

NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY

A meeting of the Board of Directors (the Board”) of the New York City Municipal Water Finance Authority (the “Authority”) was held on March 29, 2010 at 2:45 p.m. at 75 Park Place, Room 6M4, New York, New York.

The following Directors were present:

Mark Page;

Steven Lawitts (by designation of Authority Director Caswell F. Holloway IV);

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

Arthur Hill;

Peter Kenny, and

Marc Shaw;

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

Approval of Minutes

The first item on the agenda was the approval of the minutes of the meeting of the Board of Directors which occurred on March 5, 2010. 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 March 5, 2010; it is therefore

RESOLVED, that the minutes of the meeting of March 5, 2010 be, and they hereby are, approved.

Approval of Budget Information

The next item on the agenda was the approval of the Authority's annual budget information as required by the Public Authorities Accountability Act. Executive Director, Thomas Paolicelli briefly described the budget information. There being no discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the New York City Municipal Water Authority, pursuant to Section 2801(1) of the Public Authorities Law of New York, as amended by the Public Authorities Accountability Act of 2005, is required to submit to the Governor, the Chair and Ranking Minority Member of the Senate Finance Committee and the Chair and Ranking Minority Member of the Assembly Ways and Means Committee, within ninety days before the commencement of its fiscal year, budget information on operations and capital construction setting forth the estimated receipts and expenditures for the next fiscal year and the current fiscal year, and the actual receipts and expenditures for the last completed fiscal year; and

WHEREAS, the Board has reviewed the budget information, attached hereto; it is therefore

RESOLVED, that the Board approves the budget information as attached hereto.¹

Approval of Mission Statement and Measurement Report

The next item on the agenda was the approval of an amended Mission Statement and Measurement Report. Mr. Page explained that the Mission Statement has been revised to identify the Authority's stakeholders, namely its bondholders who have purchased Authority bonds and notes in reliance on the strong credit of the Authority and the City which depends on

¹ Filed with minutes of the meeting.

the Authority's access to the capital markets to reimburse the City for its general fund expenditures for System capital projects.

There being no discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, pursuant to recent amendments to the Public Authorities Law (the "PAL"), (the "Authority") is required to adopt a mission statement and a list of measurements by which performance of the Authority and the achievement of its goals may be evaluated; and

WHEREAS, the Board previously adopted a mission statement on October 1, 2007; and

WHEREAS, to comply with recent amendment to the PAL, Section 2824-a, management of the Authority has recommended certain revisions to the mission statement as previously adopted as well as the addition of goals and measurements; and

WHEREAS, the Board finds the mission statement and measurements to be reasonable; it is hereby

RESOLVED, that the mission statement and measurements as attached hereto are hereby adopted.²

Approval of Directors' and Officers Liability Insurance

The next item on the agenda was the approval of Directors' and Officers' liability insurance policies. Mr. Page described the coverage to be provided by the policies. A brief discussion ensued.

² Filed with minutes of the meeting.

There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, despite their diligence and good faith, directors and officers of the New York City Municipal Water Finance Authority (the “Authority”) may be subject to potentially large personal financial liability in connection with the Federal securities laws or otherwise arising from their service to the Authority; and

WHEREAS, Article V of the Bylaws of the Authority provides that the Authority shall indemnify each director and officer, to the fullest extent permitted by law; and

WHEREAS, Directors’ and Officers’ Liability Insurance is a prudent supplement to such indemnification; and

WHEREAS, following an RFP, the selection committee has selected Wells Fargo Insurance Services, USA, Inc. to serve as broker for Directors and Officers Insurance; it is therefore

RESOLVED, that the Authority hereby approves the procurement of insurance brokerage services through Wells Fargo Insurance Services USA, Inc. covering the purchase of three years worth of Directors and Officers Liability Insurance, for the period from May 25, 2010 through May 24, 2013, with an option to renew for an additional period of three years, at the discretion of the Executive Director of the Authority, for an annual fee not to exceed \$17,500 and authorizes the Authority to enter into a contract with Wells Fargo Insurance Services USA, Inc. on such terms; and

FURTHER RESOLVED, that the Authority hereby approves the procurement of Directors’ and Officers’ Liability Insurance policies through Wells Fargo Insurance Services, USA, Inc. from Allied World Assurance Company, Inc. (“AWAC”), Zurich American Insurance Company (“Zurich”), Liberty Mutual Insurance Company (“Liberty Mutual”) and Arch Insurance Group, Inc. (“Arch,” and together with AWAC, Zurich and Liberty Mutual, the “Insurers”), or such other substitute insurers as the Executive Director shall determine, providing coverage for the period from May 25, 2010 through May 24, 2011 for directors and officers of the Authority for loss, subject to customary exclusions, arising from a claim or claims resulting from any error, misstatement, misleading statement, act, omission, neglect or breach of duty actually or allegedly committed or attempted by such persons in connection with their service to the Authority to the extent not indemnified by the Authority; provided that the annual premium payable by the Authority to the Insurers will not, exceed \$275,000, and said policies shall contain such other terms and conditions not inconsistent with the foregoing which the Executive

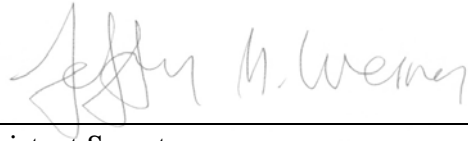
Director or such other officer of the Authority shall deem necessary, desirable or appropriate and that the Executive Director shall be authorized to procure such insurance coverage.

Presentation by Audit Committee Chair

The final item on the agenda was the presentation to the full Board by Audit Committee Chair, Peter Kenny, of the Annual Report of the Audit Committee which was approved earlier today by the Audit Committee. Mr. Kenny presented the Annual Report.

Adjournment

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

A handwritten signature in cursive script, appearing to read "Jeffrey H. Werner", is written above a horizontal line.

Assistant Secretary