

**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 (the “Board”) was held at 75 Park Place, New York, N.Y. 10007, Room 6M4 at 2:00 p.m. on March 29, 2010.

The following Committee members were present:

Peter Kenny, Chair

Donald Capoccia:

Arthur Hill;

Amaziah Howell; and

Benjamin Tisdell,

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

Approval of Minutes of Meeting of December 18, 2009

The first item on the agenda was approval of the minutes of the Committee’s meeting of December 18, 2009. 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 December 18, 2009; it is therefore

RESOLVED, that the minutes of the meeting held on December 18, 2009 be, and they hereby are approved.

Presentation of Audit Plan Including Discussion of New Accounting and Auditing Standards

The next item on the agenda was a presentation by David Jones, a partner at Deloitte & Touche, the Water and Sewer System's independent auditor, describing Deloitte's audit plan for the audit of the Fiscal Year 2010 financial statements. Mr. Jones described Deloitte's approach which focuses on risks associated with the System which might result in a material misstatement in the financial statements. He also discussed a new accounting statement established by the Government Accounting Standards Board relating to reporting derivative transactions.

Review of Annual Agency Financial Integrity Compliance Statements of the New York City Municipal Water Finance Authority and the New York City Water Board

The next item on the agenda was the annual review of the Financial Integrity Compliance Statements. Michele Levine, Comptroller, described the statements and explained that the Committee is required to review and evaluate the statements annually pursuant to the City Comptroller's Directive 22. Steven Lawitts, Executive Director of the Water Board described compliance by the Board. He said there were no unresolved audit findings, and the Board is in compliance with required controls on electronic transfers and vendex requirements for procurements in the amount of \$100,000 or more. A brief discussion ensued. There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted.

WHEREAS, pursuant to section 6.1(5) of Directive 22 of the Office of the Comptroller of the City of New York (the "Comptroller"), 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") is required to review and evaluate the annual Financial Integrity Statements of the

Authority and Water Board, as required by Section 7.0 of Directive 22 and the Comptroller's Directive 1; and

WHEREAS, the Audit Committee has reviewed and evaluated the Financial Integrity Statements of the Authority and Water Board; it is hereby

RESOLVED, that the Audit Committee finds the Financial Integrity Statements of the Authority and Water Board to be satisfactory and complete.

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. Kenny led a discussion of the Annual Report prepared by the Authority's staff 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(k) 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(j) 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

¹ Filed with Minutes of the Meeting.

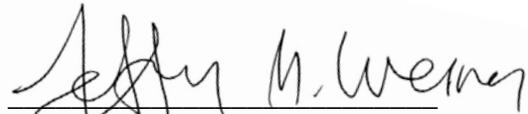
Directors of the New York City Municipal Water Finance Authority and the New York City Water Board, copies of which shall be sent to the Bureau of Accountancy of the City of New York Office of the Comptroller and filed with the minutes of the Audit Committee.

Annual Review of Internal Controls

The next item on the agenda was the Annual Review of the Policy on Internal Controls. Ms. Levine described the Policy and said that management proposes no changes. A brief discussion ensued.

Adjournment

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


Assistant Secretary of the Authority


Secretary of the Water Board