

**MINUTES OF THE MEETING OF THE
NEW YORK CITY WATER BOARD**

November 6, 2023

A meeting of the New York City Water Board (the “Board”) was held on Monday November 6, 2023 at 255 Greenwich Street, Manhattan, New York in the 8th floor conference room, beginning at approximately 9:30 a.m. The following members of the Board attended the meeting:

Alfonso Carney,

Adam Freed,

Jonathan Goldin

Arlene Shaw, and

Daniel Zarrilli

constituting a quorum. Member Zarrilli was in attendance and participated in both of the voice votes, departing the meeting after the start of the AWR presentation. Mr. Carney chaired the meeting, Albert Rodriguez served as Secretary of the meeting, and Board officers Executive Director Joseph Murin and Treasurer Omar Nazem were in attendance. Several representatives from the Department of Environmental Protection were also in attendance, including Commissioner Rohit Aggarwala, Chief of Staff Anna Ponting, and Senior Advisor Nerissa Moray. David Womack from the New York City Municipal Water Finance Authority was also in attendance.

Approval of the Minutes

The first item on the agenda was approval of the minutes of the Board’s previous meeting held on October 11, 2023. Upon motion duly made and seconded, the minutes of the meeting held on October 11, 2023 were put to the members for a vote. The members in attendance unanimously approved the minutes by a voice vote.

Presentation and Vote on Board Contract with Fuse Corp

Commissioner Aggarwala provided a short background briefing on the Fuse Corp and the Fuse

executive fellows program. The Commissioner noted that DEP was nearing finalization of its strategic planning work, with two main focus areas emerging from among the plan's recommendations, including operational needs in the bureaus and a need to update certain agency business processes. The Commissioner stated his belief that there were areas of the strategic plan, especially with respect to the implementation aspects of several of the proposed initiatives anticipated in the plan, where the agency could benefit from private sector expertise. Chief of staff Anna Ponting presented the project scope and contract description to the Board, explaining that the timing was designed to ensure that the requested expertise would be available to quickly help begin implementing the strategic plan's recommendations in 2024. Ms. Ponting identified customer service and customer engagement, resource recovery and particulate emissions, and project management and internal resource allocations as three strategic themes that DEP wished to have the Fuse Corp focus on as part of the work performed under the contract. In response to a question from Chairman Carney about metrics, Commissioner Aggarwal mentioned the Office of Management and Budget's climate budgeting work and DEP's new Office of Coastal Resiliency as two areas of alignment with the Fuse Corp's work.

Ms. Ponting explained that identifying and retaining each Fuse executive fellow involved a \$180,000 program fee, which would cover the cost of one fellow for one year. The proposed agreement would include an option to extend the fellows into a second year, with three fellows each focusing on one of the three identified project areas drawn from among the strategic themes of energy, customer relationship management, and project management involving the agency's business processes. Ms. Ponting described the Fuse Corp as a national scale organization with extensive experience working with numerous municipalities on a range of different project types. Ms. Ponting outlined some of the skill sets the agency would seek from the Fuse fellows, including with respect to the energy projects obtaining expertise to assist the technical and engineering teams with structuring the legal documentation involved with partnering with private sector counterparties when assessing thermal energy reuse projects. With respect to the project management office, Ms. Ponting noted that Senior Advisor Nerissa Moray was at the meeting, and that Ms. Moray was involved with the strategic plan's assessment of the agency's project management functions, and that part of the Fuse Corp project scope would be conducting a scan of the agency's project management capabilities, and then partnering with the

agency to implement ways to scale capacity. Ms. Ponting concluded the overview by describing some of the ways the agency could enhance or expand the use of its customer database, including developing a full customer relationship management module, and described the proposed project timeline as commencing work with Fuse before the end of 2023, with the selected project fellows tentatively beginning work in April or May 2024, and concluding work one year from each fellow’s start date, and some possibility of extending the term. Member Shaw asked if the City would be allowed to hire the fellows after the term of the contract ends, and Ms. Ponting explained that the fellows could be eligible to be hired, provided that they complete a competitive hiring process and that there is a fit within the organization. Member Zarrilli asked about knowledge transfer at the end of the fellowship; Ms. Ponting replied that the assignments would mostly be project-oriented and that DEP would be working with Fuse to ensure a smooth end-of-assignment documentation process. Commissioner Aggarwala added that DEP would have some responsibility for ensuring that appropriate documentation and transition materials were made available at the end of each project. In response to a question from Member Zarrilli about why the Board and not DEP was selected as the contracting mechanism, the Commissioner further explained that the Fuse Corp would be focused on implementing the agency’s strategic plan, which was developed in part through a previous Water Board contract with a strategic consulting firm.

Following a request by member Shaw to add wording to the resolution clarifying that the aggregate authorized compensation allowed under the agreement was \$600,000 for three projects, and upon motion duly made and seconded, a resolution approving a contract with Fuse Corp was put to the members for a vote. The five members in attendance unanimously approved the resolution by a voice vote.

RESOLUTION

WHEREAS, pursuant to Sections 1045-b and 1045-g 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 for the purpose of obtaining professional or technical services to assist the Board in carrying out its responsibilities, including tasks relating to the planning, development, financing, or construction of the water and wastewater system of the City of New York (the “System”); and

WHEREAS, the Board’s duties under the Act include establishing and collecting water and wastewater rates and charges in an amount sufficient to place the System on a financially self-sustaining basis; and

WHEREAS, the safe and reliable operation of the System by the New York City Department of Environmental Protection (“DEP”) is a prerequisite to providing the water and wastewater service that generates the revenues used to fund the System; and

WHEREAS, DEP has requested that the Board assist in the agency’s effort to obtain the technical, managerial, and professional staff required to administer the agency and its operating bureaus, including the Bureau of Customer Services, and to obtain such supplemental expertise at a time when DEP’s headcount is below budgeted levels; and

WHEREAS, DEP and the Board have identified Fuse Corps as a uniquely qualified organization, with expertise in identifying professionals suitable for government administration with relevant technical expertise in areas such as project management, management information systems, energy, resilience, and climate change, and with experience in assisting early and mid-career professionals with the transition from the private sector to the public sector, and wish to authorize the Board’s Executive Director to negotiate suitable and mutually agreeable terms with Fuse Corp, conducted in accordance with the Water Board’s Policy on the Procurement of Goods and Services, in particular, Section 5.i and Section 6, it is therefore

RESOLVED, that the Executive Director is hereby authorized and directed to negotiate a definitive legal agreement with Fuse Corp for up to a three-year term, upon such other terms and conditions as the Executive Director may deem reasonable and appropriate; and be it further

RESOLVED, that the aggregate compensation authorized and payable to Fuse Corp pursuant to this agreement shall not exceed \$600,000 during the term of the agreement, and which amount shall include the total authorized compensation for all projects, fellows, and assignments completed pursuant to the agreement.

Solutions)

Commissioner Aggarwala introduced the next agenda item, a presentation by one of the Board's vendors American Water Resources ("AWR," or Oncourse Home Solutions). The Commissioner thanked Treasurer Nazem for leading the negotiations with the AWR team, and invited the AWR team to present to the Board. AWR's chief executive Aaron Cooper introduced himself and the team members in attendance, including chief financial officer Josh Cohen, president Eric Palm, and general counsel Colleen Garrity. Mr. Cooper stated that AWR's objectives in managing the program were to ensure customer affordability while also ensuring the level of coverage, and proceeded to provide an overview of the company, its mission, and the range of services it provides.

Mr. Cooper's presentation included a description of internal controls the company has added in recent years, to improve both performance and compliance. Mr. Cooper characterized the controls as belonging to one of two groups, with one group including actions and processes applicable to subcontractors when onboarded, including contract terms, the code of conduct, training processes, compliance, and separation of responsibilities, and the second group involving the daily operating processes used by the company, such as retaining an on-staff master plumber, periodic rotation of field staff, and assembling a cross-functional team to reviews all field-denied claims. Chairman Carney asked if AWR was comfortable with the internal controls from a legal perspective, and member Goldin inquired if the revisions to the internal controls would have been effective at preventing corruption issues at the company. Ms. Garrity indicated that AWR was comfortable with the new internal controls, and explained that the rotation of field personnel and the formation of a cross functional team to review claims decisions were effective forms of internal control. Member Goldin and Ms. Garrity discussed the indemnification provision and some of the legal terms in the contract between the Board and AWR, with Ms. Garrity indicating that AWR would indemnify the Board against third party claims involving the program that named the Board as a party.

Member Shaw asked about the supervision at the company of claims decisions, in response to which Mr. Palm explained that two supervisors overviewed the incoming claims volumes, supported by a larger team reporting to them. Member Shaw also requested information about M/WBE participation on AWR's plumbing

roster. The Commissioner, members, and AWR also discussed AWR's role in replacing service lines with lead content.

Member Goldin and Executive Director Murin discussed the proposed contract renewal and rationale for considering the exercise of the extension option with the existing firm, with Mr. Murin describing the logistical issues involved with administering a large customer base in partnership with an outside vendor. Member Goldin requested that the Board receive financial information about AWR and about market pricing for comparable products.

AWR chief financial officer Josh Cohen outlined some of the proposed coverage changes included with the company's proposal, including modifications to the coverage eligibility for claims involving sewer bellies, taps, and curb valves. Mr. Cohen described the company's plans to hire more staff in New York City, the company's 25% commitment to hiring M/WBE subcontractors, and some of the proposed changes to the management and administration of the program. President Eric Palm offered some concluding remarks, describing the partnership with DEP as a successful one, and summarizing the proposed coverage revisions.

The AWR team presented a slide deck indicating two proposed tiers for the program, including a first tier corresponding to the existing warranties, with proposed pricing of \$18.99 per month for combined water and wastewater coverage and a second tier offering additional coverages, with proposed pricing of \$21.99 per month.

Executive Director Murin stated that Board staff would be scheduling a public hearing to provide a forum for comments on the proposed pricing and coverage revisions.

Report of the Board's Governance Committee

The next item on the agenda was a presentation by Member Goldin, the chairman of the Board's governance committee. Member Goldin summarized the committee's review of the Board's self-evaluation form, including modifications made to the form and a request from members to receive Board meeting materials further in advance to the meeting dates, a request that Board staff had accommodated, and Mr. Nazem provided some additional detail about the self-evaluation form and revisions to the form made by staff. Chairman Carney requested that Board staff reexamine the form for purposes of confirming the applicability of the questions to

the Board and for phrasing in the questions that could benefit from restatement or greater clarity.

Adjournment

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

/S/
SECRETARY