

**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 the New York City Department of City Planning, 22 Reade Street, Spector Hall, New York, N.Y. at 8:00 a.m. on December 18, 2009.

The following Committee members were present:

Marc Shaw, Acting Chair;

Donald Capoccia;

Amaziah Howell; and

Benjamin Tisdell;

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, the Committee voted unanimously to elect Marc Shaw as Acting Chair to preside in the absence of Committee Chair, Peter Kenny, who was unable to attend.

Approval of Minutes of Meeting of October 14, 2009

The next item on the agenda was approval of the minutes of the Committee’s meeting of October 14, 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 14, 2009; it is therefore

RESOLVED, that the minutes of the meeting of October 14, 2009 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. Authority Comptroller, Michele Levine 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. Ms. Levine 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") 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 independent auditors for the water and sewer system of the City of New York (the "System"); and

WHEREAS, the Authority and the Water Board 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; it is hereby

RESOLVED, that the Audit Committee finds the independent auditors' performance to be satisfactory; and

FURTHER 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, 2010, as well as any other documents necessary to effectuate the continued retention of the independent auditors.

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 which was amended on October 7, 2009 by the Authority and on October 30, 2009, by the Water Board. Mr. Shaw said no further 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 amended on October 7, 2009 by the Authority and October 30, 2009 by the Water Board; and

WHEREAS, pursuant to the Audit Committee Charter, section III(s), 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^[1], 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 filed with the Minutes of the Meeting.

^[1] Filed with Minutes of the Meeting.

Annual Review of Internal Control Policy

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.

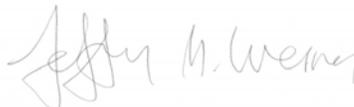
Review and Acceptance of Management Letter

The next item considered by the Committee was the review and acceptance of the Management Letter prepared by the System's independent auditors, Deloitte & Touche relating to the Financial Statements of the Water and Sewer System.

Deloitte & Touche partner, David Jones, led the Committee in a discussion of the System's Management letter which is filed with the Minutes of the meeting. He described certain administrative matters contained in the letter but said that the letter identifies no material weaknesses.

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