

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

October 11, 2023

A meeting of the New York City Water Board (the “Board”) was held on Wednesday October 11, 2023 at 255 Greenwich Street, Manhattan, New York in the 8th floor conference room, beginning at approximately 9:45 a.m. The following members of the Board attended the meeting:

Alfonso Carney,

Adam Freed,

Jonathan Goldin, and

Daniel Zarrilli

constituting a quorum. Mr. Carney chaired the meeting, Albert Rodriguez served as Secretary of the meeting, and Board officers Executive Director Joseph Murin and Treasurer Omar Nazem were in attendance. Several representatives from the Department of Environmental Protection were also in attendance, including from the Bureau of Water Supply David Warne, Lori Emery, and Laurie Machung, from the Bureau of Water and Sewer Operations Andy Kuchynsky, and from the Bureau of Public Affairs and Communications Alicia West. Raymond Lee and Nameca Sharma from the New York City Municipal Water Finance Authority were in attendance, along with Nicholas Lazzaruolo from Grant Thornton. Melissa Auton and Zlata Kobzantsev were present to represent the City’s Department of Housing Preservation and Development, and were joined by several other representatives from HPD.

Approval of the Minutes

The first item on the agenda was approval of the minutes of the Board’s previous meeting held on September 11, 2023. Upon motion duly made and seconded, the minutes of the meeting held on September 11, 2023 were put to the members for a vote. The members in attendance unanimously approved the minutes by a voice vote.

Presentation and Vote on the Board’s Financial and Investment Results for Fiscal Year 2023

Chairman Carney briefed the Board on the meeting of the joint audit committee meeting held earlier that morning and attended by representatives of the Water Board and the Water Authority, at which the joint audit committee voted to approve the system’s financial statements for Fiscal Year 2023 to the boards of both the Water Authority and the Water Board. Chairman Carney invited Mr. Lazzaruolo to describe the audit to the Board. Mr. Lazzaruolo explained that Grant Thornton had conducted the audit and did not identify any significant deficiencies or material weaknesses, nor did the audit identify any instances of fraud or noncompliance, and no significant audit adjustments were made during the audit process. Mr. Lazzaruolo stated that the system’s management team made itself available and was well-prepared during the audit process, and that Grant Thornton issued an unmodified, or clean, opinion letter in connection with the audited financial statements. Chairman Carney offered his congratulations for the successful completion of the audit process.

Upon motion duly made and seconded, a resolution approving the system’s combined financial statements 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”) 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, 2023 at 8:30 a.m., the joint 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, 2023 and June 30, 2022; and

WHEREAS, the joint Audit Committee at its October 11, 2023 meeting indicated that it 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; 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, 2023 and June 30, 2022 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.

The next item on the agenda was the Board's investment report for Fiscal Year 2023 and approval of the Board's investment guidelines. Member Zarrilli and Treasurer Nazem discussed the guidelines, which Mr. Nazem stated remained unchanged from the previous year, and that the major category of securities approved for purchase remained U.S. Government treasury securities.

Upon motion duly made and seconded, a resolution approving the system's Fiscal Year 2023 investment report and the Board's investment guidelines 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") 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 2023 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 2023 Investment Report, copies of which will be filed with the minutes of this meeting, are hereby approved.

Presentation and Vote on Retaining a Water Quality Consultant

The next item on the agenda was a presentation by DEP’s Bureau of Water Supply. David Warne was joined by Lori Emery, Director of Water Quality and Innovation, and Laurie Machung, Chief of Natural Resources, in delivering the presentation. Mr. Warne explained that since PFAS compounds are a growing area of focus for the water industry, the public health community, and regulatory agencies, DEP was proposing to conduct an assessment focused on the Kensico Reservoir in light of evolving regulatory standards.

Ms. Machung briefed the Board on two specific varieties of PFAS compounds, PFOS and PFOA, which the New York State Department of Health had made subject to regulation and the EPA was examining for regulation, and noted that an additional twenty-five PFAS compounds were the subject of emerging regulations by New York State, and that the EPA was also looking at four other PFAS compounds in addition to PFOS and PFOA to potentially include in future regulations. Ms. Emery described the EPA regulatory process, and noted that the measurement and detection technologies used to identify PFAS compounds in drinking water were improving in terms of an ability to detect ever smaller PFAS concentrations. Member Zarrilli asked if DEP had a sense for whether PFAS compounds might also be detectable in the air or ground. Executive Director Murin responded that PFAS compounds in wastewater were of particular relevance to DEP, and would be an area where DEP would need to perform analysis in the future.

Ms. Machung proceeded to brief the Board on the geographic profile of DEP’s water supply assets outside of the City, and described the profile of the Kensico Reservoir, its tributaries, and the Kensico Basin. Member Zarrilli enquired about the scope of DEP’s in-house testing capabilities. Ms. Emery explained that DEP relied on outside laboratories for testing services, and noted that the testing methodologies remained an evolving area of science. Member Zarrilli and Executive Director Murin discussed some of the risk management considerations raised by the potential presence of PFAS in the water system, and Member Freed

agreed that an approach based on risk considerations was an appropriate path forward.

Member Goldin requested information about the proposed budget for the water quality consultant. Ms. Machung explained that the scope of work resembled a phase one environmental assessment, and that the proposed budget was based on the staffing requirement and rates involved in performing a phase one assessment. Member Goldin asked how the Board should think about the role of water filtration in light of the emerging regulatory requirements. Mr. Murin said that DEP was studying the possibility of filtering the Catskill-Delaware system, but that the prospective filtration of the west of Hudson water supply was not a near-term possibility for the system.

Upon motion duly made and seconded, a resolution approving the retention of a water quality consultant was put to the members for a vote. The members in attendance unanimously approved the resolution by a voice vote.

RESOLUTION

WHEREAS, pursuant to Sections 1045-b and 1045-g of the New York City Municipal Water Finance Authority Act (the "Act"), the Board is authorized to enter into contracts and to retain private consultants for the purpose of obtaining professional or technical services to assist the Board in carrying out its responsibilities, including tasks relating to the planning, development, financing, or construction of the water and wastewater system of the City of New York; and

WHEREAS, the Board's duties under the Act include establishing and collecting water and wastewater rates and charges in an amount sufficient to place the City's water supply and wastewater system (the "System") on a financially self-sustaining basis; and

WHEREAS, the safe and reliable operation of the City's water and wastewater system by the New York City Department of Environmental Protection ("DEP") is a prerequisite to providing the water and wastewater service that generates the revenues used to fund the system; and

WHEREAS, the Board seeks to obtain the services of a qualified technical advisor experienced in the environmental consulting and water quality field as an advisor to provide

an evaluation of DEP operational data taken principally from the Kensico Reservoir, the Kensico Basin, and the sources and outflows identified in the proposed Scope of Work, including an evaluation of indications of certain perfluoroalkyl and polyfluoroalkyl compounds as well as providing a regulatory evaluation and summary based on conclusions drawn from the data and the other tasks described in the proposed Scope of Work; and

WHEREAS, the Board wishes to authorize the Board’s Executive Director to undertake a solicitation and negotiation process in accord with the Water Board’s Policy on the Procurement of Goods and Services, in particular Section 5.i (prior approval of contracts where the cumulative value exceeds \$100,000), it is therefore

RESOLVED, that the Executive Director is hereby authorized and directed to instruct the Board’s professional staff to post a detailed request for proposals, assemble a bid evaluation committee, and to negotiate and enter into a definitive legal agreement with one or more vendors identified through the procurement process for a contract term of up to two years, and upon such other terms and conditions as the Executive Director may deem reasonable and appropriate; and be it further

RESOLVED, that the compensation authorized and payable to the firm or firms retained pursuant to this resolution shall not in aggregate exceed \$350,000 during the term of the agreement.

Presentation and Vote on Consent to Release Sections of Manhattan Block 1077, Lot 29

Melissa Auton from HPD’s Manhattan planning department provided the Board with a presentation of the Rialto West project, an affordable residential housing project located in Manhattan’s Clinton neighborhood containing approximately 157 permanently affordable apartment units, as well as an open space operated by the City’s Parks Department. The rents would be affordable to households earning 50-120% AMI, and the project would include a 15% set aside for formerly homeless households. Ms. Auton described the tentatively proposed split of the existing Lot 29 into two different new lots, as well as a light and air easement on a section of the lot that would be retained by DEP. In response to a question from Member Zarrilli, Alicia West from DEP explained that the section of the lot being retained by DEP contained some water and sewer infrastructure,

and that DEP would continue to have access to the water and sewer assets, as well as the option to build on the site in the future if necessary, although the City had no plans for the site at present besides the open space.

Ms. Auton described HPD's request of the Board, which included approving for transfer the section of the lot on which the residential project would be constructed, as well as approving for transfer both the light and air easement and part of the development rights from the section of the lot retained by DEP in order to facilitate the construction of a larger structure on the site.

Member Goldin asked if the release from the Board's leasehold would also result in the transfer of title of the property. Mr. Nazem explained that the release from the leasehold would make the property available for the City's Department of Citywide Administrative Services and HPD to record or negotiate the appropriate transfer or sale documents free of the constraints of the lease.

RESOLUTION

WHEREAS, the water and wastewater system (the "System") of the City of New York (the "City") has been leased by the City to the New York City Water Board (the "Board") pursuant to an Agreement of Lease, dated as of July 1, 1985 and as amended by Amendment No. 1 dated as of November 1, 1985, between the City and the Board (the "Lease"); and

WHEREAS, the City, through the New York City Department of Environmental Protection ("DEP") operates and maintains the System; and

WHEREAS, pursuant to Section 11.1(d)(i) of the Lease, the City may, with the prior written consent of the Board, transfer or otherwise grant interests in the property that is subject to the Lease, provided that such transfer or grant would not materially adversely affect the revenues of the system nor impair the ability of the Board to make any payments required under the Lease; and

WHEREAS, pursuant to Section 11.1(d)(ii) of the Lease, the City may, with the prior written consent of the Board, transfer or otherwise grant interests in the property that is subject to the Lease, provided that such transfer or grant would not interfere with the operation and maintenance of the System; and

WHEREAS, the City, through its Department of Housing Preservation and

Development (“HPD”), has requested that DEP and the Board make available to HPD and its development partners a portion of a Manhattan lot that comprises part of DEP’s landholdings, in order to facilitate the construction of an eight-story, approximately 158 residential unit affordable housing and community facility project on one section of the lot and to enable the development of publicly accessible open space on the remaining portion of the lot; and

WHEREAS, the lot in question is Manhattan Block 1077, Lot 29, which is bounded to the north by West 49th Street, to the South by West 48th Street, and to the East by Tenth Avenue, and referred to by the street addresses 705 Tenth Avenue and 509 West 48th Street; and

WHEREAS, on May 17, 2021, the City’s tentative Application for Apportionment or Mergers of Block 1077, Lot 29, filed with the New York City Department of Finance (“DOF”) and included as Appendix C, was granted by DOF, which would divide the 47,027 square feet of the existing Block 1077, Lot 29 into two lots, which would bear the tentative names (New) Manhattan Block 1077, Lot 29, accounting for 21,923 square feet of the lot area, and (New) Manhattan Block 1077, Lot 35, accounting for the remaining 25,104 square feet of the lot area, as described by the survey descriptions and development rights calculation included as Appendix A; and

WHEREAS, the Board has determined that, in accord with the maps included as Appendix B and consistent with the City’s DOF filing, (i) releasing its leasehold interest in, and transferring to the Department of Citywide Administrative Services (“DCAS”) for purposes of assigning to HPD, the 21,923 square feet of (New) Block 1077, Lot 29, representing the western-most section of the existing Block 1077, Lot 29, (ii) releasing its interest in and consenting to grant by easement or other appropriate instrument to DCAS or a developer to be selected by HPD, a light and air easement over the western-most 200.83 foot north-to-south and 30.00 foot east-to-west dimensions of (New) Block 1077, Lot 35, and (iii) releasing its interest in up to approximately 39,646 square feet of development rights currently associated with the portion of the existing Block 1077, Lot 29 that would be apportioned into the (New) Block 1077, Lot 35, and transferring the development rights to a developer selected by HPD, or to DCAS for purposes of assigning to HPD for subsequent assignment to a developer to be selected by HPD, and consenting to grant such development rights by easement or other

appropriate instrument, is each a reasonable and appropriate action for the Board to undertake;
and

WHEREAS, by letter dated September 28, 2023, the Board has received certification from Eileen Proffitt, P.E. of AECOM USA, Inc., and William Pfrang, P.E., of Macan Deve Engineers, Co-Consulting Engineers to the Board, that it has evaluated the above dispositions and has confirmed that such transfers and grants would have no impact on the operation of the System, the collection of revenues of the System, or the ability of the Board to make any payments required under the Lease; it is therefore

RESOLVED, that, pursuant to Sections 11.1(d)(i) and 11.1(d)(ii) of the Lease, the Board hereby consents to the property dispositions as described herein; 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.

Adjournment

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

/S/
SECRETARY