

---

**NEW YORK CITY  
MUNICIPAL WATER FINANCE AUTHORITY**

**COMMERCIAL PAPER NOTE RESOLUTION  
(SERIES FIVE)**

—————  
**Adopted January 24, 2002**  
—————

**A RESOLUTION AUTHORIZING THE ISSUANCE BY THE NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY OF ITS SHORT TERM PROMISSORY NOTES (SERIES FIVE); PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH NOTES; AND PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF.**

**COMMERCIAL PAPER NOTE RESOLUTION**

**(SERIES FIVE)**

**A RESOLUTION AUTHORIZING THE ISSUANCE BY THE NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY OF ITS SHORT TERM PROMISSORY NOTES (SERIES FIVE); PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH NOTES; AND PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF.**

**BE IT RESOLVED BY THE NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY AS FOLLOWS:**

**ARTICLE I.**

**DEFINITIONS; CONTRACT AND AUTHORITY**

**SECTION 1.01. Definitions.** (a) All terms which are defined in Section 101 of the Second General Resolution, unless otherwise defined herein, shall have the same meanings, respectively, in this Resolution as such terms are given in said Section 101 of the Second General Resolution.

**Act** means the New York City Municipal Water Finance Authority Act, constituting Title 2A of Article 5 of the Public Authorities Law, as amended;

**Administrative Agent** means Westdeutsche Landesbank Girozentrale, New York Branch, any successor thereto or, if no Administrative Agent shall be serving under the Line of Credit Agreement or Substitute Line of Credit Agreement, the Provider with the majority percentage of liability under the applicable Line of Credit Agreement or Substitute Line of Credit Agreement;

**Advance** means any amount advanced pursuant to the Line of Credit Agreement for the payment of the principal of, interest on, or both in connection with the Notes which has not been converted to a Term Loan;

**Advice** means a notice or a written instrument executed by the Issuing and Paying Agent and delivered to the Depository which specifies the amount by which the indebtedness evidenced by a Master Note is to be increased on any particular date, the respective rates of interest at which each portion of such amount is to bear interest, the respective dates on which each portion of such amount matures and such other information as may be required pursuant to the systems and procedures of the Depository of the Master Note applicable to implementation of its book-entry program for obligations of the character of the Notes;

**Agreement** means the Financing Agreement, dated as of July 1, 1985, entered into pursuant to Section 1045-i of the Act, by and among the Authority, the Board and the City,

as it has been or may from time to time be supplemented or amended in accordance with the terms thereof;

**Authority** means the New York City Municipal Water Finance Authority, a body corporate and politic constituting a public benefit corporation, created by and existing under the Act, or any body, agency or instrumentality of the State or the City which shall hereafter succeed to the rights, powers, duties and functions of the Authority;

**Authorized Newspaper** means **The Bond Buyer** or any newspaper of general circulation printed in the English language and customarily published at least once a day for at least five days (other than legal holidays) in each calendar week in the Borough of Manhattan, City and State of New York, designated by the Authority;

**Authorized Representative** shall mean (i) in the case of the Authority, the Chairman, Executive Director, Comptroller, Secretary, Assistant Secretary, Treasurer, Deputy Treasurer or Assistant Treasurer of the Authority, or such other person or persons as may be designated by resolution of the Authority; and (ii) in the case of the Board, the Chairman or Executive Director or the Board, or such other person or persons so designated by resolution of the Board;

**Available Commitment** means, on any particular date of calculation, the aggregate amount available to be advanced under the Line of Credit Agreement on such date;

**Bank** means Bayerische Landesbank Girozentrale, New York Branch, or any successor thereto, or the Provider(s) of a Substitute Line of Credit Agreement, or any successor thereto;

**Bond Counsel** means Nixon Peabody LLP or an attorney or other firm of attorneys, appointed by the Authority, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds;

**Business Day** means any day which is not a Saturday, Sunday or a legal holiday in the State or a day on which the New York Stock Exchange, banking institutions chartered by the State or the United States of America, a Provider, a Dealer or the Issuing and Paying Agent are legally authorized to close in The City of New York;

**Code** means the Internal Revenue Code of 1986, as amended, or any successor thereto as the same may be in effect from time to time, and the applicable regulations thereunder;

**Costs or Costs of a Water Project** shall mean the cost of “construction”, as such term is defined in the Act including, without limiting the generality of the foregoing, the erection, building, alteration, improvement, increase, enlargement, extension, reconstruction, renovation or rehabilitation of the System or a Water Project, the inspection and supervision thereof, the engineering, architectural, legal, fiscal, economic and environmental investigations and studies, surveys, designs, plans, working drawings, specifications, procedures and other actions incidental thereto, the cost of the acquisition of all property; the cost of demolishing, removing or relocating any buildings or structures on lands so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved or relocated; the cost of

all systems, facilities, machinery, apparatus and equipment, financing charges, interest prior to, during and after construction to the extent not paid or provided for from revenues or other sources, the cost of engineering and architectural surveys, plans and specifications; the cost of consultants' and legal services; the cost of lease guarantee or bond insurance, other expenses necessary, reasonably related or incidental to the construction of such Water Project and the financing of the construction thereof, including the cost of Credit Facilities, the amounts authorized in the General Resolution or the Second General Resolution to be paid into any reserve or other special fund from the proceeds of bonds or other obligations issued thereunder and the financing of the placing of any Water Project in operation, including reimbursement to any municipality, state agency, the State, the United States of America, or any other person for expenditures that would be costs of such Water Project hereunder and all claims arising from any of the foregoing;

**Costs of Issuance** means the items of expense incurred in connection with the authorization, sale and issuance of the Notes, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Issuing and Paying Agent and the Providers, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of Notes, premiums, fees and charges for insurance on Notes, costs and expenses of refunding Notes and other costs, charges and fees, including those of the Authority, in connection with the foregoing;

**CP Note** means a Note substantially in the form annexed hereto as Exhibit A-2 the interest on which is not excluded from gross income for Federal income tax purposes under Section 103(a) of the Code;

**Dealer** means the person or persons designated as the dealer for the Notes by an Authorized Representative pursuant to Section 2.04(f), or any successors or assigns permitted under the Dealer Agreement, or any other dealer for the Notes appointed by the Authority;

**Dealer Agreement** means an agreement by and between the Authority and the Dealer providing for the appointment of and acceptance by the Dealer of the duties and obligations imposed thereby, as the same shall have been amended, supplemented or otherwise modified as permitted thereby;

**Defeasance Security** means (A) any non-callable bonds or other obligations which as to principal and interest constitute direct obligations of, or are guaranteed by the United States of America, including obligations of any agency thereof or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America to the extent unconditionally guaranteed by the United States of America; (B) any other non-callable receipt, certificate or other evidence of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in subclause (A) of this clause; (C) a non-callable obligation of the United States of America which has been stripped by the United States Department of the Treasury itself or by any Federal Reserve Bank (not including "CATS," "TIGRS" and "TRS" unless the Authority obtains rating confirmation with respect to the Notes to be defeased); (D) the interest component of REFCORP bonds for which separation of

principal and interest is made by request of the Federal Reserve Bank of New York in book-entry form; (E) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision (i) the interest on which is excludable from gross income under Section 103 of the Code, (ii) that, at the time an investment therein is made or such obligation is deposited in any fund or account established pursuant to Section 12.01 hereof, is rated in the highest rating category of the Rating Services, (iii) that is not subject to redemption prior to maturity other than at the option of the holder thereof or either (1) has irrevocably been called for redemption or (2) as to which irrevocable instructions have been given to call such obligation on a stated future date and (iv) the timely payment of the principal or redemption price thereof and interest thereon is fully secured by a fund consisting only of cash or obligations described in clauses (A), (B), (C), (D), (E) or (F), which fund may be applied only to the payment of the principal of and interest and redemption premium, if any, on the obligation secured thereby; and (F) a non-callable note, bond, debenture, mortgage or other evidence of indebtedness that, at the time acquired, is (i) issued or guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Student Loan Marketing Association, the Federal Farm Credit System or any other instrumentality of the United States of America and (ii) rated in the highest rating category of the Rating Services; **provided, further**, that the term “Defeasance Security” shall not mean any interest in a unit investment trust or a mutual fund.

**Depository** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or any other person, firm, association or corporation appointed by the Authority to serve as securities depository for the Master Note;

**Exempt Obligation** means an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a “specified private activity bond” within the meaning of Section 57(a)(5) of the Code, and which, at the time an investment therein is made or such obligation is deposited in any fund or account hereunder, is rated by each Rating Service, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, not less than in the second highest rating category of each Rating Service;

**Fitch** means Fitch, Inc., or its successors and assigns;

**General Resolution** means the Authority’s Water and Sewer System General Revenue Bond Resolution, adopted November 14, 1985, as it has been or may from time to time be supplemented or amended in accordance with the terms thereof;

**General Resolution Bonds** means Bonds as such term is defined in the General Resolution;

**Index Note** means a Note substantially in the form annexed hereto as Exhibit A-4 which bears interest at a rate for any particular period determined by reference to the LIBOR rate or an index selected by the Authority;

**Issuing and Paying Agency Agreement** means an agreement by and between the Authority and the Issuing and Paying Agent providing for the acceptance by the Issuing and Paying Agent of the duties and obligations imposed hereby and imposing such other and additional duties and obligations as such agreement may provide, as the same shall have been amended, supplemented or otherwise modified as permitted thereby;

**Issuing and Paying Agent** means The Bank of New York, New York, New York and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant hereto;

**Line of Credit Agreement** means the agreement, dated as of February 1, 2002, by and among the Authority and the Providers;

**Lot** means a Master Note or TECP Note of an aggregate principal amount of less than \$200,000,000 bearing a common CUSIP number or other designation identifying it as part of a separate lot and for which the Authority has appointed a separate Dealer;

**Master Note** means a Note substantially in the form annexed hereto as Exhibit A-1 issued in the aggregate principal amount of \$200,000,000 and registered in the name of the Depository thereof or its nominee, or any successor or assign; **provided, however**, that if Master Notes of different Lots are issued the aggregate principal amount of such Master Notes may not exceed \$200,000,000;

**Maturity Date** means the date on which the principal of and interest on a Note is due and payable;

**Moody's** means Moody's Investors Service Inc., or its successors or assigns;

**Note or Notes** means any of the notes of the Authority authorized and issued pursuant to Section 2.01 hereof, including the Master Note, any CP Note, TECP Note or Index Note;

**Noteholder, Holder of Notes or Holder** or any similar term, when used with reference to a Note or Notes, means any person who shall be the bearer of any Outstanding Notes not registered, or the registered owner of any Outstanding Note which shall at the time be registered other than to bearer;

**Outstanding**, when used in reference to Notes, means, as of a particular date, all Notes authenticated and delivered hereunder except: (i) any Note cancelled at or before such date; (ii) any Note deemed to have been paid in accordance with Section 12.01 hereof; and (iii) any Note in lieu of or in substitution for which another Note shall have been authenticated and delivered pursuant to Article III or Section 10.06 hereof;

**Payment Fund** means the fund so designated, created and established pursuant to Section 5.02 hereof;

**Permitted Investments** means:

- (a) direct obligations of the United States of America;
- (b) obligations the principal of and interest on which are guaranteed as to full and timely payment by the United States of America;
- (c) obligations to which the full faith and credit of the United States of America are pledged;
- (d) a certificate or other instrument which evidences the ownership of, or the right to receive all or a portion of the payment of the principal of or interest on direct obligations of the United States of America;
- (e) repurchase agreements collateralized by direct obligations of the United States of America or of the Government National Mortgage Association, each at a collateral percentage of 103% or by obligations of the Federal National Mortgage Association of the Federal Home Loan Mortgage Corporation, FNMAs or FHLMCs each at a collateral percentage of 104%, with any registered broker/dealer (a “Broker/Dealer”) or any commercial bank insured by the Federal Deposit Insurance Corporation (an “FDIC Bank”), if at the time of the investment such Broker/Dealer (or its parent, if such parent has guaranteed the Broker/Dealer’s obligations under the repurchase agreement) has long-term uninsured, unsecured and unguaranteed debt rated, by each Rating Service “A3” or better by Moody’s, “A-” or better by Fitch or “A-” or better by S&P and such FDIC Bank has long-term uninsured, unsecured and unguaranteed debt rated “Aa” or better by Moody’s and “AA” or better by S&P, provided that:
  - (i) a master repurchase agreement or specific written repurchase agreement governs the transaction; and
  - (ii) the securities are held free and clear of any lien by the Issuing and Paying Agent or an independent third party acting solely as agent (“Agent”) for the Issuing and Paying Agent, and such third party is (1) a Federal Reserve Bank, or (2) an FDIC Bank which has combined capital, surplus and undivided profits of not less than \$50 million and the Issuing and Paying Agent shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Issuing and Paying Agent; and
  - (iii) a security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Issuing and Paying Agent; and
  - (iv) the Issuing and Paying Agent will be provided with a valuation for the collateral securities no less frequently than weekly and will liquidate the

collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and

(v) the Authority has the option of terminating the repurchase agreement in the event that the long-term debt ratings of the provider are withdrawn or reduced to below the ratings shown below by any two of the following: “A-” by Moody’s, “A3” by S&P or “A-” by Fitch, respectively;

(f) investment agreements with:

(i) a broker-dealer (or its parent) which has long-term unsecured, uninsured and unguaranteed debt rated, by each Rating Service “A3” or better by Moody’s, “A-” or better by Fitch and “A-” or better by S&P; **provided, however**, that such broker-dealer collateralizes the obligations under the investment agreement with securities described in paragraph (e) above meeting the requirements of subparagraphs (ii) through (iv) of paragraph (e) above; **provided, further**, that such agreement shall include a provision to the effect that the Authority shall have the option of terminating such agreement if the long-term rating of the broker-dealer (or its parent, if such parent has guaranteed the broker-dealer’s obligations under the investment agreement) is withdrawn or reduced by any Rating Service below the following ratings: “A3” by Moody’s, “A-” by Fitch and “A-” by S&P;

(ii) a FDIC-insured bank which has a long-term unsecured, uninsured and unguaranteed debt rating “Aa” or better by Moody’s and “AA” or better by S&P; **provided, however**, that such bank collateralizes the obligations under the investment agreement with securities described in paragraph (a) above meeting the requirements of subparagraphs (ii) through (iv) of the paragraph (a) above; **provided, further**, that the Authority shall have the option to terminate such agreement if such FDIC-insured bank’s rating is withdrawn or reduced by any Rating Service to below the following ratings: “Aa” by Moody’s, “AA” by Fitch and “AA” by S&P;

(iii) an insurance company which has an unsecured, uninsured and unguaranteed claims paying ability of “Aaa” by Moody’s and “AAA” by S&P; **provided, however**, that the Authority shall have the option to terminate such agreement if such insurance company’s rating is withdrawn or reduced by any Rating Service to below the following ratings: “Aaa” by Moody’s, “AAA” by Fitch and “AAA” by S&P; or

(iv) a corporation whose principal business is to enter into such investment agreements; **provided, however**, that such corporation has been assigned an “Aaa” counterparty rating by Moody’s, S&P or Fitch has rated the investment agreements of such corporation “AAA”; **provided, further**, that the Authority shall have the option to terminate the agreement if (A) such counterparty rating is withdrawn or reduced by any Rating Service to below the following ratings: “Aaa” by Moody’s, “AAA” by Fitch and “AAA” by S&P and

**Proceeds Fund** means the fund so designated, created and established pursuant to Section 5.02 hereof;

**Providers** means the Bank, the Administrative Agent, and any successors thereto, or the provider(s) of a Substitute Line of Credit Agreement, or any successors thereto;

**Rating Service** means, as of any particular date of determination, each of Moody's, S&P and Fitch which at the request of the Authority has assigned a rating to the then Outstanding Notes;

**Reimbursement Obligation** means any and all amounts including, but not limited to, fees, expenses, Advances, Term Loans and other amounts which may from time to time be owing by the Authority to the Providers under the Line of Credit Agreement;

**Request for Advance** means a written (including electronic) request for an Advance substantially in the form of Exhibit A to the Line of Credit Agreement;

**Resolution** means this Commercial Paper Note Resolution (Series Five), as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms and provisions hereof;

**Revenues** shall have the meaning contained in the General Resolution;

**Second General Resolution** means the Authority's Water and Sewer System Second General Revenue Bond Resolution, adopted March 30, 1994, as it may from time to time be supplemented or amended in accordance with the terms thereof;

**S&P** means Standard & Poor's Ratings Service, or its successors and assigns;

**State** means the State of New York;

**Stated Termination Date** means the date on which the Line of Credit Agreement or any Substitute Line of Credit Agreement is, by its terms, stated to expire, as the same may have been extended; **provided, however**, that if such date is not a Business Day, the Stated Termination Date shall be the next succeeding Business Day;

**Substitute Line of Credit Agreement** means an agreement for the provision of liquidity for the Notes in accordance with Section 7.08 hereof with a bank, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a Federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank, or other entity, which replaces the then existing Line of Credit Agreement;

**Supplemental Resolution** means any resolution of the Authority amending or supplementing the Resolution or any previously adopted Supplemental Resolution, adopted and becoming effective in accordance with the terms and provisions of Article IX hereof;

**TECP Note** means a Note substantially in the form annexed hereto as Exhibit A-3 the interest on which is excludable from gross income for purposes of Federal income taxation;

**Term Loan** means the amount of any Advance which, pursuant to the Line of Credit Agreement, has been converted to a loan repayable in periodic installments of principal and interest; and

**Water Project** shall have the meaning ascribed hereto in Section 1045-b(20) of the Act, including any sewerage facility, water facility or water and sewerage facility as described therein and constituting a part of the System.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies as well as natural persons.

The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in the Resolution, refer to the Resolution.

**SECTION 1.02. Authority for the Resolution.** The Resolution is adopted pursuant to the provisions of the Act.

**SECTION 1.03. Resolution and Notes Constitute a Contract.** With respect to the Notes, in consideration of the purchase and acceptance of any and all of the Notes authorized to be issued hereunder by those who shall hold or own the same from time to time, the Resolution shall be deemed to be and shall constitute a contract among the Authority and the Holders from time to time of such Notes, and the pledge made herein and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Holders of any and all of such Notes, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any such Notes over any other thereof except as expressly provided herein or permitted hereby.

## **ARTICLE II.**

### **AUTHORIZATION AND ISSUANCE OF NOTES**

**SECTION 2.01. Authorization of Notes.** There are hereby authorized to be issued for the purposes set forth in Section 2.02 hereof, Notes of the Authority and there is hereby created a continuing pledge and lien as provided hereby to secure the payment of the principal of and interest on all the Notes and to secure the Providers to the extent provided in Section 5.01 hereof. The CP Notes and TECP Notes shall be designated as “New York City

Municipal Water Finance Authority Commercial Paper Notes (Series Five)” and if issued in separate Lots shall bear an appropriate designation. The Index Notes shall be designated as “New York City Municipal Water Finance Authority Index Notes (Series Five)”. The Notes shall be special obligations of the Authority payable solely in the manner more particularly provided herein.

The aggregate principal amount of Notes which may be executed, authenticated and delivered is not limited except that the aggregate principal amount of all Notes Outstanding at any time shall not exceed two hundred million dollars (\$200,000,000). The Notes are issued in anticipation of the issuance of General Resolution Bonds or Bonds and constitute Bond Anticipation Notes within the meaning of the General Resolution and Parity Bond Anticipation Notes within the meaning of the Second General Resolution.

The Notes of the Authority shall not be a debt of the State, the City or the Board nor shall the State, the City or the Board be liable thereon, nor shall the Authority be obligated to pay the principal of or interest on the Notes out of any funds other than those of the Authority hereby pledged thereto.

TECP Notes and the Master Notes may be issued in separate Lots, each of an aggregate principal amount determined by an Authorized Representative of the Authority pursuant to Section 2.04 hereof. Each TECP Note or Master Note shall bear an appropriate designation identifying it as part of or representing all of the Notes of a particular Lot.

**SECTION 2.02. Purposes.** The Notes may be issued for any one or more of the following purposes: (i) to pay the Costs of a Water Project or to reimburse the Authority or the City for amounts advanced by either of them for payment of the Costs of a Water Project, (ii) to pay the Costs of Issuance of Notes, (iii) to pay or provide for the payment of the principal of Outstanding Notes, (iv) to pay or provide for the payment of the principal of and interest on any Reimbursement Obligations of the Authority pursuant to the Line of Credit Agreement and (v) to pay or provide for the payment of Bonds or General Resolution Bonds.

**SECTION 2.03. Provisions for Issuance of Notes.** On or prior to the date on which Notes are first issued hereunder, the Authority shall deliver to the Issuing and Paying Agent:

- (a) A copy of the Resolution, certified by an Authorized Representative of the Authority;
- (b) The executed original Line of Credit Agreement;
- (c) A certificate of an Authorized Representative of the Authority in which the Authority represents and warrants that (i) the Notes then to be issued are being issued for purposes authorized by Section 2.02 of the Resolution, (ii) the proceeds of such Notes will be paid, deposited or applied in the manner provided herein, (iii) all actions on the part of the Authority necessary for the valid issuance of the Notes have been taken, and that such Notes will be valid obligations of the Authority enforceable in accordance with their terms, (iv) the issuance of such Notes, together with all other Notes issued by the Authority, shall be within every limitation on the issuance of Notes prescribed hereby and

by the Act and (v) the Authority is not in default in the performance of any covenant, condition, agreement or provision hereof or in the performance of any material covenant, condition, agreement or provision of the General Resolution or the Second General Resolution;

(d) A certificate of an Authorized Representative of the Board in which the Board represents and warrants that the Board is not in default in the performance of any covenant, condition, agreement or provision of the Agreement;

(e) An opinion of counsel to the Providers, or if the Providers shall have independent foreign and domestic counsel, opinions of such counsel collectively, stating, in the opinion or collective opinions of such counsel, that (i) the Administrative Agent is duly licensed to maintain a branch by the Superintendent of Banks of the State of New York and said branch has the corporate power and authority to execute, deliver and perform its obligations under the Line of Credit Agreement, (ii) the Bank is duly authorized to operate and licensed to carry on business as a federal branch of a foreign banking corporation in the State of New York under the laws of the United States of America and has the corporate power and authority to execute, deliver and perform its obligations under the Line of Credit Agreement, and (iii) the Line of Credit Agreement has been duly authorized, executed and issued by authorized representatives of each of the Providers and constitutes the legal, valid and binding obligation of each Provider on a several, but not joint, basis enforceable against the respective Provider in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally or as to the availability of any particular remedy, and with respect to such other matters as may be required by the Authority; and

(f) An opinion of Bond Counsel stating, in the opinion of Bond Counsel, that the Resolution has been duly and lawfully adopted by the Authority; that the Resolution is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms; that the Resolution creates the valid pledge and the valid lien which it purports to create, subject only to the provisions of the Resolution permitting the withdrawal, payment, setting apart or appropriation of the moneys in the funds and accounts established under the Resolution for the purposes and on the terms and conditions set forth in the Resolution; and that the Authority is duly authorized and entitled to issue the Notes and, upon the execution and delivery thereof and upon authentication by the Issuing and Paying Agent, the Notes will be duly and validly issued and will constitute valid and binding special obligations of the Authority entitled to the benefits of the Resolution; **provided, however**, that such opinion may be qualified to the extent that enforceability of rights and remedies may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally or as to the availability of any particular remedy.

The Notes shall be executed by the Authority and delivered to the Issuing and Paying Agent. Such Notes or an Advice shall from time to time and in such amounts as directed by an Authorized Representative of the Authority be authenticated by the Issuing and Paying Agent and by it delivered to or upon the order of the Authority upon receipt of the consideration therefor.

Upon each issuance of Notes or of an Advice, the Authority shall be deemed to have represented and warranted that the representations and warranties made by it pursuant to clause (c) of this Section 2.03 and by the Board pursuant to clause (d) of this Section 2.03 are, to best of the Authority's knowledge, true and correct in all material respects on and as of the date of issuance as if such representations and warranties had been made on such date.

**SECTION 2.04. Delegation of Authority.** There is hereby delegated to an Authorized Representative of the Authority, subject to the limitations contained herein, the power to determine and carry out, the following:

(a) The sale of the Notes at public or private sale; the approval of the terms of and publication of an official statement or other offering document describing the Notes; and the execution of a Dealer Agreement;

(b) The aggregate principal amount of each CP Note, TECP Note, Index Note or indebtedness to be incurred pursuant to an Advice;

(c) The date or dates, the maturity date or dates and principal amounts of each maturity of the Notes or indebtedness under the Master Note; **provided, however**, that no Note shall mature later than the earlier of (i) in the case of any CP Note or TECP Note, two hundred seventy (270) days after the date of issuance thereof and (ii) fifteen (15) days prior to the date on which the Line of Credit Agreement is scheduled to terminate; **provided, further**, that the Master Note shall not mature later than June 15, 2030 and no Index Note shall mature later than one year after the date of issuance thereof;

(d) The rate or rates per annum, calculated in accordance with Section 3.02 hereof, at which the Notes bear interest or the manner of determining the rate per annum at which an Index Note bears interest; **provided, however**, that no Note or indebtedness under the Master Note shall bear interest at a rate per annum greater than twenty-five percent (25%);

(e) Whether Master Notes or TECP Notes of separate Lots shall be issued and the aggregate principal amount of Notes of each Lot; and

(f) The Dealer, and if Notes are to be issued in Lots, the Dealer for the Notes of each Lot.

Such Authorized Representative may give direction to the Issuing and Paying Agent as to the terms and form of the Notes or Advices to be issued orally or by EDP terminal or telex, but in such event, an Authorized Representative of the Authority shall promptly give written confirmation thereof to the Issuing and Paying Agent.

Each CP Note, TECP Note and Index Note shall be identical in all respects to each other CP Note, TECP Note or Index Note, respectively, except as to principal amount, rate of interest, manner of determining the rate at which an Index Note shall bear interest, numbers and letters, date of issuance and maturity date, and except that, subject to the provisions of Section 3.05 hereof, they may be registered either to bearer or in the name of the owner thereof.

**SECTION 2.05. Forms of Notes.** The form and provisions of the Master Note and the Issuing and Paying Agent's Certificate of Authentication thereon shall be substantially as set forth in Exhibit A-1 hereof; the form and provisions of the CP Notes and the Issuing and Paying Agent's Certificate of Authentication shall be substantially as set forth in Exhibit A-2 hereof; the form and provisions of the TECP Notes and the Issuing and Paying Agent's Certificate of Authentication shall be substantially as set forth in Exhibit A-3 hereof, and the form and provisions of the Index Notes and the Issuing and Paying Agent's Certificate of Authentication thereon shall be substantially as set forth in Exhibit A-4 hereof.

**SECTION 2.06. Additional Obligations.** The Authority reserves the right to issue (i) General Resolution Bonds which shall have a charge or lien upon the Revenues and the FGR Subordinated Indebtedness Fund which is prior to the charge or lien created hereby and (ii) Bonds, Parity Bond Anticipation Notes and Parity Reimbursement Obligations which may, subject to the limitations contained in the Second General Resolution, have a charge or lien upon the assets or property pledged hereby which is equal to the charge or lien created hereby. The Authority also reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Authority, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, entitled to a charge or lien or right prior or equal to the charge or lien created hereby, or prior or equal to the rights of the Authority and Holders of Notes provided hereby or with respect to the moneys and other property pledged hereunder.

**SECTION 2.07. Approval of Issuing and Paying Agency Agreement.** The form of the Issuing and Paying Agency Agreement, by and between the Authority and The Bank of New York, as Issuing and Paying Agent, as presented at this meeting, is hereby approved. Any Authorized Representative of the Authority is hereby authorized to execute such agreement in the name and on behalf of the Authority, substantially in such form, with such changes, insertions and omissions as may be approved by said Authorized Representative, said execution being conclusive evidence of such approval.

**SECTION 2.08. Approval of Line of Credit Agreement and Bank Reimbursement Note.** The forms of the Line of Credit Agreement, by and between the Authority and the Providers, and the bank reimbursement note appended thereto, as presented at this meeting, and the pledge made and lien created thereby, are hereby approved. Any Authorized Representative of the Authority is hereby authorized to execute such Line of Credit Agreement and note in the name and on behalf of the Authority, substantially in such forms, with such changes, insertions and omissions as may be approved by said Authorized Representative, said execution being conclusive evidence of such approval. The Line of Credit Agreement constitutes a Parity Reimbursement Obligation within the meaning of the Second General Resolution.

**SECTION 2.09. Approval of Dealer Agreement.** The form of the Dealer Agreement, by and between the Authority and the Dealer, as presented at this meeting, is hereby approved. Any Authorized Representative of the Authority is hereby authorized to execute such agreement in the name and on behalf of the Authority, substantially in such form, with such changes, insertions and omissions as may be approved by said Authorized Representative, said execution being conclusive evidence of such approval.

**SECTION 2.10. Execution of Documents.** Each of the Authorized Representatives of the Authority is hereby authorized to execute and deliver, in the name and on behalf of the Authority, any and all documents and instruments, and to do and cause to be done any and all acts and things, an Authorized Representative deems necessary or advisable in connection with the offering, sale and issuance of the Notes from time to time to be issued hereunder or the execution and performance of the Authority's obligations under the Issuing and Paying Agency Agreement, the Line of Credit Agreement and the Dealer Agreement, and to carry out the transactions contemplated hereby and thereby.

### ARTICLE III.

#### GENERAL TERMS AND PROVISIONS OF NOTES

**SECTION 3.01. Place And Medium Of Payment.** The Notes shall be payable, with respect to the interest thereon and the principal thereof, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. The principal of and interest on the Notes (other than the Master Note) shall be payable at the office of the Issuing and Paying Agent upon the surrender to the Issuing and Paying Agent of the Notes as they mature. The principal of and interest on the Notes shall be payable by wire transfer to the Holder thereof at the wire transfer address in the continental United States to which such Holder has directed the Issuing and Paying Agent to wire such payment.

**SECTION 3.02. Maturities and Interest Rates.** The Notes shall mature at the times and bear interest at the rates determined by an Authorized Representative of the Authority; **provided, however**, that no Note or indebtedness under the Master Note shall mature later than the earlier of (i) in the case of a CP Note, a TECP Note or any indebtedness under the Master Note two hundred seventy (270) days after the issuance thereof and (ii) fifteen (15) days prior to the date on which the Line of Credit Agreement terminates; **provided, further**, that the Master Note shall not mature later than June 15, 2030 and no Index Note shall mature later than one year after the date of issuance thereof.

Each Note or any respective principal amount of the Master Note shall be deemed to bear interest at the rate per annum stated therein or in the respective Advices and shall be computed on the basis of a three hundred sixty-five (365) day year and actual days elapsed.

**SECTION 3.03. Date of Notes.** The principal amount of the Master Note issued pursuant to an Advice and each other Note shall be dated and bear interest from the date of issuance of such Advice or Note, respectively.

**SECTION 3.04. Denominations, Numbers and Letters.** The CP Notes, TECP Notes and Index Notes and each Advice shall be issued in the denomination of \$100,000 or integral multiples of \$100,000. The CP Notes shall be lettered and numbered "CP-5- " followed by the number of the CP Note. The TECP Notes shall be lettered and numbered "TECP-5- " followed by the number of the TECP Note. The Index Notes shall be lettered and numbered "IN-5- " followed by the number of the Index Note. The CP Notes, TECP Notes and Index Notes shall be numbered, respectively, from one upwards in order of issuance.

**SECTION 3.05. Forms of Notes.** The Notes may be issued in the form of fully registered Notes without coupons registered in the name of the owner thereof or to bearer, except that the Master Note shall be issued in the form of a fully registered Note without coupons registered in the name of the Depository or its nominee.

**SECTION 3.06. Master Note.** The Issuing and Paying Agent shall maintain such books, records and accounts as may be necessary to evidence the indebtedness of the Authority resulting from the Master Note and each Advice delivered by the Issuing and Paying Agent, the principal amounts owing thereunder, the maturity schedule therefor, the respective rates of interest thereon and the principal and interest paid from time to time thereunder. In any legal action or proceeding in respect of the Master Note, the entries made in such books, records or accounts shall be, absent manifest error, conclusive evidence of the existence and the amounts of the obligations of the Authority therein recorded.

**SECTION 3.07. Legends.** The Notes may contain, or have endorsed thereon, such provisions, specifications and descriptive words not inconsistent herewith, as may be necessary or desirable and as may be determined by an Authorized Representative of the Authority prior to their delivery.

**SECTION 3.08. Execution and Authentication.** The Notes shall be executed in the name of the Authority by the manual or facsimile signature of its Chairman or other Authorized Representative and its corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced, and attested by the manual or facsimile signature of the Secretary, Assistant Secretary or other Authorized Representative of the Authority, or in such other manner as may be permitted by law. In case any one or more of the officers or employees who shall have signed or sealed any of the Notes shall cease to be such officer or employee before the Notes so signed and sealed shall have been actually authenticated and delivered by the Issuing and Paying Agent, such Notes may, nevertheless, be delivered as provided herein, and may be issued as if the persons who signed or sealed such Notes had not ceased to hold such offices or be so employed. Any Note may be signed and sealed on behalf of the Authority by such persons as at the actual time of the execution of such Note shall be duly authorized or hold the proper office in or be employed by, the Authority, although at the date of the Notes such persons may not have been so authorized or have held such office or employment.

The Notes shall bear thereon a certificate of authentication executed by the Issuing and Paying Agent manually or by its facsimile signature. Only such Notes as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Resolution and no Note shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Issuing and Paying Agent. Such certificate of the Issuing and Paying Agent upon any Note executed on behalf of the Authority shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered under the Resolution and that the Holder thereof is entitled to the benefits hereof.

**SECTION 3.09. Interchangeability of Notes.** Notes registered to bearer, upon surrender thereof at the office of the Issuing and Paying Agent may, at the option of the Holder

thereof, be exchanged for an equal aggregate principal amount of Notes registered other than to bearer of the same date, maturity and interest rate of any other authorized denominations.

Notes registered other than to bearer (other than the Master Note), upon surrender thereof at the office of the Issuing and Paying Agent with a written instrument of transfer satisfactory to the Issuing and Paying Agent, duly executed by the registered owner or his attorney duly authorized in writing, may, subject to the provisions of Section 3.05 hereof, be exchanged for an equal aggregate principal amount of Notes registered to bearer of the same date, maturity and interest rate of any other authorized denominations.

**SECTION 3.10. Negotiability, Transfer and Registry.** All Notes issued hereunder shall be negotiable as provided in the Act, subject to the provisions for registration and transfer contained herein and in the Notes. So long as any of the Notes shall not have matured, the Authority shall maintain and keep, at the office of the Issuing and Paying Agent, books for the registration and transfer of Notes; and, upon presentation for such purpose at said office, the Authority shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Issuing and Paying Agent may prescribe, any Note entitled to registration or transfer. So long as any of the Notes have not matured, the Authority shall make all necessary provisions to permit the exchange of Notes at the office of the Issuing and Paying Agent.

**SECTION 3.11. Transfer of Notes.** All Notes registered to bearer shall be transferable by delivery. Any such Note may be registered on the books of the Authority at the office of the Issuing and Paying Agent, upon presentation thereof at said office and the payment of a charge sufficient to reimburse the Authority or the Issuing and Paying Agent for any tax, fee or other governmental charge required to be paid with respect to such registration, and such registration shall be noted on such Note. After said registration no transfer thereof shall be valid unless made on said books by the registered owner in person or by his attorney duly authorized in writing and similarly noted on such Note; but such Note may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery. Thereafter such Note may, subject to the provisions of Section 3.05 hereof, again, from time to time, be registered or discharged from registration in the same manner.

Each Note registered other than to bearer shall be transferable only upon the books of the Authority, which shall be kept for that purpose at the office of the Issuing and Paying Agent, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Issuing and Paying Agent duly executed by the registered owner or his duly authorized attorney and the payment of a charge sufficient to reimburse the Authority or the Issuing and Paying Agent for any tax, fee or other governmental charge required to be paid with respect to such transfer. Upon the transfer of any such registered Note, the Authority shall cause to be issued in the name of the transferee a new Note or Notes or at the option of the transferee and, subject to the provisions of Section 3.05 hereof, Notes registered to bearer, of the same aggregate principal amount, date, maturity and interest rate as the surrendered Note.

The Authority and the Issuing and Paying Agent may deem and treat the bearer of any Note which shall not at the time be registered other than to bearer, or the person in whose

name any Note for the time being shall be registered on the books of the Authority, as the absolute owner of such Note, whether such Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Note and for all other purposes whatsoever, and such payments so made to the bearer of a Note registered to bearer or to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sums paid, and neither the Authority nor the Issuing and Paying Agent shall be affected by any notice to the contrary. The Authority agrees to indemnify and save the Issuing and Paying Agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such bearer or registered owner.

**SECTION 3.12. Regulations with Respect to Exchanges and Transfers.** In all cases in which the privilege of exchanging or transferring Notes is exercised, the Authority shall execute and the Issuing and Paying Agent shall authenticate and deliver Notes in accordance with the provisions hereof. All Notes surrendered in any such exchanges or transfers shall forthwith be cancelled by the Issuing and Paying Agent. For every such exchange or transfer of Notes, the Authority or the Issuing and Paying Agent may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provisions hereof, the cost of preparing each new Note upon each exchange or transfer, and any other expenses of the Authority or the Issuing and Paying Agent incurred in connection therewith, shall be paid by the person requesting such exchange or transfer.

**SECTION 3.13. Notes Mutilated, Destroyed, Lost or Stolen.** In case any Note shall become mutilated or be destroyed, lost or stolen, the Authority in its discretion may execute, and upon its request the Issuing and Paying Agent shall authenticate and deliver, a new Note of like date, maturity, interest rate and principal amount as the Note so mutilated, destroyed, lost or stolen, in exchange and substitution for the mutilated, destroyed, lost or stolen Note, upon surrender and cancellation of such mutilated Note, or in lieu of and substitution for such Note so destroyed, lost or stolen, upon filing with the Authority and the Issuing and Paying Agent evidence satisfactory to the Authority and the Issuing and Paying Agent that such Note has been destroyed, lost or stolen and proof of ownership thereof, and upon furnishing the Authority with indemnity satisfactory to it and complying with such other reasonable regulations as the Authority may prescribe and paying such expenses as the Authority and the Issuing and Paying Agent may incur in connection therewith. All Notes so surrendered to the Issuing and Paying Agent shall be cancelled by it and evidence of such cancellation shall be given to the Authority.

## **ARTICLE IV.**

### **REDEMPTION OF NOTES**

**SECTION 4.01. Notes Not Subject to Redemption.** The Notes shall not be subject to redemption prior to the maturity thereof.

## ARTICLE V.

### PLEDGE OF RESOLUTION; FUNDS AND ACCOUNTS; APPLICATION THEREOF

**SECTION 5.01. Pledge of Resolution.** Subject to the limitations of the General Resolution and the Second General Resolution, and to the rights of the holders of General Resolution Bonds and Bonds, the Authority hereby pledges to the Holders from time to time of the Notes (i) as security for the payment of the interest on the Notes, the Revenues of the System and the moneys and investments from time to time on deposit in the FGR Subordinated Indebtedness Fund, the Funds and Accounts and the funds and accounts established hereby; **provided, however**, that the pledge of the Revenues and the moneys and investments from time to time on deposit in the FGR Subordinated Indebtedness Fund shall be subject and subordinate to the pledge thereof made by the General Resolution for the benefit of the holders of General Resolution Bonds issued and outstanding at any time; (ii) as security for the payment of the principal of the Notes, the moneys and investments from time to time on deposit in the funds and accounts established hereby; and (iii) as security for payment of the principal of and interest on the Notes, the proceeds of the Bonds or General Resolution Bonds issued for the purpose of paying or providing for the payment of Outstanding Notes.

Subject to the limitations of the General Resolution and the Second General Resolution, including the limitations contained in Section 209(c) of the Second General Resolution, and to the rights of the holders of General Resolution Bonds and Bonds, the Authority hereby pledges to the Providers (i) to secure the payment of the principal of and interest on the indebtedness incurred by the Authority under a Line of Credit Agreement and evidenced by a note, the form of which is appended to the Line of Credit Agreement, the moneys and investments from time to time on deposit in the FGR Subordinated Indebtedness Fund, the Debt Service Fund and the funds and accounts established hereby; **provided, however**, that the pledge of the moneys and investments from time to time on deposit in the FGR Subordinated Indebtedness Fund shall be subject and subordinate to the pledge thereof made by the General Resolution for the benefit of the holders of General Resolution Bonds issued and outstanding at any time, (ii) as security for the payment of the interest on the note issued in favor of the Providers, the form of which is appended to the Line of Credit Agreement, the Revenues and the moneys and investments from time to time on deposit in the FGR Subordinated Indebtedness Fund, the Debt Service Fund and the funds and accounts established hereby; **provided, however**, that the pledge of the Revenues and the moneys and investments from time to time on deposit in the FGR Subordinated Indebtedness Fund shall be subject and subordinate to the pledge thereof made by the General Resolution for the benefit of the holders of General Resolution Bonds issued and outstanding at anytime and (iii) as security for payment of the principal of and interest on said note, the proceeds of the Bonds or General Resolution Bonds issued for the purpose of paying or providing for the payment of said note or Outstanding Notes. Except as expressly provided herein, the pledges of the property pledged hereby for the benefit of the Providers, and the liens thereon created thereby, are intended to be and shall be of equal rank with the pledges of such property and liens thereon made and created hereby for the benefit of the Holders of Notes issued and Outstanding from time to time and by the Second General Resolution.

The pledges made hereby are valid, binding and perfected from the time when they are made and property so pledged shall immediately be subject to the lien of such pledges without any physical delivery thereof or further act, and the lien of such pledges shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. No instrument by which such pledges are created nor any financing statement need be recorded or filed. The Notes shall be special obligations of the Authority payable solely from the moneys pledged to the payment thereof and the Authority shall not be obligated to pay the principal of or interest on the Notes from any moneys other than that pledged to such payment.

**SECTION 5.02. Establishment of Funds and Accounts.** The following funds and separate accounts within funds are hereby established and shall be held and maintained by the Issuing and Paying Agent:

Proceeds Fund; and  
Payment Fund.

All moneys at any time deposited in any fund or account created hereby shall be held in trust for the benefit of the Holders of Notes and of the Providers, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided herein.

**SECTION 5.03. Proceeds Fund.** There shall be deposited into the Proceeds Fund the proceeds of the sale of the Notes and such amounts in the Proceeds Fund shall be applied immediately after receipt as follows and in the following order of priority:

**First**, transfer to the Payment Fund the amount necessary to pay or provide for the payment of principal of Notes maturing on the date such proceeds are received;

**Second**, transfer to the Administrative Agent the amount necessary to pay or provide for the payment of any amount due and owing pursuant to the Line of Credit Agreement;

**Third**, transfer in accordance with the written direction of an Authorized Representative of the Authority, the amount necessary to pay or provide for the payment of any of the Notes on their Maturity Dates, Bonds, General Resolution Bonds or Reimbursement Obligations; and

**Fourth**, to the Construction Fund.

**SECTION 5.04. Payment Fund.** There shall be deposited in the Payment Fund, all Advances made under the Line of Credit Agreement, amounts transferred from the Proceeds Fund and such other amounts as the Authority may elect to deposit in the Payment Fund. Amounts in the Payment Fund are to be used solely to pay the principal of and interest on the Notes and shall be held by the Issuing and Paying Agent in trust for such purpose.

**SECTION 5.05. Advances Under the Line of Credit Agreement.** The Dealer will use its best efforts to remarket Notes on or prior to their Maturity Dates. By 11:30 a.m.,

New York City time, on each Maturity Date, the Dealer shall give notice by telephone, or other electronic means acceptable to the parties, to the Authority and the Issuing and Paying Agent of the principal amount of Notes for which a remarketing has been arranged (and such other particulars with respect thereto as the Authority or the Dealer deem necessary) and the principal amount of Notes, if any, for which a remarketing has not been arranged. The Dealer shall by 2:30 p.m., New York City time, on a Maturity Date transfer to the Issuing and Paying Agent for deposit in the Proceeds Fund the proceeds of the remarketing of the Notes. By 12:30 p.m., New York City time, the Issuing and Paying Agent will notify the Authority of the amount of principal of and interest on maturing Notes is required to be paid, **provided, however**, that the failure to give notice shall not affect the right of the Issuing and Paying Agent to obtain moneys under the Line of Credit Agreement. Unless the Authority has otherwise provided or made provision for the payment of the principal of and interest on the maturing Notes, the Issuing and Paying Agent, by 1:00 p.m., New York City time, shall submit a Request for Advance to the Administrative Agent in accordance with the provision of the Line of Credit Agreement which is required to be honored by 3:00 p.m., New York City time, on the same Business Day. Requests for Advances submitted after 1:00 p.m., New York City time, will be honored by 10:00 a.m., New York City time, on the following Business Day.

## ARTICLE VI.

### INVESTMENT OF FUNDS

**SECTION 6.01. Investment of Funds and Accounts.** Any moneys held in the Proceeds Fund after the payments required by subparagraphs First through Third have been made shall, if permitted by law, as nearly as may be practicable, be invested, upon direction of the Authority given or confirmed in writing, signed by an Authorized Representative of the Authority (which direction shall specify the amount thereof to be so invested), in Permitted Investments; **provided, however**, that each such investment shall permit the moneys so deposited or invested to be available for use at the times at which the Authority reasonably believes such moneys will be required for the purposes hereof.

Obligations purchased or other investments made as an investment of moneys in the Proceeds Fund shall be deemed at all times to be a part of such Fund and the income or interest earned, profits realized or losses suffered by the Fund due to the investment thereof shall be retained in, credited or charged, as the case may be, to such Fund.

In computing the amount in the Proceeds Fund, obligations purchased as an investment of moneys therein or held therein shall be valued at par or the cost thereof, plus accrued interest, whichever is lower.

**SECTION 6.02. Liability for Investments.** Neither the Authority nor the Issuing and Paying Agent shall have any liability arising out of or in connection with the making of any investment authorized by the provisions of this Article VI, in the manner provided in this Article VI, for any depreciation in value of any obligation, or for any loss, direct or indirect, resulting from any investment.

## ARTICLE VII.

### PARTICULAR COVENANTS

The Authority covenants and agrees with the Holders of the Notes as follows:

**SECTION 7.01. Payment of Principal and Interest.** The Authority shall pay or cause to be paid the principal of and interest on every Note on its respective Maturity Date and at the places and in the manner provided in the Notes, according to the true intent and meaning thereof.

**SECTION 7.02. Extension of Payment of Notes.** The Authority shall not extend or assent to the extension of the maturity of any of the Notes or the time of any claim for interest and, in case the maturity of any of such Notes or the time for payment of any claims for interest shall be extended, such Notes or claims for interest shall not be entitled, in case of any default hereunder, to the benefit hereof or to any payment out of any assets of the Authority or the funds (except funds held in trust for the payment of particular Notes or claims for interest pursuant hereto), except subject to the prior payment of the principal of all Outstanding Notes the maturity of which has not been extended and of such portion of the interest on such Notes as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Authority to issue notes or bonds to refund Outstanding Notes as permitted hereby and by the Act and such issuance shall not be deemed to constitute an extension of the maturity of the Notes refunded.

**SECTION 7.03. Powers as to Notes and Pledge.** The Authority is duly authorized under the Act and all applicable laws to create and issue the Notes, to adopt the Resolution and to make the pledges made hereby in the manner and to the extent provided herein and therein. Except as set forth in Section 5.01 hereof, the Authority represents that the property pledged hereby is free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto, prior to the pledges made hereby. The Authority represents and further covenants that the Notes and the provisions hereof are and shall be the valid and legally enforceable special obligations of the Authority in accordance with their terms and the terms hereof. The Authority further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge made hereby and all of the rights of the Holders of Notes and the Providers under the Resolution against all claims and demands of all persons whomsoever.

**SECTION 7.04. Further Assurance.** The Authority, at any and all times, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, moneys, securities and accounts hereby pledged or assigned, or intended so to be, or which the Authority may hereafter become bound to pledge or assign.

**SECTION 7.05. Accounts and Audits.** The Authority shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on

behalf of the Authority by the Issuing and Paying Agent, in which complete and correct entries shall be made of its transactions relating to the Notes, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of the Providers and any Holder of a Note or his representative duly authorized in writing. The Authority shall cause such books and accounts to be audited annually after the end of its fiscal year by a nationally recognized independent public accountant selected by the Authority.

**SECTION 7.06. Creation of Liens.** The Authority shall not create or cause to be created any lien or charge prior to or of equal rank with any lien or charge created hereby; **provided, however,** that nothing contained herein shall prevent the Authority from issuing (i) General Resolution Bonds which shall have a charge or lien upon the Revenues and the moneys and investments from time to time on deposit in the FGR Subordinated Indebtedness Fund prior to the charge or lien thereon created hereby or (ii) Bonds, Parity Bond Anticipation Notes or Parity Reimbursement Obligations which may have a charge or lien upon the Revenues and the moneys and investments from time to time on deposit in the FGR Subordinated Indebtedness Fund or the Debt Service Funds equal to the charge or lien thereon created hereby.

**SECTION 7.07. Offices for Payment and Registration of Notes.** The Authority shall at all times maintain an office or agency in The City of New York where Notes may be presented for payment. The Authority shall at all times maintain an office or agency in The City of New York where Notes may be presented for registration, transfer or exchange. The Issuing and Paying Agent is hereby appointed as its agent to maintain such office or agency for the payment, registration, transfer or exchange of Notes. The provisions of this Section shall be subject to the provisions of Section 3.01 hereof.

**SECTION 7.08. Substitute Line of Credit Agreement; Assignment of Provider's Obligations.** The Authority shall not deliver or cause to be delivered to the Issuing and Paying Agent a Substitute Line of Credit Agreement or consent to the assignment by a Provider of its obligations under the Line of Credit Agreement unless simultaneously therewith there is also delivered to the Issuing and Paying Agent (i) written evidence from each of Moody's, Fitch and S&P which then rates the Notes to the effect that termination of the then existing Line of Credit Agreement and substitution of the Substitute Line of Credit Agreement therefor or the assignment of the Bank's obligations under the Line of Credit Agreement will not result in the reduction or withdrawal of the ratings of the then Outstanding Notes assigned thereto by such rating service and (ii) an opinion of counsel to the Bank issuing the Substitute Line of Credit Agreement in all respects substantially similar to the opinion required by Section 2.03(e) hereof; **provided, however,** that each Provider may issue participations in their respective obligations under the Line of Credit Agreement as and to the extent permitted in Section 8.11 thereto. The Authority shall, simultaneously with the delivery of any Substitute Line of Credit Agreement to the Issuing and Paying Agent, mail a notice of such substitution to all Noteholders existing as of the effective date of such substitution.

**SECTION 7.09. Limitation on Notes.** The Authority shall not issue Notes if (i) after such issuance the principal of and interest on all Outstanding Notes would exceed the then Available Commitment or (ii) if the aggregate principal amount of Notes which would then be Outstanding would exceed two hundred million dollars (\$200,000,000).

**SECTION 7.10. Tax Exemption.** The Authority hereby covenants with the Holder of the Master Note and the Holders, from time to time, of the Notes that, in order to maintain the exclusion from gross income for purposes of Federal income taxation of interest on the Master Note and the Notes (i) the Authority shall comply with the provisions of the Code applicable to the Master Note and the Notes necessary to maintain such exclusion, including without limitation the provisions of the Code which prescribe yield and other limits within which proceeds of the Master Note and the Notes are to be invested, and which, in certain circumstances, require the rebate of certain earnings on such amounts to the Department of the Treasury of the United States of America in accordance with Section 148(f) of the Code, (ii) the Authority shall not take any action or fail to take any action which would cause the Master Note or any of the Notes to be an “arbitrage bond” within the meaning of Section 148(a) of the Code and (iii) the Authority shall not use any part of the proceeds of the Master Note or the Notes in a manner which would cause the Master Note or any of the Notes to be a “private activity bond” within the meaning of Section 141(a) of the Code. In furtherance of the foregoing, the Authority shall comply with such written instructions as may be provided by its special tax counsel or Bond Counsel. Notwithstanding any provision of the Resolution to the contrary, the obligation of the Authority to comply with the requirements of this covenant shall survive the payment, redemption or defeasance of any and all of the Master Note and the Notes.

**SECTION 7.11. Agreement of the State.** In accordance with Section 1045-t of the Act, the Authority agrees, for and on behalf of the State, that the State will not alter or limit the rights vested by the Act in the Authority or the Board to fulfill the terms of any agreement made with or for the benefit of the Noteholders, or in any way impair the rights and remedies of Noteholders, until the Notes, together with the interest thereon, with interest on any unpaid installment of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged.

**SECTION 7.12. General.** The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions hereof in accordance with the terms of such provisions.

Upon the date of issuance of Notes, all conditions, acts and things required by the statutes of the State and hereby to exist, to have happened and to have been performed precedent to and in the issuance of such Notes, shall exist, have happened and have been performed and the issuance of such Notes, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed by the laws of the State.

## **ARTICLE VIII.**

### **CONCERNING THE ISSUING AND PAYING AGENT**

**SECTION 8.01. Appointment and Acceptance of Issuing and Paying Agent.** The Bank of New York, New York, New York, is hereby appointed Issuing and Paying Agent. The Issuing and Paying Agent shall have such duties as are imposed upon it hereby and as may be imposed upon it pursuant to the Issuing and Paying Agency Agreement. The Issuing and Paying Agent shall signify its acceptance of the duties and obligations of Issuing and Paying

Agent imposed upon it hereby and by the Issuing and Paying Agency Agreement by execution and delivery thereof.

**SECTION 8.02. Resignation or Removal of Issuing and Paying Agent.**

Subject to the provisions of the Issuing and Paying Agency Agreement, the Issuing and Paying Agent, or any successor thereof, may at any time resign or be removed by the Authority; **provided, however**, that no such resignation or removal shall take effect until a successor Issuing and Paying Agent has been appointed.

**SECTION 8.03. Successor Issuing and Paying Agent.**

In case the Issuing and Paying Agent, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Issuing and Paying Agent or of its property shall be appointed, or if any public officer shall take charge or control of the Issuing and Paying Agent or of its property or affairs, the Authority shall forthwith appoint a successor Issuing and Paying Agent. Copies of any resolution of the Authority providing for any such appointment shall be delivered by the Authority to the successor Issuing and Paying Agent so appointed and the predecessor Issuing and Paying Agent. Any successor appointed under the provisions of this Section shall be a bank located in the State having trust powers or a trust company organized under the laws of the State or national banking association located in the State having a capital and surplus aggregating at least \$200,000,000, if there be such a bank having trust powers or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms and authorized by law to perform all the duties required hereby and by the Issuing and Paying Agency Agreement.

**SECTION 8.04. Transfer of Rights and Property to Successor Issuing and**

**Paying Agent.** Any successor appointed under the provisions of Section 8.03 hereof shall execute and deliver to the Authority, an Issuing and Paying Agency Agreement accepting such appointment and the duties and obligations imposed upon it hereby and by the Issuing and Paying Agency Agreement, and thereupon such successor, without any further act, deed or conveyance shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of its predecessor hereunder and under the Issuing and Paying Agency Agreement, with like effect as if originally appointed as Issuing and Paying Agent. However, the Issuing and Paying Agent then ceasing to act shall nevertheless, on request by the Authority or of such successor, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of such Issuing and Paying Agent in and to any property held by it hereunder, and shall pay over, assign and deliver to such successor any moneys, funds or accounts, or other properties held by it as Issuing and Paying Agent. Should any deed, conveyance or instrument in writing from the Authority be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority.

**SECTION 8.05. Merger or Consolidation.**

Any company into which the Issuing and Paying Agent may be merged or with which it may be consolidated or any company

resulting from any merger or consolidation to which it shall be a party or any company to which such Issuing and Paying Agent may sell or transfer all or substantially all of its corporate trust business; **provided, however**, that such company shall be a bank having trust powers or trust company or national banking association qualified to be a successor to such Issuing and Paying Agent under the provisions of Section 8.03 hereof, shall be the successor to such Issuing and Paying Agent, with the prior written consent of the Authority, but without any further act, deed or conveyance.

## **ARTICLE IX.**

### **SUPPLEMENTAL RESOLUTIONS**

#### **SECTION 9.01. Modification and Amendment Without Consent.**

Notwithstanding any other provisions of this Article IX or Article X hereof, the Authority may adopt at any time or from time to time Supplemental Resolutions for any one or more of the following purposes, and any such Supplemental Resolution shall become effective in accordance with its terms:

(a) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Notes, provided that such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained herein;

(b) To prescribe further limitations and restrictions upon the issuance of Notes and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms hereof, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained herein;

(d) To confirm, as further assurance, any pledge under, and the subjection to any lien, claim or pledge created or to be created by the provisions of, this Resolution, of any moneys, securities or funds;

(e) To modify any of the provisions hereof in any other respects, provided that such modifications shall not be effective until after all Notes Outstanding as of the date of adoption of such Supplemental Resolution shall cease to be Outstanding, and all Notes issued after the date of adoption of such Supplemental Resolution shall contain a specific reference to the modifications contained in such subsequent Supplemental Resolutions;

(f) To modify, waive or repeal any of the limitations upon the issuance of Notes contained in Section 2.03 hereof, or to modify the provisions of Sections 2.01 and 7.09 hereof regarding an increase in the aggregate principal amount of Notes which may

be Outstanding at any time; **provided, however**, that such modification shall not adversely affect the interests of the Providers;

(g) To provide for the issuance of the Notes as book-entry only Notes utilizing systems and procedures therefor of the Depository or the nominee thereof in whose name the Notes are to be registered or to discontinue the issuance of Notes in such form and to issue the Notes in fully certificated form; or

(h) To cure any ambiguity or defect or inconsistent provision herein or to insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent herewith as theretofore in effect, or to modify any of the provisions hereof or of any previously adopted Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Noteholders or the Providers in any material respect.

**SECTION 9.02. Supplemental Resolutions Effective With Consent of Noteholders.** The provisions hereof may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the Noteholders and the Administrative Agent in accordance with and subject to the provisions of Article X hereof, such Supplemental Resolution to become effective upon the filing in the office of the Issuing and Paying Agent of a copy thereof certified by an Authorized Representative of the Authority.

**SECTION 9.03. General Provisions Relating to Supplemental Resolutions.** The Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of this Article IX and Article X hereof. Nothing contained in this Article IX or Article X hereof shall affect or limit the rights or obligations of the Authority to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of Section 7.04 hereof or the right or obligation of the Authority to execute and deliver to the Issuing and Paying Agent any instrument elsewhere herein provided or permitted to be delivered to the Issuing and Paying Agent.

A copy of every Supplemental Resolution adopted by the Authority, when filed in the office of the Issuing and Paying Agent, shall be accompanied by an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions hereof, is authorized or permitted hereby and is valid and binding upon the Authority and enforceable in accordance with its terms. Notice of the adoption of every Supplemental Resolution adopted by the Authority to which the consent of the Administrative Agent is not required by this Article IX or by Article X hereof shall be given, together with a copy of each such Supplemental Resolution, to the Providers promptly after the adoption thereof.

No Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Issuing and Paying Agent, shall become effective without the written consent of the Issuing and Paying Agent and the Administrative Agent.

## ARTICLE X.

### AMENDMENTS OF RESOLUTION

**SECTION 10.01. Powers of Amendment.** Any modification or amendment hereof and of the rights and obligations of the Authority, of the Providers and of the Holders of the Notes hereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as hereinafter provided in Section 10.02 hereof, of the Administrative Agent and of the Holders of at least a majority in principal amount of the Notes Outstanding at the time such consent is given; **provided, however,** that if such modification or amendment will, by its terms, not take effect so long as any Notes of like maturity remain Outstanding, the consent of the Holders of such Notes shall not be required and such Notes shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Notes under this Section. No such modification or amendment shall permit a change in the maturity of the principal of any Outstanding Note or of any installment of interest thereon or a reduction in the principal amount thereof or in the rate of interest thereon without the consent of the Holder of such Note, or shall reduce the percentages or otherwise affect the classes of Notes the consent of the Holders of which is required to effect any such modification or amendment.

**SECTION 10.02. Consent of Noteholders and Administrative Agent.** The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 10.01 hereof to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto), together with a request to the Administrative Agent and to the Noteholders for their consent thereto, shall promptly after adoption be mailed by the Authority to the Administrative Agent and to each registered owner of a Note and, if any Outstanding Notes are then registered to bearer, be published at least once (but failure of any particular Noteholder to receive such copy or summary and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed in the principal office of the Authority (a) the written consent of the Administrative Agent and of the Holders of the percentages of Outstanding Notes specified in Section 10.01 hereof and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions hereof, is authorized or permitted hereby, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been given as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Notes with respect to which such consent is given, which proof shall be such as is permitted by Section 13.01 hereof. Any consent given by the Administrative Agent or by a Noteholder shall be binding upon the Providers and the Noteholder giving such consent and, anything in Section 13.01 hereof to the contrary notwithstanding, upon any subsequent Provider and Noteholder and of any Notes issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Administrative Agent or the Noteholder giving such consent or a subsequent Administrative Agent or Holder thereof by filing with the Authority, prior to the time when the written statement of the Authority hereinafter in this Section provided for is filed, such revocation and, if such Notes are transferable by delivery, proof that such Notes are held by the signer of such revocation in the

manner permitted by Section 13.01 hereof. At any time after the Administrative Agent and the Holders of the required percentages of Notes shall have filed their consents to the Supplemental Resolution, the Authority shall make and file with the Authority a written statement that the Holders of such required percentages of Notes have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Authority) has been consented to by the Administrative Agent and the Holders of the required percentages of Notes and will be effective as provided in this Section, shall be given by the Authority to the Administrative Agent and to the Noteholders by mailing such notice to the Administrative Agent and to the Noteholders and, if any Outstanding Notes are then registered to bearer, by publishing the same at least once not more than ninety (90) days after the Administrative Agent and the Holders of the required percentages of Notes shall have filed their consents to the Supplemental Resolution and the written statement of the Authority hereinabove provided for is filed (but failure to mail or publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section provided). The Authority shall, if publication is required hereby, file in its principal office proof of the publication of such notice, and, if the same shall have been mailed to the Holders of Notes, of the mailing thereof. A transcript, consisting of the papers required or permitted by this Section to be filed with the Authority, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Providers, the Issuing and Paying Agent and the Holders of all Notes upon the filing with the Authority of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Authority of the proof of the first publication of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; **provided, however**, that the Authority and the Issuing and Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

**SECTION 10.03. Modifications by Unanimous Consent.** The terms and provisions hereof and the rights and obligations of the Authority and of the Holders of the Notes may be modified or amended in any respect upon the adoption and filing with the Issuing and Paying Agent of a copy of a Supplemental Resolution certified by an Authorized Representative of the Authority and with the Authority the consent of the Administrative Agent and of the Holders of all of the Notes then Outstanding, such consent to be given as provided in Section 10.02 hereof, except that no notice to the Providers or to the Noteholders either by mailing or publication shall be required.

**SECTION 10.04. Mailing and Publication.** Any provision in this Article X for the mailing of a notice or other document to Noteholders shall be fully complied with if it is mailed postage prepaid only to each registered owner of Notes then Outstanding at such person's address, if any, appearing upon the registry books of the Authority, and to the Providers.

Any provision in this Article X for publication of a notice or other matter shall require the publication thereof only in an Authorized Newspaper.

**SECTION 10.05. Exclusion of Notes.** Notes owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action provided for herein, and the Authority shall not be entitled with respect to such Notes to give any consent or take any other action provided for herein.

**SECTION 10.06. Notation on Notes.** Notes delivered after the effective date of any action taken as in Article IX hereof or this Article X provided may bear a notation by endorsement or otherwise in form approved by the Authority as to such action, and in that case upon demand of the Holder of any Note Outstanding at such effective date and upon presentation of his Note for such purpose at the office of the Issuing and Paying Agent suitable notation shall be made on such Note by the Issuing and Paying Agent as to any such action. If the Authority shall so determine, new Notes so modified as, in the opinion of the Authority, conform to such action shall be prepared and delivered, and upon demand of the Holder of any Note then Outstanding shall be exchanged, without cost to such Noteholder, for Notes of the same date, maturity and interest rate then Outstanding, upon surrender of such Notes.

## **ARTICLE XI.**

### **DEFAULTS AND REMEDIES**

**SECTION 11.01. Events of Default.** An event of default shall exist hereunder (herein called “event of default”) if:

(a) Payment of the principal of or an installment of interest on any Note shall not be made by the Authority when the same shall become due and payable, either at maturity or otherwise; or

(b) The Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained herein or in the Notes on the part of the Authority to be performed and such default shall continue for forty-five (45) days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority by the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Notes; or

(c) An “event of default” within the meaning of the General Resolution, the Second General Resolution or any agreement or instrument providing for the issuance of any Parity Bond Anticipation Note or Parity Reimbursement Obligation within the meaning of the General Resolution or the Second General Resolution shall have occurred and be continuing.

**SECTION 11.02. Enforcement of Remedies.** Upon the happening and continuance of any event of default specified in Section 11.01 hereof, then and in every such case, the Holder of any Note shall be entitled to proceed to protect and enforce such Holder’s rights by such appropriate judicial proceeding as such Holder shall deem most effectual to

protect and enforce any such right, either by suit in equity or by action in law, whether for specific performance of any covenant or agreement contained herein, or in aid of the exercise of any power granted hereby, or to enforce any other legal or equitable right vested in the Holders of the Notes hereby or by the Notes or by law; **provided, however**, that the principal of all Outstanding Notes and the interest accrued thereon may not be declared to be due and payable except upon the happening and continuance of an event of default specified in Section 11.01(a) hereof. Except as limited by this Article XI, the Holders of the Notes shall have such remedies as may be provided by law, including, specifically, by Section 1045-p of the Act.

**SECTION 11.03. Remedies not Exclusive.** No remedy herein conferred upon or reserved to the Noteholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

**SECTION 11.04. Priority of Payments After Default.** If at any time the moneys held hereunder shall not be sufficient to pay the principal of and interest on the Notes as the same become due and payable (either by their terms or by acceleration of maturity under the provisions of the Act), such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through exercise of the remedies provided for in the Act or otherwise, shall, subject to the provisions of Section 14.03 hereof, be applied as follows:

(a) Unless the principal of all the Notes shall have become or has been declared due and payable, all such moneys shall be applied:

**First:** To the payment to the persons entitled thereto of interest then due in the order such interest is due, and, if the amount available shall not be sufficient to pay in full the interest then due, then to the payment thereof ratably, according to the amounts due, to the persons entitled thereto, without any discrimination or preference; and

**Second:** To the payment to the persons entitled thereto of the unpaid principal of any Notes which shall have become due at maturity in the order of their Maturity Dates and, if the amount available shall not be sufficient to pay in full all Notes due on any Maturity Date, then to the payment thereof ratably, according to the amount of principal due on such Maturity Date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Notes shall have become or been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Notes without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Note over any other Note, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto,

without any discrimination or preference except as to the difference in the respective rates of interest specified in the Notes.

## ARTICLE XII.

### DEFEASANCE

**SECTION 12.01. Defeasance.** (a) If the Authority shall pay or cause to be paid to the Holders of the Notes the principal of and interest thereon, at the times and in the manner stipulated therein and herein, then the pledge made hereby and all other rights granted hereby to such Notes and the covenants, agreements, and other obligations of the Authority shall cease, terminate and become void and be discharged and satisfied with respect to the Notes and the Holders thereof, but not with respect to the Providers. In such event, all moneys or investment securities held by it pursuant to this Resolution which are not required for the payment of the Notes shall be paid or delivered by the Issuing and Paying Agent as follows: first, to the Providers, the amount, if any, certified by the Administrative Agent to be remaining due or past due to the Providers in respect of any Reimbursement Obligations under the Line of Credit Agreement and second, the balance, if any, thereof to the Authority. If the Authority shall pay all Reimbursement Obligations incurred by the Authority under the Line of Credit Agreement, then the pledge made hereby and all other rights granted hereby to the Providers and the covenants, agreements and other rights of or obligations of the Authority to the Providers hereunder shall cease, terminate and become void and be discharged and satisfied. In the event of any discharge and satisfaction provided for in this Section 12.01(a), the Issuing and Paying Agent shall, upon request of the Authority, execute and deliver such documents to evidence satisfaction as may be reasonably required by the Authority.

(b) Notes for the payment of which moneys shall have been set aside and shall be held in trust (through deposit of moneys or Defeasance Securities for such payment with a bank or trust company having a capital and surplus of not less than \$200,000,000, to be held in a separate account irrevocably in trust for the Holders thereof) shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section. Notes shall, prior to the maturity date thereof, be deemed to have been paid within the meaning and with the effect expressed in Section 12.01(a) hereof if there shall have been deposited in trust (through deposit of moneys or Defeasance Securities for such payment with a bank or trust company having a capital and surplus of not less than \$200,000,000, to be held in a separate account irrevocably in trust for the Holders thereof) either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which, when due, will provide moneys which, together with the moneys, if any, deposited in trust at the same time, shall be sufficient, to pay when due the principal and interest due and to become due on said Notes on and prior to the maturity date thereof. Neither the Defeasance Securities nor the moneys deposited in trust pursuant to this Section 12.01(b) nor the principal or interest payments on such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Notes; **provided, however**, that any moneys not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal and interest to become due on the Notes on and prior to the maturity date thereof. Any income or interest

earned by, or increment to, the investment of any such moneys so deposited, shall, to the extent in excess of the amounts required hereinabove to pay the principal and interest on the Notes, as realized, be paid as follows: first, to the Providers, the amount, if any, certified by the Administrative Agent to be remaining due or past due to the Providers in respect of any Reimbursement Obligation under the Line of Credit Agreement, and, then, the balance thereof to the Authority, and any such moneys shall be released from any trust, pledge, lien, encumbrance or security interest created hereby.

(c) Anything herein to the contrary notwithstanding, any moneys held for the payment and discharge of any of the Notes which remain unclaimed for a period of one (1) year after the date such Notes have become due and payable at their stated maturity dates shall, at the written request of the Authority, be repaid to the Authority as its absolute property and free from trust, and the Issuing and Paying Agent shall thereupon be released and discharged with respect thereto and the Holders of Notes shall look only to the Authority for the payment of such Notes; **provided, however**, that, before being required to make any such payment to the Authority, the Issuing and Paying Agent or the bank or trust company holding such moneys may, at the expense of the Authority, cause to be published in an Authorized Newspaper a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after the date of publication of such notice, the balance of such moneys then unclaimed shall be returned to the Authority.

## ARTICLE XIII.

### EXECUTION OF INSTRUMENTS BY NOTEHOLDERS AND PROOF OF OWNERSHIP OF NOTES

**SECTION 13.01. Evidence of Signatures of Noteholders and Ownership of Notes.** Any request, consent or other instrument which the Resolution may require or permit to be signed and executed by a Holder or Holders of Notes may be in one or more instruments of similar tenor, and shall be signed or executed by such Holder or Holders of Notes in person or by his or their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, or the holding or owning by any person of such Notes, shall be sufficient for any purpose hereof (except as otherwise herein expressly provided) if made in the following manner, but the Authority or the Issuing and Paying Agent may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Noteholder or his attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of any officer of a bank or trust company satisfactory to the Authority or the Issuing and Paying Agent or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Noteholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice-president

of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

(b) The amount of Notes transferable by delivery held by any person executing such request or other instrument as a Noteholder, and the numbers and other identification thereof, and the date of his holding such Notes, may be proved by a certificate (which need not be acknowledged or verified) satisfactory to the Authority, executed by any officer or partner of a bank, trust company, or other financial firm or corporation satisfactory to the Authority, showing that at the date therein mentioned such person exhibited to such officer or partner or had on deposit with such depository the Notes described in such certificate. Continued ownership after the date stated in such certificate shall be presumed unless and until a certificate complying with the provisions of this paragraph (b), bearing a subsequent date and relating to the same Notes, shall be delivered to the Authority.

The ownership of Notes registered other than to bearer and the amount, numbers and other identification, and date of holding or owning the same shall be proved by the registry books. Any request, consent or vote of the owner of any Note shall bind all future owners of such Note in respect of anything done or suffered to be done or omitted to be done by the Authority or the Issuing and Paying Agent in accordance therewith.

#### **ARTICLE XIV.**

#### **MISCELLANEOUS**

**SECTION 14.01. Further Authority.** Each Authorized Representative of the Authority is hereby authorized to execute and deliver such documents, agreements, instruments and certifications as may be necessary to give effect to this Resolution.

**SECTION 14.02. Repealing Clause.** The Commercial Paper Note Resolution (Series Five), adopted by the Board on December 19, 1996 is superseded and repealed in its entirety. Furthermore, all other resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

**SECTION 14.03. Preservation and Inspection of Documents.** All documents received by the Issuing and Paying Agent from the Authority or by the Authority or the Issuing and Paying Agent from Noteholders under the provisions hereof shall be retained in their possession until no Notes remain Outstanding and, at all reasonable times and with reasonable notice to the Authority, shall be subject to inspection by any Noteholder, the Providers and their agents and their representatives, any of whom may make copies thereof; **provided, however**, that with respect to inspection by a Noteholder a written request of such Noteholder must have been received by the Issuing and Paying Agent or the Authority, as the case may be, at least five (5) Business Days prior to the date of inspection.

**SECTION 14.04. Moneys and Funds Held for Particular Notes.** The amounts held by the Issuing and Paying Agent for the payment of the principal of and interest on the Notes due on any date with respect to particular Notes shall, pending such payment, be set

aside and held in trust by it for the Holders of such Notes entitled thereto, and for the purposes hereof such principal of and interest on such Notes, due after such date thereof, shall no longer be considered to be unpaid.

**SECTION 14.05. Cancellation of Notes.** The Issuing and Paying Agent shall forthwith cancel all Notes which have been paid by it and may destroy such Notes and deliver a certificate to that effect to the Authority. No such Notes shall be deemed Outstanding Notes hereunder and no Notes shall be issued in lieu thereof.

**SECTION 14.06. No Recourse under Resolution or on the Notes.** All covenants, stipulations, promises, agreements, representations and obligations of the Authority contained herein shall be deemed to be the covenants, stipulations, promises, agreements, representations and obligations of the Authority and not of any member, officer or employee of the Authority in his individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Notes or for any claims based thereon or hereon against any member, officer or employee of the Authority or any person executing the Notes, all such liability, if any, being expressly waived and released by every Holder of Notes by the acceptance of the Notes.

**SECTION 14.07. Survival of Particular Covenants.** The obligation of the Authority to comply with the provisions of Section 7.08 hereof with respect to the rebate of certain earnings to the Department of the Treasury of the United States of America, accounting therefor and the maintenance of records relating thereto shall remain in full force and effect so long as the Authority shall be required by the Code to rebate such Excess Earnings notwithstanding that Notes are no longer Outstanding.

**SECTION 14.08. Termination of Providers' Rights.** Whenever by the terms hereof the consent or approval of the Administrative Agent is required, such consent or approval shall not be required if the Providers are then in default in their payment obligations under the Line of Credit Agreement (i.e., the Providers shall have failed to pay a Request for Advance made in strict compliance with the Line of Credit Agreement). Nothing contained herein shall limit or impair the rights of the Authority or the Holders of Notes to give any consent or approval or to request or direct any action to be taken and, if the Providers are then in default under the Line of Credit Agreement, such consent or approval shall be effective without the consent or approval of the Administrative Agent otherwise required hereby and such action may be taken notwithstanding that such request or direction is required to be made or given together with the Administrative Agent. Any consent or approval of the Administrative Agent required hereby shall be deemed to have been given (i) if notice of the denial of such consent or approval is not given to the Authority within forty-five (45) days after written request therefor is made; **provided, however**, that in such instance such Administrative Agent consent or approval shall only be deemed to be given where the request for consent or approval so stated that failure to deny such request within such forty-five (45) days would be deemed approval or consent, or (ii) if such consent or approval is unreasonably withheld or delayed.

**SECTION 14.09. Severability of Invalid Provision.** If any one or more of the covenants, stipulations, promises, agreements and obligations provided herein on the part of the Authority or the Issuing and Paying Agent to be performed should be contrary to law, then such

covenant or covenants, stipulation or stipulations, promise or promises, agreement or agreements or obligation or obligations shall be null and void, shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions hereof or of the Notes.

**SECTION 14.10. Parties of Interest.** Nothing herein, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than the Authority, the Providers and the Holders of the Notes any rights, remedies or claims hereunder or by reason hereof or any covenant, condition or stipulation thereof. All covenants, stipulations, promises and agreements herein contained by or on behalf of the Authority shall be for the sole and exclusive benefit of the Authority and the Holders from time to time of the Notes, and where so stated, the Providers.

**SECTION 14.11. Notices.** Except as otherwise provided herein, any notices, directions or other instruments required to be given or delivered pursuant hereto shall be in writing and shall be delivered by hand against the written receipt therefor or sent by registered or certified mail addressed: in the case of the Authority, to it to the attention of the Authority's Executive Director, at 59 Maiden Lane, 35<sup>th</sup> Floor, New York, New York 10038, with a copy to the City's Law Department, to the attention of the Chief, Municipal Finance Division, at 59 Maiden Lane, 36<sup>th</sup> Floor, New York, New York 10038; in the case of the Issuing and Paying Agent, addressed to it at the office of the Issuing and Paying Agent at the address of such office set forth in the Issuing and Paying Agency Agreement; in the case of the Providers, addressed to each at the offices of the Providers at the respective addresses set forth in the Line of Credit Agreement; or, in each case, to such other individual and at such other address as the person to be notified shall have specified by notice to the other persons.

The Authority shall promptly provide each Rating Service with written notice (i) of any material revision to the Issuing and Paying Agency Agreement or the Line of Credit Agreement, (ii) that Notes are no longer Outstanding under the Resolution, including upon defeasance thereof pursuant to Section 12.01 hereof, (iii) of any material revision to any dealer agreement with respect to the issuance and sale of the Notes, (iv) of any amendment to the Resolution, (v) of any extension, expiration, termination or substitution of the Line of Credit Agreement and (vi) of the appointment of a successor Issuing and Paying Agent.

**SECTION 14.12. Other Resolutions.** The Authority expressly reserves the right to adopt one or more other resolutions and to issue bonds, notes and other obligations thereunder without compliance with the provisions hereof.

**SECTION 14.13. Headings.** Any headings preceding the text of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part hereof nor shall they affect its meaning, construction or effect.

**SECTION 14.14. Governing Laws.** The Resolution shall be governed by and construed in accordance with the laws of the State.

**SECTION 14.15. Effective Date.** This Resolution shall take effect immediately upon its adoption.

**FORM OF MASTER NOTE**

**NEW YORK CITY  
MUNICIPAL WATER FINANCE AUTHORITY**

**MUNICIPAL COMMERCIAL PAPER-TECP MASTER NOTE  
(SERIES FIVE, LOT)**

\_\_\_\_\_, 2002  
(Date of Issuance)

New York City Municipal Water Finance Authority (the "Issuer"), for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or to registered assigns: (i) the outstanding principal amount, together with unpaid unaccrued interest thereon, if any, on the maturity date of each obligation identified on the records of Issuer (the "Underlying Records") as being evidenced by this Master Note, which Underlying Records are maintained by The Bank of New York ("Paying Agent"); (ii) interest on the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records; and (iii) the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records. Payments shall be made solely by wire transfer to the registered owner from Paying Agent without the necessity of presentation and surrender of this Master Note.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS MASTER NOTE SET FORTH ON THE REVERSE HEREOF.

This Master Note is a valid and binding obligation of Issuer.

Not Valid Unless Countersigned for Authentication by Paying Agent.

The Bank of New York  
(Paying Agent)

New York City Municipal  
Water Finance Authority  
(Issuer)

By: \_\_\_\_\_  
(Authorized Countersignature)

By: \_\_\_\_\_  
(Authorized Signature)

(SEAL)

Attest and Countersign:

By: \_\_\_\_\_  
(Authorized Signature)

At the request of the registered owner, Issuer shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date of any such note certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Master Note.

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

\_\_\_\_\_  
(Name, Address, and Taxpayer Identification Number of Assignee)

the Master Note and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_ attorney to transfer said Master Note on the books of Issuer with full power of substitution in the premises.

Dated:

\_\_\_\_\_  
Signature(s) Guaranteed:

\_\_\_\_\_  
(Signature)

Notice: The signature on this assignment must correspond with the name as written upon the face of this Master Note, in every particular, without alteration or enlargement or any change whatsoever

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**FORM OF CP NOTES**

**[FRONT OF NOTE]**

**NEW YORK CITY MUNICIPAL WATER  
FINANCE AUTHORITY**

**COMMERCIAL PAPER NOTE  
(SERIES FIVE)**

No. CP-5-

ISSUE DATE:

MATURITY DATE:

PRINCIPAL AMOUNT:

INTEREST RATE:

INTEREST AMOUNT:

FOR VALUE RECEIVED, The **NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY** (the “Authority”), a body corporate and politic constituting a public benefit corporation, created and existing under and by virtue of the New York City Municipal Water Finance Authority Act, as amended (the “Act”), constituting Title 2A of Article 5 of the Public Authorities Law of the State of New York (the “State”), acknowledges itself indebted and for value received hereby promises to pay, but only from the sources mentioned herein, to [Bearer] [Name of Registered Owner if other than Bearer, or registered assigns], the Principal Amount stated above, with accrued interest thereon at the Interest Rate stated above, on the Maturity Date stated above, upon the presentation and surrender hereof at the office of The Bank of New York (the “Issuing and Paying Agent”), 20 Exchange Place, Ground Floor Window, New York, New York 10005. The principal of and interest on this Note are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

**REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THE NOTE SET FORTH ON THE REVERSE HEREOF AND SUCH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.**

It is hereby certified, recited, and declared that all conditions, acts and things required by the Constitution or statutes of the State and the Resolution to exist, to have happened or to have been performed precedent to or in connection with the issuance of this Note exist, have happened and have been performed and that the issuance of the Notes, together with all other indebtedness of the Authority, is within every debt and other limit prescribed by said Constitution and statutes.

This Note shall not be valid until the Certificate of Authentication hereon shall have been manually signed by the Issuing and Paying Agent.

**IN WITNESS WHEREOF, THE NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY** has caused this Note to be signed in its name and on its behalf by its Chairman or Executive Director and attested by its Secretary or Assistant Secretary (the signatures of said officers may be by facsimile), and has caused its corporate seal to be affixed or reproduced hereon, and said officials by the execution hereof do adopt as and for their own proper signatures the signatures appearing on each of the Notes, all as of the Dated Date specified above.

**NEW YORK CITY MUNICIPAL  
WATER FINANCE AUTHORITY**

ATTEST:

By: \_\_\_\_\_  
Title:

\_\_\_\_\_  
Title:

[SEAL]

**ISSUING AND PAYING AGENT'S  
CERTIFICATE OF AUTHENTICATION**

This Note is one of the Notes  
described in the within  
mentioned Resolution.

**THE BANK OF NEW YORK**, as Issuing and  
Paying Agent

By: \_\_\_\_\_  
Authorized Signatory

Date of Authentication:

\* \* \*

**[BACK OF NOTE]**

Unless otherwise defined herein, all terms herein shall have the same meanings, respectively, as such terms are given in the Resolution (as hereinafter defined).

This Note is one of a duly authorized issue of Notes of the Authority (hereinafter called the “Notes”), to be issued from time to time by the Authority in the aggregate principal amount outstanding at any time not to exceed the amounts set forth below, under and pursuant to the Act, and pursuant to the Commercial Paper Note Resolution (Series Five), adopted by the Authority on January \_\_, 2002 (hereinafter called the “Resolution”). This Note and all Notes issued pursuant to the Resolution shall be special obligations of the Authority.

Subject to the limitations of, and the rights of the holders of General Resolution Bonds, Second General Resolution Bonds, Parity Bond Anticipation Notes and Parity Reimbursement Obligations, the Authority pledges to the Holders from time to time of the Notes (i) as security for the payment of the interest on the Notes, the Revenues of the System and the moneys and investments from time to time on deposit in the FGR Subordinated Indebtedness Fund, the Funds and Accounts and the funds and accounts established by the Resolution; provided, however, that the pledge of the Revenues and the moneys and investments from time to time on deposit in the FGR Subordinated Indebtedness Fund shall be subject and subordinate to the pledge thereof made by the General Resolution for the benefit of the holders of General Resolution Bonds issued and outstanding at any time; (ii) as security for the payment of the principal of the Notes, the moneys and investments from time to time on deposit in the funds and accounts established hereby; and (iii) as security for payment of the principal of and interest on the Notes, the proceeds of the Bonds or General Resolution Bonds issued for the purpose of paying or providing for the payment of Outstanding Notes.

The Holder of this Note is entitled to the benefits of that certain Line of Credit Agreement, by the Providers and the Authority (the “Line of Credit Agreement”), under which the Providers have agreed to pay, upon demand of the Issuing and Paying Agent made in accordance with the Line of Credit Agreement, amounts sufficient to pay the principal of and interest on Outstanding Notes as the same become due.

Copies of the Resolution and the Line of Credit Agreement are on file with and available for inspection at the offices of the Issuing and Paying Agent, at the above address, and at the offices of the Authority. Reference is made to the Resolution and the Act for a description of the provisions relating, among other things, to the terms of and security for the Notes, the rights, limitation of rights, obligations, duties, immunities and remedies of the Authority, the Issuing and Paying Agent and the Holders of the Notes and to the terms and conditions under which the Notes are issued and may be issued thereunder, and, by the acceptance of this Note, the Holder hereof assents to all provisions of the Resolution.

The Notes shall be issued in the denomination of \$100,000 or larger integral multiple of \$100,000. The Notes are issued for the purposes described in the Resolution. Under the Resolution, the aggregate principal amount of Notes which may, from time to time, be executed, authenticated and delivered is unlimited, except that the Authority shall not issue Notes if after such issuance the principal of all Outstanding Notes would exceed the amount of the then Available Commitment under the Line of Credit Agreement.

The Notes issued from time to time under the Resolution may mature at different times, may bear interest at different rates, and may otherwise vary as provided by the Resolution.

This Note is not subject to redemption prior to the maturity thereof.

In case an Event of Default, as defined in the Resolution, shall occur, as described in Section 11.01(a) of the Resolution, the principal of and interest on this Note may be declared due and payable in the manner and with the effect provided in the Resolution.

The Resolution permits a discharge and satisfaction of the pledge of the Revenues or other moneys and securities pledged by the Resolution to Outstanding Notes, in the event that there shall have been set aside and held in trust either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with the moneys, if any, so set aside, deposited and held at the same time, shall be sufficient to pay when due the principal and interest due and to become due on the Notes on and prior to the maturity date thereof.

The Holder of this Note shall have no right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution, or for any other remedy under the Resolution, except as otherwise expressly provided in the Resolution.

This Note is not and shall not be a debt of the State, the City of New York and the New York City Water Board nor shall the State, the City of New York and the New York City Water Board be liable thereon. The Authority's liability on this Note is limited to payment from the sources described in the Resolution.

No recourse shall be had for the payment of the principal of or interest on this Note or for any claims based thereon or on the Resolution against any member, officer, official or employee of the Authority or any person executing this Note, all such liability, if any, being hereby expressly waived and released by every Holder of this Note by the acceptance hereof, as provided in the Resolution.

The Resolution contains provisions permitting the Authority to adopt Supplemental Resolutions modifying or amending the Resolution and the rights and obligations of the Authority and the Holders of the Notes thereunder, with the written consent of the Bank and of the Holders of at least a majority in principal amount of the Notes Outstanding thereunder; however, if such modification or amendment will, by its terms, not take effect so long as any Notes of like maturity remain Outstanding, the consent of the Holders of such Notes shall not be required and such Notes shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Notes under that section of the Resolution. No modification or amendment shall permit a change in the maturity of the principal of any Outstanding Note or of

any installment of interest thereon or a reduction in the principal amount thereof or in the rate of interest thereon without the consent of the Holder of such Note, or reduce the percentages or otherwise affect the classes of Notes the consent of the Holders of which is required to effect any such modification or amendment.

This Note is a negotiable instrument as provided in the Act subject, however, to the provisions for registration and transfer contained in the Resolution and in this Note. This Note, if registered to bearer shall be transferable by delivery, and may be registered on the books of the Authority at the office of the Issuing and Paying Agent, upon presentation thereof at said office and the payment of such charges as provided in the Resolution. After said registration no transfer thereof shall be valid unless made on said books by the registered owner in person or by its attorney duly authorized in writing and similarly noted on such Note; but such Note may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery. Thereafter such Note may, subject to the Resolution, again, from time to time, be registered or discharged from registration in the same manner. This Note, if registered other than to bearer, is transferable, as provided in the Resolution, only upon the registration books kept by the Issuing and Paying Agent as registrar of the Authority, at the request of the registered owner hereof in person or by its attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Issuing and Paying Agent duly executed by the registered owner or its duly authorized attorney and upon the payment of such charges as provided in the Resolution. Upon such surrender for transfer, the Authority shall issue in the name of the transferee a new Note or Notes in accordance with the provisions of the Resolution and this Note providing for the interchangeability of Notes.

The Authority, and the Issuing and Paying Agent may deem and treat the bearer or, if registered other than to bearer, the person in whose name this Note is registered, as the case may be, as the absolute owner hereof, whether this Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on this Note and for all other purposes, and all such payments so made to bearer or the registered owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon this Note to the extent of the sum or sums so paid, and neither the Authority nor the Issuing and Paying Agent shall be affected by any notice to the contrary.

This Note, if registered to bearer, upon surrender thereof at the office of the Issuing and Paying Agent may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of Notes registered other than to bearer of the same date, maturity and interest rate of any other authorized denominations. This Note, if registered other than to bearer, upon surrender thereof at the office of the Issuing and Paying Agent with a written instrument of transfer in substantially the form annexed hereto, duly executed by the registered owner or its attorney duly authorized in writing, may, subject to the provisions of the Resolution, be exchanged for an equal aggregate principal amount of Notes registered to bearer of the same date, maturity and interest rate of any other authorized denominations.

For every exchange or transfer of this Note the Authority or the Issuing and Paying Agent may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer, as a condition precedent to

the exercise of the privilege of making such exchange or transfer. The cost of preparing each new Note issued upon such exchange or transfer and any other expenses of the Authority or the Issuing and Paying Agent incurred in connection therewith, shall be paid by the person requesting such exchange or transfer.

**[Interest on this Note is not excluded from gross income for Federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended]**

### ASSIGNMENT

**FOR VALUE RECEIVED** the undersigned hereby sells, assigns and transfers unto (PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE):

(Please print or typewrite name and address including postal zip code of assignee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ Attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

In the presence of:

\_\_\_\_\_  
**NOTICE:** The signature to this assignment must correspond with the name as written upon the face of the Note in every particular, without alteration or enlargement, or any change whatsoever.

Signature Guaranteed:

\_\_\_\_\_

**FORM OF TECP NOTES**

**[FRONT OF NOTE]**

**NEW YORK CITY MUNICIPAL WATER  
FINANCE AUTHORITY**

**COMMERCIAL PAPER NOTE  
(SERIES FIVE)**

No. TECP-5- -

ISSUE DATE:

MATURITY DATE:

PRINCIPAL AMOUNT:

INTEREST RATE:

INTEREST AMOUNT:

FOR VALUE RECEIVED, The **NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY** (the "Authority"), a body corporate and politic constituting a public benefit corporation, created and existing under and by virtue of the New York City Municipal Water Finance Authority Act, as amended (the "Act"), constituting Title 2A of Article 5 of the Public Authorities Law of the State of New York (the "State"), acknowledges itself indebted and for value received hereby promises to pay, but only from the sources mentioned herein, to [Bearer] [Name of Registered Owner if other than Bearer, or registered assigns], the Principal Amount stated above, with accrued interest thereon at the Interest Rate stated above, on the Maturity Date stated above, upon the presentation and surrender hereof at the office of The Bank of New York (the "Issuing and Paying Agent"), 20 Exchange Place, Ground Floor Window, New York, New York 10005. The principal of and interest on this Note are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

**REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THE NOTE SET FORTH ON THE REVERSE HEREOF AND SUCH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.**

It is hereby certified, recited, and declared that all conditions, acts and things required by the Constitution or statutes of the State and the Resolution to exist, to have happened

or to have been performed precedent to or in connection with the issuance of this Note exist, have happened and have been performed and that the issuance of the Notes, together with all other indebtedness of the Authority, is within every debt and other limit prescribed by said Constitution and statutes.

This Note shall not be valid until the Certificate of Authentication hereon shall have been manually signed by the Issuing and Paying Agent.

**IN WITNESS WHEREOF, THE NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY** has caused this Note to be signed in its name and on its behalf by its Chairman or Executive Director and attested by its Secretary or Assistant Secretary (the signatures of said officers may be by facsimile), and has caused its corporate seal to be affixed or reproduced hereon, and said officials by the execution hereof do adopt as and for their own proper signatures the signatures appearing on each of the Notes, all as of the Dated Date specified above.

NEW YORK CITY MUNICIPAL WATER  
FINANCE AUTHORITY

ATTEST:

By: \_\_\_\_\_  
Title:

\_\_\_\_\_  
Title:

[SEAL]

**ISSUING AND PAYING AGENT'S  
CERTIFICATE OF AUTHENTICATION**

This Note is one of the Notes described in the within mentioned Resolution.

**THE BANK OF NEW YORK**, as Issuing and Paying Agent

By: \_\_\_\_\_  
Authorized Signatory

Date of Authentication:

\* \* \*

**[BACK OF NOTE]**

Unless otherwise defined herein, all terms herein shall have the same meanings, respectively, as such terms are given in the Resolution (as hereinafter defined).

This Note is one of a duly authorized issue of Notes of the Authority (hereinafter called the “Notes”), to be issued from time to time by the Authority in the aggregate principal amount outstanding at any time not to exceed the amounts set forth below, under and pursuant to the Act, and pursuant to the Commercial Paper Note Resolution (Series Five), adopted by the Authority on January \_\_, 2002 (hereinafter called the “Resolution”). This Note and all Notes issued pursuant to the Resolution shall be special obligations of the Authority.

Subject to the limitations of, and the rights of the holders of General Resolution Bonds, Second General Resolution Bonds, Parity Bond Anticipation Notes and Parity Reimbursement Obligations, the Authority pledges to the Holders from time to time of the Notes (i) as security for the payment of the interest on the Notes, the Revenues of the System and the moneys and investments from time to time on deposit in the FGR Subordinated Indebtedness Fund, the Funds and Accounts and the funds and accounts established by the Resolution; **provided, however**, that the pledge of the Revenues and the moneys and investments from time to time on deposit in the FGR Subordinated Indebtedness Fund shall be subject and subordinate to the pledge thereof made by the General Resolution for the benefit of the holders of General Resolution Bonds issued and outstanding at any time; (ii) as security for the payment of the principal of the Notes, the moneys and investments from time to time on deposit in the funds and accounts established hereby; and (iii) as security for payment of the principal of and interest on the Notes, the proceeds of the Bonds or General Resolution Bonds issued for the purpose of paying or providing for the payment of Outstanding Notes.

The Holder of this Note is entitled to the benefits of that certain Line of Credit Agreement, by and between the Providers and the Authority (the “Line of Credit Agreement”), under which the Providers have has agreed to pay, upon demand of the Issuing and Paying Agent made in accordance with the Line of Credit Agreement, amounts sufficient to pay the principal of and interest on Outstanding Notes as the same become due.

Copies of the Resolution and the Line of Credit Agreement are on file with and available for inspection at the offices of the Issuing and Paying Agent, at the above address, and at the offices of the Authority. Reference is made to the Resolution and the Act for a description of the provisions relating, among other things, to the terms of and security for the Notes, the rights, limitation of rights, obligations, duties, immunities and remedies of the Authority, the Issuing and Paying Agent and the Holders of the Notes and to the terms and conditions under which the Notes are issued and may be issued thereunder, and, by the acceptance of this Note, the Holder hereof assents to all provisions of the Resolution.

The Notes shall be issued in the denomination of \$100,000 or larger integral multiple of \$100,000. The Notes are issued for the purposes described in the Resolution. Under the Resolution, the aggregate principal amount of Notes which may, from time to time, be

executed, authenticated and delivered is unlimited, except that the Authority shall not issue Notes if after such issuance the principal of all Outstanding Notes would exceed the amount of the then Available Commitment under the Line of Credit Agreement.

The Notes issued from time to time under the Resolution may mature at different times, may bear interest at different rates, and may otherwise vary as provided by the Resolution.

This Note is not subject to redemption prior to the maturity thereof.

In case an Event of Default, as defined in the Resolution, shall occur, as described in Section 11.01(a) of the Resolution, the principal of and interest on this Note may be declared due and payable in the manner and with the effect provided in the Resolution.

The Resolution permits a discharge and satisfaction of the pledge of the Revenues or other moneys and securities pledged by the Resolution to Outstanding Notes, in the event that there shall have been set aside and held in trust either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with the moneys, if any, so set aside, deposited and held at the same time, shall be sufficient to pay when due the principal and interest due and to become due on the Notes on and prior to the maturity date thereof.

The Holder of this Note shall have no right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution, or for any other remedy under the Resolution, except as otherwise expressly provided in the Resolution.

This Note is not and shall not be a debt of the State, the City of New York and the New York City Water Board nor shall the State, the City of New York and the New York City Water Board be liable thereon. The Authority's liability on this Note is limited to payment from the sources described in the Resolution.

No recourse shall be had for the payment of the principal of or interest on this Note or for any claims based thereon or on the Resolution against any member, officer, official or employee of the Authority or any person executing this Note, all such liability, if any, being hereby expressly waived and released by every Holder of this Note by the acceptance hereof, as provided in the Resolution.

The Resolution contains provisions permitting the Authority to adopt Supplemental Resolutions modifying or amending the Resolution and the rights and obligations of the Authority and the Holders of the Notes thereunder, with the written consent of the Bank and of the Holders of at least a majority in principal amount of the Notes Outstanding thereunder; however, if such modification or amendment will, by its terms, not take effect so long as any Notes of like maturity remain Outstanding, the consent of the Holders of such Notes shall not be required and such Notes shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Notes under that section of the Resolution. No modification or amendment shall permit a change in the maturity of the principal of any Outstanding Note or of any installment of interest thereon or a reduction in the principal amount thereof or in the rate of interest thereon without the consent of the Holder of such Note, or reduce the percentages or

otherwise affect the classes of Notes the consent of the Holders of which is required to effect any such modification or amendment.

This Note is a negotiable instrument as provided in the Act subject, however, to the provisions for registration and transfer contained in the Resolution and in this Note. This Note, if registered to bearer shall be transferable by delivery, and may be registered on the books of the Authority at the office of the Issuing and Paying Agent, upon presentation thereof at said office and the payment of such charges as provided in the Resolution. After said registration no transfer thereof shall be valid unless made on said books by the registered owner in person or by its attorney duly authorized in writing and similarly noted on such Note; but such Note may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery. Thereafter such Note may, subject to the Resolution, again, from time to time, be registered or discharged from registration in the same manner. This Note, if registered other than to bearer, is transferable, as provided in the Resolution, only upon the registration books kept by the Issuing and Paying Agent as registrar of the Authority, at the request of the registered owner hereof in person or by its attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Issuing and Paying Agent duly executed by the registered owner or its duly authorized attorney and upon the payment of such charges as provided in the Resolution. Upon such surrender for transfer, the Authority shall issue in the name of the transferee a new Note or Notes in accordance with the provisions of the Resolution and this Note providing for the interchangeability of Notes.

The Authority, and the Issuing and Paying Agent may deem and treat the bearer or, if registered other than to bearer, the person in whose name this Note is registered, as the case may be, as the absolute owner hereof, whether this Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on this Note and for all other purposes, and all such payments so made to bearer or the registered owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon this Note to the extent of the sum or sums so paid, and neither the Authority nor the Issuing and Paying Agent shall be affected by any notice to the contrary.

This Note, if registered to bearer, upon surrender thereof at the office of the Issuing and Paying Agent may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of Notes registered other than to bearer of the same date, maturity and interest rate of any other authorized denominations. This Note, if registered other than to bearer, upon surrender thereof at the office of the Issuing and Paying Agent with a written instrument of transfer in substantially the form annexed hereto, duly executed by the registered owner or its attorney duly authorized in writing, may, subject to the provisions of the Resolution, be exchanged for an equal aggregate principal amount of Notes registered to bearer of the same date, maturity and interest rate of any other authorized denominations.

For every exchange or transfer of this Note the Authority or the Issuing and Paying Agent may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer, as a condition precedent to the exercise of the privilege of making such exchange or transfer. The cost of preparing each new Note issued upon such exchange or transfer and any other expenses of the Authority or the

Issuing and Paying Agent incurred in connection therewith, shall be paid by the person requesting such exchange or transfer.

The Authority hereby covenants with the Holder of this Note that, in order to maintain the exclusion from gross income for purposes of Federal income taxation of interest on this Note (i) the Authority shall comply with the provisions of the Code applicable to this Note necessary to maintain such exclusion, including without limitation the provisions of the Code which prescribe yield and other limits within which proceeds of this Note are to be invested, and which, in certain circumstances, require the rebate of certain earnings on such amounts to the Department of the Treasury of the United States of America in accordance with Section 148(f) of the Code, (ii) the Authority shall not take any action or fail to take any action which would cause this Note to be an “arbitrage bond” within the meaning of Section 148(a) of the Code and (iii) the Authority shall not use any part of the proceeds of this Note in a manner which would cause this Note to be a “private activity bond” within the meaning of Section 141(a) of the Code. In furtherance of the foregoing, the Authority shall comply with such written instructions as may be provided by its special tax counsel or Bond Counsel. Notwithstanding any provision of the Resolution to the contrary, the obligation of the Authority to comply with the requirements of this covenant shall survive the payment, redemption or defeasance of this Note.

---

**ASSIGNMENT**

**FOR VALUE RECEIVED** the undersigned hereby sells, assigns and transfers unto (PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE):

(Please print or typewrite name and address including postal zip code of assignee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ Attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

In the presence of:

---

**NOTICE:** The signature to this assignment must correspond with the name as written upon the face of the Note in every particular, without alteration or enlargement, or any change whatsoever.

Signature Guaranteed:

---

**FORM OF INDEX NOTES**

**[FRONT OF NOTE]**

**NEW YORK CITY MUNICIPAL WATER  
FINANCE AUTHORITY**

**INDEX NOTE  
(SERIES FIVE)**

No. IN-5-

ISSUE DATE:

MATURITY DATE:

PRINCIPAL AMOUNT:

INTEREST RATE:

INTEREST AMOUNT:

FOR VALUE RECEIVED, The **NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY** (the “Authority”), a body corporate and politic constituting a public benefit corporation, created and existing under and by virtue of the New York City Municipal Water Finance Authority Act, as amended (the “Act”), constituting Title 2A of Article 5 of the Public Authorities Law of the State of New York (the “State”), acknowledges itself indebted and for value received hereby promises to pay, but only from the sources mentioned herein, to [Bearer] [Name of Registered Owner if other than Bearer, or registered assigns], the Principal Amount stated above, with accrued interest thereon at the Interest Rate determined as provided herein, on the Maturity Date stated above, upon the presentation and surrender hereof at the office of The Bank of New York, New York, New York (the “Issuing and Paying Agent”), 20 Exchange Place, Ground Floor Window, New York, New York 10005. The principal of and interest on this Note are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

**[Insert provision pertaining to calculation of interest rate.]**

**REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THE NOTE SET FORTH ON THE REVERSE HEREOF AND SUCH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.**

It is hereby certified, recited, and declared that all conditions, acts and things required by the Constitution or statutes of the State and the Resolution to exist, to have happened or to have been performed precedent to or in connection with the issuance of this Note exist, have happened and have been performed and that the issuance of the Notes, together with all other indebtedness of the Authority, is within every debt and other limit prescribed by said Constitution and statutes.

This Note shall not be valid until the Certificate of Authentication hereon shall have been manually signed by the Issuing and Paying.

**IN WITNESS WHEREOF, THE NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY** has caused this Note to be signed in its name and on its behalf by its Chairman or Executive Director and attested by its Secretary or Assistant Secretary (the signatures of said officers may be by facsimile), and has caused its corporate seal to be affixed or reproduced hereon, and said officials by the execution hereof do adopt as and for their own proper signatures the signatures appearing on each of the Notes, all as of the Dated Date specified above.

**NEW YORK CITY MUNICIPAL  
WATER FINANCE AUTHORITY**

ATTEST:

By: \_\_\_\_\_  
Title:

\_\_\_\_\_  
Title:

[SEAL]

**ISSUING AND PAYING AGENT'S  
CERTIFICATE OF AUTHENTICATION**

This Note is one of the Notes  
described in the within  
mentioned Resolution.

**THE BANK OF NEW YORK**, as Issuing and  
Paying Agent

By: \_\_\_\_\_  
Authorized Signatory

Date of Authentication:

\* \* \*

**[BACK OF NOTE]**

Unless otherwise defined herein, all terms herein shall have the same meanings, respectively, as such terms are given in the Resolution (as hereinafter defined).

This Note is one of a duly authorized issue of Notes of the Authority (hereinafter called the “Notes”), to be issued from time to time by the Authority in the aggregate principal amount outstanding at any time not to exceed the amounts set forth below, under and pursuant to the Act, and pursuant to the Commercial Paper Note Resolution (Series Five), adopted by the Authority on January \_\_, 2002 (hereinafter called the “Resolution”). This Note and all Notes issued pursuant to the Resolution shall be special obligations of the Authority.

Subject to the limitations of, and the rights of the holders of General Resolution Bonds, Second General Resolution Bonds, Parity Bond Anticipation Notes and Parity Reimbursement Obligations, the Authority pledges to the Holders from time to time of the Notes (i) as security for the payment of the interest on the Notes, the Revenues of the System and the moneys and investments from time to time on deposit in the FGR Subordinated Indebtedness Fund, the Funds and Accounts and the funds and accounts established by the Resolution; **provided, however**, that the pledge of the Revenues and the moneys and investments from time to time on deposit in the FGR Subordinated Indebtedness Fund shall be subject and subordinate to the pledge thereof made by the General Resolution for the benefit of the holders of General Resolution Bonds issued and outstanding at any time; (ii) as security for the payment of the principal of the Notes, the moneys and investments from time to time on deposit in the funds and accounts established hereby; and (iii) as security for payment of the principal of and interest on the Notes, the proceeds of the Bonds or General Resolution Bonds issued for the purpose of paying or providing for the payment of Outstanding Notes.

The Holder of this Note is entitled to the benefits of that certain Line of Credit Agreement, by and between the Providers and the Authority (the “Line of Credit Agreement”), under which the Providers have agreed to pay, upon demand of the Issuing and Paying Agent made in accordance with the Line of Credit Agreement, amounts sufficient to pay the principal of and interest on Outstanding Notes as the same become due.

Copies of the Resolution and the Line of Credit Agreement are on file with and available for inspection at the offices of the Issuing and Paying Agent, at the above address, and at the offices of the Authority. Reference is made to the Resolution and the Act for a description of the provisions relating, among other things, to the terms of and security for the Notes, the rights, limitation of rights, obligations, duties, immunities and remedies of the Authority, the Issuing and Paying Agent and the Holders of the Notes and to the terms and conditions under which the Notes are issued and may be issued thereunder, and, by the acceptance of this Note, the Holder hereof assents to all provisions of the Resolution.

The Notes shall be issued in the denomination of \$100,000 or larger integral multiple of \$100,000. The Notes are issued for the purposes described in the Resolution. Under the Resolution, the aggregate principal amount of Notes which may, from time to time, be

executed, authenticated and delivered is unlimited, except that the Authority shall not issue Notes if after such issuance the principal of all Outstanding Notes would exceed the amount of the then Available Commitment under the Line of Credit Agreement.

The Notes issued from time to time under the Resolution may mature at different times, may bear interest at different rates, and may otherwise vary as provided by the Resolution.

This Note is not subject to redemption prior to the maturity thereof.

In case an Event of Default, as defined in the Resolution, shall occur, as described in Section 11.01(a) of the Resolution, the principal of and interest on this Note may be declared due and payable in the manner and with the effect provided in the Resolution.

The Resolution permits a discharge and satisfaction of the pledge of the Revenues or other moneys and securities pledged by the Resolution to Outstanding Notes, in the event that there shall have been set aside and held in trust either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with the moneys, if any, so set aside, deposited and held at the same time, shall be sufficient to pay when due the principal and interest due and to become due on the Notes on and prior to the maturity date thereof.

The Holder of this Note shall have no right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution, or for any other remedy under the Resolution, except as otherwise expressly provided in the Resolution.

This Note is not and shall not be a debt of the State, the City of New York and the New York City Water Board nor shall the State, the City of New York and the New York City Water Board be liable thereon. The Authority's liability on this Note is limited to payment from the sources described in the Resolution.

No recourse shall be had for the payment of the principal of or interest on this Note or for any claims based thereon or on the Resolution against any member, officer, official or employee of the Authority or any person executing this Note, all such liability, if any, being hereby expressly waived and released by every Holder of this Note by the acceptance hereof, as provided in the Resolution.

The Resolution contains provisions permitting the Authority to adopt Supplemental Resolutions modifying or amending the Resolution and the rights and obligations of the Authority and the Holders of the Notes thereunder, with the written consent of the Bank and of the Holders of at least a majority in principal amount of the Notes Outstanding thereunder; however, if such modification or amendment will, by its terms, not take effect so long as any Notes of like maturity remain Outstanding, the consent of the Holders of such Notes shall not be required and such Notes shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Notes under that section of the Resolution. No modification or amendment shall permit a change in the maturity of the principal of any Outstanding Note or of any installment of interest thereon or a reduction in the principal amount thereof or in the rate of interest thereon without the consent of the Holder of such Note, or reduce the percentages or

otherwise affect the classes of Notes the consent of the Holders of which is required to effect any such modification or amendment.

This Note is a negotiable instrument as provided in the Act subject, however, to the provisions for registration and transfer contained in the Resolution and in this Note. This Note, if registered to bearer shall be transferable by delivery, and may be registered on the books of the Authority at the office of the Issuing and Paying Agent, upon presentation thereof at said office and the payment of such charges as provided in the Resolution. After said registration no transfer thereof shall be valid unless made on said books by the registered owner in person or by its attorney duly authorized in writing and similarly noted on such Note; but such Note may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery. Thereafter such Note may, subject to the Resolution, again, from time to time, be registered or discharged from registration in the same manner. This Note, if registered other than to bearer, is transferable, as provided in the Resolution, only upon the registration books kept by the Issuing and Paying Agent as registrar of the Authority, at the request of the registered owner hereof in person or by its attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Issuing and Paying Agent duly executed by the registered owner or its duly authorized attorney and upon the payment of such charges as provided in the Resolution. Upon such surrender for transfer, the Authority shall issue in the name of the transferee a new Note or Notes in accordance with the provisions of the Resolution and this Note providing for the interchangeability of Notes.

The Authority, and the Issuing and Paying Agent may deem and treat the bearer or, if registered other than to bearer, the person in whose name this Note is registered, as the case may be, as the absolute owner hereof, whether this Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on this Note and for all other purposes, and all such payments so made to bearer or the registered owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon this Note to the extent of the sum or sums so paid, and neither the Authority nor the Issuing and Paying Agent shall be affected by any notice to the contrary.

This Note, if registered to bearer, upon surrender thereof at the office of the Issuing and Paying Agent may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of Notes registered other than to bearer of the same date, maturity and interest rate of any other authorized denominations. This Note, if registered other than to bearer, upon surrender thereof at the office of the Issuing and Paying Agent with a written instrument of transfer in substantially the form annexed hereto, duly executed by the registered owner or its attorney duly authorized in writing, may, subject to the provisions of the Resolution, be exchanged for an equal aggregate principal amount of Notes registered to bearer of the same date, maturity and interest rate of any other authorized denominations.

For every exchange or transfer of this Note the Authority or the Issuing and Paying Agent may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer, as a condition precedent to the exercise of the privilege of making such exchange or transfer. The cost of preparing each new Note issued upon such exchange or transfer and any other expenses of the Authority or the

Issuing and Paying Agent incurred in connection therewith, shall be paid by the person requesting such exchange or transfer.

The Authority hereby covenants with the Holder of this Note that, in order to maintain the exclusion from gross income for purposes of Federal income taxation of interest on this Note (i) the Authority shall comply with the provisions of the Code applicable to this Note necessary to maintain such exclusion, including without limitation the provisions of the Code which prescribe yield and other limits within which proceeds of this Note are to be invested, and which, in certain circumstances, require the rebate of certain earnings on such amounts to the Department of the Treasury of the United States of America in accordance with Section 148(f) of the Code, (ii) the Authority shall not take any action or fail to take any action which would cause this Note to be an “arbitrage bond” within the meaning of Section 148(a) of the Code and (iii) the Authority shall not use any part of the proceeds of this Note in a manner which would cause this Note to be a “private activity bond” within the meaning of Section 141(a) of the Code. In furtherance of the foregoing, the Authority shall comply with such written instructions as may be provided by its special tax counsel or Bond Counsel. Notwithstanding any provision of the Resolution to the contrary, the obligation of the Authority to comply with the requirements of this covenant shall survive the payment, redemption or defeasance of this Note.

**ASSIGNMENT**

**FOR VALUE RECEIVED** the undersigned hereby sells, assigns and transfers unto (PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE):

---

(Please print or typewrite name and address including postal zip code of assignee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ Attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

In the presence of:

---

**NOTICE:** The signature to this assignment must correspond with the name as written upon the face of the Note in every particular, without alteration or enlargement, or any change whatsoever.

Signature Guaranteed:

---

As required by Section 1045-o(3) of the Act, the Deputy Mayor for Operations of The City of New York, on behalf of the Mayor of The City of New York, and the First Deputy Comptroller of The City of New York, on behalf of the Comptroller of The City of New York, do hereby approve this Resolution and as required by Section 1045-o(3) of the Act, the Deputy Mayor for Operations of The City of New York, on behalf of the Mayor of the City of New York, and the First Deputy Comptroller of The City of New York, on behalf of the Comptroller of the City of New York, do hereby recommend that the Authority issue from time to time its Notes at the price or prices, interest rate or rates, and maturities as Authorized Representatives of the Authority shall determine, subject to the terms, conditions and limitations pertaining thereto contained in this Resolution.

Recommended and Approved:

**THE MAYOR OF THE  
CITY OF NEW YORK**

By: \_\_\_\_\_  
Deputy Mayor For Operations

**THE COMPTROLLER OF THE  
CITY OF NEW YORK**

By: \_\_\_\_\_  
Deputy Comptroller

**SECRETARY'S CERTIFICATE**

I, the Secretary of the New York City Municipal Water Finance Authority, **DO HEREBY CERTIFY** that the annexed Commercial Paper Note Resolution (Series Five) was duly adopted at a meeting of the Authority duly called and held on January 24, 2002, at which a quorum was present and acting; that said Commercial Paper Note Resolution has been compared by me with the original thereof recorded in the minute book of the New York City Municipal Water Finance Authority and is a true and complete transcript thereof; and that said Commercial Paper Note Resolution (Series Five) has not been altered, amended or repealed and is in full force and effect on the date hereof.

**IN WITNESS WHEREOF**, I have set my hand and affixed the seal of the Authority this 12th day of February, 2002.

**NEW YORK CITY MUNICIPAL  
WATER FINANCE AUTHORITY**

[Seal]

By: \_\_\_\_\_  
Name: Marjorie Henning  
Title: Secretary

I, Deborah Todak of The Bank of New York, New York, New York, the Issuing and Paying Agent under the New York City Municipal Water Finance Authority Commercial Paper Note Resolution (Series Five), hereby acknowledges the receipt and filing of a certified copy of the foregoing New York City Municipal Water Finance Authority Commercial Paper Note Resolution (Series Five).

**IN WITNESS WHEREOF**, I have set my hand this 12th day of February, 2002.

**THE BANK OF NEW YORK**

By: \_\_\_\_\_  
Authorized Signatory

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
ARTICLE I. DEFINITIONS; CONTRACT AND AUTHORITY	
SECTION 1.01. DEFINITIONS.....	1
SECTION 1.02. AUTHORITY FOR THE RESOLUTION.....	9
SECTION 1.03. RESOLUTION AND NOTES CONSTITUTE A CONTRACT.....	9
ARTICLE II. AUTHORIZATION AND ISSUANCE OF NOTES	
SECTION 2.01. AUTHORIZATION OF NOTES.....	9
SECTION 2.02. PURPOSES.....	10
SECTION 2.03. PROVISIONS FOR ISSUANCE OF NOTES.....	10
SECTION 2.04. DELEGATION OF AUTHORITY.....	12
SECTION 2.05. FORMS OF NOTES.....	13
SECTION 2.06. ADDITIONAL OBLIGATIONS.....	13
SECTION 2.07. APPROVAL OF ISSUING AND PAYING AGENCY AGREEMENT.....	13
SECTION 2.08. APPROVAL OF LINE OF CREDIT AGREEMENT AND BANK REIMBURSEMENT NOTE.....	13
SECTION 2.09. APPROVAL OF DEALER AGREEMENT.....	13
SECTION 2.10. EXECUTION OF DOCUMENTS.....	14
ARTICLE III. GENERAL TERMS AND PROVISIONS OF NOTES	
SECTION 3.01. PLACE AND MEDIUM OF PAYMENT.....	14
SECTION 3.02. MATURITIES AND INTEREST RATES.....	14
SECTION 3.03. DATE OF NOTES.....	14
SECTION 3.04. DENOMINATIONS, NUMBERS AND LETTERS.....	14
SECTION 3.05. FORMS OF NOTES.....	15
SECTION 3.06. MASTER NOTE.....	15
SECTION 3.07. LEGENDS.....	15
SECTION 3.08. EXECUTION AND AUTHENTICATION.....	15
SECTION 3.09. INTERCHANGEABILITY OF NOTES.....	15
SECTION 3.10. NEGOTIABILITY, TRANSFER AND REGISTRY.....	16
SECTION 3.11. TRANSFER OF NOTES.....	16
SECTION 3.12. REGULATIONS WITH RESPECT TO EXCHANGES AND TRANSFERS.....	17

SECTION 3.13.	NOTES MUTILATED, DESTROYED, LOST OR STOLEN.....	17
ARTICLE IV. REDEMPTION OF NOTES		
SECTION 4.01.	NOTES NOT SUBJECT TO REDEMPTION.....	17
ARTICLE V. PLEDGE OF RESOLUTION; FUNDS AND ACCOUNTS; APPLICATION THEREOF		
SECTION 5.01.	PLEDGE OF RESOLUTION .....	18
SECTION 5.02.	ESTABLISHMENT OF FUNDS AND ACCOUNTS .....	19
SECTION 5.03.	PROCEEDS FUND .....	19
SECTION 5.04.	PAYMENT FUND .....	19
SECTION 5.05.	ADVANCES UNDER THE LINE OF CREDIT AGREEMENT .....	19
ARTICLE VI. INVESTMENT OF FUNDS		
SECTION 6.01.	INVESTMENT OF FUNDS AND ACCOUNTS.....	20
SECTION 6.02.	LIABILITY FOR INVESTMENTS .....	20
ARTICLE VII. PARTICULAR COVENANTS		
SECTION 7.01.	PAYMENT OF PRINCIPAL AND INTEREST .....	21
SECTION 7.02.	EXTENSION OF PAYMENT OF NOTES.....	21
SECTION 7.03.	POWERS AS TO NOTES AND PLEDGE .....	21
SECTION 7.04.	FURTHER ASSURANCE.....	21
SECTION 7.05.	ACCOUNTS AND AUDITS.....	21
SECTION 7.06.	CREATION OF LIENS .....	22
SECTION 7.07.	OFFICES FOR PAYMENT AND REGISTRATION OF NOTES.....	22
SECTION 7.08.	SUBSTITUTE LINE OF CREDIT AGREEMENT; ASSIGNMENT OF PROVIDER'S OBLIGATIONS .....	22
SECTION 7.09.	LIMITATION ON NOTES .....	22
SECTION 7.10.	TAX EXEMPTION .....	23
SECTION 7.11.	AGREEMENT OF THE STATE.....	23
SECTION 7.12.	GENERAL .....	23
ARTICLE VIII. CONCERNING THE ISSUING AND PAYING AGENT		
SECTION 8.01.	APPOINTMENT AND ACCEPTANCE OF ISSUING AND PAYING AGENT .....	23
SECTION 8.02.	RESIGNATION OR REMOVAL OF ISSUING AND PAYING AGENT ...	24
SECTION 8.03.	SUCCESSOR ISSUING AND PAYING AGENT.....	24

SECTION 8.04.	TRANSFER OF RIGHTS AND PROPERTY TO SUCCESSOR ISSUING AND PAYING AGENT .....	24
SECTION 8.05.	MERGER OR CONSOLIDATION .....	24
ARTICLE IX. SUPPLEMENTAL RESOLUTIONS		
SECTION 9.01.	MODIFICATION AND AMENDMENT WITHOUT CONSENT .....	25
SECTION 9.02.	SUPPLEMENTAL RESOLUTIONS EFFECTIVE WITH CONSENT OF NOTEHOLDERS .....	26
SECTION 9.03.	GENERAL PROVISIONS RELATING TO SUPPLEMENTAL RESOLUTIONS .....	26
ARTICLE X. AMENDMENTS OF RESOLUTION		
SECTION 10.01.	POWERS OF AMENDMENT .....	27
SECTION 10.02.	CONSENT OF NOTEHOLDERS AND ADMINISTRATIVE AGENT.....	27
SECTION 10.03.	MODIFICATIONS BY UNANIMOUS CONSENT .....	28
SECTION 10.04.	MAILING AND PUBLICATION .....	28
SECTION 10.05.	EXCLUSION OF NOTES .....	29
SECTION 10.06.	NOTATION ON NOTES .....	29
ARTICLE XI. DEFAULTS AND REMEDIES		
SECTION 11.01.	EVENTS OF DEFAULT .....	29
SECTION 11.02.	ENFORCEMENT OF REMEDIES .....	29
SECTION 11.03.	REMEDIES NOT EXCLUSIVE .....	30
SECTION 11.04.	PRIORITY OF PAYMENTS AFTER DEFAULT.....	30
ARTICLE XII. DEFEASANCE		
SECTION 12.01.	DEFEASANCE.....	31
ARTICLE XIII. EXECUTION OF INSTRUMENTS BY NOTEHOLDERS AND PROOF OF OWNERSHIP OF NOTES		
SECTION 13.01.	EVIDENCE OF SIGNATURES OF NOTEHOLDERS AND OWNERSHIP OF NOTES.....	32
ARTICLE XIV. MISCELLANEOUS		
SECTION 14.01.	FURTHER AUTHORITY .....	33
SECTION 14.02.	REPEALING CLAUSE.....	33
SECTION 14.03.	PRESERVATION AND INSPECTION OF DOCUMENTS.....	33
SECTION 14.04.	MONEYS AND FUNDS HELD FOR PARTICULAR NOTES.....	33
SECTION 14.05.	CANCELLATION OF NOTES.....	34

SECTION 14.06.	NO RECOURSE UNDER RESOLUTION OR ON THE NOTES .....	34
SECTION 14.07.	SURVIVAL OF PARTICULAR COVENANTS .....	34
SECTION 14.08.	TERMINATION OF PROVIDERS' RIGHTS .....	34
SECTION 14.09.	SEVERABILITY OF INVALID PROVISION .....	34
SECTION 14.10.	PARTIES OF INTEREST .....	35
SECTION 14.11.	NOTICES .....	35
SECTION 14.12.	OTHER RESOLUTIONS .....	35
SECTION 14.13.	HEADINGS .....	35
SECTION 14.14.	GOVERNING LAWS.....	35
SECTION 14.15.	EFFECTIVE DATE.....	36

### **EXHIBITS**

EXHIBIT A-1.	Form of Master Note. ....	A-1-1
EXHIBIT A-2.	Form of CP Notes . ....	A-2-1
EXHIBIT A-3.	Form of TECP Notes . ....	A-3-1
EXHIBIT A-4.	Form of Index Notes .....	A-4-1