

**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 9:30 a.m. on February 27, 2015.

The following members of the Committee were present:

Max Von Hollweg;

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

Alfonso Carney, Jr.;

Jonathan Goldin;

Adam Freed; and

Marc Shaw;

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 21, 2014

The first item on the agenda was approval of the minutes of the meeting of October 21, 2014. 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 21, 2014; it is therefore

RESOLVED, that the minutes of the meeting of October 21, 2014, 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 New York City Water and Sewer System's (the "System") 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 Comptroller, Robert Balducci, noted that the System had made strides in the past year in regards to two areas that were formerly identified as material weaknesses, as noted in the Management Letter. Mr. Balducci explained that in regards to the Construction Work in Progress ("CWIP") the Department of Environmental Protection ("DEP") had implemented new procedures for maintaining the CWIP for all new capital projects going forward. Discussion ensued regarding the CWIP procedures. Mr. Carney Jr., questioned the procedure to ensure accurate recording of existing and historical projects. Michael Malloy of Deloitte & Touche noted that additional work will be required for these projects, but that there are mitigating controls already in place. Steven Lawitts of DEP noted that these will eventually lapse or age out. Mr. Lawitts also discussed the work done to address deficiencies in the Customer Information System.

Review of Internal Controls

The next item on the agenda was the Review of a draft of the Water Board's Policy on Internal Controls and a review of changes made to the Authority's Policy on Internal Controls. Mr. Von Hollweg noted that the changes to the Internal Controls Policies reflected annual changes in practice, but were technical and not substantive in nature. Discussion ensued. Then, upon motion duly made and seconded, the following resolution was unanimously approved:

WHEREAS, pursuant to Section III (h) of the Audit Committee Charter of the Joint Audit Committee (the “Committee”) of the New York City Municipal Water Finance Authority (the “Authority”) and the New York City Water Board (the “Water Board”), the Committee is required to recommend to the Board of Directors of the Authority and the Water Board respective policies on Internal Controls, and review such policies annually; and

WHEREAS, the Committee has reviewed the Water Board’s Draft Internal Controls Procedures and Policies Manual and finds it to be reasonable and appropriate; and

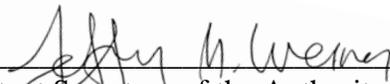
WHEREAS, the Committee has reviewed proposed changes to the Authority’s Internal Controls Procedures and Policies Manual and finds the proposed changes to be reasonable and appropriate; it is therefore

RESOLVED, that the Committee recommends to the Water Board approval of the proposed Internal Controls Procedures and Policies Manual; and it is therefore

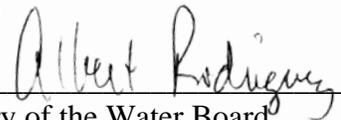
FURTHER RESOLVED, that the Committee recommends to the Board of Directors of the Authority approval of the proposed changes to the Authority’s Internal Controls Procedures and Policies Manual.

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