

**SUPPLEMENTAL RESOLUTION
AMENDING AND RESTATING
THE DEFINITIONS OF RATING AGENCIES,
INVESTMENT SECURITIES AND DEFEASANCE OBLIGATIONS
IN THE NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY'S
GENERAL RESOLUTION**

WHEREAS, the New York City Municipal Water Finance Authority (hereinafter sometimes referred to as the "Authority") desires to amend certain definitions in its Water and Sewer System General Revenue Bond Resolution, adopted November 14, 1985, as amended and supplemented to the date hereof (the "General Resolution") to broaden the scope of, and provide clarity regarding, eligible investment securities; and

WHEREAS, the Authority desires to make such definitional changes by this "Supplemental Resolution Amending and Restating the Definitions of Rating Agencies, Investment Securities and Defeasance Obligations in the New York City Municipal Water Finance Authority's General Resolution" (this "Supplemental Resolution").

NOW, THEREFORE, BE IT RESOLVED by the Authority as follows:

**ARTICLE I
AMENDMENT AND RESTATEMENT OF CERTAIN DEFINITIONS**

Section 1.01. Pursuant to Section 803 of the General Resolution, the following definitions, subject to Section 3.03 herein, shall be amended and restated to read as follows:

"Rating Agencies" shall mean a nationally recognized statistical rating organization ("NRSRO") registered with the Securities and Exchange Commission.

"Investment Securities" shall mean and include any of the following securities, if and to the extent the same are at the time legal investments by the Authority of the funds to be invested therein and conform to the policies set forth in any investment guidelines adopted by the Authority and in effect at the time of the making of such investment:

(i) obligations of any state, agency, political subdivision or public authority within the United States, provided such obligations are rated, at the time of purchase, in one of the two highest rating categories by at least two Rating Agencies, one of which maintains a rating on the Outstanding Bonds;

(ii) (A) any 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, subdivision, department, division or instrumentality thereof or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency, subdivision, department, division or instrumentality of the United States of America to the extent unconditionally guaranteed by the United States of America or (B) any other 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 (ii); securities under this clause include but are not limited to those issued by the US Treasury (bills, notes, bonds, STRIPS, TIPS), Government National Mortgage Association (GNMA), Farm Credit System Financial Assistance Corporation (FCSFAC), General Service Administration (GSA), Maritime Administration, Small Business Administration and the Federal Financing Bank;

(iii) obligations of any agency, subdivision, department, division, instrumentality or government sponsored enterprise of the United States of America; or obligations fully guaranteed as to interest and principal by any agency, subdivision, department, division, instrumentality or government sponsored enterprise of the United States of America; provided, however, that at the time of purchase such obligations are rated in one of the two highest rating categories by at least two Rating Agencies, at least one of which then maintains a rating on the Outstanding Bonds, unless such obligations have a maturity of 360 days or less in which case such obligations are rated in the highest short-term rating category, without regard to qualification of such rating symbols such as “+” or “-”, by at least two Rating Agencies, at least one of which then maintains a rating on the Outstanding Bonds; securities under this clause include but are not limited to those issued by the Federal Agricultural Mortgage Corporation (Farmer Mac), Federal Farm Credit bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC-Freddie Mac), Federal National Mortgage Corporation (FNMA – Fannie Mae), Financing Corporation (FICO), Resolution Funding Corporation (REFCORP) and the Tennessee Valley Authority.

(iv) banker’s acceptances or certificates of deposit issued by a commercial bank (A) whose long-term debt obligations are rated in one of the two highest long-term rating categories by at least two Rating Agencies, one of which then maintains a rating on the Outstanding Bonds (B) that has its principal place of business within the United States and (C) that has capital and surplus of more than \$100,000,000;

(v) corporate securities, including commercial paper and fixed income obligations, which are, at the time of purchase, rated by at least two Rating Agencies, one of which then maintains a rating on the Outstanding Bonds, in its highest rating category;

(vi) repurchase agreements collateralized by securities described in clauses (i), (ii) or (iii) above with any registered broker/dealer or with any domestic commercial bank whose long-term debt obligations are rated “investment grade” by at least two Rating Agencies, one of which then maintains a rating on the Outstanding Bonds, provided that (1) a specific written repurchase agreement governs the transaction, (2) the securities are held, free and clear of any lien, by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (a) a Federal Reserve Bank, or (b) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$200,000,000, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee, (3) the repurchase agreement has a term of thirty days or less, or the Trustee will value 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 five business days of such valuation and (4) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 102%;

(vii) investment agreements or guaranteed investment contracts with any financial institution whose senior long-term debt obligations, or whose obligations under such an investment agreement or guaranteed investment contract are guaranteed by a financial institution whose senior long-term debt obligations, have a rating (at the time such agreement or contract is entered into) in one of the two highest rating categories for comparable types of obligations by at least two Rating Agencies, one of which then maintains a rating on the Outstanding Bonds;

(viii) money market funds rated in the highest rating category for comparable types of obligations by at least two Rating Agencies, one of which then maintains a rating on the Outstanding Bonds; and

(ix) municipal obligations, the payment of principal and redemption price, if any, and interest on which is irrevocably secured by obligations of the type referred to in clauses (ii) or (iii) above and which obligations have been deposited in an escrow arrangement which is irrevocably pledged to the payment of such municipal obligations and which municipal obligations are rated in the highest rating category for comparable types of obligations by at least two Rating Agencies, one of which then maintains a rating on the Outstanding Bonds.

“Defeasance Obligations” shall mean:

(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; or

(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 Outstanding Bond 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 1201 of the Second General Resolution, is rated in the highest rating category by at least two Rating Agencies, one of which then maintains a rating on the Outstanding Bonds, (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) and (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 Agricultural Mortgage Corporation (Farmer Mac), Federal Farm Credit bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC-Freddie Mac), Federal National Mortgage Corporation (FNMA – Fannie Mae), Financing Corporation (FICO), Resolution Funding Corporation (REFCORP) and the Tennessee Valley Authority or any other instrumentality or government sponsored enterprise of the United States of America and (ii) rated in the highest rating category by at least two Rating Agencies, one of which maintains a rating on the Outstanding Bonds, unless such obligations have a maturity of 360 days or less in which case such obligations are rated in the highest short-term rating category, without regard to qualification of such rating symbols such as “+” or “-”, by at least two Rating Agencies, at least one of which then maintains a rating on the Outstanding Bonds; provided, further, that the term “Defeasance Obligations” shall not mean any interest in a unit investment trust or a mutual fund.

ARTICLE II FURTHER AUTHORITY

Section 2.01. Further Authority. The Chief Executive Officer, the Executive Director, Secretary, Assistant Secretary, Treasurer and Deputy Treasurer of the Authority and each of them are hereby authorized to execute and deliver such documents, agreements, instruments and certifications as may be necessary to give effect to this Supplemental Resolution. Without limiting the generality of the foregoing, the Secretary and Assistant Secretary are hereby designated Authorized Representatives to certify this Supplemental Resolution to the Trustee.

ARTICLE III MISCELLANEOUS

Section 3.01 Changes to Supplemental Resolution. The Chief Executive Officer, the Executive Director, the Treasurer or the Deputy Treasurer is authorized to make such insertions, deletions and other changes to this Supplemental Resolution as may be deemed necessary and convenient; **provided, however,** that no such changes may be made after this Supplemental Resolution has been filed with the Trustee.

Section 3.02 Terms. Capitalized terms used herein and not defined shall have the meanings ascribed to them in the General Resolution.

Section 3.03 Effective Date. Pursuant to Section 902 of the General Resolution, the amended and restated definitions in Section 1.01 of this Supplemental Resolution shall not become effective until consent is obtained from the holders of at least two-thirds in principal amount of Bonds Outstanding.

SECRETARY'S CERTIFICATE

I, the Secretary of the New York City Municipal Water Finance Authority, **DO HEREBY CERTIFY** that the annexed Supplemental Resolution was duly adopted at a meeting of the Authority duly called and held on October 21, 2015, at which a quorum was present and acting, and that said Supplemental Resolution has not been 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 15th day of December, 2015.

**NEW YORK CITY MUNICIPAL
WATER FINANCE AUTHORITY**

[Seal]

By: 
Name: Prescott Ulrey
Title: Secretary

I, Glenn Kunak of The Bank of New York Mellon, New York, New York, the Trustee under the General Resolution, hereby acknowledge the receipt and filing of a certified copy of the foregoing Supplemental Resolution.

IN WITNESS WHEREOF, I have set my hand this _____ day of December, 2015.

THE BANK OF NEW YORK MELLON

By: _____
Name: Glenn Kunak
Title: Vice President

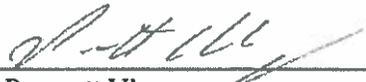
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**NEW YORK CITY MUNICIPAL
WATER FINANCE AUTHORITY**

[Seal]

By: 
Name: Prescott Ulrey
Title: Secretary

I, Glenn Kunak of The Bank of New York Mellon, New York, New York, the Trustee under the General Resolution, hereby acknowledge the receipt and filing of a certified copy of the foregoing Supplemental Resolution.

IN WITNESS WHEREOF, I have set my hand this 16th day of December, 2015.

THE BANK OF NEW YORK MELLON

By: 
Name: Glenn Kunak
Title: Vice President