

**MEETING OF THE JOINT 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 2:00 p.m. on January 21, 2009.

The following Committee members were present:

Marc Shaw, Acting Chair;

Arthur Hill;

Jack McKeon (by designation of Authority Director Alexander B. Grannis); and

Amaziah Howell;

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

Election of Marc Shaw as Acting Chair

Chief Executive Officer, Alan Anders, explained that Peter Kenny, the Committee Chair, was unexpectedly unable to attend the meeting. Upon motion duly made and seconded, the Committee voted unanimously to elect Marc Shaw as Acting Chair to preside in Mr. Kenny’s absence.

Approval of Minutes of Meeting of December 1, 2008

The next item on the agenda was approval of the minutes of the Committee’s meeting of December 1, 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 December 1, 2008; it is therefore

RESOLVED, that the minutes of the meeting of December 1, 2008 be, and they hereby are approved.

Evaluation of Independent Auditors and Authorization of Engagement Letter

The next item on the agenda was the annual evaluation of the Independent Auditors, Deloitte & Touche LLP, and authorization of the Engagement Letter. Mr. Anders explained that it is Deloitte's practice to require a separate Engagement Letter for each Fiscal Year audit notwithstanding that Deloitte is already under contract with the Authority and the Water Board to conduct such an audit. Mr. Anders added that management is satisfied with Deloitte's performance as Independent Auditor. Discussion ensued. There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Joint 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") is authorized under the Audit Committee Charter, to recommend to the Board of Directors of the Authority and the Water Board the appointment and retention of the System's independent auditors; and

WHEREAS, the System, as authorized by the Board of Directors, previously retained the firm of Deloitte & Touche LLP for such firm to serve as independent auditors for the System's financial statements for the fiscal years ending on June 30, 2008, 2009 and 2010; and

WHEREAS, pursuant to the Audit Committee Charter, the Audit Committee has evaluated the independent auditors and found their performance to be satisfactory; it is hereby

RESOLVED, that the Audit Committee recommends that the Board of the Authority and the Water Board authorize the management of the Authority and the Water Board to

sign an engagement letter with Deloitte & Touche LLP as the independent auditors for the System's financial statements for the fiscal year ending June 30, 2009, as well as any other documents necessary to effectuate the continued retention of the independent auditors.

Annual Self-Evaluation and Review of Annual Report of the Audit Committee

The next item on the agenda was the Annual Self-Evaluation and Review of the Annual Report of the Committee. Mr. Shaw led a discussion of the Annual Report and a discussion of the Committee's performance during the past year. There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted;

WHEREAS, Section III(j) of the Audit Committee Charter and Section 6.3 of Directive 22 of the City of New York Office of the Comptroller require the Audit Committee to issue an annual report, which details the activities and decisions of the Committee for the prior calendar year;

WHEREAS, the Audit Committee has reviewed the Annual Report of the Audit Committee, as attached hereto¹ and finds it to be reasonable; and

WHEREAS, Section III(i) of the Audit Committee Charter requires the Audit Committee to conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the Audit Committee Charter; and

WHEREAS, the Audit Committee finds its performance to be satisfactory, effective, and in compliance with the Audit Committee Charter; it is therefore

RESOLVED, that the Annual Report of the Audit Committee is hereby approved and shall be presented to the Board of Directors of the New York City Municipal Water Finance Authority and the New York City Water Board, copies of which shall be sent to the Bureau of Accountancy of the City of New York Office of the Comptroller and filed with the minutes of the Audit Committee.

¹ Filed with Minutes of the meeting.

Annual Review and Approval of the Audit Committee Charter

The next item on the agenda was the annual review and approval of the Audit Committee Charter. Mr. Shaw said no changes to the existing Charter are proposed. Discussion ensued. There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Audit Committee Charter was adopted by the New York City Water Board (the “Water Board”) on January 28, 2008 and by the Board of Directors of the New York City Municipal Water Finance Authority (the “Authority”) on February 4, 2008; and

WHEREAS, pursuant to the Audit Committee Charter, section III(r), the joint Audit Committee of the Water Board and the Authority is required annually to review the Audit Committee Charter, reassess its adequacy, and recommend any proposed changes to the Authority and the Water Board; and

WHEREAS, the Audit Committee has reviewed the Audit Committee Charter, as attached hereto,² and finds it to be reasonable and appropriate; it is hereby

RESOLVED, that the Audit Committee hereby approves the Audit Committee Charter as adopted and attached hereto.

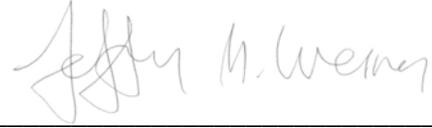
Distribution of the Committee Schedule

A schedule of the Committee’s activities for the ensuing year was distributed to members of the Committee and is attached hereto.

² Filed with Minutes of the meeting.

Adjournment

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



Assistant Secretary