

REOFFERING MEMORANDUM

On the date of original issuance and delivery of the Fiscal 2011 DD-2 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel, delivered an opinion to the effect that based upon an analysis of then existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Fiscal 2011 DD-2 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. It was the further opinion of Bond Counsel that interest on the Fiscal 2011 DD-2 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observed that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel was also of the opinion that interest on the Fiscal 2011 DD-2 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Fiscal 2011 DD-2 Bonds. In connection with the reoffering of the Fiscal 2011 DD-2 Bonds, Bond Counsel will deliver its opinion that the substitution of the Credit Facility relating to the Fiscal 2011 DD-2 Bonds will not, in and of itself, adversely affect the tax-exempt status of the Fiscal 2011 DD-2 Bonds. A copy of such opinion is set forth at Appendix E-2. Bond Counsel is not rendering any other opinion on the current tax status of the Fiscal 2011 DD-2 Bonds. See "TAX MATTERS" herein.

\$75,000,000 **New York City** **Municipal Water Finance Authority** **Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate** **Fiscal 2011 Subseries DD-2**

Dated Date: November 14, 2013

Due: June 15, 2043

The Fiscal 2011 DD-2 Bonds will be reoffered as registered bonds and have been registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York which acts as securities depository for the Fiscal 2011 DD-2 Bonds. Purchases of beneficial interests in such Fiscal 2011 DD-2 Bonds will be made in book-entry-only form. Purchasers will not receive certificates representing the ownership interest in the Fiscal 2011 DD-2 Bonds purchased by them. See "APPENDIX G — BOOK-ENTRY-ONLY FORM."

The Fiscal 2011 DD-2 Bonds have been issued in the aggregate principal amount and mature on the date as set forth above. The Fiscal 2011 DD-2 Bonds currently bear interest at a Daily Rate. On November 14, 2013, the Fiscal 2011 DD-2 Bonds will be subject to mandatory tender and reoffered bearing interest at a Daily Rate, payable on the 15th day of each month, commencing December 15, 2013. The Fiscal 2011 DD-2 Bonds bearing interest at a Daily Rate, a Two-Day Rate or a Weekly Rate may be tendered to the Tender Agent for purchase at the option of the holders thereof under the circumstances described herein.

After the Fiscal 2011 DD-2 Bonds are reoffered, liquidity support for the payment of the Purchase Price of tendered but unremarketed Fiscal 2011 DD-2 Bonds will be provided by JPMorgan Chase Bank, National Association (the "Liquidity Provider") pursuant to a Standby Bond Purchase Agreement (the "Liquidity Facility") between the Authority and the Liquidity Provider.

The obligations of the Liquidity Provider are subject to immediate and automatic termination or suspension without notice upon the occurrence of certain events described herein. The Fiscal 2011 DD-2 Bonds will not be subject to mandatory tender for purchase upon such suspension or termination. Any failure to pay the Purchase Price of Fiscal 2011 DD-2 Bonds tendered for purchase is not an event of default under the Second Resolution (as herein defined). Upon any such failure the Fiscal 2011 DD-2 Bonds will continue to be held by the tendering Bondholder and will bear interest from the Tender Date at the Maximum Rate. See "LIQUIDITY FACILITY FOR THE FISCAL 2011 DD-2 BONDS."

The Fiscal 2011 DD-2 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-2 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-2 Bonds.

The Fiscal 2011 DD-2 Bonds are reoffered when, as and if remarketed by the Authority and received by the Remarketing Agent and subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Remarketing Agent by Nixon Peabody LLP, New York, New York. It is anticipated that the Fiscal 2011 DD-2 Bonds will be remarketed on or about November 14, 2013.

J.P. Morgan

November 7, 2013

\$75,000,000

New York City Municipal Water Finance Authority

Water and Sewer System Second General Resolution Revenue Bonds,

Adjustable Rate Fiscal 2011 Subseries DD-2

Reoffering Price: 100%

Maturity Date: June 15, 2043

Rate Mode at Remarketing Date: Daily

First Interest Payment Date: December 15, 2013

Remarketing Agent: J.P. Morgan Securities LLC

Liquidity Provider: JPMorgan Chase Bank,
National Association

Stated Expiration Date: November 14, 2018

CUSIP⁽¹⁾: 64972GDC5

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Thomas G. Paolicelli	<i>Executive Director</i>
Michele Mark Levine	<i>Comptroller</i>
Robert L. Balducci	<i>Deputy Comptroller</i>
Prescott D. Ulrey	<i>Secretary</i>
Jeffrey M. Werner	<i>Assistant Secretary</i>
Albert Rodriguez	<i>Assistant Secretary</i>
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Greg L. Ascierio	<i>Deputy Treasurer</i>
Albert Rodriguez	<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</i>
	<i>Drexel Hamilton, LLC</i>
	<i>Acacia Financial Group, Inc.</i>
Rate Consultant	<i>Amawalk Consulting Group LLC</i>

This Reoffering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any of the Fiscal 2011 DD-2 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-2 Bonds and if given or made, such information or representation must not be relied upon. Information contained on the Authority's web page, on the City's web site, or on any other web page is not a part of this Reoffering Memorandum. Neither the delivery of this Reoffering Memorandum nor the sale of any of the Fiscal 2011 DD-2 Bonds implies that there has been no change in the affairs of the Authority, the Board or the City or the other matters described herein since the date hereof.

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

The Remarketing Agent has reviewed the information in this Reoffering Memorandum pursuant to its responsibilities to investors under the federal securities laws, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

Deloitte & Touche LLP, the Authority's independent auditor has not reviewed, commented on or approved, and is not associated with, this Reoffering Memorandum. The report of Deloitte & Touche LLP relating to the Authority's financial statements for the fiscal years ended June 30, 2013 and 2012, which is a matter of public record, is included in this Reoffering Memorandum by specific reference. However, Deloitte & Touche LLP has not performed any procedures on any financial statements or other financial information of the Authority, including without limitation any of the information contained in this Reoffering Memorandum, since the date of such report and has not been asked to consent to the inclusion of its report in this Reoffering Memorandum.

IN CONNECTION WITH THIS REOFFERING, THE REMARKETING AGENT MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE FISCAL 2011 DD-2 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

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REOFFERING MEMORANDUM

\$75,000,000

**NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY
WATER AND SEWER SYSTEM SECOND GENERAL RESOLUTION REVENUE BONDS,
ADJUSTABLE RATE FISCAL 2011 SUBSERIES DD-2**

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 \$75,000,000 Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2011 Subseries DD-2 (the “Fiscal 2011 DD-2 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, bonds 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-2 Bonds were 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, as amended and supplemented by the Amended and Restated Supplemental Resolution No. 76 adopted on September 30, 2013 (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 Resolutions.

The Second Resolution Bonds are special obligations of the Authority, payable solely from and secured by a pledge of amounts on deposit in the Subordinated Indebtedness Fund established by the First Resolution and all moneys or securities in any of the funds and accounts established under the Second Resolution, subject only to provisions of the Second Resolution and the Agreement relating to the use and application thereof. The Board has covenanted in the Agreement to maintain rates, fees and charges at sufficient levels to produce in each twelve-month period beginning on July 1 (a “Fiscal Year”) an amount equal to 115% of the Aggregate Debt Service and Projected Debt Service on the First Resolution Bonds to become due in such Fiscal Year on all First Resolution Bonds, plus 100% of the

operation and maintenance expenses of the System certified by the City and of Required Deposits (which includes the debt service on the Second Resolution Bonds and other subordinate debt) to the extent required to be paid from Revenues. The Agreement requires a report of the Rate Consultant setting forth its recommendations as to any revisions of the rates, fees and charges necessary or advisable to meet the requirements of the rate covenant. The Board is obligated to take necessary action to cure or avoid any deficiency. See “SECURITY FOR THE SECOND RESOLUTION BONDS—Rate Covenant.” The Agreement also requires a Consulting Engineer to review the operation and maintenance of the System, and further requires the City to operate and maintain the System in accordance with the advice and recommendations of the Consulting Engineer. See “SECURITY FOR THE SECOND RESOLUTION BONDS.”

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

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

INCLUSION BY SPECIFIC REFERENCE

On November 4, 2013, the Authority delivered its preliminary official statement (the “Series 2014 BB Preliminary Official Statement”) relating to its Second Resolution Bonds, Fiscal 2014 Series BB. The information set forth in the Series 2014 BB Preliminary Official Statement under the captions identified below is, subject to the information contained elsewhere herein, included herein by specific reference. A copy of the Series 2014 BB Preliminary Official Statement is delivered herewith.

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FINANCIAL OPERATIONS
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Any reference to the “Fiscal 2014 BB Bonds” in the information incorporated herein by specific reference shall be read to be a reference to the Fiscal 2011 DD-2 Bonds unless the context thereof clearly indicates that such information is only applicable to the Fiscal 2011 DD-2 Bonds.

Descriptions of the Authority, the Board, the System and the Capital Improvement Program, together with other information, including summaries of the terms of the Agreement and the Lease are set forth in the Series 2014 BB Preliminary Official Statement. All references herein to the Second 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 Fiscal 2011 DD-2 Bonds were originally issued and delivered on November 18, 2010. The Fiscal 2011 DD-2 Bonds, when issued, bore interest at a Daily Rate. JPMorgan Chase Bank, National Association (“JPMorgan”) will provide liquidity support with respect to the Fiscal 2011 DD-2 Bonds pursuant to a Standby Bond Purchase Agreement between JPMorgan and the Authority, as described below under “LIQUIDITY FACILITY FOR THE FISCAL 2011 DD-2 BONDS” and in APPENDIX I in substitution for the prior standby bond purchase agreement originally delivered in connection with the issuance of the Fiscal 2011 DD-2 Bonds.

The Authority expects to issue the Fiscal 2014 BB Bonds in an approximate principal amount of \$375,000,000 on or about November 21, 2013.

THE FISCAL 2011 DD-2 BONDS

General

This Reoffering Memorandum describes the Fiscal 2011 DD-2 Bonds only while they are in a Daily Rate Mode, a Two-Day Rate Mode or a Weekly Rate Mode.

The Fiscal 2011 DD-2 Bonds will be remarketed in the aggregate principal amount, and maturing on the date, as set forth on the cover hereof. Interest is payable on the Fiscal 2011 DD-2 Bonds bearing interest at a Daily Rate, a Two-Day Rate or a Weekly Rate on the 15th day of each month, commencing December 15, 2013. The Fiscal 2011 DD-2 Bonds are subject to redemption prior to maturity as described under “Redemption” and to optional and mandatory tender for purchase as described under “Optional Tender for Purchase” and “Mandatory Tender for Purchase.” The Fiscal 2011 DD-2 Bonds will continue in a Daily Rate Period from the date of the reoffering 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-2 Bonds will be payable in lawful moneys of the United States of America. The Fiscal 2011 DD-2 Bonds will be issued only as fully registered bonds without coupons in minimum denominations of \$100,000 and integral multiples of \$5,000 in excess thereof when the Rate Period is the Daily Rate Period, the Two-Day Rate Period or the Weekly Rate Period. During the Daily Rate Period, the Two-Day Rate Period or the Weekly Rate Period, interest will be computed on the basis of a 365-day or 366-day year for the actual number of days elapsed.

The Bank of New York Mellon has been appointed as Tender Agent for the Fiscal 2011 DD-2 Bonds. J.P. Morgan Securities LLC has been appointed as the Remarketing Agent for the Fiscal 2011 DD-2 Bonds (the “Remarketing Agent”).

Record Dates and Interest Payment Dates

Record Dates. Interest on the Fiscal 2011 DD-2 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-2 Bonds in a Daily Rate Period, Two-Day Rate Period or Weekly Rate Period.

Bond Payment Dates. Interest on the Fiscal 2011 DD-2 Bonds will be payable on the 15th day of each calendar month when such Fiscal 2011 DD-2 Bonds bear interest at a Daily Rate, a Two-Day Rate or a Weekly Rate. Interest payable on each Bond Payment Date for Fiscal 2011 DD-2 Bonds bearing interest in the Daily Rate Mode, the Two-Day Rate Mode or the Weekly Rate Mode will be the interest accruing and unpaid through and including the day preceding such Bond Payment Date. Each Mandatory Tender Date (defined below) will be a Bond Payment Date.

Conversion to an Alternate Rate Period

At the election of the Authority, the Fiscal 2011 DD-2 Bonds may be converted to a different Rate Period by delivering a notice (the “Conversion Notice”) to the Remarketing Agent, the provider of any Credit Facility (as defined in Appendix C, which term includes the Liquidity Facility) relating to the Fiscal 2011 DD-2 Bonds (the “Liquidity Provider”), DTC and the Tender Agent specifying, among other things, the new Rate Mode or Modes to which such Fiscal 2011 DD-2 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 fifteen (15) days prior to the Conversion Date (or if the Fiscal 2011 DD-2 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-2 Bond of the Authority’s election to convert to another Rate Period and the Conversion Date. Such notice is to be given, by first class mail, not later than three calendar days after receipt by the Tender Agent of the Conversion Notice. See “Mandatory Tender for Purchase — *Notices of Mandatory Tender.*”

No Fiscal 2011 DD-2 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 notifies the Tender Agent that it is unable to remarket the Fiscal 2011 DD-2 Bonds on the Conversion Date, the Fiscal 2011 DD-2 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 Fiscal 2011 DD-2 Bonds not converted will be the existing Rate Mode.

Interest Rates and Reset Dates

General. The rate at which the Fiscal 2011 DD-2 Bonds will bear interest during any Rate Period will be the rate of interest that, if borne by such Fiscal 2011 DD-2 Bonds for such Rate Period, in the judgment of the Remarketing Agent, 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-2 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-2 Bonds, would be the lowest interest rate that would enable such Fiscal 2011 DD-2 Bonds to be sold at a price equal to the principal amount thereof, plus accrued interest thereon, if any.

“Maximum Rate” means, in the case of the Fiscal 2011 DD-2 Bonds which are not Purchased Bonds, 9% per annum.

Daily Rate Period. The Daily Rate for any Business Day is to be determined by the Remarketing Agent 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 for any reason (i) the Daily Rate for a Daily Period is not established, (ii) there is no Remarketing Agent for the Fiscal 2011 DD-2 Bonds, (iii) the Rate is held to be invalid or unenforceable or (iv) pursuant to the Remarketing Agreement the Remarketing Agent is not then required to establish a Daily Rate, then the Daily Rate in effect during the preceding Daily Rate Period will continue in effect

on such Fiscal 2011 DD-2 Bonds until a new Daily Rate is determined, but in no event for more than two weeks, and thereafter such Fiscal 2011 DD-2 Bonds will bear interest at the Maximum Rate until a Rate has been duly established by the Remarketing Agent.

Two-Day Rate Period. The Two-Day Rate for any Business Day is to be determined by the Remarketing Agent and announced by 10:00 a.m., New York City time, on the first day of a period during which such Fiscal 2011 DD-2 Bonds bear interest at a Two-Day Rate and on each Monday, Wednesday and Friday thereafter so long as interest on such Fiscal 2011 DD-2 Bonds is to be payable at a Two-Day Rate or, if any Monday, Wednesday or Friday is not a Business Day, on the next Monday, Wednesday or Friday that is a Business Day. The Two-Day Rate set on any Business Day will be effective as of such Business Day and will remain in effect until the next day on which a Two-Day Rate is to be set in accordance with the preceding sentence.

If for any reason (i) the Two-Day Rate for a Rate Period is not established, (ii) there is no Remarketing Agent for the Fiscal 2011 DD-2 Bonds, (iii) the Rate is held to be invalid or unenforceable or (iv) pursuant to the Remarketing Agreement the Remarketing Agent is not then required to establish a Two-Day Rate, then the Two-Day Rate in effect during the preceding Two-Day Rate Period will continue in effect on such Fiscal 2011 DD-2 Bonds until a new Two-Day Rate is determined, but in no event for more than two weeks, and thereafter such Fiscal 2011 DD-2 Bonds will bear interest at the Maximum Rate until a Rate has been duly established by the Remarketing Agent.

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

If for any reason (i) a Weekly Rate has not been determined by the Remarketing Agent, (ii) no Remarketing Agent is then serving under the Resolutions, (iii) the Weekly Rate determined by the Remarketing Agent is held to be invalid or unenforceable with respect to a Weekly Rate Period or (iv) pursuant to the Remarketing Agreement the Remarketing Agent is not then required to establish a Weekly Rate, then, the Weekly Rate for such Weekly Rate Period will be equal to the prior Weekly Rate until a new Weekly Rate is determined, but in no event for more than two weeks, and, afterwards, the Weekly Rate will be equal to the Maximum Rate until the Remarketing Agent determines a Weekly Rate.

Certain Considerations Affecting Adjustable Rate Bonds

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

The Remarketing Agent is Paid by the Authority. The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing the Fiscal 2011 DD-2 Bonds that are optionally or mandatorily tendered by the Beneficial Owners thereof (subject, in each case, to the terms of the Remarketing Agreement). The Remarketing Agent is appointed by the Authority and is paid by the Authority for its services. As a result, the interests of the Remarketing Agent may differ from those of Beneficial Owners and potential purchasers of Fiscal 2011 DD-2 Bonds.

The Remarketing Agent May Purchase Fiscal 2011 DD-2 Bonds for Its Own Account. The Remarketing Agent acts as Remarketing Agent for a variety of adjustable rate demand obligations issued by many issuers and, in its sole discretion, may purchase such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Fiscal 2011 DD-2 Bonds for its own account and, in its sole discretion, may acquire such tendered Fiscal 2011 DD-2 Bonds in order to achieve a successful remarketing of the Fiscal 2011 DD-2 Bonds (*i.e.*, because there otherwise are not enough buyers to purchase the Fiscal 2011

DD-2 Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Fiscal 2011 DD-2 Bonds, and may cease doing so at any time without notice. If the Remarketing Agent ceases to purchase Fiscal 2011 DD-2 Bonds, it may be necessary for the Trustee to draw on the Liquidity Facility (defined below) to pay tendering Bondholders.

The Remarketing Agent may also sell any Fiscal 2011 DD-2 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-2 Bonds. The purchase of Fiscal 2011 DD-2 Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Fiscal 2011 DD-2 Bonds in the market than is actually the case. The practices described above also may result in fewer Fiscal 2011 DD-2 Bonds being tendered.

Fiscal 2011 DD-2 Bonds may be Offered at Prices Other Than Par. Pursuant to the Remarketing Agreement, on each rate determination date, the Remarketing Agent is required to determine the interest rate that will be effective with respect to the applicable Fiscal 2011 DD-2 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-2 Bonds at par, plus accrued interest, if any, on the effective date. At the time the new rate becomes effective, the Remarketing Agent is required to use its best efforts to remarket the applicable Fiscal 2011 DD-2 Bonds at par. The interest rate will reflect, among other factors, the level of market demand for the applicable Fiscal 2011 DD-2 Bonds (including whether the Remarketing Agent is willing to purchase applicable Fiscal 2011 DD-2 Bonds for its own account). There may or may not be Fiscal 2011 DD-2 Bonds tendered and remarketed on an effective date, and the Remarketing Agent may or may not be able to remarket any Fiscal 2011 DD-2 Bonds tendered to it for purchase on such date at par. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third-party buyers for all of the Fiscal 2011 DD-2 Bonds at the remarketing price.

The Ability to Sell the Fiscal 2011 DD-2 Bonds Other Than Through the Tender Process May Be Limited. The Remarketing Agent may make a secondary market in the Fiscal 2011 DD-2 Bonds by routinely purchasing and selling Fiscal 2011 DD-2 Bonds other than in connection with an optional or mandatory tender and remarketing. However, the Remarketing Agent is not required to make a secondary market in the Fiscal 2011 DD-2 Bonds. Thus, investors who purchase Fiscal 2011 DD-2 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Fiscal 2011 DD-2 Bonds other than by tendering the Fiscal 2011 DD-2 Bonds in accordance with the tender process. The Liquidity Facility is not available to purchase related Fiscal 2011 DD-2 Bonds other than those tendered in accordance with the sale of Fiscal 2011 DD-2 Bonds by the Bondholder to the Remarketing Agent. A Liquidity Facility will only be drawn when the related Fiscal 2011 DD-2 Bonds have been properly tendered in accordance with the terms of the transaction.

Under Certain Circumstances, the Remarketing Agent May Cease Remarketing the Fiscal 2011 DD-2 Bonds. Under certain circumstances the Remarketing Agent may cease its remarketing efforts, subject to the terms of the Remarketing Agreement. The Remarketing Agreement provides that, unless the Authority has failed to pay remarketing fees, the Remarketing Agent may not resign until a successor has been appointed.

Optional Tender for Purchase

A Fiscal 2011 DD-2 Bond or any portion thereof equal to an Authorized Denomination may be tendered for purchase, at the Purchase Price, at the option of its registered owner on any Business Day during a Daily Rate Period, a Two-Day Rate Period or a Weekly Rate Period upon giving notice of the registered owner's election to tender in the manner and at the times described below. Notice of an election to tender a Fiscal 2011 DD-2 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-2 Bonds and will not be given by DTC.

Notice of the election to tender for purchase a Fiscal 2011 DD-2 Bond registered in any other name is to be given by the registered owner of such Fiscal 2011 DD-2 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-2 Bond, the principal amount of the Fiscal 2011 DD-2 Bond to be tendered for purchase and the Business Day on which the Fiscal 2011 DD-2 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-2 Bond must give written notice of its irrevocable election to tender such Fiscal 2011 DD-2 Bond or a portion thereof for purchase at its option to the Tender Agent, at its Delivery Office, and to the Remarketing Agent, (i) in the case of Fiscal 2011 DD-2 Bonds bearing interest in a Daily Rate Mode, no later than 11:00 a.m. on any Business Day, (ii) in the case of Fiscal 2011 DD-2 Bonds bearing interest in the Two-Day Rate Mode, no later than 3:00 p.m. on a Business Day at least two (2) Business Days prior to the Business Day on which such Fiscal 2011 DD-2 Bond or portion thereof is to be purchased, and (iii) in the case of Fiscal 2011 DD-2 Bonds bearing interest in a Weekly Rate Mode, by no later than 5:00 p.m., New York City time, on any Business Day which is at least seven (7) days prior to the Business Day on which such Fiscal 2011 DD-2 Bond or portion thereof is to be purchased.

Mandatory Tender for Purchase

The Fiscal 2011 DD-2 Bonds 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-2 Bonds being converted to a different Rate Mode other than a conversion between the Daily Rate Mode, the Two-Day Rate Mode and the Weekly Rate Mode;

(b) on the last Business Day of the Daily Rate Period, Two-Day Rate Period or Weekly Rate Period, as the case may be, next preceding the effective date of any expiration or earlier termination of the Credit Facility then in effect if at least fifteen (15) days prior to such expiration or termination date such Credit Facility has not been extended or a substitute Credit Facility has not been obtained;

(c) on the substitution date of a Credit Facility for an existing Credit Facility if, solely as a result of such substitution, any Rating Agency would reduce or withdraw any rating assigned to such Fiscal 2011 DD-2 Bonds;

(d) on the Business Day immediately preceding the date of termination specified in the Notice of Default delivered by a Liquidity Provider in accordance with the provisions of the Credit Facility; and

(e) on any Business Day the Authority determines it is in the best interests of the Holders to cause a mandatory tender of Fiscal 2011 DD-2 Bonds.

Notices of Mandatory Tenders. Whenever Fiscal 2011 DD-2 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-2 Bonds that the Fiscal 2011 DD-2 Bonds are subject to mandatory tender for 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-2 Bonds Deemed Purchased

The Fiscal 2011 DD-2 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-2 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-2 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-2 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-2 Bonds that have been tendered but not remarketed and for which moneys have not been provided for their purchase by a Liquidity Provider pursuant to a Credit Facility. Such Fiscal 2011 DD-2 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-2 Bond will be the principal amount of the Fiscal 2011 DD-2 Bond to be tendered, plus accrued and unpaid interest from the immediately preceding Bond Payment Date.

The Purchase Price of a Fiscal 2011 DD-2 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-2 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-2 Bonds will be paid, in same-day funds, only after presentation and surrender of the Fiscal 2011 DD-2 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-2 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-2 Bonds tendered for purchase, (ii) moneys made available by the Liquidity Provider under the 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-2 Bonds would not, in the opinion of Bond Counsel, constitute a voidable preference in the case of a filing for protection of the Authority under the Bankruptcy Code (collectively, "Available Moneys"). The Authority has no obligation to furnish moneys under (iii) or (iv) of the preceding sentence.

Remarketing of Fiscal 2011 DD-2 Bonds Upon Tender

Pursuant to the Remarketing Agreement, the Remarketing Agent is required to use its best efforts to remarket Fiscal 2011 DD-2 Bonds tendered or deemed tendered for purchase. The Remarketing Agreement sets forth, among other things, certain conditions to the Remarketing Agent's obligations to remarket Fiscal 2011 DD-2 Bonds. If any of the conditions is not satisfied, or if the Remarketing Agent is otherwise unable to remarket any Fiscal 2011 DD-2 Bonds, the Purchase Price of such Fiscal 2011 DD-2 Bonds will be paid from amounts obtained from the Liquidity Provider under the Credit Facility, as described below, or may be paid from any other Available Moneys furnished by or on behalf of the Authority.

On each Tender Date, the Remarketing Agent is to give notice to the Tender Agent specifying the principal amount of Fiscal 2011 DD-2 Bonds which have been tendered for purchase and remarketed. The Tender Agent is, on such Tender Date, to obtain funds under the Credit Facility in accordance with its terms in an amount equal to the difference between the Purchase Price of the Fiscal 2011 DD-2 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. Upon any such failure the Fiscal 2011 DD-2 Bonds will continue to be held by the tendering holders and will bear interest from the Tender Date at the Maximum Rate.

Redemption

Optional Redemption. The Fiscal 2011 DD-2 Bonds, while they bear interest at a Daily Rate, Two-Day Rate or Weekly Rate, are subject to redemption prior to maturity at the election or direction of the Authority, on any Business Day, in whole or in part, at the redemption price of 100% of the principal amount of the Fiscal 2011 DD-2 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-2 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, before selecting any other Fiscal 2011 DD-2 Bonds of such maturity for redemption. Fiscal 2011 DD-2 Bonds of such maturity which are not Purchased Bonds will be selected by the Trustee in accordance with instructions from the Authority in such manner as the Trustee deems fair and appropriate.

Notice of Redemption

Notice of redemption is to be given by first class mail, postage prepaid, at least 20 days prior to the date fixed for redemption, to the registered owners of Fiscal 2011 DD-2 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-2 Bonds, notice of redemption is to be sent to DTC at least 20 days prior to the date fixed for redemption or such shorter period as may be provided by DTC. No assurance can be given by the Authority that DTC and DTC participants will promptly transmit notices of redemption to Beneficial Owners.

If, on any redemption date, moneys for the redemption of the Fiscal 2011 DD-2 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-2 Bonds to be redeemed will cease to accrue from and after the redemption date and such Fiscal 2011 DD-2 Bonds will no longer be considered to be Outstanding under the Second Resolution.

The notice of redemption may provide that the Fiscal 2011 DD-2 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.

LIQUIDITY FACILITY FOR THE FISCAL 2011 DD-2 BONDS

Liquidity Facility

General. The Authority will, on the date the Fiscal 2011 DD-2 Bonds are reoffered, enter into a Standby Bond Purchase Agreement with respect to the Fiscal 2011 DD-2 Bonds (the "Liquidity Facility") with JPMorgan Chase Bank, National Association (the "Facility Provider"). Subject to the terms and conditions of the Liquidity Facility, the Facility Provider has agreed to make available to the Tender Agent, upon receipt of an appropriate demand for payment, the Purchase Price for the Fiscal 2011 DD-2 Bonds tendered for purchase and not remarketed so long as the Fiscal 2011 DD-2 Bonds bear interest at an Eligible Rate (as defined in the Liquidity Facility). The commitment of the Facility Provider under the Liquidity Facility are sufficient to pay a Purchase Price equal to the Outstanding principal of and up to 35 days' interest on the Fiscal 2011 DD-2 Bonds at an assumed interest rate of 9% per annum. The scheduled termination date of the Liquidity Facility is set forth on the inside cover.

The obligation of the Authority to repay amounts advanced by the Facility Provider under the Liquidity Facility to purchase Fiscal 2011 DD-2 Bonds will be evidenced by the Fiscal 2011 DD-2 Bonds purchased by such Facility Provider (the "Purchased Bonds").

A summary of certain provisions of the Liquidity Facility is set forth in APPENDIX J.

Shortly after the remarketing of the Fiscal 2011 DD-2 Bonds, a redacted version of the Liquidity Facility will be available on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (www.emma.msrb.org) or may be obtained from the Remarketing Agent.

Substitution of a Credit Facility

The Authority may replace a Credit Facility with a substitute Credit Facility; *provided, however*, that the Fiscal 2011 DD-2 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-2 Bonds.

No later than five (5) 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-2 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 Liquidity Provider of such substitute Credit Facility; (iii) a statement as to the ratings on such Fiscal 2011 DD-2 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 Liquidity Provider necessary for such substitute Credit Facility to become effective have been obtained. The failure of any Holder of a Fiscal 2011 DD-2 Bond to receive such notice will not affect the validity of the proceedings in connection with the effectiveness of such substitute Credit Facility.

APPROVAL OF LEGAL PROCEEDINGS

In connection with the remarketing of the Fiscal 2011 DD-2 Bonds, certain legal matters will be passed upon for the Authority by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. A complete copy of the form of opinion of Bond Counsel delivered at the original issuance of the Fiscal 2011 DD-2 Bonds is set forth as Appendix E-1. The form of the Remarketing Opinion to be delivered by Bond Counsel on the date of remarketing is set forth as Appendix E-2. Certain legal matters will be passed upon for the City and the Board by the City's Corporation Counsel. Certain legal matters will be passed upon for the Remarketing Agent by Nixon Peabody LLP, New York, New York.

RATINGS

S&P has issued a long-term rating of "AA+" and a short-term rating of "A1," Fitch has issued a long-term rating of "AA+" and a short-term rating of "F1" and Moody's has issued a long-term rating of "Aa2" and a short-term rating of "VMIG-1" on the Fiscal 2011 DD-2 Bonds.

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-2 Bonds.

REMARKETING

The Remarketing Agent has agreed, subject to certain conditions, to remarket the Fiscal 2011 DD-2 Bonds on November 14, 2013 at an aggregate price which is equal to the initial offering price thereof. The obligations of the Remarketing Agent are subject to certain conditions precedent, and the Remarketing Agent will be obligated to remarket all of the Fiscal 2011 DD-2 Bonds if any of the Fiscal 2011 DD-2 Bonds are remarketed. The Authority will reimburse the Remarketing Agent for certain expenses in connection with the remarketings.

The Remarketing Agent and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Remarketing Agent and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Remarketing Agent and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

TAX MATTERS

On the date of original issuance and delivery of the Fiscal 2011 DD-2 Bonds, Bond Counsel delivered an opinion to the effect that, based upon an analysis of then existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Fiscal 2011 DD-2 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. It was the further opinion of Bond Counsel that interest on the Fiscal 2011 DD-2 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum income taxes, although Bond Counsel observed that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. It was the further opinion of Bond Counsel that interest on the Fiscal 2011 DD-2 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). A complete copy of the opinion of Bond Counsel delivered at the original issuance of the Fiscal 2011 DD-2 Bonds is set forth as Appendix E-1. In connection with the remarketing of the Fiscal 2011 DD-2 Bonds, Bond Counsel will deliver its opinion (the "Remarketing Opinion") to the effect that the substitution of the Credit Facility relating to the Fiscal 2011 DD-2 Bonds will not, in and of itself, adversely affect any exclusion from gross income of interest on the Fiscal 2011 DD-2 Bonds for federal income tax purposes. The text of the Remarketing Opinion to be delivered by Bond Counsel is set forth as Appendix E-2. Bond Counsel is not rendering any opinion on the current tax status of the Fiscal 2011 DD-2 Bonds.

As described in the Official Statement relating to the original issuance of the Fiscal 2011 DD-2 Bonds, the Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Fiscal 2011 DD-2 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-2 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-2 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Fiscal 2011 DD-2 Bonds. The opinion of Bond Counsel rendered in connection with the original issuance of the Fiscal 2011 DD-2 Bonds assumed the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Fiscal 2011 DD-2 Bonds may adversely affect the value of, or the tax status of interest on, the Fiscal 2011 DD-2 Bonds. Accordingly, the opinion of Bond Counsel delivered in connection with the original issuance of the Fiscal 2011 DD-2 Bonds is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although the opinion of Bond Counsel rendered in connection with the original issuance of the Fiscal 2011 DD-2 Bonds stated that interest on the Fiscal 2011 DD-2 Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State

of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the accrual or receipt of interest on, the Fiscal 2011 DD-2 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expressed no opinion regarding any such other tax consequences upon the original issuance of the Fiscal 2011 DD-2 Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Fiscal 2011 DD-2 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration's proposed 2014 budget includes a legislative proposal which, for tax years beginning after December 31, 2013, would limit the exclusion from gross income of interest on obligations like the Fiscal 2011 DD-2 Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Fiscal 2011 DD-2 Bonds. Prospective purchasers of the Fiscal 2011 DD-2 Bonds should consult their own tax advisors regarding the potential impact of 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 rendered in connection with the original issuance of the Fiscal 2011 DD-2 Bonds was based on then-current legal authority, covered certain matters not directly addressed by such authorities, and represented Bond Counsel's judgment as to the proper treatment of the Fiscal 2011 DD-2 Bonds for federal income tax purposes. Such opinions are not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority covenanted upon the original issuance of the Fiscal 2011 DD-2 Bonds, however, to comply with the requirements of the Code.

Unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the Fiscal 2011 DD-2 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-2 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-2 Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

NEW YORK CITY MUNICIPAL WATER
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November 18, 2010

New York City Municipal
 Water Finance Authority

New York City Municipal Water Finance Authority
 Water and Sewer System Second General Resolution Revenue 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 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,



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New York City Municipal
Water Finance Authority

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

In such connection, we have reviewed the Second Resolution, Supplemental Resolution No. 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 assure 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



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New York City Municipal
Water Finance Authority

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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.



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Water Finance Authority

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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. However, interest on the 2011 Series DD Bonds is 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

FORM OF BOND COUNSEL OPINION UPON REMARKETING

November , 2013

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

New York City Municipal Water Finance Authority
\$75,000,000 Water and Sewer System Second General Resolution Revenue Bonds,
Adjustable Rate Fiscal 2011 Subseries DD-2

Ladies and Gentlemen:

The New York City Municipal Water Finance Authority Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2011 Subseries DD-2 in the aggregate principal amount of \$75,000,000 (the “Bonds”) were issued by the New York City Municipal Water Finance Authority (the “Issuer”) pursuant to (i) the New York City Municipal Water Finance Authority Act, constituting Title 2A of Article 5 of the Public Authorities Law of the State of New York, as amended (the “Act”), (ii) the Water and Sewer System Second General Revenue Bond Resolution adopted by the Issuer March 30, 1994, as amended and supplemented to the date hereof (the “Second Resolution”) and (iii) the “Supplemental Resolution No. 76 Authorizing the Issuance of up to \$300,000,000 Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2011 Series DD,” adopted by the Issuer on November 10, 2010, as amended and restated by “Amended and Restated Supplement Resolution No. 76 Authorizing the Issuance of up to \$300,000,000 Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2011 Series DD,” adopted by the Issuer on September 30, 2013 (the “Supplemental Resolution”). At the time of issuance of the Bonds, we rendered an opinion to the effect that, subject to certain conditions and assumptions described in such opinion, under then existing law, the interest on the Bonds was excluded from gross income for federal income tax purposes and that the interest on the Bonds was not treated as a preference item for purposes of computing the federal alternative minimum tax under the Code with respect to individuals and corporations. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Second Resolution and the Supplemental Resolution.

Pursuant to the requirements under “Substitution of Credit Facility” in Exhibit B to the Supplemental Resolution, the Issuer is providing for the delivery to the Tender Agent of a substitute Credit Facility, in the form of a Standby Bond Purchase Agreement, dated as of November 1, 2013, between the Issuer and JPMorgan Chase Bank, National Association (the “Substitute Credit Facility”), in substitution for the existing Credit Facility.

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

The opinion expressed herein is based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur

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

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

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

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

BOOK-ENTRY-ONLY FORM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Fiscal 2011 DD-2 Bonds. The Fiscal 2011 DD-2 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-2 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-2 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 a Standard & Poor’s rating of AA+. 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-2 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Fiscal 2011 DD-2 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Fiscal 2011 DD-2 Bond (“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-2 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-2 Bonds, except in the event that use of the book-entry system for the Fiscal 2011 DD-2 Bonds is discontinued.

To facilitate subsequent transfers, all Fiscal 2011 DD-2 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-2 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-2 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts the Fiscal 2011 DD-2 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-2 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-2 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-2 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-2 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-2 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.

A Beneficial Owner shall give notice to elect to have its Fiscal 2011 DD-2 Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Fiscal 2011 DD-2 Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Fiscal 2011 DD-2 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Fiscal 2011 DD-2 Bonds are transferred by the Direct Participants on DTC's records and followed by a book-entry credit of tendered Fiscal 2011 DD-2 Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Fiscal 2011 DD-2 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-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

Unless otherwise noted, the information contained in the preceding paragraphs of this subsection "Book-Entry-Only Form" 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.

DESCRIPTION OF THE LIQUIDITY PROVIDER

JPMorgan Chase Bank, National Association

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

JPMorgan Chase Bank, National Association (the “Bank”) is a wholly owned subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. The Bank offers a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

As of June 30, 2013, JPMorgan Chase Bank, National Association, had total assets of \$1,947.8 billion, total net loans of \$604.2 billion, total deposits of \$1,249.5 billion, and total stockholder’s equity of \$151.5 billion. These figures are extracted from the Bank’s unaudited Consolidated Reports of Condition and Income (the “Call Report”) as of June 30, 2013, prepared in accordance with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles. The Call Report including any update to the above quarterly figures is filed with the Federal Deposit Insurance Corporation and can be found at www.fdic.gov.

Additional information, including the most recent annual report on Form 10-K for the year ended December 31, 2012, of JPMorgan Chase & Co., the 2012 Annual Report of JPMorgan Chase & Co., and additional annual, quarterly and current reports filed with or furnished to the Securities and Exchange Commission (the “SEC”) by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017 or at the SEC’s website at www.sec.gov.

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

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**SUMMARY OF CERTAIN PROVISIONS
OF THE LIQUIDITY FACILITY**

General

The following summary of certain provisions of the Liquidity Facility does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Liquidity Facility to which reference is made hereby. Investors should obtain and review a copy of the Liquidity Facility in order to understand all of the terms of that document.

The Liquidity Facility contains various provisions, covenants and conditions, certain of which are summarized below. Various words or terms used in the following summary are defined in this Reoffering Memorandum or, to the extent not defined in this Reoffering Memorandum, in the Liquidity Facility, and reference thereto is made for full understanding of their import.

Under certain circumstances described below, the obligation of the Liquidity Provider to purchase the Fiscal 2011 DD-2 Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender may be automatically and immediately terminated without notice to the bondholders. In such event, sufficient funds may not be available to purchase Fiscal 2011 DD-2 Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender. In addition, the Liquidity Facility does not provide support or security for the payment of principal of, premium, if any, or interest on the Fiscal 2011 DD-2 Bonds.

Events of Termination

The following events are Events of Termination under the Liquidity Facility. Upon the occurrence of an Event of Termination, the Available Commitment for the Fiscal 2011 DD-2 Bonds and the obligation of the Liquidity Provider under the Liquidity Facility to purchase Fiscal 2011 DD-2 Bonds immediately shall terminate without notice or demand to any person, and thereafter the Liquidity Provider shall be under no obligation to purchase Fiscal 2011 DD-2 Bonds.

(a) (i) the Authority shall fail to pay when due any principal of or premium, if any, or interest on the Fiscal 2011 DD-2 Bonds (regardless of any waiver thereof by the holders of the Fiscal 2011 DD-2 Bonds), including any Purchased Bonds, other than accelerated Purchased Bonds (to the extent that the right of acceleration is provided to the Liquidity Provider), or (ii) any default by the Authority shall have occurred and be continuing 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 DD-2 Bonds, but expressly excluding, for purposes of this subsection (a)(ii), defaults by the Authority in the payment of accelerated principal of or premium, if any, or interest on any bank bonds or pledged bonds arising from liquidity draws on letters of credit, standby bond purchase agreements or other similar evidences of indebtedness;

(b) the occurrence and continuance of the “Event of Default” under the Second Resolution described under clause (v) of “Summary of the Second Resolution – Defaults and Remedies” in Appendix C included herein by reference, consisting of a filing of a petition for relief under any federal or State bankruptcy or similar law by the Authority;

(c) each of Moody’s, S&P and Fitch shall (i) assign a rating to any Parity Debt (defined in the Liquidity Facility as indebtedness of the Authority secured on a parity with the Fiscal 2011 DD-2 Bonds) below “Baa3” in the case of Moody’s and below “BBB-” in the case of S&P and Fitch or (ii) withdraw or suspend any such rating for a credit-related reason;

(d) (i) the State or any other governmental authority having jurisdiction over the Authority imposes pursuant to a final judgment or order a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on repayment when due and payable of the principal of or interest on the Fiscal 2011 DD-2 Bonds, (ii) the Authority declares a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on repayment when due and payable of the principal of or interest on the Fiscal 2011 DD-2 Bonds or any Parity Debt, or (iii) 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 to pay its debts as they become due or the Authority shall become insolvent within the meaning of Section 101(32) of the United States Bankruptcy Code, (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;

(e) (i) a final, non-appealable judgment shall be issued by a court of competent jurisdiction that the Fiscal 2011 DD-2 Bonds or any provision of the Liquidity Facility or of the Resolutions relating to the payment of principal of or interest on the Fiscal 2011 DD-2 Bonds shall cease for any reason to be valid and binding, or (ii) the Authority shall initiate legal proceedings or assert in legal proceedings that the Fiscal 2011 DD-2 Bonds or any material provision of the Liquidity Facility or of the Resolutions relating to the payment of principal of or interest on the Fiscal 2011 DD-2 Bonds is invalid or that the Authority has no liability thereon; and

(f) a final, non-appealable money judgment shall be entered by a court or other regulatory body of competent jurisdiction against the Authority in an individual, or aggregate, amount of twenty-five million dollars (\$25,000,000) or more and the Authority shall have failed to satisfy said money judgment(s) within ninety (90) days from the first date when said judgment(s) shall become enforceable and subject to collection in accordance with its or their respective terms.

Events of Default Permitting Mandatory Tender or Conversion of Interest Rate

In the case of the occurrence of the following events of default under the Liquidity Facility, the Liquidity Provider, in its sole discretion, may (x) give written notice of such event of default to the Remarketing Agent and to the Tender Agent requesting a mandatory tender of all or any portion of the Fiscal 2011 DD-2 Bonds pursuant to the Second Resolution and stating that the obligation of the Liquidity Provider to purchase such Fiscal 2011 DD-2 Bonds shall terminate 15 days after such notice is received by the Tender Agent, and on such date the Available Commitment for the Fiscal 2011 DD-2 Bonds shall terminate and the Liquidity Provider shall be under no obligation under the Liquidity Facility to purchase such Fiscal 2011 DD-2 Bonds after such date or (y) give a written notice to the Authority directing the Authority to convert the interest rate on all or any portion of the Fiscal 2011 DD-2 Bonds to an interest rate other than an Eligible Rate (as defined in the Liquidity Facility) in accordance with the terms of the Liquidity Facility:

(a) the Authority shall fail to pay when due any amount payable with respect to fees payable to the Liquidity Provider and such failure shall continue for seven days;

(b) the Authority shall fail to observe one or more affirmative or negative covenants, including, without limitation, covenants to maintain its existence and to maintain the tax status of interest on the Fiscal 2011 DD-2 Bonds; and

(c) the occurrence and continuance of the “Event of Default” under the Second Resolution described under clause (iii) of “Summary of the Second Resolution – Defaults and Remedies” in Appendix C included herein by reference, consisting of a default by the Authority in the performance or observance of any other of its covenants, agreements or conditions in the Second Resolution for a period of 45 days after written notice thereof, or under clause (iv) thereof consisting of a default under the Agreement or the Lease by the Board or the City for a period of 45 days after written notice thereof.

