

**MINUTES OF THE MEETING OF THE
NEW YORK CITY WATER BOARD
NOVEMBER 19, 2020**

A meeting of the New York City Water Board (the “Board”) was held on Thursday, November 19, 2020 starting at approximately 9:00 a.m. via teleconference in accordance with the Governor’s Emergency Order regarding the Covid-19 pandemic. Approximately 32 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.

Approval of the Minutes of October 15, 2020

The first item on the agenda was approval of the minutes of the Board’s meeting held on October 15, 2020. There being no further discussion, upon motion duly made and seconded, the minutes of the meeting held on October 15, 2020 were unanimously adopted.

Approval of the Amendment to the Board's Agreement with its Rate Consultant

The next item on the agenda was a request for additional funding for the Board's rate consultant contract with Amawalk Consulting Group, LLC ("Amawalk"). An additional \$350,000 is proposed to cover consulting services through June 30, 2022, which will bring the total contract authorization to \$1,150,000.

Treasurer Omar Nazem explained that in addition to the planned rate consulting services, Amawalk is conducting revenue recovery work searching the billing system for irregularities and under billed accounts.

There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

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 by Resolution dated February 24, 2017, authorized an agreement with Amawalk Consulting Group, LLC ("Amawalk"), for a term of five years ending June 30, 2022, whereby Amawalk currently serves as Rate Advisor to the Board; and

WHEREAS, the Board originally authorized an aggregate compensation amount not to exceed \$800,000 for the term of the Agreement; and

WHEREAS, Amawalk has provided satisfactory services to date, as indicated by Board professional staff; and

WHEREAS, the Executive Director of the Board has requested \$350,000 of additional funding for the remaining term of the Agreement; 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 \$1,150,000, reflecting the sum of the original \$800,000 of authorized funds and the \$350,000 of newly authorized funds.

DEP Progress Report on Implementation of New Utility Billing Computer Software

The next item on the agenda was a presentation by Jeff Lynch, Deputy Commissioner of the Department of Environmental Protection ("DEP"), Cecil McMaster, Deputy Commissioner for the Bureau of Information Technology, and Albert Kramer, project manager. The presentation focused on the Billing for the Future (BFF) project to replace DEP's existing billing system software.

Deputy Commissioner Lynch opened the presentation with an update on BFF, highlighting how the new software will allow for a better customer-orientated experience by making account information easier to access and understand. He noted that the new billing system is powered by a modern operating system that many users are already familiar with and will find easy adaptable. This will facilitate future training and operating efficiency. The new billing system aligns the water system's technology base with current skills and current

marketing practices and allows for more latitude in future rate design decisions. Project Manager Kramer noted that the project is in the deployment phase with two areas of current focus: testing and training. Kramer also explained that there is a strong focus on organizational change management. Board member Freed asked about the customer experience from one billing system to another. Kramer responded that the goal is for the customer to barely notice the change other than that the new bill will be easier to understand and that all customers will be informed of the switch to the new billing system ahead of time. Member Freed then inquired as to whether the new system can do parcel-based billing, for instance, if they wanted to model a separate storm water charge. Kramer responded in the affirmative, saying that the system is designed to have the flexibility for additional changes in the future. Executive Director Joe Murin also noted that the system will assist in modeling other rate models, such as declining blocks, and other variable rates. Murin also stated that before implementing alternative billing mechanisms and structures, the new system has to be rolled out and operating efficiently for at least a year. Member Freed responded positively and added that the timing matched with the mapping that DEP is currently doing for surface flooding, so the technological and institutional underpinnings would enhance decision making.

Approval of Selection of Electronic Payment Processing Vendor and Authorization of Negotiating Authority and Board Funds

The next item on the agenda was the approval of an electronic payment processor, the Paymentus Corporation. Paymentus has a pre-existing technology and business process relationship with the vendor of the new billing system that we are implementing. The new billing system is based on a product called UMAX, which is a utility industry customization designed

just for water utilities and runs on a Microsoft Dynamics platform. UMAX is pre-configured with source code where the Paymentus electronic processing platform works with the UMAX billing platform. This source code exists, has been tested and is live in other major markets already, in particular Boston. In addition, the Paymentus platform is a cloud-based product, which allows for ease in upgrading. The Paymentus product works out of the box with a category of payment channels that we do not currently accept, such as the various big technology company payment platforms.

Nazem iterated that Citibank remains as the Board's depository of Board funds. He also noted that while there will be a cost increase, it is offset by the process of software development costs that we would have had to undertake to get another electronic payment product to integrate with UMAX. Additionally, more payment options will be provided to customers with increased functionality and ease of use.

Nazem gave an overview of the selection process for the new vendor. A nine-person selection committee was formed from the DEP Bureaus of Information Technology, Customer Service, and Budget, as well as Water Board staff. After receiving product demonstrations and presentations, the team used a standardized scoring sheet of twelve criteria with specific weights. Eight of the nine selectors thought Paymentus was the better option.

Member Goldin asked about how Paymentus will be paid: if via a one-time license fee, ongoing subscription or by individual transactions. Nazem noted it would be similar to the existing process, which is a fixed cost per transaction, or by a percentage fee for debit and credit cards. Member Goldin followed-up to inquire if there will be a step-up in transaction fees, and Nazem answered yes, but that it will not be visible to customers since the Board absorbs the cost of everything except the card payment fees. The justification to the step-up in fees is that we are

getting more payment channels, avoided a year's worth of software development, enhanced security, and real-time posting of payments.

Member Goldin asked if there are other fixed costs, and Nazem responded that there is a de-minimis fixed fee cost but 99% are the variable costs previously discussed. Chair Carney requested clarification about the potential 11-year commitment and the requested amount of the contract of not to exceed \$8 million. Nazem stated that the intent of the resolution is to assure funding for the first five years, but if we exercise the extension, we will seek additional funding to cover extension periods. Chair Carney suggested revising the resolution to specify that the total compensation for services for the initial five-year period will not exceed \$8 million of Board funds for those five years, and Secretary Rodriguez agreed to the change.

There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLUTION

WHEREAS, pursuant to Section 1045-g (8) of the New York City Municipal Water Finance Authority Act (the "Act"), the New York City Water Board (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, the Board's primary duty under the Act is to establish and collect water and wastewater rates and charges in an amount sufficient to place the water supply and wastewater systems of the City of New York on a self-sustaining basis; and

WHEREAS, the Board's billing agent, the New York City Department of Environmental Protection (DEP), is implementing a new computer billing system, with an anticipated launch date during calendar year 2021; and

WHEREAS, maintaining a high degree of cybersecurity protection around the Board and DEP's financial and computer systems, as well as maintaining the general security and integrity of the personal and financial information of the Board's customers, is a priority of the Board and DEP; and

WHEREAS, Itineris, the vendor and system integrator that is implementing the new computer billing system on behalf of the Board and DEP, has an existing technology system integration and business relationship with electronic payment processor Paymentus Corporation (Paymentus), a Delaware corporation with a principal place of business at 13024 Ballantyne Corporation Parkway, Suite 400, Charlotte, North Carolina, 28277; and

WHEREAS, Paymentus is the only vendor to have this existing technology system integration and business relationship with Itineris; and

WHEREAS, a Technical Evaluation Committee ("the Committee"), consisting of ten qualified individuals drawn from the Board and DEP rated and ranked both Paymentus and the Board's incumbent electronic payments vendor; and

WHEREAS, nine members of the Committee determined that the overall package of product features available with the Paymentus offering was superior to existing functionality, and that the total economic cost of the Paymentus proposal was fair and reasonable; and

WHEREAS, in accordance with the Water Board's Policy on the Procurement of Goods and Services, in particular, Section 4 (selection based on the best combination of technical merit and price) and Section 5.i (prior approval of contracts where the cumulative value exceeds \$100,000), the Board finds the selection of Paymentus to work as the electronic payments vendors in conjunction with the Itineris computer billing system, as well as the Board's Local Water Fund accounts as it may designate, is appropriate; it is therefore

RESOLVED, that the Executive Director is hereby authorized and directed to execute an agreement with Paymentus to provide electronic payment processing services to the Board, for an initial five-year term with two additional three-year extensions at the Board's option, upon such terms and conditions as the Executive Director may deem reasonable and appropriate; and be it further

RESOLVED, that the total compensation for services performed for the initial five-year term shall not exceed \$8,000,000 of Board funds.

Water Board and Department of Environmental Protection Financial Update

The last agenda item was the financial update provided by Treasurer Nazem, highlighting that: (1) revenues are ahead of the planned budget adopted this time last year; (2) revenues are down compared to last year's collections, mainly because of the pandemic; and (3) there is an increase in delinquencies compared to this time last year. In terms of water consumption, residential water use was up by 2% compared to October 2019 while metered consumption by commercial customers was down nearly 21% compared to last year. The overall amount that was past due was 21% higher than the end of last October due to two factors: (1) there were over 16,000 more accounts that are delinquent in October 2020 than last year and (2) there was a slightly higher average delinquency balance.

Member Freed asked about the projected rate of future delinquent accounts. Executive Director Murin answered that current information is only a best estimate and DEP is working closely with the Water Authority for bond offerings and with OMB in terms of the economic factors. They were all trying to be optimistic yet prudent in how to proceed with capital programs and on the expense side too.

Chair Carney noted that based on the information that the Board has received, there is a fixed procedure in dealing with delinquencies but he asked if there is the prospect of changing those procedures. Executive Director Murin said that it is still early to say how to proceed. He is hopeful that with the new federal administration, there may be some easing of impact through another stimulus bill or infrastructure bill or both. When the first stimulus checks came, there was an uptick in collections as people paid their bills. If there is another round of stimulus, then he expected that would help again and possibly mitigate any planned measures. They are cautious and aware of what the Board members have previously iterated, which is to make sure that they keep the most vulnerable uppermost in our mind while still making sure to maintain and collect enough money to keep the system running. Chair Carney thanked Executive Director Murin, as well as DEP for their excellent presentations.

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

SECRETARY