

NEW YORK CITY WATER BOARD MEETING

AGENDA

Friday, October 11, 2019 - 9:30 A.M.

Location: 255 Greenwich Street
Room 7W1
New York, New York 10007

1. Roll Call
2. Resolution: Approval of Minutes of June 14, 2019 Meeting
3. Resolution: Acceptance of the Independent Auditors' Report on the Audited Financial Statements of the System for the Fiscal Years ended June 30, 2019 and June 30, 2018 and Authorization of the Release of such Audited Financial Statements
4. Resolution: Approval of Investment Guidelines and Fiscal Year 2019 Report

**MINUTES OF THE ANNUAL MEETING OF THE
NEW YORK CITY WATER BOARD
June 14, 2019**

The annual meeting of the New York City Water Board (the “Board”) was held on June 14, 2019 at approximately 9:00 a.m. on the eighth floor of 255 Greenwich Street, New York, New York 10007. The following members of the Board attended the meeting:

Alfonso Carney,

Evelyn Fernandez-Ketchum,

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 May 1, 2019. There being no discussion, upon motion duly made and seconded, the minutes of the meeting held on May 1, 2019 were unanimously adopted.

Adoption of the Fiscal Year 2020 Annual Budget

The next item on the agenda was the adoption of the Board’s Fiscal Year 2020 annual budget. There being no discussion, upon motion duly made and seconded, the following resolution adopting the Fiscal Year 2020 annual budget of the Water Board was unanimously approved by the Board.

RESOLUTION

WHEREAS, pursuant to a 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 required to adopt an annual budget which includes, among other things, expenses of the Authority and the City relating to the operation and maintenance of City’s Water and Sewer System (the “System”) and

WHEREAS, the Board has received certification from the Authority regarding the Authority's Budget for the fiscal year commencing July 1, 2019 (“Fiscal Year 2020”) 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 2020 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 Fiscal Year 2020 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 2020, and combined with the proposed expenses for the Authority and

the City, the Board has prepared an annual budget for the ensuing 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 Fiscal Year 2020; and

WHEREAS, the Board has reviewed the Rate Consultant’s forecasted cash flows and the Board’s proposed Annual Budget for Fiscal Year 2020 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 2020, a copy of which is attached hereto, is hereby adopted.

Adoption of the Rate Schedule Effective July 1, 2019

The next item on the agenda was adoption of the Board’s Rate Schedule effective July 1, 2019. Chair Carney summarized the testimony heard at the public hearings, which were conducted in all five boroughs of the City of New York. Chair Carney thanked DEP Commissioner Vincent Sapienza and his staff for their presentations at the public hearings. Chair Carney noted that many attendees supported affordability programs, and that there was also interest from the public in studying alternative rate structures. Executive Director Joseph Murin added that the Board will continue to support affordability as a rate setting goal. Chair Carney noted that many commentators supported separate wastewater rates that align with a property’s usage of the wastewater system, including by Member Adam Freed.

There being no further discussion, upon motion duly made and seconded, the following resolution adopting the Rate Schedule effective July 1, 2019 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 30 and June 4, 5, 10 and 11, 2019, and a transcript of each hearing and all written statements submitted by June 13, 2019 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, 2019 (“FY 2020”), (ii) the City with respect to (a) the amounts which the City reasonably anticipates it will expend during FY 2020 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., Consulting Engineer, 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 Fiscal Year 2020, the Board has on this day adopted its annual budget for FY 2020; and

WHEREAS, based on the requirements set forth in the Board's annual budget for FY 2020 and the testimony and statements submitted at the aforementioned public hearings, the Board has determined that, effective July 1, 2019, the water rate for all in-City customers, flat rate and metered, should increase by 2.31% over the rate in effect as of July 1, 2018, 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 proposals recommended by staff to (1) authorize a fee of \$1,000 to obtain a permit in connection with proposed drilling or excavation activity that is to a depth greater than fifty (50) feet below ground surface in the borough of the Bronx, or on or north of 135th Street in the borough of Manhattan, or greater than 100 feet in the borough of Brooklyn, Queens or Staten Island or south of 135th Street in the borough of Manhattan, or to any depth within 200 feet horizontal distance of a water tunnel shaft; (2) exclude accounts with open Department of Environmental Protection violations from participating in billing programs listed in Section IV of the Board's Rate Schedule, including, but not limited to, the Leak Forgiveness Program; (3) specify that only legally registered cooling towers will be eligible for a cooling tower wastewater allowance; and (4) clarify various existing policies and procedures, as each such proposal is set forth in the Board's Water and Wastewater Rate Schedule Effective July 1, 2019, a copy of which is attached hereto, should be approved; it is therefore

RESOLVED, that said Water and Wastewater Rate Schedule Effective July 1, 2019 which reflects, among other things, an increase of 2.31% for in-City water rates (except for the minimum charge for meter-billed customers), as well as the new and modified billing policies and programs as described above, is hereby approved.

Adoption of Rates for Customers North of New York City

The next item on the agenda was adoption of the Board's water rates for users north of New York City effective July 1, 2019. Chair Carney asked the Board's rate advisor whether there have been any changes in the methodology employed to calculate the upstate rates. Mr. Marcus of Amawalk Consulting responded that the basic methodology has remained the same consistent with prior agreements with upstate customers. There being no further discussion, upon motion duly made and seconded, the following resolution adopting the Water Rates for Users North of New York City effective July 1, 2019 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 Water and Wastewater Rate Schedule adopted by the Board effective as of July 1, 2016 (the "July 2016 Rate Schedule") included, among other things, a 1.25% increase of the Regulated Rate from \$1,728.99 to \$1,750.52 and a 2.1% increase of the rate to be

charged for water provided in excess of the Allowance Quantities (the “Excess Rate”) from \$5,093.58 to \$5,213.78; and

WHEREAS, a decision of the New York State Supreme Court in 2016 enjoined the implementation of the July 2016 Rate Schedule; and

WHEREAS, a December 19, 2017 decision by the New York State Court of Appeals in *In the Matter of Prometheus Realty Corp., et al. v. New York City Water Board, et al.*, reversed the 2016 Supreme Court order and put into effect the July 2016 Rate Schedule first intended to be effective as of July 1, 2016; and

WHEREAS, on January 26, 2018, the Board rescinded the July 2016 rate increases in their entirety, resetting the rates back to the rates originally effective July 1, 2015; and

WHEREAS, the Board has received a report dated April 16, 2019 from the Amawalk Consulting Group LLC, Rate Advisor to the Board, which presents the calculated cost of service for the Regulated Rate as of July 1, 2019 of \$1,888.06 per million gallons, which is an increase of approximately 9.2% over the currently billed rate of \$1,728.99 per million gallons; and

WHEREAS, the proposal to the Board for the Excess Rate is \$5,211.24 per million gallons, which is an increase of approximately 2.31%, which is the proposed percentage increase to the water rate for in-City users effective July 1, 2019, over the currently billed Excess Rate of \$5,093.58 per million gallons; and

WHEREAS, upon appropriate notice, a public hearing was held on May 31, 2019 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, 2019, the Regulated Rate shall be \$1,888.06 per million gallons, and the Excess Rate shall be \$5,211.24 per million gallons for water provided to users north of the City.

Adjournment

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

SECRETARY

NEW YORK CITY WATER BOARD

October 11, 2019

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 11, 2019, 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, 2019 and June 30, 2018; 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 auditors’ report and authorized the release of the financial statements 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, 2019 and June 30, 2018 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.

NEW YORK CITY WATER BOARD

October 11, 2019

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 2019 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 2019 Investment Report, copies of which will be filed with the minutes of this meeting, are hereby approved.