

**JOINT MEETING OF THE AUDIT
COMMITTEE OF THE
NEW YORK CITY MUNICIPAL WATER
FINANCE AUTHORITY AND NEW YORK CITY
WATER BOARD**

A meeting of the Joint Audit Committee (the “Committee”) of the Board of Directors of the New York City Municipal Water Finance Authority (the “Authority”) and the New York City Water Board was held at 75 Park Place, New York, N.Y. at 1:00 p.m. on October 7, 2008.

The following Committee members were present:

Peter J. Kenny, Chair;

Donald Capoccia;

Arthur Hill;

Amaziah Howell;

Alan Moss; and

Marc Shaw;

constituting a quorum of the Committee. Mr. Kenny chaired the meeting, and Albert F. Moncure, Jr. served as secretary of the meeting.

Approval of Minutes of Meeting of June 4, 2008

The first item on agenda was the approval of the minutes of the Committee’s meeting of June 4, 2008. There being no discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Audit Committee has reviewed the minutes of its meeting held on June 4, 2008; it is therefore

RESOLVED, that the minutes of the meeting of June 4, 2008 be, and they hereby are approved.

Presentation Relating to Draft Financial Statements

The next item on the agenda was a presentation by the Authority's management and independent auditors relating to the System's draft Fiscal Year 2008 Financial Statements which had been distributed to the Committee. Comptroller Michelle Levine described two adjustments which she said would be made to the draft financial statements relating to the reclassification of the components of net assets. At Mr. Capoccia's request, Ms. Levine; Deputy Treasurer, Olga Chernat; and Finance Manager, Valerie Mehallow, explained the presentation of debt service savings and allowance for bad debts in the draft financial statements.

Deloitte and Touche partner, David Jones, described the scope of review of the financial statements by Deloitte and Touche, the Authority's independent auditors.

Executive Session

Upon motion duly made and seconded, the following resolution was unanimously adopted by the Committee:

WHEREAS, Section 105 of the New York State Public Officers Law states that upon a majority vote, a meeting involving the financial history of a corporation, may be held in executive session; and

WHEREAS, the Audit Committee wishes to hold a portion of its meeting to discuss the financial history of a corporation, it is hereby

RESOLVED, the Audit Committee shall hold a portion of its meeting in executive session; and

FURTHER RESOLVED, that following that portion of the Audit Committee's meeting held in executive session, the executive session shall end and the remainder of the Audit Committee meeting shall be open to the public.

Financial Statements

Following Executive Session, the Committee reconvened in open session without having taken any action in Executive Session. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Committee:

WHEREAS, the Audit Committee of the New York City Municipal Water Finance Authority (the “Authority”) and the New York City Water Board (the “Water Board” and together with the Authority, the “System”) has met with the independent auditors of the System and has reviewed the independent auditors’ report on the audited financial statements of the System for the fiscal years ended June 30, 2007 and June 30, 2008 and such financial statements, as submitted to the committee; and

WHEREAS, the Audit Committee believes the independent auditors’ report and the financial statements are reasonable and appropriate; it is therefore

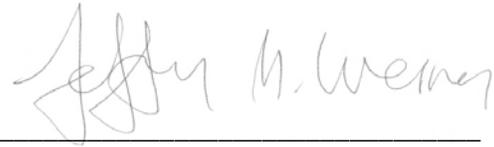
RESOLVED, that the Audit Committee recommends to the Board of Directors of the Authority and the Water Board the acceptance of the independent auditors’ report and the authorization of the release of the audited financial statements of the System for the fiscal years ended June 30, 2007 and June 30, 2008; 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.

Discussion of Internal Control Policies

Ms. Levine described the draft Internal Control Policies prepared by Authority staff at the Committee’s request. The Committee accepted the draft Internal Control Policies for review and consideration at a future meeting.

Adjournment

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

Handwritten signature of Jeffrey M. Werner in cursive script.

Assistant Secretary