

DRAFT
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 4:30 p.m. on October 14, 2009.

The following Committee members were present:

Marc Shaw, Acting Chair

Marcia Bystryn;

Arthur Hill; 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.

Upon motion duly made and seconded, Marc Shaw was elected as Acting Chair in the absence of Committee Chair, Peter Kenny.

Approval of Minutes of Meeting of October 7, 2009

The next item on agenda was the approval of the minutes of the Committee's meeting of October 7, 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 on October 7, 2009; it is therefore

RESOLVED, that the minutes of the meeting of October 7,

2009 be, and they hereby are approved.

Presentation by Management and Independent Auditors Regarding the Audited Annual Financial Statements

The next item on the agenda was the consideration of the revised independent auditors' report on the audited financial statements for the fiscal years ended June 30, 2009 and June 30, 2008, and recommendation to the Water Authority Board of Directors and the Water Board. The Committee previously approved and recommended release of an auditors' report and financial statements for such fiscal years at its prior meeting held on October 7, 2009. The Authority's Comptroller Michele Levine explained that reconsideration of the report and financial statements by the Committee is now required because of an adjustment to the financial statements to reflect approximately \$141 million payable by the System to the City for capital asset construction costs incurred prior to the end of the fiscal year which had not been included in the amount previously reported by the City to the System and therefore was omitted from the financial statements previously approved by the Committee.

Audit Committee Meets with Independent Auditors

Upon motion duly made and seconded, the Committee resolved to convene in Executive Session to meet with the Independent Auditors.

Recommendation to the Authority Board of Directors and the Water Board of the acceptance of the independent auditors' report on the audited financial statements of the System for the fiscal years ended June 30, 2009 and June 30, 2008, and the issuance of such 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 joint Audit Committee of the New York City Municipal Water Finance Authority (the “Authority”) and the New York City Water Board (the “Water Board”) has met with the independent auditors of the water and sewer system of the City of New York (the “System”) and has reviewed the independent auditors’ report on the audited financial statements of the Authority for the fiscal years ended June 30, 2009 and June 30, 2008 and such financial statements, as submitted to the Committee; and

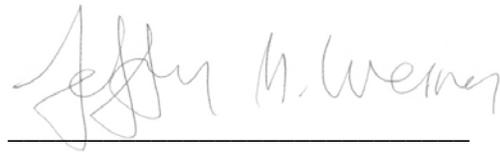
WHEREAS, on October 7, 2009, the Authority and the Water Board voted to accept and release the independent auditors’ report and financial statements and subsequently the System’s auditors were informed of a material change to the financial statements and have issued a revision to the independent auditors’ report and financial statements; and

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

RESOLVED, that the joint 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, 2009 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.

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