

JOINT AUDIT COMMITTEE

**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 New York City Municipal Water Finance Authority (the “Authority”) and the New York City Water Board (the “Water Board”) was held at 255 Greenwich Street, Room 6M4, New York, N.Y. 10007 on Thursday, May 31, 2018 at 12:07 p.m.. The following members of the Committee were present:

Max Von Hollweg;

Robert Elburn (by designation of Authority Director Basil Seggos);

Marc Shaw;

Adam Freed;

Jonathan Goldin;

Alfonso Carney, Jr.; and

Marc Shaw¹

constituting a quorum of the Committee. Mr. Von Hollweg chaired the meeting, and Deborah Cohen served as Secretary of the meeting.

Approval of Minutes of Meeting of October 19, 2017

The first item on the agenda was approval of the minutes of the meeting of October 19, 2017. There being no discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, The Audit Committee has reviewed the minutes of its meeting held on October 19, 2017; it is therefore

RESOLVED, that the minutes of the meeting of October 19, 2017 be, and they hereby are, approved.

¹ Mr. Shaw joined the meeting after the approval of the minutes

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 report² 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 6.0 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.

Review of Water Authority and Water Board Internal Control Policies

The next item on the agenda was a review of the Internal Control Policies of the Water Authority and the Water Board. Mr. Von Hollweg noted that the Water Authority Policy had been updated with minor changes and that there were no changes proposed to the Water Board

² Filed with the minutes of the meeting

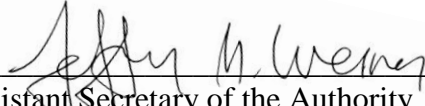
Policy. Olga Chernat, Executive Director of the Water Authority explained that the majority of changes were to clean up the Policy. The Committee had no questions regarding the amended Policies.

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

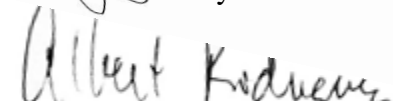
The final item on the agenda was the presentation of the 2018 Audit Plan of the System. Mr. Balducci noted that Marks Paneth partner Warren Ruppel would present the audit plan for the System's Fiscal Year 2018 audit. Mr. Ruppel described the four phases of the Audit: planning, development, performance and conclusion. Mr. Ruppel also touched on new Government Accounting Standards Board rules and standards, and explained how they would impact the System's audit. Committee members inquired about concerns over cyber security, and Joseph Murin, Chief Financial Officer of the NYC Department of Environmental Protection, noted that the Mayor recently appointed a Chief Privacy Officer, and that initiatives were underway at city agencies to ensure cyber security and privacy were well maintained. He noted that additional information would be provided to the Committee in the future. Further discussion ensued.

Adjournment

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



Assistant Secretary of the Authority



Secretary of the Water Board