

**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 at 255 Greenwich Street, Room 6M4, New York, New York 10007 at 12:18 p.m. on May 23, 2014

The following Directors were present:

Alan Anders (by designation of Authority Director Dean Fuleihan);

Robert Elburn (by designation of Authority Director Joseph Martens);

Steve Lawitts (by designation of Authority Director Emily Lloyd);

Marc Shaw; and

Max Von Hollweg,

constituting a quorum of the Board of Directors. Mr. Anders chaired the meeting, and Deborah Cohen served as secretary of the meeting.

Approval of Minutes of the Meeting of March 12, 2014

The first item on the agenda was approval of the minutes of the meeting of March 12, 2014. 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 12, 2014; it is therefore

RESOLVED, that the minutes of the meeting of March 12, 2014 be, and they hereby are, approved.

Approval of Independent Auditor Contract

The next item on the agenda was approval of the selection of Deloitte & Touche as the independent auditors for the New York City Water and Sewer System (the “System”), and authorization for management of the Authority and the New York City Water Board (“Water

Board”) to sign an engagement letter with Deloitte & Touche. Mr. Anders noted that this action was recommended by the Joint Audit Committee of the Authority and Water Board, and that the rates for the auditor were reflected in the resolution. Following a brief discussion, upon motion duly made and seconded, the below 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, the Authority, in conjunction with the City of New York (the “City”), issued a competitive Request for Proposals for independent auditor services; and

WHEREAS, Deloitte & Touche, LLP, who currently serves as the independent auditor for both the City and the System, was selected based on their proven record of quality of service, as well as compatibility in the coordination of the audit of the System with the City’s audit; and

WHEREAS, pursuant to the Audit Committee Charter, the Joint Audit Committee of the Authority and the Water Board has evaluated the recommended selection of Deloitte & Touche, LLP as independent auditor; and

WHEREAS, Audit Committee has found the selection of Deloitte & Touche, LLP to be satisfactory and has recommended to the Board of Directors that Deloitte & Touche, LLP be appointed and retained as independent auditors for the System; it is hereby

RESOLVED, that the Board of Directors of the Authority authorizes the management of the Authority to enter into a contract and sign engagement letters with Deloitte & Touche, LLP as the independent auditors for the System’s financial statements for the fiscal years ending June 30, 2014, and June 30, 2015, for the fees listed in Schedule I, as well as any other documents necessary to effectuate the continued retention of the independent auditors, pending the approval by the Water Board, expected on June 13, 2014.

Schedule I

Fees:

Deloitte’s fixed fees, inclusive of out-of-pocket expenses, for the years ending June 30 of the following fiscal years are as follows:

Fiscal 2014	\$150,000
Fiscal 2015	\$150,000

For work performed in connection with the request by The New York City Municipal Water Finance Authority to issue a consent to the inclusion of the System's financial statements in an offering document, Deloitte will be paid at the hourly rates listed below. Such hourly rates will be subject to a maximum cap of \$25,000 per offering document.

Hourly Rates:

Deloitte's hourly rates, inclusive of all out-of-pocket expenses, for special projects authorized in writing by the System will be paid on the following basis for the years ending June 30 of the following fiscal years:

Position	Fiscal 2014	Fiscal 2015
Partner	\$475	\$475
Director	\$425	\$425
Senior Manager	\$350	\$350
Manager	\$285	\$285
Senior	\$210	\$210
Semi-Senior	\$190	\$190
Staff	\$180	\$180

Approval of Directors & Officers Insurance

The next item on the agenda was the approval of Directors and Officers Insurance. Mr. Anders noted that, pursuant to the Authority's bylaws, the Authority was obligated to indemnify each director and officer. He explained that the policy covers directors, officers and their delegates for up to \$50 million of liability. Then, upon motion duly made and seconded, the below resolution was 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; it is therefore

RESOLVED, that the Authority hereby approves the procurement of Directors' and Officers' Liability Insurance policies through Wells Fargo Insurance Services, USA, Inc. from American International Group ("AIG"), Zurich American Insurance Company ("Zurich"), Liberty Mutual Insurance Company ("Liberty Mutual"), Aspen Insurance ("Aspen") and Chubb Group of Insurance Companies ("Chubb" and together with AIG, Zurich, Liberty Mutual and Aspen, the "Insurers"), or such other substitute insurers as the President shall determine, providing coverage for the period from May 25, 2014 through May 24, 2015; provided that the annual premium payable by the Corporation to the Insurers, plus the brokers fee, will not exceed \$225,000, 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.

Approval of Mission Statement & Authorization to Publish Measurement Report

The next item on the agenda was the approval of the Authority's Mission Statement and Performance Measures, and the Authorization to Publish the Authority's Completed Measurement Report. Pursuant to the Public Authorities Accountability Act, Mr. Anders explained, the Authority is required to approve a mission statement and the measurements by which the Authority evaluates how well it is carrying out its mission, and to complete a measurement report evaluating its performance for the preceding year. He noted that there were no proposed changes to the Mission Statement, and that the Measurement Report had been completed. Mr. Anders noted that the Measurement Report would be published on the Authority's website and forwarded to the Authorities Budget Office. Then, upon motion duly made and seconded, the following resolution was adopted:

WHEREAS, pursuant to Section 2800 of the Public Authorities Law (the "PAL"), the Board of Directors (the "Board") of the New York City Municipal Water Finance Authority (the "Authority") previously adopted a mission statement on October 1, 2007 and amended it on March 29, 2010 to add a list of measurements by which performance of the Authority and the achievement of its goals may be evaluated; and

WHEREAS, the Authority is required to annually review and approve its Mission Statement and Performance Measures (“Mission Statement”); and

WHEREAS, the Authority is also required to issue an annual Measurement Report based on its Mission Statement; and

WHEREAS, the Board has reviewed its Mission Statement, as attached¹, and finds it to be reasonable; and

WHEREAS, the Board has reviewed the completed Measurement Report² and finds it to be reasonable; it is hereby

RESOLVED, that the Mission Statement and Measurement Report, as attached hereto, are hereby approved and the Measurement Report is authorized to be published on the Authority’s website and sent to the Authorities Budget Office.

Appointment of Comptroller

The next item on the agenda was the appointment of the Authority’s Comptroller. Mr. Anders explained that the Authority’s former Comptroller, Michele Mark-Levine, had resigned in late 2013 to take a position with the City of New York’s Comptroller’s Office. He noted that the proposed resolution would appoint as Comptroller Robert Balducci, who has served as the Authority’s Deputy Comptroller since 2011 and had taken on all of the duties of Comptroller since Ms. Mark-Levine’s departure. Then, upon motion duly made and seconded, there being no opposition, the following resolution was adopted:

WHEREAS, the Board is duly authorized pursuant to Section 1045-d(7) of the New York City Municipal Water Finance Authority Act to appoint such officers as it may require for the performance of its duties; and

WHEREAS, Michele Mark-Levine, who previously served as Comptroller of the Authority, resigned in late 2013; and

¹ Filed with the Minutes of the meeting

² Filed with the Minutes of the meeting

WHEREAS, the staff of the Authority, having worked very closely with Robert Balducci in his capacity as Deputy Comptroller, believes he is highly qualified to succeed Ms. Mark-Levine as Comptroller of the Authority, and has recommended his appointment to the Board; it is hereby

RESOLVED, that Robert Balducci is hereby appointed Comptroller of the Authority.

Report from Audit Committee Chair

The next item on the agenda was a report from the Chair of the Authority and the Water Board's Joint Audit Committee, Max Von Hollweg. Mr. Von Hollweg noted that the Committee had performed a self-evaluation, and had found that it had fulfilled its duties in a satisfactory manner. He noted that a report of the Committee's actions from the previous calendar year had been provided for the Board.

Report from Governance Committee Chair

The next item on the agenda was a report from the Chair of the Authority's Governance Committee, Max Von Hollweg. Mr. Von Hollweg noted that the Committee had performed a self-evaluation, and had found that it had fulfilled its duties in a satisfactory manner. He noted that a report of the Committee's actions from the previous calendar year had been provided for the Board.

Adjournment

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


ASSISTANT SECRETARY