

**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, 6M, New York, N.Y. 10007 at 2:40 p.m. on October 7, 2009.

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);

Lindsey Ganson (by designation of Authority Director Steven Lawitts);

Arthur Hill; 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 of meeting of July 10, 2009

The first item on the agenda was approval of the minutes of the meeting of July 10, 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 the meeting held on July 10, 2009; it is therefore

RESOLVED, that the minutes of the meeting of July 10, 2009 be, and they hereby are, approved.

Approval of Underwriters

The next item on the agenda was the approval of an underwriting syndicate for the Authority's financing programs. Mr. Page explained that the proposed syndicate had been selected through a competitive request for proposals process jointly undertaken with the City of New York and the New York City Transitional Finance Authority. 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") has conducted a Request for Proposals process, in which representatives of the Mayor and the Comptroller and Authority staff members participated, to select an underwriting syndicate for its financing programs; and

WHEREAS, as a result of such process, the Mayor and the Comptroller, pursuant to Section 1045-o(3) of the New York City Municipal Water Finance Authority Act have recommended that the Authority designate the firms listed on the attached Exhibit A¹ as the Authority's underwriting syndicate; and

WHEREAS, the Board of Directors of the Authority is in agreement with such recommendation; and

WHEREAS, individual bond sales will be approved by the Board utilizing underwriters from the syndicate or such other firms as approved by the Board; it is therefore

RESOLVED, that the firms listed on the attached Exhibit A are hereby approved as the Authority's underwriting syndicate.

Approval of 2010 Series AA Bonds (Build America Bonds)

The next item on the agenda was approval of the Authority's Fiscal 2010 Series AA 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 a tax-exempt rate. Discussion ensued. There being no further discussion, upon motion duly

¹ Filed with Minutes of the Meetings.

made and seconded, Supplemental Resolution No. 63 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 AA was unanimously adopted.

Approval of 2010 Series BB Bonds (Tax-Exempt Refunding).

The next item on the agenda was approval of the Authority's Fiscal 2010 Series BB tax-exempt refunding Bonds. Mr. Page briefly described the details of the proposed financing. Discussion ensued. There being no further discussion, upon motion duly made and seconded, Supplemental Resolution No. 64 to the Authority's Water and Sewer System Second General Revenue Bond Resolution authorizing issuance of up to \$700 million Water and Sewer System Second General Resolution Revenue Bonds Fiscal 2010 Series BB was unanimously adopted.

Acceptance of the independent auditors' report on the audited financial statements for the fiscal years ended June 30, 2008 and June 30, 2009 and authorization to release such financial statements pending approval of the Water Board.

The next item on the agenda was the acceptance of the independent auditors' report on the audited financial statements for the fiscal years ended June 30, 2008 and June 30, 2009 and authorization to release such financial statements. Mr. Page explained that the New York City Water Board is also required to accept and authorize the release of the report and statements and they are expected to do so immediately following this meeting. There being no 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") 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 System for the fiscal years ended June 30, 2009 and June 30, 2008 and such financial statements; and

WHEREAS, the joint Audit Committee believes the independent auditors’ report and the financial statements are reasonable and appropriate and has recommended that the Board of Directors of the Authority and the Water Board accept the independent auditors’ report and authorize the release of the financial statements; it is therefore

RESOLVED, that the Board of Directors of the Authority hereby accepts 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 authorizes the release of such audited financial statements upon approval of the Water Board; 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.

Adoption of Amended and Restated Audit Committee Charter

The next item on the agenda was the adoption of the Amended and Restated Audit Committee Charter upon the recommendation of the Governance Committee. The Charter is being amended to comply with New York City Comptroller’s Directive 22. There being no discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, pursuant to section III(a)(ii) of the Governance Committee Charter, the Governance Committee of the New York City Municipal Water Finance Authority (the “Authority”) may periodically review the Audit Committee Charter and recommend changes to the Board of Directors of the Authority; and

WHEREAS, the Governance Committee believes the changes as reflected in the Amended and Restated Audit Committee Charter, including a change made to conform to the amended Directive 22 of the Office of the Comptroller of the City of New York, are reasonable and appropriate and has recommended that the Amended and Restated Audit Committee

Charter be adopted by the Board of Directors of the Authority in the form attached hereto as Exhibit A;² and

WHEREAS, the Board of Directors of the Authority has reviewed the Amended and Restated Audit Committee Charter as attached hereto; it is therefore

RESOLVED, that the Board of Directors of the Authority hereby adopts the Amended and Restated Audit Committee Charter, that will become effective upon adoption by the Water Board.

Approval of Investment Guidelines

The next item on the agenda was the annual review and reauthorization of the Authority's Investment Guidelines as required by the Public Authorities Law. Mr. Page explained that no changes are being made to the Guidelines.

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"), adopted Investment Guidelines on April 10, 1986 to establish policies for the investment of its funds and subsequently amended the Investment Guidelines on August 10, 1993, February 18, 1998, April 17, 1998 and March 20, 2009; and

WHEREAS, the Authority is required annually to review its Investment Guidelines; and

WHEREAS, the Board of Directors has reviewed the attached Investment Guidelines and has deemed them to be reasonable and appropriate; it is therefore

RESOLVED, that the Investment Guidelines, a copy of which will be filed with the Minutes of the Meeting, are hereby approved.

Approval of Investment Report

² Filed with Minutes of the Meetings.

The next item on the agenda was the annual approval of the Investment Report required by the Public Authorities Accountability Act. Mr. Page briefly described the Investment Report. 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”), pursuant to the Authority’s Investment Guidelines, is required to annually prepare and approve an Investment Report; and

WHEREAS, the Board has reviewed the attached Investment Report³ and has deemed it to be reasonable and appropriate, it is therefore

RESOLVED, that the Investment Report is hereby approved.

Approval of Consulting Engineer Contract

The next item on the agenda was the approval of a Contract with the Authority’s Consulting Engineer, AECOM USA, Inc., formerly known as Metcalf & Eddy of New York, Inc. Mr. Page explained that pursuant to a competitive request for proposals process, the new contract is proposed to be awarded to the Authority’s current Consulting Engineer, AECOM USA, Inc. which has been the only Consulting Engineer ever engaged by the Authority. A brief discussion ensued.

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

WHEREAS, 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 private consultants for rendering professional or technical services and advice; and

³ Field with Minutes of the Meetings.

WHEREAS, the agreement between the Authority and AECOM USA, Inc. expired on June 30, 2009 and was extended by the Board through June 30, 2010; and

WHEREAS, the Authority issued a request for proposals on April 14, 2009 for consulting engineer services; and

WHEREAS, the Authority's selection committee has selected AECOM USA, Inc. from among the proposing firms, based on the firm's superior experience and capabilities and institutional memory, among other factors; and

WHEREAS, the Board previously authorized an extension to the agreement with AECOM USA, Inc. that shall be terminated upon execution of the new agreement with AECOM USA, Inc.; it is therefore

RESOLVED, that the Executive Director is hereby authorized and directed to enter into an agreement in the name of and on behalf of the Authority with AECOM USA, Inc. to serve as Consulting Engineer to the Authority, upon such terms and conditions as the Executive Director may consider reasonable and appropriate, which agreement shall be effective from July 1, 2009 to June 30, 2012 with two one-year extensions covering Fiscal Years 2013 and 2014, through June 30, 2013 and June 30, 2014; provided, however, that maximum compensation to AECOM USA, Inc. under the agreement shall not exceed:

| | |
|------------------|-----------|
| Fiscal Year 2010 | \$88,000 |
| Fiscal Year 2011 | \$90,640 |
| Fiscal Year 2012 | \$93,260 |
| Fiscal Year 2013 | \$96,160 |
| Fiscal Year 2014 | \$99,045. |

Approval of Extension of Bond Counsel Contract

The next item on the agenda was the approval of an extension of the contract with the Authority's bond counsel, Orrick, Herrington & Sutcliffe, LLP. Mr. Page explained that the contract is being extended for six months pending completion of a competitive request for proposals process for bond counsel which is currently underway jointly with the City of New York and its related issuers. A brief discussion ensued.

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

WHEREAS, pursuant to Section 1045-d of the New York City Municipal Water Finance Authority Act, and following a request for proposals, the New York City Municipal Water Finance Authority (the “Authority”) previously selected Orrick, Herrington & Sutcliffe, LLP (“Orrick”) to act as bond counsel to the Authority; and

WHEREAS, The Authority’s current agreement with Orrick expired in June 30, 2009; and

WHEREAS, a new procurement for Authority bond counsel has been initiated in conjunction with the City of New York, the New York City Transitional Finance Authority and other related entities; and

WHEREAS, the management of the Authority has recommended that the agreement with Orrick be extended through December 31, 2009 to allow time for bond counsel evaluations and selections to be made; and

RESOLVED, that the Board of Directors of the Authority hereby approves and ratifies an extension to the agreement with Orrick for the period from July 1, 2009 through December 31, 2009, for such firm to serve as bond counsel to the Authority at the same rates, as follows: at a rate of \$125,000 per Authority bond issuance, provided, however, that for Authority bond sales that occur at approximately the same time (within 21 days) as another bond offering, compensation shall not exceed \$50,000 for such bond sale, and for special projects at the following rates and further authorizes the Executive Director to execute any other documents necessary to effectuate the retention of Orrick:

| Partners | Other Attorneys | Paralegals |
|-----------------|------------------------|-------------------|
| \$481 | \$359 | \$152. |

Approval of Graphic Design Consultant

The next item on the agenda was approval of a graphic design consultant in connection with the preparation of the Authority’s Comprehensive Annual Financial Report. Mr.

Page explained that following a request for proposals process, Corchia Woliner Rhoda, a woman owned business was selected, based on price, experience and demonstrated ability to provide excellent service. There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the New York City Municipal Water Finance Authority (the “Authority”) conducted a Request for Proposals process for a graphic design consultant to work with the Authority in connection with the preparation of the Authority’s Comprehensive Annual Financial Report (“CAFR”); and

WHEREAS, CorchiaWolinerRhoda was selected based on price, experience and a demonstrated ability to provide excellent service; and

WHEREAS, the Board of Directors believes that it is in the best interests of the Authority to authorize a contract with CorchiaWolinerRhoda; it is therefore

RESOLVED, that the Executive Director of the Authority is hereby authorized and directed to enter into an agreement in the name of the Authority whereby CorchiaWolinerRhoda will serve as graphic design consultant to the Authority upon such terms as the Executive Director deems reasonable and appropriate; provided, however, that such agreement shall be limited to work on the fiscal year 2009 CAFR; and provided, further, that compensation to CorchiaWolinerRhoda shall not exceed \$15,000, plus an amount not to exceed \$30,000 to be pre-approved by the President or Treasurer of the Authority for payment of printing services to be performed under a sub-contract managed by CorchiaWolinerRhoda.

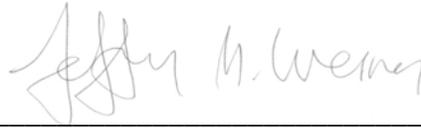
Presentation by Governance Committee Chair

The final item on the agenda was the presentation by Governance Committee Acting Chair Marc Shaw of the Annual Report of the Committee required pursuant to its charter.

Mr. Shaw presented the report.

Adjournment

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

Handwritten signature of Jeffrey M. Werner in cursive script.

Assistant Secretary