

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

June 13, 2024

A meeting of the New York City Water Board (the “Board”) was held on Thursday June 13, 2024 at 255 Greenwich Street, Manhattan, New York in the 8th floor conference room, beginning at approximately 9:15 a.m. The following members of the Board attended the meeting:

Alfonso Carney,

Adam Freed,

Arlene Shaw, and

Daniel Zarrilli

constituting a quorum. Mr. Carney chaired the meeting and Albert Rodriguez served as Secretary of the meeting. Board officers Executive Director Joseph Murin and Treasurer Omar Nazem were in attendance, and were joined by Nerissa Moray from the Department of Environmental Protection.

Approval of the Minutes

The first item on the agenda was approval of the minutes of the Board’s previous meeting held on May 3, 2024. Upon motion duly made and seconded, the minutes of the meeting held on May 3, 2024 were put to the members for a vote. The members in attendance unanimously approved the minutes by a voice vote.

Board Discussion and Adoption of Non-Binding Resolution

Chairman Carney summarized the Board’s public hearings during May and June and the public involvement during the hearing process, and led the Board in a discussion of what the Board heard in the public testimony, noting that the rental payment was a factor behind the rate increase. Members Freed and Shaw discussed the importance of public participation at the hearings, noting that

public attendance had been low during several of the recent hearing cycles, including both the online and in-person hearings. Member Freed reiterated his interest in exploring if a stormwater fee could become an appropriate part of the City’s water and wastewater rate structure. Commissioner Aggarwala described some of the operational and computer system issues involved in implementing a stormwater fee, as well as some of the characteristics of the legal authority framework governing Water Board billing rates.

As the discussion concluded, Member Freed asked that the Board consider approving a non-binding resolution requesting that the City consider not requesting a rental payment from the Board and, that if a rental payment is requested, that the City dedicate the funds for stormwater and coastal resilience purposes.

NON-BINDING RESOLUTION

WHEREAS, under the lease agreement entered between the Board and the City on July 1, 1985, the City can request an annual rental payment from the Board that cannot exceed the greater of, i) the current year’s principal and interest on “General Obligation” GO bonds issued by the City for water and sewer purposes prior to 1984, or ii) 15 percent of the current year’s debt service on New York Water Finance Authority bonds; and

WHEREAS, all of the debt service on GO bonds issued prior to 1984 for the system has been paid; and

WHEREAS, after several years of foregoing the rental payment, the City has requested a rental payment from the Board of \$145 million in FY 2024 and anticipates requesting \$289 million in FY 2025 and additional payments estimated to be between \$300 and \$400 million annually in subsequent years; and

WHEREAS, this request has a direct impact on water rates, representing a 3.1% increase in the FY 2025 water rates proposed by New York City Department of Environmental Protection (DEP), and will have an even higher impact on future years' water rates; and

WHEREAS, the Board has a legal and fiduciary obligation to make the rental payment if requested by the City; and

WHEREAS, New York City's water and sewer system faces unprecedented challenges from climate change and requires significant capital investment to manage increasing rainfall and reduce flooding; and

WHEREAS, future rental payments could limit the Board's ability to raise capital to fund critical needs of the water system, including stormwater and coastal resilience; and

WHEREAS, the City has adopted climate budgeting to incorporate science-based climate considerations into its budget decision-making process by evaluating how current actions and spending contribute to meeting longer-term climate targets and needs; it is therefore

RESOLVED, that the Board believes that the request of the rental payment does not adhere to the principles of climate budgeting and the stated climate goals of the City; and be it further

RESOLVED, that the Board urges the City to not request a rental payment from the Board in FY 2024 nor in future years; and be it further

RESOLVED, that absent this forbearance, the Board strongly encourages that the rental payment be dedicated to stormwater and coastal resilience, which benefits ratepayers and the system, is in line with the stated goals of PlaNYC and the City's

climate budgeting, and provides a clear nexus between the rental payment and the well-being of the water and sewer system.

Adoption of Annual Budget

Following the discussion and adoption of the non-binding resolution, the members considered the Board’s Fiscal Year 2025 budget. The members in attendance unanimously approved the budget resolution by a voice vote.

RESOLUTION

WHEREAS, pursuant to the 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 authorized to adopt an annual budget which includes expenses of the Authority and the City relating to the operation and maintenance of the City’s Water and Sewer System (the “System”) and expenses of the Board; and

WHEREAS, the Board has received certification from the Authority regarding the Authority's Budget for the fiscal year commencing July 1, 2024 (“Fiscal Year 2025”) 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 2025 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 the fiscal year commencing July 1, 2024 pursuant to Section 8.2 of the Lease; and

WHEREAS, the Board has received certification from AECOM USA, Inc. and MDE, Inc., Co-Consulting Engineers, 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 the fiscal year commencing July 1, 2024, and combined with the proposed expenses for the Authority and the City, the Board has prepared an annual budget for the upcoming 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 the fiscal year commencing July 1, 2024; and

WHEREAS, the Board has reviewed the Rate Consultant’s forecasted cash flows and the Board’s proposed Annual Budget for the fiscal year commencing July 1, 2024 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 the fiscal year commencing July 1, 2024, a copy of which is attached hereto, is hereby adopted.

Adoption of Rate Schedule

Following comments by the members, the Board’s Rate Schedule effective July 1, 2024 was put to a vote. The members in attendance unanimously approved the resolution by a voice vote.

RESOLUTION

WHEREAS, the Board is authorized pursuant to Sections 1045-g(4) and 1045-j of the New York City Municipal Water Finance Authority Act (the “Act”) to establish 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 the public hearing requirements described in Sections 1045-j (3) and 1045-j(9a) of the Act, (i) public hearings were held in the boroughs of Staten Island, Manhattan and Queens, the Bronx, and Brooklyn on May 28, 29, 30, and June 4, 2024 respectively, (ii) the public was given an opportunity at the hearings to present testimony to members and officers of the Board, as well as the general public, (iii) the public was also provided the opportunity to email, mail, or otherwise communicate testimony to the Board pursuant to the information provided in the public notices of the hearings that were published on May 4, 2024, and (iv) a transcript of the hearings and all written statements submitted by June 6, 2024 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, 2024 (“FY 2025”), (ii) the City with respect to (a) the amounts which the City reasonably anticipates it will expend during FY 2025 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. and MDE, Inc., Co-Consulting Engineers, 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 FY 2025, the Board has on this day adopted its annual budget for FY 2025; and

WHEREAS, based on the requirements set forth in the Board's annual budget for FY 2025 and the testimony and statements submitted at the aforementioned public hearings, the Board has determined that the rates for all customers will increase by 8.5% compared to those rates described in the Rate Schedule that first went into effect as of July 1, 2023; and

WHEREAS, the Board has further determined that the proposal recommended by staff to (1) not administer a surcharge for Fiscal Year 2025 to the bills issued to accounts enrolled in the Multi-Family Conservation Program (MCP) that have not yet established administrative compliance with the Program’s requirements, (2) continue the Home Water Assistance Program (HWAP) at a program size of up to 96,000 potential bill credit recipients, and to allow the program to issue a \$145 bill credit to qualifying one, two, three, or four residential unit properties, based on the program criteria of the property in question receiving at least

one of three property tax credits from the New York City Department of Finance, including a Senior Citizen Homeowners' Exemption (SCHE), or a Disabled Homeowners' Exemption (DHE), including Physically Disabled Crime Victims, or a Veteran's Exemption, or otherwise having a City Finance Department-verified income of less than \$50,000, and (3) continue the Multi-Family Water Assistance Program (MWAP) at a program size of 48,000 affordable apartment units to receive a bill credit of \$250 per qualifying apartment unit, as each such proposal is set forth in the proposed Water and Wastewater Rate Schedule Effective July 1, 2024, it is therefore

RESOLVED, that the proposed Water and Wastewater Rate Schedule Effective July 1, 2024, as well as the new or modified billing policies and programs as described above, is hereby approved.

Adoption of Wholesale Rates

Executive Director Murin reminded the Board that a separate public hearing on wholesale rates took place in Westchester County during the public hearing process.

The members in attendance unanimously approved the resolution by a voice vote.

RESOLUTION

WHEREAS, the Board is authorized pursuant to Section 1045-g(4) and 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 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 documented by the final release of Federal decennial census statistics, or other population measure as may be satisfactory to the Department of Environmental Protection (the “Allowance Quantities”); and

WHEREAS, those same certain municipalities and water districts north of the City may purchase a supply of water in excess of the amounts authorized under the calculation of the Allowance Quantity, at a separate rate of charge applicable solely to the quantities of water sold in excess of the amounts authorized under the Allowance Quantity calculation (“the Excess Rate”); and

WHEREAS, the proposal to the Board for the Regulated Rate is to increase the rate to an amount of \$2,264.80 per million gallons; and

WHEREAS, the proposal to the Board for the Excess Rate is to increase the rate to an amount of \$6,364.34 per million gallons; and

WHEREAS, in accord with the public hearing requirements of Section 1045 of the Act, (i) the Board held a public hearing in Westchester County on June 5, 2024, (ii) the public was provided with an opportunity at the public hearing to present testimony to members and officers of the Board and the general public, (iii) the public was provided with the opportunity to email, mail, or otherwise communicate testimony to the Board pursuant to the information provided in the public notice of the hearings, and a transcript of the hearings, and (iv) all written statements submitted by June 6, 2024 have been received and reviewed by the Board,

it is therefore

RESOLVED, that effective July 1, 2024, the Regulated Rate shall be charged in an amount equal to \$2,264.80 per million gallons, and the Excess Rate shall be charged in an amount equal to \$6,364.34 per million gallons, for water provided to wholesale customers north of the City.

Appointment of Executive Director

Member Freed extended a thank you to retiring Executive Director Murin for his service as a Board officer, and extended the Board’s welcome to incoming Executive Director Nerissa Moray. Commissioner Aggarwala offered comments of thank you to Executive Director Murin, and offered his welcome to incoming Executive Director Moray, noting that Ms. Moray would also be taking on the role of DEP’s Chief Financial Officer.

A resolution appointing Ms. Moray to the role of Executive Director, effective as of June 28, 2024, was put to a vote. The members in attendance unanimously approved the resolution by a voice vote.

RESOLUTION

WHEREAS, pursuant to Section 1045-g(8) of the New York City Municipal Water Finance Authority Act, the New York City Water Board (the “Board”) is authorized to appoint such officers as it may require for the performance of its duties; and,

WHEREAS, Article II of the by-laws of the Board designates an Executive Director as an Officer of the Board and prescribes the duties and responsibilities of the Executive Director; and,

WHEREAS, Rohit Aggarwala, Commissioner of the Department of

Environmental Protection, and Omar Nazem, Treasurer of the Board, have proposed that Nerissa Moray be appointed to serve as Executive Director of the Board; and,

WHEREAS, the Board has reviewed the background and experience of Nerissa Moray and believes that she is qualified to serve as Executive Director; it is therefore,

RESOLVED, that Nerissa Moray shall be appointed Executive Director of the Board, with the appointment to take effect on June 28, 2024.

Approval of Audit Agreement

Member Freed note that the joint audit committee between the Water Board and the New York City Municipal Water Finance Authority had met previously to hear a presentation from the system’s auditors at Grant Thornton, during which the firm had presented its credentials and qualifications. Member Zarrilli noted that the agreement was a four-year agreement, and asked about the audit’s cost, with Treasurer Nazem explaining that the Water Authority paid for the system’s audit cost using Water Authority funds.

The members in attendance unanimously approved the resolution by a voice vote.

RESOLUTION

WHEREAS, pursuant to Section 1045-g(8) of the New York City Municipal Water Finance Authority Act, the New York City Water Board (the “Board”) is authorized to enter into contracts and to retain private consultants on a contract basis for the purpose of obtaining professional or technical services to assist the Board in carrying out its responsibilities; and

WHEREAS, the Board and the New York City Municipal Water Finance Authority (the “Authority”), in conjunction with the City of New York (the “City”),

issued a competitive Request for Proposals for independent auditor services on December 5, 2022; and

WHEREAS, the proposal from Grant Thornton, which was comprised of both Grant Thornton’s proposal to audit the City plus a proposal to audit the water and sewer system of the City of New York (the “System”) was determined to offer the best combination of performance and value; and

WHEREAS, pursuant to the Audit Committee Charter, the Joint Audit Committee of the Authority and the Board has evaluated the recommended selection of Grant Thornton as independent auditor; and

WHEREAS, the Audit Committee has found the selection of Grant Thornton to be satisfactory and on June 3, 2024 recommended to the Authority and the Board that Grant Thornton be appointed and retained as independent auditors for the System’s financials; it is therefore

RESOLVED, that the Board authorizes the Executive Director to enter into a contract and sign annual engagement letters with Grant Thornton as the independent auditors for the System’s financial statements for the fiscal years ending June 30, 2024, 2025, 2026, and 2027, as well as any other documents necessary to effectuate the retention of the independent auditors.

Other Business

Member Shaw expressed an interest in providing members with an opportunity to visit some of the system’s water and wastewater assets. Treasurer Nazem mentioned that the Water Authority would be hosting an investor conference later in the year, and that Board members could expect an invitation to the conference. Chairman Carney also indicated his interest in identifying a new

member to join the Board to fill the currently vacant Board seat.

Adjournment

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

/S/
SECRETARY