

**MEETING OF THE JOINT 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 Members of the New York City Water Board (the “Water Board”) was held at 75 Park Place, Room 6M4, New York, N.Y. 10007 at 10:00 a.m. on May 4, 2012.

The following Directors or Members were present:

Max Von Hollweg,

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

Marc Shaw;

Donald Capoccia; and

Benjamin Tisdell,

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

Election of Chair

The first item on the agenda was the election of a new Chair to succeed Peter Kenny who passed away last year.

Upon motion duly made and seconded, that following resolution was unanimously adopted:

WHEREAS, pursuant to Section II(c) of the Joint Audit Committee’s Charter, the Joint Audit Committee is required to elect a Chairperson from among the members of the Committee who are members of the Authority Board of Directors; and

WHEREAS, Peter Kenny, who was previously elected chair of the Joint Audit Committee, passed away in 2011; and

WHEREAS, the Joint Audit Committee believes it is in the best interest of the Committee to have a chair and to select Max Von Hollweg for such position; it is therefore

RESOLVED, the Joint Audit Committee hereby selects Max Von Hollweg to act as Chair of the Audit Committee.

Approval of Minutes of Meeting of January 19, 2012

The next item on the agenda was approval of the minutes of the Committee's meeting of January 19, 2012. There being no discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Joint Audit Committee has reviewed the minutes of the meeting held on January 19, 2012; it is therefore

RESOLVED, that the minutes of the meeting of January 19, 2012 be, and they hereby are approved.

Presentation of Audit Plan Including Discussion of New Accounting and Auditing Standards

The next item on the agenda was the presentation of the 2012 Audit Plan of the New York City Water and Sewer System (the "System"). Ms. Michele Levine, the Comptroller of the Authority, introduced Mr. Glenn Friedrich who is a partner at Deloitte & Touche LLP ("Deloitte"), the System's independent auditor. Mr. Friedrich described the four phases of the Audit: planning, development, performance and conclusion. Mr. Friedrich also described new Government Accounting Standards Board rules and standards. He said that Deloitte concurs with management that the new rules and standards should not have any effect upon the System's financial statements. Discussion ensued.

Review of Annual Agency Financial Integrity Compliance Statements of the New York City Municipal Water Finance Authority and New York City Water Board

The next item on the agenda was the annual review of the Financial Integrity Compliance Statements. Mr. Von Hollweg explained that the Authority and Water Board are required to review and evaluate the Financial Integrity Statements annually pursuant to Directive 22 of the City Comptroller's Office. Ms. Levine described the statements. Discussion ensued.

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

The next item on the agenda was the annual self-evaluation and review of the Annual Report of the Committee. Mr. Von Hollweg referred the Committee to the report included in the Committee's package and discussed the Committee's performance during the prior calendar year. There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

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.

Adjournment

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


Assistant Secretary