

JOINT AUDIT COMMITTEE

**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 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 on Friday, June 14, 2019 at 10:03 a.m. The following members of the Committee were present:

Alfonso Carney, Jr;

Robert Elburn (by designation of Authority Director Basil Seggos);

Jonathan Goldin; and

Marc Shaw

constituting a quorum of the Committee. Mr. Carney served as Chair pro tem in Max Von Hollweg’s absence, and Deborah Cohen served as Secretary of the meeting.

Approval of Minutes of Meeting of October 12, 2018

The first item on the agenda was approval of the minutes of the meeting of October 12, 2018. 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 12, 2018; it is therefore

RESOLVED, that the minutes of the meeting of October 12, 2018 be, and they hereby are, approved.

Self-Evaluation and Review of Annual Report of the Audit Committee

The next item on the Committee’s agenda was a review and approval of the Audit Committee’s annual report and self-evaluation. Mr. Carney explained that this review is a requirement of the Audit Committee’s charter, and that the proposed resolution would authorize the findings of the self-evaluation to be presented to the respective Boards of the Authority and

Water Board. Then, upon motion duly made and seconded, the following resolution was approved.

WHEREAS, Section III(k) of the Audit Committee Charter and Section 6.3 of Directive 22 of the City of New York Office of the Comptroller require the Audit Committee to issue an annual report, which details the activities and decisions of the Committee for the prior calendar year;

WHEREAS, the Audit Committee has reviewed the Annual Report of the Audit Committee, as attached hereto, and finds it to be reasonable; and

WHEREAS, Section III(j) of the Audit Committee Charter requires the Audit Committee to conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the Audit Committee Charter; and

WHEREAS, the Audit Committee finds its performance to be satisfactory, effective, and in compliance with the Audit Committee Charter; it is therefore

RESOLVED, that the Annual Report of the Audit Committee is hereby approved and shall be presented to the Board of Directors of the New York City Municipal Water Finance Authority and the New York City Water Board, copies of which shall be sent to the Bureau of Accountancy of the City of New York Office of the Comptroller and filed with the minutes of the Audit Committee.

Review of Internal Controls Policies

The next item on the agenda was the review of the Authority and Water Board's respective Internal Controls Policies. Mr. Carney clarified that the Audit Committee is required to review these policies annually, and that no changes are proposed at this time.

Review and Acceptance of Annual Agency Financial Integrity Compliance Statements

The next item on the agenda was the acceptance of the respective annual financial integrity compliance statements of the Authority and the Water Board. Mr. Carney noted that these are required pursuant to the City's Comptroller's Directive, and that the majority of elements are not applicable to the Authority or the Water Board. He also noted that the Authority's Comptroller, Robert Balducci, and the Water Board's Treasurer, Omar Nazem, were

available to answer any questions. The Committee had no questions regarding the Financial Integrity Compliance Statements.

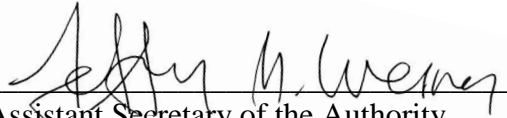
Presentation by Management and Independent Auditors Regarding the Planned Fiscal Year 2019 Audit

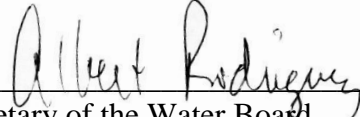
The next item on the agenda was a presentation by the Authority's management and independent auditors relating to the New York City Water and Sewer System's (the "System") audit for the fiscal year ended June 30, 2019 and June 30, 2018. Mr. Balducci introduced the System's auditors, Warren Ruppel and Dan McElwee from Marks Paneth. Mr. Ruppel described the four phases of the Audit: planning, development, performance and conclusion. Mr. Ruppel also touched on new Government Accounting Standards Board rules and standards, and explained how they would impact the System's audit. Mr. Balducci noted that the Committee had previously inquired about concerns over the cyber security, and that the auditors management letter for the previous year's audit had touched upon that subject. He explained that, in addition, the Authority provides specific information on cyber security in its offering documents.

Committee members expressed their concern over the current situation in Baltimore, Maryland, and Mr. Balducci noted that the System's Customer Information System, through which payments are made, is separate from the City's FMS system. Mr. Joseph Murin, Chief Financial Officer of the NYC Department of Environmental Protection, discussed upgrades to the CIS, and the schedule for those improvements. Committee members asked the System's management to investigate the cost of a comprehensive audit of the cyber security of the System. Mr. Murin expressed to the Committee that he would update them on the results of that inquiry.

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