposition to Bedford will both relieve DEP of certain burdens of ownership and assist Bedford in important improvements to the Community Center. These improvements to the parcel will result in water quality benefits, including the Town's commitment to improving stormwater management on the site by providing stormwater protection measures above and beyond the requirements in DEP's Rules and Regulations and, when the facility is expanded, it will be upgraded to a new sewer main which will provide better water quality protection than the aging septic system currently being used. Secretary Al Rodriguez called a point of order to pause the presentation to inform that the Board's decision to release its leasehold interest in the property is predicated on whether the release will have an adverse material effect on the collection of revenue. The Board leases the system from the City and once the leasehold interest is released, any actual transfer of the real property is to be effectuated by the City. Mr. Warne responded that the property does not generate material revenue. At this point, Chair Carney call for a Board vote on the Brewster property. There being no further discussion, upon a motion duly made and seconded, the following resolution was unanimously adopted by the Board.

### **RESOLUTION**

**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 and the Town of Bedford have been engaged in discussions to improve the quality of life and community services within the watershed communities; and

**WHEREAS**, the Town of Bedford has been operating the Community Center of Northern Westchester under a DEP Revocable Land Use Permit for over twenty (20) years and is now in need of expanding the facilities to address the growing demand; and

**WHEREAS**, the City is supportive and agreeable to donating the real property and the building thereon for this purpose, and the City has requested that the Board release its leasehold interest in the property to be donated; 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) (i) of the Lease, the City may, with the prior written consent of the Board, transfer property covered by the Lease which does not materially adversely affect the revenues of the Systems or impair the ability of the Board to make any payments required under the Lease; and

**WHEREAS**, by letter dated October 11, 2018, the Board has received certification from William Pfrang, P.E., Vice President of AECOM USA, Inc., Consulting Engineer, that it has evaluated the above property disposition 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; therefore be it

**RESOLVED**, that the Board hereby gives its consent for the City to donate to the Town of Bedford the proposed real property and building thereon 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.

Next Mr. Warne introduce a proposal relating to the Brewster properties. The parcels are located in the Village of Brewster, County of Putnam and were acquired through condemnation proceedings in 1893. Over time, these three parcels have become isolated from other City lands and have been subject to a variety of improvements, which further reduce their benefit to the water supply system. In exchange for taking title to the three properties, Putnam County will restore a neighboring City parcel from a parking lot into a constructed wetland, and will offer to donate to DEP, subject to DEP's interest and acceptance, two County-owned parcels in the West Branch Reservoir basin. If the Water Board approves the release of its leasehold interest, DEP will enter into an Intergovernmental Agreement (IGA) with Putnam County and/or the Village of Brewster to formalize this commitment into a binding legal agreement. DEP will await execution

of the IGA prior to finalizing the City's disposition of the three parcels. Mr. Warne noted that the three non-contiguous parcels are not used for a material revenue generating purpose and serve no water supply purpose now or in the future. There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted.

### **RESOLUTION**

**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 City is engaged in multiples projects with the Village of Brewster and Putnam County that will be memorialized in an Inter-governmental Agreement (IGA), providing for the interests of both parties; and

**WHEREAS**, the City is agreeable to donating the three parcels of property identified in the Memorandum to the Board, dated October 12, 2018, subject to satisfaction of the conditions of the IGA, and the City has requested that the Board conditionally release its leasehold interest in the property to be donated; 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) (i) of the Lease, the City may, with the prior written consent of the Board, transfer property covered by the Lease which does not materially adversely affect the revenues of the Systems or impair the ability of the Board to make any payments required under the Lease; and

**WHEREAS**, by letter dated October 11, 2018, the Board has received certification from William Pfrang, P.E., Vice President of AECOM USA, Inc., Consulting Engineer, that it has evaluated the above property disposition 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; it is therefore

**RESOLVED**, that the Board gives its conditional consent to the City to donate the proposed real property to the Village of Brewster or the County of Putnam subject to satisfaction of the conditions specified in the IGA between the parties; 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.

## **Consent to Release Leasehold Interest in Real Property in Borough of Brooklyn**

The next item on the agenda was a presentation by Treasurer Omar Nazem regarding a request from the City for the Board to release its leasehold interest in an unused 0.062 acre part of a parcel that comprises Brooklyn Block 2494, Lot 6, and which lies in the bed of a street that is mapped, but unbuilt, so that such property may be relinquished to the City's Department of Transportation ("DOT") for street construction. Mr. Nazem detailed how the proposed street will be extended to connector streets to enhance traffic flow in the neighborhood, and how the parcel which previously held a sludge tank is now vacant and serves no sewer system purpose. Mr. Tika Gurung, a project manager from the City's DOT explained the process of how the street will be developed and dedicated for public use. There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted.

### **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 Systems; and

**WHEREAS**, pursuant to Section 11.1(d)(i) of the Lease, the City may, with the prior written consent of the Board, transfer property covered by the Lease which does not materially adversely affect the revenues of the Systems or impair the ability of the Board to make any payments required under the Lease; and

**WHEREAS**, the City has requested that the Board give consent to the disposition of an unused 0.062 acre parcel that comprises a portion of Brooklyn Block 2494, Lot 6, which lies in the bed of a street that is mapped, but unbuilt, so that such property may be relinquished to the City's Department of Transportation for street construction; and

**WHEREAS**, by letter dated September 25, 2018, the Board has received certification from William Pfrang, P.E., Vice President of AECOM USA, Inc., Consulting Engineer, that it has evaluated the above property disposition 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 0.062 acre parcel that comprises a portion of Brooklyn Block 2494, Lot 6, which lies in the bed of a mapped street 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 disposition as described herein; 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.

**Adjournment**

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

\_\_\_\_\_/s/\_\_\_\_\_  
SECRETARY