

REOFFERING MEMORANDUM

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Fiscal 2006 Subseries AA-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). In the further opinion of Bond Counsel, interest on the Fiscal 2006 Subseries AA-1 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that interest on the Fiscal 2006 Subseries AA-1 Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Fiscal 2006 Subseries AA-1 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). The text of the opinion to be delivered by Bond Counsel with respect to the Fiscal 2006 Subseries AA-1 Bonds is set forth as Appendix E-1. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Fiscal 2006 Subseries AA-1 Bonds. See “TAX MATTERS” herein.

On the date of original issuance and delivery of the Fiscal 2008 Series BB Bonds, Bond Counsel delivered an opinion to the effect that based upon an analysis of then existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Fiscal 2008 Series BB Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. It was the further opinion of Bond Counsel that interest on the Fiscal 2008 Series BB Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observed that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel was also of the opinion that interest on the Fiscal 2008 Series BB Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Fiscal 2008 Series BB Bonds. In connection with the reoffering of the Fiscal 2008 Series BB Bonds, Bond Counsel will deliver its opinion that the substitution of the Credit Facilities relating to the Fiscal 2008 BB-1 Bonds, the Fiscal 2008 BB-3 Bonds and the Fiscal 2008 BB-4 Bonds, and the conversion of the Fiscal 2008 B-1 Bonds to the Weekly Rate Mode, the Fiscal 2008 BB-2 Bonds to the Daily Rate Mode and the Fiscal 2008 BB-3 Bonds to the Weekly Rate Mode will not, in and of themselves, adversely affect the tax-exempt status of the Fiscal 2008 BB-1 Bonds, the Fiscal 2008 BB-2 Bonds, the Fiscal 2008 BB-3 Bonds and the Fiscal 2008 BB-4 Bonds. A copy of such opinion is set forth at Appendix E-2. Bond Counsel is not rendering any other opinion on the current tax status of the Fiscal 2008 Series BB Bonds.

\$ 601,000,000
New York City
Municipal Water Finance Authority
Water and Sewer System Second
General Resolution Revenue Adjustable Rate Bonds
Consisting of

\$200,000,000 Fiscal 2006 Subseries AA-1
Adjustable Rate Bonds

consisting of
\$100,000,000 Fiscal 2006 Subseries AA-1A
\$100,000,000 Fiscal 2006 Subseries AA-1B

\$401,000,000 Fiscal 2008 Series BB
Adjustable Rate Bonds

consisting of
\$100,000,000 Fiscal 2008 Subseries BB-1
\$101,000,000 Fiscal 2008 Subseries BB-2
\$100,000,000 Fiscal 2008 Subseries BB-3
\$50,000,000 Fiscal 2008 Subseries BB-4
\$50,000,000 Fiscal 2008 Subseries BB-5

Due: June 15, as shown on the inside cover

The Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will be reoffered as registered bonds and have been registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York which acts as securities depository for the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds. Purchases of beneficial interests in such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will be made in book-entry-only form. Purchasers will not receive certificates representing the ownership interest in the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds purchased by them. See “APPENDIX G—BOOK-ENTRY-ONLY FORM.”

The Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds have been issued in the aggregate principal amounts and mature on the respective dates as set forth on the inside cover. As of the date of reoffering, the Fiscal 2006 Subseries AA-1 Bonds, the Fiscal 2008 Subseries BB-2 Bonds and the Fiscal 2008 Subseries BB-5 Bonds will bear interest at a Daily Rate, and the Fiscal 2008 Subseries BB-1 Bonds, the Fiscal 2008 Subseries BB-3 Bonds and the Fiscal 2008 Subseries BB-4 Bonds will bear interest at a Weekly Rate. Interest is payable on the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds bearing interest at a Daily Rate, a Two-Day Rate or a Weekly Rate on the 15th day of each month, commencing October 15, 2012. The Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds bearing interest at a Daily Rate, a Two-Day Rate or a Weekly Rate may be tendered to the Tender Agent for purchase at the option of the Bondholder thereof under the circumstances described herein. The Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds are also subject to mandatory tender and to redemption prior to maturity, as described herein. After the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds are reoffered, liquidity support for the payment of the Purchase Price of tendered but unremarketed (1) Fiscal 2006 Subseries AA-1A Bonds will be provided by State Street Bank and Trust Company, (2) Fiscal 2006 Subseries AA-1B Bonds will be provided by California State Teachers’ Retirement System; (3) Fiscal 2008 Subseries BB-1 Bonds will be provided by The Bank of Tokyo – Mitsubishi UFJ, Ltd., acting through its New York Branch; (4) Fiscal 2008 Subseries BB-2 and BB-5 Bonds will be provided by Bank of America, N.A., and (5) Fiscal 2008 Subseries BB-3 and BB-4 Bonds will be provided by Royal Bank of Canada, acting through its WFC, New York, Branch.

The obligations of the Facility Providers are subject to immediate and automatic termination or suspension without notice upon the occurrence of certain events described herein. The Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will not be subject to mandatory tender for purchase upon such suspension or termination. Any failure to pay the Purchase Price of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds tendered for purchase is not an event of default. Upon any such failure the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will continue to be held by the tendering Bondholder and will bear interest from the Tender Date at the Maximum Rate. See “STANDBY BOND PURCHASE AGREEMENTS FOR THE FISCAL 2006 SUBSERIES AA-1 AND 2008 SERIES BB BONDS.”

The Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds are special obligations of the Authority, payable solely from and secured by a pledge of and subordinate lien on the gross revenues of the System. The Authority has no taxing power. The Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds are not a debt of the State of New York, The City of New York or the New York City Water Board and none of the State of New York, The City of New York or the New York City Water Board is liable on the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds.

The Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds are reoffered when, as and if remarketed by the Authority and received by the respective Remarketing Agents and subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the Remarketing Agents by Nixon Peabody LLP, New York, New York. It is anticipated that the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will be remarketed on or about October 4, 2012.

Goldman, Sachs & Co.
Remarketing Agent for the
Fiscal 2006 Subseries AA-1 Bonds
BofA Merrill Lynch
Remarketing Agent for the
Fiscal 2008 BB-2 and BB-4 Bonds

Wells Fargo Bank, National Association
Remarketing Agent for the
Fiscal 2008 BB-1 and BB-5 Bonds
RBC Capital Markets
Remarketing Agent for the
Fiscal 2008 BB-3 Bonds

\$601,000,000
New York City Municipal Water Finance Authority

**Water and Sewer System Second General
Resolution Revenue Adjustable Rate Bonds**

\$200,000,000 Fiscal 2006 Subseries AA-1 Adjustable Rate Bonds
Reoffering Price: 100%

\$100,000,000 Fiscal 2006 Subseries AA-1A Bonds

Maturity Date: June 15, 2032
Rate Mode at Remarketing Date: Daily
First Interest Payment Date: October 15, 2012
Remarketing Agent: Goldman, Sachs & Co.
Facility Provider: State Street Bank and Trust Company
Stated Expiration Date: October 27, 2015
CUSIP⁽¹⁾: 64972G AV6

\$100,000,000 Fiscal 2006 Subseries AA-1B Bonds

Maturity Date: June 15, 2032
Rate Mode at Remarketing Date: Daily
First Interest Payment Date: October 15, 2012
Remarketing Agent: Goldman, Sachs & Co.
Facility Provider: California State Teachers' Retirement System
Stated Expiration Date: October 27, 2015
CUSIP⁽¹⁾: 64972G AW4

\$401,000,000 Fiscal 2008 Series BB Adjustable Rate Bonds
Reoffering Price: 100%

\$100,000,000 Fiscal 2008 Subseries BB-1 Bonds

Maturity Date: June 15, 2036
Rate Mode at Remarketing Date: Weekly
First Interest Payment Date: October 15, 2012
Remarketing Agent: Wells Fargo Bank, National Association
Facility Provider: The Bank of Tokyo – Mitsubishi UFJ, Ltd.
Stated Expiration Date: October 2, 2015
CUSIP⁽¹⁾: 64972F PK6

\$101,000,000 Fiscal 2008 Subseries BB-2 Bonds

Maturity Date: June 15, 2035
Rate Mode at Remarketing Date: Daily
First Interest Payment Date: October 15, 2012
Remarketing Agent: Merrill Lynch, Pierce, Fenner & Smith Incorporated
Facility Provider: Bank of America, N.A.
Stated Expiration Date: October 23, 2015
CUSIP⁽¹⁾: 64972F PL4

\$100,000,000 Fiscal 2008 Subseries BB-3 Bonds

Maturity Date: June 15, 2034
Rate Mode at Remarketing Date: Weekly
First Interest Payment Date: October 15, 2012
Remarketing Agent: RBC Capital Markets, LLC
Facility Provider: Royal Bank of Canada, acting through its WFC, New York, Branch
Stated Expiration Date: October 2, 2015
CUSIP⁽¹⁾: 64972F PM2

\$50,000,000 Fiscal 2008 Subseries BB-4 Bonds

Maturity Date: June 15, 2033
Rate Mode at Remarketing Date: Weekly
First Interest Payment Date: October 15, 2012
Remarketing Agent: Merrill Lynch, Pierce, Fenner & Smith Incorporated
Facility Provider: Royal Bank of Canada, acting through its WFC, New York, Branch
Stated Expiration Date: October 2, 2015
CUSIP⁽¹⁾: 64972F PN0

\$50,000,000 Fiscal 2008 Subseries BB-5 Bonds

Maturity Date: June 15, 2033
Rate Mode at Remarketing Date: Daily
First Interest Payment Date: October 15, 2012
Remarketing Agent: Wells Fargo Bank, National Association
Facility Provider: Bank of America, N.A.
Stated Expiration Date: October 23, 2015
CUSIP⁽¹⁾: 64972F PP5

⁽¹⁾ Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of reoffering of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds and the Authority and the Underwriters do not make any representation with respect to such numbers nor undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the reoffering of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds.

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212-788-5889

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Greg L. Ascierio	<i>Deputy Treasurer</i>
Albert F. Moncure, Jr.	<i>Secretary</i>

Authority Consultants

Bond Counsel	<i>Orrick, Herrington & Sutcliffe LLP</i>
Consulting Engineer	<i>AECOM USA, Inc.</i>
Financial Advisors	<i>Lamont Financial Services Corporation/Drexel Hamilton, LLC/ Acacia Financial Group, Inc.</i>
Rate Consultant	<i>Amawalk Consulting Group LLC</i>

This Reoffering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesperson or any other person has been authorized to give any information or make any representation, other than those contained herein, in connection with the offering of any of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds and if given or made, such information or representation must not be relied upon. Information contained on the Authority's web page, on the City's web site, or on any other web page is not a part of this Reoffering Memorandum. Neither the delivery of this Reoffering Memorandum nor the sale of any of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds implies that there has been no change in the affairs of the Authority, the Board or the City or the other matters described herein since the date hereof.

If and when included in this Reoffering Memorandum, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Authority. These forward-looking statements speak only as of the date of this Reoffering Memorandum. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Authority's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

The Remarketing Agents have reviewed the information in this Reoffering Memorandum pursuant to their responsibilities to investors under the federal securities laws, but the Remarketing Agents do not guarantee the accuracy or completeness of such information.

Deloitte & Touche LLP, the Authority's independent auditor has not reviewed, commented on or approved, and is not associated with, this Reoffering Memorandum. The report of Deloitte & Touche LLP relating to the Authority's financial statements for the fiscal years ended June 30, 2011 and 2010, which is a matter of public record, is included in this Reoffering Memorandum. However, Deloitte & Touche LLP has not performed any procedures on any financial statements or other financial information of the Authority, including without limitation any of the information contained in this Reoffering Memorandum, since the date of such report and has not been asked to consent to the inclusion of its report in this Reoffering Memorandum.

IN CONNECTION WITH THIS OFFERING, THE REMARKETING AGENTS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE FISCAL 2006 SUBSERIES AA-1 AND 2008 SERIES BB BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THIS REOFFERING MEMORANDUM AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

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REOFFERING MEMORANDUM

\$601,000,000

**NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY
WATER AND SEWER SYSTEM SECOND GENERAL RESOLUTION REVENUE
ADJUSTABLE RATE BONDS**

\$200,000,000 Fiscal 2006 Subseries AA-1 Adjustable Rate Bonds

\$401,000,000 Fiscal 2008 Series BB Adjustable Rate Bonds

INTRODUCTORY STATEMENT

The purpose of this Reoffering Memorandum is to set forth certain information pertaining to the New York City Municipal Water Finance Authority (the "Authority"), a public benefit corporation duly created and existing under the New York City Municipal Water Finance Authority Act, as amended (the "Act"); the New York City Water Board (the "Board"), a public benefit corporation created and existing under Chapter 515 of the Laws of 1984, both of which laws were enacted by the Legislature of the State of New York (the "State"); the Authority's \$200,000,000 Water and Sewer System Second General Resolution Revenue Adjustable Rate Bonds Fiscal 2006 Subseries AA-1 (the "Fiscal 2006 Subseries AA-1 Bonds"), consisting of \$100,000,000 Fiscal 2006 Subseries AA-1A Adjustable Rate Bonds (the "Fiscal 2006 AA-1A Bonds") and \$100,000,000 Fiscal 2006 Subseries AA-1B Adjustable Rate Bonds (the "Fiscal 2006 AA-1B Bonds"), and the Authority's \$401,000,000 Water and Sewer System Second General Resolution Revenue Adjustable Rate Bonds, Fiscal Series 2008 BB Bonds (the "Fiscal 2008 Series BB Bonds"), consisting of \$100,000,000 Fiscal 2008 Subseries BB-1 Adjustable Rate Bonds (the "Fiscal 2008 BB-1 Bonds"), \$101,000,000 Fiscal 2008 Subseries BB-2 Adjustable Rate Bonds (the "Fiscal 2008 BB-2 Bonds"), \$100,000,000 Fiscal 2008 Subseries BB-3 Adjustable Rate Bonds (the "Fiscal 2008 BB-3 Bonds"), \$50,000,000 Fiscal 2008 Subseries BB-4 Adjustable Rate Bonds (the "Fiscal 2008 BB-4 Bonds"), and \$50,000,000 Fiscal 2008 Subseries BB-5 Adjustable Rate Bonds (the "Fiscal 2008 BB-5 Bonds"). The Fiscal 2006 AA-1 Bonds and the Fiscal 2008 BB Bonds are referred to collectively in this Remarketing Memorandum as the "Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds". Capitalized terms used in this Reoffering Memorandum and not defined herein shall have the meanings ascribed thereto in "APPENDIX C—GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS—Glossary."

Pursuant to a lease agreement (the "Lease") between the Board and The City of New York (the "City"), dated as of July 1, 1985, as amended, the Board has leased from the City its facilities for the collection, transmission and distribution of water (the "Water System") and its facilities for the collection, treatment and disposal of sewage (the "Sewer System") (collectively, the "System"). As required by the Act and the Lease, the System is operated and maintained by the Department of Environmental Protection of the City ("DEP"). The Board has also entered into a financing agreement, dated as of July 1, 1985, as amended (the "Agreement"), with the Authority and the City for the financing of capital improvements to the System through the issuance of bonds, notes and other obligations under the Authority's Water and Sewer System General Revenue Bond Resolution adopted on November 14, 1985, as amended (the "First Resolution" and, when issued thereunder the "First Resolution Bonds"), or subordinate obligations of the Authority under its Second Resolution (defined below). Pursuant to the Lease and the Agreement, the Board has agreed to levy and collect rates, fees and charges. Pursuant to the Lease, the City may, with the prior written consent of the Board, grant interests in the Leased Property which, in the reasonable judgment of the Board, do not interfere with the operation and maintenance of the System and the collection of the Revenues from the System.

The Fiscal 2006 AA-1 Bonds will be remarketed by the Authority pursuant to its Water and Sewer Second General Revenue Bond Resolution adopted on March 30, 1994, as amended (the "Second Resolution"), and its Amended and Restated Supplemental Resolution No. 37 adopted on

September 6, 2012 (the “Fiscal 2006 Subseries AA-1 Supplemental Resolution”). The Fiscal 2008 BB Bonds will be remarketed by the Authority pursuant to the Second Resolution and its Amended and Restated Supplemental Resolution No. 48 adopted on September 6, 2012 (the “Fiscal 2008 Series BB Supplemental Resolution”). All bonds issued under the Second Resolution are referred to herein as “Second Resolution Bonds.” The Second Resolution, the Fiscal 2006 Subseries AA-1 Supplemental Resolution and the Fiscal 2008 Series BB Supplemental Resolution are collectively referred to herein as the “Resolutions”. The Bank of New York Mellon serves as trustee under the Resolutions (in such capacity, the “Trustee”) and will continue to serve as Trustee unless a successor is appointed in accordance with the Second Resolution.

The Second Resolution Bonds are special obligations of the Authority, payable solely from and secured by a pledge of amounts on deposit in the Subordinated Indebtedness Fund established by the First Resolution and all moneys or securities in any of the funds and accounts established under the Second Resolution, subject only to provisions of the Second Resolution and the Agreement relating to the use and application thereof. The Board has covenanted in the Agreement to maintain rates, fees and charges at sufficient levels to produce in each twelve-month period beginning on July 1 (a “Fiscal Year”) an amount equal to 115% of the Aggregate Debt Service and Projected Debt Service on the First Resolution Bonds to become due in such Fiscal Year on all First Resolution Bonds, plus 100% of the operation and maintenance expenses of the System certified by the City and of Required Deposits (which includes the debt service on the Second Resolution Bonds and other subordinate debt) to the extent required to be paid from Revenues. The Agreement requires a report of the Rate Consultant setting forth its recommendations as to any revisions of the rates, fees and charges necessary or advisable to meet the requirements of the rate covenant. The Board is obligated to take necessary action to cure or avoid any deficiency. See “SECURITY FOR THE SECOND RESOLUTION BONDS—Rate Covenant.” The Agreement also requires a Consulting Engineer to review the operation and maintenance of the System, and further requires the City to operate and maintain the System in accordance with the advice and recommendations of the Consulting Engineer. See “SECURITY FOR THE SECOND RESOLUTION BONDS.”

Rates, fees and charges are imposed by the Board and are not subject to regulatory approval under current law except for the rates charged to a limited class of upstate users, representing approximately 1.7% of Revenues. See “RATES AND BILLINGS.”

The Authority has relied upon AECOM USA, Inc. (“AECOM”), its Consulting Engineer, for certain engineering feasibility information and upon Amawalk Consulting Group LLC (“Amawalk Consulting”), its Rate Consultant, for certain financial estimates and projections. See “ENGINEERING FEASIBILITY REPORT AND FORECASTED CASH FLOWS.”

INCLUSION BY SPECIFIC REFERENCE

The portions under the captions identified below of the Fiscal 2013 Series AA Official Statement dated September 25, 2012 (the “Fiscal 2013 Series AA Official Statement”), a copy of which is delivered herewith are, subject to the information contained elsewhere herein, included herein by specific reference:

INTRODUCTORY STATEMENT — Financial Projection Assumptions
SECURITY FOR THE SECOND RESOLUTION BONDS
THE AUTHORITY
THE BOARD
THE DEPARTMENT OF ENVIRONMENTAL PROTECTION
CAPITAL IMPROVEMENT AND FINANCING PROGRAM
FINANCIAL OPERATIONS
RATES AND BILLINGS
THE SYSTEM
ECONOMIC AND DEMOGRAPHIC INFORMATION
LITIGATION
FINANCIAL ADVISORS

FURTHER INFORMATION
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LEGALITY FOR INVESTMENT AND DEPOSIT
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS
ENGINEERING FEASIBILITY REPORT AND FORECASTED CASH FLOWS
CERTAIN LEGAL OPINIONS
APPENDIX A – LETTER OF AECOM USA INC. AND FORECASTED CASH FLOWS
APPENDIX B – LETTER OF AMAWALK CONSULTING GROUP LLC, RATE CONSULTANTS
APPENDIX C – GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS
APPENDIX D – FINANCIAL STATEMENTS
APPENDIX F – ADJUSTABLE RATE DEMAND BONDS
APPENDIX G – BOOK-ENTRY ONLY FORM
APPENDIX I – SYSTEM MAPS

Any reference to the Fiscal 2013 Series AA Bonds in the information incorporated herein by specific reference shall be read to be a reference to the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds unless the context thereof clearly indicates that such information is only applicable to the Fiscal 2013 Series AA Bonds.

Descriptions of the Authority, the Board, the System and the CIP, together with other information, including summaries of the terms of the Second Resolution, the Agreement and the Lease are set forth in the Fiscal 2013 Series AA Official Statement. All references herein to the Resolution, the Agreement and the Lease are qualified by reference to the definitive bond forms, and the terms and provisions thereof contained in the Resolution.

PLAN OF FINANCE

Concurrently with the remarketing of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds, the Authority expects to issue \$200,000,000 of its Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2013 Series AA (the “Fiscal 2013 AA Bonds”). The Fiscal 2013 AA Bonds are described in the Authority’s Fiscal 2013 Series AA Official Statement.

The Fiscal 2006 Subseries AA-1 Bonds were originally issued on October 27, 2005 as one subseries, with each liquidity provider being obligated to purchase 50% of tendered bonds if and to the extent provided in the standby bond purchase agreement. The Fiscal 2006 Subseries AA-1 Bonds are being divided into separate subseries with the same liquidity providers each being obligated on and after the reoffering date to purchase all tendered bonds under their respective subseries if and to the extent provided in their respective standby bond purchase agreement.

The Fiscal 2008 Series BB Bonds were originally issued on October 24, 2007 in five separate subseries. When issued, the Fiscal 2008 BB-1 Bonds and the Fiscal 2008 BB-3 Bonds bore interest at a Daily Rate, and the Fiscal 2008 BB-2 Bonds bore interest at a Weekly Rate. In connection with this reoffering, the Rate Period for the Fiscal 2008 BB-1 Bonds and the Fiscal 2008 BB-3 Bonds will be converted to a Weekly Rate, and the Rate Period for the Fiscal 2008 BB-2 Bonds will be converted to a Daily Rate.

Also, in connection with this reoffering, the standby bond purchase agreement of The Bank of Tokyo – Mitsubishi UFJ, Ltd. will be substituted for the prior standby bond purchase agreement originally delivered in connection with the issuance of the Fiscal 2008 BB-1 Bonds, and the standby bond purchase agreement of Royal Bank of Canada will be substituted for the prior standby bond purchase agreements originally delivered in connection with the issuance of the Fiscal 2008 BB-3 Bonds and the Fiscal 2008 BB-4 Bonds, all as described below under “STANDBY BOND PURCHASE AGREEMENTS FOR THE FISCAL 2006 SUBSERIES AA-1 AND 2008 SERIES BB BONDS.”

In addition, the Authority expects to issue \$217,000,000 of its Second Resolution bond anticipation notes to the New York State Environmental Facilities Corporation on or about September 27, 2012 for the purpose of funding a portion of the Authority’s capital program.

THE FISCAL 2006 SUBSERIES AA-1 AND 2008 SERIES BB BONDS

General

This Reoffering Memorandum describes the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds only while they are in a Daily Rate Mode, a Two-Day Rate Mode and a Weekly Rate Mode.

The Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will be remarketed in the respective aggregate principal amounts, and mature on the respective dates, as set forth on the inside cover. The Fiscal 2006 Subseries AA-1 Bonds, the Fiscal 2008 BB-2 Bonds and the Fiscal 2008 BB-5 Bonds will bear interest initially at the Daily Rate and the Fiscal 2008 BB-1 Bonds, the Fiscal 2008 BB-3 Bonds and the Fiscal 2008 BB-4 Bonds will bear interest initially at the Weekly Rate. Interest is payable on the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds bearing interest at a Daily Rate, a Two-Day Rate or a Weekly Rate on the 15th day of each month, commencing October 15, 2012. The Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds are subject to optional and mandatory redemption prior to maturity as described under “Redemption” and to optional and mandatory tender for purchase as described under “Optional Tender for Purchase” and “Mandatory Tender for Purchase.” The Fiscal 2006 Subseries AA-1 Bonds, the Fiscal 2008 BB-2 Bonds and the Fiscal 2008 BB-5 Bonds will continue in a Daily Rate Period and the Fiscal 2008 BB-1 Bonds, the Fiscal 2008 BB-3 Bonds and the Fiscal 2008 BB-4 Bonds will continue in a Weekly Rate Period until converted to another Rate Period and will bear interest at a rate determined in accordance with the procedures for determining the interest rate during such applicable Rate Period. See “Conversion to an Alternate Rate Period” and “Interest Rates and Reset Dates” below.

Principal and Purchase Price of, and redemption premium, if any, and interest on, the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will be payable in lawful moneys of the United States of America. The Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will be issued only as fully registered bonds without coupons in minimum denominations of \$100,000 and integral multiples of \$5,000 in excess thereof when the Rate Period is the Daily Rate Period, the Two-Day Rate Period or the Weekly Rate Period. During the Daily Rate Period, the Two-Day Rate Period or the Weekly Rate Period, interest will be computed on the basis of a 365-day or 366-day year for the actual number of days elapsed.

The Bank of New York Mellon has been appointed as Tender Agent for the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds. Goldman, Sachs & Co. has been appointed as the Remarketing Agent for the Fiscal 2006 Subseries AA-1 Bonds (the “2006 AA-1 Remarketing Agent”). Wells Fargo Bank, National Association has been appointed as the Remarketing Agent for the Fiscal 2008 BB-1 Bonds (the “2008 BB-1 Remarketing Agent”) and the Fiscal 2008 BB-5 Bonds (the “2008 BB-5 Remarketing Agent”). Merrill Lynch, Pierce, Fenner & Smith Incorporated has been appointed as the Remarketing Agent for the Fiscal 2008 BB-2 Bonds (the “2008 BB-2 Remarketing Agent”) and the Fiscal 2008 BB-4 Bonds (the “2008 BB-4 Remarketing Agent”). RBC Capital Markets, LLC has been appointed as the Remarketing Agent for the Fiscal 2008 BB-3 Bonds (the “2008 BB-3 Remarketing Agent”). The 2006 AA-1 Remarketing Agent, the 2008 BB-1 Remarketing Agent, the 2008 BB-2 Remarketing Agent, the 2008 BB-3 Remarketing Agent, the 2008 BB-4 Remarketing Agent and the 2008 BB-5 Remarketing Agent are referred to collectively in this Remarketing Memorandum as the “Remarketing Agents.”

Record Dates and Interest Payment Dates

Record Dates. Interest on the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will be payable to the registered owner thereof as shown on the registration books kept by the Trustee at the close of business on the Record Date which will be the immediately preceding Business Day prior to a Bond Payment Date for Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds in a Daily Rate Period, Two-Day Rate Period or Weekly Rate Period.

Bond Payment Dates. Interest on the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will be payable on the 15th day of each calendar month when such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds bear interest at a Daily Rate, a Two-Day Rate or a Weekly Rate. Interest payable on

each Bond Payment Date for Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds bearing interest in the Daily Rate Mode, the Two-Day Rate Mode or the Weekly Rate Mode will be the interest accruing and unpaid through and including the day preceding such Bond Payment Date.

Conversion to an Alternate Rate Period

At the election of the Authority, a Subseries of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds may be converted to a different Rate Period by delivering a notice (the “Conversion Notice”) to the Remarketing Agent for such Subseries, the provider of any Credit Facility (as defined in Appendix C) relating to such Subseries (the “Facility Provider”), DTC and the Tender Agent specifying, among other things, the new Rate Mode or Modes to which such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds are then subject and the conversion date (which shall be a Reset Date or a Bond Payment Date) (a “Conversion Date”). The Authority must deliver such Conversion Notice at least 15 days prior to the Conversion Date (or if the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds to be converted are Book-Entry Bonds, such shorter period as DTC will permit). The Tender Agent is to give written notice to the registered owner of each Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond of the Authority’s election to convert to another Rate Period and the Conversion Date. Such notice is to be given, by first class mail, not later than three calendar days after receipt by the Tender Agent of the Conversion Notice. See “Mandatory Tender for Purchase — *Notices of Mandatory Tender.*”

No Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds may be converted from a Rate Mode to a new Rate Mode unless the Trustee and Tender Agent have received an Opinion of Bond Counsel by 10:00 a.m., New York City time, on the Conversion Date.

If the election to convert is withdrawn by the Authority, or if the Remarketing Agent for such Subseries notifies the Tender Agent that it is unable to remarket the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds on the Conversion Date, the Subseries of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will bear interest in the existing Rate Mode or, at the option of the Authority and in compliance with the provisions of the Resolutions regarding conversion of Rate Modes, any other Rate Period, which Rate Period will be in effect from and after the date on which the Rate Period was to be converted. However, if an Opinion of Bond Counsel is not delivered on or prior to the Conversion Date, the Rate Mode for the Subseries of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds not converted will be the existing Rate Mode.

Interest Rates and Reset Dates

General. The rate at which a Subseries of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will bear interest during any Rate Period will be the rate of interest that, if borne by such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds for such Rate Period, in the judgment of the Remarketing Agent for such Subseries, having due regard for the prevailing financial market conditions for revenue bonds or other securities the interest on which is excludable from gross income for federal income tax purposes of the same general nature as Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds and which are comparable as to credit and maturity or tender dates with the credit and maturity or tender dates of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds, would be the lowest interest rate that would enable such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds to be sold at a price equal to the principal amount thereof, plus accrued interest thereon, if any.

Daily Rate Period. The Daily Rate for each Subseries for any Business Day is to be determined by the Remarketing Agent for such Subseries and announced by 10:00 a.m., New York City time, on such Business Day. For any day which is not a Business Day, the Daily Rate will be the Daily Rate for the immediately preceding Business Day.

If with respect to a Subseries (i) a Daily Rate for a Business Day has not been determined by the Remarketing Agent for such Subseries, (ii) no Remarketing Agent for such Subseries is then serving under the Resolutions, (iii) the Daily Rate determined by the Remarketing Agent cannot for any reason be in effect for such Business Day or (iv) pursuant to the Remarketing Agreement relating to a Subseries

the Remarketing Agent for such Subseries is not then required to establish a Daily Rate, then the Daily Rate in effect during the preceding Daily Rate Period will continue in effect on such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds until a new Daily Rate is determined, but in no event for more than two weeks, and thereafter such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will bear interest at the Maximum Rate until a Rate has been duly established by the Remarketing Agent.

Two-Day Rate Period. The Two-Day Rate for each Subseries for any Business Day is to be determined by the Remarketing Agent for such Subseries and announced by 10:00 a.m., New York City time, on the first day of a period during which such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds bear interest at a Two-Day Rate and on each Monday, Wednesday and Friday thereafter so long as interest on such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds is to be payable at a Two-Day Rate or, if any Monday, Wednesday or Friday is not a Business Day, on the next Monday, Wednesday or Friday that is a Business Day. The Two-Day Rate set on any Business Day will be effective as of such Business Day and will remain in effect until the next day on which a Two-Day Rate is to be set in accordance with the preceding sentence.

If for any reason (i) the Two-Day Rate for a Rate Period is not established, (ii) there is no Remarketing Agent for the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds or such Subseries, (iii) the Rate is held to be invalid or unenforceable or (iv) pursuant to the Remarketing Agreement, the Remarketing Agent for such Subseries is not then required to establish a Two-Day Rate, then the Two-Day Rate in effect during the preceding Two-Day Rate Period will continue in effect on such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds until a new Two-Day Rate is determined but in no event for more than two weeks, and thereafter such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will bear interest at the Maximum Rate until a Rate has been duly established by the Remarketing Agent.

Weekly Rate Period. Except as described below, the Weekly Rate is to be determined by the Remarketing Agent for the related Subseries and announced by 4 p.m., New York City time, on the Business Day immediately preceding the first day of each Weekly Rate Period. Each Weekly Rate will be in effect for a seven-day period commencing on Thursday and continuing through the next succeeding Wednesday. However, if the Conversion Date upon which a Rate Period has been converted to a Weekly Rate Period is not a Thursday, the initial Weekly Rate will commence on the Conversion Date and will continue through the next succeeding Wednesday which may be less than seven days. The Weekly Rate for such Weekly Rate Period will be determined by the Remarketing Agent for the related Subseries and announced by 4:00 p.m., New York City time, on the Business Day before the Conversion Date.

If with respect to a Subseries (i) a Weekly Rate has not been determined by the Remarketing Agent for such Subseries, (ii) no Remarketing Agent for such Subseries is then serving under the Resolutions, (iii) the Weekly Rate determined by the Remarketing Agent for such Subseries is held to be invalid or unenforceable with respect to a Weekly Rate Period or (iv) pursuant to the Remarketing Agreement relating to a Subseries, the Remarketing Agent for such Subseries is not then required to establish a Weekly Rate, then, for the next two Weekly Rate Periods, the Weekly Rate for such Weekly Rate Period will be equal to the prior Weekly Rate and, afterwards, the Weekly Rate will be equal to Maximum Rate until the Remarketing Agent for such Subseries determines a Weekly Rate or a replacement Remarketing Agent for such Subseries has been appointed and determines a Weekly Rate.

“Maximum Rate” means, in the case of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds which are not Purchased Bonds, 9% per annum.

Certain Considerations Affecting Adjustable Rate Bonds

The information in this caption “*Certain Considerations Affecting Adjustable Rate Bonds*” was provided by the Remarketing Agents and is not the responsibility of the Authority.

The Remarketing Agents are Paid by the Authority. Each Remarketing Agent’s responsibilities include determining the interest rate from time to time and remarketing the respective Subseries of

Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds that are optionally or mandatorily tendered by the Beneficial Owners thereof (subject, in each case, to the terms of the respective Remarketing Agreements). The Remarketing Agents are appointed by the Authority and are paid by the Authority for their services. As a result, the interests of each Remarketing Agent may differ from those of Beneficial Owners and potential purchasers of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds.

The Remarketing Agents May Purchase Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds for Their Own Account. The Remarketing Agents act as remarketing agent for a variety of adjustable rate demand obligations issued by many issuers and, in their sole discretion, may purchase such obligations for their own account. Each Remarketing Agent is permitted, but not obligated, to purchase tendered Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds for its own account and, in its sole discretion, may acquire such tendered Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds in order to achieve a successful remarketing of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds (*i.e.*, because there otherwise are not enough buyers to purchase the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds, and may cease doing so at any time without notice. If a Remarketing Agent ceases to purchase Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds, it may be necessary for the Trustee to draw on the applicable Standby Purchase Agreement (defined below) to pay tendering Bondholders.

Each Remarketing Agent may also sell any Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds. The purchase of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds by a Remarketing Agent may create the appearance that there is greater third party demand for the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds in the market than is actually the case. The practices described above also may result in fewer Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds being tendered.

Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds May Be Offered at Prices Other Than Par. Pursuant to each Remarketing Agreement, on each rate determination date, the applicable Remarketing Agent is required to determine the interest rate that will be effective with respect to the applicable Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds on the effective date. That rate is required by the Resolutions to be the lowest rate necessary in the judgment of the applicable Remarketing Agent to remarket the applicable Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds at par, plus accrued interest, if any, on the effective date. At the time the new rate becomes effective, the applicable Remarketing Agent is required to use its best efforts to remarket the applicable Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds at par. The interest rate will reflect, among other factors, the level of market demand for the applicable Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds (including whether the applicable Remarketing Agent is willing to purchase applicable Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds for its own account). There may or may not be Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds tendered and remarketed on an effective date, and the applicable Remarketing Agent may or may not be able to remarket any Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds tendered to it for purchase on such date at par. No Remarketing Agent is obligated to advise purchasers in a remarketing if it does not have third-party buyers for all of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds at the remarketing price.

The Ability to Sell the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds Other Than Through the Tender Process May Be Limited. The Remarketing Agents may make a secondary market in the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds by routinely purchasing and selling Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds other than in connection with an optional or mandatory tender and remarketing. However, the Remarketing Agents are not required to make a secondary market in the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds. Thus, investors who purchase Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds, whether in a remarketing or otherwise, should

not assume that they will be able to sell their Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds other than by tendering the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds in accordance with the tender process. The applicable Liquidity Facility is not available to purchase related Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds other than those tendered in accordance with a sale of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds by the Bondholder to the applicable Remarketing Agent. A Liquidity Facility will only be drawn when the related Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds have been properly tendered in accordance with the terms of the transaction.

Under Certain Circumstances, a Remarketing Agent May Cease Remarketing the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds. Under certain circumstances a Remarketing Agent may cease its remarketing efforts, subject to the terms of the applicable Remarketing Agreement. The Remarketing Agreements provide that, unless the Authority has failed to pay remarketing fees to a Remarketing Agent, such Remarketing Agent may not resign until a successor has been appointed.

Optional Tender for Purchase

General. A Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond or any portion thereof equal to an Authorized Denomination may be tendered for purchase, at the Purchase Price, at the option of its registered owner on any Business Day during a Daily Rate Period, a Two-Day Rate Period or a Weekly Rate Period upon giving notice of the registered owner's election to tender in the manner and at the times described below. Notice of an election to tender a Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond registered in the name of Cede & Co., as nominee of DTC, is to be given by the DTC Participant on behalf of the Beneficial Owner of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds and will not be given by DTC.

Notice of the election to tender for purchase a Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond registered in any other name is to be given by the registered owner of such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond or its attorney-in-fact.

The notice must state the name of the registered owner or the Beneficial Owner and the principal amount of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond, the principal amount of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond to be tendered for purchase and the Business Day on which the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond or portion thereof to be tendered for purchase is to be purchased.

A DTC Participant or the registered owner of a Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond must give written notice of its irrevocable election to tender such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond or a portion thereof for purchase at its option to the Tender Agent, at its Delivery Office, and to the Remarketing Agent, (i) in the case of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds bearing interest in a Daily Rate Mode, no later than 11:00 a.m. on any Business Day, (ii) in the case of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds bearing interest in the Two-Day Rate Mode, no later than 3:00 p.m. on a Business Day at least two (2) Business Days prior to the Business Day on which such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond or portion thereof is to be purchased, and (iii) in the case of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds bearing interest in a Weekly Rate Mode, by no later than 5:00 p.m., New York City time, on any Business Day which is at least seven (7) days prior to the Business Day on which such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond or portion thereof is to be purchased.

Mandatory Tender for Purchase

The Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds of a Subseries are subject to mandatory tender and purchase at the Purchase Price on the following dates (each a "Mandatory Tender Date"):

(a) on each Conversion Date for Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds of such Subseries being converted to a different Rate Mode other than a conversion between the Daily Rate Mode, the Two-Day Mode and the Weekly Rate Mode;

(b) on the last Business Day of the Daily Rate Period, Two-Day Rate Period or Weekly Rate Period, as the case may be, next preceding the effective date of any expiration or earlier termination

of the Credit Facility then in effect with respect to such Subseries if at least fifteen days prior to such termination date such Credit Facility has not been extended or a substitute Credit Facility has not been obtained;

(c) on the substitution of a Credit Facility for an existing Credit Facility with respect to such Subseries if, solely as a result of such substitution, any Rating Agency would reduce or withdraw any rating assigned to such Subseries; and

(d) on the Business Day immediately preceding the date of termination specified in the Notice of Default delivered by a Facility Provider in accordance with the provisions of the Credit Facility with respect to such Subseries.

Notices of Mandatory Tenders. Whenever Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds are to be tendered for purchase in accordance with the Resolutions, the Tender Agent will, not less than 15 days prior to the effective date of the expiration or substitution or ten days prior to the effective date of the earlier termination of a Credit Facility then in effect, give notice by first-class mail to the holders of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds that the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds are subject to mandatory tender or purchase on the date specified in such notice, which will be the Business Day preceding the last Business Day of the applicable Rate Mode next preceding the effective date of such expiration or earlier termination.

Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds Deemed Purchased

The Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds or portions thereof required to be purchased upon a tender at the option of the registered owner thereof or upon a mandatory tender will be deemed to have been tendered and purchased for all purposes of the Resolutions, irrespective of whether such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds have been presented and surrendered to the Tender Agent, if on the Tender Date moneys sufficient to pay the Purchase Price thereof are held by the Tender Agent. The former registered owner of a Tendered Bond or a Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond deemed to have been tendered and purchased will have no claim thereunder or under the Resolutions or otherwise for payment of any amount other than the Purchase Price, and such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond or portion thereof will no longer be Outstanding for purposes of the Resolutions. However, the Authority has no obligation to furnish moneys for payment of the Purchase Price of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds that have been tendered but not remarketed and for which moneys have not been provided for their purchase by a Facility Provider pursuant to a Credit Facility. Such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will continue to be held by the tendering Bondholders and will bear interest from the Tender Date at the Maximum Rate.

Purchase Price and Payment

The Purchase Price of a Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond will be the principal amount of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond to be tendered, plus accrued and unpaid interest from the immediately preceding Bond Payment Date.

The Purchase Price of a Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond held in a book-entry-only system will be paid, in same-day funds, to DTC in accordance with DTC's standard procedures for effecting same-day payments, as described in "APPENDIX G — BOOK-ENTRY-ONLY FORM." Payment will be made without presentation and surrender of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds to the Tender Agent, and DTC will be responsible for effecting payment of the Purchase Price to the DTC Participants.

The Purchase Price of any other Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will be paid, in same-day funds, only after presentation and surrender of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond to the Tender Agent at its Delivery Office. Payment will be made by 3:00 p.m., New York City time, on the later of the Tender Date or the Business Day on which a Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond is presented and surrendered to the Tender Agent.

The Purchase Price is payable solely from, and in the following order of priority, (i) the proceeds of the remarketing of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds tendered for purchase, (ii) moneys made available by the applicable Facility Provider under the applicable Credit Facility, (iii) other moneys which have been on deposit with the Trustee or the Tender Agent, as applicable, for at least 124 days prior to and during which no petition by or against the Authority, under the United States Bankruptcy Code of 1978, as amended, 11 U.S.C. Sec. 101 et seq. (the “Bankruptcy Code”) has been filed or any bankruptcy or similar proceeding has been commenced, unless such petition or proceeding has been dismissed and such dismissal is final and not subject to appeal, and (iv) any other moneys the application of which to the payment of the Purchase Price of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds would not, in the opinion of Bond Counsel, constitute a voidable preference in the case of a filing for protection of the Authority under the Bankruptcy Code (collectively, “Available Moneys”). The Authority has no obligation to furnish moneys under (iii) or (iv) of the preceding sentence.

Remarketing of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds Upon Tender

Pursuant to the Remarketing Agreements, the Remarketing Agents are required to use their best efforts to remarket their respective Subseries of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds tendered or deemed tendered for purchase. Each Remarketing Agreement sets forth, among other things, certain conditions to the Remarketing Agent’s obligations to remarket Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds. If any of the conditions are not satisfied, or if the Remarketing Agent is otherwise unable to remarket any Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds, the Purchase Price of such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will be paid from amounts obtained from the applicable Facility Provider under the applicable Credit Facility, as described below, or may be paid from any other Available Moneys furnished by or on behalf of the Authority.

On each Tender Date, the Remarketing Agents are to give notice to the Tender Agent specifying the principal amount of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds which have been tendered for purchase and remarketed. The Tender Agent is, on such Tender Date, to obtain funds under the applicable Credit Facility in accordance with its terms in an amount equal to the difference between the Purchase Price of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds subject to purchase and the remarketing proceeds available to the Tender Agent.

The Authority has no obligation to furnish moneys for payment of the Purchase Price and failure to pay the Purchase Price is not an Event of Default under the Resolutions. In the event that Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds tendered for purchase cannot be remarketed and sufficient moneys to pay the Purchase Price are not available from the applicable Facility Provider, the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will continue to be held by the tendering Bondholders and will bear interest from the Tender Date at the Maximum Rate.

Redemption

Optional Redemption. The Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds, while they bear interest at a Daily Rate, Two-Day Rate or Weekly Rate, are subject to redemption prior to maturity at the election or direction of the Authority, on any Business Day, in whole or in part, at the redemption price of 100% of the principal amount of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds to be redeemed, plus accrued interest, if any, to the redemption date.

Selection of Bonds to be Redeemed

In the event less than all of the Outstanding Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds of like maturity are to be redeemed prior to maturity, the Trustee is to select for redemption, using such method of selection as it deems proper in its discretion, the Purchased Bonds (hereinafter defined) of such maturity, pro rata among each of the Subseries if less than all of the Purchased Bonds are to be redeemed, before selecting any other Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds of such maturity for redemption. Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds of such maturity which are not Purchased Bonds will be selected by the Trustee in accordance with instructions from the Authority in such manner as the Trustee deems fair and appropriate.

Notice of Redemption

Notice of redemption is to be given by first class mail, postage prepaid, at least 20 days prior to the date fixed for redemption, to the registered owners of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds to be redeemed at their addresses shown on the books of registry. So long as Cede & Co., as nominee of DTC, is the registered owner of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds, notice of redemption is to be sent to DTC at least 20 days prior to the date fixed for redemption or such shorter period as may be provided by DTC. No assurance can be given by the Authority that DTC and DTC participants will promptly transmit notices of redemption to Beneficial Owners.

If, on any redemption date, moneys for the redemption of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available therefor on such date, and if notice of redemption has been mailed, then interest on the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds to be redeemed will cease to accrue from and after the redemption date and such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will no longer be considered to be Outstanding under the Second Resolution.

The notice of redemption may provide that the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will be due and payable on the redemption date only if moneys sufficient to accomplish such redemption are held by the Trustee on the scheduled redemption date.

STANDBY PURCHASE AGREEMENTS FOR THE FISCAL 2006 SUBSERIES AA-1 AND 2008 SERIES BB BONDS**Standby Purchase Agreements**

General. The Authority will, on the date the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds are reoffered, enter into (1) an Amended and Restated Standby Bond Purchase Agreement with respect to the Fiscal 2006 Subseries AA-1 Bonds (the “2006 AA-1 Standby Purchase Agreement”) with State Street Bank and Trust Company (the “2006 AA-1A Liquidity Provider”) with respect to the Fiscal 2006 AA-1A Bonds and California State Teachers’ Retirement System (the “2006 AA-1B Liquidity Provider”) with respect to the Fiscal 2006 AA-1B Bonds; (2) a Standby Bond Purchase Agreement with respect to the Fiscal 2008 BB-1 Bonds (the “2008 BB-1 Standby Purchase Agreement”) with The Bank of Tokyo – Mitsubishi UFJ, Ltd., acting through its New York Branch (the “2008 BB-1 Liquidity Provider”); (3) an Amended and Restated Standby Bond Purchase Agreement with respect to the Fiscal 2008 BB-2 Bonds and the Fiscal 2008 BB-5 Bonds (the “2008 BB-2 and BB-5 Standby Purchase Agreement”) with Bank of America, N.A. (the “2008 BB-2 and BB-5 Liquidity Provider”); and (4) a Standby Bond Purchase Agreement with respect to the Fiscal 2008 BB-3 Bonds and the Fiscal 2008 BB-4 Bonds (the “2008 BB-3 and BB-4 Standby Purchase Agreement”) with Royal Bank of Canada (the “2008 BB-3 and BB-4 Liquidity Provider”), acting through its WFC, New York, Branch. The 2006 AA-1A Liquidity Provider, the 2006 AA-1B Liquidity Provider, the 2008 BB-1 Liquidity Provider, the 2008 BB-2 and BB-5 Liquidity Provider and the 2008 BB-3 and BB-4 Liquidity Provider are collectively referred to in this Remarketing Memorandum as the “Liquidity Providers.” The 2006 AA-1 Standby Purchase Agreement, the 2008 BB-1 Standby Purchase Agreement, the 2008 BB-2 and BB-5 Standby Purchase Agreement and the 2008 BB-3 and BB-4 Standby Purchase Agreement are collectively referred to in this Remarketing Memorandum as the “Standby Purchase Agreements.” Subject to the terms and conditions of the respective Standby Purchase Agreement, the applicable Facility Provider has agreed to make available to the Tender Agent, upon receipt of an appropriate demand for payment, the Purchase Price for the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds tendered for purchase and not remarketed so long as such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds bear interest at an Eligible Rate (as defined in the applicable Standby Purchase Agreement). The commitments of each Facility Provider under the Standby Purchase Agreements are sufficient to pay a Purchase Price equal to the Outstanding principal of and up to 35 days’ interest on the related Subseries of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds at an assumed interest rate of 9% per annum. The scheduled termination date of the 2008 BB-1 Standby Bond Purchase Agreement and the 2008 BB-3 and BB-4 Standby Purchase Agreement is October 2, 2015. The scheduled termination date of the 2008 BB-2 and

BB-5 Standby Purchase Agreement is October 23, 2015. The scheduled termination date of the 2006 AA-1 Standby Purchase Agreement is October 27, 2015.

The obligation of the Authority to repay amounts advanced by a Facility Provider under a Standby Purchase Agreement to purchase related Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds will be evidenced by the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds purchased by such Facility Provider (the “Purchased Bonds”).

Standby Purchase Agreements. Each Standby Purchase Agreement terminates immediately and without notice upon the occurrence of certain events of default (each a “Termination Event”). Except as noted below, the provisions of each Standby Purchase Agreement are substantially similar.

Termination Events under the Standby Purchase Agreement consist of the following events: (i) (x) the Authority shall fail to pay when due any principal of or premium, if any, or interest on the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds or Purchased Bonds (regardless of any waiver thereof by the holders of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds), or (y) any default by the Authority shall occur and be continuing in the payment of principal of or premium, if any, or interest on any bond, note or other similar evidence of indebtedness issued or assumed by the Authority that is secured by or payable from the Revenues on a basis that is senior to or on a parity with the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds and Purchased Bonds, or (z) pursuant to the provisions of any resolution, indenture, contract or other instrument, the maturity of any bond, note or other similar evidence of indebtedness issued or assumed by the Authority that is secured by or payable from the Revenues on a basis that is senior to or on a parity with the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds and Purchased Bonds, as the result of the occurrence of any default with respect to the payment of any principal or interest thereunder, shall be accelerated or required to be paid prior to the stated maturity thereof; (ii) the occurrence and continuance of an “Event of Default” under the Second Resolution described under clause (v) of “Summary of the Second Resolution — Defaults and Remedies” in Appendix C hereto; (iii) each of Moody’s Investors Service (“Moody’s”), Standard & Poor’s Ratings Services (“S&P”) and Fitch Inc. (“Fitch”) shall (x) assign a rating to any unenhanced debt of the Authority which is secured by or payable from Revenues on a basis that is senior to or on a parity with the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds or Purchased Bonds below “Baa3” in the case of Moody’s and below “BBB-” in the case of S&P and Fitch or (y) withdraw or suspend any such rating for a credit-related reason; (iv)(x) (A) the Authority shall impose a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on repayment when due and payable of the principal of or interest on the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds or any debt obligations of the Authority secured by a lien on Revenues senior to or on parity with the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds or the Purchased Bonds or (B) the State or any other governmental authority having jurisdiction over the Authority shall, as a result of a finding or ruling or any other official action of the State or such governmental authority, impose a debt moratorium, debt restructuring, debt adjustments or comparable extraordinary restriction on repayment when due and payable of the principal of or interest on the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds or all debt obligations of the Authority secured by a lien on Revenues senior to or on parity with the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds or Purchased Bonds or (y) the Authority shall (A) apply for or consent to the appointment of, or there shall occur the taking or possession by, a receiver, custodian, trustee, liquidator or sequestrator (or other similar official) of itself or of all or of a substantial part of its property or assets, (B) admit in writing its inability to pay its debts as they become due or shall become insolvent within the meaning of Section 101(32) of the Bankruptcy Code (as defined in the applicable Standby Purchase Agreement), (C) make a general assignment for the benefit of creditors, (D) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, winding-up or composition or adjustment of debts or (E) take any action for the purpose of effecting any of the acts set forth in clauses (A) through (D) above or (z) an involuntary case or other proceeding shall be commenced against the Authority seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for it or any substantial part of its property, and such involuntary case shall remain undismissed

and unstayed for a period of 60 days; or an order for relief shall be entered against the Authority under the federal bankruptcy laws as now or hereafter in effect; (v) (x) a final, nonappealable judgment shall be issued by a court of competent jurisdiction that the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds (including Purchased Bonds) or any provision of the Standby Purchase Agreement or of the Second Resolution relating to (A) the payment of principal or interest on any tranche of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds (including Purchased Bonds) or (B) the pledge of the Revenues supporting the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds and Purchased Bonds shall cease for any reason to be valid and binding, or (y) the Authority shall initiate legal proceedings or assert in legal proceedings or otherwise publicly contest, acting through an official of the Authority having authority to do so, that the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds or any provision of the Standby Purchase Agreement or of the Second Resolution relating to (A) the payment of principal or interest on any tranche of Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds (including Purchased Bonds) or (B) the pledge of the Revenues supporting the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds and Purchased Bonds is invalid or that the Authority has no liability thereon; and (vi) a final, nonappealable money judgment shall be entered by a court or other regulatory body of competent jurisdiction against the Authority in an amount in excess of \$10,000,000 and the Authority shall have failed to satisfy said money judgment within 90 days from the first date when said judgment shall have become enforceable and subject to collection in accordance with its terms.

Additionally, the Standby Purchase Agreement provides that each Facility Provider's obligations to purchase Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds shall be suspended immediately and without notice upon the occurrence of the following event (a "Suspension Event"): In the event of the issuance of any judgment that is appealable or not final but is otherwise described in clause (v)(x) above (such judgment a "Nonfinal Invalidation Judgment"), if such Nonfinal Invalidation Judgment has not been overturned or stayed upon appeal within 30 days after issuance thereof, the obligation of the Facility Provider under the Standby Purchase Agreement to purchase Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds shall be suspended without notice or demand to any person, and thereafter the Facility Provider shall be under no obligation to purchase Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds, from the 30th day after issuance of such Nonfinal Invalidation Judgment until such obligation is reinstated as specified below. The Facility Provider's obligation to purchase Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds following the stay of any Nonfinal Invalidation Judgment shall be suspended immediately (without the lapse of another 30 day time period) if such stay is lifted pursuant to a subsequent Nonfinal Invalidation Judgment. Following any suspension pursuant to the terms of the applicable Standby Purchase Agreement, the obligation of the Facility Provider under the Standby Purchase Agreement immediately shall terminate and the Facility Provider shall be under no further obligation to purchase Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds under the Standby Purchase Agreement (i) from the date on which a court of competent jurisdiction shall enter a final, nonappealable judgment that the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds or any provision of the Standby Purchase Agreement or of the Second Resolution relating to (A) the payment of principal of or interest on the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds or Purchased Bonds or (B) the pledge of Revenues supporting the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds and Purchased Bonds, as applicable, shall cease for any reason to be valid and binding and (ii) from the earlier to occur of the scheduled termination date and the date that is three years after the date of issuance of the relevant Nonfinal Invalidation Judgment, if on such date the relevant litigation is still pending and a final and nonappealable judgment related thereto has not been obtained. The obligation of the Facility Provider under the Standby Purchase Agreement immediately shall be reinstated and the terms of the Standby Purchase Agreement will continue in full force and effect (unless otherwise terminated by its terms) as if there had been no such suspension, on the date on which a court of competent jurisdiction shall issue a judgment that the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds or any provision of the Standby Purchase Agreement or of the Second Resolution, as applicable, relating to (A) the payment of principal of or interest on the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds or Purchased Bonds or (B) the pledge of Revenues supporting the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds and Purchased Bonds, as applicable, is valid and binding.

In the case of the occurrence of certain events of default under the Standby Purchase Agreement, the Facility Provider, in its sole discretion, may (x) give written notice of such event of default to the applicable Remarketing Agent or Remarketing Agents and to the Tender Agent requesting a mandatory tender of all or any portion of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds pursuant to the Second Resolution and stating that the obligation of the Facility Provider to purchase the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds under the Standby Purchase Agreement shall terminate 30 days after such notice is received by the Tender Agent and on such date the related available allocated commitment to purchase tendered Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds shall terminate and the Facility Provider shall be under no obligation to purchase such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds after such date, or (y) give a written notice to the Authority directing the Authority to convert the interest rate on all or any portion of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds to an interest rate other than an Eligible Rate in accordance with the terms of the applicable Standby Purchase Agreement.

The preceding is a summary of certain provisions expected to be included in the Standby Purchase Agreement and the proceedings under which the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds are to be issued, and is subject in all respects to the underlying documents, copies of which will be available for inspection during business hours at the office of the Tender Agent. Information regarding each Facility Provider is included herein as "APPENDIX H — DESCRIPTION OF THE FACILITY PROVIDERS." Neither the Authority nor the Underwriters makes any representation with respect to the information in "APPENDIX H — DESCRIPTION OF THE FACILITY PROVIDERS."

Substitution of a Credit Facility

The Authority may replace a Credit Facility with a substitute Credit Facility; *provided, however*, that the Subseries of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds which are secured by such Credit Facility will be subject to mandatory tender on the substitution date if, solely as a result of such substitution, any Rating Agency would reduce or withdraw any rating assigned to such Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds.

No later than five Business Days prior to the effective date of a substitute Credit Facility the Tender Agent shall give notice to the Holders of the Outstanding Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds to which such Credit Facility relates, which notice is to contain, among other things: (i) a description of such substitute Credit Facility (including the date of expiration of such Credit Facility); (ii) the name of the Facility Provider of such substitute Credit Facility; (iii) a statement as to the ratings on the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds as a result of the substitution of such substitute Credit Facility for the then existing Credit Facility; and (iv) a statement that the Opinion of Bond Counsel and the opinion of counsel to the Facility Provider necessary for such substitute Credit Facility to become effective have been obtained. The failure of any Holder of a Fiscal 2006 Subseries AA-1 and 2008 Series BB Bond to receive such notice will not affect the validity of the proceedings in connection with the effectiveness of such substitute Credit Facility.

APPROVAL OF LEGAL PROCEEDINGS

In connection with the remarketing of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds, certain legal matters will be passed upon for the Authority by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. A copy of the form of Bond Counsel's opinion with respect to the Fiscal 2006 Subseries AA-1 Bonds is set forth as Appendix E-1. A copy of the opinion of Bond Counsel delivered at the original issuance of the Fiscal 2008 Series BB Bonds is set forth as Appendix E-2. The form of the Remarketing Opinion to be delivered by Bond Counsel on the date of remarketing is set forth as Appendix E-3. Certain legal matters will be passed upon for the City and the Board by the City's Corporation Counsel. Certain legal matters will be passed upon for the Remarketing Agents by Nixon Peabody LLP, New York, New York.

EXPECTED RATINGS

The Authority expects the credit ratings set forth below to be issued with respect to the Fiscal 2006 Subseries AA Bonds and the Fiscal 2008 Series BB Bonds.

	S&P		Moody's		Fitch	
	Long-Term Rating	Short-Term Rating	Long-Term Rating	Short-Term Rating	Long-Term Rating	Short-Term Rating
Fiscal 2006 AA-1A Bonds	AA+	A-1+	Aa2	VMIG-1	AA+	F1+
Fiscal 2006 AA-1B Bonds	AA+	A-1+	Aa2	VMIG-1	AA+	F1+
Fiscal 2008 BB-1 Bonds	AA+	A-1	Aa2	VMIG-1	AA+	F1
Fiscal 2008 BB-2 Bonds	AA+	A-1	Aa2	VMIG-2	AA+	F1
Fiscal 2008 BB-3 Bonds	AA+	A-1+	Aa2	VMIG-1	AA+	F1+
Fiscal 2008 BB-4 Bonds	AA+	A-1+	Aa2	VMIG-1	AA+	F1+
Fiscal 2008 BB-5 Bonds	AA+	A-1	Aa2	VMIG-2	AA+	F1

Such ratings, when issued, will reflect only the views of the respective rating agencies, from which an explanation of the significance of such ratings may be obtained. There is no assurance that any rating will continue for any given period of time or that any or all will not be revised downward or withdrawn entirely. Any such downward revision or withdrawal could have an adverse effect on the market price of the Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds.

REMARKETING

The 2006 AA-1 Remarketing Agent has agreed, subject to certain conditions, to remarket the Fiscal 2006 Subseries AA-1 Bonds at an aggregate price which is equal to the initial offering price thereof. The 2008 BB-1 Remarketing Agent has agreed, subject to certain conditions, to remarket the Fiscal 2008 BB-1 Bonds at an aggregate price which is equal to the initial offering price thereof. The 2008 BB-2 Remarketing Agent has agreed, subject to certain conditions, to remarket the Fiscal 2008 BB-2 Bonds at an aggregate price which is equal to the initial offering price thereof. The 2008 BB-3 Remarketing Agent has agreed, subject to certain conditions, to remarket the Fiscal 2008 BB-3 Bonds at an aggregate price which is equal to the initial offering price thereof. The 2008 BB-4 Remarketing Agent has agreed, subject to certain conditions, to remarket the Fiscal 2008 BB-4 Bonds at an aggregate price which is equal to the initial offering price thereof. The 2008 BB-5 Remarketing Agent has agreed, subject to certain conditions, to remarket the Fiscal 2008 BB-5 Bonds at an aggregate price which is equal to the initial offering price thereof. The Authority will reimburse the Remarketing Agents for certain expenses in connection with the remarketings.

The obligations of the respective Remarketing Agents are subject to certain conditions precedent, and the Remarketing Agents will be obligated to remarket all of their respective Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds if any of their respective Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds are remarketed.

TAX MATTERS

Fiscal 2006 Subseries AA-1 Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Fiscal 2006 Subseries AA-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the

Internal Revenue Code of 1986 (the “Code”). In the further opinion of Bond Counsel, interest on the Fiscal 2006 Subseries AA-1 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that interest on the Fiscal 2006 Subseries AA-1 Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Fiscal 2006 Subseries AA-1 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Fiscal 2006 Subseries AA-1 Bonds. The text of the opinion to be delivered by Bond Counsel is set forth as Appendix E-1.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Fiscal 2006 Subseries AA-1 Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Fiscal 2006 Subseries AA-1 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Fiscal 2006 Subseries AA-1 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Fiscal 2006 Subseries AA-1 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Fiscal 2006 Subseries AA-1 Bonds may adversely affect the value of, or the tax status of interest on, the Fiscal 2006 Subseries AA-1 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Fiscal 2006 Subseries AA-1 Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York), the ownership or disposition of, or the accrual or receipt of interest on, the Fiscal 2006 Subseries AA-1 Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Fiscal 2006 Subseries AA-1 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the Fiscal 2006 Subseries AA-1 Bonds ends with the issuance of the Fiscal 2006 Subseries AA-1 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the Fiscal 2006 Subseries AA-1 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Fiscal 2006 Subseries AA-1 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Fiscal 2006 Subseries AA-1 Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

Fiscal 2008 Series BB Bonds

On the date of original issuance and delivery of the Fiscal 2008 Series BB Bonds, Bond Counsel delivered an opinion to the effect that, based upon an analysis of then existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Fiscal 2008 Series BB Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. It was the further opinion of Bond Counsel that interest on the Fiscal 2008 Series BB Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum income taxes, although Bond Counsel observed that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. It was the further opinion of Bond Counsel that interest on the Fiscal 2008 Series BB Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). A complete copy of the opinion of Bond Counsel delivered at the original issuance of the Fiscal 2008 Series BB Bonds is set forth as Appendix E-2. In connection with the remarketing of the Fiscal 2008 Series BB Bonds, Bond Counsel will deliver its opinion (the "Remarketing Opinion") to the effect that the substitution of the Credit Facilities relating to the Fiscal 2008 BB-1 Bonds, the Fiscal 2008 BB-3 Bonds and the Fiscal 2008 BB-4 Bonds, and the conversion of the Fiscal 2008 B-1 Bonds to the Weekly Rate Mode, the Fiscal 2008 BB-2 Bonds to the Daily Rate Mode and the Fiscal 2008 BB-3 Bonds to the Weekly Rate Mode will not, in and of themselves, adversely affect any exclusion from gross income of interest on the Fiscal 2008 BB-1 Bonds, the Fiscal 2008 BB-2 Bonds, the Fiscal 2008 BB-3 Bonds and the Fiscal 2008 B-4 Bonds for federal income tax purposes. The text of the Remarketing Opinion to be delivered by Bond Counsel is set forth as Appendix E-3. Bond Counsel is not rendering any opinion on the current tax status of the Fiscal 2008 Series BB Bonds.

As described in the Official Statement relating to the original issuance of the Fiscal 2008 Series BB Bonds, the Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Fiscal 2008 Series BB Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Fiscal 2008 Series BB Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Fiscal 2008 Series BB Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Fiscal 2008 Series BB Bonds. The opinion of Bond Counsel rendered in connection with the original issuance of the Fiscal 2008 Series BB Bonds assumed the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Fiscal 2008 Series BB Bonds may adversely affect the value of, or the tax status of interest on, the Fiscal 2008 Series BB Bonds. Accordingly, the opinion of Bond Counsel delivered in connection with the original issuance of the Fiscal 2008 Series BB Bonds is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although the opinion of Bond Counsel rendered in connection with the original issuance of the Fiscal 2008 Series BB Bonds stated that interest on the Fiscal 2008 Series BB Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the accrual or receipt of interest on, the Fiscal 2008 Series BB Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expressed no opinion regarding any such other tax consequences upon the original issuance of the Fiscal 2008 Series BB Bonds.

The opinion of Bond Counsel rendered in connection with the original issuance of the Fiscal 2008 Series BB Bonds was based on then-current legal authority, covered certain matters not directly addressed by such authorities, and represented Bond Counsel's judgment as to the proper treatment of

the Fiscal 2008 Series BB Bonds for federal income tax purposes. Such opinions are not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority covenanted upon the original issuance of the Fiscal 2008 Series BB Bonds, however, to comply with the requirements of the Code.

Unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the Fiscal 2008 Series BB Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Fiscal 2008 Series BB Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Fiscal 2008 Series BB Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

Legislative or Other Changes Affecting Fiscal 2006 Subseries AA-1 and 2008 Series BB Bonds

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Fiscal 2006 Subseries AA-1 or 2008 Series BB Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration recently announced a legislative proposal which, for tax years beginning on or after January 1, 2013, generally would limit the exclusion from gross income of interest on obligations like the Fiscal 2006 Subseries AA-1 or 2008 Series BB Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Fiscal 2006 Subseries AA-1 or 2008 Series BB Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Fiscal 2006 Subseries AA-1 or 2008 Series BB Bonds. Prospective purchasers of the Fiscal 2006 Subseries AA-1 or 2008 Series BB Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

NEW YORK CITY MUNICIPAL WATER
FINANCE AUTHORITY

FORMS OF OPINIONS OF BOND COUNSEL

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**BOND COUNSEL OPINION
(Fiscal 2006 Subseries AA-1 Bonds)**

October 4, 2012

New York City Municipal
Water Finance Authority

New York City Municipal Water Finance Authority
Water and Sewer System Second General Resolution Revenue Bonds,
Adjustable Rate Fiscal 2006 Subseries AA-1
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the New York City Municipal Water Finance Authority (the “Authority”), a body corporate and politic constituting a public benefit corporation of the State of New York (the “State”), created and existing under and pursuant to the Constitution and statutes of the State, including the Act (defined below), in connection with the issuance of \$200,000,000 aggregate principal amount of Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2006 Subseries AA-1 (the “2006 Subseries AA-1 Bonds”), consisting of \$100,000,000 Adjustable Rate Fiscal 2006 Subseries AA-1A and \$100,000,000 Adjustable Rate Fiscal 2006 Subseries AA-1B, issued under and pursuant to the New York City Municipal Water Finance Authority Act, being Title 2-A of Article 5 of the Public Authorities Law of the State, as amended (which, together with Section 1046 of the Public Authorities Law of the State, is herein referred to as the “Act”) and a resolution of the Authority adopted March 30, 1994 entitled “Water and Sewer System Second General Revenue Bond Resolution,” as amended and supplemented to the date hereof (the “Second Resolution”), including with respect to the 2006 Subseries AA-1 Bonds by a supplemental resolution adopted September 6, 2012 entitled “Amended and Restated Supplemental Resolution No. 37 Authorizing the Issuance of up to \$200,000,000 Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2006 Subseries AA-1” (“Supplemental Resolution No. 37”) authorizing the 2006 Subseries AA-1 Bonds. The 2006 Subseries AA-1 Bonds are part of an issue of bonds of the Authority (the “Bonds”) which the Authority has created under the terms of the Second Resolution and is authorized to issue from time to time for the purposes authorized by the Act and the Second Resolution, as then in effect, and without limitation as to amount except as provided in the Second Resolution or as may be limited by law. The 2006 Subseries AA-1 Bonds are being issued for the purposes of the Second Resolution. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Second Resolution.

Pursuant to the Act, the New York City Water Board (the “Board”), a public benefit corporation of the State, created and existing under the laws of the State, and The City of New York (the “City”), a municipal corporation of the State, have entered into a lease agreement, dated as of July 1, 1985, as amended (the “Lease”), whereby the Board has leased the New York City Water and Sewer System from the City for a term ending on the date on which all bonds, notes or other obligations of the Authority have been paid in full or provision for such payment shall have been made in accordance with the instruments under which they were issued. Pursuant to the Act, the Authority, the Board and the City have entered into a financing agreement, dated July 1, 1985, as amended (the “Financing Agreement”), related to, among other things, the financing of Water Projects.

In such connection, we have reviewed the Second Resolution, Supplemental Resolution No. 37, the Authority’s Water and Sewer System General Revenue Bond Resolution, adopted November 14, 1985 (the “First Resolution”), the Lease, the Financing Agreement, the Tax Certificate of the Authority (the “Tax Certificate”), the opinion of Corporation Counsel of The City of New York, certificates of the Authority, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof, and we disclaim any obligation to update this letter. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Second Resolution, Supplemental Resolution No. 37, the First Resolution, the Lease, the Financing Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the 2006 Subseries AA-1 Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the 2006 Subseries AA-1 Bonds, the Second Resolution, Supplemental Resolution No. 37, the First Resolution, the Lease, the Financing Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles and to the exercise of judicial

discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, penalty, arbitration, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Second Resolution, Supplemental Resolution No. 37, the First Resolution, the Lease or the Financing Agreement, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the 2006 Subseries AA-1 Bonds and express no opinion with respect thereto herein.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof we are of the following opinions:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State, duly created and existing under the laws of the State with the right and lawful authority and power to enter into the Financing Agreement, to adopt the Second Resolution and Supplemental Resolution No. 37 and to issue the 2006 Subseries AA-1 Bonds.

2. The Second Resolution and Supplemental Resolution No. 37 have been duly and lawfully adopted by the Authority, are in full force and effect and are the legal, valid and binding agreements of the Authority enforceable in accordance with their terms. The Second Resolution and Supplemental Resolution No. 37 create the valid, binding and perfected pledges they purport to create of the Revenues and any moneys or securities on deposit in the Funds and Accounts created thereby for the repayment of the Bonds, subject only to the provisions of the Second Resolution, Supplemental Resolution No. 37 and the Financing Agreement permitting the application thereof for or to the purposes and on the terms and conditions permitted thereby, including the making of any required payments to the United States with respect to arbitrage earnings.

3. The 2006 Subseries AA-1 Bonds have been duly and validly authorized and issued. The 2006 Subseries AA-1 Bonds are valid and binding special obligations of the Authority payable as provided in the Second Resolution, are enforceable in accordance with their terms and the terms of the Second Resolution and are entitled, together with all other Bonds issued under the Second Resolution, to the benefits of the Second Resolution and the Act.

4. The 2006 Subseries AA-1 Bonds are payable solely from the Revenues and other amounts pledged to such payment under the Second Resolution. The 2006 Subseries AA-1 Bonds are not a debt of the State, the City or the Board and neither the State, the City, the Board nor any other political subdivision of the State is liable thereon.

5. The Lease and the Financing Agreement have been duly authorized, executed and delivered by the respective parties thereto and constitute valid and binding obligations of such parties, enforceable in accordance with their terms.

6. The Revenues derived from the operation of the System are the property of the Board. The Financing Agreement validly transfers the right, title and interest of the Board in the Revenues to the Authority to the extent and as provided in the Financing Agreement, subject only to the provisions of the Act, the Financing Agreement and the Second Resolution permitting the application thereof for or to the purposes, and on the terms and conditions, therein set forth.

7. By virtue of the Act, the Authority has a valid, binding and perfected statutory lien upon the Revenues to be paid by the Board to the Authority pursuant to the Financing Agreement and such lien constitutes a first priority security interest therein.

8. Interest on the 2006 Subseries AA-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the 2006 Subseries AA-1 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the 2006 Subseries AA-1 Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the 2006 Subseries AA-1 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2006 Subseries AA-1 Bonds.

In rendering the opinions set forth in paragraphs 5 and 6 above, we wish to advise you that we have, with your consent, relied upon the opinion of Corporation Counsel of The City of New York dated the date hereof and addressed to you as to the validity, binding effect and enforceability of the Lease and the Financing Agreement with respect to the Board and the City. In rendering the priority of lien opinion set forth in paragraph 7 above, we have (i) relied upon a certification by the Board that it has not made or granted a pledge of or security interest in the Revenues to any person other than the Authority and that it has not taken any action which could result in the imposition by operation of law of any lien, charge or encumbrance upon the Revenues, and (ii) assumed, without making any independent investigation, that (1) no lien, charge or encumbrance upon the Revenues has been imposed or exists by operation of law that is prior to the lien in favor of the Authority and (2) no facts or circumstances have occurred or exist which could result in the imposition by operation of law of any lien, charge or encumbrance upon the Revenues that is prior to the lien in favor of the Authority.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP



ORIGINAL BOND COUNSEL OPINION
(Fiscal 2008 Series BB Bonds)

APPENDIX E-2

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October 24, 2007

New York City Municipal
Water Finance Authority

New York City Municipal Water Finance Authority
Water and Sewer System Second General Resolution Revenue Bonds,
Adjustable Rate Fiscal 2008 Series BB
and
Adjustable Rate Fiscal 2008 Series CC
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the New York City Municipal Water Finance Authority (the "Authority"), a body corporate and politic constituting a public benefit corporation of the State of New York (the "State"), created and existing under and pursuant to the Constitution and statutes of the State, including the Act (defined below), in connection with the issuance of \$401,000,000 aggregate principal amount of Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2008 Series BB (the "2008 Series BB Bonds") and \$352,200,000 aggregate principal amount of Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2008 Series CC (the "2008 Series CC Bonds"), issued under and pursuant to the New York City Municipal Water Finance Authority Act, being Title 2-A of Article 5 of the Public Authorities Law of the State, as amended (which, together with Section 1046 of the Public Authorities Law of the State, is herein referred to as the "Act") and a resolution of the Authority adopted March 30, 1994 entitled "Water and Sewer System Second General Revenue Bond Resolution," as amended and supplemented to the date hereof (the "Resolution"), including with respect to the 2008 Series BB Bonds by a supplemental resolution adopted October 22, 2007 entitled "Supplemental Resolution No. 48 Authorizing the Issuance of up to \$401,000,000 Water and Sewer System Second General Resolution Revenue Bonds, Fiscal 2008 Series BB" ("Supplemental Resolution No. 48") authorizing the 2008 Series BB Bonds and including with respect to the 2008 Series CC Bonds by a supplemental resolution adopted October 22, 2007 entitled "Supplemental Resolution No. 49 Authorizing the Issuance of up to \$352,200,000 Water and Sewer System Second General Resolution Revenue Bonds, Fiscal 2008 Series CC" ("Supplemental Resolution No. 49") authorizing the 2008 Series CC Bonds. The 2008 Series BB Bonds and the 2008 Series CC



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Bonds are part of an issue of bonds of the Authority (the "Bonds") which the Authority has created under the terms of the Resolution and is authorized to issue from time to time for the purposes authorized by the Act and the Resolution, as then in effect, and without limitation as to amount except as provided in the Resolution or as may be limited by law. The 2008 Series BB Bonds and the 2008 Series CC Bonds are being issued for the purposes of the Resolution. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

Pursuant to the Act, the New York City Water Board (the "Board"), a public benefit corporation of the State, created and existing under the laws of the State, and The City of New York (the "City"), a municipal corporation of the State, have entered into a lease agreement, dated as of July 1, 1985, as amended (the "Lease"), whereby the Board has leased the New York City Water and Sewer System from the City for a term ending on the date on which all bonds, notes or other obligations of the Authority have been paid in full or provision for such payment shall have been made in accordance with the instruments under which they were issued. Pursuant to the Act, the Authority, the Board and the City have entered into a financing agreement, dated July 1, 1985, as amended (the "Financing Agreement"), related to, among other things, the financing of Water Projects.

In such connection, we have reviewed the Resolution, Supplemental Resolution No. 48, Supplemental Resolution No. 49, the Authority's Water and Sewer System General Revenue Bond Resolution, adopted November 14, 1985 (the "First Resolution"), the Lease, the Financing Agreement, the Tax Certificate of the Authority (the "Tax Certificate"), the opinion of Corporation Counsel of The City of New York, certificates of the Authority, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof, and we disclaim any obligation to update this letter. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the



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Resolution, Supplemental Resolution No. 48, Supplemental Resolution No. 49, the First Resolution, the Lease, the Financing Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the 2008 Series BB Bonds or the 2008 Series CC Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the 2008 Series BB Bonds, the 2008 Series CC Bonds, the Resolution, Supplemental Resolution No. 48, Supplemental Resolution No. 49, the First Resolution, the Lease, the Financing Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases.

We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Resolution, Supplemental Resolution No. 48, Supplemental Resolution No. 49, the First Resolution, the Lease or the Financing Agreement, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the 2008 Series BB Bonds or the 2008 Series CC Bonds and express no opinion with respect thereto herein.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof we are of the following opinions:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State, duly created and existing under the laws of the State with the right and lawful authority and power to enter into the Financing Agreement, to adopt the Resolution, Supplemental Resolution No. 48 and Supplemental Resolution No. 49 and to issue the 2008 Series BB Bonds and the 2008 Series CC Bonds.

2. The Resolution, Supplemental Resolution No. 48 and Supplemental Resolution No. 49 have been duly and lawfully adopted by the Authority, are in full force and effect and are the legal, valid and binding agreements of the Authority enforceable in accordance with their terms. The Resolution, Supplemental Resolution No. 48 and Supplemental Resolution No. 49 create the valid, binding and perfected pledges they purport to create of the amounts on deposit in the Revenue Fund established under the Resolution and any moneys or securities on deposit in the Funds and Accounts created thereby for the repayment of the Bonds, subject only to the provisions of the Resolution, Supplemental Resolution No. 48, Supplemental Resolution No. 49 and the Financing Agreement permitting the application thereof for or to the purposes and on the



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terms and conditions permitted thereby, including the making of any required payments to the United States with respect to arbitrage earnings.

3. The 2008 Series BB Bonds and the 2008 Series CC Bonds have been duly and validly authorized and issued. The 2008 Series BB Bonds and the 2008 Series CC Bonds are valid and binding special obligations of the Authority payable as provided in the Resolution, are enforceable in accordance with their terms and the terms of the Resolution and are entitled, together with all other Bonds issued under the Resolution, to the benefits of the Resolution and the Act.

4. The 2008 Series BB Bonds and the 2008 Series CC Bonds are payable solely from the Revenues and other amounts pledged to such payment under the Resolution. Neither the 2008 Series BB Bonds nor the 2008 Series CC Bonds are a debt of the State, the City or the Board and neither the State, the City, the Board nor any other political subdivision of the State is liable thereon.

5. The Lease and the Financing Agreement have been duly authorized, executed and delivered by the respective parties thereto and constitute valid and binding obligations of such parties, enforceable in accordance with their terms.

6. The Revenues derived from the operation of the System are the property of the Board. The Financing Agreement validly transfers the right, title and interest of the Board in the Revenues to the Authority to the extent and as provided in the Financing Agreement, subject only to the provisions of the Act, the Financing Agreement and the Resolution permitting the application thereof for or to the purposes, and on the terms and conditions, therein set forth.

7. By virtue of the Act, the Authority has a valid, binding and perfected statutory lien upon the Revenues to be paid by the Board to the Authority pursuant to the Financing Agreement and such lien constitutes a first priority security interest therein.

8. Interest on the 2008 Series BB Bonds and the 2008 Series CC Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Neither the interest on the 2008 Series BB Bonds nor the 2008 Series CC Bonds is a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the 2008 Series BB Bonds and the 2008 Series CC Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2008 Series BB Bonds or the 2008 Series CC Bonds.



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In rendering the opinions set forth in paragraphs 5 and 6 above, we wish to advise you that we have, with your consent, relied upon the opinion of Corporation Counsel of The City of New York dated the date hereof and addressed to you as to the validity, binding effect and enforceability of the Lease and the Financing Agreement with respect to the Board and the City. In rendering the priority of lien opinion set forth in paragraph 7 above, we have (i) relied upon a certification by the Board that it has not made or granted a pledge of or security interest in the Revenues to any person other than the Authority and that it has not taken any action which could result in the imposition by operation of law of any lien, charge or encumbrance upon the Revenues, and (ii) assumed, without making any independent investigation, that (1) no lien, charge or encumbrance upon the Revenues has been imposed or exists by operation of law that is prior to the lien in favor of the Authority and (2) no facts or circumstances have occurred or exist which could result in the imposition by operation of law of any lien, charge or encumbrance upon the Revenues that is prior to the lien in favor of the Authority.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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**REMARKETING OPINION
(Fiscal 2008 Series BB Bonds)**

October 4, 2012

The Bank of New York Mellon,
as Trustee and Tender Agent
101 Barclay Street, 7W Floor
New York, New York 10286

New York City Municipal Water Finance Authority
\$401,000,000 Water and Sewer System Second General Resolution Revenue Bonds,
Adjustable Rate Fiscal 2008 Series BB

Ladies and Gentlemen:

The New York City Municipal Water Finance Authority Water and Sewer System Revenue Bonds, Adjustable Rate Fiscal 2008 Series BB in the aggregate principal amount of \$401,000,000 (the “Bonds”) were issued by the New York City Municipal Water Finance Authority (the “Issuer”) pursuant to (i) the New York City Municipal Water Finance Authority Act, constituting Title 2A of Article 5 of the Public Authorities Law of the State of New York, as amended (the “Act”), (ii) the Water and Sewer System Second General Revenue Bond Resolution adopted by the Issuer March 30, 1994 (the “Second General Resolution”) and (iii) “Supplemental Resolution No. 48 Authorizing the Issuance of Up To \$401,000,000 Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2008 Series BB,” adopted by the Issuer on October 22, 2007 (the “Supplemental Resolution”). At the time of issuance of the Bonds, we rendered an opinion to the effect that, subject to certain conditions and assumptions described in such opinion, under then existing law, the interest on the Bonds was excluded from gross income for federal income tax purposes and that the interest on the Bonds was not treated as a preference item for purposes of computing the federal alternative minimum tax under the Code with respect to individuals and corporations. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Second General Resolution and the Supplemental Resolution.

Pursuant to the requirements under “Substitution of Credit Facility” in Exhibit B to the Supplemental Resolution, the Issuer is providing for the delivery to the Tender Agent of a substitute Credit Facilities, in the form of Standby Bond Purchase Agreements, each dated as of October 1, 2012, between the Issuer and State Street Bank and Trust Company; California State Teachers’ Retirement System; The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch; Bank of America, N.A.; and Royal Bank of Canada, acting through its WFC, New York, Branch, respectively, with respect to the Bonds (collectively, the “Substitute Credit Facilities”), in substitution for the existing Credit Facilities.

Pursuant to the requirements of subsection (b) under “Determination of Rate Mode” in Exhibit B to the Supplemental Resolution, the (i) Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2008 Subseries BB-1 and Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2008 Subseries BB-3 are being converted from the Daily Rate Mode to the Weekly Rate Mode and (ii) Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2008 Subseries BB-2 are being converted from the Weekly Rate Mode to the Daily Rate Mode (the “Conversion”).

In connection with the substitution of the Substitute Credit Facilities and the Conversion, as bond counsel to the Issuer, we have reviewed the Act, the Second General Resolution, the Supplemental Resolution, certificates of the Issuer, the Trustee and others, rating letters, and such other documents, opinions and matters to the extent we deemed necessary to render the opinion set forth herein.

The opinions expressed herein is based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof, and we disclaim any obligation to update this opinion. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any party other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to above. Furthermore, we have assumed compliance with all covenants and agreements contained in the Act, the Second General Resolution, the Supplemental Resolution and the related tax certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that actions, omissions or events on and after the date of issuance of the Bonds have not caused and will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We have not undertaken to determine compliance with any of such covenants and agreements or any other requirements of law, and, except as expressly set forth herein, we have not otherwise reviewed any actions, omissions or events occurring after the date of issuance of the Bonds or the exclusion of interest on the Bonds from gross income for federal income tax purposes. Accordingly, no opinion is expressed herein as to whether interest on the Bonds is excludable from gross income for federal income tax purposes or as to any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that the substitution of the Substitute Credit Facilities for the Credit Facilities and the Conversion are permitted by the Second General Resolution, the Supplemental Resolution and the Act and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation under Section 103 of the Code.

This opinion is furnished by us as bond counsel to the Issuer solely for purposes of subsection (b)(iii) under “Substitution of Credit Facility” and subsection (b)(ii)(C) under “Determination of Rate Mode” in Exhibit B to the Supplemental Resolution. No attorney-client relationship has existed or exists between our firm and the Trustee and Tender Agent in connection with the Bonds or by virtue of this opinion, and we disclaim any obligation to update this opinion. This opinion is delivered to the addressee hereof pursuant to subsection (b)(iii) under “Substitution of Credit Facility” and subsection (b)(ii)(C) under “Determination of Rate Mode” in Exhibit B to the Supplemental Resolution and is not to be used or relied upon for any other purpose or by any person. This opinion is not intended to, and may not, be relied upon by owners of Bonds or any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

DESCRIPTION OF THE FACILITY PROVIDERS

Certain Information Concerning the 2006 AA-1A Facility Provider

State Street Bank and Trust Company

The following information concerning the 2006 AA-1A Liquidity Provider has been provided by representatives of the 2006 AA-1A Liquidity Provider and has not been independently confirmed or verified by the Authority or the 2006 AA-1 Remarketing Agent. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information given below or incorporated herein by reference is correct as of any time subsequent to its date.

State Street Bank and Trust Company (the “Bank”) is a wholly-owned subsidiary of State Street Corporation (the “Corporation”). The Corporation (NYSE: STT) is the world’s leading provider of financial services to institutional investors including investment servicing, investment management and investment research and trading. With \$21.81 trillion in assets under custody and administration and \$1.86 trillion in assets under management, the Corporation operates in 29 countries and more than 100 markets worldwide. The consolidated total assets of the Bank as of December 31, 2011 accounted for approximately 98% of the consolidated total assets of the Corporation as of the same date. As of December 31, 2011, the Corporation had consolidated total assets of \$216.83 billion, total deposits (including deposits in non-U.S. offices) of \$157.29 billion, total loans and leases, net of unearned income and allowance for loan losses, of \$10.03 billion and total shareholders’ equity of \$19.40 billion.

The Bank’s *Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices Only – FFIEC 031* at December 31, 2011 (the “Call Reports”), as filed with the Federal Deposit Insurance Corporation, are incorporated by reference in this Appendix and shall be deemed to be a part hereof.

In addition, all Call Reports filed by the Bank pursuant to 12 U.S.C. §324 after the date of this Remarketing Memorandum shall be deemed to be incorporated herein by reference and shall be deemed to be a part hereof from the date of filing of any such report.

Additional information, including financial information relating to the Corporation and the Bank, is set forth in the Corporation’s Annual Report on Form 10-K for the year ended December 31, 2011. The Form 10-K can be found on the Corporation’s web site, www.statestreet.com. Such report and all reports filed by the Corporation pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this Remarketing Memorandum are incorporated herein by reference and shall be deemed a part hereof from the date of filing of any such report. The 2006 AA1-A Standby Purchase Agreement is an obligation of the Bank and not of the Corporation.

Any statement contained in any document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Remarketing Memorandum to the extent that a statement contained herein or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Remarketing Memorandum.

The Bank hereby undertakes to provide, without charge to each person to whom a copy of this Remarketing Memorandum has been delivered, on the written request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Remarketing Memorandum by reference, other than exhibits to such documents. Written requests for such copies should be directed to Investor Relations, State Street Corporation, One Lincoln Street, Boston, Massachusetts 02111, telephone number 617-786-3000.

Neither the Bank nor its affiliates make any representation as to the contents of this Remarketing Memorandum (except as to this Appendix to the extent it relates to the Bank), the suitability of the Fiscal 2006 Subseries AA-1A Bonds for any investor, the feasibility or performance of any project or compliance with any securities or tax laws or regulations.

Certain Information Concerning the 2006 AA-1B Facility Provider

California State Teachers' Retirement System

The following information concerning the 2006 AA-1B Liquidity Provider has been provided by representatives of the 2006 AA-1B Liquidity Provider and has not been independently confirmed or verified by the Authority or the 2006 AA-1 Remarketing Agent. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information given below or incorporated herein by reference is correct as of any time subsequent to its date.

The California State Teachers' Retirement System (CalSTRS) provides defined retirement, survivor and disability benefits to its members. California public school teachers from preschool through community college and certain other employees of the public school system are required by law to be members of CalSTRS. Contributions to the Teachers' Retirement Fund (Fund) are as follows: members – 8%, school districts and other agencies employing members of CalSTRS – 8.25%, State of California – 2.541% of the members' creditable earnings from the fiscal year ending in the prior calendar year (increasing to 2.791% as of October 1, 2012).

CalSTRS is a component unit of the State of California, organized and operating under the laws of the State of California, including the Teachers' Retirement Law, constituting Part 13 of Division 1 of Title 1 of the Education Code of the State of California, commencing at Section 22000 (Law), as amended. The Law establishes the Teachers' Retirement Board, which has the sole and exclusive fiduciary responsibility over the administration and investment of funds held in the Fund, in which the bulk of the CalSTRS assets are held.

Financial data for June 30, 2011 are taken from the audited financial statements presented in CalSTRS' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. Financial data for fiscal years ended after 2011 are incorporated by reference in this section and shall be deemed to be a part hereof.

As of June 30, 2011, the Fund had net assets held in trust for pension benefits with a market value of approximately \$155.3 billion, compared to approximately \$129.8 billion as of June 30, 2010. As of August 31, 2012, total investment assets had a market value of approximately \$152.5 billion (unaudited).

The CalSTRS Credit Enhancement Program (CEP) is rated AA+/F1+ and Aa3/P-1, by Fitch Ratings and Moody's Investors Service, respectively. CalSTRS, the sponsor of the CEP, is rated AA-/A-1+ by Standard and Poor's.

CalSTRS will provide without charge and upon request, a copy of its financial statements. Requests to CalSTRS for the financial statements should be directed by mail to California State Teachers' Retirement System, P.O. Box 163749, MS-04, Sacramento, California 95816-3749, Attention: Credit Enhancement Program, or by email to cepinquiries@calstrs.com. The most recent financial statements, CAFR and other information regarding CalSTRS can be viewed at www.calstrs.com. CalSTRS investments and the CEP information can be viewed at <http://www.calstrs.com/Investments/index.aspx>.

The foregoing information has been provided by CalSTRS and is not intended to serve as a representation, warranty, or contract modification of any kind.

Certain Information Concerning the 2008 BB-1 Facility Provider

The Bank of Tokyo Mitsubishi UFJ, Ltd.

The following information concerning the 2008 BB-1 Liquidity Provider has been provided by representatives of the 2008 BB-1 Liquidity Provider and has not been independently confirmed or verified by the Authority or the 2008 BB-1 Remarketing Agent. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information given below or incorporated herein by reference is correct as of any time subsequent to its date.

The Bank of Tokyo Mitsubishi UFJ, Ltd. (“BTMU”), is a Japanese banking corporation with its head office in Tokyo, Japan. It is a wholly owned subsidiary of Mitsubishi UFJ Financial Group Inc. (the “Parent”). With 57,338 employees and approximately 841 branches worldwide (as of March 31, 2012), BTMU is Japan’s largest bank. BTMU also provides a wide range of banking and financial services worldwide, and is one of the largest banks in the world by deposits and loan portfolio. It is one of the top 10 banks in the world as measured by assets and market capitalization.

As of March 31, 2012, BTMU and subsidiaries had total assets of approximately ¥171,664 billion (U.S.\$2,089 billion) and deposits of approximately ¥113,073 billion (U.S.\$1,376 billion). Net income for BTMU and subsidiaries for the Fiscal Year ended March 31, 2012, was approximately ¥544 billion (U.S.\$6.62 billion). These figures are extracted from The Annual Securities Report (Excerpt) for the Fiscal Year ended March 31, 2012, for BTMU and subsidiaries (the “Annual Securities Report”). The Annual Securities Report can be found at www.bk.mufg.jp.

The financial information presented above was translated into U.S. dollars from the Japanese yen amounts set forth in the audited financial statements in the Annual Securities Report, which were prepared in accordance with the auditing standards generally accepted in Japan (“JGAAP”), and not in accordance with U.S. GAAP. The translations of the Japanese yen amounts into U.S. dollar amounts were included solely for the convenience of readers outside Japan, and were made at the rate of ¥82.19 to U.S. \$1, the approximate rate of exchange at March 31, 2012. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

The 2008 BB-1 Liquidity Facility will be solely an obligation of BTMU, and will not be an obligation of, or otherwise guaranteed by, the Parent, and no assets of the Parent or any affiliate of BTMU or the Parent will be pledged to the payment thereof.

The information contained herein, including financial information, relates to and has been obtained from BTMU, and is furnished solely to provide limited introductory information regarding BTMU, and does not purport to be comprehensive. Any financial information provided is qualified in its entirety by the detailed information appearing in the Annual Securities Report referenced above. The delivery hereof shall not create any implication that there has been no change in the affairs of BTMU since March 31, 2012.

Certain Information Concerning the 2008 BB-2 and BB-5 Facility Provider

Bank of America, N.A.

The following information concerning the 2008 BB-2 and BB-5 Liquidity Provider has been provided by representatives of the 2008 BB-2 and BB-5 Liquidity Provider and has not been independently confirmed or verified by the Authority, the 2008 BB-2 Remarketing Agent or the 2008 BB-5 Remarketing Agent. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information given below or incorporated herein by reference is correct as of any time subsequent to its date.

Bank of America, N.A. (the “*Bank*”) is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the “*Corporation*”) and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of June 30, 2012, the Bank had consolidated assets of \$1.45 trillion, consolidated deposits of \$1.06 trillion and stockholder’s equity of \$178.93 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2011, together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the “*SEC*”).

Filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation and the Bank is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the referenced documents and financial statements referenced therein.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the SEC pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications
100 North Tryon Street, 18th Floor
Charlotte, North Carolina 28255
Attention: Corporate Communication

PAYMENTS OF THE PURCHASE PRICE OF THE FISCAL 2008 SUBSERIES BB-2 BONDS AND THE FISCAL 2008 SUBSERIES BB-5 BONDS WILL BE MADE FROM DRAWINGS UNDER THE APPLICABLE STANDBY BOND PURCHASE AGREEMENT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE 2008 BB-2 AND 2008 BB-5 STANDBY BOND PURCHASE AGREEMENTS ARE BINDING OBLIGATIONS OF THE BANK, THE

FISCAL 2008 SUBSERIES BB-2 BONDS AND THE FISCAL 2008 SUBSERIES BB-5 BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE FISCAL 2008 SUBSERIES BB-2 BONDS AND THE FISCAL 2008 SUBSERIES BB-5 BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery of this information shall not create any implication that there has been no change in the affairs of the Corporation or the Bank since the date of the most recent filings referenced herein, or that the information contained or referred to in this Appendix H is correct as of any time subsequent to the referenced date.

Certain Information Concerning the 2008 BB-3 and BB-4 Facility Provider

Royal Bank of Canada

The following information concerning the 2008 BB-3 and BB-4 Liquidity Provider has been provided by representatives of the 2008 BB-3 and BB-4 Liquidity Provider and has not been independently confirmed or verified by the Authority, the 2008 BB-3 Remarketing Agent or the 2008 BB-4 Remarketing Agent. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information given below or incorporated herein by reference is correct as of any time subsequent to its date.

Royal Bank of Canada (“Royal Bank”) is a Schedule I bank under the *Bank Act* (Canada), which constitutes its charter and governs its operations. Royal Bank’s corporate headquarters are located at Royal Bank Plaza, 200 Bay Street, Toronto, Ontario M5J 2J5, Canada, and its head office is located at 1 Place Ville Marie, Montreal, Quebec H3C 3A9, Canada. Royal Bank is the parent company of RBC Capital Markets, LLC, the 2008 BB-3 Remarketing Agent.

Royal Bank and its subsidiaries operate under the master brand name RBC. Royal Bank is Canada’s largest bank as measured by assets and market capitalization and is among the largest banks in the world based on market capitalization. Royal Bank is one of North America’s leading diversified financial services companies and provides personal and commercial banking, wealth management services, insurance, corporate and investment banking and investor services on a global basis. Royal Bank and its subsidiaries employ approximately 80,000 full- and part-time employees who serve more than 15 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 51 other countries.

Royal Bank had, on a consolidated basis, as at July 31, 2012, total assets of C\$824.4 billion (approximately US\$822.0 billion*), equity attributable to shareholders of C\$43.2 billion (approximately US\$43.0 billion*), and total deposits of C\$502.8 billion (approximately US\$501.4 billion*). The foregoing figures were prepared in accordance with International Financial Reporting Standards and have been extracted and derived from, and are qualified by reference to, Royal Bank’s unaudited Interim Condensed Consolidated Financial Statements included in Royal Bank’s Report to Shareholders for the fiscal period ended July 31, 2012.

The senior long-term unsecured debt of Royal Bank has been assigned ratings of AA- (negative outlook) by Standard & Poor’s Ratings Services, Aa3 (stable outlook) by Moody’s Investors Service and AA (stable outlook) by Fitch Ratings. Royal Bank’s common shares are listed on the Toronto Stock Exchange, the New York Stock Exchange and the Swiss Exchange under the trading symbol “RY.” Its preferred shares are listed on the Toronto Stock Exchange.

Upon written request, and without charge, Royal Bank will provide a copy of its most recent publicly filed Annual Report on Form 40-F, which includes audited Consolidated Financial Statements, to any person to whom this Reoffering Memorandum is delivered. Requests for such copies should be directed to Investor Relations, Royal Bank of Canada, by writing to 200 Bay Street, 4th Floor, North Tower, Toronto, Ontario M5J 2W7, Canada, or by calling (416) 955-7802, or by visiting rbc.com/investorrelations/.

The delivery of this Reoffering Memorandum shall not create any implication that there has been no change in the affairs of Royal Bank since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

* As at July 31, 2012: C\$1.00 = US\$0.9971083856815240.

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