

NEW ISSUE

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 2011 DD Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Fiscal 2011 DD Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Fiscal 2011 DD 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 2011 DD Bonds. See "TAX MATTERS."

\$275,000,000

New York City

Municipal Water Finance Authority

**Water and Sewer System Second General Resolution Revenue Bonds,
Adjustable Rate Fiscal 2011 Series DD
consisting of**

\$100,000,000 Fiscal 2011 Subseries DD-1 Bonds

\$75,000,000 Fiscal 2011 Subseries DD-2 Bonds

\$50,000,000 Fiscal 2011 Subseries DD-3A Bonds

\$50,000,000 Fiscal 2011 Subseries DD-3B Bonds

Dated: Date of Delivery

Due: June 15, as shown on the inside cover

The Fiscal 2011 DD Bonds will be issued as registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York which will act as securities depository for the Fiscal 2011 DD Bonds. Purchases of beneficial interests in such Fiscal 2011 DD Bonds will be made in book-entry-only form. Purchasers will not receive certificates representing the ownership interest in the Fiscal 2011 DD Bonds purchased by them. See "BOOK-ENTRY-ONLY SYSTEM."

The Fiscal 2011 DD Bonds will bear interest initially at the Daily Rate and be issued in four Subseries in the respective aggregate principal amounts, and maturing on the respective dates, as set forth on the inside cover. Interest is payable on the Fiscal 2011 DD Bonds bearing interest at a Daily Rate on the 15th day of each month, commencing December 15, 2010. The Fiscal 2011 DD Bonds bearing interest at a Daily Rate may be tendered to the Tender Agent for purchase at the option of the Bondholder thereof under the circumstances described herein. The Fiscal 2011 DD Bonds are also subject to mandatory tender and to redemption prior to maturity, as described herein. Liquidity support for the payment of the Purchase Price of tendered but unremarketed Fiscal 2011 DD-1 Bonds is provided by TD Bank, N.A. Liquidity support for the payment of the Purchase Price of tendered but unremarketed Fiscal 2011 DD-2 Bonds is provided by The Bank of New York Mellon. Liquidity support for the payment of the Purchase Price of tendered but unremarketed Fiscal 2011 DD-3A Bonds is provided by U.S. Bank National Association. Liquidity support for the payment of the Purchase Price of tendered but unremarketed Fiscal 2011 DD-3B Bonds is provided by the California State Teachers' Retirement System. The obligations of such Liquidity Providers are subject to immediate termination or suspension without notice upon the occurrence of certain events described herein.

The Fiscal 2011 DD 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 2011 DD 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 2011 DD Bonds.

The Fiscal 2011 DD Bonds are offered when, as and if issued by the Authority and received by the Underwriters 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 Underwriters by Nixon Peabody LLP, New York, New York. It is anticipated that the Fiscal 2011 DD Bonds will be available for delivery to The Depository Trust Company in New York, New York, on or about November 18, 2010.

TD Securities (USA) LLC

(Underwriter and Remarketing
Agent for the Fiscal 2011
Subseries DD-1 Bonds)

Wells Fargo Bank, National Association

(Underwriter and Remarketing
Agent for the Fiscal 2011
Subseries DD-2 Bonds)

US Bancorp

(Underwriter and Remarketing
Agent for the Fiscal 2011
Subseries DD-3A Bonds
and Subseries DD-3B Bonds)

November 12, 2010

\$275,000,000

New York City Municipal Water Finance Authority

**Water and Sewer System Second General Resolution Revenue Bonds,
Adjustable Rate Fiscal 2011 Series DD
Price: 100%**

\$100,000,000 Fiscal 2011 DD-1 Bonds

Maturity Date: June 15, 2043
Rate Mode: Daily
First Interest Payment Date: December 15, 2010
Remarketing Agent: TD Securities (USA) LLC
Facility Provider: TD Bank, N.A.
CUSIP⁽¹⁾: 64972FX27

\$50,000,000 Fiscal 2011 DD-3A Bonds

Maturity Date: June 15, 2043
Rate Mode: Daily
First Interest Payment Date: December 15, 2010
Remarketing Agent: U.S. Bank Municipal
Securities Group, a division of U.S. Bank National
Association
Facility Provider: U.S. Bank National
Association
CUSIP⁽¹⁾: 64972FX43

\$75,000,000 Fiscal 2011 DD-2 Bonds

Maturity Date: June 15, 2043
Rate Mode: Daily
First Interest Payment Date: December 15, 2010
Remarketing Agent: Wells Fargo Bank, National
Association
Facility Provider: The Bank of New York Mellon
CUSIP⁽¹⁾: 64972FX35

\$50,000,000 Fiscal 2011 DD-3B Bonds

Maturity Date: June 15, 2043
Rate Mode: Daily
First Interest Payment Date: December 15, 2010
Remarketing Agent: U.S. Bank Municipal
Securities Group, a division of U.S. Bank National
Association
Facility Provider: California State
Teachers' Retirement System
CUSIP⁽¹⁾: 64972FX50

⁽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 issuance of the Fiscal 2011 DD 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 issuance of the Fiscal 2011 DD 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 2011 DD Bonds.

New York City Municipal Water Finance Authority
75 Park Place, 6th Floor
New York, New York 10007
212-788-5889

Mark Page, <i>ex officio</i>	<i>Member</i>
Peter M. Iwanowicz, <i>ex officio</i>	<i>Member</i>
David M. Frankel, <i>ex officio</i>	<i>Member</i>
Caswell F. Holloway IV, <i>ex officio</i>	<i>Member</i>
Peter J. Kenny	<i>Member</i>
Marc V. Shaw	<i>Member</i>
Alan L. Anders	<i>Chief Executive Officer</i>
Thomas G. Paolicelli	<i>Executive Director</i>
Marjorie E. Henning	<i>Secretary</i>
Michele Mark Levine	<i>Comptroller</i>
Eileen T. Moran	<i>Deputy Comptroller</i>
Robert L. Balducci	<i>Assistant Comptroller</i>
Prescott D. Ulrey	<i>Assistant Secretary</i>
Jeffrey M. Werner	<i>Assistant Secretary</i>
Raymond Orlando	<i>Director of Media and Investor Relations</i>

New York City Water Board
59-17 Junction Boulevard, 8th Floor
Flushing, New York 11373-5108
718-595-4032

Alan Moss	<i>Chair</i>
Marcia Bystryn	<i>Member</i>
Donald Capoccia	<i>Member</i>
Mehul Patel	<i>Member</i>
Benjamin A. Tisdell	<i>Member</i>
Steven Lawitts	<i>Executive Director</i>
Mathilde O. McLean	<i>Treasurer</i>
Carmelo Emilio	<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/MFR Securities, Inc.</i>
Rate Consultant	<i>Amawalk Consulting Group LLC</i>

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any of the Fiscal 2011 DD 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 2011 DD 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 Official Statement. Neither the delivery of this Official Statement nor the sale of any of the Fiscal 2011 DD 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 Official Statement, 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 Official Statement. 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.

Deloitte & Touche LLP, the Authority's independent auditor has not reviewed, commented on or approved, and is not associated with, this Official Statement. The report of Deloitte & Touche LLP relating to the Authority's financial statements for the fiscal years ended June 30, 2010 and 2009, which is a matter of public record, is included in this Official Statement. 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 Official Statement, since the date of such report and has not been asked to consent to the inclusion of its report in this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE FISCAL 2011 DD 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 OFFICIAL STATEMENT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

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OFFICIAL STATEMENT

\$275,000,000

NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY WATER AND SEWER SYSTEM SECOND GENERAL RESOLUTION REVENUE BONDS, ADJUSTABLE RATE FISCAL 2011 SERIES DD

INTRODUCTORY STATEMENT

General

The purpose of this Official Statement 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”); and the Authority’s Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2011 Series DD (the “Fiscal 2011 DD Bonds”). Capitalized terms used in this Official Statement 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 2011 DD Bonds will be issued 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 Supplemental Resolution No. 76 adopted on November 10, 2010 (the “Supplemental Resolution”). All bonds issued under the Second Resolution, are referred to herein as “Second Resolution Bonds.” The Second Resolution and the 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.”

Financial Projection Assumptions

The estimates and projections contained in this Official Statement are based on, among other factors, evaluations of historical revenue and expenditure data and analyses of economic trends affecting the Authority’s finances. The financial projections contained herein are subject to certain contingencies that cannot be quantified and are subject to the uncertainties inherent in any attempt to predict the results of future operations. Accordingly, such projections are subject to periodic revision which may involve substantial change. Consequently, the Authority makes no representation or warranty that these estimates and projections will be realized.

The financial projections contained in this Official Statement, including bond financings, operating and maintenance expenses, debt service, revenues, sources and uses of funds, and forecasted cash flows and rate increases, were prepared as of May 21, 2010, and are expected to be updated annually. Actual financial results will differ from these projections.

INCLUSION BY SPECIFIC REFERENCE

The portions under the captions identified below of the Fiscal 2011 CC Official Statement dated November 10, 2010 (the “Fiscal 2011 CC Official Statement”), a copy of which is delivered herewith are, subject to the information contained elsewhere herein, included herein by specific reference:

- 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
- INVESTMENTS
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Any reference to the Fiscal 2011 CC Bonds or Supplemental Resolution No. 75 in the information incorporated herein by specific reference shall be read to be a reference to the Fiscal 2011 DD Bonds or Supplemental Resolution No. 76, as the case may be, unless the context thereof clearly indicates that such information is only applicable to the Fiscal 2011 CC Bonds or Supplemental Resolution No. 75.

Descriptions of the Authority, the Board, the System and the CIP, together with other information, including summaries of the terms of the Resolution, the Second Resolution, the Agreement and the Lease are set forth in the Fiscal 2011 CC 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 Second Resolution.

PLAN OF FINANCE

The proceeds of the Fiscal 2011 DD Bonds will be used to (i) to pay principal and interest on a portion of the Authority’s outstanding Commercial Paper Notes, (ii) to make a deposit to the Construction Fund and (iii) to pay certain costs of issuance. Simultaneously with the issuance of the Fiscal 2011 DD Bonds, the Authority expects to issue \$750,000,000 of its Water and Sewer System Second General Resolution Revenue Bonds, Fiscal 2011 Series CC (Taxable Build America Bonds) (the “Fiscal 2011 CC Bonds”). The Fiscal 2011 CC Bonds are described in the Authority’s Fiscal 2011 CC Official Statement.

USE OF PROCEEDS

The proceeds of the Fiscal 2011 DD Bonds are anticipated to be applied in the following manner:

Deposit to Construction Fund	\$ 74,601,419
Payment of Commercial Paper Notes	200,041,472
Underwriters’ Discount	16,109
Costs of Issuance	<u>341,000</u>
Total Uses of Proceeds.	<u>\$275,000,000</u>

THE FISCAL 2011 DD BONDS

General

The Fiscal 2011 DD Bonds will be issued in four Subseries, in the respective aggregate principal amounts and will mature on the dates as set forth on the inside cover. Interest is payable on the Fiscal 2011 DD Bonds bearing interest at a Daily Rate on the 15th day of each month, commencing December 15, 2010. The Fiscal 2011 DD Bonds are subject to optional and mandatory redemption prior to maturity as described under “Redemption of Fiscal 2011 DD Bonds” and to optional and mandatory tender for purchase as described under “Optional Tender for Purchase” and “Mandatory Tender for Purchase.” The Fiscal 2011 DD Bonds will continue in a 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 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 2011 DD Bonds will be payable in lawful moneys of the United States of America. The Fiscal 2011 DD 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. During the Daily 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 2011 DD Bonds. TD Securities (USA) LLC has been appointed as the Remarketing Agent for the Fiscal 2011 DD-1 Bonds (the “2011 DD-1 Remarketing Agent”). Wells Fargo Bank, National Association has been appointed as the Remarketing Agent for the Fiscal 2011 DD-2 Bonds (the “2011 DD-2 Remarketing Agent”) and U.S. Bank Municipal Securities Group, a division of U.S. Bank National Association, has been appointed as the Remarketing Agent for the Fiscal 2011 DD-3A Bonds and the Fiscal 2011 DD-3B Bonds (the “2011 DD-3A and 2011 DD-3B Remarketing Agent” and, together with the 2011 DD-1 Remarketing Agent and the 2011 DD-2 Remarketing Agent, the “Remarketing Agents”).

Record Dates and Interest Payment Dates

Record Dates. Interest on the Fiscal 2011 DD 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 2011 DD Bonds in a Daily Rate Period.

Bond Payment Dates. Interest on the Fiscal 2011 DD Bonds will be payable on the 15th day of each calendar month when such Fiscal 2011 DD Bonds bear interest at a Daily Rate Mode. Interest payable on each Bond Payment Date for Fiscal 2011 DD Bonds bearing interest in the Daily Rate Mode shall 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 2011 DD 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 to the Fiscal 2011 CC Official Statement) 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 2011 DD 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 2011 DD 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 2011 DD 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—*Mandatory Tender on Conversion Dates.*”

No Fiscal 2011 DD 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 2011 DD Bonds on the Conversion Date, the Subseries of Fiscal 2011 DD 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 2011 DD Bonds not converted will be the existing Rate Mode.

Interest Rates and Reset Dates

General. The rate at which a Subseries of the Fiscal 2011 DD Bonds will bear interest during any Rate Period will be the rate of interest that, if borne by such Fiscal 2011 DD 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 2011 DD Bonds and which are comparable as to credit and maturity or tender dates with the credit and maturity or tender dates of the Fiscal 2011 DD Bonds, would be the lowest interest rate that would enable such Fiscal 2011 DD 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 applicable 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 Second Resolutions, (iii) the Daily Rate determined by the applicable 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 is not then required to establish a Daily Rate, the Daily Rate for such Business Day will be the SIFMA Municipal Index on the date such Daily Rate was to have been determined by the Remarketing Agent for such Subseries. "SIFMA Municipal Index" means the SIFMA Municipal Swap Index (formerly the BMA Municipal Swap Index) disseminated by Municipal Market Data, a Thomson Financial Services Company or its successor; or, if at the time a Weekly Rate is to be determined Municipal Market Data has not provided the relevant information on the SIFMA Municipal Index for the most recent Thursday, then the rate determined by Municipal Market Data on the Wednesday next preceding the beginning of the Weekly Rate Period for which such Weekly Rate is to be determined.

"Maximum Rate" means, in the case of Fiscal 2011 Series DD Bonds which are not purchased and held by a Facility Provider pursuant to a Standby Purchase Agreement, 9% per annum.

Certain Considerations Affecting Variable Rate Bonds

The information in this caption ("*Certain Considerations Affecting Variable 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 2011 DD 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 the Remarketing Agent may differ from those of Beneficial Owners and potential purchasers of Fiscal 2011 DD Bonds.

Determination of Interest Rates by the Remarketing Agents. On each rate reset date, the Remarketing Agents are required to determine the interest rate that will be effective with respect to the applicable Fiscal 2011 DD Bonds on the effective date. That rate is required by the Resolutions to be the lowest rate necessary in the judgment of the Remarketing Agent to remarket the applicable Fiscal 2011 DD Bonds at par, plus accrued interest on the effective date.

The Remarketing Agents Expect to Routinely Purchase Fiscal 2011 DD Bonds for Their Own Account. The Remarketing Agents act as remarketing agents for a variety of variable rate demand obligations issued

by many issuers and, in their sole discretion, routinely purchase such obligations for their own accounts. Each Remarketing Agent is permitted, but not obligated, to purchase tendered Fiscal 2011 DD Bonds for its own account and, in its sole discretion, expects to routinely acquire such tendered Fiscal 2011 DD Bonds in order to achieve a successful remarketing of the Fiscal 2011 DD Bonds (*i.e.*, because there otherwise are not enough buyers to purchase the Fiscal 2011 DD Bonds) or for other reasons. However, the Remarketing Agents are not obligated to purchase Fiscal 2011 DD Bonds, and may cease doing so at any time without notice. If a Remarketing Agent ceases to purchase Fiscal 2011 DD Bonds, it may be necessary for the Trustee to draw on the applicable Standby Purchase Agreement (defined below) to pay tendering Bondholders.

The Remarketing Agents may also make a secondary market in the Fiscal 2011 DD Bonds by routinely purchasing and selling Fiscal 2011 DD Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales must be at a fair market value, which may be at, above, or below par. However, the Remarketing Agents are not required to make a secondary market in the Fiscal 2011 DD Bonds. Thus, investors who purchase Fiscal 2011 DD Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Fiscal 2011 DD Bonds other than by tendering the Fiscal 2011 DD Bonds in accordance with the tender process.

Each Remarketing Agent may also sell any Fiscal 2011 DD 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 2011 DD Bonds. The purchase of Fiscal 2011 DD Bonds by a Remarketing Agent may create the appearance that there is greater third party demand for the Fiscal 2011 DD Bonds in the market than is actually the case. The practices described above also may result in fewer Fiscal 2011 DD Bonds being tendered.

Fiscal 2011 DD 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 2011 DD 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 2011 DD 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 2011 DD Bonds at par. The interest rate will reflect, among other factors, the level of market demand for the applicable Fiscal 2011 DD Bonds (including whether the applicable Remarketing Agent is willing to purchase applicable Fiscal 2011 DD Bonds for its own account). There may or may not be Fiscal 2011 DD Bonds tendered and remarketed on an effective date, and the applicable Remarketing Agent may or may not be able to remarket any Fiscal 2011 DD 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 2011 DD Bonds at the remarketing price.

Optional Tender for Purchase

General. A Fiscal 2011 DD 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 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 2011 DD 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 2011 DD Bonds and will not be given by DTC.

Notice of the election to tender for purchase a Fiscal 2011 DD Bond registered in any other name is to be given by the registered owner of such Fiscal 2011 DD 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 2011 DD Bond, the principal amount of the Fiscal 2011 DD Bond to be tendered for purchase and the Business Day on which the Fiscal 2011 DD Bond or portion thereof to be tendered for purchase is to be purchased.

A DTC Participant or the registered owner of a Fiscal 2011 DD Bond must give written notice of its irrevocable election to tender such Fiscal 2011 DD Bond or a portion thereof for purchase at its option to the Tender Agent, at its Delivery Office, and to the applicable Remarketing Agent, in the case of Fiscal 2011 DD Bonds bearing interest in a Daily Rate Mode, no later than 11:00 a.m. on any Business Day.

Mandatory Tender for Purchase

The Fiscal 2011 DD 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 2011 DD Bonds of such Subseries being converted to a different Rate Mode;

(b) on the last Business Day of the Daily Rate Period 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 thirty 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 2011 DD 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 2011 DD Bonds that the Fiscal 2011 DD 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 2011 DD Bonds Deemed Purchased

The Fiscal 2011 DD 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 2011 DD 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 2011 DD 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 2011 DD 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 2011 DD 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 2011 DD 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 2011 DD Bond will be the principal amount of the Fiscal 2011 DD Bond to be tendered, plus accrued and unpaid interest from the immediately preceding Bond Payment Date.

The Purchase Price of a Fiscal 2011 DD 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 2011 DD 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 2011 DD Bonds will be paid, in same-day funds, only after presentation and surrender of the Fiscal 2011 DD 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 2011 DD 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 2011 DD 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 2011 DD 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.

Enforcement of the Standby Purchase Agreement

In the Supplemental Resolution, the Authority has covenanted to enforce the obligations of the Facility Providers under the Standby Purchase Agreements.

Remarketing of Fiscal 2011 DD 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 2011 DD 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 2011 DD Bonds. If any of the conditions are not satisfied, or if the Remarketing Agent is otherwise unable to remarket any Fiscal 2011 DD Bonds, the Purchase Price of such Fiscal 2011 DD Bonds will be paid from amounts obtained from the Facility Provider under the applicable Credit Facility, as described below, or 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 2011 DD 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 2011 DD 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 2011 DD 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 2011 DD 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 2011 DD Bonds, while they bear interest at a Daily 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 2011 DD 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 2011 DD 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 2011 DD Bonds of such maturity for redemption. Fiscal 2011 DD Bonds of such maturity which are not Purchased Bonds will be selected by the Trustee in accordance with the provisions of the Resolutions.

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 2011 DD 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 2011 DD Bonds, notice of redemption is to be sent to 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 2011 DD 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 2011 DD Bonds to be redeemed will cease to accrue from and after the redemption date and such Fiscal 2011 DD Bonds will no longer be considered to be Outstanding under the Second Resolution.

The notice of redemption may provide that the Fiscal 2011 DD 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 BOND PURCHASE AGREEMENTS FOR THE FISCAL 2011 DD BONDS

Standby Bond Purchase Agreements

The Authority is required to provide a Credit Facility for the benefit of the Owners of the Fiscal 2011 DD Bonds for so long as such Fiscal 2011 DD Bonds bear interest at a Daily Rate, Weekly Rate or Commercial Paper Rate. The Authority is also required to provide a Credit Facility during any Flexible Rate Period if solely as a result of the failure to provide such a Credit Facility, the long-term ratings on such Fiscal DD Bonds would be reduced by any Rating Agency.

The Authority has entered into a Standby Bond Purchase Agreement with respect to the Fiscal 2011 Subseries DD-1 Bonds (the "DD-1 Standby Purchase Agreement") with TD Bank, N. A. (the "DD-1 Facility Provider"). The Authority has entered into a Standby Bond Purchase Agreement with respect to the Fiscal 2011 Subseries DD-2 Bonds (the "DD-2 Standby Purchase Agreement") with The Bank of New York Mellon (the "DD-2 Facility Provider"). The Authority has entered into a Standby Bond Purchase Agreement with respect to the Fiscal 2011 Subseries DD-3A Bonds and the Fiscal 2011 Subseries DD-3B Bonds ("the DD-3 Standby Purchase Agreement") with U.S. Bank National Association with respect to the Fiscal 2011 Subseries DD-3A Bonds (the "DD-3A Facility Provider") and the California State Teachers' Retirement System with respect to the Fiscal 2011 Subseries DD-3B Bonds (the "DD-3B Facility Provider" and, together with the DD-1 Facility Provider, the DD-2 Facility Provider and the DD-3A Facility Provider, the "Facility Providers"). The DD-1 Standby Purchase Agreement, the DD-2 Standby Purchase Agreement and the DD-3 Standby Bond Purchase Agreement are collectively referred to as the "Standby Purchase Agreements." Each of the Standby Purchase Agreements is a Credit Facility as defined in the Second Resolution. Each registered owner of a Fiscal 2011 DD Bond will be entitled to the benefits of the Standby Purchase Agreement applicable thereto under which 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 Fiscal 2011 DD Bonds tendered for purchase and not remarketed. The commitments of the Facility Providers 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 Fiscal 2011 DD Bonds at an assumed interest rate of 9% per annum. The scheduled Termination Date of the Standby Purchase Agreements is November 18, 2013.

The obligation of the Authority to repay amounts advanced by a Facility Provider under a Standby Purchase Agreement to purchase Fiscal 2011 DD Bonds will be evidenced by the Fiscal 2011 DD Bonds purchased by such Facility Provider (the "Purchased Bonds").

Each Standby Purchase Agreement terminates immediately and without notice upon the occurrence of certain events of default (each a "Termination Event"). Termination Events under each Standby Purchase Agreement include (i) failure of the Authority to pay when due any principal of or premium, if any, or interest on the Fiscal 2011 DD Bonds (regardless of any waiver thereof by the holders of the Fiscal 2011 DD Bonds) or any default by the Authority in the payment of principal of or premium, if any, or interest on any bond, note or other evidence of indebtedness issued or assumed by the Authority that is senior to or on a parity with the Fiscal 2011 Subseries DD Bonds, or with respect to any guaranty undertaken by the Authority of any indebtedness, if such guaranty is senior to or on a parity with the Fiscal 2011 Subseries DD Bonds, the Authority shall have failed to honor such guaranty (unless such failure is the result of setoff, recoupment, counterclaim, or the good faith assertion of other defenses by the Authority under such guaranty) (provided, however, that no such failure to pay shall constitute a Termination Event if (A) such failure to pay was caused solely by an error or omission of an administrative or operational nature, (B) funds were available to enable the Authority to make such payment when due and (C) such payment is made within two business days after the Authority's receipt of written notice of such failure to pay); (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, consisting of the Authority's filing of a petition or otherwise seeking relief under any federal or State bankruptcy or similar law; (iii) each of Moody's Investors Service ("Moody's"), Standard & Poor's Rating Service ("S&P") and Fitch Inc. ("Fitch") shall (x) assign a rating to any debt of the Authority which is secured on a parity with the Fiscal 2011 DD 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) the State or any other governmental authority having jurisdiction over the Authority imposes a debt moratorium, debt restructuring, debt adjustment or comparable restriction on repayment when due and payable of the principal of or interest on the Fiscal 2011 DD Bonds or all debt obligations of the Authority secured by a lien on Revenues or (y) the Authority (A) applies for or consents to the appointment of, or there shall have occurred 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) admits in writing its inability, or is generally unable, to pay its debts as they become due, or declares a moratorium on the payment of any debt secured on a parity with the Fiscal 2011 DD Bonds, (C) makes a general assignment for the benefit of creditors, (D) files 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) takes any action for the purpose of effecting any of the acts set forth in clauses (A) through (D) above; (v) a final, nonappealable judgment shall be issued by a court of competent jurisdiction that the Fiscal 2011 DD Bonds or any other material provision of the applicable Standby Purchase Agreement or the Second Resolution shall cease for any reason to be valid and binding, or the Authority shall initiate legal proceedings or assert in legal proceedings that the Fiscal 2011 DD Bonds or any material provision of the applicable Standby Purchase Agreement or of the Second Resolution is invalid or that the Authority has no liability thereon.

The DD-3 Standby Purchase Agreement provides for an additional Termination Event if the Authority fails to pay a final, nonappealable money judgment in an amount in excess of \$10,000,000 for a period of 90 days after such judgment becomes enforceable.

The DD-2 Standby Purchase Agreement provides for an additional Termination Event if the Authority defaults in the payment of any net payment under an Interest Rate Protection Agreement (as defined in such Standby Purchase Agreement) and such default continues for a period of seven days. The DD-2 Standby Purchase Agreement provides that the Facility Provider's obligation to purchase Fiscal 2011 DD Bonds shall be suspended immediately and without notice if the Authority defaults in the payment of any net payment under the Interest Rate Protection Agreement without regard to the seven-day grace period provided for a Termination Event.

Additionally, each Standby Purchase Agreement provides that the Facility Providers' respective obligations to purchase Fiscal 2011 DD Bonds shall be suspended immediately and without notice upon the occurrence of certain events (each a "Suspension Event"). Suspension Events consist of (x) the issuance of a judgment that is appealable or non-final but is otherwise described in the Termination Event set forth in clause (v) above (such judgment a "Nonfinal Invalidity Judgment") and the passage of 30 days after the issuance thereof during which such Nonfinal Invalidity Judgment has not been overturned or stayed upon appeal (provided that the Facility Providers' obligations to purchase Fiscal 2011 DD Bonds following the stay of any Nonfinal Invalidity Judgment shall be suspended immediately (without the lapse of another 30 day time period) if such stay is lifted pursuant to a subsequent Nonfinal Invalidity Judgment) and (y) the occurrence of an event described as a Termination Event set forth in clause (i) above, but without regard to the proviso thereof.

Following any Suspension Event described in clause (i) the Facility Providers' respective obligations to purchase Fiscal 2011 DD Bonds each immediately shall terminate and the Facility Providers shall be under no further obligation to purchase Fiscal 2011 DD Bonds under the applicable Standby Purchase Agreement (i) from the date on which a court of competent jurisdiction shall enter a final, nonappealable judgment that the Fiscal 2011 DD Bonds or any material provision of such Standby Purchase Agreement or of the Second Resolution shall cease for any reason to be valid and binding and (ii) from the date that is three years after the date of issuance of the relevant Nonfinal Invalidity Judgment, if on such date the relevant litigation is still pending and a final and nonappealable judgment related thereto has not been obtained.

Following the occurrence of any Suspension Event, the obligation of the Facility Providers under the applicable Standby Purchase Agreement immediately shall be reinstated and the terms of the applicable Standby Purchase Agreement will continue in full force and effect (unless it shall otherwise have terminated by its terms) as if there had been no such suspension on the date on which (i) in the case of a Suspension Event described in clause (x) above, on the date on which a court of competent jurisdiction shall issue a judgment that the Fiscal 2011 DD Bonds or any material provision of the applicable Standby Purchase Agreement or Second Resolution, as applicable, is valid and binding, and (ii) in the case of a Suspension Event described in clause (y) above, the relevant payment is made (so long as such payment is made within two business days after the Authority's receipt of a written notice of such failure to pay).

Additionally, each Standby Purchase Agreement provides that the Fiscal 2011 DD Bonds are subject to mandatory tender at the option of the applicable Facility Provider upon the occurrence of certain other events of default.

The preceding is a summary of certain provisions expected to be included in the Standby Purchase Agreements and the proceedings under which the Fiscal 2011 DD 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 the Facility Providers is included herein as "APPENDIX H — DESCRIPTION OF THE FACILITY PROVIDERS." Neither the Authority nor the Underwriters make 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 2011 DD 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 2011 DD 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 2011 DD 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 2011 DD 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 2011 DD Bond to receive such notice will not affect the validity of the proceedings in connection with the effectiveness of such substitute Credit Facility.

RATINGS

S&P has issued a long-term rating of “AA+” on the Fiscal 2011 DD Bonds, Fitch has issued a long-term rating of “AA+” on the Fiscal 2011 DD Bonds, and Moody’s has issued a long-term rating of “Aa2” on the Fiscal 2011 DD Bonds.

The short term ratings for each Subseries of the Fiscal 2011 DD Bonds are based on the short term rating of the respective Facility Provider. The following table shows the short term ratings for each Subseries of Fiscal 2011 DD Bonds.

Fiscal 2011 DD-1	Fitch:	F1+
	Moody’s:	VMIG1
	S&P’s:	A-1+
Fiscal 2011 DD-2	Fitch:	F1+
	Moody’s:	VMIG1
	S&P’s:	A-1+
Fiscal 2011 DD-3A	Fitch:	F1+
	Moody’s:	VMIG1
	S&P’s:	A-1+
Fiscal 2011 DD-3B	Fitch:	F1+
	Moody’s:	VMIG1
	S&P’s:	A-1+

Such ratings 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 2011 DD Bonds.

TAX MATTERS

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 2011 DD Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Fiscal 2011 DD Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative

minimum taxable income. Bond Counsel is also of the opinion that interest on the Fiscal 2011 DD 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). A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

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 2011 DD 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 2011 DD 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 2011 DD Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Fiscal 2011 DD 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 2011 DD Bonds may adversely affect the value of, or the tax status of interest on, the Fiscal 2011 DD 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 2011 DD 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 2011 DD 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.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Fiscal 2011 DD 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. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Fiscal 2011 DD Bonds. Prospective purchasers of the Fiscal 2011 DD Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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 2011 DD 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 2011 DD Bonds ends with the issuance of the Fiscal 2011 DD 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 2011 DD 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 2011 DD 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 2011 DD Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

UNDERWRITING

TD Securities (USA) LLC, has agreed, subject to certain conditions, to purchase the Fiscal 2011 DD-1 Bonds at an aggregate purchase price which is \$99,993,947.22 less than the initial offering price thereof. Wells Fargo Bank, National Association has agreed, subject to certain conditions, to purchase the Fiscal 2011 DD-2 Bonds at an aggregate purchase price which is \$74,997,475.00 less than the initial offering price thereof. U.S. Bank Municipal Securities Group, a division of U.S. Bank National Association, has agreed, subject to certain conditions, to purchase the Fiscal 2011 DD-3 Bonds at an aggregate purchase price which is \$99,992,468.22 less than the initial offering price thereof.

APPROVAL OF LEGAL PROCEEDINGS

The issuance of the Fiscal 2011 DD Bonds is 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 City and the Board by the City's Corporation Counsel. Certain legal matters will be passed upon for the Underwriters by Nixon Peabody LLP, New York, New York.

NEW YORK CITY MUNICIPAL WATER
FINANCE AUTHORITY

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

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**FORM OF OPINION OF BOND COUNSEL
(Fiscal 2011 Series DD Bonds)**

November , 2010

New York City Municipal
Water Finance Authority

**New York City Municipal Water Finance Authority
Water and Sewer System Second General Resolution Revenue Adjustable Rate Bonds,
Fiscal 2011 Series DD
(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 \$275,000,000 aggregate principal amount of Water and Sewer System Second General Resolution Revenue Adjustable Rate Bonds, Fiscal 2011 Series DD (the "2011 Series DD 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 "Second Resolution"), including with respect to the 2011 Series DD Bonds by a supplemental resolution adopted November 10, 2010 entitled "Supplemental Resolution No. 76 Authorizing the Issuance of up to \$300,000,000 Water and Sewer System Second General Resolution Revenue Bonds, Fiscal 2011 Series DD" ("Supplemental Resolution No. 76") authorizing the 2011 Series DD Bonds. The 2011 Series DD 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 2011 Series DD 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 Water Projects.

In such connection, we have reviewed the Second Resolution, Supplemental Resolution No. 76, 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 Second Resolution, Supplemental Resolution No. 76, the First Resolution, the Lease, the Financing Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assume that future actions, omissions or events will not cause interest on the 2011 Series DD 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 2011 Series DD Bonds, the Second Resolution, Supplemental Resolution No. 76, 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 Second Resolution, Supplemental Resolution No. 76, 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 2011 Series DD 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. 76 and to issue the 2011 Series DD Bonds.

2. The Second Resolution and Supplemental Resolution No. 76 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. 76 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. 76 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 2011 Series DD Bonds have been duly and validly authorized and issued. The 2011 Series DD 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 2011 Series DD Bonds are payable solely from the Revenues and other amounts pledged to such payment under the Second Resolution. The 2011 Series DD 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 2011 Series DD Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the 2011 Series DD Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the 2011 Series DD 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 2011 Series DD 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

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APPENDIX G

BOOK-ENTRY-ONLY FORM

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BOOK-ENTRY-ONLY FORM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Fiscal 2011 DD Bonds. The Fiscal 2011 DD Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Fiscal 2011 DD Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC, in the aggregate principal amount of the Fiscal 2011 DD Bonds.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com or www.dtc.org.

Purchases of Fiscal 2011 DD Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Fiscal 2011 DD Bonds on DTC’s records. The ownership interest of each actual purchaser of each Fiscal 2011 DD Bonds (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Fiscal 2011 DD Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Fiscal 2011 DD Bonds, except in the event that use of the book-entry system for the Fiscal 2011 DD Bonds is discontinued.

To facilitate subsequent transfers, all Fiscal 2011 DD Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Fiscal 2011 DD Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of any Fiscal 2011 DD Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts the Fiscal 2011 DD Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners

will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Fiscal 2011 DD Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Fiscal 2011 DD Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Fiscal 2011 DD Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of redemption proceeds and principal and interest payments on the Fiscal 2011 DD Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the Fiscal 2011 DD Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Fiscal 2011 DD Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

Unless otherwise noted, the information contained in the preceding paragraphs of this subsection "Book-Entry-Only System" has been extracted from information given by DTC. Neither the Authority, the Trustee nor the Underwriters makes any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereto.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS.

APPENDIX H

DESCRIPTION OF FACILITY PROVIDERS

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CERTAIN INFORMATION CONCERNING THE FACILITY PROVIDERS

The following information concerning each Facility Provider has been provided by representatives of the respective Facility Provider and has not been independently confirmed or verified by the Authority. 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.

TD BANK, N.A.

TD Bank, N.A. (the “Bank”) is a national banking association organized under the laws of the United States, with its main office located in Wilmington, Delaware. The Bank is an indirect, wholly-owned subsidiary of The Toronto-Dominion Bank (“TD”) and offers a full range of banking services and products to individuals, businesses and governments throughout its market areas, including commercial, consumer, trust and insurance agency services. The Bank operates banking offices in Connecticut, Delaware, the District of Columbia, Florida, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, North Carolina, New York, Pennsylvania, South Carolina, Vermont and Virginia.

On September 30, 2010, TD acquired The South Financial Group, Inc. (“South Financial”), the holding company for Carolina First Bank, which operated under the Carolina First brand in the Carolinas and the Mercantile Bank brand in Florida. Immediately following the acquisition of South Financial on that date, Carolina First Bank merged with and into the Bank. The Bank will continue to operate the Carolina First Bank and Mercantile Bank locations under those trade names until the systems conversion currently scheduled for 2011. As of September 30, 2010, the Bank had consolidated assets of \$167.6 billion, consolidated deposits of \$133.7 billion and stockholder’s equity of \$26.1 billion, based on regulatory accounting principles.

Additional information regarding the foregoing, and the Bank and TD, is available from the filings made by TD with the U.S. Securities and Exchange Commission (the “SEC”), which 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, 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 TD and the Bank contained herein 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 documents and financial statements referenced herein.

The Standby Bond Purchase Agreement is the obligation of the Bank and not TD.

The Bank will provide copies of 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:

TD Bank, N.A.
1701 Route 70 East
Cherry Hill, New Jersey 08034
Attn: Corporate and Public Affairs

Information regarding the financial condition and results of operations of the Bank is contained in the quarterly Call Reports of the Bank delivered to the Comptroller of the Currency and available online at <https://cdr.ffiec.gov/public>. General information regarding the Bank may be found in periodic filings made by TD with the SEC. TD is a foreign issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare certain filings with the SEC in accordance with the disclosure requirements of Canada, its home country. Canadian disclosure requirements are different from those of the United States. TD’s financial statements are prepared in accordance with Canadian generally accepted accounting principles, and may be subject to Canadian auditing and auditor independence standards, and

thus may not be comparable to financial statements of United States companies prepared in accordance with United States generally accepted accounting principles.

The delivery hereof shall not create any implication that there has been no change in the affairs of TD or the Bank since the date hereof, or that the information contained or referred to in this Appendix H is correct as of any time subsequent to its date.

THE BANK OF NEW YORK MELLON

The Bank of New York Mellon (the “Bank”) is one of the two principal banking subsidiaries of The Bank of New York Mellon Corporation (NYSE: BK), a bank holding company (the “Company”). The Company is a global leader in providing a comprehensive array of services that enable institutions and individuals to manage and service their financial assets in more than 100 markets worldwide. The Company is the surviving entity of the merger of The Bank of New York Company, Inc. and Mellon Financial Corporation, which was effective on July 1, 2007. The Company has annual revenues of approximately \$18 billion for the 2009 fiscal year and as of December 31, 2009, market capitalization of approximately \$34 billion. The Company is headquartered in New York City and has over 42,000 employees around the world.

The Bank was founded in 1784 by Alexander Hamilton and is the nation’s oldest bank. The Bank is a state chartered New York banking corporation and a member of the Federal Reserve System and is subject to examination and regulation by federal and state banking authorities. The Bank houses the Company’s institutional businesses including Asset Servicing, Issuer Services, Treasury Services, Broker-Dealer and Advisor Services and the bank-advised business of Asset Management. The Bank has long-term senior debt ratings of “Aaa”/“AA”/“AA-” and short-term ratings of “P1”/ “A-1+”/“F1+” from Moody’s, S&P, and Fitch, respectively. The Bank’s principal office is located at One Wall Street, New York, New York 10286. A copy of the most recent SEC filings for the Company, including its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, may be obtained from the Public Relations Department, One Wall Street, 31st Floor, (212) 635-1569.

U.S. BANK NATIONAL ASSOCIATION

U.S. Bank National Association (“USBNA”) is a national banking association organized under the laws of the United States and is the largest subsidiary of U.S. Bancorp. At June 30, 2010, USBNA reported total assets of \$278 billion, total deposits of \$191 billion and total shareholders’ equity of \$28 billion. The foregoing financial information regarding USBNA has been derived from and is qualified in its entirety by the unaudited financial information contained in the Federal Financial Institutions Examination Council report Form 031, Consolidated Report of Condition and Income for a Bank with Domestic and Foreign Offices (“Call Report”), for the quarter ended June 30, 2010. The publicly available portions of the quarterly Call Reports with respect to USBNA are on file with, and available upon request from, the FDIC, 550 17th Street, NW, Washington, D.C. 20429 or by calling the FDIC at (877) 275-3342. The FDIC also maintains an Internet website at www.fdic.gov that contains reports and certain other information regarding depository institutions such as USBNA. Reports and other information about USBNA are available to the public at the offices of the Comptroller of the Currency at One Financial Place, Suite 2700, 440 South LaSalle Street, Chicago, IL 60605.

U.S. Bancorp is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, files reports and other information with the Securities and Exchange Commission (the “SEC”). U.S. Bancorp is not guaranteeing the obligations of USBNA and is not otherwise liable for the obligations of USBNA.

“US Bancorp” is the marketing name of U.S. Bancorp and its subsidiaries, including USBNA, which is acting as Credit Facility Provider for the Fiscal 2011 DD-3A Bonds, and U.S. Bank Municipal Securities Group, a division of U.S. Bank National Association (“USB MSG”), which is acting as Underwriter and Remarketing Agent for the Fiscal 2011 DD-3A Bonds and Fiscal 2011 DD-3B Bonds.

Except for the contents of this section, USBNA, USB MSG and U.S. Bancorp assume no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement.

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

California State Teachers' Retirement System (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 (Board), which has the sole and exclusive fiduciary responsibility over the administration and investment of funds held in the Teachers' Retirement Fund (Fund), in which the bulk of the assets of CalSTRS are held. School districts and other agencies employing members of CalSTRS are required to make monthly contributions to the Fund in an amount equal to 8.25% of the total of the salaries upon which members' contributions are based. All full-time certificated employees in the public school system from kindergarten through the community college level are required by law to be members of CalSTRS. CalSTRS provides defined retirement, survivor and disability benefits to all members based on the final compensation attained by the member, the age of retirement and the term of service, and other factors.

Financial data for June 30, 2009 are taken from the audited financial statements presented in CalSTRS' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. Financial data for fiscal years ended after 2009 are incorporated by reference in this section and shall be deemed to be a part hereof.

As of June 30, 2009, the Fund had net assets held in trust for pension benefits with a market value of approximately \$118.4 billion, compared to approximately \$161.5 billion as of June 30, 2008. As of September 30, 2010, total investment assets had a market value of approximately \$138.6 billion (unaudited).

CalSTRS is independently rated "AA-/A-1+" by Standard and Poor's, a Division of the McGraw-Hill Companies, Inc., "Aa3/P-1" by Moody's Investors Service, and "AA+/F1+" by Fitch Ratings.

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 State Teachers' Retirement System, P.O. Box 163749, 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.

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

