

**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 75 Park Place, Room 6M4, New York, N.Y. 10007 at 4:15 p.m. on May 8, 2012.

The following Directors were present:

Mark Page;

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

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

Max Von Hollweg,

constituting a quorum of the Board of Directors. Mr. Page chaired the meeting, and Kathy Blyn served as Secretary of the meeting.

Approval of Minutes of Meeting of March 29, 2012

The first item on the agenda was approval of the minutes of the meeting of March 29, 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 March 29, 2012; it is therefore

RESOLVED, that the minutes of the meeting of March 29, 2012 be, and they hereby are, approved.

Approval of Fiscal 2012 Series 2 Bonds

The next item on the agenda was the approval of the issuance of the Authority’s Fiscal 2012 Series 2 Bonds as set forth in Supplemental Resolution No. 88 Authorizing the

Issuance of Up to \$600,000,000 Water and Sewer System Second General Resolution Revenue Bonds, Fiscal 2012 Series 2 (the “Series 2 Resolution”), a copy of which was in the packet provided to the Directors. Mr. Page explained the such issuance has been referred by the Finance Committee of the Corporation to the full Board with a recommendation to approve it. A motion was made to approve the Series 2 Resolution. The motion was seconded and, there being no objection, approved.

Approval of Fiscal 2012 Series 3 Bonds

The next item on the agenda was the approval of the issuance of the Authority’s Fiscal 2012 Series 3 Bonds as set forth in Supplemental Resolution No. 89 Authorizing the Issuance of Up to \$250,000,000 Water and Sewer System Second General Resolution Revenue Bonds, Fiscal 2012 Series 3 (the “Series 3 Resolution”), a copy of which was in the packet provided to the Directors. Mr. Page noted that such issuance had also been referred by the Finance Committee to the full Board with a recommendation to approve it. A motion was made to approve the Series 3 Resolution. The motion was seconded and, there being no objections, approved.

Approval of Amendments of EFC Project Finance Agreements (Series 1996A and 1996C)

The next item on the agenda was approval of amendments to Project Finance Agreements between the Authority and the New York State Environmental Facilities Corporation (“EFC”) relating to EFC’s Series 1996A and 1996C Bonds. Mr. Page explained that such approval has been recommended by the Finance Committee. A motion was made to

approve the resolution set forth below with respect to such amendments. The motion was seconded and, there being no objections, approved.

WHEREAS, pursuant to the New York Public Authorities Law, the Board of Directors (the “Board”) of the New York City Municipal Water Finance Authority (the “Authority”) on February 24, 2003, authorized the issuance of Fiscal 2003 Series 3 and 4 Bonds to the New York State Environmental Facilities Corporation (“EFC”) which, in turn, issued its own bonds to the public (the “EFC Bonds”); and

WHEREAS, in connection with such financing, the Authority and EFC entered into two Project Finance Agreements (the “Original Agreements”) to effectuate the transaction; and

WHEREAS, EFC intends to refund the EFC Bonds and pass savings from such refunding on to the Authority in the form of a subsidy credit against debt service on the Authority’s bonds issued to EFC; and

WHEREAS, the amendments to the Original Agreements presented to the Board and annexed hereto (the “Amendments”) effectuate such reduction in the Authority debt service by providing for a subsidy credit from EFC against the Authority’s debt service obligations; and

WHEREAS, the Finance Committee of the Authority has reviewed the Amendments and recommends the Board approve the Amendments; it is therefore

RESOLVED, that the Board approves the Amendments to the Original Agreements and the Executive Director of the Authority is hereby authorized and directed to execute the Amendments, attached hereto, in the name of and on behalf of the Authority

Approval of Investment Manager Contract

The next item on the agenda was approval of an Investment Manager Contract with PFM Asset Management LLC (“PFM”). Mr. Page explained that the Authority’s Investment Manager Contract with Cutwater Investor Services Corp. expires on May 9, 2012. He further explained that the staff of the Authority had sent requests for proposals for an Investment Manager Contract to 26 firms, that nine firms had responded, that staff had interviewed all nine and that staff has recommended the selection of PFM. He noted that the price proposed by PFM was among the lowest of the proposing firms and lower than what the Authority has been paying the current Investment Manager. A motion was made to approve the resolution set forth below with

respect to the Investment Manager Contract. The motion was seconded and, there being no objections, approved.

WHEREAS, the Authority is authorized, pursuant to Section 1045-d(7) of the New York City Municipal Water Finance Authority Act to retain or employ counsel, auditors, engineers and private consultants for rendering professional or technical services and advice; and

WHEREAS, pursuant to such authority, the Authority has previously retained Cutwater Investor Services Corp. (formerly MBIA Asset Management Group) to provide investment management services; and

WHEREAS, the Authority conducted a Request for Proposals process for investment management services; and

WHEREAS, the Authority staff believes that it is in the best interests of the Authority to retain PFM Asset Management LLC (“PFM”); and

WHEREAS, the Board has determined that such recommendation is reasonable and acceptable to the Authority; it is therefore

RESOLVED, that the Executive Director is hereby authorized and directed to enter into an agreement in the name of and on behalf of the Authority with PFM to serve as investment manager to the Authority, upon such terms and conditions as the Executive Director may consider reasonable and appropriate, provided however, that such agreement shall have an initial three year term starting May 10, 2012, with two one year renewals at the option of the Authority, with annual fees as listed in Schedule I.

Schedule I

Throughout the term of this Agreement, the Authority shall compensate the Manager based on a percentage of Assets under management, not including any cash balances that are not invested, as follows:

ASSETS	ANNUALIZED FEE%
\$500,000,000	0.0475%
\$100,000,000	0.0350%
\$100,000,000	0.0250%
Balance	0.0200%

Approval of Policies on the Acquisition and Disposition of Real Property and the Disposition of Personal Property

The next two items on the agenda were the approval of the Authority's Policy on the Acquisition and Disposition of Real Property and Policy on the Disposition of Personal Property (copies of which were in the packet provided to the Directors). Mr. Page explained that pursuant to Section 2896 of the Public Authorities Law the Authority is required to review and readopt such policies annually and that no changes have been proposed to either Policy. A motion was made to approve the resolutions set forth below with respect to such Policies. The motion was seconded and, there being no objections, approved.

Acquisition and Disposition of Real Property

WHEREAS, the New York City Municipal Water Finance Authority (the "Authority"), on June 6, 2006, pursuant to Section 2824 of the Public Authorities Law of the State of New York (the "Public Authorities Law"), adopted a Policy on the Acquisition and Disposition of Real Property (the "Policy") and subsequently amended the Policy on January 21, 2009; and

WHEREAS, pursuant to Section 2896 of the Public Authorities Law, the Authority is required annually to review such policies; and

WHEREAS, the Authority has reviewed the attached policy and has deemed it to be reasonable and appropriate; it is therefore

RESOLVED, that the Policy on the Acquisition and Disposition of Real Property, a copy of which will be filed with the Minutes of the Meeting, is hereby approved.

Disposition of Personal Property

WHEREAS, the New York City Municipal Water Finance Authority (the "Authority"), on June 6, 2006, pursuant to Section 2824 of the Public Authorities Law of the State of New York (the "Public Authorities Law"), adopted a Policy on the Disposition of Personal Property; and

WHEREAS, pursuant to Section 2896 of the Public Authorities Law, the Authority is required annually to review such policy; and

WHEREAS, the Authority has reviewed the attached policy and has deemed it to be reasonable and appropriate; it is therefore

RESOLVED, that the Board of Directors of the Authority approves the Policy on the Disposition of Personal Property.

Report of Audit Committee Chair

The next item on the agenda was the report of the Chair of the Audit Committee of the Corporation. Mr. Von Hollweg, the Chair of the Audit Committee, explained that the Audit Committees of the Authority and the New York City Water Board are required to meet jointly every year and to review their functioning. He explained that such Committees had met on May 4, 2011 and had expressed their satisfaction with the functioning of the Committees in 2011. Mr. Von Hollweg noted that the Annual Report of the Joint Audit Committee was in the packet provided to the Directors.

Adjournment

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


Assistant Secretary