

**NEW YORK CITY MUNICIPAL WATER
FINANCE AUTHORITY**

A meeting of the Board of Directors of the New York City Municipal Water Finance Authority (the "Authority") was held at 75 Park Place, Room 6M4, New York, N.Y. 10007 at 2:30 p.m. on January 14, 2010.

The following Directors were present:

Mark Page;

Jack McKeon (by designation of Authority Director

Alexander B. Grannis);

Richard Carroll (by designation of Authority Director David M. Frankel);

Arthur Hill;

Caswell F. Holloway IV; and

Marc Shaw,

constituting a quorum of the Board of Directors. Mr. Page chaired the meeting, and Albert F. Moncure, Jr., served as Secretary of the meeting.

Approval of minutes of Meeting of December 14, 2009

The first item on the agenda was approval of the minutes of the meeting of December 14, 2009. There being no discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Board of Directors has reviewed the minutes of its meeting held on December 14, 2009; it is therefore

RESOLVED, that the minutes of the meeting of December 14, 2009 be, and they hereby are, approved.

Approval of Bond Counsel Contract

The next item on the agenda was the approval of a Bond Counsel contract with Orrick, Herrington & Sutcliffe, LLP. Mr. Page explained that the recommended firm was selected pursuant to a competitive Request for Proposals process conducted jointly with the City and certain of the City's related issuers. A request for proposals was issued, proposals were reviewed, and interviews were conducted with proposing firms. Members of Authority staff, the Office of Management and Budget, the Law Department, and the City Comptroller's Office served on the evaluation committee. Mr. Page described the terms of the proposed contract. There being no discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the New York City Municipal Water Finance Authority (the "Authority") is authorized, pursuant to Section 1045-d of the New York City Municipal Water Finance Authority Act, to retain or employ bond counsel; and

WHEREAS, in conjunction with other issuers, including the City of New York (the "City"), the Authority issued a request for proposals for bond counsel on July 22, 2009; and

WHEREAS, the selection committee, consisting of representatives of the Authority, the Mayor's Office and the New York City Office of the Comptroller, has recommended the retention of Orrick, Herrington & Sutcliffe, LLP ("Orrick") as bond counsel to the Authority; it is hereby

RESOLVED, that the Board of Directors of the Authority hereby approves the retention of Orrick to serve as bond counsel to the Authority for the period from January 1, 2010 through December 31, 2010 with three one-year extensions at the option of the Authority without further action by the Board of Directors at a rate, inclusive of expenses, not to exceed \$150,000 per bond transaction, except transactions within three weeks of another transaction that will be charged at a rate not to exceed \$50,000 with special projects not to exceed the following hourly rates, increasing by the same percentage as Orrick's contracts with the State of New York or its agencies:

Fiscal Year	Partners	Other Attorneys	Paralegals
2010	\$481	\$359	\$152.

Approval of Bankruptcy Counsel Contract

The next item on the agenda was approval of a contract with Orrick, Herrington & Sutcliffe, LLP, to continue to serve as bankruptcy counsel. Mr. Page explained that the Authority needs representation in the Lehman Brothers Holdings, Inc. (“LBHI”) bankruptcy proceedings to protect the Authority’s interest in certain forward purchase agreements with Lehman Brothers Special Financing Inc., an affiliate of LBHI. He went on to explain that Orrick, Herrington & Sutcliffe, LLP, the Authority’s bond counsel, has a strong and respected bankruptcy practice and has previously been retained by the Authority and several other creditors for representation in the proceedings. Authority management has been satisfied with such representation. Mr. Page explained that any work done for this combined group of clients would be billed at Orrick’s regular hourly rates, not to exceed \$840 per hour, and divided evenly among the client group, whereas work done solely for the Authority would be billed at the same rates minus a ten percent discount. There being no discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the New York City Municipal Water Finance Authority (the “Authority”) previously retained Orrick, Herrington & Sutcliffe, LLP (“Orrick”) to represent the Authority in proceedings regarding the petition filed on September 15, 2008 by Lehman Brothers Holdings Inc. (“LBHI”) under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York; and

WHEREAS, Orrick is knowledgeable about the relevant documents concerning the Authority’s interests and has a bankruptcy department with well respected and experienced attorneys; and

WHEREAS, in compliance with Section 5(iv) of the Authority’s Procurement Policy, management of the Authority believes it is in the best interest of the Authority to continue Orrick’s retention; it is hereby

RESOLVED, that the Board of Directors of the Authority approves the retention of Orrick to continue to represent the Authority’s

interests in the Bankruptcy proceedings relating to LBHI and any future proceedings relating to Lehman Brothers Special Financing Inc., for the period from January 1, 2010 through December 31, 2013, at a rate not to exceed \$840 per hour, plus expenses, where work is done for the common benefit of multiple Orrick clients the billed time will be equally divided among such clients and hourly rates for work done for the Authority alone will be billed at a ten percent discount, with total compensation not to exceed \$75,000, plus expenses, without further Board authorization.

Approval of Disclosure Counsel Contract

The next item on the agenda was approval of a contract with Nixon Peabody, LLP, counsel for the Authority's underwriters, to serve as disclosure counsel to the Authority in connection with Authority financings which do not involve the sale of Authority securities to underwriters. Such transactions include commercial paper transactions and the Authority's sale of its bonds directly to the New York State Environmental Facilities Corporation ("EFC") without use of an underwriter as intermediary. Mr. Page said that Nixon Peabody was selected pursuant to the same Request for Proposals process employed in the selection of bond counsel. He then described the terms of the contract. There being no discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the New York City Municipal Water Finance Authority (the "Authority") is authorized, pursuant to Section 1045-d(7) of the New York City Municipal Water Finance Authority Act, to retain or employ counsel, auditors, engineers and other private consultants for rendering professional or technical services and advice; and

WHEREAS, in conjunction with other issuers, including the City of New York the Authority issued a request for proposals for bond counsel on July 22, 2009; and

WHEREAS, the selection committee, consisting of representatives of the Authority, the Mayor's Office and the New York City Office of the Comptroller, has recommended the retention of Nixon Peabody LLP as disclosure counsel to the Authority; and

WHEREAS, Nixon Peabody LLP is typically selected by the Authority's underwriters as their counsel in connection with Authority bond issuances; and

WHEREAS, the underwriters' counsel oversees the process of drafting an official statement for each bond issuance; and

WHEREAS, in certain cases the Authority must produce an official statement or offering memorandum where there is no underwriter, such as the issuance of bonds to the New York State Environmental Facilities Corporation and the issuance of commercial paper notes; it is therefore

RESOLVED, that the Board of Directors of the Authority hereby authorizes the retention of Nixon Peabody LLP as disclosure counsel to the Authority for the period from January 1, 2010 through December 31, 2010 with three one-year extensions at the option of the Authority without further action by the Board of Directors at the rates set forth below.

Fee	Task
\$20,000	Per bond issuance to the New York State Environmental Facilities Corporation
\$15,000	Annually to update all existing commercial paper memoranda
\$15,000	To draft each new commercial paper memorandum for any new series of commercial paper notes
\$15,000	Substantial revisions to all existing commercial paper memoranda to which the revisions apply

Approval of 2010 Series 2, 3 and 4 Bonds (EFC)

The next item on the agenda was approval of the Authority's Fiscal 2010 Series 2, 3, and 4 Bonds. Mr. Page briefly described the details of the proposed financings. He said the 2010 Series 2 and 4 Bonds will be issued to EFC as a means of participating in the State's Revolving Loan Fund ("SRF"). Mr. Page explained that in SRF transactions, EFC issues its own bonds to the public through EFC's underwriters. EFC's bonds in turn are secured by and payable from the Authority's bonds which are sold directly to EFC. The 2010 Series 3 Bonds

will be issued to EFC as a means of participating in EFC's Long-Term Direct Financing Program. The 2010 Series 2 Bonds will be tax-exempt and the 2010 Series 4 Bonds will be issued as taxable Build America Bonds ("BABs"). A description of BABs is contained in the next sub-section of the Minutes relating to approval of the 2010 Series DD Bonds..

With respect to the 2010 Series 4 Bonds, Mr. Page explained that there were unresolved issues with EFC concerning trace allocations required by the IRS for the BABs, but that Authority management has nevertheless recommended Board approval of the financing at this time in contemplation of resolving such issues.

There being no further discussion, upon motion duly made and seconded, (i) Supplemental Resolution No. 66 to the Authority's Water and Sewer System Second General Revenue Bond Resolution authorizing issuance of up to \$400 million Water and Sewer System Second General Resolution Revenue Bonds Fiscal 2010 Series 2 was unanimously adopted; (ii) Supplemental Resolution No. 67 to the Authority's Water and Sewer System Second General Revenue Bond Resolution authorizing issuance of up to \$100 million Water and Sewer System Second General Resolution Revenue Bonds Fiscal 2010 Series 3 was unanimously adopted; and (iii) Supplemental Resolution No. 68 to the Authority's Water and Sewer System Second General Revenue Bond Resolution authorizing issuance of up to \$400 million Water and Sewer System Second General Resolution Revenue Bonds Fiscal 2010 Series 4 was unanimously adopted.

Approval of 2010 Series DD Bonds (Build America Bonds)

The next item on the agenda was approval of the Authority's Fiscal 2010 Series DD Bonds. Mr. Page briefly described the details of the proposed financing. He explained that the bonds would be issued as taxable Build America Bonds. The federal government will

provide a semi-annual interest rate subsidy to the Authority thereby enabling the bonds to be sold at rate that is lower than current tax-exempt rates. There being no discussion, upon motion duly made and seconded, Supplemental Resolution No. 69 to the Authority's Water and Sewer System Second General Revenue Bond Resolution authorizing issuance of up to \$600 million Water and Sewer System Second General Resolution Revenue Bonds Fiscal 2010 Series DD was unanimously adopted.

Approval of Refunding Extendable Municipal Commercial Paper Notes (Series 7)

The next item on the agenda was the approval of Refunding Extendable Municipal Commercial paper Notes (Series 7). Mr. Page explained that the Series 7 Notes were originally authorized in 2003. At that time he explained that unlike regular commercial paper, extendable maturity notes require no bank liquidity thereby resulting in lower cost to the Authority, adding that if the extendable maturity notes cannot be remarketed at their initial maturity dates, the notes will simply be extended at a stepped-up interest rate rather than purchased by a liquidity provider. The notes were originally authorized to be repaid from the proceeds of long-term First Resolution take-out bonds. It is now proposed to revoke the prior authorization for First Resolution take-out bonds and substitute therefor authorization to repay the notes from the proceeds of long-term Second Resolution take-out bonds. Mr. Page said that use of Second Resolution take-out bonds is a more cost-effective financing mechanism. There being no discussion, upon motion duly made and seconded, Supplemental Resolution No. 70 to the Authority's Second General Revenue Bond Resolution revoking the Sixty-Third Supplemental Resolution to the Authority's General Revenue Bond Resolution and authorizing a series of Second General Resolution Revenue Bonds was unanimously adopted.

Authorization of Engagement Letter for Independent Auditors

The next item on the agenda was the authorization of an Engagement Letter with the Authority's independent auditors, Deloitte & Touche LLC. Mr. Page explained that it is Deloitte's practice to require a separate engagement letter for the audit of the Fiscal Year 2010 System Financial Statements notwithstanding that Deloitte is already under contract with the Authority to conduct such an audit. There being no discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the New York City Municipal Water Finance Authority (the "Authority") and the New York City Water Board (the "Water Board"), as authorized by the Board of Directors of the Authority and the Water Board, previously retained the firm of Deloitte & Touche LLP for such firm to serve as independent auditors for the financial statements of the water and sewer system of the City of New York (the "System") for the fiscal years ending on June 30, 2008, 2009 and 2010; and

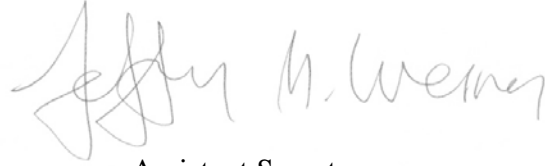
WHEREAS, pursuant to the Audit Committee Charter, the Audit Committee has evaluated the independent auditors, found their performance to be satisfactory, and recommended that the Board of Directors authorize the Officers of the Authority to sign an engagement letter with Deloitte & Touche LLP as the independent auditors for the System's financial statements for the fiscal year ending June 30, 2010;

WHEREAS, the Water Board has authorized the Officers of the Authority 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; it is hereby

RESOLVED, that the Board of Directors authorizes the Officers of the Authority 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.

Adjournment

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

A handwritten signature in cursive script, appearing to read "Jeffrey M. Werner". The signature is written in a light grey or blue ink.

Assistant Secretary