

**MINUTES OF THE MEETING OF THE
NEW YORK CITY WATER BOARD
OCTOBER 14, 2016**

A meeting of the New York City Water Board (the “Board”) was held on October 14, 2016 starting at approximately 10:31 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 for the meeting:

Alfonso Carney,

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.

Introduction of the Acting Commissioner of the New York City Department of Environmental Protection (“DEP”)

The first item on the agenda was the introduction of Vincent Sapienza, who was appointed the Acting Commissioner of DEP on July 1, 2016 after the retirement of DEP Commissioner Emily Lloyd. Mr. Sapienza made brief remarks on Ms. Lloyd’s tenure at DEP, his background working for the City and DEP and the status of certain Water and Sewer System projects.

Approval of the Minutes

The next item on the agenda was approval of the minutes of the Board’s previous meeting held on June 17, 2016. There being no discussion, upon motion duly made and seconded, the minutes of the meeting held on June 17, 2016 were unanimously adopted.

Acceptance of the Independent Auditor's Report

The next item on the agenda was the presentation and acceptance of the Independent Auditor's Report on the Audited Financial Statements of the Water and Sewer System for the Fiscal Years ended June 30, 2016 and June 30, 2015 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, Marks Paneth, 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 Joint Audit Committee unanimously approved a recommendation that the Board and the Authority accept the auditor's report and authorize the public release of the financial statements.

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

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 14, 2016, 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, 2016 and June 30, 2015; 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 14, 2016 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, 2016 and June 30, 2015 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 Investment Guidelines and Fiscal Year 2016 Investment Report

The next agenda item was the presentation and approval of the Board's Investment Guidelines and the Fiscal Year 2016 Investment Report as annually required by the New York State Public Authorities Act. The Board's Executive Director, Mathilde McLean, noted there were no changes from the Investment Guidelines adopted by the Board in 2015; that investment income from the Board's accounts totaled approximately \$4.8 million dollars for Fiscal Year 2016; and upon the prior recommendation of the Board, substantially all of the investments made in Fiscal Year 2016 were in Treasury Notes.

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 2016 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 2016 Investment Report, copies of which will be filed with the minutes of this meeting, are hereby approved.

Report of the Executive Director

Next, Executive Director McLean made a brief report on the following:

- a. The System ended Fiscal Year 2016 with a cash surplus of approximately \$31 million above projections due to improved collections and low interest rates on Authority debt;
- b. Since 2013, approximately 16,400 claims have been made by property owners under the service line protection program saving them approximately \$62 million in repair costs. Based a survey of property owners that made claims, the program had a 96.7% satisfaction rate.
- c. Included in the Board meeting package for their review were various performance reports including System activity and measurement reports and a first quarter investment report for Fiscal Year 2017.

Executive Session

Pursuant to New York Public Officers Law, section 105 (d), and upon motion duly made and approved, the Board conducted an executive session to discussion certain current litigation matters. After the executive session, the Board reconvened publicly and reported it had taken no action during the executive session.

Adjournment

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

/S/
SECRETARY