

NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY

TRANSCRIPT 03/20/20

FINANCE COMMITTEE MEETING

>> GOOD MORNING, EVERYONE. I'M OLGA CHERNAT, THE DELEGATE FOR BUDGET DIRECTOR HARTZOG AND CHAIR OF THE FINANCE COMMITTEE. I WOULD LIKE TO CALL TO ORDER A MEETING OF THE FINANCE COMMITTEE OF THE NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY. FIRST, I WOULD LIKE TO NOTE THAT AUDIO OF THIS MEETING IS BEING RECORDED, AND A TRANSCRIPT WILL BE POSTED TO THE NEW YORK CITY WATER AUTHORITY WEBSITE. WE ARE ABLE TO CONVENE THIS MEETING BY PHONE PURSUANT TO THE GOVERNOR'S EXECUTIVE ORDER WHICH TEMPORARILY SUSPENDED THE REQUIREMENT THAT MEETINGS OF PUBLIC AUTHORITIES NEED TO TAKE PLACE IN PERSON. I'D LIKE TO ASK ALL PARTICIPANTS TO MUTE THEIR PHONES UNLESS THEY'RE SPEAKING AND ASK ANY PARTICIPANT WHO DOES NOT SPEAK TO PLEASE ANNOUNCE THEIR NAME FIRST--WHO DOES SPEAK--I'M SORRY--TO PLEASE ANNOUNCE THEIR NAME FIRST. TO AVOID CONFUSION DURING THIS TELEPHONE MEETING, ALL VOTES WILL BE TAKEN BY ROLL CALL. I'D LIKE TO BEGIN THE MEETING BY ASKING DEBORAH COHEN TO TAKE THE ROLL OF ATTENDANCE. DEBORAH?

>> MELANIE HARTZOG?

>> OLGA CHERNAT FOR BUDGET DIRECTOR HARTZOG.

>> BASIL SEGGOS?

>> ROBERT ELBURN FOR COMMISSIONER SEGGOS.

>> JACQUES JIHA?

>> ROBIN LEE FOR COMMISSIONER JIHA.

>> VINCENT SAPIENZA?

>> JOSEPH MURIN FOR COMMISSIONER SAPIENZA.

>> MAX VON HOLLWEG?

>> THIS IS MAX VON HOLLWEG. I'M HERE.

>> MARC SHAW?

>> I'M HERE, ALSO.

>> WE HAVE A QUORUM.

>> THANK YOU, DEBORAH. THE FIRST ITEM ON THE AGENDA IS A RESOLUTION APPROVING THE MINUTES OF THE FINANCE COMMITTEE MEETING OF JANUARY 22, 2020. THE MINUTES HAVE BEEN CIRCULATED FOR THE COMMITTEE'S REVIEW. DEBORAH, DIDN'T WE MEET IN FEBRUARY?

>> YES. SORRY. IT SHOULD BE FEBRUARY 27.

>> OK. SORRY, GUYS. THE FIRST ITEM ON THE AGENDA IS A RESOLUTION APPROVING THE MINUTES OF THE FINANCE COMMITTEE MEETING OF FEBRUARY 27, 2020. THE MINUTES HAVE BEEN CIRCULATED FOR THE COMMITTEE'S REVIEW. ARE THERE ANY CHANGES OR COMMENTS? HEARING NO CHANGES OR COMMENTS, I WILL NOW CALL THE ROLL FOR VOTE. DELEGATE REPRESENTING COMMISSIONER BASIL SEGGOS, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER JIHA, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER SAPIENZA, HOW DO YOU VOTE?

>> AYE.

>> MR. VON HOLLWEG, HOW DO YOU VOTE?

>> AYE.

>> MR. SHAW, HOW DO YOU VOTE?

>> AYE.

>> AND I, REPRESENTING BUDGET DIRECTOR HARTZOG, VOTE IN FAVOR OF THE PROPOSED RESOLUTION. THE COMMITTEE HAS UNANIMOUSLY APPROVED THE RESOLUTION. WITH YOUR PERMISSION, I'D LIKE TO HANDLE THE NEXT 3 ITEMS ON THE AGENDA TOGETHER. THE NEXT 3 ITEMS ON THE AGENDA RECOMMEND TO THE BOARD OF DIRECTORS THAT THEY APPROVE THE AUTHORITY'S SUPPLEMENTAL RESOLUTION NUMBER 156 AUTHORIZING THE ISSUANCE OF FISCAL 2020 SERIES FF SECOND GENERAL RESOLUTION WATER AND SEWER SYSTEM BONDS, SUPPLEMENTAL RESOLUTION NUMBER 157 AUTHORIZING THE ISSUANCE OF FISCAL 2020 SERIES GG SECOND GENERAL RESOLUTION WATER AND SEWER SYSTEM BONDS, AND SUPPLEMENTAL RESOLUTION NUMBER 85 AUTHORIZING THE ISSUANCE OF FISCAL 2020 SERIES "A" GENERAL RESOLUTION

WATER AND SEWER SYSTEM BONDS. BEFORE DISCUSSING THE PROPOSED ISSUANCES, I WOULD LIKE TO GIVE YOU A BRIEF OVERVIEW OF THE CURRENT TRENDS FOR MARKET CONDITIONS TO GIVE YOU CONTEXT OF WHY WE'RE ASKING YOU TO APPROVE THE RESOLUTIONS AUTHORIZING ISSUANCE OF SECOND RESOLUTION BONDS AND ONE RESOLUTION AUTHORIZING ISSUANCE OF FIRST RESOLUTION BONDS WITH ALL 3 RESOLUTIONS HAVING FAIRLY BROAD AUTHORIZATION PARAMETERS OF NOT TO EXCEED 600 MILLION PER AMOUNT EACH AND NOT TO EXCEED TRUE INTEREST COSTS OF 6% EACH. FURTHER, ALL 3 RESOLUTIONS ALLOW ISSUANCE OF BONDS FOR EITHER NEW MONEY PURPOSE OR FOR REFUNDING PURPOSES OR A COMBINATION OF THEM BOTH. JUST LIKE ALL OF US ARE EXPERIENCING DISRUPTION IN OUR NORMAL LIVES ON A PERSONAL LEVEL, THE GENERAL ECONOMY OF THE CITY AND THE COUNTRY HAVE BEEN DISRUPTED BY THE EFFORTS TO CONTAIN THE SPREAD OF COVID-19 VIRUS OUTBREAK. IN RESPONSE TO THE ECONOMIC UPHEAVAL, FINANCIAL MARKETS ARE ALSO EXPERIENCING TREMENDOUS VOLATILITY. THE DOW JONES INDUSTRIAL AVERAGE CLOSED YESTERDAY DOWN 32% SINCE ITS 52-WEEK HIGH IN MID FEBRUARY. MUNICIPAL MARKETS WHICH, UNDER NORMAL CONDITIONS, USUALLY FOLLOWS U.S. TREASURE MARKETS AND IS OFTEN CONSIDERED A FLIGHT-TO-SAFETY MARKET DECOUPLED FROM THE TREASURY MARKET WITH RATES RISING OVER THE COURSE OF THE LAST TWO WEEKS BY OVER 1.6%. DRIVEN BY THE LACK OF LIQUIDITY, SHORT-TERM RATES CAME UNDER EVEN MORE PRESSURE, WITH RATES RISING SINCE THE BEGINNING OF THIS WEEK FROM AROUND 1% TO CLOSE TO 9% IN SOME CASES YESTERDAY. WHILE WE'RE NOT LOOKING TO ENTER THE MARKET UNTIL MID APRIL, WE ANTICIPATE CHALLENGING MARKET CONDITIONS AHEAD OF US FOR A WHILE, AND I'D LIKE TO POSITION THE AUTHORITY TO ENTER THE MARKET IF AND WHEN WE HAVE OPPORTUNITY TO DO SO AND AT THE RIGHT LEVELS. NOTE THAT WE DO NOT PLAN TO ISSUE ALL OF THE SERIES FOR WHICH WE'RE ASKING AUTHORIZATION. RATHER, WE WANT TO MAINTAIN FLEXIBILITY TO ISSUE SOME COMBINATION OF THE PROPOSED ISSUANCES. AT THIS POINT, WE DON'T KNOW WHAT WOULD POSITION US BEST, WHETHER WE CAN SELL SECOND RESOLUTION BONDS OR WE WILL BE ONLY LIMITED TO ISSUING FIRST RESOLUTION BONDS, SO WE'RE ASKING YOU TO AUTHORIZE BOTH. ALSO, TYPICALLY, IN ADDITION TO THE [INDISTINCT] AMOUNTS, I'VE PROVIDED YOU WITH THE EXPECTED PAR AMOUNTS AND EXPECTED CIC. GIVEN THE MARKET CONDITIONS, I DON'T HAVE THOSE NUMBERS TO GIVE YOU BECAUSE I JUST DON'T KNOW WHAT THE BEST STRUCTURE TO SELL WILL BE IN THESE VOLATILE CONDITIONS. IT COULD BE A COMBINATION OF LONG AND SHORT BONDS, OR IT COULD BE LONG BONDS. IT COULD BE NEW MONEY OR REFUNDING STRUCTURE. I THINK IT'S JUST IMPORTANT THAT WE HAVE THE FLEXIBILITY TO DO WHAT NEEDS TO BE DONE

TO MAKE SURE THAT WE CONTINUE WITH OUR MANDATE OF FINANCING THE SYSTEMS OR TO ENSURE CAPITAL EXPENDITURES IN THE MOST EFFICIENT MANNER. AT THIS POINT, LET ME PAUSE AND ASK IF THERE ARE ANY QUESTIONS OR COMMENTS OR CONCERNS. HEARING NO QUESTIONS OR COMMENTS, I WILL CALL A ROLL FOR VOTES. DELEGATE REPRESENTING COMMISSIONER BASIL SEGGOS, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER JIHA, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER SAPIENZA, HOW DO YOU VOTE?

>> AYE.

>> MR. VON HOLLWEG, HOW DO YOU VOTE?

>> AYE.

>> MR. SHAW, HOW DO YOU VOTE?

>> AYE.

>> AND I, REPRESENTING BUDGET DIRECTOR HARTZOG, VOTE IN FAVOR OF THE PROPOSED RESOLUTION. THE COMMITTEE HAS UNANIMOUSLY APPROVED THE RESOLUTION. IS THERE ANY FURTHER BUSINESS BEFORE THE COMMITTEE BEFORE WE ADJOURN? SINCE THERE IS NO FURTHER BUSINESS, I WILL ASK FOR A VOTE TO ADJOURN. DELEGATE REPRESENTING COMMISSIONER BASIL SEGGOS, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER JIHA, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER SAPIENZA, HOW DO YOU VOTE?

>> AYE.

>> MR. VON HOLLWEG, HOW DO YOU VOTE?

>> AYE.

>> MR. SHAW, HOW DO YOU VOTE?

>> AYE.

>> AND I, REPRESENTING BUDGET DIRECTOR HARTZOG, VOTE IN FAVOR OF ADJOURNING. THANK YOU, EVERYONE. THE FINANCE COMMITTEE IS NOW ADJOURNED.

BOARD OF DIRECTORS MEETING

I'D LIKE TO CALL TO ORDER A MEETING OF THE BOARD OF DIRECTORS OF THE NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY. I'M OLGA CHERNAT, DELEGATE FOR BUDGET DIRECTOR HARTZOG AND CHAIR OF THE BOARD OF DIRECTORS. AS WITH THE FINANCE COMMITTEE MEETING, I ASK THAT EVERYONE KEEP THEIR PHONES MUTED UNLESS SPEAKING AND ANNOUNCE THEIR NAME IF THEY DO SPEAK. DEBORAH, WOULD YOU PLEASE CALL THE ROLL OF THE BOARD OF DIRECTORS MEETING?

>> MELANIE HARTZOG? MELANIE HARTZOG?

>> OLGA CHERNAT--OLGA CHERNAT FOR DIRECTOR HARTZOG.

>> BASIL SEGGOS?

>> ROBERT ELBURN FOR COMMISSIONER SEGGOS.

>> JACQUES JIHA?

>> ROBIN LEE FOR COMMISSIONER JIHA.

>> VINCENT SAPIENZA?

>> JOSEPH MURIN FOR COMMISSIONER SAPIENZA.

>> MAX VON HOLLWEG?

>> I'M PRESENT.

>> MARC SHAW?

>> HERE.

>> WE HAVE A QUORUM.

>> THANK YOU, DEBORAH. THE FIRST ITEM ON THE AGENDA IS APPROVAL OF THE MINUTES OF THE PREVIOUS BOARD OF DIRECTORS MEETING. THE MINUTES OF THE MEETING HAVE BEEN CIRCULATED FOR THE BOARD'S REVIEW. ARE THERE ANY COMMENTS OR CHANGES? HEARING NO QUESTIONS OR COMMENTS,

I WILL CALL THE ROLL FOR A VOTE. DELEGATE REPRESENTING COMMISSIONER BASIL SEGGOS, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER JIHA, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER SAPIENZA, HOW DO YOU VOTE?

>> AYE.

>> MR. VON HOLLWEG, HOW DO YOU VOTE?

>> AYE.

>> MR. SHAW, HOW DO YOU VOTE?

>> AYE.

>> AND I, REPRESENTING BUDGET DIRECTOR HARTZOG, VOTE IN FAVOR OF THE PROPOSED RESOLUTION. THE BOARD HAS UNANIMOUSLY APPROVED THE RESOLUTION. THE NEXT ITEM ON THE AGENDA IS THE APPROVAL OF SUPPLEMENTARY RESOLUTION NUMBER 1--LET'S SEE; I'M SORRY--156 AUTHORIZING THE ISSUANCE OF THAT AUTHORITY'S FISCAL 2020 SERIES FF SECOND GENERAL RESOLUTION WATER AND SEWER SYSTEM BONDS. THE PROPOSED RESOLUTION HAS BEEN RECOMMENDED BY THE FINANCE COMMITTEE. ARE THERE ANY COMMENTS, QUESTIONS, OR ITEMS FOR DISCUSSION? HEARING NO QUESTIONS OR COMMENTS, I WILL CALL THE ROLL FOR A VOTE. DELEGATE REPRESENTING COMMISSIONER BASIL SEGGOS, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER JIHA, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER SAPIENZA, HOW DO YOU VOTE?

>> AYE.

>> MR. VON HOLLWEG, HOW DO YOU VOTE?

>> AYE.

>> MR. SHAW, HOW DO YOU VOTE?

>> AYE.

>> AND I, REPRESENTING BUDGET DIRECTOR HARTZOG, VOTE IN FAVOR OF THE PROPOSED RESOLUTION. THE BOARD HAS UNANIMOUSLY APPROVED THE RESOLUTION. THE NEXT ITEM ON THE AGENDA IS THE APPROVAL OF SUPPLEMENTAL RESOLUTION NUMBER 157 AUTHORIZING THE ISSUANCE OF THE AUTHORITY'S FISCAL 2020 SERIES GG SECOND GENERAL RESOLUTION WATER AND SEWER SYSTEM BONDS. THE PROPOSED RESOLUTION HAS BEEN RECOMMENDED BY THE FINANCE COMMITTEE. ARE THERE ANY COMMENTS, QUESTIONS, OR DISCUSSION ITEMS? HEARING NO QUESTIONS OR COMMENTS, I WILL CALL THE ROLL FOR A VOTE. DELEGATE REPRESENTING COMMISSIONER BASIL SEGGOS, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER JIHA, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER SAPIENZA, HOW DO YOU VOTE?

>> AYE.

>> MR. VON HOLLWEG, HOW DO YOU VOTE?

>> AYE.

>> MR. SHAW, HOW DO YOU VOTE?

>> AYE.

>> AND I, REPRESENTING BUDGET DIRECTOR HARTZOG, VOTE IN FAVOR OF THE PROPOSED RESOLUTION. THE BOARD HAS UNANIMOUSLY APPROVED THE RESOLUTION. THE NEXT ITEM ON THE AGENDA IS THE APPROVAL OF SUPPLEMENTAL RESOLUTION NUMBER 85 AUTHORIZING THE ISSUANCE OF THE AUTHORITY'S FISCAL 2020 SERIES "A" GENERAL RESOLUTION WATER AND SEWER SYSTEM BONDS. THE PROPOSED RESOLUTION HAS BEEN RECOMMENDED BY THE FINANCE COMMITTEE. ARE THERE ANY COMMENTS OR QUESTIONS? HEARING NO QUESTIONS OR COMMENTS, I WILL CALL THE ROLL FOR A VOTE. DELEGATE REPRESENTING COMMISSIONER BASIL SEGGOS, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER JIHA, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER SAPIENZA, HOW DO YOU VOTE?

>> AYE.

>> MR. VON HOLLWEG, HOW DO YOU VOTE?

>> AYE.

>> MR. SHAW, HOW DO YOU VOTE?

>> AYE.

>> AND I, REPRESENTING BUDGET DIRECTOR HARTZOG, VOTE IN FAVOR OF THE PROPOSED RESOLUTION. THE BOARD HAS UNANIMOUSLY APPROVED THE RESOLUTION. MOVING ON, THE NEXT ITEM ON THE AGENDA IS THE APPROVAL OF THE AUTHORITY'S BUDGET AND FINANCIAL PLAN PURSUANT TO SECTION 2801(1) OF THE PUBLIC AUTHORITIES LAW. THE AUTHORITY IS REQUIRED TO SUBMIT A BUDGET REPORT TO VARIOUS STATE OFFICIALS. THE BUDGET REPORT THAT WAS PROVIDED TO YOU AHEAD OF THE MEETING CONTAINS ESTIMATED RECEIPTS AND EXPENDITURES FOR THE CURRENT YEAR AND OUR 5-YEAR FORECAST. WE ALSO HAVE OUR PROJECTED EXPENDITURES FOR CURRENT BUDGET YEAR AND FOR OUR NEXT FISCAL YEAR. MAKING THIS REPORT ALSO FULFILLS THE REQUIREMENT OF SECTION 2800(1 THROUGH 14) OF THE PUBLIC AUTHORITIES LAW TO SUBMIT TO VARIOUS STATE OFFICIALS THE 4-YEAR FINANCIAL PLAN, INCLUDING A CURRENT AND PROJECTED CAPITAL BUDGET; AN OPERATING BUDGET REPORT, INCLUDING AN ACTUAL-VERSUS-ESTIMATED BUDGET; AND AN ANALYSIS AND MEASUREMENT OF FINANCIAL AND OPERATING PERFORMANCE, SO THE SCHEDULE THAT WE PROVIDED EARLIER, WE HAVE OUR COMPTROLLER AND DEPUTY COMPTROLLER AVAILABLE TO ANSWER IF YOU HAVE ANY QUESTIONS. ARE THERE ANY QUESTIONS ON EITHER THE ADMINISTRATIVE BUDGETS PRESENTATION OR THE 202 BUDGET AND OUR 5-YEAR PLAN? HEARING NO QUESTIONS, I WILL NOW CALL THE ROLL--I WILL NOW CALL THE ROLL FOR A VOTE. DELEGATE REPRESENTING COMMISSIONER BASIL SEGGOS, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER JIHA, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER SAPIENZA, HOW DO YOU VOTE?

>> AYE.

>> MR. VON HOLLWEG, HOW DO YOU VOTE?

>> AYE.

>> MR. SHAW, HOW DO YOU VOTE?

>> AYE.

>> AND I, REPRESENTING BUDGET DIRECTOR HARTZOG, VOTE IN FAVOR OF THE PROPOSED RESOLUTION. THE BOARD HAS UNANIMOUSLY APPROVED ADOPTION OF THE BUDGET AND THE FINANCIAL PLAN. THE FINAL ITEM ON THE AGENDA IS A RESOLUTION AUTHORIZING THE AUTHORITY TO PROCURE DIRECTORS AND OFFICERS INSURANCE. THE AUTHORITY'S BROKER USI IS CURRENTLY SOLICITING [INDISTINCT] FOR THE INSURANCE. THE PROPOSED RESOLUTION WOULD ALLOW THE AUTHORITY TO PROCURE POLICIES FOR THE UPCOMING YEAR BEGINNING JUNE 25, 2020, FOR A NOT-TO-EXCEED CAP OF \$315,000. THIS INCLUDES A CUSHION WITH THE EXPECTATION THAT THE ACTUAL COST WILL BE LOWER. LAST YEAR, WE PAID JUST UNDER 200,000, BUT OUR BROKER HAS ADVISED US THAT, DUE TO THE VOLATILITY IN THE INSURANCE MARKETPLACE RIGHT NOW, IT WOULD BE SAFER TO BUILD IN A CUSHION. ARE THERE ANY QUESTIONS ABOUT THE PROPOSED RESOLUTION? HEARING NO QUESTIONS, I WILL NOW CALL THE ROLL FOR A VOTE. DELEGATE REPRESENTING COMMISSIONER BASIL SEGGOS, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER JIHA, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER SAPIENZA, HOW DO YOU VOTE?

>> AYE.

>> MR. VON HOLLWEG, HOW DO YOU VOTE?

>> AYE.

>> MR. SHAW, HOW DO YOU VOTE?

>> AYE.

>> AND I, REPRESENTING BUDGET DIRECTOR HARTZOG, VOTE IN FAVOR OF THE PROPOSED RESOLUTION. THE BOARD HAS UNANIMOUSLY APPROVED THE

RESOLUTION. IS THERE ANY FURTHER BUSINESS BEFORE THE--BEFORE THE BOARD MEMBERS? SINCE THERE IS NO FURTHER BUSINESS, I WILL ASK FOR A VOTE TO ADJOURN. DELEGATE REPRESENTING COMMISSIONER BASIL SEGGOS, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER JIHA, HOW DO YOU VOTE?

>> AYE.

>> DELEGATE REPRESENTING COMMISSIONER SAPIENZA, HOW DO YOU VOTE? JOE?

>> SORRY. I HAD IT ON MUTE. AYE.

>> THANK YOU. MR. VON HOLLWEG, HOW DO YOU VOTE?

>> AYE.

>> MR. SHAW, HOW DO YOU VOTE?

>> AYE.

>> AND I, REPRESENTING BUDGET DIRECTOR HARTZOG, VOTE IN FAVOR OF ADJOURNING. THANK YOU, EVERYONE. THE BOARD OF DIRECTORS MEETING IS NOW ADJOURNED. VIRGINIA, I THINK WE CAN STOP RECORDING.

>> THANK YOU.

>> THANK YOU, EVERYONE.