

**MINUTES OF THE MEETING OF THE
NEW YORK CITY WATER BOARD
October 21, 2015**

A meeting of the New York City Water Board (the “Board”) was held on October 21, 2015, starting at approximately 10:39 a.m. at 255 Greenwich Street, New York, New York 10007. A roll call of the Board’s members was conducted, and the following members of the Board were present at the meeting:

Alfonso Carney Jr.,

Tawan Davis¹,

Adam Freed,

Jonathan Goldin, and

Arlene Shaw

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 September 18, 2015. There being no discussion (other than a request made by Member Goldin to rephrase certain wording), upon motion duly made and seconded, the minutes of the meeting held on September 18, 2015 were unanimously adopted.

¹ Mr. Davis joined the meeting after the Minutes of September 18, 2015 were approved.

Acceptance of the Independent Auditors Report

The next item on the agenda was the presentation and acceptance of the Independent Auditors Report on the Audited Financial Statements of the Water and Sewer System for the Fiscal Years ended June 30, 2015 and June 30, 2014 and authorization of the public release of such audited financial statements. Member Goldin reported that, prior to the Board meeting, the Joint Audit Committee of the Water Board and the New York City Municipal Water Finance Authority met with the System's independent auditors, Deloitte & Touche, and reviewed their report. It was reported the auditors found 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 Committee unanimously approved a recommendation that the Board and the Authority accept the auditors report and authorize the public release of the financial statements.

Member Freed noted that two new accounting standards applicable to the System for Fiscal Year 2016 were incorporated early into the Fiscal Year 2015 statements.

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

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 21, 2015, 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, 2015 and June 30, 2014; 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 approved the independent auditors' report and authorized the release of the financial statements on October 21, 2015 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, 2015 and June 30, 2014 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 Easements Regarding Lands North of the City

The next item on the agenda was approval of the granting of perpetual easements to four municipalities north of the City that have constructed and are maintaining water and sewer pipes on City-owned land. As the Board holds a lease on said lands, the Board must consent prior to the City granting the easements. Each of Board members present questioned whether the easements included terms that would allow the City to terminate such easements in the event the lands were no longer used for water and sewer purposes. DEP staff present at the meeting stated they believed the easements were terminable in such an event but would discuss the matter with the New York City Law Department and report back to the Board.

There being no further discussion and 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, pursuant to such programs, the City has entered into agreements with various municipalities within the Watershed communities to establish partnership efforts to improve drinking water and sewage collection by constructing new infrastructure to better protect the quality of the City’s drinking water; and,

WHEREAS, the work related to the various projects to construct new infrastructure for water and sewer pipe lines has been completed and the municipalities that have constructed and own the infrastructure have requested that the City grant permanent easements to such municipalities to allow them to properly operate and maintain said systems in perpetuity; and,

WHEREAS, the granting of a permanent easement constitutes the granting of an interest in real property subject to the Agreement of Lease, dated July 1, 1985, as amended (as so amended, the “Lease”), between the City and the New York City Water Board (“Board”) with regards to the Water and Sewer System of the City (the “System”); and,

WHEREAS, pursuant to Section 11.1(d) (ii) of the Lease, the City may, with the prior written consent of the Board, grant interests in property covered by the Lease, which, in the reasonable judgment of the Board, do not interfere with the operation and maintenance of the System and the collection of revenues from the System; and,

WHEREAS, the granting of a permanent easement for a public purpose is authorized under Title 4, Section 106, Subsection 9 of the New York City Administrative Code; and,

WHEREAS, it is the judgment of the Board that the requested easements provide benefits to the City and will not interfere with the operation and maintenance of the System or the collection of revenues from the System, it is therefore

RESOLVED, that the Board hereby gives its consent to the granting of permanent easements, in form approved by the New York City Law Department, to the Town of Roxbury, the Town of Wappinger, the Village of Brewster, and the County of Westchester; 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.

Approval of Investment Guidelines and Fiscal Year 2015 Report

The next agenda item was the presentation and approval of the Board's Investment Guidelines and the Fiscal Year 2015 Investment Report as annually required by the New York State Public Authorities Act. The Board's Treasurer, Mathilde McLean, noted there were no changes from the Investment Guidelines adopted by the Board in 2014 and that the Board's auditors issued a letter which stated that nothing had come to their attention that caused them to believe the System failed to comply with the terms of the System's Resolutions or Investment Guidelines. In response to a question from Member Davis, Ms. McLean discussed the maturities of the Treasury Notes held by the Board.

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

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 2015 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 2015 Investment Report, copies of which will be filed with the minutes of this meeting, are hereby approved.

Adoption of a Conflict of Interest Policy and Revised Code of Ethics

The next agenda item was the presentation and approval of a model Conflict of Interest Policy and a revised Code of Ethics. Member Goldin reported that immediately prior to the Board meeting, the Board's Governance Committee met to review and discuss the adoption of a Conflict of Interest Policy and Code of Ethics based on models issued by the New York State Authorities Budget Office. After such review, the Committee unanimously approved a recommendation that the Board adopt said policy and code.

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

RESOLUTION

WHEREAS, the New York City Water Board (the "Board") previously adopted a Code of Ethics on September 15, 2006; and,

WHEREAS, pursuant to New York State Public Authorities Law ("PAL") Section 2824, the Board's Governance Committee is responsible for informing the Board of current best governance practices including ethical and conflict of interest issues; and,

WHEREAS, the New York State Authorities Budget Office ("ABO") recently issued a recommended model conflict of interest policy and has previously issued a recommended model code of ethics for public authorities to adapt to their own use; and,

WHEREAS, Board staff in consultation with the Governance Committee has adapted the model conflict of interest policy into a proposed Conflict of Interest Policy for Members and Officers of the New York City Water Board and incorporated the model code of ethics into a proposed revision to the Board's Code of Ethics for Members and Officers that supersedes and replaces the Board's Code of Ethics for Members and Officers originally adopted on September 15, 2006; and,

WHEREAS, the Governance Committee has reviewed the proposed policy and code, finds them to be reasonable and appropriate, and recommends their adoption to the full Board; it is therefore

RESOLVED, that the Board's Conflict of Interest Policy for Members and Officers and Code of Ethics for Members and Officers, copies of which will

be filed with the minutes of this meeting, are hereby adopted and effective immediately.

Appointment of Ethics Officer for the Board

The final agenda item was the appointment of an Ethics Officer for the Board as provided for by the Board's Code of Ethics. Upon the recommendation to appoint Greg Ascierio, the Deputy Treasurer of the Board, to serve as the Ethics Officer and a motion duly made and seconded, the following resolution was unanimously adopted.

RESOLUTION

WHEREAS, the New York City Water Board (the "Board") has adopted a revised Code of Ethics dated October 21, 2015; and,

WHEREAS, pursuant to Section III of the Code of Ethics, the Board may designate an Ethics Officer, who shall report to the Board and shall have the duties designated in the Code of Ethics; and,

WHEREAS, the Board believes that Greg Ascierio is qualified to serve as Ethics Officer of the Board; it is therefore

RESOLVED, that Greg Ascierio is hereby appointed as Ethics Officer of the Board.

Adjournment

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

/S/
SECRETARY