

**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 on December 1, 2010 at 1:15 p.m. at 75 Park Place, Room 6M4, New York, N.Y.

The following Directors were present:

Mark Page;

Suzanne Mattei (by designation of Authority Director Peter M. Iwanowicz);

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

Richard Carroll (by designation of Authority Director David M. Frankel); 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 approval of the minutes of the meeting of the Board of Directors which occurred on November 10, 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 November 10, 2010; it is therefore

RESOLVED, that the minutes of the meeting of November 10, 2010 be, and they hereby are, approved.

**Approval of Extension of Independent Auditor Contract
and Authorization of Engagement Letter**

The next item on the agenda was the authorization for management of the Water Authority to exercise a 1-year extension option with Deloitte & Touche, LLP as the independent auditors of the Water and Sewer System's Financial Statements and to execute an Engagement Letter with Deloitte & Touche to conduct the Fiscal Year 2011 audit of such Financial Statements. Mr. Page said the extension and Engagement Letter had been approved by the Joint Audit Committee of the Water Authority and the Water Board and recommended by such Committee to the Water Board and the Water Authority for approval. He added that approval by the Water Board is also required and is expected on Friday.

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, the agreement with Deloitte & Touche LLP provides for an optional one-year extension covering the audit of the financial statements for the year ending June 30, 2011 for a fee of \$260,000; and

WHEREAS, pursuant to the Audit Committee Charter, the Joint 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 extend the contract and 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, 2011; it is hereby

RESOLVED, that the Board of Directors authorizes the Officers of the Authority to exercise the optional contract extension and 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, 2011, as well as any other documents necessary to effectuate the continued retention of the independent auditors, pending the approval of the Water Board, expected on December 3, 2010.

Approval of Financial Advisor Contract

The next item on the agenda was the approval of a Financial Advisor contract with Drexel Hamilton LLC. Mr. Page explained that Drexel Hamilton's account representative to the Authority would be Tom Mead who has in the past served in that capacity for many years with prior Financial Advisors engaged by the Authority. Mr. Page added that management of the Authority has always been satisfied with the services provided by Mr. Mead. 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, Ramirez & Co., Inc. was selected as a financial advisor to the Authority pursuant to a request for proposals; and

WHEREAS, Tom Mead has served as financial advisor to the Authority in his capacity at Ramirez & Co., Inc. and subsequently at MFR Securities, Inc. ("MFR"); and

WHEREAS, Mr. Mead recently left MFR to join Drexel Hamilton, LLC; and

WHEREAS, the Authority's officers have recommended the retention of Drexel Hamilton, LLC pursuant to a waiver of the Authority's selection criteria pursuant to Section II(6) of the Authority's Policy on the Procurement of Goods and Services, in light of the extraordinary circumstances of Mr. Mead's unexpected change of employer, reflecting the officers' desire to provide continuity in financial advisory services and in consideration of Mr. Mead's unique and superior qualifications to provide public finance advisory expertise at a fair and reasonable price; and

WHEREAS, the Authority's officers have recommended a retention from December 13, 2010 through March 14, 2011, to coincide with the end of the agreement with the Authority's other financial advisor; it is hereby

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 Drexel Hamilton, LLC will serve as Financial Advisor to the Authority upon such terms as the Executive Director deems reasonable and appropriate, provided however that such agreement shall be effective from December 13, 2010 to March 14, 2011 or upon its earlier termination as provided therein, provided that compensation to Drexel Hamilton, LLC shall be a fixed fee of \$51,514 for the entire term, which is a pro-rated portion of the fee previously authorized for an extension to the agreement with MFR.

Adjournment

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


Assistant Secretary