

**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 was held at 75 Park Place, New York, N.Y. at 1:00 p.m. on December 1, 2010.

The following Committee members were present:

Marc Shaw;

Suzanne Mattei (by designation of Committee member Peter Iwanowicz);

Marcia Bystryn; and

Benjamin Tisdell,

constituting a quorum of the Committee. Mr. Shaw chaired the meeting, and Albert F. Moncure, Jr., served as Secretary of the meeting.

**Election of Acting Chair**

The first order of business was the election of an Acting Chair to serve in the absence of Committee Chair Peter Kenny who was not in attendance. Upon motion duly made and seconded, Marc Shaw was unanimously elected as Acting Chair.

**Approval of Minutes of Meeting of September 28, 2010**

The next item on the agenda was the approval of the minutes of the Committee’s meeting of September 28, 2010. 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 September 28, 2010; it is therefore

**RESOLVED**, that the minutes of the meeting on September 28, 2010 be, and they hereby are approved.

### **Review and Acceptance of Management Letter**

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

Deloitte & Touche partner David Jones led the Committee in a discussion of the System's Management letter which is filed with the Minutes of the meeting. He described certain administrative matters contained in the letter but said that the letter identifies no new material weaknesses. He observed that a material weakness described in a previous Management Letter relating to the aging of accounts receivable is being addressed by the Water Board through the development of a new Customer Information System ("CIS"). Steven Lawitts, the Water Board's Executive Director, described the new CIS.

### **Evaluation of Independent Auditors and Recommendation to Extend Contract and Authorization of Engagement letter**

The next item on the agenda was the annual evaluation of the Independent Auditors, Deloitte & Touche LLP, recommendation to extend the auditors' contract and authorization of the Engagement Letter for the Fiscal Year 2011 audit. Authority Comptroller Michele Levine explained that management recommends the exercise of a one-year renewal option in the System's contract with Deloitte & Touche. She added it is Deloitte's practice to require a separate Engagement Letter for each Fiscal Year audit notwithstanding that Deloitte is already under contract with the Authority and the Water Board to conduct such an audit. Ms. Levine added that management is satisfied with Deloitte's performance as Independent Auditor.

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”) is authorized under the Audit Committee Charter, to recommend to the Board of Directors of the Authority and the Water Board the appointment and retention of independent auditors for the water and sewer system of the City of New York (the “System”); and

**WHEREAS**, the Authority and the Water Board previously retained the firm of Deloitte & Touche LLP for such firm to serve as independent auditors for the System’s financial statements for the fiscal years ending on June 30, 2008, 2009 and 2010; and

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

**WHEREAS**, pursuant to the Audit Committee Charter, the Audit Committee has evaluated the independent auditors; it is hereby

**RESOLVED**, that the Audit Committee finds the independent auditors’ performance to be satisfactory; and

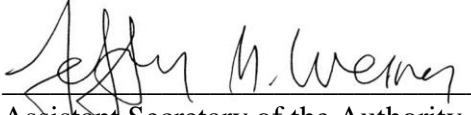
**FURTHER RESOLVED**, that the Audit Committee recommends that the Board of the Authority and the Water Board authorize the management of the Authority and the Water Board to exercise its optional contract extension and sign an engagement letter with Deloitte & Touche LLP as the independent auditors 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.


### **Annual Review of Internal Controls**

The next item on the agenda was the Annual Review of the Policy on Internal Controls. Ms. Levine described the Policy and said that management proposes no changes. 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.

  
Assistant Secretary of the Authority

  
Secretary of the Water Board