

**NEW YORK CITY MUNICIPAL WATER
FINANCE AUTHORITY**

A meeting of the Board of Directors (the “Board”) of the New York City Municipal Water Finance Authority (the “Authority”) was held at 255 Greenwich Street, Room 6M4, New York, New York 10007 at 10:30 a.m. on October 10, 2012.

The following Directors were present:

Mark Page;

Richard Carroll (by designation of Authority Director David M. Frankel);

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

Steve Lawitts (by designation of Authority Director Carter Strickland);

Marc Shaw; and

Max Von Hollweg,

constituting a quorum of the Board of Directors. Mr. Page chaired the meeting, and Albert F. Moncure, Jr., served as secretary of the meeting.

Approval of Minutes of the Meeting of September 6, 2012

The first item on the agenda was approval of the minutes of the meeting of September 6, 2012. There being no discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Board of Directors has reviewed the minutes of its meeting held on September 6, 2012; it is therefore

RESOLVED, that the minutes of the meeting of September 6, 2012 be, and they hereby are, approved.

Acceptance of the independent auditors’ report on the audited financial statements for the fiscal years ended June 30, 2012 and June 30, 2011 and authorization to release such financial statements

The next item on the agenda was the acceptance of the independent auditors' report on the audited financial statements of the System for Fiscal Years 2012 and 2011 and the authorization to release such audited financial statements.

Mr. Page explained that the Joint Audit Committee of the New York City Water Board (the "Water Board") and the Authority had reviewed the auditors' report and audited financial statements, met with the System's auditors, and recommended to the Water Board and the Authority's Directors that the auditors' report and financial statements be accepted by the Water Board and by the Authority. There being no 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") has met with the independent auditors of the water and sewer system of the City of New York (the "System") and has reviewed the independent auditors' report on the audited financial statements of the System for the fiscal years ended June 30, 2012 and June 30, 2011 and such financial statements; and

WHEREAS, the Joint Audit Committee believes the independent auditors' report and the financial statements are reasonable and appropriate and has recommended that the Board of Directors of the Authority and the Water Board accept the independent auditors' report and authorize the release of the financial statements; it is therefore

RESOLVED, that the Board of Directors of the Authority hereby accepts the independent auditors' report on the audited financial statements of the System for the fiscal years ended June 30, 2012 and June 30, 2011 and authorizes the release of such audited financial statements upon approval of the Water Board; provided that both the independent auditors' report and the audited financial statements may be amended to reflect non-material changes acceptable to the Comptroller of the Authority.

Distribution of KPMG Construction Work in Progress Assessment

The next item on the agenda was the distribution of the KPMG Construction Work in Progress Assessment. Mr. Page explained that the assessment is a reconciliation of DEP's spending on fixed assets with the expenditure of Water Authority Bond proceeds for Water and Sewer System purposes. Michele Levine, the Authority's Comptroller, expressed confidence that Authority bond proceeds are being properly expended.

Annual Approval of Investment Guidelines

The next item on the agenda was the annual approval of the Authority's Investment Guidelines as required by the Public Authorities Law. Mr. Page explained that the Investment Guidelines are unchanged from the version approved last year.

There being no discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the New York City Municipal Water Finance Authority (the "Authority"), adopted Investment Guidelines on April 10, 1986 to establish policies for the investment of its funds and subsequently amended the Investment Guidelines on August 10, 1993, February 18, 1998, April 17, 1998 and March 20, 2009; and

WHEREAS, the Authority is required annually to review its Investment Guidelines; and

WHEREAS, the Board of Directors has reviewed the attached Investment Guidelines and has deemed them to be reasonable and appropriate; it is therefore

RESOLVED, that the Investment Guidelines, a copy of which will be filed with the Minutes of the Meeting, are hereby approved.

Approval of Investment Report

The next item on the agenda was the annual approval of the Investment Report. Mr. Page explained that the Investment Report is required to be prepared and approved annually

pursuant to the Public Authorities Accountability Act. There being no discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the New York City Municipal Water Finance Authority (the “Authority”), pursuant to the Authority’s Investment Guidelines, is required to annually prepare and approve an Investment Report; and

WHEREAS, the Board has reviewed the attached Investment Report¹ and has deemed it to be reasonable and appropriate, it is therefore

RESOLVED, that the Investment Report is hereby approved.

Approval of Amended Policy on the Procurement of Goods and Services

The next item on the agenda was the approval of the Amended Policy on the Procurement of Goods and Services. Mr. Page explained that it is proposed to revise the Policy to encourage participation in Authority procurements by Minority and Women-owned Business Enterprises. He said that the Governance Committee has recommended approval of the revised policy. There being no discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, pursuant to Section 2824(e) of the Public Authorities Law of the State of New York, the New York City Municipal Water Finance Authority (the “Authority”) is required to establish a policy on the procurement of goods and services; and

WHEREAS, the Authority adopted a Policy on the Procurement of Goods and Services (the “Policy”) on June 6, 2006 and amended the Policy on March 20, 2009 and June 18, 2010; and

WHEREAS, the Authority’s Officers have recommended that language be added to the Policy reflecting the Authority’s encouragement of participation by minority and women owned business enterprises in providing goods and services to the Authority; and

¹ Filed with Minutes of the meeting.

WHEREAS, pursuant to subsection III(a)(viii) of the Governance Committee Charter, the Governance Committee has reviewed the Policy, as amended and attached hereto,² and recommended its approval; it is therefore

RESOLVED, that the Board of Directors hereby adopts the Policy, as amended and attached hereto.

Report of the Governance Committee Chair

Finally, Max Von Hollweg, Governance Committee Chair, reported on the Governance Committee's annual self-evaluation. Mr. Von Hollweg reported that the Governance Committee finds that the Committee's functioning has been satisfactory

Adjournment

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


ASSISTANT SECRETARY

² Filed with Minutes of the meeting.