

**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 4:50 p.m. on October 14, 2009.

The following Directors were present:

Mark Page;

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

Approval of Minutes of meeting of October 7, 2009

The first item on the agenda was approval of the minutes of the meeting of October 7, 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 October 7, 2009; it is therefore

RESOLVED, that the minutes of the meeting of October 7, 2009 be, and they hereby are, approved.

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

The next item on the agenda was the consideration of the revised independent auditors' report on the audited financial statements for the fiscal years ended June 30, 2009 and June 30, 2008, and authorization to release such financial statements pending approval by the Water Board. The Board of Directors previously approved an auditors' report and financial statements for such fiscal years at its prior meeting held on October 7, 2009. The Authority's Comptroller Michele Levine explained that reconsideration of the report and financial statements is now required because of an adjustment to the financial statements to reflect approximately \$141 million payable by the System to the City for capital asset construction costs incurred prior to the end of the fiscal year which had not been included in the amount previously reported by the City to the System and therefore was omitted from the financial statements previously approved by the Board of Directors.

Mr. Page noted that the Joint Audit Committee of the New York City Municipal Water Finance Authority and the New York City Water Board had recommended approval by the Authority and the Water Board of the report and financial statements.

A brief 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") 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, on October 7, 2009, the Authority and the Water Board voted to accept and release the independent auditors' report and financial statements and subsequently the System's auditors were informed of a material change to the financial

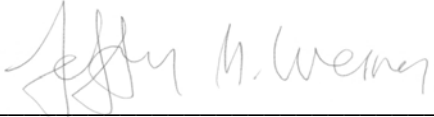
statements and have issued a revision to the independent auditors' report and financial statements; and

WHEREAS, the joint Audit Committee believes the independent auditors' report and the financial statements are reasonable and appropriate as revised 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.

Adjournment

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



Assistant Secretary