

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

June 6, 2023

A meeting of the New York City Water Board (the “Board”) was held on Tuesday June 6, 2023 at 255 Greenwich Street, Manhattan, New York in the 8th floor conference room, beginning at approximately 9:15 a.m. The following members of the Board attended the meeting:

Alfonso Carney,
Evelyn Fernandez-Ketcham,
Adam Freed,
Jonathan Goldin, and
Daniel Zarrilli

constituting a quorum, with Member Hsu joining the meeting after the roll call and participating in each of the votes on the resolutions. Mr. Carney chaired the meeting and Albert Rodriguez served as Secretary of the meeting. Chairman Carney opened the meeting by acknowledging several individuals in attendance, including David Womack, Chief Executive Officer of the Municipal Water Finance Authority, and Ed Markus, the Board’s rate advisor with Amawalk Consulting Group, who were joined by DEP’s Commissioner, Rohit Aggarwala, the Board’s Executive Director Joe Murin, Secretary Al Rodriguez, Treasurer Omar Nazem, and Beth DeFalco, DEP’s Deputy Commissioner for Public Affairs and Communications.

Approval of the Minutes

Following a discussion of the Board’s annual budget and proposed rate increase summarized in the following section, the first voting item on the agenda was approval of the minutes of the Board’s previous meeting held on May 1, 2023. Upon motion duly made and seconded, the minutes

of the meeting held on May 1, 2023 were put to the members for a vote. The members in attendance unanimously approved the minutes by a voice vote.

Adoption of Fiscal Year 2024 Annual Budget

At the start of the meeting, Executive Director Murin directed the Board’s attention to presentation materials that included the Board’s proposed budget for Fiscal Year 2024, which Mr. Murin noted was nearly \$4.2 billion, reflecting the proposed 4.42% increase to water and wastewater rates, with the wastewater charge remaining at 159% of water charges, the minimum charge remaining unchanged at \$0.49 per day for water service, and the Multi-Family Conservation Plan rates increasing by the same 4.42% increase as metered rates, with the proposal including a deferral during Fiscal Year 2024 of the surcharge on MCP accounts not yet in administrative compliance with MCP program requirements. The Board’s MWAP and HWAP customer affordability programs as proposed for Fiscal Year 2024 would remain at the same funding levels and program eligibility terms.

Member Zarrilli asked if the affordability programs were likely to meet their target funding levels for the fiscal year, to which Executive Director Murin indicated that while the HDFC/HDC program was likely to reach its funding authorization, it was less certain if the LIHWAP Plus was likely to reach its full funding authorization.

Following a vote on the minutes, the Board returned to the discussion of the proposed budget. Upon motion duly made and seconded, the budget resolution was put to the members for a vote. The members in attendance unanimously approved the budget resolution by a voice vote.

RESOLUTION

WHEREAS, pursuant to the Financing Agreement dated as of July 1, 1985, as amended, between the New York City Water Board (the “Board”), the

New York City Municipal Water Finance Authority (the “Authority”), and the City of New York (the “City”), the Board is authorized to adopt an annual budget which includes expenses of the Authority and the City relating to the operation and maintenance of the City’s Water and Sewer System (the “System”) and expenses of the Board; and

WHEREAS, the Board has received certification from the Authority regarding the Authority's Budget for the fiscal year commencing July 1, 2023 (“Fiscal Year 2024”) reflecting Authority Expenses and estimated Aggregate Debt Service (as such terms are defined in the Authority's General Revenue Bond Resolution); and

WHEREAS, the Board has received certification from the Director of Management and Budget of the City regarding the amounts that the City reasonably anticipates it will have expended during Fiscal Year 2024 in connection with the operation and maintenance of the System as described in paragraphs (a) through (e) of Section 8.1 of the Agreement of Lease dated as of July 1, 1985, as amended, between the Board and the City (the “Lease”), and the rental payment, if any, requested by the City for the fiscal year commencing July 1, 2023 pursuant to Section 8.2 of the Lease; and

WHEREAS, the Board has received certification from AECOM USA, Inc. and MDE, Inc., Co-Consulting Engineers, pursuant to Section 8.3(a)(ii) of the Lease to the effect that amounts certified by the City for costs incurred or to be incurred in connection with paragraphs (a) and (b) of Section 8.1 of the Lease are reasonable and appropriate; and

WHEREAS, the Board has reviewed a proposed budget for the Board's

own anticipated expenses for the fiscal year commencing July 1, 2023, and combined with the proposed expenses for the Authority and the City, the Board has prepared an annual budget for the upcoming fiscal year (the “Annual Budget”); and

WHEREAS, the Board has received certification from Amawalk Consulting Group, LLC (“Amawalk”), Rate Consultant to the Board, regarding forecasted cash flows and anticipated revenues for the fiscal year commencing July 1, 2023; and

WHEREAS, the Board has reviewed the Rate Consultant’s forecasted cash flows and the Board’s proposed Annual Budget for the fiscal year commencing July 1, 2023 and has determined that such provision for anticipated expenditures is reasonable and appropriate to enable the Board to exercise its powers and carry out its purposes in accordance with the New York City Municipal Water Finance Authority Act; it is therefore

RESOLVED, that the Annual Budget of the Board for the fiscal year commencing July 1, 2023, a copy of which is attached hereto, is hereby adopted.

Adoption of the Rate Schedule Effective July 1, 2023

Chairman Carney reminded the Board that DEP proposed a 4.42% rate increase for Fiscal Year 2024 at the May meeting, and that the Board would be voting today on the proposed rate increase, and explained to the public that the Board had received and reviewed testimony from the public during the public hearing process. Following an invitation from Chairman Carney to comment on the public testimony, Member Freed described the Board’s process for reviewing public testimony as involving a thorough review of all public comments, and noted that DEP also receives public

comments and outreach throughout the year. Member Freed further noted that public hearing attendance was lower than in previous years, suggesting that the proposed rate increase below the rate of inflation was among the causes. Member Freed concluded by mentioning DEP's sustainable rate study and its focus on potential innovations to the Board's the rate structure.

Chairman Carney presented a question to Ed Markus from the Board's rate advisors at Amawalk Consulting Group, asking about Amawalk's projection that the Board's costs were likely to increase in the coming years, and whether the Board was using the correct measures to evaluate expenses. Mr. Markus explained that Amawalk was in the process of preparing an updated multi-year forecast of the system's projected expenses, adding that DEP's alternative collection strategies presented a number of opportunities that could result in revenues above the amounts currently projected. David Womack further noted that the updated cash flow forecast was likely to be available within the next week, in connection with an upcoming Water Authority bond offering.

Upon motion duly made and seconded, the rate schedule was put to the members for a vote. The members in attendance unanimously approved the rate schedule by a voice vote.

RESOLUTION

WHEREAS, the Board is authorized pursuant to Sections 1045-g(4) and 1045-j of the New York City Municipal Water Finance Authority Act (the "Act") to establish fees, rates, rents or other charges for the use of, or services furnished, rendered or made available by the water and wastewater system of the City of New York (the "City"); and

WHEREAS, in accordance with the public hearing requirements described in Sections 1045-j (3) and 1045-j(9a) of the Act, (i) public hearings were held in the boroughs of Staten Island, Queens, Manhattan, Brooklyn, and the Bronx on

May 24, 25, 30, 31, and June 1, respectively, (ii) the public was given an opportunity at the hearings to present testimony to members and officers of the Board, as well as the general public, (iii) the public was also provided the opportunity to email, mail, or otherwise communicate testimony to the Board pursuant to the information provided in the public notice of the hearings that were published on May 2, 2023, and (iv) a transcript of the hearings and all written statements submitted by June 5, 2023 have been received and reviewed by the Board; and

WHEREAS, in accordance with certifications received from (i) the New York City Municipal Water Finance Authority (the “Authority”) with respect to the Authority's annual budget for the fiscal year commencing July 1, 2023 (“FY 2024), (ii) the City with respect to (a) the amounts which the City reasonably anticipates it will expend during FY 2024 in connection with the operation and maintenance of the water and sewer system and (b) rental payments, if any, requested by the City from the Board, (iii) AECOM USA, Inc. and MDE, Inc., Co-Consulting Engineers, with respect to the reasonableness of the City's certification of certain expenses, and (iv) Amawalk Consulting Group, LLC, Rate Consultant to the Board, regarding forecasted cash flows and anticipated revenues for FY 2024, the Board has on this day adopted its annual budget for FY 2024; and

WHEREAS, based on the requirements set forth in the Board's annual budget for FY 2024 and the testimony and statements submitted at the aforementioned public hearings, the Board has determined that the rates for all customers will increase by 4.42% compared to those rates described in the Rate Schedule that first went into effect as of July 1, 2022; and

WHEREAS, the Board has further determined that the proposal recommended by staff to (1) not administer the surcharge, for Fiscal Year 2024, to the bills issued to accounts enrolled in the Multi-Family Conservation Program (MCP) that have not yet established administrative compliance with the Program’s requirements, (2) continue the Home Water Assistance Program (HWAP) at a program size of up to 96,000 potential bill credit recipients, and to allow the program to issue a \$145 bill credit to qualifying one, two, three, or four residential unit properties, based on the program criteria of the property in question receiving at least one of three property tax credits from the New York City Department of Finance, including a Senior Citizen Homeowners’ Exemption (SCHE), or a Disabled Homeowners’ Exemption (DHE), including Physically Disabled Crime Victims, or a Veteran’s Exemption, or otherwise having a City Finance Department-verified income of less than \$50,000, and (3) continue the Multi-Family Water Assistance Program (MWAP) at a program size of 48,000 affordable apartment units to receive a bill credit of \$250 per qualifying apartment unit, as each such proposal is set forth in the proposed Water and Wastewater Rate Schedule Effective July 1, 2023, it is therefore

RESOLVED, that said Water and Wastewater Rate Schedule Effective July 1, 2023, as well as the new or modified billing policies and programs as described above, is hereby approved.

Adoption of Wholesale Rates Effective July 1, 2023

Chairman Carney presented an additional question to the Board at large, asking about how the excess rate charged to wholesale customers north of the City is calculated, and whether the

rate is effective in reducing water consumption. Treasurer Nazem explained that the excess rate comes into effect when wholesale customers consume water at a per capita consumption amount that exceeds the per capita consumption of water within New York City, characterizing the rate structure as an inclining block structure that is standard within the water industry. Mr. Nazem further explained that the excess rate is set at the same amount as the rate for water in the City, on the basis that the water could be sold in the City at standard metered rates, and that charging for water at parity between City and wholesale customers avoided creating an incentive not to sell water at lower rates north of the City, in favor of selling at higher rates in the City.

Upon motion duly made and seconded, the wholesale rates were put to the members for a vote. The members in attendance unanimously approved the wholesale rate resolution by a voice vote.

RESOLUTION

WHEREAS, the Board is authorized pursuant to Section 1045-g(4) and 1045-j of the New York City Municipal Water Finance Authority Act to establish rates and charges for services furnished by the Water System of the City of New York (the “City”); and

WHEREAS, pursuant to the Water Supply Act of 1905 as set forth in Section 24-360 of the Administrative Code of the City of New York, the City is required, upon request, to furnish a supply of water to certain municipalities and water districts north of the City at a rate determined on the basis of the total cost of the water to the City (the “Regulated Rate”) in quantities not to exceed the daily per capita consumption in the City multiplied by the number of inhabitants in each municipality or water district as documented by the final release of Federal

decennial census statistics, or other population measure as may be satisfactory to the Department of Environmental Protection (the “Allowance Quantities”); and

WHEREAS, those same certain municipalities and water districts north of the City may purchase a supply of water in excess of the amounts authorized under the calculation of the Allowance Quantity, at a separate rate of charge applicable solely to the quantities of water sold in excess of the amounts authorized under the Allowance Quantity calculation (“the Excess Rate”); and

WHEREAS, the proposal to the Board for the Regulated Rate is to increase the rate to an amount of \$2,224.32 per million gallons; and

WHEREAS, the proposal to the Board for the Excess Rate is to increase the rate to an amount of \$5,865.75 per million gallons; and

WHEREAS, in accord with the public hearing requirements of Section 1045 of the Act, (i) the Board held a public hearing in Westchester County on May 31, 2023, (ii) the public was provided with an opportunity at the public hearing to present testimony to members and officers of the Board and the general public, (iii) the public was provided with the opportunity to email, mail, or otherwise communicate testimony to the Board pursuant to the information provided in the public notice of the hearings, and a transcript of the hearings, and (iv) all written statements submitted by June 5, 2023 have been received and reviewed by the Board, it is therefore

RESOLVED, that effective July 1, 2023, the Regulated Rate shall be charged in an amount equal to \$2,224.32 per million gallons, and the Excess Rate shall be charged in an amount equal to \$5,865.75 per million gallons, for water provided to wholesale customers north of the City.

Continuation of the LIHWAP Plus and HDFC/HDC Affordability Programs

At the start of the meeting, Chairman Carney invited Commissioner Aggarwala to make remarks on DEP’s affordability program portfolio. Commissioner Aggarwala described the affordability programs as a response to DEP’s growing accounts receivable balance, and the fairness questions raised when accounts that can afford to pay their bill do not. The Commissioner noted that DEP’s partnership with the New York State Office of Temporary Disability Assistance had resulted in \$24 million of affordability benefits to DEP accountholders under the LIHWAP program, in addition to \$5.4 million of assistance to income-eligible accounts participating in the Board’s matching fund program for LIHWAP participants, in addition to more than \$2 million provided to 51 affordable apartment buildings under the HDC/HDFC program. Commissioner Aggarwala added that more than \$104 million of revenue receipts have been collected under the Board’s amnesty program, resulting in the adjustment of \$22 million of late interest charges on participating accounts. The Commissioner also updated the Board that the issuance of water shut-off notices had resulted in an additional \$1.5 million of revenues, as customers receiving notices made payments toward their account balances.

Chairman Carney described the resolutions as extending the authorization period for the LIHWAP Plus and HDFC/HDC programs.

Upon motion duly made and seconded, the program extension resolution was put to the members for a vote. The members in attendance unanimously approved the resolution by a voice vote.

RESOLUTION

WHEREAS, the New York City Water Board (the “Board”) by resolution

dated December 6, 2022 (attached as Exhibit 1 hereof), authorized the New York City Department of Environmental Protection (“DEP”) to publicize and administer the Fiscal Year 2023 LIHWAP Plus Funding Program for Low Income Household Water Assistance Program Recipients (the “LIHWAP Plus Program”), including authorizing specific program terms and an aggregate funding limit not to exceed thirty-million dollars (\$30 million dollars); and

WHEREAS, pursuant to that same resolution dated December 6, 2022, the Board further authorized the Fiscal Year 2023 HDFC/HDC Affordability Program (the “HDFC/HDC Affordability Program”), including authorizing specific program terms and an aggregate funding limit not to exceed ten-million dollars (\$10 million); and

WHEREAS, customer demand for the programs has been strong, with the LIHWAP Plus Program providing customers with more than \$5 million of account benefits since the program’s inception, and the HDFC/HDC Affordability Program providing nearly \$3 million of account benefits to customers since the program’s inception, with the LIHWAP Plus Program continuing to identify eligible accounts on an ongoing basis, and the HDFC/HDC Affordability Program continuing to attract new applicants, in addition to more than 60 applications already filed and in the negotiation stage; and

WHEREAS, while the Board pursuant to the December 6, 2022 resolution expressly authorized both programs as designed to be limited to operation during Fiscal Year 2023, in light of (i) strong customer demand for the programs, (ii) the continued affordability challenges faced by many of the City’s water and wastewater customers, reflected in long-term accounts receivable of

more than \$860 million, and (iii) the Board's success in prompting more than 11,000 DEP accounts to participate in the Board's Amnesty Programs, generating nearly \$94 million of additional revenues, the Board now wishes to recharacterize both programs as authorized to operate during Fiscal Years 2023 and a portion of Fiscal Year 2024, it is therefore

RESOLVED, that (i) the LIHWAP Plus Program shall be renamed the Fiscal Year 2023 and 2024 LIHWAP Plus Funding Program for Low Income Household Water Assistance Program Recipients and (ii) the LIHWAP Plus Program in its amended form shall be offered to eligible accounts that participated in the Federal LIHWAP Program, as administered by the New York State Office of Temporary Disability Assistance, for such accounts as which DEP received OTDA's portion of the LIHWAP program payment prior to the end of Fiscal Year 2024; and it is

RESOLVED further, that (i) the HDFC/HDC Affordability Program shall be renamed the Fiscal Year 2023 and 2024 HDFC/HDC Affordability Program and (ii) the HDFC/HDC Affordability Program in its amended form shall continue to review and enroll applicants submitting an application prior to the end of Fiscal Year 2024; and it is

RESOLVED further, that, notwithstanding the changes specified herein, the aggregate funding limit of both programs, as well as the other program terms and parameters, shall remain in effect without modification.

Exhibit 1 to the June 6, 2023 Resolution

Note: Exhibit 1 to the December 6, 2022 Resolution, below, is incorporated herein as an element of Exhibit 1 to the June 6, 2023 Resolution

December 6, 2022

RESOLUTION

WHEREAS, the New York City Department of Environmental Protection (“DEP”) is the billing and customer service agent for the New York City Water Board (the “Board”), and in that capacity oversees the issuance and administration of water and wastewater bills and customer relations on behalf of the Board; and

WHEREAS, the Board, along with many other water utilities, has implemented customer programs that further the important policy goal of customer affordability, and in accord with the Board’s policy of weighing affordability as a factor in evaluating its policies and programs, on the basis that it is reasonable and in the interest of the water and wastewater system to sponsor customer affordability programs that can both reach those segments of the Board’s customer base requiring assistance and be administered cost-effectively; and

WHEREAS, the State of New York Office of Temporary Disability Assistance (“OTDA”) has implemented a water bill assistance program for low-income customers, specifically the Low-Income Home Water Assistance Program (“LIHWAP”), wherein OTDA reviews and verifies the income status of the applicants and approves customer assistance requests, and upon approval submits direct payments to the Water Board for customers in the City of New York; and

WHEREAS, the Board desires to incentivize additional customers to

participate in the OTDA's program to generate additional revenues and leverage the OTDA's eligibility determinations as a basis to provide additional City payments to assist LIHWAP recipients; and

WHEREAS, the Board also desires to create a separate affordability program directed to Housing Development Fund Corporation cooperatives ("HDFCs") and properties that receive financing from the New York City Housing Development Corporation, ("HDCs"), collectively ("the HDFC/HDC Affordability Program") to further advance the Board's goals in promoting customer affordability; and

WHEREAS, the Board previously authorized the Executive Director of the Board by resolution passed on June 17, 2005 (attached as Exhibit 1 hereof) to settle and adjust claims related to water and sewer billing in amounts up to \$1,000,000 per claim, it is therefore,

RESOLVED, that the Board hereby approves a Fiscal Year 2023 LIHWAP Plus Funding Program for Low Income Household Water Assistance Program Recipients (the "LIHWAP Plus Program"), in accordance with the following program parameters, as well as other program requirements as may be deemed necessary and appropriate by the Commissioner of the DEP and the Executive Director of the Board; and it is

RESOLVED further, that the LIHWAP Plus Program shall:

- Be made available only to recipients of LIHWAP program payments received by DEP prior to the end of Fiscal Year 2023;
- Be made available to all recipients that execute a payment agreement upon request by DEP for the outstanding balance;

- DEP accounts identified as eligible to receive a benefit under the LIHWAP Plus Program will receive a credit to their account on the outstanding balance remaining on the account after the application of any LIHWAP benefit payments to the account, in an amount that is equal to the lesser of (i) the total amount owed on the account, or (ii) \$5,000;
- Provide benefits to accounts receiving a credit under the LIHWAP Plus that in aggregate may not exceed thirty-million dollars (\$30 million dollars).

RESOLVED, further, that the Board hereby approves a Fiscal Year 2023 HDFC/HDC Affordability Program to incentivize payments within the parameters set forth in the previous resolution of the Board dated June 17, 2005, as well as other program requirements as may be deemed necessary and appropriate by the Commissioner of the DEP and the Executive Director of the Board; and it is

RESOLVED further, that the HDFC/HDC Affordability Program shall:

- Be made available only to delinquencies associated with either (i) the account of a Housing Development Fund Corporation (“HDFC”), within the meaning of Article 11, Section 573 of Chapter 44-B of the New York State Private Housing Finance Law; or (ii) an account associated with a property that is a project sponsored by the New York City Housing Development Corporation (HDC) that have identified an economic hardship as defined by the Commissioner of DEP and the Executive Director of the Board;
- Be made available to all recipients that remit a qualifying payment to the Board, as defined by the Commissioner of DEP and the Executive Director of

the Board, and/or execute a payment agreement upon request by DEP for the outstanding balance on the water and wastewater account;

- The benefits available to accounts receiving an adjustment pursuant to the HDFC/HDC Affordability Program, within the meaning of this resolution, may not exceed ten-million dollars (\$10 million dollars) in aggregate.

Exhibit 1 to the December 6, 2022 Resolution

NEW YORK CITY WATER BOARD

June 17, 2005

RESOLUTION

WHEREAS, pursuant to Section 1045-v(3) of the New York City Municipal Water Finance Authority Act (the "Act"), the Board has the power to settle or adjust all claims in favor of or against the Board; and

WHEREAS, on August 13, 1992, the Board authorized the Executive Director to act in the name of and on behalf of the Board with respect to the settlement or adjustment of claims in favor of or against the Board which had been filed pursuant to Section 1045-v of the New York City Municipal Water Finance Authority Act or which were pending in a court of competent jurisdiction in amounts up to and including \$25,000 per claim; and

WHEREAS, the Board wishes to amend the August 13, 1992 Resolution; it is therefore

RESOLVED, that the Executive Director is hereby authorized to act in the name of and on behalf of the Board with respect to the settlement or adjustment of personal injury and property damage claims in favor of or against the Board which have been filed pursuant to Section 1045-v of the New York City Municipal Water Finance Authority Act or which are pending in a court of

competent jurisdiction in amounts up to and including \$100,000 per claim; and it is further

RESOLVED, that the Executive Director is hereby authorized to act in the name of and on behalf of the Board with respect to the administrative settlement or adjustment of all water and sewer billing disputes; and it is further

RESOLVED, that the Executive Director is hereby authorized to act in the name of and on behalf of the Board with respect to the settlement or adjustment of water and sewer billing claims in favor of or against the Board which have been filed pursuant to Section 1045-v of the New York City Municipal Water Finance Authority Act or which are pending in a court of competent jurisdiction in amounts up to and including \$1,000,000 per claim regarding accounts for premises located either within the City of New York or for municipalities and water districts located outside the City of New York; and it is further

RESOLVED, that all actions previously taken by the Executive Director with respect to the settlement or adjustment of water and sewer claims in favor of or against the Board are hereby ratified, approved and adopted.

Adjournment

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

/S/
SECRETARY