

**MINUTES OF THE ANNUAL MEETING OF THE
NEW YORK CITY WATER BOARD
MAY 20, 2016**

The annual meeting of the New York City Water Board (the “Board”) was held on May 20, 2016 starting at approximately 8:42 a.m. on the seventh floor of 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 start of the meeting:

Alfonso Carney,

Tawan Davis,

Adam Freed,

Jonathan Goldin and

Jukay Hsu

constituting a quorum. Mr. Carney chaired the meeting, and Albert Rodriguez served as Secretary of the meeting. At the start of the meeting, Chairman Carney thanked the Board members for their attendance at the Borough rate hearings held in the preceding weeks and thanked the public for the thoughtful comments made at the hearings.

Approval of the Minutes

The first item on the agenda was approval of the minutes of the Board’s previous meeting held on April 8, 2016. There being no discussion, upon motion duly made and seconded, the minutes of the meeting held on April 8, 2016 were unanimously adopted.

Adoption of the Fiscal Year 2017 Annual Budget

The next item on the agenda was the adoption of the Board’s Fiscal Year 2017 annual budget. There being no questions or discussion, upon motion duly made and seconded, the

following resolution adopting the Fiscal Year 2017 annual budget of the Water Board was unanimously approved.

RESOLUTION

WHEREAS, the New York City Water Board (the “Board”) has received certification from the New York City Municipal Water Finance Authority (the “Authority”) regarding the Authority's Budget for the fiscal year commencing July 1, 2016 (“Fiscal Year 2017”) 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 of New York (the “City”) regarding the amounts that the City reasonably anticipates it will have expended during Fiscal Year 2017 in connection with the operation and maintenance of the water and wastewater 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 Fiscal Year 2017 pursuant to Section 8.2 of the Lease; and

WHEREAS, the Board has received certification from AECOM USA, Inc., Consulting Engineer, 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 Fiscal Year 2017; and

WHEREAS, the Board has reviewed the proposed Annual Budget for the Board's expected expenditures for Fiscal Year 2017 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 Fiscal Year 2017, a copy of which is attached hereto, is hereby adopted.

Adoption of the Fiscal Year 2017 Rate Schedule¹

The next item on the agenda was adoption of the Board's Fiscal Year 2017 Rate Schedule for City users. First Deputy DEP Commissioner Steve Lawitts commented on the adoption process and the rate hearings on the FY 2017 Rate Schedule that were held in each borough of the City. Thereafter, Chairman Carney read a portion of the resolution approving the Fiscal Year 2017 Rate Schedule into the record. Members Freed and Golden commented positively on the Board's genuine efforts to solicit public comment on the Rate Schedule and the respectful tone established by Chairman Carney at the borough hearings. There being no further discussion, upon motion duly made and seconded, the following resolution adopting the Fiscal Year 2017 Rate Schedule was unanimously approved.

RESOLUTION

WHEREAS, the Board is authorized pursuant to Section 1045-g(4) of the New York City Municipal Water Finance Authority Act (the "Act") to establish, in accordance with Section 1045-j of the Act, 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 Sections 1045-j (3) and (9-a) of the Act, public hearings concerning certain proposals regarding water and wastewater system rates and charges

were held in each borough of the City on May 5, 6, 9, 10 and May 11, 2016, and a transcript of each hearing and all written statements submitted by May 12, 2016 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, 2016 (“FY 2017”), (ii) the City with respect to (a) the amounts which the City reasonably anticipates it will expend during FY 2017 in connection with the operation and maintenance of the water and sewer system and (b) rental payments requested from the Board, if any, and (iii) AECOM USA, Inc., Consulting Engineer, with respect to the reasonableness of the City's certification of certain expenses, the Board has on this day adopted its annual budget for FY 2017; and

WHEREAS, based on the requirements set forth in the Board's annual budget for FY 2017 and the testimony and statements submitted at the aforementioned public hearings, the Board has determined that, effective July 1, 2016, the water rate for all in-City customers, flat rate and metered, should increase by 2.1% over the rate in effect in Fiscal Year 2016, except for the minimum charge for meter-billed customers, which will remain at \$0.49 per day, and that the rate for wastewater services should remain at 159% of the applicable water charge; and

WHEREAS, the Board has further determined that the billing policy proposals of (1) an increase in the Home Water Assistance Program credit by the adopted FY 2017 general rate increase, and an expansion of program eligibility to include additional senior owner occupants with income less than \$50,000 as identified by the City’s Department of Finance (“DOF”); (2) a new Multi-family Water Assistance Program to provide a credit not to exceed \$250 per unit for qualified multi-family affordable housing properties; (3) a one-time bill credit

¹ Member Arlene Shaw joined the meeting prior to action being taken on this item.

of \$183 based on the FY 2017 elimination of the rental payment for each Tax Class 1 property as defined by DOF; (4) an extension of the compliance grace period for properties that were automatically enrolled in the Multi-family Conservation Program to December 31, 2016 and a charge for non-compliance equal to an incremental 10% of the building's unit charges; and (5) various clarifications to existing policies and procedures set forth in the Board's revised Water and Wastewater Rate Schedule for Fiscal Year 2017, as publicly noticed, should be approved as recommended by staff; it is therefore

RESOLVED, that the Water and Wastewater Rate Schedule for Fiscal Year 2017, a copy of which is attached hereto, which reflects an increase of 2.1 % for in-City water rates (except for the minimum charge for meter-billed customers), as well as the new and modified billing policies, programs, and fees as described above is hereby approved.

Adoption of the Fiscal Year 2017 Water Rates for Customers North of New York City

The next item on the agenda was adoption of the Board's Fiscal Year 2017 water rates for users north of New York City. Chairman Carney read a portion of the resolution approving the Fiscal Year 2017 Water Rates for upstate customers into the record. First Deputy Lawitts commented that this was the first year the upstate rates were being adopted in May, a month earlier than the usual June adoption, which would be helpful to those upstate communities in setting their water rates prior to their fiscal year commencing on July 1. There being no further discussion, upon motion duly made and seconded, the following resolution adopting the Fiscal Year 2017 Water Rates for Users North of New York City was unanimously approved.

RESOLUTION

WHEREAS, the Board is authorized pursuant to Section 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 actual 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 shown by the last preceding census (the “Allowance Quantities”); and

WHEREAS, the Board has received a report dated May 2, 2016 from the Amawalk Consulting Group LLC, Rate Advisor to the Board, which presents the calculated cost of service for the Regulated Rate for Fiscal Year 2017 of \$1,750.52 per million gallons; and

WHEREAS, the proposal to the Board for the rate to be charged for water provided in excess of the Allowance Quantities is equal to the charge for water set forth in “Part II, Section 1. Metered Water” of the Board’s Water and Wastewater Rate Schedule for Fiscal Year 2017 of \$3.89 per hundred cubic feet, which is equivalent to \$5,200.53 per million gallons; and

WHEREAS, upon appropriate notice, a public hearing was held on May 4, 2016 in Valhalla, New York, concerning the proposed increases in the rates for water supply from the City system sold to users north of the City; and

WHEREAS, the Board has received a transcript of the hearing and all written testimony submitted in response to the proposed rates, and staff has recommended the proposed rates; it is therefore

RESOLVED, that effective July 1, 2016, the Regulated Rate shall be \$1,750.52 per million gallons, and the rate and charge for water provided to users north of the City that exceeds

