

DRAFT
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 11:07 a.m. on November 7, 2013.

The following Directors were present:

Alan Anders (by designation of Authority Director Mark Page);

Richard Carroll (by designation of Authority Director Beth Goldman);

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

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

Max Von Hollweg,

constituting a quorum of the Board of Directors. Mr. Anders chaired the meeting, and Deborah Cohen served as secretary of the meeting.

Approval of Minutes of the Meeting of October 10, 2013

The first item on the agenda was approval of the minutes of the meeting of October 10, 2013. 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 October 10, 2013; it is therefore

RESOLVED, that the minutes of the meeting of October 10, 2013 be, and they hereby are, approved.

Approval of Fiscal 2014 Series BB Bonds

The next item on the agenda was the approval of the issuance of the Authority's Fiscal 2014 Series BB Bonds. Mr. Page noted that this action had been recommended by the Finance Committee.

There being no discussion, upon motion duly made and seconded, Supplemental Resolution 101 authorizing the issuance of the Authority's Fiscal 2014 Series BB Bonds¹ was approved.

Approval of Bankruptcy Settlement Agreement

The next item on the agenda was the annual approval of the Authority's Bankruptcy Settlement Agreement. Mr. Page explained that the Water Authority was entitled to certain claims against the guarantor of the Lehman Brothers Holdings Inc., due to the Authority's agreements with the Lehman Brothers at the time of the bankruptcy filing. He noted that the resolution before the Board would authorize the Executive Director of the Authority to enter into a settlement agreement which had been negotiated by the Authority's bankruptcy counsel. Discussion ensued.

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

WHEREAS, the New York City Municipal Water Finance Authority (the "Authority") entered into five debt service reserve fund forward purchase agreements with Lehman Brothers Special Financing, Inc. ("LBSF"); and

WHEREAS, as a result of the filing of a bankruptcy petition by LBSF's guarantor Lehman Brothers Holdings, Inc. ("LBHI") under Chapter 11 of the United States Bankruptcy Code, LBSF defaulted on such agreements and, consequently, they were terminated by the Authority on September 23, 2008; and

¹ Filed with Minutes of the meeting

WHEREAS, the Authority has made a claim against LBHI; and

WHEREAS, the Authority's bankruptcy counsel has negotiated a settlement of the Authority's claim in exchange for a payment of \$13.8 million; and

WHEREAS, Authority's management believes it to be reasonable and appropriate; it is therefore

RESOLVED, that the Board of Directors of the Authority hereby authorizes and directs the Executive Director of the Authority to enter into an agreement to settle its claims against LBHI in an amount of no less than \$13.8 million upon such terms as the Executive Director deems reasonable and appropriate.

Approval of Extension of Bankruptcy Counsel Contract

The next item on the agenda was the approval of an extension of the Authority's contract with Orrick, Herrington & Sutcliffe, serving as the Authority's bankruptcy counsel in the above discussed bankruptcy negotiations. Mr. Page noted that Orrick has been the Authority's bankruptcy counsel on these matters since 2008, and that the Authority was hopeful that the matter would be resolved prior to the end of the proposed extension. Without further discussion, upon motion duly made and seconded, the following resolution was adopted:

WHEREAS, the New York City Municipal Water Finance Authority (the "Authority") on October 7, 2008 authorized the retention of Orrick, Herrington & Sutcliffe, LLP ("Orrick") to represent the Authority in proceedings regarding the petition filed on September 15, 2008 by Lehman Brothers Holdings Inc. ("LBHI") under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York and authorized the extension of Orrick's contract on January 14, 2010; and

WHEREAS, the Authority's contract with Orrick expires on December 31, 2013; and

WHEREAS, Management of the Authority believes it is in the best interest of the Authority to extend Orrick's retention; it is hereby

RESOLVED, that the Board of Directors of the Authority approves the retention of Orrick to continue to represent the Authority's interests in the Bankruptcy proceedings relating to LBHI and any future proceedings relating to Lehman Brothers Special Financing Inc., for the period from January 1, 2014 through December 31, 2014 at a rate not to exceed \$840 per hour, plus expenses, where work is done for the common benefit of multiple Orrick clients the billed time will be equally divided among such clients and hourly rates for work done for the Authority alone will be billed at a ten percent discount, with total compensation not to exceed \$75,000, plus expenses.

Adjournment

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



ASSISTANT SECRETARY