

NEW ISSUE

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Fiscal 2015 BB Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Fiscal 2015 BB Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Fiscal 2015 BB Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof, including The City of New York. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Fiscal 2015 BB Bonds. See "TAX MATTERS."

\$400,000,000 **New York City** **Municipal Water Finance Authority**

Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate **Fiscal 2015 Series BB**

Consisting of

\$100,000,000 Fiscal 2015 Subseries BB-1

\$100,000,000 Fiscal 2015 Subseries BB-2

\$100,000,000 Fiscal 2015 Subseries BB-3

\$100,000,000 Fiscal 2015 Subseries BB-4

Dated: Date of Delivery

Due: June 15, as shown on the inside cover

The Fiscal 2015 BB Bonds will be issued as registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York which will act as securities depository for the Fiscal 2015 BB Bonds. Purchases of beneficial interests in such Fiscal 2015 BB Bonds will be made in book-entry-only form. Purchasers will not receive certificates representing the ownership interest in the Fiscal 2015 BB Bonds purchased by them. See "APPENDIX G — BOOK-ENTRY-ONLY FORM."

The Fiscal 2015 BB-1 Bonds, Fiscal 2015 BB-2 Bonds and Fiscal 2015 BB-4 Bonds will bear interest initially at the Daily Rate and the Fiscal 2015 BB-3 Bonds will bear interest initially at the Weekly Rate. The Fiscal 2015 BB Bonds will be issued in the respective aggregate principal amounts, and maturing on the respective dates, as set forth on the inside cover. Interest is payable on the Fiscal 2015 BB Bonds bearing interest at a Daily Rate, a Two-Day Rate or a Weekly Rate on the 15th day of each month, commencing July 15, 2015. The Fiscal 2015 BB Bonds bearing interest at the Daily Rate, a Two-Day Rate or a Weekly Rate may be tendered to the Tender Agent for purchase at the option of the Bondholder thereof under the circumstances described herein. The Fiscal 2015 BB Bonds are also subject to mandatory tender and to redemption prior to maturity, as described herein. Liquidity support for the payment of the Purchase Price (as hereinafter defined) of tendered but unremarketed Fiscal 2015 BB-1 Bonds is provided by Bank of America, N.A. Liquidity support for the payment of the Purchase Price of tendered but unremarketed Fiscal 2015 BB-2 Bonds is provided by Mizuho Bank, Ltd., acting through its New York Branch. Liquidity support for the payment of the Purchase Price of tendered but unremarketed Fiscal 2015 BB-3 Bonds is provided by Sumitomo Mitsui Banking Corporation, acting through its New York Branch. Liquidity support for the payment of the Purchase Price of tendered but unremarketed Fiscal 2015 BB-4 Bonds is provided by Wells Fargo Bank, National Association.

The obligations of the Facility Providers (as hereinafter defined) are subject to immediate and automatic termination or suspension without notice upon the occurrence of certain events described herein. The Fiscal 2015 BB Bonds will not be subject to mandatory tender for purchase upon such suspension or termination. Any failure to pay the Purchase Price of Fiscal 2015 BB Bonds tendered for purchase is not an event of default under the Second Resolution (as herein defined). Upon any such failure the Fiscal 2015 BB Bonds will continue to be held by the tendering Bondholders and will bear interest from the Tender Date at the Maximum Rate. See "LIQUIDITY FACILITIES FOR THE FISCAL 2015 BB BONDS."

The Fiscal 2015 BB Bonds are special obligations of the Authority, payable solely from and secured by a pledge of and subordinate lien on the gross revenues of the System. The Authority has no taxing power. The Fiscal 2015 BB Bonds are not a debt of the State of New York, The City of New York or the New York City Water Board and none of the State of New York, The City of New York or the New York City Water Board is liable on the Fiscal 2015 BB Bonds.

The Fiscal 2015 BB Bonds are offered when and if issued by the Authority and received by the Underwriters and subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Nixon Peabody LLP, New York, New York. It is anticipated that the Fiscal 2015 BB Bonds will be available for delivery to The Depository Trust Company in New York, New York, on or about July 10, 2014.

BofA Merrill Lynch
(Underwriter and Remarketing Agent
for the Fiscal 2015 BB-1)

Citigroup
(Underwriter and Remarketing Agent
for the Fiscal 2015 BB-3)

RBC Capital Markets
(Underwriter and Remarketing Agent
for the Fiscal 2015 BB-2)

Wells Fargo Securities
(Underwriter and Remarketing Agent
for the Fiscal 2015 BB-4)

\$400,000,000
New York City
Municipal Water Finance Authority

Water and Sewer System Second General
Resolution Revenue Bonds, Adjustable Rate
Fiscal 2015 Series BB
Price 100%

\$100,000,000 Fiscal 2015 BB-1 Bonds
Maturity Date: June 15, 2049
Rate Mode at Delivery Date: Daily
First Interest Payment Date: July 15, 2014
Facility Provider: Bank of America, N.A.
Stated Expiration Date: July 10, 2017
CUSIP⁽¹⁾: 64972GEEK6

\$100,000,000 Fiscal 2015 BB-2 Bonds
Maturity Date: June 15, 2049
Rate Mode at Delivery Date: Daily
First Interest Payment Date: July 15, 2014
Facility Provider: Mizuho Bank, Ltd., acting
through its New York Branch
Stated Expiration Date: July 8, 2016
CUSIP⁽¹⁾: 64972GELA

\$100,000,000 Fiscal 2015 BB-3 Bonds
Maturity Date: June 15, 2050
Rate Mode at Delivery Date: Weekly
First Interest Payment Date: July 15, 2014
Facility Provider: Sumitomo Mitsui Banking
Corporation, acting through its New York Branch
Stated Expiration Date: July 10, 2018
CUSIP⁽¹⁾: 64972GEM2

\$100,000,000 Fiscal 2015 BB-4 Bonds
Maturity Date: June 15, 2050
Rate Mode at Delivery Date: Daily
First Interest Payment Date: July 15, 2014
Facility Provider: Wells Fargo Bank, National
Association
Stated Expiration Date: July 10, 2018
CUSIP⁽¹⁾: 64972GEN0

⁽¹⁾ Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Fiscal 2015 BB Bonds and the Authority and the Underwriters do not make any representation with respect to such numbers nor undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Fiscal 2015 BB Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Fiscal 2015 BB Bonds.

New York City Municipal Water Finance Authority
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New York, New York 10007
212-788-5889

Board of Directors

Dean A. Fuleihan, *ex officio*
Joseph J. Martens, *ex officio*
Jacques Jiha, *ex officio*
Emily Lloyd, *ex officio*
Marc V. Shaw
Max Von Hollweg

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Member
Member
Member
Member
Member

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Thomas G. Paolicelli
Robert L. Balducci
Prescott D. Ulrey
Jeffrey M. Werner
Albert Rodriguez
William D. Schmid

Chief Executive Officer
Executive Director
Comptroller
Secretary
Assistant Secretary
Assistant Secretary
Assistant Treasurer

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

Water Board

Alan Moss
Alfonso L. Carney, Jr.
Adam Freed
Jonathan E. Goldin
Arlene M. Shaw

Chair
Member
Member
Member
Member

Officers

Steven Lawitts
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Greg L. Ascierio
Albert Rodriguez

Executive Director
Treasurer
Deputy Treasurer
Secretary

Authority Consultants

Bond Counsel
Consulting Engineer
Financial Advisors

Orrick, Herrington & Sutcliffe LLP
AECOM USA, Inc.
Lamont Financial Services Corporation
Drexel Hamilton, LLC
Acacia Financial Group, Inc.
Amawalk Consulting Group LLC

Rate Consultant

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any of the Fiscal 2015 BB Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesperson or any other person has been authorized to give any information or make any representation, other than those contained herein, in connection with the offering of any of the Fiscal 2015 BB Bonds and if given or made, such information or representation must not be relied upon. Information contained on the Authority's web page, on the City's web site, or on any other web page is not a part of this Official Statement. Neither the delivery of this Official Statement nor the sale of any of the Fiscal 2015 BB Bonds implies that there has been no change in the affairs of the Authority, the Board or the City or the other matters described herein since the date hereof.

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

The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

Deloitte & Touche LLP, the Authority's independent auditor has not reviewed, commented on or approved, and is not associated with, this Official Statement. 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 Official Statement. However, Deloitte & Touche LLP has not performed any procedures on any financial statements or other financial information of the Authority, including without limitation any of the information contained in this Official Statement, since the date of such report and has not been asked to consent to the inclusion of its report in this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE FISCAL 2015 BB BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTORY STATEMENT	1	Notice of Redemption	10
General	1	LIQUIDITY FACILITIES FOR THE FISCAL 2015	
INCLUSION BY SPECIFIC REFERENCE	2	BB BONDS	10
PLAN OF FINANCE	3	General	10
USE OF PROCEEDS	3	Substitution of a Credit Facility	11
THE FISCAL 2015 BB BONDS	4	CAPITAL IMPROVEMENT AND FINANCING	
General	4	PROGRAM	12
Record Dates and Interest Payment Dates	4	Debt Service Requirements	12
Conversion to an Alternate Rate Period	4	APPROVAL OF LEGAL PROCEEDINGS	14
Interest Rates and Reset Dates	5	CONTINUING DISCLOSURE UNDER SEC	
Certain Considerations Affecting Adjustable Rate		RULE 15c2-12	14
Bonds	6	RATINGS	16
Optional Tender for Purchase	7	UNDERWRITING	16
Mandatory Tender for Purchase	8	TAX MATTERS	17
Fiscal 2015 BB Bonds Deemed Purchased	8	APPENDICES	
Purchase Price and Payment	9	Appendix E – FORM OF OPINION OF BOND	
Remarketing of 2015 BB Bonds Upon Tender	9	COUNSEL	E-1
Redemption	9	Appendix I –DESCRIPTION OF THE FACILITY	
Selection of Bonds to be Redeemed	10	PROVIDERS AND SUMMARIES OF THE	
		LIQUIDITY FACILITIES	I-1

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OFFICIAL STATEMENT

\$400,000,000

NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY WATER AND SEWER SYSTEM SECOND GENERAL RESOLUTION REVENUE BONDS, ADJUSTABLE RATE FISCAL 2015 SERIES BB

INTRODUCTORY STATEMENT

General

The purpose of this Official Statement is to set forth certain information pertaining to the New York City Municipal Water Finance Authority (the “Authority”), a public benefit corporation duly created and existing under the New York City Municipal Water Finance Authority Act, as amended (the “Act”); the New York City Water Board (the “Board”), a public benefit corporation created and existing under Chapter 515 of the Laws of 1984, both of which laws were enacted by the Legislature of the State of New York (the “State”); and the Authority’s Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2015 Series BB (the “Fiscal 2015 BB Bonds”) consisting of \$100,000,000 Fiscal 2015 Subseries BB-1 (the “Fiscal 2015 BB-1 Bonds”), \$100,000,000 Fiscal 2015 Subseries BB-2 (the “Fiscal 2015 BB-2 Bonds”), \$100,000,000 Fiscal 2015 Subseries BB-3 (the “Fiscal 2015 BB-3 Bonds”) and \$100,000,000 Fiscal 2015 Subseries BB-4 (the “Fiscal 2015 BB-4 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 2015 BB Bonds will be issued by the Authority pursuant to its Water and Sewer Second General Revenue Bond Resolution adopted on March 30, 1994, as amended (the “Second Resolution”), and its Supplemental Resolution No. 106 adopted on June 17, 2014 (the “Fiscal 2015 BB Supplemental Resolution”). All bonds issued under the Second Resolution are referred to herein as “Second Resolution Bonds.” The Second Resolution and the Fiscal 2015 BB Supplemental Resolution are collectively referred to herein as the “Resolutions”. The Bank of New York Mellon serves as trustee under the Resolutions (in such capacity, the “Trustee”) and will continue to serve as Trustee unless a successor is appointed in accordance with the Second Resolution.

The Second Resolution Bonds are special obligations of the Authority, payable solely from and secured by a pledge of amounts on deposit in the Subordinated Indebtedness Fund established by the First Resolution and all moneys or securities in any of the funds and accounts established under the Second Resolution, subject only to provisions of the Second Resolution and the Agreement relating to the use and application thereof. The Board has covenanted in the Agreement to maintain rates, fees and

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

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

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

INCLUSION BY SPECIFIC REFERENCE

On June 25, 2014, the Authority delivered its final official statement (the “Series 2015 AA Official Statement”) relating to its Water and Sewer System Second General Resolution Revenue Bonds, Fiscal 2015 Series AA. The information set forth in the Series 2015 AA 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 2015 AA Official statement is delivered herewith.

INTRODUCTORY STATEMENT – Financial Projection Assumptions
SECURITY FOR THE SECOND RESOLUTION BONDS
THE AUTHORITY
THE BOARD
THE DEPARTMENT OF ENVIRONMENTAL PROTECTION
CAPITAL IMPROVEMENT AND FINANCING PROGRAM (except for Debt Service Requirements)
FINANCIAL OPERATIONS
RATES AND BILLINGS
THE SYSTEM
CLIMATE CHANGE
ECONOMIC AND DEMOGRAPHIC INFORMATION
LITIGATION
FINANCIAL ADVISORS
FURTHER INFORMATION
INVESTMENTS
LEGALITY FOR INVESTMENT AND DEPOSIT
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS
ENGINEERING FEASIBILITY REPORT AND FORECASTED CASH FLOWS
CERTAIN LEGAL OPINIONS
APPENDIX A – LETTER OF AECOM USA INC., CONSULTING ENGINEERS
APPENDIX B – LETTER OF AMAWALK CONSULTING GROUP LLC, RATE CONSULTANT

APPENDIX C – GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS
 APPENDIX D – FINANCIAL STATEMENTS
 APPENDIX F – ADJUSTABLE RATE DEMAND BONDS
 APPENDIX G – BOOK-ENTRY-ONLY FORM
 APPENDIX H – SYSTEM MAPS

Any reference to the “Fiscal 2015 AA Bonds” in the information incorporated herein by specific reference shall be read to be a reference to the Fiscal 2015 BB Bonds unless the context thereof clearly indicates that such information is only applicable to the Fiscal 2015 AA Bonds.

Descriptions of the Authority, the Board, the System and the Capital Improvement Program, together with the other information, including summaries of the terms of the Agreement and the Lease are set forth in the Series 2015 AA 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

On or about July 10, 2014, contemporaneously with the issuance of the Fiscal 2015 BB Bonds, the Authority expects to issue \$200,000,000 of its Fiscal 2015 Series AA Bonds to (i) pay principal on a portion of the Authority’s Outstanding commercial paper notes, (ii) pay costs of improvements to the System and (iii) pay certain costs of issuance. The Fiscal 2015 AA Bonds are expected to be issued as Second Resolution Bonds.

USE OF PROCEEDS

The proceeds of the Fiscal 2015 BB Bonds are anticipated to be applied in the following manner:

Payment of Principal on Commercial Paper Notes	\$300,000,000
Deposit to Construction Fund	99,861,062
Underwriters’ Discount	6,938
Costs of Issuance	<u>132,000</u>
Par Amount of the Fiscal 2015 BB Bonds	<u><u>\$400,000,000</u></u>

THE FISCAL 2015 BB BONDS

General

This Official Statement describes the Fiscal 2015 BB Bonds only while they are in a Daily Rate Mode, a Two-Day Rate Mode and a Weekly Rate Mode.

The Fiscal 2015 BB Bonds will be issued in four Subseries in the respective aggregate principal amounts, and maturing on the respective dates, as set forth on the inside cover. The Fiscal 2015 BB-1 Bonds, Fiscal 2015 BB-2 Bonds and Fiscal 2015 BB-4 Bonds will bear interest initially at the Daily Rate and the Fiscal 2015 BB-3 Bonds will bear interest initially at the Weekly Rate. Interest is payable on the Fiscal 2015 BB Bonds bearing interest at a Daily Rate, a Two-Day Rate or a Weekly Rate on the 15th day of each month, commencing July 15, 2014. The Fiscal 2015 BB Bonds are subject to optional 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 2015 BB-1 Bonds, Fiscal 2015 BB-2 Bonds and Fiscal 2015 BB-4 Bonds will continue in a Daily Rate Period and the Fiscal 2015 BB-3 Bonds will continue in a Weekly Rate until converted to another Rate Period and will bear interest at a rate determined in accordance with the procedures for determining the interest rate during such applicable Rate Period. See “Conversion to an Alternate Rate Period” and “Interest Rates and Reset Dates” below.

Principal and Purchase Price of, and redemption premium, if any, and interest on, the Fiscal 2015 BB Bonds will be payable in lawful moneys of the United States of America. The Fiscal 2015 BB Bonds will be issued only as fully registered bonds without coupons in minimum denominations of \$100,000 and integral multiples of \$5,000 in excess thereof when the Rate Period is the Daily Rate Period, the Two-Day Rate Period or the Weekly Rate Period. During the Daily Rate Period, the Two-Day Rate Period or the Weekly Rate Period, interest will be computed on the basis of a 365-day or 366-day year for the actual number of days elapsed.

The Bank of New York Mellon has been appointed as Tender Agent for the Fiscal 2015 BB Bonds. Merrill Lynch, Pierce, Fenner & Smith Incorporated has been appointed as the Remarketing Agent for the Fiscal 2015 BB-1 Bonds (the “2015 BB-1 Remarketing Agent”). RBC Capital Markets, LLC has been appointed as the Remarketing Agent for the Fiscal 2015 BB-2 Bonds (the “2015 BB-2 Remarketing Agent”). Citigroup Global Markets Inc. has been appointed as the Remarketing Agent for the Fiscal 2015 BB-3 Bonds (the “2015 BB-3 Remarketing Agent”). Wells Fargo Bank, National Association has been appointed as the Remarketing Agent for the Fiscal 2015 BB-4 Bonds (the “2015 BB-4 Remarketing Agent” and together with the 2015 BB-1 Remarketing Agent, the 2015 BB-2 Remarketing Agent and the 2015 BB-3 Remarketing Agent, the “Remarketing Agents”).

Record Dates and Interest Payment Dates

Record Dates. Interest on the Fiscal 2015 BB Bonds will be payable to the registered owner thereof as shown on the registration books kept by the Trustee at the close of business on the Record Date which will be the immediately preceding Business Day prior to a Bond Payment Date for Fiscal 2015 BB Bonds in a Daily Rate Period, Two-Day Rate Period or Weekly Rate Period.

Bond Payment Dates. Interest on the Fiscal 2015 BB Bonds will be payable on the 15th day of each calendar month when such Fiscal 2015 BB Bonds bear interest at a Daily Rate, a Two-Day Rate or a Weekly Rate. Interest payable on each Bond Payment Date for Fiscal 2015 BB Bonds bearing interest in the Daily Rate Mode, the Two-Day Rate Mode or the Weekly Rate Mode will be the interest accruing and unpaid through and including the day preceding such Bond Payment Date. Each Mandatory Tender Date (defined below) will be a Bond Payment Date.

Conversion to an Alternate Rate Period

At the election of the Authority, a Subseries of the Fiscal 2015 BB Bonds may be converted to a different Rate Period by delivering a notice (the “Conversion Notice”) to the Remarketing Agent for such Subseries, the provider of any Credit Facility (as defined in Appendix C) relating to such Subseries (the “Facility Provider”), DTC and the Tender Agent specifying, among other things, the new Rate

Mode or Modes to which such Fiscal 2015 BB Bonds are then subject and the conversion date (which shall be a Reset Date or a Bond Payment Date) (a “Conversion Date”). The Authority must deliver such Conversion Notice at least 15 days prior to the Conversion Date (or if the Fiscal 2015 BB Bonds to be converted are Book-Entry Bonds, such shorter period as DTC will permit). The Tender Agent is to give written notice to the registered owner of each Fiscal 2015 BB Bond of the Authority’s election to convert to another Rate Period and the Conversion Date. Such notice is to be given, by first class mail, not later than three calendar days after receipt by the Tender Agent of the Conversion Notice. See “Mandatory Tender for Purchase – *Notices of Mandatory Tender.*”

No Fiscal 2015 BB Bonds may be converted from a Rate Mode to a new Rate Mode unless the Trustee and Tender Agent have received an Opinion of Bond Counsel by 10:00 a.m., New York City time, on the Conversion Date.

If the election to convert is withdrawn by the Authority, or if the Remarketing Agent for such Subseries notifies the Tender Agent that it is unable to remarket the Fiscal 2015 BB Bonds on the Conversion Date, the Subseries of Fiscal 2015 BB Bonds will bear interest in the existing Rate Mode or, at the option of the Authority and in compliance with the provisions of the Resolutions regarding conversion of Rate Modes, any other Rate Period, which Rate Period will be in effect from and after the date on which the Rate Period was to be converted. However, if an Opinion of Bond Counsel is not delivered on or prior to the Conversion Date, the Rate Mode for the Subseries of Fiscal 2015 BB Bonds not converted will be the existing Rate Mode.

Interest Rates and Reset Dates

General. The rate at which a Subseries of the Fiscal 2015 BB Bonds will bear interest during any Rate Period will be the rate of interest that, if borne by such Fiscal 2015 BB Bonds for such Rate Period, in the judgment of the Remarketing Agent for such Subseries, having due regard for the prevailing financial market conditions for revenue bonds or other securities the interest on which is excludable from gross income for federal income tax purposes of the same general nature as Fiscal 2015 BB Bonds and which are comparable as to credit and maturity or tender dates with the credit and maturity or tender dates of the Fiscal 2015 BB Bonds, would be the lowest interest rate that would enable such Fiscal 2015 BB 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 Fiscal 2015 BB Bonds which are not Purchased Bonds, 9% per annum.

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

If with respect to a Subseries for any reason (i) the Daily Rate for a Business Day is not established, (ii) there is no Remarketing Agent for such Subseries serving under the Resolutions, (iii) the Daily Rate is held to be invalid or unenforceable or (iv) pursuant to the Remarketing Agreement relating to a Subseries, the Remarketing Agent for such Subseries is not then required to establish a Daily Rate, then the Daily Rate in effect during the preceding Daily Rate Period will continue in effect on such Fiscal 2015 BB Bonds until a new Daily Rate is determined, but in no event for more than two weeks, and thereafter such Fiscal 2015 BB Bonds will bear interest at the Maximum Rate until a Rate has been duly established by the Remarketing Agent.

Two-Day Rate Period. The Two-Day Rate for each Subseries for any Business Day is to be determined by the Remarketing Agent for such Subseries and announced by 10:00 a.m., New York City time, on the first day of a period during which such Fiscal 2015 BB Bonds bear interest at a Two-Day Rate and on each Monday, Wednesday and Friday thereafter so long as interest on such Fiscal 2015 BB Bonds is to be payable at a Two-Day Rate or, if any Monday, Wednesday or Friday is not a Business

Day, on the next Monday, Wednesday or Friday that is a Business Day. The Two-Day Rate set on any Business Day will be effective as of such Business Day and will remain in effect until the next day on which a Two-Day Rate is to be set in accordance with the preceding sentence.

If with respect to a Subseries for any reason (i) the Two-Day Rate for a Rate Period is not established, (ii) there is no Remarketing Agent for such Subseries serving under the Resolutions, (iii) the Two-Day Rate is held to be invalid or unenforceable or (iv) pursuant to the Remarketing Agreement relating to a Subseries, the Remarketing Agent for such Subseries is not then required to establish a Two-Day Rate, then the Two-Day Rate in effect during the preceding Two-Day Rate Period will continue in effect on such Fiscal 2015 BB Bonds until a new Two-Day Rate is determined but in no event for more than two weeks, and thereafter such Fiscal 2015 BB Bonds will bear interest at the Maximum Rate until a Rate has been duly established by the Remarketing Agent.

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

If with respect to a Subseries for any reason (i) the Weekly Rate for a Weekly Rate Period is not established, (ii) there is no Remarketing Agent for such Subseries serving under the Resolutions, (iii) the Weekly Rate is held to be invalid or unenforceable or (iv) pursuant to the Remarketing Agreement relating to a Subseries, the Remarketing Agent for such Subseries is not then required to establish a Weekly Rate, then the Weekly Rate in effect during the preceding Weekly Rate Period will continue in effect on such Fiscal 2015 BB Bonds until a new Weekly Rate is determined but in no event for more than two weeks, and thereafter such Fiscal 2015 BB Bonds will bear interest at the Maximum Rate until a Rate has been duly established by the Remarketing Agent.

Certain Considerations Affecting Adjustable Rate Bonds

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

The Remarketing Agents are Paid by the Authority. Each Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing the respective Subseries of Fiscal 2015 BB Bonds that are optionally or mandatorily tendered by the Beneficial Owners thereof (subject, in each case, to the terms of the respective Remarketing Agreements). The Remarketing Agents are appointed by the Authority and are paid by the Authority for their services. As a result, the interests of each Remarketing Agent may differ from those of Beneficial Owners and potential purchasers of Fiscal 2015 BB Bonds.

The Remarketing Agents May Purchase Fiscal 2015 BB Bonds for Their Own Account. The Remarketing Agents act as remarketing agent for a variety of adjustable rate demand obligations issued by many issuers and, in their sole discretion, may purchase such obligations for their own account. Each Remarketing Agent is permitted, but not obligated, to purchase tendered Fiscal 2015 BB Bonds for its own account and, in its sole discretion, may acquire such tendered Fiscal 2015 BB Bonds in order to achieve a successful remarketing of the Fiscal 2015 BB Bonds (*i.e.*, because there otherwise are not enough buyers to purchase the Fiscal 2015 BB Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Fiscal 2015 BB Bonds, and may cease doing so at any time without notice. If a Remarketing Agent ceases to purchase Fiscal 2015 BB Bonds, it may be necessary for the Trustee to draw on the applicable Liquidity Facility (defined below) to pay tendering Bondholders.

Each Remarketing Agent may also sell any Fiscal 2015 BB Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Fiscal 2015 BB Bonds. The purchase of Fiscal 2015 BB Bonds by a Remarketing Agent may create the appearance that there is greater third party demand for the Fiscal 2015 BB Bonds in the market than is actually the case. The practices described above also may result in fewer Fiscal 2015 BB Bonds being tendered.

Fiscal 2015 BB Bonds May Be Offered at Prices Other Than Par. Pursuant to each Remarketing Agreement, on each rate determination date, the applicable Remarketing Agent is required to determine the interest rate that will be effective with respect to the applicable Fiscal 2015 BB Bonds on the effective date. That rate is required by the Resolutions to be the lowest rate necessary in the judgment of the applicable Remarketing Agent to remarket the applicable Fiscal 2015 BB Bonds at par, plus accrued interest, if any, on the effective date. At the time the new rate becomes effective, the applicable Remarketing Agent is required to use its best efforts to remarket the applicable Fiscal 2015 BB Bonds at par. The interest rate will reflect, among other factors, the level of market demand for the applicable Fiscal 2015 BB Bonds (including whether the applicable Remarketing Agent is willing to purchase applicable Fiscal 2015 BB Bonds for its own account). There may or may not be Fiscal 2015 BB Bonds tendered and remarketed on an effective date, and the applicable Remarketing Agent may or may not be able to remarket any Fiscal 2015 BB Bonds tendered to it for purchase on such date at par. No Remarketing Agent is obligated to advise purchasers in a remarketing if it does not have third-party buyers for all of the Fiscal 2015 BB Bonds at the remarketing price.

The Ability to Sell the Fiscal 2015 BB Bonds Other Than Through the Tender Process May Be Limited. The Remarketing Agents may make a secondary market in the Fiscal 2015 BB Bonds by routinely purchasing and selling Fiscal 2015 BB Bonds other than in connection with an optional or mandatory tender and remarketing. However, the Remarketing Agents are not required to make a secondary market in the Fiscal 2015 BB Bonds. Thus, investors who purchase Fiscal 2015 BB Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Fiscal 2015 BB Bonds other than by tendering the Fiscal 2015 BB Bonds in accordance with the tender process. The applicable Liquidity Facility is not available to purchase related Fiscal 2015 BB Bonds other than those tendered in accordance with a sale of Fiscal 2015 BB Bonds by the Bondholder to the applicable Remarketing Agent. A Liquidity Facility will only be drawn when the related Fiscal 2015 BB Bonds have been properly tendered in accordance with the terms of the transaction.

Under Certain Circumstances, a Remarketing Agent May Cease Remarketing the Fiscal 2015 BB Bonds. Under certain circumstances a Remarketing Agent may cease its remarketing efforts, subject to the terms of the applicable Remarketing Agreement. The Remarketing Agreements provide that, unless the Authority has failed to pay remarketing fees to a Remarketing Agent, such Remarketing Agent may not resign until a successor has been appointed.

Optional Tender for Purchase

General. A Fiscal 2015 BB Bond or any portion thereof equal to an Authorized Denomination may be tendered for purchase, at the Purchase Price, at the option of its registered owner on any Business Day during a Daily Rate Period, a Two-Day Rate Period or a Weekly Rate Period upon giving notice of the registered owner's election to tender in the manner and at the times described below. Notice of an election to tender a Fiscal 2015 BB Bond registered in the name of Cede & Co., as nominee of DTC, is to be given by the DTC Participant on behalf of the Beneficial Owner of the Fiscal 2015 BB Bonds and will not be given by DTC.

Notice of the election to tender for purchase a Fiscal 2015 BB Bond registered in any other name is to be given by the registered owner of such Fiscal 2015 BB Bond or its attorney-in-fact.

The notice must state the name of the registered owner or the Beneficial Owner and the principal amount of the Fiscal 2015 BB Bond, the principal amount of the Fiscal 2015 BB Bond to be tendered for purchase and the Business Day on which the Fiscal 2015 BB Bond or portion thereof to be tendered for purchase is to be purchased.

A DTC Participant or the registered owner of a Fiscal 2015 BB Bond must give written notice of its irrevocable election to tender such Fiscal 2015 BB Bond or a portion thereof for purchase at its option to the Tender Agent, at its Delivery Office, and to the Remarketing Agent, (i) in the case of Fiscal 2015 BB Bonds bearing interest in a Daily Rate Mode, no later than 11:00 a.m. on any Business Day, (ii) in the case of Fiscal 2015 BB Bonds bearing interest in the Two-Day Rate Mode, no later than 3:00 p.m. on a Business Day at least two (2) Business Days prior to the Business Day on which such Fiscal 2015 BB Bond or portion thereof is to be purchased, and (iii) in the case of Fiscal 2015 BB Bonds bearing interest in a Weekly Rate Mode, by no later than 5:00 p.m., New York City time, on any Business Day which is at least seven (7) days prior to the Business Day on which such Fiscal 2015 BB Bond or portion thereof is to be purchased.

Mandatory Tender for Purchase

The Fiscal 2015 BB Bonds of a Subseries are subject to mandatory tender and purchase at the Purchase Price on the following dates (each a “Mandatory Tender Date”):

- (a) on each Conversion Date for Fiscal 2015 BB Bonds of such Subseries being converted to a different Rate Mode other than a conversion between the Daily Rate Mode, the Two-Day Mode and the Weekly Rate Mode;
- (b) on the last Business Day of the Daily Rate Period, Two-Day Rate Period or Weekly Rate Period, as the case may be, next preceding the effective date of any expiration or earlier termination of the Credit Facility then in effect with respect to such Subseries if at least fifteen days prior to such termination date such Credit Facility has not been extended or a substitute Credit Facility has not been obtained;
- (c) on the substitution of a Credit Facility for an existing Credit Facility with respect to such Subseries if, solely as a result of such substitution, any Rating Agency would reduce or withdraw any rating assigned to such Subseries;
- (d) on the Business Day immediately preceding the date of termination specified in the Notice of Default delivered by a Facility Provider in accordance with the provisions of the Credit Facility with respect to such Subseries; and
- (e) any Business Day determined in the Authority’s discretion.

Notices of Mandatory Tenders. Whenever Fiscal 2015 BB Bonds are to be tendered for purchase in accordance with the Resolutions, the Tender Agent will, not less than 15 days prior to the effective date of the expiration or substitution or ten days prior to the effective date of the earlier termination of a Credit Facility then in effect, give notice by first-class mail to the holders of the Fiscal 2015 BB Bonds that the Fiscal 2015 BB Bonds are subject to mandatory tender or purchase on the date specified in such notice, which will be the Business Day preceding the last Business Day of the applicable Rate Mode next preceding the effective date of such expiration or earlier termination.

Fiscal 2015 BB Bonds Deemed Purchased

The Fiscal 2015 BB Bonds or portions thereof required to be purchased upon a tender at the option of the registered owner thereof or upon a mandatory tender will be deemed to have been tendered and purchased for all purposes of the Resolutions, irrespective of whether such Fiscal 2015 BB Bonds have been presented and surrendered to the Tender Agent, if on the Tender Date moneys sufficient to pay the Purchase Price thereof are held by the Tender Agent. The former registered owner of a Tendered Bond or a Fiscal 2015 BB Bond deemed to have been tendered and purchased will have no claim thereunder or under the Resolutions or otherwise for payment of any amount other than the Purchase Price, and such Fiscal 2015 BB Bond or portion thereof will no longer be Outstanding for purposes of the Resolutions. However, the Authority has no obligation to furnish moneys for payment of the Purchase Price of Fiscal 2015 BB Bonds that have been tendered but not remarketed and for which moneys have not been provided for their purchase by a Facility Provider pursuant to a Credit Facility. Such Fiscal 2015 BB Bonds will continue to be held by the tendering Bondholders and will bear interest from the Tender Date at the Maximum Rate.

Purchase Price and Payment

The Purchase Price of a Fiscal 2015 BB Bond will be the principal amount of the Fiscal 2015 BB Bond to be tendered, plus accrued and unpaid interest from the immediately preceding Bond Payment Date.

The Purchase Price of a Fiscal 2015 BB Bond held in a book-entry-only system will be paid, in same-day funds, to DTC in accordance with DTC's standard procedures for effecting same-day payments, as described in "APPENDIX G — BOOK-ENTRY-ONLY FORM." Payment will be made without presentation and surrender of the Fiscal 2015 BB Bonds to the Tender Agent, and DTC will be responsible for effecting payment of the Purchase Price to the DTC Participants.

The Purchase Price of any other Fiscal 2015 BB Bonds will be paid, in same-day funds, only after presentation and surrender of the Fiscal 2015 BB Bond to the Tender Agent at its Delivery Office. Payment will be made by 3:00 p.m., New York City time, on the later of the Tender Date or the Business Day on which a Fiscal 2015 BB Bond is presented and surrendered to the Tender Agent.

The Purchase Price is payable solely from, and in the following order of priority, (i) the proceeds of the remarketing of Fiscal 2015 BB Bonds tendered for purchase, (ii) moneys made available by the applicable Facility Provider under the applicable Credit Facility, (iii) other moneys which have been on deposit with the Trustee or the Tender Agent, as applicable, for at least 124 days prior to and during which no petition by or against the Authority, under the United States Bankruptcy Code of 1978, as amended, 11 U.S.C. Sec. 101 et seq. (the "Bankruptcy Code") has been filed or any bankruptcy or similar proceeding has been commenced, unless such petition or proceeding has been dismissed and such dismissal is final and not subject to appeal, and (iv) any other moneys the application of which to the payment of the Purchase Price of the Fiscal 2015 BB Bonds would not, in the opinion of Bond Counsel, constitute a voidable preference in the case of a filing for protection of the Authority under the Bankruptcy Code (collectively, "Available Moneys"). The Authority has no obligation to furnish moneys under (iii) or (iv) of the preceding sentence.

Remarketing of Fiscal 2015 BB Bonds Upon Tender

Pursuant to the Remarketing Agreements, the Remarketing Agents are required to use their best efforts to remarket their respective Subseries of Fiscal 2015 BB Bonds tendered or deemed tendered for purchase. Each Remarketing Agreement sets forth, among other things, certain conditions to the Remarketing Agent's obligations to remarket Fiscal 2015 BB Bonds. If any of the conditions are not satisfied, or if the Remarketing Agent is otherwise unable to remarket any Fiscal 2015 BB Bonds, the Purchase Price of such Fiscal 2015 BB Bonds will be paid from amounts obtained from the applicable Facility Provider under the applicable Credit Facility, as described below, or may be paid from any other Available Moneys furnished by or on behalf of the Authority.

On each Tender Date, the Remarketing Agents are to give notice to the Tender Agent specifying the principal amount of Fiscal 2015 BB Bonds which have been tendered for purchase and remarketed. The Tender Agent is, on such Tender Date, to obtain funds under the applicable Credit Facility in accordance with its terms in an amount equal to the difference between the Purchase Price of the Fiscal 2015 BB Bonds subject to purchase and the remarketing proceeds available to the Tender Agent.

The Authority has no obligation to furnish moneys for payment of the Purchase Price and failure to pay the Purchase Price is not an Event of Default under the Resolutions. In the event that Fiscal 2015 BB Bonds tendered for purchase cannot be remarketed and sufficient moneys to pay the Purchase Price are not available from the applicable Facility Provider, the Fiscal 2015 BB Bonds will continue to be held by the tendering Bondholders and will bear interest from the Tender Date at the Maximum Rate.

Redemption

Optional Redemption. The Fiscal 2015 BB Bonds, while they bear interest at a Daily Rate, Two-Day Rate or Weekly Rate, are subject to redemption prior to maturity at the election or direction of the Authority, on any Business Day, in whole or in part, at the redemption price of 100% of the principal amount of the Fiscal 2015 BB Bonds to be redeemed, plus accrued interest, if any, to the redemption date.

Selection of Bonds to be Redeemed

In the event less than all of the Outstanding Fiscal 2015 BB Bonds of like maturity are to be redeemed prior to maturity, the Trustee is to select for redemption, using such method of selection as it deems proper in its discretion, the Purchased Bonds (hereinafter defined) of such maturity, pro rata among each of the Subseries if less than all of the Purchased Bonds are to be redeemed, before selecting any other Fiscal 2015 BB Bonds of such maturity for redemption. Fiscal 2015 BB Bonds of such maturity which are not Purchased Bonds will be selected by the Trustee in accordance with instructions from the Authority in such manner as the Trustee deems fair and appropriate.

Notice of Redemption

Notice of redemption is to be given by first class mail, postage prepaid, at least 20 days prior to the date fixed for redemption, to the registered owners of Fiscal 2015 BB Bonds to be redeemed at their addresses shown on the books of registry. So long as Cede & Co., as nominee of DTC, is the registered owner of the Fiscal 2015 BB Bonds, notice of redemption is to be sent to DTC at least 20 days prior to the date fixed for redemption or such shorter period as may be provided by DTC. No assurance can be given by the Authority that DTC and DTC participants will promptly transmit notices of redemption to Beneficial Owners.

If, on any redemption date, moneys for the redemption of the Fiscal 2015 BB Bonds to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available therefor on such date, and if notice of redemption has been mailed, then interest on the Fiscal 2015 BB Bonds to be redeemed will cease to accrue from and after the redemption date and such Fiscal 2015 BB Bonds will no longer be considered to be Outstanding under the Second Resolution.

The notice of redemption may provide that the Fiscal 2015 BB Bonds will be due and payable on the redemption date only if moneys sufficient to accomplish such redemption are held by the Trustee on the scheduled redemption date.

LIQUIDITY FACILITIES FOR THE FISCAL 2015 BB BONDS

General

The Authority will, on the date the Fiscal 2015 BB Bonds are issued, enter into a Standby Bond Purchase Agreement with respect to the Fiscal 2015 BB-1 Bonds (the “BB-1 Liquidity Facility”) with Bank of America, N.A. (the “BB-1 Facility Provider”), a Standby Bond Purchase Agreement with respect to the Fiscal 2015 BB-2 Bonds (the “BB-2 Liquidity Facility”) with Mizuho Bank Ltd., acting through its New York Branch (the “BB-2 Facility Provider”), a Standby Letter of Credit and Reimbursement Agreement with respect to the Fiscal 2015 BB-3 Bonds (the “Reimbursement Agreement”) with Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “BB-3 Facility Provider”), pursuant to which the BB-3 Facility Provider will issue its Standby Letter of Credit (the “BB-3 Liquidity Facility”) and a Standby Bond Purchase Agreement with respect to the Fiscal 2015 BB-4 Bonds (the “BB-4 Liquidity Facility”) with Wells Fargo Bank, National Association (the “BB-4 Facility Provider”). The BB-1 Facility Provider, the BB-2 Facility Provider, the BB-3 Facility Provider and the BB-4 Facility Provider are referred to collectively in this Official Statement as the “Facility Providers”. The BB-1 Liquidity Facility, the BB-2 Liquidity Facility, the BB-3 Liquidity Facility and the BB-4 Liquidity Facility are referred to collectively in this Official Statement as the “Liquidity Facilities”. Subject to the terms and conditions of the respective Liquidity Facility, the applicable Facility Provider (i) has agreed to make available to the Tender Agent, upon receipt of an appropriate demand for payment in the case of the BB-1 Liquidity Facility, the BB-2 Liquidity Facility and the BB-4 Liquidity Facility and (ii) has authorized the Tender Agent to draw under the BB-3 Liquidity Facility an amount up to, the Purchase Price for the applicable Subseries of Fiscal 2015 BB Bonds tendered for purchase and not remarketed so long as such Subseries of Fiscal 2015 BB Bonds bear interest at an Eligible Rate (as defined in the applicable Liquidity Facility). The commitment of each Facility Provider under the Liquidity Facilities are sufficient to pay a Purchase Price equal to the Outstanding principal of and up to 35 days’ interest on the Fiscal 2015 BB Bonds at an assumed interest rate of 9% per annum. The scheduled termination dates of the Liquidity Facilities are set forth on the inside cover.

The obligation of the Authority to repay amounts advanced by a Facility Provider under a Liquidity Facility to purchase Fiscal 2015 BB Bonds will be evidenced by the Fiscal 2015 BB Bonds purchased by such Facility Provider (the “Purchased Bonds”).

A description of each Liquidity Provider and a summary of certain provisions of each Liquidity Facility is set forth in APPENDIX I.

Shortly after the issuance of the Fiscal 2015 BB Bonds, a redacted version of the Liquidity Facilities 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 respective Remarketing Agent.

Substitution of a Credit Facility

The Authority may replace a Credit Facility with a substitute Credit Facility; *provided, however*, that the Fiscal 2015 BB Bonds which are secured by such Credit Facility will be subject to mandatory tender on the substitution date if, solely as a result of such substitution, any Rating Agency would reduce or withdraw any rating assigned to such Fiscal 2015 BB 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 2015 BB Bonds to which such Credit Facility relates, which notice is to contain, among other things: (i) a description of such substitute Credit Facility (including the date of expiration of such Credit Facility); (ii) the name of the Liquidity Provider of such substitute Credit Facility; (iii) a statement as to the ratings on such Fiscal 2015 BB Bonds as a result of the substitution of such substitute Credit Facility for the then existing Credit Facility; and (iv) a statement that the Opinion of Bond Counsel and the opinion of counsel to the Liquidity Provider necessary for such substitute Credit Facility to become effective have been obtained. The failure of any Holder of a Fiscal 2015 BB Bond to receive such notice will not affect the validity of the proceedings in connection with the effectiveness of such substitute Credit Facility.

CAPITAL IMPROVEMENT AND FINANCING PROGRAM

Debt Service Requirements

The following schedule sets forth as of the date of this Official Statement the amount required during each Fiscal Year (ending June 30) shown below for the payment of the principal of and the interest (including the Accreted Value of all Capital Appreciation Bonds) on Outstanding Authority First Resolution Bonds and Authority Second Resolution Bonds assuming that all adjustable rate bonds bear interest at an average rate of 3% for Fiscal Year 2015 and 4.25% for each Fiscal Year thereafter with interest computed on the basis of a 30-day month and a 360-day year. The schedule does not include debt service on any outstanding Commercial Paper Notes.

Debt Service Requirements

FY Ending June 30	Debt Service on Outstanding First Resolution Bonds	Debt Service on Outstanding Second Resolution Bonds(1)(2)(3)(4)	Fiscal 2015 Series BB Bonds		Debt Service on Second Resolution Bonds, including Fiscal 2015 BB Bonds(1)(2)(3)(4)	Debt Service on First and Second Resolution Bonds(1)(2)(3)(4)
			Principal	Interest		
			2015	\$ 291,885,313		
2016	313,262,413	1,399,527,005	—	17,000,000	1,416,527,005	1,729,789,417
2017	332,055,506	1,328,631,486	—	17,000,000	1,345,631,486	1,677,686,992
2018	322,798,119	1,343,211,124	—	17,000,000	1,360,211,124	1,683,009,243
2019	355,313,869	1,323,206,962	—	17,000,000	1,340,206,962	1,695,520,830
2020	427,870,893	1,424,889,447	—	17,000,000	1,441,889,447	1,869,760,340
2021	429,216,819	1,390,967,436	—	17,000,000	1,407,967,436	1,837,184,255
2022	436,821,838	1,403,620,573	—	17,000,000	1,420,620,573	1,857,442,410
2023	511,845,063	1,321,545,629	—	17,000,000	1,338,545,629	1,850,390,692
2024	549,334,738	1,285,110,534	—	17,000,000	1,302,110,534	1,851,445,271
2025	383,354,313	1,386,549,953	—	17,000,000	1,403,549,953	1,786,904,265
2026	353,935,513	1,490,229,780	—	17,000,000	1,507,229,780	1,861,165,293
2027	484,345,513	1,349,564,535	—	17,000,000	1,366,564,535	1,850,910,047
2028	554,459,338	1,291,165,649	—	17,000,000	1,308,165,649	1,862,624,986
2029	488,350,525	1,350,087,105	—	17,000,000	1,367,087,105	1,855,437,630
2030	507,632,725	1,312,831,605	—	17,000,000	1,329,831,605	1,837,464,330
2031	321,279,700	1,478,944,380	—	17,000,000	1,495,944,380	1,817,224,080
2032	507,701,225	1,348,605,303	—	17,000,000	1,365,605,303	1,873,306,528
2033	605,857,050	1,207,291,044	—	17,000,000	1,224,291,044	1,830,148,094
2034	171,189,875	1,656,250,752	—	17,000,000	1,673,250,752	1,844,440,627
2035	372,844,875	1,448,697,921	—	17,000,000	1,465,697,921	1,838,542,796
2036	805,189,538	1,067,114,165	—	17,000,000	1,084,114,165	1,889,303,702
2037	799,095,838	1,064,452,494	—	17,000,000	1,081,452,494	1,880,548,331
2038	692,984,838	1,152,742,766	—	17,000,000	1,169,742,766	1,862,727,603
2039	574,653,838	1,293,490,686	—	17,000,000	1,310,490,686	1,885,144,524
2040	435,604,650	1,438,220,936	—	17,000,000	1,455,220,936	1,890,825,586
2041	22,312,500	1,849,245,173	—	17,000,000	1,866,245,173	1,888,557,673
2042	22,312,500	1,859,379,551	—	17,000,000	1,876,379,551	1,898,692,051
2043	22,312,500	1,844,518,585	—	17,000,000	1,861,518,585	1,883,831,085
2044	222,312,500	1,636,582,099	—	17,000,000	1,653,582,099	1,875,894,599
2045	338,812,500	1,001,115,723	—	17,000,000	1,018,115,723	1,356,928,223
2046	—	731,366,723	—	17,000,000	748,366,723	748,366,723
2047	—	1,527,469,661	—	17,000,000	1,544,469,661	1,544,469,661
2048	—	239,310,786	—	17,000,000	256,310,786	256,310,786
2049	—	229,903,811	200,000,000	17,000,000	446,903,811	446,903,811
2050	—	271,403,811	200,000,000	8,500,000	479,903,811	479,903,811
2051	—	10,778,811	—	—	10,778,811	10,778,811
2052	—	8,342,306	—	—	8,342,306	8,342,306
2053	—	6,294,710	—	—	6,294,710	6,294,710
Total	\$12,656,946,418	\$46,045,725,973	\$400,000,000	\$597,666,667	\$47,043,392,640	\$59,700,339,058

Totals may not add up due to rounding.

- (1) Includes debt service on the Fiscal 2015 Series AA Bonds that were competitively bid on June 25, 2014 and that are expected to be issued on or about July 10, 2014.
- (2) Net of projected subsidy from the Corporation.
- (3) Does not reflect the interest subsidy provided by the federal government on Build America Bonds pursuant to the Recovery Act.
- (4) Assumes that the outstanding Fiscal 2012 Series DD Bonds, Fiscal 2012 Series GG Bonds and Fiscal 2014 Subseries CC-2 Bonds, which are Refundable Principal Installments, will be amortized as provided in the definition of Adjusted Debt Service rather than paid in full at maturity. See "SECURITY FOR THE SECOND RESOLUTION BONDS—Refundable Principal Installments" for additional information.

APPROVAL OF LEGAL PROCEEDINGS

The issuance of the Fiscal 2015 BB Bonds is subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the City and the Board by the City's Corporation Counsel. Certain legal matters will be passed upon for the Underwriters by Nixon Peabody LLP, New York, New York.

CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

To the extent that Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission ("SEC") under the Securities and Exchange Act of 1934, as amended (the "1934 Act"), requires the Underwriters to determine, as a condition to purchasing the Fiscal 2015 BB Bonds, that the Authority will covenant to the effect of the provisions here summarized (the "Undertaking"), and the Rule as so applied is authorized by a federal law that as so construed is within the powers of Congress, the Authority agrees with the record and beneficial owners from time to time of the Fiscal 2015 BB Bonds ("Bondholders") that it will:

(1) within 270 days after the end of the 2015 Fiscal Year and each Fiscal Year, to the Electronic Municipal Market Access System ("EMMA") (<http://emma.msrb.org>) established by the Municipal Securities Rulemaking Board (the "MSRB"), core financial information and operating data for the prior fiscal year, including (i) the System's audited financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) material historical financial and operating data concerning the System and the Revenues of the System generally of the type included in this Official Statement under the captions "CAPITAL IMPROVEMENT AND FINANCING PROGRAM," "FINANCIAL OPERATIONS," "RATES AND BILLING" and "THE SYSTEM;"

(2) provide in a timely manner not in excess of 10 Business Days after the occurrence of any event described below, notice to EMMA, of any of the following events with respect to the Fiscal 2015 BB Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults if material;
- (c) in the case of credit enhancement that is provided in connection with the issuance of the Fiscal 2015 BB Bonds, unscheduled draws on credit enhancement reflecting financial difficulties and substitution of credit or liquidity providers, or their failure to perform;
- (d) unscheduled draws on debt service reserves reflecting financial difficulties;
- (e) adverse tax opinions or the issuance by the IRS of a proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Fiscal 2015 BB Bonds or other material events affecting the tax status of the Fiscal 2015 BB Bonds;
- (f) modifications to rights of security holders if material;
- (g) bond calls if material, and tender offers;
- (h) defeasances;
- (i) release, substitution, or sale of property securing repayment of the securities if material;
- (j) bankruptcy, insolvency, receivership, or similar event of the Authority;
- (k) consummation of a merger, consolidation, or acquisition involving the Authority, or sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;
- (l) appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(m) rating changes; and

(3) provide in a timely manner, to the MSRB, notice of any failure by the Authority to comply with clause (1) above.

With respect to event (c), the Authority does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the securities, unless the Authority applies for or participates in obtaining the enhancement.

Event (d) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (d) may not be applicable, since no “debt service reserves” will be established for the Fiscal 2015 BB Bonds.

Event (e) is relevant only to the extent interest on the Fiscal 2015 BB Bonds is tax-exempt.

With respect to event (g) the Authority does not undertake to provide the above-described event notice of a mandatory redemption through sinking fund installments, not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the final official statement (as defined in the Rule), (ii) the only open issue, which securities will be redeemed in the case of a partial redemption, (iii) notice of redemption is given to the Bondholders as required under the terms of the securities and (iv) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced prior to optional redemptions or security purchases.

The Authority expects to provide the information described in clause (1) above by delivering its first bond official statement that includes its financial statements for the preceding fiscal year.

No Bondholder may institute any suit, action or proceeding at law or in equity (“Proceeding”) for the enforcement of the Undertaking or for any remedy for breach thereof, unless such Bondholder has filed with the Authority evidence of ownership and a written notice of and request to cure such breach, and the Authority has not complied within a reasonable time; provided, however, that any Proceeding challenging the adequacy of any information provided pursuant to paragraphs (1) and (2) above may be brought only by the Trustee for the holders of a majority in aggregate principal amount of the Fiscal 2015 BB Bonds affected thereby which at the time are Outstanding. All Proceedings may be instituted only as specified herein, in the federal or State courts located in the Borough of Manhattan, State and City of New York, and for the equal benefit of all holders of the Outstanding Bonds benefited by the same or a substantially similar covenant. No remedy may be sought or granted other than specific performance of the covenant at issue.

Any amendment to the Undertaking will take effect only if:

(a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Authority or the Board, or type of business conducted; the Undertaking, as amended, would have complied with the requirements of the Rule at the time of sale of the Fiscal 2015 BB Bonds to the Underwriters of such bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the Authority (such as, but without limitation, the Authority’s financial advisor or bond counsel) and the annual financial information containing (if applicable) the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the “impact” (as that word is used in the letter from the staff of the SEC to the National Association of Bond Lawyers dated June 23, 1995) of the change in the type of operating data or financial information being provided; or

(b) all or any part of the Rule, as interpreted by the staff of the SEC at the date of the Undertaking, ceases to be in effect for any reason, and the Authority elects that the Undertaking will be deemed terminated or amended (as the case may be) accordingly.

For purposes of the Undertaking, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares investment power which includes the power to dispose, or to direct the disposition of, such security, subject to certain exceptions, as set forth in the Undertaking. Any assertion of beneficial ownership must be filed, with full documentary support, as part of the written request to the Authority described above.

The Authority has complied in all material respects with its prior undertakings under Rule 15c2-12 in the last five years. For each year in which the Authority was required to file annual operating data on EMMA, it did so on a timely basis by ensuring that updated official statements were filed. However, in certain circumstances, annual operating data was not initially filed under the EMMA heading “Annual Financial Information and Operating Data” for some or all Authority CUSIP numbers. In those cases, the Authority subsequently uploaded the information under such heading for such CUSIP numbers. In addition, in the case of the substitution of liquidity providers with respect to certain series of variable rate bonds, while the Authority ensured that documents were filed under the EMMA heading “VRDO Information” referencing the new liquidity provider, it did not in every case ensure that a separate notice was filed relating to the substitution under the EMMA heading “Event Notices.”

RATINGS

The credit ratings set forth below were issued with respect to the Fiscal 2015 BB Bonds.

	S&P		Moody's		Fitch	
	Long-Term Rating	Short-Term Rating	Long-Term Rating	Short-Term Rating	Long-Term Rating	Short-Term Rating
Subseries BB-1	AA+	A1	Aa2	VMIG-1	AA+	F1
Subseries BB-2	AA+	A1	Aa2	VMIG-1	AA+	F1
Subseries BB-3	AA+	A1	Aa2	VMIG-1	AA+	F1
Subseries BB-4	AA+	A1+	Aa2	VMIG-1	AA+	F1+

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 2015 BB Bonds. A securities rating is not a recommendation to buy, sell or hold securities.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated has agreed, subject to certain conditions, to purchase the Fiscal 2015 BB-1 Bonds from the Authority at an aggregate price which is equal to the initial offering price thereof. RBC Capital Markets, LLC has agreed, subject to certain conditions, to purchase the Fiscal 2015 BB-2 Bonds from the Authority at an aggregate price which is equal to the initial offering price thereof. Citigroup Global Markets Inc. has agreed, subject to certain conditions, to purchase the Fiscal 2015 BB-3 Bonds from the Authority at an aggregate price which is \$3,855.67 less than the initial offering price thereof. Wells Fargo Bank, National Association has agreed, subject to certain conditions, to purchase the Fiscal 2015 BB-4 Bonds from the Authority at an aggregate price which is \$3,082.24 less than the initial offering price thereof. Such reductions in the purchase prices reflect the Authority's reimbursement of the Underwriters for certain expenses in connection with the remarketings. The obligations of each of the

Underwriters are subject to certain conditions precedent, and each of the Underwriters will be obligated to purchase all of the respective Subseries of the Fiscal 2015 BB Bonds if any of the respective Subseries of the Fiscal 2015 BB Bonds are purchased. The Fiscal 2015 BB Bonds may be offered and sold to certain dealers (including dealers depositing the Fiscal 2015 BB Bonds into investment trusts) and others at prices lower than such public offering price and such public offering price may be changed, from time to time, by the Underwriters.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries including Wells Fargo Securities, LLC, member NYSE, FINRA, NRA, and SIPC and Wells Fargo Bank, National Association.

In addition, certain of the Underwriters may have entered into distribution agreements with other broker-dealers (that have not been designated by the Authority as Underwriters) for the distribution of the Fiscal 2015 BB Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective 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. Certain of the Underwriters and their respective 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 Underwriters and their respective 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

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Fiscal 2015 BB Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Fiscal 2015 BB Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Fiscal 2015 BB Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Fiscal 2015 BB Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Fiscal 2015 BB Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Fiscal 2015 BB Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Fiscal 2015 BB Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond

Counsel's attention after the date of issuance of the Fiscal 2015 BB Bonds may adversely affect the value of, or the tax status of interest on, the Fiscal 2015 BB Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Fiscal 2015 BB Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York), the ownership or disposition of, or the accrual or receipt of interest on, the Fiscal 2015 BB Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Fiscal 2015 BB Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, Representative Dave Camp, Chair of the House Ways and Means Committee, released draft legislation that would subject interest on the Fiscal 2015 BB Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and the Obama Administration proposed legislation that would limit the exclusion from gross income of interest on the Fiscal 2015 BB Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Fiscal 2015 BB Bonds. Prospective purchasers of the Fiscal 2015 BB 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 is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Fiscal 2015 BB Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Fiscal 2015 BB Bonds ends with the issuance of the Fiscal 2015 BB Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the Fiscal 2015 BB Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Fiscal 2015 BB Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Fiscal 2015 BB Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

**FORM OF OPINION OF BOND COUNSEL
(Fiscal 2015 Series BB Bonds)**

July , 2014

New York City Municipal
Water Finance Authority

**New York City Municipal Water Finance Authority
Water and Sewer System Second General Resolution Revenue Bonds,
Adjustable Rate Fiscal 2015 Series BB
(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 \$400,000,000 aggregate principal amount of Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2015 Series BB (the "2015 Series BB 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 2015 Series BB Bonds by a supplemental resolution adopted June 17, 2014, entitled "Supplemental Resolution No. 106 Authorizing the Issuance of up to \$400,000,000 Water and Sewer System Second General Resolution Revenue Bonds, Fiscal 2015 Series BB" ("Supplemental Resolution No. 106") authorizing the 2015 Series BB Bonds. The 2015 Series BB 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 2015 Series BB Bonds are being issued for the purposes of the Second Resolution. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Second Resolution.

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

In such connection, we have reviewed the Second Resolution, Supplemental Resolution No. 106, the Authority's Water and Sewer System General Revenue Bond Resolution, adopted November 14, 1985 (the "First Resolution"), the Lease, the Financing Agreement, the opinion of Corporation Counsel of The City of New York, the Tax Certificate and Agreement, dated the date hereof (the "Tax Certificate"), by and among the Authority and the Trustee, certificates of the Authority, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof, and we disclaim any obligation to update this letter. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Second Resolution, Supplemental Resolution No. 106, 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 2015 Series BB 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 2015 Series BB Bonds, the Second Resolution, Supplemental Resolution No. 106, the First Resolution, the Lease, the Financing Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases.

We express no opinion with respect to any indemnification, contribution, penalty, arbitration, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Second Resolution, Supplemental Resolution No. 106, the First Resolution, the Lease or the Financing Agreement, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the 2015 Series BB 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, Supplemental Resolution No. 106 and to issue the 2015 Series BB Bonds.

2. The Second Resolution and Supplemental Resolution No. 106 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. 106 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. 106, 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 2015 Series BB Bonds have been duly and validly authorized and issued. The 2015 Series BB 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 2015 Series BB Bonds are payable solely from the Revenues and other amounts pledged to such payment under the Second Resolution. The 2015 Series BB Bonds are not a debt of the State, the City or the Board and neither the State, the City, the Board nor any other political subdivision of the State is liable thereon.

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

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

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

8. Interest on the 2015 Series BB Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the 2015 Series BB Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the 2015 Series BB Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the 2015 Series BB Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2015 Series BB Bonds.

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

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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DESCRIPTION OF THE FACILITY PROVIDERS AND SUMMARIES OF THE LIQUIDITY FACILITIES

Certain Information Concerning the BB-1 Facility Provider

Bank of America, N.A.

The following information concerning the BB-1 Facility Provider has been provided by representatives of the BB-1 Facility Provider and has not been independently confirmed or verified by the Authority or the Underwriter. No representation is made herein as to 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 is correct as of any time subsequent to its date.

Bank of America, N.A. (the “*Bank*”) is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the “*Corporation*”) and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of March 30, 2014, the Bank had consolidated assets of \$1.46 trillion, consolidated deposits of \$1.13 trillion and stockholder’s equity of \$180.12 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2013, together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the “*SEC*”).

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

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

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

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

PAYMENTS OF THE PURCHASE PRICE OF THE BONDS WILL BE MADE FROM THE PROCEEDS OF THE PURCHASES OF BONDS UNDER THE LIQUIDITY FACILITY IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE LIQUIDITY FACILITY IS A BINDING OBLIGATION OF THE BANK, THE BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

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

Summary of Certain Provisions of The BB-1 Liquidity Facility

General

The following summary of certain provisions of the BB-1 Liquidity Facility does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the BB-1 Liquidity Facility to which reference is made hereby. Investors should obtain and review a copy of the BB-1 Liquidity Facility in order to understand all of the terms of that document. The provisions of any substitute liquidity facility may be different from those summarized below.

The BB-1 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 Official Statement or, to the extent not defined in this Official Statement, in the BB-1 Liquidity Facility, and reference thereto is made for a full understanding of their import.

Under certain circumstances described below, the obligation of the BB-1 Facility Provider to purchase the Fiscal 2015 BB-1 Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender may be automatically and immediately terminated or suspended without notice to the bondholders. In such event, sufficient funds may not be available to purchase Fiscal 2015 BB-1 Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender. In addition, the BB-1 Liquidity Facility does not provide support or security for the payment of principal of, premium, if any, or interest on the Fiscal 2015 BB-1 Bonds.

Events of Termination

The following events are Events of Termination under the BB-1 Liquidity Facility. Upon the occurrence of an Event of Termination, the Available Allocated Commitment for the Fiscal 2015 BB-1 Bonds and the obligation of the BB-1 Facility Provider under the BB-1 Liquidity Facility to purchase Fiscal 2015 BB-1 Bonds immediately shall terminate without notice or demand to any person, and thereafter the BB-1 Facility Provider shall be under no obligation to purchase Fiscal 2015 BB-1 Bonds.

(a) (i) the Authority shall fail to pay when due any principal of or premium, if any, or interest on the Fiscal 2015 BB-1 Bonds or Purchased Bonds (as defined in the BB-1 Liquidity Facility) (regardless of any waiver thereof by the holders of the Fiscal 2015 BB-1 Bonds), or (ii) any default by the Authority shall occur and be continuing in the payment of principal of or premium, if any, or interest on any bond, note or other similar evidence of indebtedness issued or assumed by the Authority that is secured by or payable from the Revenues on a basis that is senior to or on a parity with the Fiscal 2015 BB-1 Bonds and Purchased Bonds, or (iii) pursuant to the provisions of any resolution, indenture, contract or other instrument, the maturity of any bond, note or other similar evidence of indebtedness issued or assumed by the Authority that is secured by or payable from the Revenues on a basis that is senior to or on a parity with the Fiscal 2015 BB-1 Bonds and Purchased Bonds, as a result of the occurrence of any default with respect to the payment of any principal or interest thereunder, shall be accelerated or required to be paid prior to the stated maturity thereof;

(b) each of Moody's, S&P and Fitch shall assign a rating to any Parity Debt (defined in the BB-1 Liquidity Facility as indebtedness of the Authority secured by or payable from the Revenues on a basis that is on a parity with the Fiscal 2015 BB-1 Bonds and the Purchased Bonds) below "Baa3" in the case of Moody's and below "BBB-" in the case of S&P and Fitch, or withdraw or suspend any such rating for a credit-related reason;

(c) (i) (A) the Authority imposes 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 2015 BB-1 Bonds or any debt obligations of the Authority secured by a lien on Revenues senior to or on a parity with the Fiscal 2015 BB-1 Bonds or the Purchased Bonds or (B) the State or any other governmental authority having jurisdiction over the Authority shall, as a result of a finding or ruling or any other official action of the State or such governmental authority, impose a debt moratorium, debt restructuring, debt adjustments or comparable extraordinary restriction on repayment

when due and payable of the principal of or interest on the Fiscal 2015 BB-1 Bonds or all debt obligations of the Authority secured by a lien on Revenues senior to or on parity with the Fiscal 2015 BB-1 Bonds, or (ii) the Authority (A) applies for or consents to the appointment of, or there shall occur the taking or possession by, a receiver, custodian, trustee, liquidator or sequestrator (or other similar official) of itself or of all or of a substantial part of its property or assets, (B) admits in writing its inability to pay its debts as they become due or shall become insolvent within the meaning of Section 101(32) of the 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 or (iii) an involuntary case or other proceeding shall be commenced against the Authority seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for it or any substantial part of its property, and such involuntary case shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Authority under the federal bankruptcy laws as now or hereafter in effect;

(d) (i) a final, non-appealable judgment shall be issued by a court of competent jurisdiction that the Fiscal 2015 BB-1 Bonds (including Purchased Bonds) or any provision of the BB-1 Liquidity Facility or of the Resolutions relating to (A) the payment of principal or interest on the Fiscal 2015 BB-1 Bonds (including Purchased Bonds) or (B) the pledge of the Revenues supporting the Fiscal 2015 BB-1 Bonds and Purchased Bonds shall cease for any reason to be valid and binding, or (ii) the Authority shall initiate legal proceedings or assert in legal proceedings or otherwise publicly contest, acting through an official of the Authority having authority to do so, that the Fiscal 2015 BB-1 Bonds or any provision of the BB-1 Liquidity Facility or of the Resolutions relating to (A) the payment of principal or interest on the Fiscal 2015 BB-1 Bonds (including Purchased Bonds) or (B) the pledge of the Revenues supporting the Fiscal 2015 BB-1 Bonds and Purchased Bonds is invalid or that the Authority has no liability thereon; and

(e) a final, non-appealable money judgment shall be entered by a court or other regulatory body of competent jurisdiction against the Authority in an amount in excess of twenty-five million dollars (\$25,000,000) and the Authority shall have failed to satisfy said money judgment within ninety (90) days from the first date when said judgment shall have become enforceable and subject to collection in accordance with its 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 BB-1 Liquidity Facility, the BB-1 Facility Provider, in its sole discretion, may (x) give written notice of such event of default to the 2015 BB-1 Remarketing Agent and to the Tender Agent requesting a mandatory tender of all or any portion of the Fiscal 2015 BB-1 Bonds pursuant to the Resolutions and stating that the obligation of the BB-1 Facility Provider to purchase such Fiscal 2015 BB-1 Bonds shall terminate 30 days after such notice is received by the Tender Agent, and on such date the Available Allocated Commitment for the Fiscal 2015 BB-1 Bonds shall terminate and the BB-1 Facility Provider shall be under no obligation under the BB-1 Liquidity Facility to purchase such Fiscal 2015 BB-1 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 2015 BB-1 Bonds to an interest rate other than an Eligible Rate (as defined in the BB-1 Liquidity Facility) in accordance with the terms of the BB-1 Liquidity Facility:

(a) the Authority shall fail to pay when due any amount payable with respect to fees or certain other amounts (other than debt service on any Purchased Bonds) payable to the BB-1 Facility Provider under the BB-1 Liquidity Facility and such failure shall continue for seven days; provided, however, that no such failure to pay shall constitute an event of default if (A) such failure to pay was caused solely by an error or omission of an administrative or operational nature, (B) funds were available to enable the Authority to make such payment when due and (C) such payment is made within two (2) Business Days after the Authority's actual knowledge of such failure to pay;

(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 2015 BB-1 Bonds;

(c) the occurrence and continuance of the Event of Default under the Second Resolution described under clauses (iii) and (iv) of “Summary of the Second Resolution – Defaults and Remedies” in Appendix C incorporated by reference;

(d) any of Moody’s, S&P or Fitch shall assign a rating to any Parity Debt below “Baa 1” in the case of Moody’s or “BBB+” in the case of S&P or Fitch, or withdraw or suspend any such rating for a credit-related reason; and

(e) any material provision of the BB-1 Liquidity Facility, the Resolutions, the Fee Agreement (as defined in the BB-1 Liquidity Facility) or the Fiscal 2015 BB-1 Bonds, other than a provision described in clause (d) (i) above under “Events of Termination”, shall at any time for any reason cease to be valid and binding on the Authority as a result of a ruling, finding, decree, order, legislative act or similar action by a governmental authority having jurisdiction over the Authority, or shall be declared in a final non-appealable judgment by any court having jurisdiction over the Authority to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Authority, acting through an official of the Authority having the authority to do so.

Nonfinal Invalidity Judgment

In the event of the issuance of any judgment that is appealable or not final but is otherwise described in clause (d) (i) above under “Events of Termination” (such judgment a “Nonfinal Invalidity Judgment”), if such Nonfinal Invalidity Judgment has not been overturned or stayed upon appeal within 30 days after issuance thereof, the Available Allocated Commitment for the Fiscal 2015 BB-1 Bonds and the obligation of the BB-1 Facility Provider under the BB-1 Liquidity Facility to purchase Fiscal 2015 BB-1 Bonds each shall be suspended without notice or demand to any person, and thereafter the BB-1 Facility Provider shall be under no obligation to purchase Fiscal 2015 BB-1 Bonds, from the thirtieth (30th) day after issuance of such Nonfinal Invalidity Judgment until such obligation is reinstated as specified below. The BB-1 Facility Provider’s obligation to purchase Fiscal 2015 BB-1 Bonds following the stay of any Nonfinal Invalidity Judgment shall be suspended immediately (without the lapse of another thirty day time period) if such stay is lifted pursuant to a subsequent Nonfinal Invalidity Judgment. Following any such suspension, the Available Allocated Commitment for the Fiscal 2015 BB-1 Bonds and the obligation of the BB-1 Facility Provider to purchase Fiscal 2015 BB-1 Bonds under the BB-1 Liquidity Facility each immediately shall terminate and the BB-1 Facility Provider shall be under no further obligation to purchase Fiscal 2015 BB-1 Bonds thereunder (i) from the date on which a court of competent jurisdiction shall enter a final, nonappealable judgment that the Fiscal 2015 BB-1 Bonds or any provision of the BB-1 Liquidity Facility or of the Resolutions relating to (A) the payment of principal of or interest on the Fiscal 2015 BB-1 Bonds or Purchased Bonds or (B) the pledge of Revenues supporting the Fiscal 2015 BB-1 Bonds and Purchased Bonds, as applicable, shall cease for any reason to be valid and binding and (ii) from the date that is the earlier to occur of the Scheduled Termination Date and the date that is three years after the date of issuance of the relevant Nonfinal Invalidity Judgment, if on such date the relevant litigation is still pending and a final and nonappealable judgment related thereto has not been obtained. The Available Allocated Commitment for the Fiscal 2015 BB-1 Bonds and the obligation of the BB-1 Facility Provider to purchase Fiscal 2015 BB-1 Bonds under the BB-1 Liquidity Facility immediately shall be reinstated and the terms of the BB-1 Liquidity Facility will continue in full force and effect (unless the BB-1 Liquidity Facility shall otherwise have terminated by its terms) as if there had been no such suspension on the date on which a court of competent jurisdiction shall issue a judgment that the Fiscal 2015 BB-1 Bonds or any provision of the BB-1 Liquidity Facility or of the Resolutions, as applicable, relating to (A) the payment of principal of or interest on the Fiscal 2015 BB-1 Bonds or Purchased Bonds or (B) the pledge of Revenues supporting the Fiscal 2015 BB-1 Bonds and Purchased Bonds, as applicable, is valid and binding.

Certain Information Concerning the BB-2 Facility Provider

Mizuho Bank, Ltd., acting through its New York Branch

The following information concerning the BB-2 Facility Provider has been provided by representatives of the BB-2 Facility Provider and has not been independently confirmed or verified by the Authority or the Underwriter. The delivery of this Appendix to the Official Statement shall not create any implication that there has been no change in the affairs of the BB-2 Liquidity Provider since the date hereof, or that the information contained or referred to below is correct as of any time subsequent to its date.

On July 1, 2013, Mizuho Bank, Ltd. and Mizuho Corporate Bank, Ltd., each a wholly-owned subsidiary of Mizuho Financial Group, Inc. (“MFG”), a corporation organized under the laws of Japan, merged (the “Merger”). Mizuho Corporate Bank, Ltd. was the surviving entity of the Merger, and immediately following the Merger, Mizuho Corporate Bank, Ltd. changed its name to Mizuho Bank, Ltd. (“Mizuho”).

Mizuho provides comprehensive and sophisticated financial services to various customers, including small and medium-sized enterprises, middle-market corporations in Japan, as well as, financial institutions, public sector entities and large Japanese and foreign corporations. Mizuho meets the needs of its customers by utilizing its strengths such as its broad customer base, financial expertise, and domestic and international office network which covers major cities in and outside Japan. Mizuho offers various commercial banking services including deposits, bank debentures, lending (including non-recourse loans and commitment facilities), foreign exchange, derivatives, payment and settlement services (including bill/cheque clearing, payment and others), e-solution businesses (including cash management services and debit cards), corporate bond trustee services, investment trusts, defined contribution pension business, treasury services, syndicated loans, among others. Mizuho is one of the largest banks in the world, with total assets of approximately \$1.4 trillion as of March 31, 2014.

Mizuho’s New York branch (the “New York Branch”) is licensed by the Banking Department of the State of New York as a branch to transact banking business in New York. The New York Branch is subject to supervision, examination and regulation by the New York State Banking Department and the Federal Reserve Board.

The long-term credit ratings of Mizuho by Moody’s, Standard & Poor’s and Fitch are A1, A+ and A-, respectively, and the short-term credit ratings of Mizuho by Moody’s, Standard & Poor’s, and Fitch are P-1, A-1 and F1, respectively.

A security rating is not a recommendation to buy, sell or hold securities and should be evaluated independently of any other rating. The rating is subject to revision or withdrawal at any time by the assigning rating organization.

Additional information, including the most recent publicly issued financial reports of MFG and Mizuho, and additional annual, quarterly and current reports filed with or furnished to the Securities and Exchange Commission (the “SEC”) and filings and other information in connection with the Merger, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to Mizuho Bank, Ltd., 1251 Avenue of the Americas, New York, New York 10020. This and other information is also available at www.mizuhobank.com and at the SEC’s website at www.sec.gov.

THE BB-2 LIQUIDITY FACILITY IS AN OBLIGATION OF MIZUHO AND IS NOT AN OBLIGATION OF MFG. NO SUBSIDIARY OR AFFILIATE CONTROLLED BY MFG, EXCEPT MIZUHO, IS OBLIGATED TO MAKE PAYMENTS UNDER THE BB-2 LIQUIDITY FACILITY.

Summary of Certain Provisions of the BB-2 Liquidity Facility

General

The following summary of certain provisions of the BB-2 Liquidity Facility does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the BB-2 Liquidity Facility to which reference is made hereby. Investors should obtain and review a copy of the BB-2 Liquidity Facility in order to understand all of the terms of that document. The provisions of any substitute liquidity may be different from those summarized below.

The BB-2 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 Official Statement or, to the extent not defined in this Official Statement, in the BB-2 Liquidity Facility, and reference thereto is made for a full understanding of their import.

Under certain circumstances described below, the obligation of the BB-2 Facility Provider to purchase the Fiscal 2015 BB-2 Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender may be automatically and immediately terminated or suspended without notice to the bondholders. In such event, sufficient funds may not be available to purchase Fiscal 2015 BB-2 Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender. In addition, the BB-2 Liquidity Facility does not provide support or security for the payment of principal of, premium, if any, or interest on the Fiscal 2015 BB-2 Bonds.

Events of Termination

The following events are Events of Termination under the BB-2 Liquidity Facility. Upon the occurrence of an Event of Termination, the Available Allocated Commitment for the Fiscal 2015 BB-2 Bonds and the obligation of the BB-2 Facility Provider under the BB-2 Liquidity Facility to purchase Fiscal 2015 BB-2 Bonds immediately shall terminate without notice or demand to any person, and thereafter the BB-2 Facility Provider shall be under no obligation to purchase Fiscal 2015 BB-2 Bonds.

(a) (i) the Authority shall fail to pay when due any principal of or premium, if any, or interest on the Fiscal 2015 BB-2 Bonds or Purchased Bonds (as defined in the BB-2 Liquidity Facility) (regardless of any waiver thereof by the holders of the Fiscal 2015 BB-2 Bonds), or (ii) any default by the Authority shall occur and be continuing in the payment of principal of or premium, if any, or interest on any bond, note or other similar evidence of indebtedness issued or assumed by the Authority that is secured by or payable from the Revenues on a basis that is senior to or on a parity with the Fiscal 2015 BB-2 Bonds and Purchased Bonds, or (iii) pursuant to the provisions of any resolution, indenture, contract or other instrument, the maturity of any bond, note or other similar evidence of indebtedness issued or assumed by the Authority that is secured by or payable from the Revenues on a basis that is senior to or on a parity with the Fiscal 2015 BB-2 Bonds and Purchased Bonds, as a result of the occurrence of any default with respect to the payment of any principal or interest thereunder, shall be accelerated or required to be paid prior to the stated maturity thereof;

(b) each of Moody's, S&P and Fitch shall assign a rating to any Parity Debt (defined in the BB-2 Liquidity Facility as indebtedness of the Authority secured by or payable from the Revenues on a basis that is on a parity with the Fiscal 2015 BB-2 Bonds and the Purchased Bonds) below "Baa3" in the case of Moody's and below "BBB-" in the case of S&P and Fitch, or withdraw or suspend any such rating for a credit-related reason;

(c) (i) (A) the Authority imposes 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 2015 BB-2 Bonds or any debt obligations of the Authority secured by a lien on Revenues senior to or on a parity with the Fiscal 2015 BB-2 Bonds or the Purchased Bonds or (B) the State or any other governmental authority having jurisdiction over the Authority shall, as a result of a finding or ruling or any other official action of the State or such governmental authority, impose a debt

moratorium, debt restructuring, debt adjustments or comparable extraordinary restriction on repayment when due and payable of the principal of or interest on the Fiscal 2015 BB-2 Bonds or all debt obligations of the Authority secured by a lien on Revenues senior to or on parity with the Fiscal 2015 BB-2 Bonds, or (ii) the Authority (A) applies for or consents to the appointment of, or there shall occur the taking or possession by, a receiver, custodian, trustee, liquidator or sequestrator (or other similar official) of itself or of all or of a substantial part of its property or assets, (B) admits in writing its inability to pay its debts as they become due or shall become insolvent within the meaning of Section 101(32) of the 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 or (iii) an involuntary case or other proceeding shall be commenced against the Authority seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for it or any substantial part of its property, and such involuntary case shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Authority under the federal bankruptcy laws as now or hereafter in effect;

(d) (i) a final, non-appealable judgment shall be issued by a court of competent jurisdiction that the Fiscal 2015 BB-2 Bonds (including Purchased Bonds) or any provision of the BB-2 Liquidity Facility or of the Resolutions relating to (A) the payment of principal or interest on the Fiscal 2015 BB-2 Bonds (including Purchased Bonds) or (B) the pledge of the Revenues supporting the Fiscal 2015 BB-2 Bonds and Purchased Bonds shall cease for any reason to be valid and binding, or (ii) the Authority shall initiate legal proceedings or assert in legal proceedings or otherwise publicly contest, acting through an official of the Authority having authority to do so, that the Fiscal 2015 BB-2 Bonds or any provision of the BB-2 Liquidity Facility or of the Resolutions relating to (A) the payment of principal or interest on the Fiscal 2015 BB-2 Bonds (including Purchased Bonds) or (B) the pledge of the Revenues supporting the Fiscal 2015 BB-2 Bonds and Purchased Bonds is invalid or that the Authority has no liability thereon; and

(e) a final, non-appealable money judgment shall be entered by a court or other regulatory body of competent jurisdiction against the Authority in an amount in excess of twenty-five million dollars (\$25,000,000) and the Authority shall have failed to satisfy said money judgment within ninety (90) days from the first date when said judgment shall have become enforceable and subject to collection in accordance with its 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 BB-2 Liquidity Facility, the BB-2 Facility Provider, in its sole discretion, may (x) give written notice of such event of default to the 2015 BB-2 Remarketing Agent and to the Tender Agent requesting a mandatory tender of all or any portion of the Fiscal 2015 BB-2 Bonds pursuant to the Resolutions and stating that the obligation of the BB-2 Facility Provider to purchase such Fiscal 2015 BB-2 Bonds shall terminate 30 days after such notice is received by the Tender Agent, and on such date the Available Allocated Commitment for the Fiscal 2015 BB-2 Bonds shall terminate and the BB-2 Facility Provider shall be under no obligation under the BB-2 Liquidity Facility to purchase such Fiscal 2015 BB-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 2015 BB-2 Bonds to an interest rate other than an Eligible Rate (as defined in the BB-2 Liquidity Facility) in accordance with the terms of the BB-2 Liquidity Facility:

(a) the Authority shall fail to pay when due any amount payable with respect to fees or certain other amounts (other than debt service on any Purchased Bonds) payable to the BB-2 Facility Provider under the BB-2 Liquidity Facility and such failure shall continue for seven days; provided, however, that no such failure to pay shall constitute an event of default if (A) such failure to pay was caused solely by an error or omission of an administrative or operational nature, (B) funds were available to enable the

Authority to make such payment when due and (C) such payment is made within two (2) Business Days after the Authority's actual knowledge of such failure to pay;

(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 2015 BB-2 Bonds;

(c) the occurrence and continuance of the Event of Default under the Second Resolution described under clauses (iii) and (iv) of "Summary of the Second Resolution – Defaults and Remedies" in Appendix C incorporated by reference;

(d) any of Moody's, S&P or Fitch shall assign a rating to any Parity Debt below "Baa 1" in the case of Moody's or "BBB+" in the case of S&P or Fitch, or withdraw or suspend any such rating for a credit-related reason; and

(e) any material provision of the BB-2 Liquidity Facility, the Resolutions, the Fee Agreement (as defined in the BB-2 Liquidity Facility) or the Fiscal 2015 BB-2 Bonds, other than a provision described in clause (d) (i) above under "Events of Termination", shall at any time for any reason cease to be valid and binding on the Authority as a result of a ruling, finding, decree, order, legislative act or similar action by a governmental authority having jurisdiction over the Authority, or shall be declared in a final non-appealable judgment by any court having jurisdiction over the Authority to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Authority, acting through an official of the Authority having the authority to do so.

Nonfinal Invalidity Judgment

In the event of the issuance of any judgment that is appealable or not final but is otherwise described in clause (d) (i) above under "Events of Termination" (such judgment a "Nonfinal Invalidity Judgment"), if such Nonfinal Invalidity Judgment has not been overturned or stayed upon appeal within 30 days after issuance thereof, the Available Allocated Commitment for the Fiscal 2015 BB-2 Bonds and the obligation of the BB-2 Facility Provider under the BB-2 Liquidity Facility to purchase Fiscal 2015 BB-2 Bonds each shall be suspended without notice or demand to any person, and thereafter the BB-2 Facility Provider shall be under no obligation to purchase Fiscal 2015 BB-2 Bonds, from the thirtieth (30th) day after issuance of such Nonfinal Invalidity Judgment until such obligation is reinstated as specified below. The BB-2 Facility Provider's obligation to purchase Fiscal 2015 BB-2 Bonds following the stay of any Nonfinal Invalidity Judgment shall be suspended immediately (without the lapse of another thirty day time period) if such stay is lifted pursuant to a subsequent Nonfinal Invalidity Judgment. Following any such suspension, the Available Allocated Commitment for the Fiscal 2015 BB-2 Bonds and the obligation of the BB-2 Facility Provider to purchase Fiscal 2015 BB-2 Bonds under the BB-2 Liquidity Facility each immediately shall terminate and the BB-2 Facility Provider shall be under no further obligation to purchase Fiscal 2015 BB-2 Bonds thereunder (i) from the date on which a court of competent jurisdiction shall enter a final, nonappealable judgment that the Fiscal 2015 BB-2 Bonds or any provision of the BB-2 Liquidity Facility or of the Resolutions relating to (A) the payment of principal of or interest on the Fiscal 2015 BB-2 Bonds or Purchased Bonds or (B) the pledge of Revenues supporting the Fiscal 2015 BB-2 Bonds and Purchased Bonds, as applicable, shall cease for any reason to be valid and binding and (ii) from the date that is the earlier to occur of the Scheduled Termination Date and the date that is three years after the date of issuance of the relevant Nonfinal Invalidity Judgment, if on such date the relevant litigation is still pending and a final and nonappealable judgment related thereto has not been obtained. The Available Allocated Commitment for the Fiscal 2015 BB-2 Bonds and the obligation of the BB-2 Facility Provider to purchase Fiscal 2015 BB-2 Bonds under the BB-2 Liquidity Facility immediately shall be reinstated and the terms of the BB-2 Liquidity

Facility will continue in full force and effect (unless the BB-2 Liquidity Facility shall otherwise have terminated by its terms) as if there had been no such suspension on the date on which a court of competent jurisdiction shall issue a judgment that the Fiscal 2015 BB-2 Bonds or any provision of the BB-2 Liquidity Facility or of the Resolutions, as applicable, relating to (A) the payment of principal of or interest on the Fiscal 2015 BB-2 Bonds or Purchased Bonds or (B) the pledge of Revenues supporting the Fiscal 2015 BB-2 Bonds and Purchased Bonds, as applicable, is valid and binding.

Certain Information Concerning the BB-3 Facility Provider

Sumitomo Mitsui Banking Corporation, acting through its New York Branch

The following information concerning the BB-3 Facility Provider has been provided by representatives of the BB-3 Facility Provider and has not been independently confirmed or verified by the Authority or the Underwriter. The delivery of this Appendix to the Official Statement shall not create any implication that there has been no change in the affairs of the BB-3 Liquidity Provider since the date hereof, or that the information contained or referred to below is correct as of any time subsequent to its date.

Sumitomo Mitsui Banking Corporation (*Kabushiki Kaisha Mitsui Sumitomo Ginko*) (“SMBC”) is a joint stock corporation with limited liability (*Kabushiki Kaisha*) under the laws of Japan. The registered head office of SMBC is located at 1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan.

SMBC was established in April 2001 through the merger of two leading banks, The Sakura Bank, Limited and The Sumitomo Bank, Limited. In December 2002, Sumitomo Mitsui Financial Group, Inc. (“SMFG”) was established through a stock transfer as a holding company under which SMBC became a wholly owned subsidiary. **SMFG reported ¥ 161,534,387 million (USD 1,564,702 million) in consolidated total assets as of March 31, 2014.**

SMBC is one of the world’s leading commercial banks and provides an extensive range of banking services to its customers in Japan and overseas. In Japan, SMBC accepts deposits, makes loans and extends guarantees to corporations, individuals, governments and governmental entities. It also offers financing solutions such as syndicated lending, structured finance and project finance. SMBC also underwrites and deals in bonds issued by or under the guarantee of the Japanese government and local government authorities, and acts in various administrative and advisory capacities for certain types of corporate and government bonds. Internationally, SMBC operates through a network of branches, representative offices, subsidiaries and affiliates to provide many financing products including syndicated lending and project finance.

The New York Branch of SMBC is licensed by the State of New York Banking Department to conduct branch banking business at 277 Park Avenue, New York, New York, and is subject to examination by the State of New York Banking Department and the Federal Reserve Bank of New York.

Financial and Other Information

Audited consolidated financial statements for SMFG and its consolidated subsidiaries for the fiscal years ended March 31, 2013, as well as other corporate data, financial information and analyses are available in English on the website of the Parent at www.smfg.co.jp/english.

The information herein has been obtained from SMBC, which is solely responsible for its content. The delivery of the Official Statement shall not create any implication that there has been no change in the affairs of SMBC since the date hereof, or that the information contained or referred herein is correct as of any time subsequent to its date.

Summary of Certain Provisions of the BB-3 Liquidity Facility

General

The following summary of certain provisions of the Reimbursement Agreement and the Standby Letter of Credit issued thereunder (the “BB-3 Liquidity Facility”) does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the BB-3 Liquidity Facility to which reference is made hereby. Investors should obtain and review a copy of the BB-3 Liquidity Facility in order to understand all of the terms of that document. The provisions of any substitute liquidity facility may be different from those summarized below.

The BB-3 Liquidity Facility will be issued in an amount equal to the initial aggregate principal amount of the Fiscal 2015 BB-3 Bonds, plus 35 days’ interest thereon at the Maximum Rate. The Tender Agent, upon compliance with the terms of the BB-3 Liquidity Facility, and subject to the terms and conditions set forth therein, is authorized to draw up to (a) an amount sufficient to pay the portion of the purchase price of the Fiscal 2015 BB-3 Bonds tendered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and not remarketed (a “Liquidity Drawing”) equal to the principal amount of the Fiscal 2015 BB-3 Bonds, plus (b) an amount not to exceed 35 days’ of accrued interest on the Fiscal 2015 BB-3 Bonds at the Maximum Rate to pay the portion of the purchase price of the Fiscal 2015 BB-3 Bonds tendered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and not remarketed, equal to the interest accrued, if any, on such Fiscal 2015 BB-3 Bonds. **The BB-3 Liquidity Facility is in the form of a letter of credit, but, nonetheless, is a conditional obligation of the BB-3 Facility Provider. The obligations of the BB-3 Facility Provider are subject to immediate termination or suspension without notice and no Liquidity Drawing will be honored by the BB-3 Facility Provider upon the occurrence of a Termination Event (as hereinafter defined) or upon the occurrence and during the continuance of an event which causes the suspension of the BB-3 Facility Provider’s obligation to honor Liquidity Drawings under the BB-3 Liquidity Facility as described below under “Nonfinal Invalidation Judgment” and “Involuntary Bankruptcy Case or Other Proceeding” (each a “Suspension Event”).**

The amount available under the BB-3 Liquidity Facility will be reduced automatically by the amount of any drawing thereunder, subject to reinstatement as described below. With respect to a Liquidity Drawing, the BB-3 Liquidity Facility will automatically be reduced by an amount equal to the amount of said drawing. Prior to the Conversion Date (as defined below) upon a remarketing of the Fiscal 2015 BB-3 Bonds (or portions thereof) previously purchased with the proceeds of such Liquidity Drawing, the BB-3 Facility Provider’s obligation to honor drawings under the BB-3 Liquidity Facility will be automatically reinstated in an amount set forth in a reinstatement certificate concurrently upon receipt by the BB-3 Facility Provider of such reinstatement certificate and the amount set forth therein.

The BB-3 Liquidity Facility will terminate on the earliest of the BB-3 Facility Provider’s close of business on (a) the stated expiration date (July 10, 2018); (b) the Business Day following the date on which all of the Fiscal 2015 BB-3 Bonds are converted to an interest rate other than the Weekly Rate (the “Conversion Date”); (c) the date of the BB-3 Facility Provider’s receipt of a certificate from the Tender Agent specifying that no Fiscal 2015 BB-3 Bonds subject to tender remain Outstanding within the meaning of the Resolution and the Fiscal 2015 BB Supplemental Resolution, all drawings required to be made under the Fiscal 2015 BB Supplemental Resolution and available under the BB-3 Liquidity Facility have been made and honored, or that a substitute liquidity facility has been issued to replace the BB-3 Liquidity Facility pursuant to the Fiscal 2015 BB Supplemental Resolution and the Reimbursement Agreement; (d) the date on which a Termination Event (as hereinafter defined) shall occur under the Reimbursement Agreement; or (e) the date which is thirty (30) days (or the next succeeding Business Day if such day is not a Business Day) following the date the Tender Agent receives a written notice from the BB-3 Facility Provider specifying the occurrence of an “Event of Default”

under the Reimbursement Agreement that is not a Termination Event or a Suspension Event and directing the Tender Agent to cause a mandatory purchase of the Fiscal 2015 BB-3 Bonds pursuant to the terms of the Fiscal 2015 BB Supplemental Resolution.

The BB-3 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 Official Statement or, to the extent not defined in this Official Statement, in the BB-3 Liquidity Facility, and reference thereto is made for a full understanding of their import.

Under certain circumstances described below, the obligation of the BB-3 Facility Provider to purchase the Fiscal 2015 BB-3 Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender may be automatically and immediately terminated or suspended without notice to the bondholders. In such event, sufficient funds may not be available to purchase Fiscal 2015 BB-3 Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender. In addition, the BB-3 Liquidity Facility does not provide support or security for the payment of principal of, premium, if any, or interest on the Fiscal 2015 BB-3 Bonds.

Termination Events

The following events are Termination Events under the Reimbursement Agreement. Upon the occurrence of a Termination Event, the obligation of the BB-3 Facility Provider to purchase Fiscal 2015 BB-3 Bonds will immediately terminate without notice or demand, and thereafter the BB-3 Facility Provider will be under no obligation to honor Liquidity Drawings under the BB-3 Liquidity Facility.

(a) (i) the Authority shall fail to (x) pay when due any principal of or premium, if any, or interest on the Fiscal 2015 BB-3 Bonds (regardless of any waiver thereof by the holders of the Fiscal 2015 BB-3 Bonds) or Purchased Bonds or (y) repay when due any principal of or premium, if any, or interest on the related Liquidity Advance, or (ii) any default by the Authority shall occur and be continuing in the payment of principal of or premium, if any, or interest on any bond, note or other similar evidence of indebtedness issued or assumed by the Authority that is secured by or payable from the Revenues on a basis that is senior to or on a parity with the Fiscal 2015 BB-3 Bonds, Purchased Bonds and Liquidity Advances, or (iii) pursuant to the provisions of any resolution, indenture, contract or other instrument, the maturity of any bond, note or other similar evidence of indebtedness issued or assumed by the Authority that is secured by or payable from the Revenues on a basis that is senior to or on a parity with the Fiscal 2015 BB-3 Bonds, Purchased Bonds and the related Liquidity Advance, as a result of the occurrence of any default with respect to the payment of any principal or interest thereunder, shall be accelerated or required to be paid prior to the stated maturity thereof;

(b) each of Moody's, S&P and Fitch shall assign a rating to any Parity Debt (defined in the Reimbursement Agreement as indebtedness of the Authority secured by or payable from the Revenues on a basis that is on a parity with the Fiscal 2015 BB-3 Bonds) below "Baa3" in the case of Moody's and below "BBB-" in the case of S&P and Fitch, or withdraw or suspend any such rating for a credit-related reason;

(c) (i) (A) the Authority imposes a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on repayment when due and payable of the principal of or interest on any debt obligations of the Authority secured by a lien on Revenues on a basis that is senior to or on a parity with the Fiscal 2015 BB-3 Bonds, Purchased Bonds and Liquidity Advances or (B) the State or any other governmental authority having appropriate jurisdiction over the Authority shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or a decree which results in a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on repayment when due and payable on the Fiscal 2015 BB-3 Bonds or all debt obligations of the Authority secured by a lien on Revenues on a basis that is senior to or on a parity with

the Fiscal 2015 BB-3 Bonds, or (ii) the Authority (A) applies for or consents to the appointment of, or there shall occur the taking or possession by, a receiver, custodian, trustee, liquidator or sequestrator (or other similar official) of itself or of all or of a substantial part of its property or assets, (B) admits in writing its inability to pay its debts as they become due or shall become insolvent within the meaning of Section 101(32) of the 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 or (iii) an involuntary case or other proceeding shall be commenced against the Authority seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for it or any substantial part of its property, and such involuntary case shall remain undismissed and unstayed for a period of 60 days; or (iv) an order for relief shall be entered against the Authority under the Bankruptcy Code as now or hereafter in effect;

(d) (i) a final, non-appealable judgment shall be issued by a court of competent jurisdiction that the Fiscal 2015 BB-3 Bonds (including Purchased Bonds) or any provision of the Reimbursement Agreement or of the Resolutions relating to (A) the payment of principal or interest on any Fiscal 2015 BB-3 Bonds (including Purchased Bonds) or the repayment of the related Liquidity Advances or (B) the pledge of the Revenues supporting the Fiscal 2015 BB-3 Bonds, Purchased Bonds and the related Liquidity Advances shall cease for any reason to be valid and binding, or (ii) the Authority shall initiate legal proceedings or assert in legal proceedings or otherwise publicly contest, acting through an official of the Authority having authority to do so, that the Fiscal 2015 BB-3 Bonds or any provision of the Reimbursement Agreement or of the Resolutions relating to (A) the payment of principal or interest on the Fiscal 2015 BB-3 Bonds (including Purchased Bonds) or the repayment of the related Liquidity Advances or (B) the pledge of the Revenues supporting the Fiscal 2015 BB-3 Bonds, Purchased Bonds and the related Liquidity Advances is invalid or that the Authority has no liability thereon; and

(e) a final, non-appealable money judgment shall be entered by a court or other regulatory body of competent jurisdiction against the Authority in an amount in excess of twenty-five million dollars (\$25,000,000) and the Authority shall have failed to satisfy said money judgment within ninety (90) days from the first date when said judgment shall have become enforceable and subject to collection in accordance with its 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 Reimbursement Agreement, the BB-3 Facility Provider, in its sole discretion, may (x) give written notice of such event of default to the 2015 BB-3 Remarketing Agent and to the Tender Agent requesting a mandatory tender of all or any portion of the Fiscal 2015 BB-3 Bonds pursuant to the Resolutions and stating that the obligation of the BB-3 Facility Provider to honor Liquidity Drawings and purchase the Fiscal 2015 BB-3 Bonds shall terminate 30 days after such notice is received by the Tender Agent, and on such date the BB-3 Liquidity Facility shall terminate and the BB-3 Facility Provider shall be under no obligation to honor Liquidity Drawings and to purchase such Fiscal 2015 BB-3 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 2015 BB-3 Bonds to an interest rate other than an Eligible Rate (as defined in the BB-3 Liquidity Facility) in accordance with the terms of the Reimbursement Agreement:

(a) the Authority shall fail to pay when due any amount under the Reimbursement Agreement or the Fee Letter (as defined in the BB-3 Liquidity Facility) payable with respect to fees or certain other amounts (other than the failure to pay the principal or interest on the Purchased Bonds or any Liquidity Drawing as described in clause (a) above under "Termination Events") payable to the BB-3 Facility Provider and such failure shall continue for seven days; provided, however, that no such failure to pay

shall constitute an event of default if (A) such failure to pay was caused solely by an error or omission of an administrative or operational nature, (B) funds were available to enable the Authority to make such payment when due and (C) such payment is made within two (2) Business Days after the Authority's actual knowledge of such failure to pay;

(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 2015 BB-3 Bonds;

(c) the occurrence and continuance of the Event of Default under the Second Resolution described under clauses (iii) and (iv) of "Summary of the Second Resolution – Defaults and Remedies" in Appendix C incorporated by reference;

(d) any of Moody's, S&P and Fitch shall assign a rating to any Parity Debt below "Baa 1" in the case of Moody's or "BBB+" in the case of S&P or Fitch, or withdraw or suspend any such rating for a credit-related reason; and

(e) any material provision of the Reimbursement Agreement, the Resolutions, the Fee Letter or the Fiscal 2015 BB-3 Bonds, other than a provision described in clause (d) (i) above under "Termination Events", shall at any time for any reason cease to be valid and binding on the Authority as a result of a ruling, finding, decree, order, legislative act or similar action by a governmental authority having jurisdiction over the Authority, or shall be declared in a final non-appealable judgment by any court having jurisdiction over the Authority to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Authority, acting through an official of the Authority having the authority to do so.

Nonfinal Invalidation Judgment

In the event of the issuance of any judgment that is appealable or not final but is otherwise described in clause (d) (i) above under "Termination Events" (such judgment a "Nonfinal Invalidation Judgment"), if such Nonfinal Invalidation Judgment has not been overturned or stayed upon appeal within 30 days after issuance thereof, the obligation of the BB-3 Facility Provider to honor Liquidity Drawings under the BB-3 Liquidity Facility and to purchase Fiscal 2015 BB-3 Bonds each shall be suspended without notice or demand to any person, and thereafter the BB-3 Facility Provider shall be under no obligation to honor Liquidity Drawings under the BB-3 Liquidity Facility or to purchase Fiscal 2015 BB-3 Bonds, from the thirtieth (30th) day after issuance of such Nonfinal Invalidation Judgment until such obligation is reinstated as specified below. The BB-3 Facility Provider's obligation to honor Liquidity Drawings under the BB-3 Liquidity Facility or to purchase Fiscal 2015 BB-3 Bonds following the stay of any Nonfinal Invalidation Judgment shall be suspended immediately (without the lapse of another thirty day time period) if such stay is lifted pursuant to a subsequent Nonfinal Invalidation Judgment. Following any such suspension, the obligation of the BB-3 Facility Provider to honor Liquidity Drawings under the BB-3 Liquidity Facility and to purchase Fiscal 2015 BB-3 Bonds each immediately shall terminate and the BB-3 Facility Provider shall be under no further obligation to honor Liquidity Drawings under the BB-3 Liquidity Facility or to purchase Fiscal 2015 BB-3 Bonds under the Reimbursement Agreement (i) from the date on which a court of competent jurisdiction shall enter a final, nonappealable judgment that the Fiscal 2015 BB-3 Bonds or any provision of the Reimbursement Agreement or of the Resolutions relating to (A) the payment of principal of or interest on the Fiscal 2015 BB-3 Bonds or Purchased Bonds or the repayment of the related Liquidity Advances or (B) the pledge of Revenues supporting the Fiscal 2015 BB-3 Bonds, Purchased Bonds and the related Liquidity Advances, as applicable, shall cease for any reason to be valid and binding and (ii) from the date that is the earlier to occur of the Termination Date (as defined in the BB-3 Liquidity Facility) and the date that is three years after the date of issuance of the relevant Nonfinal Invalidation Judgment, if on such date the relevant litigation is still pending and a final and nonappealable judgment related thereto has not been obtained. The obligation of the BB-3 Facility Provider to honor Liquidity Drawings under the BB-3 Liquidity

Facility or to purchase Fiscal 2015 BB-3 Bonds immediately shall be reinstated and the terms of the BB-3 Liquidity Facility and the Reimbursement Agreement will continue in full force and effect (unless the BB-3 Liquidity Facility shall otherwise have terminated by its terms) as if there had been no such suspension on the date on which a court of competent jurisdiction shall issue a judgment that the Fiscal 2015 BB-3 Bonds or any provision of the Reimbursement Agreement or of the Resolutions, as applicable, relating to (A) the payment of principal of or interest on the Fiscal 2015 BB-3 Bonds or Purchased Bonds or the repayment of the related Liquidity Advances or (B) the pledge of Revenues supporting the Fiscal 2015 BB-3 Bonds, Purchased Bonds and the related Liquidity Advances, as applicable, is valid and binding.

Involuntary Bankruptcy Case or Other Proceeding

Upon the occurrence of a default described in clause (c) (iii) above under “Termination Events” relating to any involuntary case or other proceeding described in such clause (c) (iii) being commenced against the Authority under the Bankruptcy Code, the obligation of the BB-3 Facility Provider to honor Liquidity Drawings under the BB-3 Liquidity Facility and to purchase Fiscal 2015 BB-3 Bonds with the proceeds thereof shall be immediately suspended until the proceeding referred to therein is terminated prior to the court entering an order granting the relief sought in such proceeding. In the event such proceeding is so terminated, the obligations of the BB-3 Facility Provider to honor Liquidity Drawings under the BB-3 Liquidity Facility and to purchase Fiscal 2015 BB-3 Bonds with the proceeds thereof shall be reinstated and the terms of the BB-3 Liquidity Facility and the Reimbursement Agreement will continue in full force and effect (unless the obligations of the BB-3 Facility Provider to honor Liquidity Drawings under the BB-3 Liquidity Facility and to purchase Fiscal 2015 BB-3 Bonds with the proceeds thereof shall have otherwise terminated in accordance with the terms of the BB-3 Liquidity Facility) as if there had been no such suspension.

Certain Information Concerning the BB-4 Facility Provider

Wells Fargo Bank, National Association

The following information concerning the BB-4 Facility Provider has been provided by representatives of the BB-4 Facility Provider and has not been independently confirmed or verified by the Authority or the Underwriter. No representation is made herein as to 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 is correct as of any time subsequent to its date.

The Bank is a national banking association organized under the laws of the United States of America with its main office at 101 North Phillips Avenue, Sioux Falls, South Dakota 57104, and engages in retail, commercial and corporate banking, real estate lending and trust and investment services. The Bank is an indirect, wholly-owned subsidiary of Wells Fargo & Company (“Wells Fargo”), a diversified financial services company, a financial holding company and a bank holding company registered under the Bank Holding Company Act of 1956, as amended, with its principal executive offices located in San Francisco, California (“Wells Fargo”).

The Bank prepares and files Call Reports on a quarterly basis. Each Call Report consists of a balance sheet as of the report date, an income statement for the year-to-date period to which the report relates and supporting schedules. The Call Reports are prepared in accordance with regulatory instructions issued by the Federal Financial Institutions Examination Council. While the Call Reports are supervisory and regulatory documents, not primarily accounting documents, and do not provide a complete range of financial disclosure about the Bank, the reports nevertheless provide important information concerning the Bank’s financial condition and results of operations. The Bank’s Call Reports are on file with, and are publicly available upon written request to the FDIC, 550 17th Street, N.W., Washington, D.C. 20429, Attention: Division of Insurance and Research. The FDIC also maintains an internet website that contains the Call Reports. The address of the FDIC’s website is <http://www.fdic.gov>. The Bank’s Call Reports are also available upon written request to the Wells Fargo Corporate Secretary’s Office, Wells Fargo Center, MAC N9305-173, 90 South 7th Street, Minneapolis, MN 55479.

The BB-4 Liquidity Facility will be solely an obligation of the Bank and will not be an obligation of, or otherwise guaranteed by, Wells Fargo & Company, and no assets of Wells Fargo & Company or any affiliate of the Bank or Wells Fargo & Company will be pledged to the payment thereof. Payment of the BB-4 Liquidity Facility will not be insured by the FDIC.

The information contained in this section, including financial information, relates to and has been obtained from the Bank, and is furnished solely to provide limited introductory information regarding the Bank and does not purport to be comprehensive. Any financial information provided in this section is qualified in its entirety by the detailed information appearing in the Call Reports referenced above. The delivery hereof shall not create any implication that there has been no change in the affairs of the Bank since the date hereof.

Summary of Certain Provisions of the BB-4 Liquidity Facility

General

The following summary of certain provisions of the BB-4 Liquidity Facility does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the BB-4 Liquidity Facility to which reference is made hereby. Investors should obtain and review a copy of the BB-4 Liquidity Facility in order to understand all of the terms of that document. The provisions of any substitute liquidity facility may be different from those summarized below.

The BB-4 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 Official Statement or, to the extent not defined in this Official Statement, in the BB-4 Liquidity Facility, and reference thereto is made for a full understanding of their import.

Under certain circumstances described below, the obligation of the BB-4 Facility Provider to purchase the Fiscal 2015 BB-4 Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender may be automatically and immediately terminated or suspended without notice to the bondholders. In such event, sufficient funds may not be available to purchase Fiscal 2015 BB-4 Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender. In addition, the BB-4 Liquidity Facility does not provide support or security for the payment of principal of, premium, if any, or interest on the Fiscal 2015 BB-4 Bonds.

Events of Termination

The following events are Events of Termination under the BB-4 Liquidity Facility. Upon the occurrence of an Event of Termination, the Available Allocated Commitment for the Fiscal 2015 BB-4 Bonds and the obligation of the BB-4 Facility Provider under the BB-4 Liquidity Facility to purchase Fiscal 2015 BB-4 Bonds immediately shall terminate without notice or demand to any person, and thereafter the BB-4 Facility Provider shall be under no obligation to purchase Fiscal 2015 BB-4 Bonds.

(a) (i) the Authority shall fail to pay when due any principal of or premium, if any, or interest on the Fiscal 2015 BB-4 Bonds or Purchased Bonds (as defined in the BB-4 Liquidity Facility) (regardless of any waiver thereof by the holders of the Fiscal 2015 BB-4 Bonds), or (ii) any default by the Authority shall occur and be continuing in the payment of principal of or premium, if any, or interest on any bond, note or other similar evidence of indebtedness issued or assumed by the Authority that is secured by or payable from the Revenues on a basis that is senior to or on a parity with the Fiscal 2015 BB-4 Bonds and Purchased Bonds, or (iii) pursuant to the provisions of any resolution, indenture, contract or other instrument, the maturity of any bond, note or other similar evidence of indebtedness issued or assumed by the Authority that is secured by or payable from the Revenues on a basis that is senior to or on a parity with the Fiscal 2015 BB-4 Bonds and Purchased Bonds, as a result of the occurrence of any default with respect to the payment of any principal or interest thereunder, shall be accelerated or required to be paid prior to the stated maturity thereof;

(b) each of Moody's, S&P and Fitch shall assign a rating to any Parity Debt (defined in the BB-4 Liquidity Facility as indebtedness of the Authority secured by or payable from the Revenues on a basis that is on a parity with the Fiscal 2015 BB-4 Bonds and the Purchased Bonds) below "Baa3" in the case of Moody's and below "BBB-" in the case of S&P and Fitch, or withdraw or suspend any such rating for a credit-related reason;

(c) (i) (A) the Authority imposes 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 2015 BB-4 Bonds or any debt obligations of the Authority secured by a lien on Revenues senior to or on a parity with the Fiscal 2015 BB-4 Bonds or the Purchased Bonds or (B) the State or any

other governmental authority having jurisdiction over the Authority shall, as a result of a finding or ruling or any other official action of the State or such governmental authority, impose a debt moratorium, debt restructuring, debt adjustments or comparable extraordinary restriction on repayment when due and payable of the principal of or interest on the Fiscal 2015 BB-4 Bonds or all debt obligations of the Authority secured by a lien on Revenues senior to or on parity with the Fiscal 2015 BB-4 Bonds, or (ii) the Authority (A) applies for or consents to the appointment of, or there shall occur the taking or possession by, a receiver, custodian, trustee, liquidator or sequestrator (or other similar official) of itself or of all or of a substantial part of its property or assets, (B) admits in writing its inability to pay its debts as they become due or shall become insolvent within the meaning of Section 101(32) of the 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 or (iii) an involuntary case or other proceeding shall be commenced against the Authority seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for it or any substantial part of its property, and such involuntary case shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Authority under the federal bankruptcy laws as now or hereafter in effect;

(d) (i) a final, non-appealable judgment shall be issued by a court of competent jurisdiction that the Fiscal 2015 BB-4 Bonds (including Purchased Bonds) or any provision of the BB-4 Liquidity Facility or of the Resolutions relating to (A) the payment of principal or interest on the Fiscal 2015 BB-4 Bonds (including Purchased Bonds) or (B) the pledge of the Revenues supporting the Fiscal 2015 BB-4 Bonds and Purchased Bonds shall cease for any reason to be valid and binding, or (ii) the Authority shall initiate legal proceedings or assert in legal proceedings or otherwise publicly contest, acting through an official of the Authority having authority to do so, that the Fiscal 2015 BB-4 Bonds or any provision of the BB-4 Liquidity Facility or of the Resolutions relating to (A) the payment of principal or interest on the Fiscal 2015 BB-4 Bonds (including Purchased Bonds) or (B) the pledge of the Revenues supporting the Fiscal 2015 BB-4 Bonds and Purchased Bonds is invalid or that the Authority has no liability thereon; and

(e) a final, non-appealable money judgment shall be entered by a court or other regulatory body of competent jurisdiction against the Authority in an amount in excess of twenty-five million dollars (\$25,000,000) and the Authority shall have failed to satisfy said money judgment within ninety (90) days from the first date when said judgment shall have become enforceable and subject to collection in accordance with its 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 BB-4 Liquidity Facility, the BB-4 Facility Provider, in its sole discretion, may (x) give written notice of such event of default to the 2015 BB-4 Remarketing Agent and to the Tender Agent requesting a mandatory tender of all or any portion of the Fiscal 2015 BB-4 Bonds pursuant to the Resolutions and stating that the obligation of the BB-4 Facility Provider to purchase such Fiscal 2015 BB-4 Bonds shall terminate 30 days after such notice is received by the Tender Agent, and on such date the Available Allocated Commitment for the Fiscal 2015 BB-4 Bonds shall terminate and the BB-4 Facility Provider shall be under no obligation under the BB-4 Liquidity Facility to purchase such Fiscal 2015 BB-4 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 2015 BB-4 Bonds to an interest rate other than an Eligible Rate (as defined in the BB-4 Liquidity Facility) in accordance with the terms of the BB-4 Liquidity Facility:

(a) the Authority shall fail to pay when due any amount payable with respect to fees or certain other amounts (other than debt service on any Purchased Bonds) payable to the BB-4 Facility Provider under the BB-4 Liquidity Facility and such failure shall continue for seven days; provided, however, that

no such failure to pay shall constitute an event of default if (A) such failure to pay was caused solely by an error or omission of an administrative or operational nature, (B) funds were available to enable the Authority to make such payment when due and (C) such payment is made within two (2) Business Days after the Authority's actual knowledge of such failure to pay;

(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 2015 BB-4 Bonds;

(c) the occurrence and continuance of the Event of Default under the Second Resolution described under clauses (iii) and (iv) of "Summary of the Second Resolution – Defaults and Remedies" in Appendix C incorporated by reference;

(d) any of Moody's, S&P or Fitch shall assign a rating to any Parity Debt below "Baa 1" in the case of Moody's or "BBB+" in the case of S&P or Fitch, or withdraw or suspend any such rating for a credit-related reason; and

(e) any material provision of the BB-4 Liquidity Facility, the Resolutions, the Fee Agreement (as defined in the BB-4 Liquidity Facility) or the Fiscal 2015 BB-4 Bonds, other than a provision described in clause (d) (i) above under "Events of Termination", shall at any time for any reason cease to be valid and binding on the Authority as a result of a ruling, finding, decree, order, legislative act or similar action by a governmental authority having jurisdiction over the Authority, or shall be declared in a final non-appealable judgment by any court having jurisdiction over the Authority to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Authority, acting through an official of the Authority having the authority to do so.

Nonfinal Invalidity Judgment

In the event of the issuance of any judgment that is appealable or not final but is otherwise described in clause (d) (i) above under "Events of Termination" (such judgment a "Nonfinal Invalidity Judgment"), if such Nonfinal Invalidity Judgment has not been overturned or stayed upon appeal within 30 days after issuance thereof, the Available Allocated Commitment for the Fiscal 2015 BB-4 Bonds and the obligation of the BB-4 Facility Provider under the BB-4 Liquidity Facility to purchase Fiscal 2015 BB-4 Bonds each shall be suspended without notice or demand to any person, and thereafter the BB-4 Facility Provider shall be under no obligation to purchase Fiscal 2015 BB-4 Bonds, from the thirtieth (30th) day after issuance of such Nonfinal Invalidity Judgment until such obligation is reinstated as specified below. The BB-4 Facility Provider's obligation to purchase Fiscal 2015 BB-4 Bonds following the stay of any Nonfinal Invalidity Judgment shall be suspended immediately (without the lapse of another thirty day time period) if such stay is lifted pursuant to a subsequent Nonfinal Invalidity Judgment. Following any such suspension, the Available Allocated Commitment for the Fiscal 2015 BB-4 Bonds and the obligation of the BB-4 Facility Provider to purchase Fiscal 2015 BB-4 Bonds under the BB-4 Liquidity Facility each immediately shall terminate and the BB-4 Facility Provider shall be under no further obligation to purchase Fiscal 2015 BB-4 Bonds thereunder (i) from the date on which a court of competent jurisdiction shall enter a final, nonappealable judgment that the Fiscal 2015 BB-4 Bonds or any provision of the BB-4 Liquidity Facility or of the Resolutions relating to (A) the payment of principal of or interest on the Fiscal 2015 BB-4 Bonds or Purchased Bonds or (B) the pledge of Revenues supporting the Fiscal 2015 BB-4 Bonds and Purchased Bonds, as applicable, shall cease for any reason to be valid and binding and (ii) from the date that is the earlier to occur of the Scheduled Termination Date and the date that is three years after the date of issuance of the relevant Nonfinal Invalidity Judgment, if on such date the relevant litigation is still pending and a final and nonappealable judgment related thereto has not been obtained. The Available Allocated Commitment for the Fiscal

2015 BB-4 Bonds and the obligation of the BB-4 Facility Provider to purchase Fiscal 2015 BB-4 Bonds under the BB-4 Liquidity Facility immediately shall be reinstated and the terms of the BB-4 Liquidity Facility will continue in full force and effect (unless the BB-4 Liquidity Facility shall otherwise have terminated by its terms) as if there had been no such suspension on the date on which a court of competent jurisdiction shall issue a judgment that the Fiscal 2015 BB-4 Bonds or any provision of the BB-4 Liquidity Facility or of the Resolutions, as applicable, relating to (A) the payment of principal of or interest on the Fiscal 2015 BB-4 Bonds or Purchased Bonds or (B) the pledge of Revenues supporting the Fiscal 2015 BB-4 Bonds and Purchased Bonds, as applicable, is valid and binding.

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