

**JOINT MEETING OF THE AUDIT COMMITTEE OF  
THE NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY  
AND  
NEW YORK CITY WATER BOARD**

A meeting of the Joint Audit Committee (the “Committee”) of the Board of Directors of the New York City Municipal Water Finance Authority (the “Authority”) and the New York City Water Board (the “Water Board”) was held at 255 Greenwich Street, Room 6M4, New York, N.Y. 10007 at approximately 10:06 a.m. on January 24, 2014

The following members of the Committee were present:

Max Von Hollweg;

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

Marc Shaw<sup>1</sup>;

Jonathan Goldin;

Adam Freed; and

Alfonso Carney, Jr.

constituting a quorum of the Committee. Mr. Von Hollweg chaired the meeting, and Deborah Cohen served as Secretary of the meeting.

**Approval of Minutes of Meeting of October 10, 2013**

The first item on the agenda was approval of the minutes of the meeting of October 10, 2013. There being no discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

**WHEREAS**, The Audit Committee has reviewed the minutes of its meeting held on October 10, 2013; it is therefore

**RESOLVED**, that the minutes of the meeting of October 10, 2013, be, and they hereby are, approved.

**Review and Acceptance of Management Letter**

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<sup>1</sup> Mr. Shaw joined the meeting at 10:10 a.m., shortly after the roll was called.

The next item on the agenda was the review and acceptance of the Management Letter prepared by the System's independent auditors, Deloitte & Touche, relating to the Financial Statements of the Water and Sewer System which is filed with the Minutes of the meeting.

The Authority's Deputy Comptroller, Robert Balducci, first noted that the Authority's former Comptroller, Michele Mark-Levine, had taken a position with the New York City Comptroller's Office, but was available at today's meeting to answer questions of the Committee members. Mr. Balducci introduced Glenn Freidrich of Deloitte & Touche. Mr. Freidrich noted that the Management Letter described two previously identified material weaknesses which relate back to prior auditors, but are still relevant. Mr. Freidrich explained that management is diligently working on the first item, which involves the reconciliation of construction work in progress with the application of bond proceeds, but that the second item, relating to the inability of DEP's Customer Information System to properly age accounts receivable, is not something that can be corrected in a set timeframe. Discussion ensued among Mr. Carney, Ms. Levine, Mr. Friedrich and Steven Lawitts.

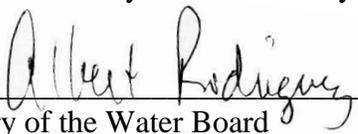
### **Review of Internal Controls**

The next item on the agenda was the Annual Review of the Policy on Internal Controls. Mr. Balducci described the proposed changes to the policy. A brief discussion ensued.

### **Adjournment**

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

  
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Assistant Secretary of the Authority

  
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Secretary of the Water Board