

**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 2:15 p.m. on November 10, 2011.

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); and

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

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 October 13, 2011.

The first item on the agenda was approval of the minutes of the meeting of October 13, 2011. 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 13, 2011; it is therefore

RESOLVED, that the minutes of the meeting of October 13, 2011, be, and they hereby are, approved.

Approval of 2012 Series BB Bonds

The next item on the agenda was the proposed approval and authorization of the Authority’s Fiscal 2012 Series BB Second Resolution Bonds for new money purposes, which had been recommended by the Finance Committee.

There being no discussion, upon motion duly made and seconded, Supplemental Resolution No. 84 to the Authority's Water and Sewer System Second General Revenue Bond Resolution authorizing the issuance of up to \$550 million Second General Resolution Revenue Bonds, Fiscal 2012 Series BB was unanimously adopted.

Approval of Financial Advisor Contracts

The next item on the agenda was the approval of contracts with Lamont Financial Services Corporation and Acacia Financial Group Inc. as Financial Advisors. Mr. Page explained that the recommended firms were selected pursuant to a competitive request for proposals process conducted by the staff of the Authority, and representatives of the City and City-related bond issuers. Mr. Page described the services to be provided and the compensation to be paid to the selected firms. Discussion ensued. There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

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 other private consultants for rendering professional or technical services and advice; and

WHEREAS, pursuant to such authorization, Authority staff has solicited proposals from firms to serve as financial advisors to the Authority through a request for proposals (the "RFP"); and

WHEREAS, Authority staff has reviewed responses to the RFP and has recommended that the proposals submitted by Lamont Financial Services Corporation ("Lamont") and Acacia Financial Group Inc., ("Acacia") be accepted and that such firms should be retained as Financial Advisors to the Authority; it is therefore

RESOLVED, that the Executive Director or the Treasurer of the Authority is each hereby authorized and directed to enter into agreements in the name of the Authority whereby Lamont and Acacia will each serve as Financial Advisor to the Authority, respectively, upon such terms as he deems reasonable and

appropriate, provided however that any such agreement shall be effective from November 11, 2011 to June 30, 2014 or upon its earlier termination as provided therein, and may be extended at the option of the Authority for two successive one-year periods ending June 30, 2015 and June 30, 2016, respectively; and provided that compensation to Lamont and Acacia shall be as set forth.

Schedule I

Term – November 1, 2011-June 30, 2014, with 2 one year renewals at the option of the Authority’s Management, ending June 30, 2015 and June 30, 2016, respectively.

Compensation

- Financial Advisory services: hourly rates listed below not to exceed \$659,589, per firm, for the initial term.
- For the renewal options, the pro rata annual cap is \$250,000.
- An allowance for hourly billing up to \$50,000 per Transaction for each transaction in excess of five per fiscal year.
- Special Projects: hourly rates listed below not to exceed \$100,000 per project for special projects, identified and authorized by Management, which are outside the normal Financial Advisor scope of work.

Financial Advisor Hourly Rates:

Acacia		Lamont	
Co-President	\$295	President/Executive VP	\$325
Managing Director	\$275	Managing Consultant/Sr. VP	\$300
Senior VP	\$255	Managing Director	\$275
		Vice President	\$250
		Assistant VP	\$225

Approval of Pricing Advisor Contract

The next item on the agenda was the approval a contract with Drexel Hamilton LLC (“Drexel”) as Pricing Advisor. Mr. Page explained that Drexel was selected pursuant to a competitive request for proposals process conducted by the staff of the Authority, and representatives of the City and City-related bond issuers. Mr. Page described and the services to be provided and the compensation to be paid to Drexel. Discussion ensued. There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

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 other private consultants for rendering professional or technical services and advice; and

WHEREAS, pursuant to such authorization, Authority staff has solicited proposals from firms to serve as pricing advisors to the Authority through a request for proposals (the “RFP”); and

WHEREAS, Authority staff has reviewed responses to the RFP and has recommended that the proposal submitted by Drexel Hamilton LLC (“Drexel”) be accepted and that such firm should be retained as Pricing Advisor to the Authority; it is therefore

RESOLVED, that the Executive Director or the Treasurer of the Authority is each hereby authorized and directed to enter into an agreement in the name of the Authority whereby Drexel will serve as Pricing Advisor to the Authority upon such terms as he deems reasonable and appropriate, provided however that such agreement shall be effective from November 11, 2011 to June 30, 2014 or upon its earlier termination as provided therein, and may be extended at the option of the Authority for two successive one-year periods ending June 30, 2015 and, June 30, 2016, respectively; and provided that Drexel shall be paid a \$20,000 flat fee for pricing services per Transaction, with no additional compensation for expenses for the term of the Agreement.

Approval of SWAP Advisor Contract

The next item on the agenda was the approval a contract with Swap Financial Group LLC as Swap Advisor. Mr. Page explained that Swap Financial Group LLC was selected pursuant to a competitive request for proposals process conducted by the staff of the Authority and representatives of the City and City-related bond issuers. Mr. Page described the services to be provided and the compensation to be paid to Swap Financial Group LLC. Discussion ensued. There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

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 previously employed Swap Financial Group, LLC (“Swap Financial Group”) as its swap advisor; and

WHEREAS, the Board of Directors of the Authority, having initiated and completed a competitive procurement process, believes that it is in the best interests of the Authority to retain Swap Financial Group as its swap advisor; it is therefore

RESOLVED, that the Executive Director or the Treasurer of the Authority is each hereby authorized and directed to enter into an agreement in the name of the Authority whereby Swap Financial Group will serve as swap advisor to the Authority upon such terms as the Executive Director or the Treasurer deems reasonable and appropriate; provided, however, that such agreement shall be effective from November 10, 2011 to June 30, 2014, or its earlier termination as provided therein, and may be extended at the option of the Authority for two additional one-year periods ending June 30, 2015 and June 30, 2016; and provided, further, that compensation to Swap Financial Group shall not exceed \$450 per hour for managing directors, \$350 for vice presidents, and \$200 for associates.

Approval of Joint City/Water Authority KPMG Contract

The final item on the agenda was the approval of a contract between the Authority and the City to jointly engage the services of KPMG LLP (“KPMG”). Mr. Page explained that the City has engaged KPMG to assist in the valuation of construction in process for the Water and Sewer System. The Authority’s staff has determined that the Authority should share equally in the cost of such engagement, in light of the importance of this matter to the Water and Sewer Systems. Discussion ensued. There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

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 other private consultants for rendering professional or technical services and advice; and

WHEREAS, the City of New York's Office of Management and Budget ("The City"), has previously entered into a contract with KPMG LLP ("KPMG") for as-needed consulting services, and, under that contract, has recently signed an engagement letter for the first phase of a project in which KPMG will assist in assessing and improving the reconciliation and tracking process for Construction in Process of the Water and Sewer System; and

WHEREAS, the City and Authority staff have determined that such assistance is necessary and helpful based on issues that have arisen during the most recent and previous years' financial statements preparation and audits; and

WHEREAS, the Authority Staff have determined that the Authority should provide compensation, split equally with the City, for the fees associated with the herein described project; it is therefore

RESOLVED, that the Authority will reimburse the City for 50% of the cost of services associated with the project described herein under the KPMG contract, in an amount not to exceed \$50,000.

Adjournment

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


Assistant Secretary