

NEW ISSUE AND REOFFERING

A copy of the proposed form of opinion of Bond Counsel with respect to the Fiscal 2017 BB Bonds is set forth in Appendix E-1 hereto. A copy of the proposed form of Remarketing Opinion to be delivered by Bond Counsel with respect to the Fiscal 2007 CC Bonds is set forth as Appendix E-3 hereto. Bond Counsel is not rendering any opinion on the current tax status of the Fiscal 2007 CC Bonds. For information relating to the treatment of interest on the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds for federal and State of New York income tax purposes, see "TAX MATTERS" herein.

New York City Municipal Water Finance Authority

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

\$289,500,000

Fiscal 2017 Series BB

\$210,500,000

Fiscal 2007 Series CC

Dated: As described herein

Due: June 15, as shown on the inside cover

The Fiscal 2017 BB Bonds will be issued and the Fiscal 2007 CC Bonds will be reoffered as registered bonds and will be and have been registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York which acts as securities depository for the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds. Purchases of beneficial interests in such Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds will be made in book-entry-only form. Purchasers will not receive certificates representing the ownership interests in the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds purchased by them. See "APPENDIX G — BOOK-ENTRY-ONLY FORM."

By acceptance of a confirmation of purchase of the Fiscal 2017 BB Bonds and the Fiscal 2007 CC Bonds, each beneficial owner will be deemed to have approved and agreed to the amendments to the Second Resolution described herein. See "AMENDMENTS OF THE SECOND RESOLUTION."

The Fiscal 2017 BB-1A Bonds, Fiscal 2017 BB-1B Bonds and Fiscal 2017 BB-2 Bonds will bear interest initially at the Daily Rate. The Fiscal 2017 BB-3 Bonds will bear interest initially at the Weekly Rate. The Fiscal 2017 BB Bonds will be dated as of their date of delivery and will be issued in the respective aggregate principal amounts, and maturing on the respective dates, as set forth on the inside cover.

On October 6, 2016, the Fiscal 2007 CC Bonds will be subject to mandatory tender and reoffered. The Fiscal 2007 CC-1 Bonds, which currently bear interest at the Daily Rate, will be reoffered at a Weekly Rate. The Fiscal 2007 CC-2 Bonds currently bear interest at the Daily Rate and will be reoffered at the Daily Rate. The Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds bearing interest at a Daily Rate, a Two-Day Rate or a Weekly Rate on the 15th day of each month, commencing October 17, 2016. The Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB-1A Bonds and Fiscal 2017 BB-1B Bonds is provided by State Street Bank and Trust Company. Liquidity support for the payment of the Purchase Price of tendered but unremarketed Fiscal 2017 BB-2 Bonds and Fiscal 2007 CC-2 Bonds is provided by Bank of Montreal, acting through its Chicago Branch. Liquidity support for the payment of the Purchase Price of tendered but unremarketed Fiscal 2017 BB-3 Bonds and Fiscal 2007 CC-1 Bonds is provided by Sumitomo Mitsui Banking Corporation, acting through its New York Branch.

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 2017 BB Bonds and Fiscal 2007 CC Bonds will not be subject to mandatory tender for purchase upon such suspension or termination. Any failure to pay the Purchase Price of Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds tendered for purchase is not an event of default under the Second Resolution. Upon any such failure the Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB BONDS AND FISCAL 2007 CC BONDS."

The Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds.

The Fiscal 2017 BB Bonds are offered when and if issued by the Authority and received by the Underwriters, and the Fiscal 2007 CC Bonds are reoffered when and if remarketed by the Authority and received by the Remarketing Agents, in each case 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 and the Remarketing Agents by Nixon Peabody LLP, New York, New York. It is anticipated that the Fiscal 2017 BB Bonds will be available for delivery to The Depository Trust Company in New York, New York, and that the Fiscal 2007 CC Bonds will be remarketed, on or about October 6, 2016.

Jefferies

(Underwriter and Remarketing Agent for the
Fiscal 2017 Subseries BB-1A and BB-1B Bonds)

BofA Merrill Lynch

(Remarketing Agent for the
Fiscal 2007 Sub-Series CC-1 Bonds)

Citigroup

(Underwriter and Remarketing Agent for the
Fiscal 2017 Subseries BB-2 and BB-3 Bonds)

Raymond James

(Remarketing Agent for the
Fiscal 2007 Sub-Series CC-2 Bonds)

New York City Municipal Water Finance Authority

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

Price: 100%

\$289,500,000

Fiscal 2017 Series BB Bonds

\$100,000,000 Fiscal 2017 Subseries BB-1A
Maturity Date: June 15, 2049
Rate Mode at Delivery Date: Daily
First Interest Payment Date: October 17, 2016
Facility Provider: State Street Bank and Trust
Company
Stated Expiration Date: October 5, 2021
CUSIP⁽¹⁾: 64972GMJ0

\$50,000,000 Fiscal 2017 Subseries BB-2
Maturity Date: June 15, 2049
Rate Mode at Delivery Date: Daily
First Interest Payment Date: October 17, 2016
Facility Provider: Bank of Montreal, acting through
its Chicago Branch
Stated Expiration Date: October 5, 2020
CUSIP⁽¹⁾: 64972GML5

\$100,000,000 Fiscal 2017 Subseries BB-1B
Maturity Date: June 15, 2049
Rate Mode at Delivery Date: Daily
First Interest Payment Date: October 17, 2016
Facility Provider: State Street Bank and Trust
Company
Stated Expiration Date: October 5, 2021
CUSIP⁽¹⁾: 64972GMK7

\$39,500,000 Fiscal 2017 Subseries BB-3
Maturity Date: June 15, 2049
Rate Mode at Delivery Date: Weekly
First Interest Payment Date: October 17, 2016
Facility Provider: Sumitomo Mitsui Banking
Corporation, acting through its New York
Branch
Stated Expiration Date: October 5, 2021
CUSIP⁽¹⁾: 64972GMM3

\$210,500,000

Fiscal 2007 Series CC Bonds

\$160,500,000 Fiscal 2007 Sub-Series CC-1
Maturity Date: June 15, 2038
Rate Mode at Reoffering: Weekly
First Interest Payment Date: October 17, 2016
Facility Provider: Sumitomo Mitsui Banking
Corporation, acting through its New York Branch
Stated Expiration Date: October 5, 2021
CUSIP⁽¹⁾: 64972FHH2

\$50,000,000 Fiscal 2007 Sub-Series CC-2
Maturity Date: June 15, 2038
Rate Mode at Reoffering: Daily
First Interest Payment Date: October 17, 2016
Facility Provider: Bank of Montreal, acting
through its Chicago Branch
Stated Expiration Date: October 5, 2020
CUSIP⁽¹⁾: 64972FHJ8

⁽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 2017 BB Bonds and reoffering of the Fiscal 2007 CC Bonds and the Authority, the Underwriters and the Remarketing Agents 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 2017 BB Bonds and reoffering of the Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds.

**New York City Municipal Water Finance Authority
255 Greenwich Street, 6th Floor
New York, New York 10007
212-788-5889**

Board of Directors

Dean A. Fuleihan, <i>ex officio</i>	<i>Member</i>
Basil Seggos, <i>ex officio</i>	<i>Member</i>
Jacques Jiha, <i>ex officio</i>	<i>Member</i>
Vincent Sapienza, P.E., <i>ex officio</i>	<i>Member</i>
Marc V. Shaw	<i>Member</i>
Max Von Hollweg	<i>Member</i>

Officers

Alan L. Anders	<i>Chief Executive Officer</i>
Thomas G. Paolicelli	<i>Executive Director</i>
Prescott D. Ulrey	<i>Secretary</i>
Jeffrey M. Werner	<i>Assistant Secretary</i>
Albert Rodriguez	<i>Assistant Secretary</i>
Robert L. Balducci	<i>Comptroller</i>
Nameca Sharma	<i>Assistant Comptroller</i>
Charles C. Barkley	<i>Deputy Treasurer</i>

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

Water Board

Alfonso L. Carney, Jr.	<i>Chair</i>
Tawan Davis	<i>Member</i>
Adam Freed	<i>Member</i>
Jonathan E. Goldin	<i>Member</i>
Jukay Hsu	<i>Member</i>
Arlene M. Shaw	<i>Member</i>

Officers

Mathilde O. McLean	<i>Executive Director</i>
Omar A. Nazem	<i>Treasurer</i>
Albert Rodriguez	<i>Secretary</i>

Authority Consultants

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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any of the Fiscal 2017 BB Bonds or Fiscal 2007 CC 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 2017 BB Bonds or Fiscal 2007 CC 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 2017 BB Bonds or Fiscal 2007 CC 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 and the Remarketing Agents have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters and the Remarketing Agents do not guarantee the accuracy or completeness of such information.

Deloitte & Touche LLP, the Authority's independent auditor has not reviewed, commented on or approved, and is not associated with, this Official Statement. The report of Deloitte & Touche LLP relating to the Authority's financial statements for the fiscal years ended June 30, 2015 and 2014, 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 AND REMARKETING, THE UNDERWRITERS AND THE REMARKETING AGENTS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE FISCAL 2017 BB BONDS OR THE FISCAL 2007 CC 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 AND REOFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTORY STATEMENT	1	Selection of Bonds to be Redeemed	11
General	1	Notice of Redemption	11
INCLUSION BY SPECIFIC REFERENCE	2	LIQUIDITY FACILITIES FOR THE FISCAL 2017	
PLAN OF FINANCE	3	BB BONDS AND FISCAL 2007 CC BONDS	12
USE OF PROCEEDS	3	Liquidity Facilities	12
AMENDMENTS OF THE SECOND		Substitution of a Credit Facility	12
RESOLUTION	4	CAPITAL IMPROVEMENT AND FINANCING	
THE FISCAL 2017 BB BONDS AND FISCAL 2007		PROGRAM	13
CC BONDS	4	Debt Service Requirements	13
General	4	APPROVAL OF LEGAL PROCEEDINGS	15
Record Dates and Interest Payment Dates	5	RATINGS	15
Conversion to an Alternate Rate Period	5	UNDERWRITING AND REMARKETING	15
Interest Rates and Reset Dates	6	TAX MATTERS	16
Certain Considerations Affecting Adjustable Rate		Fiscal 2017 BB Bonds	16
Bonds	7	Fiscal 2007 CC Bonds	17
Optional Tender for Purchase	8	APPENDICES	
Mandatory Tender for Purchase	9	Appendix E – FORMS OF OPINIONS OF BOND	
Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds		COUNSEL	E-1
Deemed Purchased	10	Appendix I –DESCRIPTION OF THE	
Purchase Price and Payment	10	LIQUIDITY PROVIDERS AND SUMMARY	
Remarketing of Fiscal 2017 BB Bonds and Fiscal		OF THE LIQUIDITY FACILITIES	I-1
2007 CC Bonds Upon Tender	10		
Redemption	11		

[THIS PAGE INTENTIONALLY LEFT BLANK.]

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

\$289,500,000 Fiscal 2017 Series BB
\$210,500,000 Fiscal 2007 Series CC

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”); the issuance of the Authority’s \$289,500,000 Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2017 Series BB (the “Fiscal 2017 BB Bonds”) and the reoffering of the Authority’s \$210,500,000 Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2007 Series CC (the “Fiscal 2007 CC Bonds,” the Fiscal 2017 BB Bonds and the Fiscal 2007 CC Bonds being collectively referred to herein as the “Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 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. 121 adopted on September 14, 2016 (the “Fiscal 2017 BB Supplemental Resolution”). The Fiscal 2007 CC Bonds will be reoffered by the Authority pursuant to the Second Resolution and its Supplemental Resolution No. 42 adopted on November 28, 2006, as amended (the “Fiscal 2007 CC Supplemental Resolution”). All bonds issued under the Second Resolution are referred to herein as “Second Resolution Bonds.” The Second Resolution, the Fiscal 2017 BB Supplemental Resolution and the Fiscal 2007 CC 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 FGR 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 (excluding Refundable Principal Installments for the payment of which funds are held in trust) 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 1.9% 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 September 20, 2016, the Authority delivered its final official statement (the “Series 2017 AA Official Statement”) relating to its Water and Sewer System Second General Resolution Revenue Bonds, Fiscal 2017 Series AA. The information set forth in the Series 2017 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 2017 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 IMPROVEMENTS 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
CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12
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 2017 AA Bonds” in the information incorporated herein by specific reference shall be read to be a reference to the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds unless the context thereof clearly indicates that such information is only applicable to the Fiscal 2017 AA Bonds; provided, however, with respect to the information under the caption “CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12” only, any reference to “Fiscal 2017 AA Bonds” shall be read to be a reference to the Fiscal 2017 BB Bonds only, and not the Fiscal 2007 CC Bonds and, provided further, there shall be added to the events listed in paragraph (2) under the caption “CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12” the following clause (l): “(l) substitution of credit or liquidity providers, or their failure to perform;” and clauses (l) and (m) shall be relettered (m) and (n).

Descriptions of the Authority, the Board, the System and the Capital Improvements Program, together with other information, including summaries of the terms of the Agreement and the Lease are set forth in the Series 2017 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

The Fiscal 2007 CC Bonds were originally issued and delivered on November 15, 2006, bearing interest at a Daily Rate. In connection with the reoffering of the Fiscal 2007 CC Bonds, Supplemental Resolution No. 42 as originally adopted will be amended and restated, the Fiscal 2007 CC-1 Bonds will be converted to bear interest at a Weekly Rate, and, in substitution for the prior standby bond purchase agreement originally delivered in connection with the issuance of the Series 2007 CC Bonds, a standby letter of credit will be issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch (“Sumitomo”), to provide liquidity support with respect to the Fiscal 2007 CC-1 Bonds pursuant to a Standby Letter of Credit and Reimbursement Agreement between Sumitomo and the Authority, and the Authority and Bank of Montreal, acting through its Chicago Branch (“BMO”), will enter into a Standby Bond Purchase Agreement to provide liquidity support for the Fiscal 2007 CC-2 Bonds, as described below under “LIQUIDITY FACILITIES FOR THE FISCAL 2017 BB BONDS AND FISCAL 2007 CC BONDS.”

On or about October 6, 2016, the Authority expects to issue and deliver its Series 2017 AA Bonds and its Series 2017 BB 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, and reoffer its Series 2007 CC Bonds.

USE OF PROCEEDS

The proceeds of the Series 2017 BB Bonds are anticipated to be applied in the following manner:

Deposit to Construction Fund	\$289,101,000
Costs of Issuance	<u>399,000</u>
Par Amount of the Series 2017 BB Bonds	<u>\$289,500,000</u>

AMENDMENTS OF THE SECOND RESOLUTION

In October 2015, the Authority adopted its amended and restated Sixty-Fifth Supplemental Resolution providing for the amendment of the Second Resolution. As more fully described in APPENDIX C, such amendment will become effective immediately with respect to the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds, but only to the extent moneys are separately segregated or allocated to the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds, and with respect to all Second Resolution Bonds upon consent thereto of the holders of at least a majority of the principal amount of Outstanding Second Resolution Bonds. The amendment to the Second Resolution would amend the following definitions of the Second Resolution: (i) “Defeasance Obligations,” (ii) “Investment Securities,” and (iii) “Ratings Agencies”. The amendment to the Second Resolution amends the definitions of (i) “Defeasance Obligations” to clarify the use of certain securities issued or guaranteed by federal instrumentalities or government sponsored enterprises provided, at the time acquired, it is rated in the highest category by at least two Rating Agencies, one of which maintains a rating on the Outstanding Second Resolution Bonds; (ii) “Investment Securities” to include obligations of any state, agency, political subdivision or public authority within the United States, provided, at the time acquired, it is rated in the highest category by at least two Rating Agencies, one of which maintains a rating on the Outstanding Second Resolution Bonds; to provide that substantially all of the Investment Securities must be rated in one of the two highest rating categories by at least two Rating Agencies; to include repurchase agreements collateralized by certain obligations of any state, agency, political subdivision or public authority within the United States and require collateral valuation no less than weekly and (iii) “Ratings Agencies” mean nationally recognized statistical rating organizations (“NRSROs”) registered with the Securities and Exchange Commission. The proposed amended definitions are set forth in APPENDIX C under the caption “Glossary.”

The Authority may seek the consent of the holders of currently Outstanding Second Resolution Bonds and will seek the consent of the holders of Second Resolution Bonds to be issued in the future in order to obtain the consent of at least a majority of the principal amount of Outstanding Second Resolution Bonds. As of September 1, 2016, the Authority had received consents from the holders of \$6.4 billion of the \$25.9 billion (or approximately 25%) of currently Outstanding Second Resolution Bonds.

By acceptance of a confirmation of purchase of the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds, each Beneficial Owner (i.e., the actual purchasers of the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds) will be deemed to have approved and agreed to the amendments to the Second Resolution described herein.

THE FISCAL 2017 BB BONDS AND FISCAL 2007 CC BONDS

General

This Official Statement describes the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds only while they are in a Daily Rate Mode, a Two-Day Rate Mode or a Weekly Rate Mode.

The Fiscal 2017 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 2007 CC Bonds will be reoffered in two subseries in the respective aggregate principal amounts, and maturing on the respective dates, as set forth on the inside cover. The Fiscal 2017 BB-1A Bonds, Fiscal 2017 BB-1B Bonds, Fiscal 2017 BB-2 Bonds and Fiscal 2007 CC-2 Bonds will initially bear interest at the Daily Rate. The Fiscal 2017 BB-3 Bonds and Fiscal 2007 CC-1 Bonds will initially bear interest at the Weekly Rate. Interest is payable on the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds bearing interest at a Daily Rate, a Two-Day Rate or a Weekly Rate on the 15th day of each month (or, if such day is not a Business Day, on the next succeeding Business Day), commencing October 17, 2016. The Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds are subject to redemption prior to maturity as described under “Redemption” and to optional and mandatory tender for purchase as described under “Optional Tender for Purchase”

and “Mandatory Tender for Purchase.” The Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds will continue in a Daily Rate Period or a Weekly Rate Period, as applicable, from the date of their issuance or reoffering until converted to another Rate Period and will bear interest at a rate determined in accordance with the procedures for determining the interest rate during such Rate Period. See “Conversion to an Alternate Rate Period” and “Interest Rates and Reset Dates” below.

Principal and Purchase Price of, and redemption premium, if any, and interest on, the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds will be payable in lawful moneys of the United States of America. The Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds. Jefferies LLC has been appointed as the Remarketing Agent for the Fiscal 2017 BB-1A Bonds and the Fiscal BB-1B Bonds (the “2017 BB-1 Remarketing Agent”). Citigroup Global Markets Inc. has been appointed as the Remarketing Agent for the Fiscal 2017 BB-2 Bonds and the Fiscal 2017 BB-3 Bonds (the “2017 BB-2 and BB-3 Remarketing Agent”). Merrill Lynch, Pierce, Fenner & Smith Incorporated has been appointed as the Remarketing Agent for the Fiscal 2007 CC-1 Bonds (the “2007 CC-1 Remarketing Agent”). Raymond James & Associates, Inc. has been appointed as the Remarketing Agent for the Fiscal 2007 CC-2 Bonds (the “2007 CC-2 Remarketing Agent”). The 2017 BB-1 Remarketing Agent, the 2017 BB-2 and BB-3 Remarketing Agent, the 2007 CC-1 Remarketing Agent and the 2007 CC-2 Remarketing Agent are collectively referred to herein as the “Remarketing Agents”.

Record Dates and Interest Payment Dates

Record Dates. Interest on the Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds in a Daily Rate Period, Two-Day Rate Period or Weekly Rate Period.

Bond Payment Dates. Interest on the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds will be payable on the 15th day of each calendar month when such Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds bear interest at a Daily Rate, a Two-Day Rate or a Weekly Rate (or, if such day is not a Business Day, on the next succeeding Business Day). Interest payable on each Bond Payment Date for Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds may be converted to a different Rate Period by delivering a notice (the “Conversion Notice”) to the Remarketing Agent, the provider of any Credit Facility (as defined in Appendix C) relating to such Subseries (the “Liquidity Provider”), DTC and the Tender Agent specifying, among other things, the new Rate Mode or Modes to which such Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds are then subject and the conversion date (which shall be a Reset Date or a Bond Payment Date) (a “Conversion Date”). The Authority must deliver such Conversion Notice at least fifteen (15) days prior to the Conversion Date (or if the Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bond and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds on the Conversion Date, the Subseries of the Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds not converted will be the existing Rate Mode.

Interest Rates and Reset Dates

General. The rate at which a Subseries of the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds will bear interest during any Rate Period will be the rate of interest that, if borne by such Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds and which are comparable as to credit and maturity or tender dates with the credit and maturity or tender dates of the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds, would be the lowest interest rate that would enable such Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds to be sold at a price equal to the principal amount thereof, plus accrued interest thereon, if any.

“Maximum Rate” means, in the case of the Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 Daily Period is not established, (ii) there is no Remarketing Agent for such Subseries, (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 2017 BB Bonds and Fiscal 2007 CC Bonds until a new Daily Rate is determined, but in no event for more than two weeks, and thereafter such Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds bear interest at a Two-Day Rate and on each Monday, Wednesday and Friday thereafter so long as interest on such Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds until a new Two-Day Rate is determined, but in no event for more than two weeks, and thereafter such Fiscal 2017 BB Bonds and Fiscal 2007 CC 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) no Remarketing Agent for such Subseries is then 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 for such Weekly Rate Period will be equal to the prior Weekly Rate until a new Weekly Rate is determined, but in no event for more than two weeks, and, afterwards, the Weekly Rate will be equal to the Maximum Rate until the Remarketing Agent determines a Weekly Rate.

Certain Considerations Affecting Adjustable Rate Bonds

The information in this caption “*Certain Considerations Affecting Adjustable Rate Bonds*” was provided by the Remarketing 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 2017 BB Bonds and Fiscal 2007 CC Bonds that are optionally or mandatorily tendered by the Beneficial Owners thereof (subject, in each case, to the terms of the respective Remarketing Agreement). 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 2017 BB Bonds and Fiscal 2007 CC Bonds.

The Remarketing Agents May Purchase Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds for its own account and, in its sole discretion, may acquire such tendered Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds in order to achieve a successful remarketing of the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds (*i.e.*, because there otherwise are not enough buyers to purchase the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds) or for other reasons. However, the Remarketing Agents are not obligated to purchase Fiscal 2017 BB Bonds or Fiscal 2007 CC Bonds, and may cease doing so at any time without notice. If a Remarketing Agent ceases to purchase Fiscal 2017 BB Bonds or Fiscal 2007 CC Bonds, it may be necessary for the Trustee to draw on the applicable Liquidity Facility to pay tendering Bondholders.

Each Remarketing Agent may also sell any Fiscal 2017 BB Bonds or Fiscal 2007 CC 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 2017 BB Bonds or Fiscal 2007 CC Bonds. The purchase of Fiscal 2017 BB Bonds or Fiscal 2007 CC Bonds by a Remarketing Agent may create the appearance that there is greater third party demand for the Fiscal 2017 BB Bonds or Fiscal 2007 CC Bonds in the market than is actually the case. The practices described above also may result in fewer Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds being tendered.

Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds at par. The interest rate will reflect, among other factors, the level of market demand for the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds (including whether the applicable Remarketing Agent is willing to purchase applicable Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds for its own account). There may or may not be Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds tendered and remarketed on an effective date, and the applicable Remarketing Agent may or may not be able to remarket any Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds or Fiscal 2007 CC Bonds at the remarketing price.

The Ability to Sell the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds Other Than Through the Tender Process May Be Limited. The Remarketing Agents may make a secondary market in the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds by routinely purchasing and selling Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds. Thus, investors who purchase Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds other than by tendering the Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds in accordance with the tender process. The applicable Liquidity Facility is not available to purchase related Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds other than those tendered in accordance with a sale of Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds by the Bondholder to the applicable Remarketing Agent. A Liquidity Facility will only be drawn when the related Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds have been properly tendered in accordance with the terms of the transaction.

Under Certain Circumstances, a Remarketing Agent May Cease Remarketing the Fiscal 2017 BB Bonds and Fiscal 2007 CC 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, the Remarketing Agent may not resign until a successor has been appointed.

Optional Tender for Purchase

A Fiscal 2017 BB Bond and Fiscal 2007 CC 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 2017 BB Bond and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds and will not be given by DTC.

Notice of the election to tender for purchase a Fiscal 2017 BB Bond and Fiscal 2007 CC Bond registered in any other name is to be given by the registered owner of such Fiscal 2017 BB Bond and Fiscal 2007 CC 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 applicable Fiscal 2017 BB Bond or Fiscal 2007 CC Bond, the principal amount of such Fiscal 2017 BB Bond or Fiscal 2007 CC Bond to be tendered for purchase and the Business Day on which such Fiscal 2017 BB Bond or Fiscal 2007 CC Bond or portion thereof to be tendered for purchase is to be purchased.

A DTC Participant or the registered owner of a Fiscal 2017 BB Bond or Fiscal 2007 CC Bond must give written notice of its irrevocable election to tender such Fiscal 2017 BB Bond or Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bond and Fiscal 2007 CC Bond or portion thereof is to be purchased, and (iii) in the case of Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bond and Fiscal 2007 CC Bond or portion thereof is to be purchased.

Mandatory Tender for Purchase

The Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds are subject to mandatory tender and purchase at the Purchase Price on the following dates (each a “Mandatory Tender Date”):

- (a) on each Conversion Date for Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds being converted to a different Rate Mode other than a conversion between the Daily Rate Mode, the Two-Day Rate Mode and the Weekly Rate Mode;
- (b) on the last Business Day of the Daily Rate Period, Two-Day Rate Period or Weekly Rate Period, as the case may be, next preceding the effective date of any expiration or earlier termination of the Credit Facility then in effect with respect to such Subseries if at least fifteen (15) days prior to such expiration or termination date such Credit Facility has not been extended or a substitute Credit Facility has not been obtained;
- (c) on the substitution date of a Credit Facility for an existing Credit Facility 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 Liquidity Provider in accordance with the provisions of the Credit Facility with respect to such Subseries; and
- (e) on any Business Day determined in the Authority’s discretion.

Notices of Mandatory Tenders. Whenever Fiscal 2017 BB Bonds or Fiscal 2007 CC 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 such Fiscal 2017 BB Bonds or Fiscal 2007 CC Bonds that such Fiscal 2017 BB Bonds or Fiscal 2007 CC Bonds are subject to mandatory tender for purchase on the date specified in such notice, which will be the Business Day preceding the last Business Day of the applicable Rate Mode next preceding the effective date of such expiration or earlier termination.

Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds Deemed Purchased

The Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bond or Fiscal 2007 CC 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 2017 BB Bond or Fiscal 2007 CC 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 2017 BB Bonds or Fiscal 2007 CC Bonds that have been tendered but not remarketed and for which moneys have not been provided for their purchase by a Liquidity Provider pursuant to a Credit Facility. Such Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bond and Fiscal 2007 CC Bond will be the principal amount of the Fiscal 2017 BB Bond and Fiscal 2007 CC Bond to be tendered, plus accrued and unpaid interest from the immediately preceding Bond Payment Date.

The Purchase Price of a Fiscal 2017 BB Bond and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds will be paid, in same-day funds, only after presentation and surrender of the Fiscal 2017 BB Bond and Fiscal 2007 CC 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 2017 BB Bond and Fiscal 2007 CC 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 2017 BB Bonds or Fiscal 2007 CC Bonds tendered for purchase, (ii) moneys made available by the Liquidity 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 2017 BB Bonds or Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds Upon Tender

Pursuant to the Remarketing Agreements, the Remarketing Agents are required to use their best efforts to remarket their respective Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 applicable Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds. If any of the conditions is not satisfied, or if the Remarketing Agent is otherwise unable to

remarket any Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds, the Purchase Price of such Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds will be paid from amounts obtained from the applicable Liquidity 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds will continue to be held by the tendering Bondholder and will bear interest from the Tender Date at the Maximum Rate.

Redemption

Optional Redemption. The Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds of such maturity for redemption. Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC Bonds to be redeemed will cease to accrue from and after the redemption date and such Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds will no longer be considered to be Outstanding under the Second Resolution.

The notice of redemption may provide that the Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB BONDS AND FISCAL 2007 CC BONDS

Liquidity Facilities

The Authority will, on the date the Fiscal 2017 BB Bonds are issued, enter into (a) a Standby Bond Purchase Agreement with respect to the Fiscal 2017 BB-1A Bonds and the Fiscal 2017 BB-1B Bonds (the “2017 BB-1 Liquidity Facility”) with State Street Bank and Trust Company (the “2017 BB-1 Liquidity Provider”), (b) a Standby Bond Purchase Agreement with respect to the Fiscal 2017 BB-2 Bonds (the “2017 BB-2 Liquidity Facility”) with Bank of Montreal, acting through its Chicago Branch (the “2017 BB-2 Liquidity Provider”), and (c) a Standby Letter of Credit and Reimbursement Agreement with respect to the Fiscal 2017 BB-3 Bonds (the “2017 BB-3 Reimbursement Agreement”) with Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “2017 BB-3 Liquidity Provider”), pursuant to which the 2017 BB-3 Liquidity Provider will issue its Standby Letter of Credit (the “2017 BB-3 Liquidity Facility”) to provide liquidity support with respect to the Fiscal 2017 BB-3 Bonds.

The Authority will, on the date the Fiscal 2007 CC Bonds are reoffered, enter into (a) a Standby Letter of Credit and Reimbursement Agreement with respect to the Fiscal 2007 CC-1 Bonds (the “2007 CC-1 Reimbursement Agreement”) with Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “2007 CC-1 Liquidity Provider”), pursuant to which the 2007 CC-1 Liquidity Provider will issue its Standby Letter of Credit (the “2007 CC-1 Liquidity Facility”) to provide liquidity support with respect to the Fiscal 2007 CC-1 Bonds, and (b) a Standby Bond Purchase Agreement with respect to the Fiscal 2007 CC-2 Bonds (the “2007 CC-2 Liquidity Facility”) with Bank of Montreal, acting through its Chicago Branch (the “2007 CC-2 Liquidity Provider”).

The 2017 BB-1 Liquidity Provider, the 2017 BB-2 Liquidity Provider, the 2017 BB-3 Liquidity Provider, the 2007 CC-1 Liquidity Provider and the 2007 CC-2 Liquidity Provider are collectively referred to herein as the “Liquidity Providers.” The 2017 BB-1 Liquidity Facility, the 2017 BB-2 Liquidity Facility, the 2017 BB-3 Liquidity Facility, the 2007 CC-1 Liquidity Facility and the 2007 CC-2 Liquidity Facility are collectively referred to herein as the “Liquidity Facilities.”

The obligation of the Authority to repay amounts advanced by a Facility Provider under a Liquidity Facility to purchase Fiscal 2017 BB Bonds and Fiscal 2007 CC Bonds will be evidenced by the Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and the reoffering of the Fiscal 2007 CC Bonds, a redacted version of the Liquidity Facilities will be available on the Municipal Securities Rulemaking Board’s Electronic Municipal 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 Liquidity Facility with a substitute Credit Facility; *provided, however*, that the Fiscal 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bonds and Fiscal 2007 CC 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 2017 BB Bond and Fiscal 2007 CC 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 First Resolution Bonds and Second Resolution Bonds assuming that all adjustable rate bonds bear interest at an average rate of 3% for Fiscal Year 2017 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 or payments under interest rate exchange agreements.

Debt Service Requirements

<u>FY Ending June 30</u>	<u>Debt Service on Outstanding</u>		<u>Fiscal 2017 BB</u>		<u>Debt Service on Second Resolution Bonds, including Fiscal 2017 BB(1)(2)(3)</u>	<u>Debt Service on First and Second Resolution Bonds(1)(2)(3)</u>
	<u>First Resolution Bonds(1)</u>	<u>Second Resolution Bonds(1)(2)(3)</u>	<u>Principal</u>	<u>Interest</u>		
2017	\$ 144,703,013	\$ 1,451,032,757	\$ —	\$ 6,007,125	\$ 1,457,039,882	\$ 1,601,742,895
2018	154,857,388	1,510,914,310	—	12,303,750	1,523,218,060	1,678,075,448
2019	187,377,387	1,491,144,422	—	12,303,750	1,503,448,172	1,690,825,559
2020	221,251,962	1,503,325,856	—	12,303,750	1,515,629,606	1,736,881,568
2021	189,050,275	1,545,029,614	—	12,303,750	1,557,333,364	1,746,383,639
2022	223,202,950	1,516,839,246	—	12,303,750	1,529,142,996	1,752,345,946
2023	334,277,700	1,445,683,795	—	12,303,750	1,457,987,545	1,792,265,245
2024	326,102,700	1,435,887,665	—	12,303,750	1,448,191,415	1,774,294,115
2025	167,603,888	1,599,549,024	—	12,303,750	1,611,852,774	1,779,456,662
2026	138,179,438	1,656,443,507	—	12,303,750	1,668,747,257	1,806,926,695
2027	114,144,600	1,671,778,526	—	12,303,750	1,684,082,276	1,798,226,876
2028	120,789,600	1,676,594,188	—	12,303,750	1,688,897,938	1,809,687,538
2029	114,200,125	1,689,625,882	—	12,303,750	1,701,929,632	1,816,129,757
2030	295,018,763	1,509,351,587	—	12,303,750	1,521,655,337	1,816,674,099
2031	116,152,838	1,698,193,066	—	12,303,750	1,710,496,816	1,826,649,653
2032	237,027,038	1,573,221,400	—	12,303,750	1,585,525,150	1,822,552,188
2033	398,163,338	1,424,612,885	—	12,303,750	1,436,916,635	1,835,079,972
2034	86,075,325	1,740,600,230	—	12,303,750	1,752,903,980	1,838,979,305
2035	287,730,325	1,544,454,325	—	12,303,750	1,556,758,075	1,844,488,400
2036	145,434,988	1,686,956,681	—	12,303,750	1,699,260,431	1,844,695,418
2037	486,712,088	1,355,705,203	—	12,303,750	1,368,008,953	1,854,721,040
2038	230,604,838	1,613,907,763	—	12,303,750	1,626,211,513	1,856,816,350
2039	217,329,838	1,661,311,284	—	12,303,750	1,673,615,034	1,890,944,871
2040	340,429,650	1,547,077,784	—	12,303,750	1,559,381,534	1,899,811,184
2041	22,312,500	1,958,764,771	—	12,303,750	1,971,068,521	1,993,381,021
2042	22,312,500	1,969,616,648	—	12,303,750	1,981,920,398	2,004,232,898
2043	22,312,500	1,955,346,282	—	12,303,750	1,967,650,032	1,989,962,532
2044	222,312,500	1,748,034,695	—	12,303,750	1,760,338,445	1,982,650,945
2045	338,812,500	1,449,346,771	—	12,303,750	1,461,650,521	1,800,463,021
2046	—	1,343,995,221	—	12,303,750	1,356,298,971	1,356,298,971
2047	—	1,555,350,977	—	12,303,750	1,567,654,727	1,567,654,727
2048	—	517,192,103	—	12,303,750	529,495,853	529,495,853
2049	—	447,160,127	289,500,000	12,303,750	748,963,877	748,963,877
2050	—	480,160,128	—	—	480,160,128	480,160,128
2051	—	11,035,127	—	—	11,035,127	11,035,127
2052	—	8,598,623	—	—	8,598,623	8,598,623
2053	—	6,294,710	—	—	6,294,710	6,294,710
Total	<u>\$5,904,482,550</u>	<u>\$51,000,137,181</u>	<u>\$289,500,000</u>	<u>\$399,727,125</u>	<u>\$51,689,364,306</u>	<u>\$57,593,846,855</u>

Totals may not add up due to rounding.

- (1) Net of projected subsidy from the Corporation.
- (2) Does not reflect the interest subsidy provided by the federal government on Build America Bonds pursuant to the Recovery Act. Includes debt service on the Fiscal 2017AA Bonds expected to be issued on October 6, 2016 in accordance with the bids received in connection therewith.
- (3) Assumes that the outstanding Fiscal 2012 Series DD Bonds, Fiscal 2012 Series GG Bonds, Fiscal 2014 Subseries CC-2 Bonds and Fiscal 2016 Subseries BB-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 2017 BB Bonds is subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. A copy of such opinion is set forth as Appendix E-1. 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.

In connection with the remarketing of the Fiscal 2007 CC Bonds, certain legal matters will be passed upon for the Authority by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. A complete copy of the form of opinion of Bond Counsel delivered at the original issuance of the Fiscal 2007 CC Bonds is set forth as Appendix E-2. The form of the opinion to be delivered by Bond Counsel on the date of reoffering is set forth as Appendix E-3. Certain legal matters will be passed upon for the City and the Board by the City’s Corporation Counsel. Certain legal matters will be passed upon for the Remarketing Agents by Nixon Peabody LLP, New York, New York.

RATINGS

The credit ratings set forth below were issued or are expected to be issued with respect to the Fiscal 2017 BB Bonds and the Fiscal 2007 CC Bonds.

	S&P (Expected)		Moody’s		Fitch	
	Long-Term Rating	Short-Term Rating	Long-Term Rating	Short-Term Rating	Long-Term Rating	Short-Term Rating
2017 Subseries BB-1A	AA+	A-1+	Aa1	VMIG 1	AA+	F1+
2017 Subseries BB-1B	AA+	A-1+	Aa1	VMIG 1	AA+	F1+
2017 Subseries BB-2	AA+	A-1	Aa1	VMIG 1	AA+	F1+
2017 Subseries BB-3	AA+	A-1	Aa1	VMIG 1	AA+	F1
2007 Sub-Series CC-1	AA+	A-1	Aa1	VMIG 1	AA+	F1
2007 Sub-Series CC-2	AA+	A-1	Aa1	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 2017 BB Bonds and Fiscal 2007 CC Bonds.

UNDERWRITING AND REMARKETING

Jefferies LLC has agreed, subject to certain conditions, to purchase the Fiscal 2017 Subseries BB-1A and Subseries BB-1B 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 2017 Subseries BB-2 and Subseries BB-3 Bonds from the Authority at an aggregate price which is equal to the initial offering price thereof. The Authority will reimburse 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 2017 BB Bonds if any of the respective Subseries of the Fiscal 2017 BB Bonds are purchased. The Fiscal 2017 BB Bonds may be offered and sold to certain dealers (including dealers depositing the Fiscal 2017 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.

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 the Underwriters) for the distribution of the Fiscal 2017 BB Bonds at the original issue prices. Such agreements generally provide that the Underwriters 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 have 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.

The Remarketing Agents of the Fiscal 2007 CC Bonds have agreed, subject to certain conditions, to remarket the Fiscal 2007 CC Bonds on October 6, 2016 at an aggregate price which is equal to the initial offering price thereof. The obligations of the Remarketing Agents of the Fiscal 2007 CC Bonds are subject to certain conditions precedent, and such Remarketing Agents will be obligated to remarket all of the Fiscal 2007 CC Bonds if any of the Fiscal 2007 CC Bonds are remarketed. The Authority will reimburse such Remarketing Agents for certain expenses in connection with the remarketings.

TAX MATTERS

Fiscal 2017 BB Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Fiscal 2017 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 2017 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 2017 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-1 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 2017 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 2017 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 2017 BB Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Fiscal 2017 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 2017 BB Bonds may adversely affect the value of, or the tax status of interest on, the Fiscal 2017 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 2017 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 2017 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 2017 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, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the Fiscal 2017 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 2017 BB Bonds. Prospective purchasers of the Fiscal 2017 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 2017 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 2017 BB Bonds ends with the issuance of the Fiscal 2017 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 2017 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 2017 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 2017 BB Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

Fiscal 2007 CC Bonds

On the date of original issuance and delivery of the Fiscal 2007 CC Bonds, Bond Counsel delivered an opinion to the effect that, based upon an analysis of then existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Fiscal 2007 CC Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. It was the further opinion of Bond Counsel that interest on the Fiscal 2007 CC Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum income taxes, although Bond Counsel observed that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. It was the further opinion of Bond Counsel that interest on the Fiscal 2007 CC Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). A complete copy of the opinion of Bond Counsel delivered at the original issuance of the Fiscal 2007 CC Bonds is set forth as Appendix E-2. In connection with the remarketing of the Fiscal 2007 CC Bonds, Bond Counsel will deliver its opinion (the "Remarketing Opinion") to the effect that the substitution of the Credit Facilities relating to the Fiscal 2007 CC Bonds will not, in and of themselves, adversely affect any exclusion from gross income of interest on the Fiscal

2007 CC Bonds for federal income tax purposes. The text of the Remarketing Opinion to be delivered by Bond Counsel is set forth as Appendix E-3. Bond Counsel is not rendering any opinion on the current tax status of the Fiscal 2007 CC Bonds.

As described in the Official Statement relating to the original issuance of the Fiscal 2007 CC Bonds, the Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Fiscal 2007 CC 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 2007 CC 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 2007 CC Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Fiscal 2007 CC Bonds. The opinion of Bond Counsel rendered in connection with the original issuance of the Fiscal 2007 CC Bonds assumed the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Fiscal 2007 CC Bonds may adversely affect the value of, or the tax status of interest on, the Fiscal 2007 CC Bonds. Accordingly, the opinion of Bond Counsel delivered in connection with the original issuance of the Fiscal 2007 CC Bonds is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although the opinion of Bond Counsel rendered in connection with the original issuance of the Fiscal 2007 CC Bonds stated that interest on the Fiscal 2007 CC Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the accrual or receipt of interest on, the Fiscal 2007 CC Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expressed no opinion regarding any such other tax consequences upon the original issuance of the Fiscal 2007 CC Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Fiscal 2007 CC 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, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the Fiscal 2007 CC 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 2007 CC Bonds. Prospective purchasers of the Fiscal 2007 CC Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel rendered in connection with the original issuance of the Fiscal 2007 CC Bonds was based on then-current legal authority, covered certain matters not directly addressed by such authorities, and represented Bond Counsel's judgment as to the proper treatment of the Fiscal 2007 CC Bonds for federal income tax purposes. Such opinion is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority covenanted upon the original issuance of the Fiscal 2007 CC Bonds, however, to comply with the requirements of the Code.

Unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the Fiscal 2007 CC 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 2007 CC 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 2007 CC Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

NEW YORK CITY MUNICIPAL WATER
FINANCE AUTHORITY

[THIS PAGE INTENTIONALLY LEFT BLANK.]

**FORM OF OPINION OF BOND COUNSEL
(Fiscal 2017 Series BB Bonds)**

October , 2016

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 2017 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 \$ aggregate principal amount of Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2017 Series BB (the "2017 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 2017 Series BB Bonds by a supplemental resolution adopted September 14, 2016, entitled "Supplemental Resolution No. 121 Authorizing the Issuance of up to \$300,000,000 Water and Sewer System Second General Resolution Revenue Bonds, Fiscal 2017 Series BB" ("Supplemental Resolution No. 121") authorizing the 2017 Series BB Bonds. The 2017 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 2017 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 of Water Projects.

In such connection, we have reviewed the Second Resolution, Supplemental Resolution No. 121, 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 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. 121, 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 2017 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 2017 Series BB Bonds, the Second Resolution, Supplemental Resolution No. 121, 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. 121, 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 2017 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. 121 and to issue the 2017 Series BB Bonds.

2. The Second Resolution and Supplemental Resolution No. 121 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. 121 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. 121, 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 2017 Series BB Bonds have been duly and validly authorized and issued. The 2017 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 2017 Series BB Bonds are payable solely from the Revenues and other amounts pledged to such payment under the Second Resolution. The 2017 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 2017 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 2017 Series BB Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the 2017 Series BB Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the 2017 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 2017 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

[THIS PAGE INTENTIONALLY LEFT BLANK.]



ORRICK, MERRINGTON & SUTCLIFFE LLP
 666 FIFTH AVENUE
 NEW YORK, NY 10103-0001
tel 212-506-5000
fax 212-506-5151
 WWW.ORRICK.COM

November 30, 2006

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 2007 Series CC
 (Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by 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), of \$210,500,000 aggregate principal amount of Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2007 Series CC (the "2007 Series CC Bonds"), issued under and pursuant to the New York City Municipal Water Finance Authority Act, being Title 2-A of Article 5 of the Public Authorities Law of the State, as amended (which, together with Section 1046 of the Public Authorities Law of the State, is herein referred to as the "Act") and a resolution of the Authority adopted March 30, 1994 entitled "Water and Sewer System Second General Revenue Bond Resolution," as amended and supplemented to the date hereof (the "Resolution"), including by a supplemental resolution adopted November 28, 2006 entitled "Supplemental Resolution No. 42 Authorizing the Issuance of up to \$210,500,000 Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2007 Series CC" ("Supplemental Resolution No. 42") authorizing the 2007 Series CC Bonds. The 2007 Series CC Bonds are part of an issue of bonds of the Authority (the "Bonds") which the Authority has created under the terms of the Resolution and is authorized to issue from time to time for the purposes authorized by the Act and the Resolution, as then in effect, and without limitation as to amount except as provided in the Resolution or as may be limited by law. The 2007 Series CC Bonds are being issued for the purposes of the Resolution. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

Pursuant to the Act, the New York City Water Board (the "Board"), a public benefit corporation of the State, created and existing under the laws of the State, and The City of New York (the "City"), a municipal corporation of the State, have entered into a lease agreement, dated as of July 1, 1985, as amended (the "Lease"), whereby the Board has leased the New York City Water and Sewer System from the City for a term ending on the date on which all bonds, notes or other



O R R I C K

New York City Municipal
Water Finance Authority

November 30, 2006
Page 2

obligations of the Authority have been paid in full or provision for such payment shall have been made in accordance with the instruments under which they were issued. Pursuant to the Act, the Authority, the Board and the City have entered into a financing agreement, dated July 1, 1985, as amended (the "Financing Agreement"), related to, among other things, the financing of Water Projects.

In such connection, we have reviewed the Resolution, Supplemental Resolution No. 42, the Authority's Water and Sewer System General Revenue Bond Resolution, adopted November 14, 1985 (the "First Resolution"), the Lease, the Financing Agreement, the Tax Certificate of the Authority (the "Tax Certificate"), the opinion of Corporation Counsel of The City of New York, certificates of the Authority, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the Resolution, Supplemental Resolution No. 42, the First Resolution, the Lease, the Financing Agreement, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of 2007 Series CC Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any 2007 Series CC Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

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. 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 Resolution, Supplemental Resolution No. 42, 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 2007 Series CC Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the 2007 Series CC Bonds, the Resolution, Supplemental Resolution No. 42, the First Resolution, the Lease, the Financing Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases.

We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing



ORRICK

New York City Municipal
Water Finance Authority

November 30, 2006
Page 3

documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Resolution, Supplemental Resolution No. 42, the First Resolution, the Lease or the Financing Agreement, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the 2007 Series CC Bonds and express no opinion with respect thereto herein.

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

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State, duly created and existing under the laws of the State with the right and lawful authority and power to enter into the Financing Agreement, to adopt the Resolution and Supplemental Resolution No. 42 and to issue the 2007 Series CC Bonds.
2. The Resolution and Supplemental Resolution No. 42 have been duly and lawfully adopted by the Authority, are in full force and effect and are the legal, valid and binding agreements of the Authority enforceable in accordance with their terms. The Resolution and Supplemental Resolution No. 42 create the valid, binding and perfected pledges they purport to create of the amounts on deposit in the Revenue Fund established under the Resolution and any moneys or securities on deposit in the Funds and Accounts created thereby for the repayment of the Bonds, subject only to the provisions of the Resolution, Supplemental Resolution No. 42 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 2007 Series CC Bonds have been duly and validly authorized and issued. The 2007 Series CC Bonds are valid and binding special obligations of the Authority payable as provided in the Resolution, are enforceable in accordance with their terms and the terms of the Resolution and are entitled, together with all other Bonds issued under the Resolution, to the benefits of the Resolution and the Act.
4. The 2007 Series CC Bonds are payable solely from the Revenues and other amounts pledged to such payment under the Resolution. The 2007 Series CC 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



ORRICK

New York City Municipal
Water Finance Authority

November 30, 2006
Page 4

the provisions of the Act, the Financing Agreement and the Resolution permitting the application thereof for or to the purposes, and on the terms and conditions, therein set forth.

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

8. Interest on the 2007 Series CC Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the 2007 Series CC Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the 2007 Series CC Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2007 Series CC 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

ORRICK, HERRINGTON & SUTCLIFFE LLP

October __, 2016

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

New York City Municipal Water Finance Authority
Water and Sewer System Second General Resolution Revenue Bonds,
Adjustable Rate Fiscal 2007 Series CC

Ladies and Gentlemen:

The New York City Municipal Water Finance Authority Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2007 Series CC in the aggregate amount of \$210,500,000 (the “Bonds”) were issued by the New York City Municipal Water Finance Authority (the “Issuer”) pursuant to (i) the New York City Municipal Water Finance Authority Act, constituting Title 2A of Article 5 of the Public Authorities Law of the State of New York, as amended (the “Act”), (ii) the Water and Sewer System Second General Resolution Revenue Bond Resolution adopted by the Issuer March 30, 1994 (the “Second General Resolution”) and (iii) the “Supplemental Resolution No. 42 Authorizing the Issuance of up to \$210,500,000 Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2007 Series CC,” adopted by the Issuer on November 10, 2010 (the “Supplemental Resolution”). At the time of issuance of the Bonds, we rendered our opinion to the effect that, subject to certain conditions and assumptions described in such opinion, under then existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and that the interest on the Bonds is not treated as a preference item for purposes of computing the federal alternative minimum tax under the Code with respect to individuals and corporations. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Second General Resolution and the Amended Supplemental Resolution (as hereinafter defined).

Pursuant to Section 804(b) of the Second General Resolution, the Issuer adopted on September 14, 2016 an “Amended and Restated Supplemental Resolution No. 42 Authorizing the Issuance of up to \$210,500,000 Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2007 Series CC” (the “Amended Supplemental Resolution”) amending the Supplemental Resolution.

Pursuant to the requirements under “Substitution of Credit Facility” in Exhibit A of the Supplemental Resolution, the Issuer is providing for the delivery to the Tender Agent substitute Credit Facilities for the Bonds, in the form of (a) a Standby Letter of Credit Reimbursement Agreement, dated as of October 1, 2016, between the Issuer and Sumitomo Mitsui Banking Corporation, acting through its New York Branch, relating to the 2007 Subseries CC-1 Bonds and (b) a Standby Bond Purchase Agreement, dated as of October 1, 2016, between the Issuer and Bank of Montreal, acting through its Chicago Branch, relating to the 2007 Subseries CC-2 Bonds (together, the “Substitute Credit Facility”), in substitution for the existing Credit Facility.

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

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

The Amended Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Second General Resolution and Supplemental Resolution, is permitted by the Second General Resolution and Supplemental Resolution and is valid and binding upon the Issuer.

The substitution of the Substitute Credit Facility for the Credit Facility is permitted by the Second General Resolution, the Supplemental Resolution, the Amended Supplemental Resolution and the Act and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation under Section 103 of the Code.

This opinion is furnished by us as bond counsel to the Issuer solely for purposes of Section 804(b) of the Second General Resolution and subsection (b)(iii) under "Substitution of Credit Facility" in Exhibit A of the Supplemental Resolution. No attorney-client relationship has existed or exists between our firm and the Trustee and Tender Agent in connection with the Bonds or by virtue of this opinion, and we disclaim any obligation to update this opinion. This opinion is delivered to the addressee hereof pursuant to Section 804(b) of the Second General Resolution and subsection (b)(iii) under "Substitution of Credit Facility" in Exhibit A of the Supplemental Resolution and is not to be used or relied upon for any other purpose or by any person. This opinion is not intended to, and may not, be relied upon by owners of Bonds or any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

DESCRIPTION OF THE LIQUIDITY PROVIDERS AND SUMMARIES OF THE LIQUIDITY FACILITIES

2017 BB-1 Liquidity Provider — State Street Bank and Trust Company

The following information concerning the 2017 BB-1 Liquidity Provider has been provided by representatives of the 2017 BB-1 Liquidity Provider and has not been independently confirmed or verified by the Authority or the 2017 BB-1 Remarketing Agent. 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.

**CERTAIN INFORMATION CONCERNING
STATE STREET BANK AND TRUST COMPANY**

State Street Bank and Trust Company (“State Street Bank”) is a wholly-owned subsidiary of State Street Corporation (the “Corporation”). The Corporation (NYSE: STT) provides financial services to institutional investors, including investment servicing, investment management and investment research and trading. With \$27.51 trillion in assets under custody and administration and \$2.25 trillion in assets under management as of December 31, 2015, the Corporation operates in more than 100 geographic markets worldwide. The consolidated total assets of State Street Bank as of December 31, 2015 accounted for approximately 98% of the consolidated total assets of the Corporation as of the same date. As of December 31, 2015, the Corporation had consolidated total assets of \$245.19 billion, total deposits (including deposits in non-U.S. offices) of \$191.63 billion, total investment securities of \$100.02 billion, total loans and leases, net of unearned income and allowance for loan losses, of \$18.75 billion and total shareholders’ equity of \$21.10 billion.

State Street Bank’s Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices Only — FFIEC 031 (the “Call Reports”) through December 31, 2015 have been submitted through the Federal Financial Institutions Examination Council and provided to the Board of Governors of the Federal Reserve System, the primary U.S. federal banking agency responsible for regulating the Corporation and State Street Bank. Publicly available portions of those Call Reports, and future Call Reports so submitted by State Street Bank, are available on the Federal Deposit Insurance Corporation’s website at www.fdic.gov. The Call Reports are prepared in conformity with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles.

Additional financial and other information related to the Corporation and State Street Bank, including the Corporation’s Annual Report on Form 10-K for the year ended December 31, 2015 and additional annual, quarterly and current reports subsequently filed or furnished by the Corporation with the U.S. Securities and Exchange Commission (the “SEC”), can be accessed free of charge on the SEC’s website at www.sec.gov.

Any statement contained in any document referred to above shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any subsequently submitted, filed or furnished document that also is referred to above modifies or supersedes such statement. The delivery hereof shall not create any implication that there has been no change in the affairs of State Street Bank or the Corporation since the date hereof, or that information contained or referred to in this Appendix I-1 is correct as of any time subsequent to this date. The information concerning the Corporation, State Street Bank or any of their respective affiliates is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced here.

A copy of any or all of the publicly available portions of the documents referred to above, other than exhibits to such documents, may be obtained without charge to each person to whom a copy of this Official Statement has been delivered, on the written request of any such person. Written requests for such copies should be directed to Investor Relations, State Street Corporation, One Lincoln Street, Boston, Massachusetts 02111, telephone number 617-786-3000.

The 2017 BB-1 Liquidity Facility is an obligation solely of State Street Bank and is not an obligation of, or otherwise guaranteed by, the Corporation or any of its affiliates (other than State Street Bank). Neither the Corporation nor any of its affiliates (other than State Street Bank) is required to make payments under the 2017 BB-1 Liquidity Facility. None of State Street Bank, the Corporation or any of their respective affiliates makes any representation as to, or is responsible for the suitability of the Fiscal 2017 BB-1 Bonds for any investor, the feasibility or performance of any project or compliance with any securities or tax laws or regulations. The Fiscal 2017 BB-1 Bonds are not direct obligations of, or guaranteed by, State Street Bank, the Corporation or any of their respective affiliates.

**Summary of Certain Provisions
of the 2017 BB-1 Liquidity Facility**

General

The 2017 BB-1 Liquidity Provider has agreed to provide the 2017 BB-1 Liquidity Facility in the form of a standby bond purchase agreement with respect to the Fiscal 2017 BB-1A Bonds and Fiscal 2017 BB-1B Bonds (collectively, the “Fiscal 2017 BB-1 Bonds”). The following summary of certain provisions of the 2017 BB-1 Liquidity Facility does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the 2017 BB-1 Liquidity Facility to which reference is made hereby. Investors should obtain and review a copy of the 2017 BB-1 Liquidity Facility in order to understand all of the terms of that document. A redacted version of the 2017 BB-1 Liquidity Facility will be made available on the Electronic Municipal Market Access website of the Municipal Securities Regulatory Board (www.emma.msrb.org) shortly after the issuance of the Fiscal 2017 BB-1 Bonds. The provisions of any substitute liquidity facility may be different from those summarized below.

The 2017 BB-1 Liquidity Facility provides coverage for the principal of tendered Fiscal 2017 BB-1 Bonds and up to 35 days accrued interest on such Fiscal 2017 BB-1 Bonds at a maximum interest rate of 9% based upon a year of 365 days. The Scheduled Termination Date for the 2017 BB-1 Liquidity Facility is October 5, 2021. The 2017 BB-1 Liquidity Facility supports only the payment of the purchase price of the Fiscal 2017 BB-1 Bonds bearing interest at a Daily Rate, Two-Day Rate or Weekly Rate (each, an “Eligible Rate”) tendered for purchase during the Purchase Period as described below (other than in connection with a mandatory tender of the Fiscal 2017 BB-1 Bonds on any Business Day as described in clause (e) under “THE FISCAL 2017 BB BONDS AND FISCAL 2007 CC BONDS—Mandatory Tender for Purchase”) and does not otherwise support the payment of the principal of or interest on the Fiscal 2017 BB-1 Bonds.

“Purchase Period” means, with respect to each Tranche (as defined in the 2017 BB-1 Liquidity Facility), the period from and including the effective date of the 2017 BB-1 Liquidity Facility to and including the earliest to occur of (i) the Scheduled Termination Date (or, if such date is not a Business Day, the Business Day immediately preceding such date), (ii) the earlier of the date on which the 2017 BB-1 Liquidity Provider honors a drawing under the 2017 BB-1 Liquidity Facility in connection with the delivery of a substitute Credit Facility (as defined in the Second Resolution) or one Business Day following the date of delivery of a substitute Credit Facility in accordance with the provisions of the 2017 BB-1 Liquidity Facility and the Supplemental Resolution (as defined in the 2017 BB-1 Liquidity Facility), (iii) the date on which all Fiscal 2017 BB-1 Bonds of such Tranche have been paid in full (not including a defeasance in which such Fiscal 2017 BB-1 Bonds continue to be subject to optional or mandatory tender for purchase) or redeemed, (iv) the earlier of the date on which the 2017 BB-1 Liquidity Provider honors a drawing under the 2017 BB-1 Liquidity Facility in connection with the interest rate on all of the Fiscal 2017 BB-1 Bonds of such Tranche being converted to a rate other than an Eligible Rate or one Business Day following the date of such conversion in accordance with the terms

of such Fiscal 2017 BB-1 Bonds (the Purchase Period for such Fiscal 2017 BB-1 Bonds to include the date of conversion to a rate other than an Eligible Rate) and (v) the date on which the Available Allocated Commitment with respect to such Tranche of Fiscal 2017 BB-1 Bonds is terminated pursuant to the terms of the 2017 BB-1 Liquidity Facility.

The 2017 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 2017 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 2017 BB-1 Liquidity Provider to purchase the Fiscal 2017 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 2017 BB-1 Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender. In addition, the 2017 BB-1 Liquidity Facility does not provide support or security for the payment of principal of, premium, if any, or interest on the Fiscal 2017 BB-1 Bonds.

Events of Termination

The following events are Events of Termination under the 2017 BB-1 Liquidity Facility. Upon the occurrence of an Event of Termination, the Available Allocated Commitment for the Fiscal 2017 BB-1 Bonds and the obligation of the 2017 BB-1 Liquidity Provider under the 2017 BB-1 Liquidity Facility to purchase Fiscal 2017 BB-1 Bonds immediately shall terminate without notice or demand to any person, and thereafter the 2017 BB-1 Liquidity Provider shall be under no obligation to purchase Fiscal 2017 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 2017 BB-1 Bonds or Purchased Bonds (as defined in the 2017 BB-1 Liquidity Facility) (regardless of any waiver thereof by the holders of the Fiscal 2017 BB-1 Bonds; provided, however, that any failure of the Authority to pay any Purchased Bonds due solely as a result of an acceleration caused by the 2017 BB-1 Liquidity Provider shall not constitute an Event of Termination), 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 2017 BB-1 Bonds and Purchased Bonds; provided, however, that any failure of the Authority to pay 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 2017 BB-1 Bonds and Purchased Bonds due solely as a result of an acceleration caused by a provider of credit and/or liquidity support for such debt shall not constitute an Event of Termination, 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 2017 BB-1 Bonds and Purchased Bonds, as the result of the occurrence of any default with respect to the payment of any principal or interest thereunder, shall be accelerated or required to be paid prior to the stated maturity thereof;

(b) each of Moody's, S&P and Fitch shall assign a rating to any indebtedness of the Authority secured by or payable from the Revenues on a basis that is on a parity with the Fiscal 2017 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 2017 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 2017 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 2017 BB-1 Bonds or all debt

obligations of the Authority secured by a lien on Revenues senior to or on parity with the Fiscal 2017 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 (iv) 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 2017 BB-1 Bonds (including Purchased Bonds) or any provision of the 2017 BB-1 Liquidity Facility or of the Second Resolution relating to (A) the payment of principal or interest on any Tranche of the Fiscal 2017 BB-1 Bonds (including Purchased Bonds) or (B) the pledge of the Revenues supporting the Fiscal 2017 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 2017 BB-1 Bonds or any provision of the 2017 BB-1 Liquidity Facility or of the Second Resolution relating to (A) the payment of principal or interest on any Tranche of the Fiscal 2017 BB-1 Bonds (including Purchased Bonds) or (B) the pledge of the Revenues supporting the Fiscal 2017 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 \$25,000,000 and the Authority shall have failed to satisfy said money judgment within 90 days from the first date when said judgment shall have become enforceable and subject to collection in accordance with its terms.

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 2017 BB-1 Liquidity Facility, the 2017 BB-1 Liquidity Provider, in its sole discretion, may (x) give written notice of such event of default to the 2017 BB-1 Remarketing Agent and to the Tender Agent requesting a mandatory tender of all or any portion of the Fiscal 2017 BB-1 Bonds pursuant to the Second Resolution and stating that the obligation of the 2017 BB-1 Liquidity Provider to purchase such Fiscal 2017 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 2017 BB-1 Bonds shall terminate and the 2017 BB-1 Liquidity Provider shall be under no obligation under the 2017 BB-1 Liquidity Facility to purchase such Fiscal 2017 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 2017 BB-1 Bonds to an interest rate other than an Eligible Rate in accordance with the terms of the 2017 BB-1 Liquidity Facility. Upon conversion to a rate other than an Eligible Rate, the 2017 BB-1 Liquidity Provider agrees to purchase the Fiscal 2017 BB-1 Bonds so converted and not remarketed, subject to and in accordance with, the 2017 BB-1 Liquidity Facility and thereafter shall bear interest at the Default Rate (as defined in the 2017 BB-1 Liquidity Facility) so long as the 2017 BB-1 Liquidity Provider is the owner of such Fiscal 2017 BB-1 Bonds:

(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 2017 BB-1 Liquidity Provider under the 2017 BB-1 Liquidity Facility or the Fee Agreement 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 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 set forth in the 2017 BB-1 Liquidity Facility;

(c) the Authority shall fail to pay when due any principal of or premium, if any, or interest on any Fiscal 2017 BB-1 Bonds or Purchased Bonds (regardless of any waiver thereof by the holders of the Fiscal 2017 BB-1 Bonds) solely resulting from a failure of the Authority to pay any Purchased Bonds due solely as a result of an acceleration caused by the 2007 BB-1 Liquidity Provider;

(d) 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 2017 BB-1 Bonds and the Purchased Bonds due solely as a result of an acceleration caused by a provider of credit and/or liquidity support for such debt;

(e) 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;

(f) any of Moody's, S&P or Fitch shall assign a rating to any Parity Debt below "Baa1" 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

(g) any material provision of the 2017 BB-1 Liquidity Facility, the Second Resolution, the Fee Agreement (as defined in the 2017 BB-1 Liquidity Facility) or the Fiscal 2017 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 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 "Events of Termination" (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 Available Allocated Commitment for the Fiscal 2017 BB-1 Bonds and the obligation of the 2017 BB-1 Liquidity Provider under the 2017 BB-1 Liquidity Facility to purchase Fiscal 2017 BB-1 Bonds each shall be suspended without notice or demand to any person, and thereafter the 2017 BB-1 Liquidity Provider shall be under no obligation to purchase Fiscal 2017 BB-1 Bonds from the 30th day after issuance of such Nonfinal Invalidation Judgment until such obligation is reinstated as specified below. The 2017 BB-1 Liquidity Provider's obligation to purchase Fiscal 2017 BB-1 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 Available Allocated Commitment for the Fiscal 2017 BB-1 Bonds and the obligation of the 2017 BB-1 Liquidity Provider to purchase Fiscal 2017 BB-1 Bonds under the 2017 BB-1 Liquidity Facility each immediately shall terminate and the 2017 BB-1 Liquidity Provider shall be under no further obligation to purchase Fiscal 2017 BB-1 Bonds thereunder (i) from the date on which a court of competent jurisdiction shall enter a final, nonappealable judgment that the Fiscal 2017 BB-1 Bonds or any provision of the 2017 BB-1 Liquidity Facility or of the Second Resolution relating to (A) the payment of principal of or interest on the Fiscal 2017 BB-1 Bonds or Purchased Bonds or (B) the pledge of Revenues supporting the

Fiscal 2017 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 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 Available Allocated Commitment for the Fiscal 2017 BB-1 Bonds and the obligation of the 2017 BB-1 Liquidity Provider to purchase Fiscal 2017 BB-1 Bonds under the 2017 BB-1 Liquidity Facility immediately shall be reinstated and the terms of the 2017 BB-1 Liquidity Facility will continue in full force and effect (unless the 2017 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 2017 BB-1 Bonds or any provision of the 2017 BB-1 Liquidity Facility or of the Second Resolution, as applicable, relating to (A) the payment of principal of or interest on the Fiscal 2017 BB-1 Bonds or Purchased Bonds or (B) the pledge of Revenues supporting the Fiscal 2017 BB-1 Bonds and Purchased Bonds, as applicable, is valid and binding.

Other Remedies Under the 2017 BB-1 Liquidity Facility

Upon the occurrence of any event of default under the 2017 BB-1 Liquidity Facility, the 2017 BB-1 Liquidity Provider may deliver a notice (a “Default Rate Notice”) to the Authority for purposes of increasing the Bank Rate (as defined in the 2017 BB-1 Liquidity Facility) payable on the Fiscal 2017 BB-1 Bonds to the Default Rate or take any other actions permitted by applicable law. The 2017 BB-1 Liquidity Provider may, at any time, in its discretion, revoke a Default Rate Notice by written notice to the Authority. Upon any such revocation of a Default Rate Notice or upon cure of an event of default pursuant to which a Default Rate Notice was delivered, such Default Rate Notice shall be deemed no longer to be in effect. Additionally, upon the occurrence of any event of default, the 2017 BB-1 Liquidity Provider may exercise all available remedies under the Related Documents (as defined in the 2017 BB-1 Liquidity Facility) or otherwise available at law or in equity.

**2017 BB-2 and 2007 CC-2 Liquidity Provider –
Bank of Montreal, acting through its Chicago Branch**

The following information concerning the 2017 BB-2 and 2007 CC-2 Liquidity Provider has been provided by representatives of the 2017 BB-2 and 2007 CC-2 Liquidity Provider and has not been independently confirmed or verified by the Authority, the 2017 BB-2 Remarketing Agent or the 2007 CC-2 Remarketing Agent. 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.

**CERTAIN INFORMATION CONCERNING
BANK OF MONTREAL, ACTING THROUGH ITS CHICAGO BRANCH**

Bank of Montreal (“Bank of Montreal”) (NYSE, TSX: BMO) is a highly diversified financial services provider, offering a broad range of retail banking, wealth management and investment banking products and services. Canadian clients are served through the Canadian retail arm, BMO Bank of Montreal, and through our wealth management businesses, BMO Nesbitt Burns, BMO InvestorLine, BMO Insurance and BMO Harris Private Banking. BMO Capital Markets, our North American investment and corporate banking division, provides a full suite of financial products and services to our North American and international clients. In the United States, clients are served through Chicago-based BMO Harris Bank N.A., an integrated financial services organization that provides banking, financing, investing, and cash management services. BMO Financial Group comprises three operating groups: Personal and Commercial Banking (P&C), comprised of P&C Canada and P&C U.S.; Private Client Group (PCG); and BMO Capital Markets.

Bank of Montreal commenced business in Montreal in 1817 and was incorporated in 1821 by an Act of Lower Canada as the first Canadian chartered bank. In 1984, Bank of Montreal acquired Chicago’s Harris Bankcorp, Inc., a financial services firm with roots stretching back to 1882.

Bank of Montreal’s annual consolidated financial statements, accompanying management’s discussion and analysis, annual information form, quarterly financial statements, interim filings, and certain other financial information relating to Bank of Montreal are available on SEDAR (<http://www.sedar.com>), EDGAR (<http://www.sec.gov>) and on Bank of Montreal’s website (<http://www2.bmo.com/ir>), or will be provided without charge upon written request directed to: Bank of Montreal, Corporate Secretary’s Department, 1 First Canadian Place, 21st Floor, Toronto, Ontario M5X 1A1. The financial information referenced in this paragraph is not incorporated by reference into this Appendix I-2.

Each of the 2017 BB-2 Liquidity Facility and the 2007 CC-2 Liquidity Facility will be solely an obligation of the Bank of Montreal, and will not be an obligation of, or otherwise guaranteed by, any other member of BMO Financial Group, and no assets of BMO Financial Group (other than those of Bank of Montreal) or any affiliate of Bank of Montreal will be pledged to the payment thereof.

The above information has been supplied by Bank of Montreal. The delivery of the information in this Appendix I-2 shall not create any implication that there has been no change in the affairs of Bank of Montreal since the date such information was provided by Bank of Montreal, or that the information contained or referred to in this Appendix I-2 is correct as of any time subsequent to the date it was provided by Bank of Montreal.

Summary of Certain Provisions of the 2017 BB-2 Liquidity Facility and the 2007 CC-2 Liquidity Facility

General

The 2017 BB-2 and 2007 CC-2 Liquidity Provider has agreed to provide the 2017 BB-2 Liquidity Facility in the form of a standby bond purchase agreement with respect to the Fiscal 2017 BB-2 Bonds and the 2007 CC-2 Liquidity Facility in the form of a standby bond purchase agreement with respect to the Fiscal 2007 CC-2 Bonds. The form of the 2017 BB-2 Liquidity Facility and the form of the 2007 CC-2 Liquidity Facility are substantially identical. The following summary of certain provisions of the 2017 BB-2 Liquidity Facility and the 2007 CC-2 Liquidity Facility does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the 2017 BB-2 Liquidity Facility and the 2007 CC-2 Liquidity Facility to which reference is made hereby. Investors should obtain and review a copy of the 2017 BB-2 Liquidity Facility and the 2007 CC-2 Liquidity Facility in order to understand all of the terms of those documents. A redacted version of the 2017 BB-2 Liquidity Facility and the 2007 CC-2 Liquidity Facility will be made available on the Electronic Municipal Market Access website of the Municipal Securities Regulatory Board (www.emma.msrb.org) shortly after the issuance of the Fiscal 2017 BB-2 Bonds and the reoffering of the Fiscal 2007 CC-2 Bonds. The provisions of any substitute liquidity facility may be different from those summarized below.

The 2017 BB-2 Liquidity Facility provides coverage for the principal of tendered Fiscal 2017 BB-2 Bonds and up to 35 days accrued interest on such Fiscal 2017 BB-2 Bonds, and the 2007 CC-2 Liquidity Facility provides coverage for the principal of tendered Fiscal 2007 CC-2 Bonds and up to 35 days accrued interest on such Fiscal 2007 CC-2 Bonds, in each case at a maximum interest rate of 9% based upon a year of 365 days. The Scheduled Termination Date for the 2017 BB-2 Liquidity Facility and the 2007 CC-2 Liquidity Facility is October 5, 2020. The 2017 BB-2 Liquidity Facility supports only the payment of the purchase price of the Fiscal 2017 BB-2 Bonds bearing interest at a Daily Rate, Two-Day Rate or Weekly Rate (each, an “Eligible Rate”) tendered for purchase during the Purchase Period as described below (other than in connection with a mandatory tender of the Fiscal 2017 BB-2 Bonds on a Business Day as described in clause (e) under “THE FISCAL 2017 BB BONDS AND FISCAL 2007 CC BONDS—Mandatory Tender for Purchase”) and does not otherwise support the payment of the principal of or interest on the Fiscal 2017 BB-2 Bonds. The 2007 CC-2 Liquidity Facility supports only the payment of the purchase price of the Fiscal 2007 CC-2 Bonds bearing interest at a Daily Rate, Two-Day Rate or Weekly Rate (each, an “Eligible Rate”) tendered for purchase during the Purchase Period as described below (other than in connection with a mandatory tender of the Fiscal 2007 CC-2 Bonds on a Business Day as described in clause (e) under “THE FISCAL 2017 BB BONDS AND FISCAL 2007 CC BONDS—Mandatory Tender for Purchase”) and does not otherwise support the payment of the principal of or interest on the Fiscal 2007 CC-2 Bonds.

“Purchase Period” means the period from and including the effective date of the 2017 BB-2 Liquidity Facility and the 2007 CC-2 Liquidity Facility, respectively, to and including the earliest to occur of (i) the respective Scheduled Termination Dates (or, if such date is not a Business Day, the Business Day immediately preceding such date), as applicable, (ii) the earlier of the date on which the 2017 BB-2 and 2007 CC-2 Liquidity Provider honors a drawing under the 2017 BB-2 Liquidity Facility or 2007 CC-2 Liquidity Facility, as applicable, in connection with the delivery of a substitute Credit Facility or one Business Day following the date of delivery of a substitute Credit Facility (as defined in the Second Resolution) in accordance with the provisions of the 2017 BB-2 Liquidity Facility and the Supplemental Resolution (as defined in the 2017 BB-2 Liquidity Facility) or the provisions of the 2007 CC-2 Liquidity Facility and the Supplemental Resolution (as defined in the 2007 CC-2 Liquidity Facility), as applicable, (iii) the date on which all Fiscal 2017 BB-2 Bonds or all Fiscal 2007 CC-2 Bonds, as applicable, have been paid in full (not including a defeasance in which such Fiscal 2017 BB-2 Bonds or Fiscal 2007 CC-2 Bonds, as applicable, continue to be subject to optional or mandatory tender for purchase) or redeemed, (iv) the earlier of the date on which the 2017 BB-2 and 2007 CC-2 Liquidity Provider honors a drawing under the 2017 BB-2 Liquidity Facility or the 2007 CC-2 Liquidity Facility, as applicable, in connection with the interest rate on all of the Fiscal 2017 BB-2 Bonds or all of the Fiscal 2007 CC-2 Bonds, as applicable,

being converted to a rate other than an Eligible Rate or one Business Day following the date of such conversion in accordance with the terms of such Fiscal 2017 BB-2 Bonds (the Purchase Period for such Fiscal 2017 BB-2 Bonds to include the date of conversion to a rate other than an Eligible Rate) or such Fiscal 2007 CC-2 Bonds (the Purchase Period for such Fiscal 2007 CC-2 Bonds to include the date of conversion to a rate other than an Eligible Rate), as applicable, and (v) the date on which the Available Allocated Commitment with respect to such Fiscal 2017 BB-2 Bonds is terminated pursuant to the terms of the 2017 BB-2 Liquidity Facility or with respect to such Fiscal 2007 CC-2 Bonds is terminated pursuant to the terms of the 2007 CC-2 Liquidity Facility, as applicable.

The following summary of certain provisions of the 2017 BB-2 Liquidity Facility is also a summary of certain provisions of the 2007 CC-2 Liquidity Facility, except that references to “2017 BB-2 Liquidity Facility,” “Fiscal 2017 BB-2 Bonds,” “2017 BB-2 Remarketing Agent” and “2017 BB-2 Liquidity Provider” shall be read as a reference to the “2007 CC-2 Liquidity Facility,” “Fiscal 2007 CC-2 Bonds,” “2007 CC-2 Remarketing Agent” and “2007 CC-2 Liquidity Provider,” respectively, unless the context thereof clearly indicates otherwise.

The 2017 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 2017 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 2017 BB-2 Liquidity Provider to purchase the Fiscal 2017 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 2017 BB-2 Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender. In addition, the 2017 BB-2 Liquidity Facility does not provide support or security for the payment of principal of, premium, if any, or interest on the Fiscal 2017 BB-2 Bonds.

Events of Termination

The following events are Events of Termination under the 2017 BB-2 Liquidity Facility. Upon the occurrence of an Event of Termination, the Available Allocated Commitment for the Fiscal 2017 BB-2 Bonds and the obligation of the 2017 BB-2 Liquidity Provider under the 2017 BB-2 Liquidity Facility to purchase Fiscal 2017 BB-2 Bonds immediately shall terminate without notice or demand to any person, and thereafter the 2017 BB-2 Liquidity Provider shall be under no obligation to purchase Fiscal 2017 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 2017 BB-2 Bonds or Purchased Bonds (as defined in the 2017 BB-2 Liquidity Facility) (regardless of any waiver thereof by the holders of the Fiscal 2017 BB-2 Bonds); provided, however, that any failure of the Authority to pay any Purchased Bonds due solely as a result of an acceleration caused by the 2017 BB-2 Liquidity Provider shall not constitute an Event of Termination), 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 2017 BB-2 Bonds and Purchased Bonds; provided, however, that any failure of the Authority to pay 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 2017 BB-2 Bonds and Purchased Bonds due solely as a result of an acceleration caused by a provider of credit and/or liquidity support for such debt shall not constitute an Event of Termination, 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 2017 BB-2 Bonds and Purchased Bonds, as the result of the occurrence of any default with respect to the payment of any principal or interest thereunder, shall be accelerated or required to be paid prior to the stated maturity thereof;

(b) each of Moody's, S&P and Fitch shall assign a rating to any Parity Debt (defined in the 2017 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 2017 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 2017 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 2017 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 2017 BB-2 Bonds or all debt obligations of the Authority secured by a lien on Revenues senior to or on parity with the Fiscal 2017 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 (iv) 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 2017 BB-2 Bonds (including Purchased Bonds) or any provision of the 2017 BB-2 Liquidity Facility or of the Second Resolution relating to (A) the payment of principal or interest on the Fiscal 2017 BB-2 Bonds (including Purchased Bonds) or (B) the pledge of the Revenues supporting the Fiscal 2017 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 Fiscal 2017 BB-2 Bonds or any provision of the 2017 BB-2 Liquidity Facility or of the Second Resolution relating to (A) the payment of principal or interest on the Fiscal 2017 BB-2 Bonds (including Purchased Bonds) or (B) the pledge of the Revenues supporting the Fiscal 2017 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 \$25,000,000 and the Authority shall have failed to satisfy said money judgment within 90 days from the first date when said judgment shall have become enforceable and subject to collection in accordance with its terms.

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 2017 BB-2 Liquidity Facility, the 2017 BB-2 Liquidity Provider, in its sole discretion, may (x) give written notice of such event of default to the 2017 BB-2 Remarketing Agent and to the Tender Agent requesting a mandatory tender of all or any portion of the Fiscal 2017 BB-2 Bonds pursuant to the Second Resolution and stating that the obligation of the 2017 BB-2 Liquidity Provider to purchase such Fiscal 2017 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 2017 BB-2 Bonds shall terminate and the 2017 BB-2 Liquidity Provider shall be under no obligation under the 2017 BB-2 Liquidity Facility to purchase such Fiscal 2017 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 2017 BB-2 Bonds to an interest rate other than an Eligible Rate in accordance with the terms of the 2017 BB-2 Liquidity Facility. Upon conversion to a rate other than an Eligible Rate, the 2017 BB-2 Liquidity Provider agrees to purchase the Fiscal 2017 BB-2 Bonds so converted and not remarketed, subject to and in accordance with, the 2017 BB-2 Liquidity Facility and thereafter shall bear interest at the Default Rate (as defined in the Fiscal 2017 BB-2 Liquidity Facility) so long as the 2017 BB-2 Liquidity Provider is the owner of such Fiscal 2017 BB-2 Bonds.

(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 2017 BB-2 Liquidity Provider under the 2017 BB-2 Liquidity Facility or the Free Agreement 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 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 set forth in the 2017 BB-2 Liquidity Facility;

(c) the Authority shall fail to pay when due any principal of or premium, if any, or interest on any Fiscal 2017 BB-2 Bonds or Purchased Bonds (regardless of any waiver thereof by the holders of the Fiscal 2017 BB-2 Bonds) solely resulting from a failure of the Authority to pay any Purchased Bonds due solely as a result of an acceleration caused by the 2017 BB-2 Liquidity Provider;

(d) 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 2017 BB-2 Bonds and the Purchased Bonds due solely as a result of an acceleration caused by a provider of credit and/or liquidity support for such debt;

(e) 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;

(f) any of Moody's, S&P or Fitch shall assign a rating to any Parity Debt below "Baa1" 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

(g) any material provision of the 2017 BB-2 Liquidity Facility, the Second Resolution, the Fee Agreement (as defined in the 2017 BB-2 Liquidity Facility) or the Fiscal 2017 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 2017 BB-2 Bonds and the obligation of the 2017 BB-2 Liquidity Provider under the 2017 BB-2 Liquidity Facility to purchase Fiscal 2017 BB-2 Bonds each shall be suspended without notice or demand to any person, and thereafter the 2017 BB-2 Liquidity Provider shall be under no obligation to purchase Fiscal 2017 BB-2 Bonds, from the 30th day after issuance of such Nonfinal Invalidity Judgment until such obligation is reinstated as specified below. The 2017 BB-2 Liquidity Provider’s obligation to purchase Fiscal 2017 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 2017 BB-2 Bonds and the obligation of the 2017 BB-2 Liquidity Provider to purchase Fiscal 2017 BB-2 Bonds under the 2017 BB-2 Liquidity Facility each immediately shall terminate and the 2017 BB-2 Liquidity Provider shall be under no further obligation to purchase Fiscal 2017 BB-2 Bonds thereunder (i) from the date on which a court of competent jurisdiction shall enter a final, nonappealable judgment that the Fiscal 2017 BB-2 Bonds or any provision of the 2017 BB-2 Liquidity Facility or of the Second Resolution relating to (A) the payment of principal of or interest on the Fiscal 2017 BB-2 Bonds or Purchased Bonds or (B) the pledge of Revenues supporting the Fiscal 2017 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 2017 BB-2 Bonds and the obligation of the 2017 BB-2 Liquidity Provider to purchase Fiscal 2017 BB-2 Bonds under the 2017 BB-2 Liquidity Facility immediately shall be reinstated and the terms of the 2017 BB-2 Liquidity Facility will continue in full force and effect (unless the 2017 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 2017 BB-2 Bonds or any provision of the 2017 BB-2 Liquidity Facility or of the Second Resolution, as applicable, relating to (A) the payment of principal of or interest on the Fiscal 2017 BB-2 Bonds or Purchased Bonds or (B) the pledge of Revenues supporting the Fiscal 2017 BB-2 Bonds and Purchased Bonds, as applicable, is valid and binding.

Other Remedies Under the 2017 BB-2 Liquidity Facility

Upon the occurrence of any event of default under the 2017 BB-2 Liquidity Facility, the 2017 BB-2 Liquidity Provider may deliver a notice (a “Default Rate Notice”) to the Authority for purposes of increasing the Bank Rate (as defined in the 2017 BB-2 Liquidity Facility) payable on the Fiscal 2017 BB-2 Bonds to the Default Rate or take any other actions permitted by applicable law. The 2017 BB-2 Liquidity Provider may, at any time, in its discretion, revoke a Default Rate Notice by written notice to the Authority. Upon any such revocation of a Default Rate Notice or upon cure of an event of default pursuant to which a Default Rate Notice was delivered, such Default Rate Notice shall be deemed no longer to be in effect. Additionally, upon the occurrence of any event of default, the 2017 BB-2 Liquidity Provider may exercise all available remedies under the Related Documents (as defined in the 2017 BB-2 Liquidity Facility) or otherwise available at law or in equity.

**2017 BB-3 and 2007 CC-1 Liquidity Provider –
Sumitomo Mitsui Banking Corporation, acting through its New York Branch**

The following information concerning the 2017 BB-3 and 2007 CC-1 Liquidity Provider has been provided by representatives of the 2017 BB-3 and 2007 CC-1 Liquidity Provider and has not been independently confirmed or verified by the Authority, the 2017 BB-3 Remarketing Agent or the 2007 CC-1 Remarketing Agent. 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.

**CERTAIN INFORMATION CONCERNING
SUMITOMO MITSUI BANKING CORPORATION**

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 ¥181,371,336 billion (US\$1,764,827.6 million) in consolidated total assets as of June 30, 2016.

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 New York State Department of Financial Services to conduct branch banking business at 277 Park Avenue, New York, New York, and is subject to examination by the New York State Department of Financial Services 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 year 2015 ended March 31, 2016, as well as other corporate data, financial information and analyses, are available in English on SMFG’s website 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 to herein is correct as of any time subsequent to its date.

**Summary of Certain Provisions
of the 2017 BB-3 Liquidity Facility and the 2007 CC-1 Liquidity Facility**

General

For purposes of this section, “Summary of Certain Provisions of the 2017 BB-3 Liquidity Facility and the 2007 CC-1 Liquidity Facility”, references to:

- (i) the “Sumitomo Liquidity Provider” shall mean, with respect to the Fiscal 2017 BB-3 Bonds, Sumitomo Mitsui Banking Corporation, acting through its New York Branch, in its capacity as the 2017 BB-3 Liquidity Facility Provider and with respect to the Fiscal 2007 CC-1 Bonds, Sumitomo Mitsui Banking Corporation, acting through its New York Branch, in its capacity as the 2007 CC-1 Liquidity Facility Provider;
- (ii) the “Sumitomo Liquidity Facility” shall mean the with respect to the Fiscal 2017 BB-3 Bonds, the 2017 BB-3 Liquidity Facility and with respect to the Fiscal 2007 CC-1 Bonds, the 2007 CC-1 Liquidity Facility Provider;
- (iii) the “Sumitomo Covered Bonds” shall mean with respect to the Fiscal 2017 BB-3 Bonds, the Fiscal 2017 BB-3 Bonds and with respect to the Fiscal 2007 CC-1 Bonds, the Fiscal 2007 CC-1 Bonds and
- (iv) the “Sumitomo Reimbursement Agreement” shall mean, with respect to the Fiscal 2017 BB-3 Bonds, the Standby Letter of Credit and Reimbursement Agreement between the 2017 BB-3 Liquidity Facility Provider and the Authority relating to the Fiscal 2017 BB-3 Bonds and with respect to the Fiscal 2007 CC-1 Bonds, the Standby Letter of Credit and Reimbursement Agreement between the 2007 CC-1 Liquidity Facility Provider and the Authority relating to the Fiscal 2007 CC-1 Bonds.

The Sumitomo Liquidity Provider has agreed to provide the Sumitomo Liquidity Facility in the form of a standby letter of credit with respect to the Sumitomo Covered Bonds. The Sumitomo Liquidity Facility is being delivered pursuant to the Sumitomo Reimbursement Agreement. The following summary of certain provisions of the Sumitomo Liquidity Facility and the related Sumitomo Reimbursement Agreement does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Sumitomo Liquidity Facility and the related Sumitomo Reimbursement Agreement to which reference is made hereby. Investors should obtain and review a copy of the Sumitomo Liquidity Facility and the related Sumitomo Reimbursement Agreement in order to understand all of the terms of those documents. A redacted version of the Sumitomo Liquidity Facility and the related Sumitomo Reimbursement Agreement will be made available on the Electronic Municipal Market Access website of the Municipal Securities Regulatory Board (www.emma.msrb.org) shortly after the issuance of the Sumitomo Covered Bonds. The provisions of any substitute liquidity facility may be different from those summarized below.

The Sumitomo Liquidity Facility provides coverage for the principal of tendered Sumitomo Covered Bonds and up to 35 days accrued interest on such Sumitomo Covered Bonds, at a maximum interest rate of 9% based upon a year of 365 days. The Tender Agent, upon compliance with the terms of the Sumitomo Liquidity Facility and the Sumitomo Reimbursement Agreement 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 Sumitomo Covered 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 Sumitomo Covered Bonds, plus (b) an amount not to exceed 35 days’ of accrued interest on the Sumitomo Covered Bonds, at 9% per annum to pay the portion of the purchase price of the Sumitomo Covered 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 Sumitomo Covered Bonds. **The Sumitomo Liquidity Facility is in the form of a letter of credit, but, nonetheless, is a conditional obligation of the Sumitomo Liquidity Provider. The obligations of the Sumitomo Liquidity Provider are subject to immediate termination or**

suspension without notice and no Liquidity Drawing will be honored by the Sumitomo Liquidity 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 Sumitomo Liquidity Provider's obligation to honor Liquidity Drawings under the Sumitomo Liquidity Facility, as described below under "Nonfinal Invalidity Judgment" and "Involuntary Bankruptcy Case or Other Proceeding" (each a "Suspension Event").

The amount available under the Sumitomo Liquidity Facility will be reduced automatically by the amount of any drawing subject to reinstatement as described below. With respect to a Liquidity Drawing, the Sumitomo 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 Sumitomo Covered Bonds (or portions thereof) previously purchased with the proceeds of such Liquidity Drawing, the Sumitomo Liquidity Provider's obligation to honor drawings under the Sumitomo Liquidity Facility will be automatically reinstated in an amount set forth in a reinstatement certificate concurrently upon receipt by the Sumitomo Liquidity Provider of such reinstatement certificate and the amount set forth therein.

The Sumitomo Liquidity Facility will terminate on the Sumitomo Liquidity Provider's close of business on the earliest of (i) the stated expiration date (October 5, 2021), (ii) the Business Day following the date on which all of the Sumitomo Covered Bonds are converted to an interest rate other than the Weekly Rate (the "Conversion Date"), (iii) the date of the Sumitomo Liquidity Provider's receipt of a certificate from the Tender Agent specifying that no Sumitomo Covered Bonds subject to tender remain Outstanding within the meaning of the Second Resolution and the related Supplemental Resolution, all drawings required to be made under the related Supplemental Resolution and available under the Sumitomo Liquidity Facility have been made and honored, or that a substitute liquidity facility has been issued to replace the Sumitomo Liquidity Facility pursuant to the related Supplemental Resolution and Sumitomo Reimbursement Agreement, (iv) the date on which a Termination Event (as hereinafter defined) shall occur under the Sumitomo Reimbursement Agreement, or (v) the date which is fifteen (15) 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 Sumitomo Liquidity Provider specifying the occurrence of an "Event of Default" under the Sumitomo Reimbursement Agreement that is not a Termination Event or a Suspension Event and directing the Tender Agent to cause a mandatory purchase of the Sumitomo Covered Bonds pursuant to the terms of the related Supplemental Resolution.

The Sumitomo Liquidity Facility and the related Sumitomo Reimbursement Agreement contain 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 Sumitomo Reimbursement Agreement, and reference thereto is made for a full understanding of their import.

Under certain circumstances described below, the obligation of the Sumitomo Liquidity Provider to purchase the Sumitomo Covered 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 Sumitomo Covered Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender. In addition, the Sumitomo Liquidity Facility does not provide support or security for the payment of principal of, premium, if any, or interest on the Sumitomo Covered Bonds.

Termination Events

The following events are Termination Events under the Sumitomo Reimbursement Agreement. Upon the occurrence of a Termination Event, the obligation of the Sumitomo Liquidity Provider under the Sumitomo Liquidity Facility to purchase Sumitomo Covered Bonds immediately shall terminate without notice or demand to any person, and thereafter the Sumitomo Liquidity Provider shall be under no obligation to honor Liquidity Drawings under the Sumitomo Liquidity Facility.

(a) (i) the Authority shall fail to (x) pay when due any principal of or premium, if any, or interest on the Sumitomo Covered Bonds (regardless of any waiver thereof by the holders of the Sumitomo Covered

Bonds) or Purchased Bonds; provided, however, that any failure of the Authority to pay any Purchased Bonds due solely as a result of an acceleration caused by the Sumitomo Liquidity Provider shall not constitute a Termination Event), 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 Sumitomo Covered Bonds, Purchased Bonds and Liquidity Advances; provided, however, that any failure of the Authority to pay 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 Sumitomo Covered Bonds and Purchased Bonds due solely as a result of an acceleration caused by a provider of credit and/or liquidity support for such debt shall not constitute a Termination Event, 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 Sumitomo Covered Bonds, Purchased Bonds and the related Liquidity Advance, as the result of the occurrence of any default with respect to the payment of any principal or interest thereunder, shall be accelerated or required to be paid prior to the stated maturity thereof;

(b) each of Moody's, S&P and Fitch shall assign a rating to any indebtedness of the Authority secured by or payable from the Revenues on a basis that is on a parity with the Sumitomo Covered 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 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 Sumitomo Covered 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 Sumitomo Covered 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 Sumitomo Covered 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 Sumitomo Covered Bonds (including Purchased Bonds) or any provision of the Sumitomo Reimbursement Agreement or of the Second Resolution relating to (A) the payment of principal or interest on the Sumitomo Covered Bonds (including Purchased Bonds) or the repayment of the related Liquidity Advances or (B) the pledge of the Revenues supporting the Sumitomo Covered 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 Sumitomo Covered Bonds or any provision of the Sumitomo Reimbursement Agreement or of the Second Resolution relating to (A) the payment of principal or interest on the Sumitomo Covered Bonds (including Purchased Bonds) or the repayment of the related Liquidity Advances or (B) the pledge of the Revenues supporting the Sumitomo Covered 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 \$25,000,000 and the Authority shall have failed to satisfy said money judgment within 90 days from the first date when said judgment shall have become enforceable and subject to collection in accordance with its terms.

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 Sumitomo Reimbursement Agreement, the Sumitomo Liquidity Provider, in its sole discretion, may (x) give written notice of such event of default to the Remarketing Agent and to the Tender Agent for the Sumitomo Covered Bonds requesting a mandatory tender of all or any portion of the Sumitomo Covered Bonds pursuant to the Second Resolution and stating that the obligation of the Sumitomo Liquidity Provider to honor Liquidity Drawings and purchase such Sumitomo Covered Bonds shall terminate 15 days after such notice is received by the Tender Agent, and on such date the Sumitomo Liquidity Facility shall terminate and the Sumitomo Liquidity Provider shall be under no obligation to honor Liquidity Drawings and to purchase such Sumitomo Covered 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 Sumitomo Covered Bonds to an interest rate other than an Eligible Rate (as defined in the Sumitomo Liquidity Facility) in accordance with the terms of the Sumitomo Reimbursement Agreement. Upon conversion to a rate other than an Eligible Rate, the Sumitomo Liquidity Provider agrees to purchase the Sumitomo Covered Bonds so converted and not remarketed, subject to and in accordance with the Sumitomo Liquidity Facility and thereafter shall bear interest at the Default Rate (as defined in the Sumitomo Reimbursement Agreement) so long as the Sumitomo Liquidity Provider is the owner of such Sumitomo Covered Bonds.

(a) the Authority shall fail to pay when due any amount under the Sumitomo Reimbursement Agreement or the Fee Letter (as defined in the Sumitomo Reimbursement Agreement) 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 Sumitomo Liquidity 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 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 set forth in the Sumitomo Reimbursement Agreement;

(c) the Authority shall fail to (x) pay when due any principal of or premium, if any, or interest on the Sumitomo Covered Bonds (regardless of any waiver thereof by the holders of the Sumitomo Covered Bonds) or Purchased Bonds or (y) repay when due any principal of or premium, if any, or interest on the related Liquidity Advance, solely resulting from a failure of the Authority to pay any Purchased Bonds due solely as a result of an acceleration caused by the Sumitomo Liquidity Provider;

(d) 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 Sumitomo Covered Bonds, Purchased Bonds and Liquidity Advances due solely as a result of an acceleration caused by a provider of credit and/or liquidity support for such debt;

(e) 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;

(f) any of Moody’s, S&P and Fitch shall assign a rating to any Parity Debt below “Baal” 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

(g) any material provision of the Sumitomo Reimbursement Agreement, the Second Resolution, the Fee Letter or the Sumitomo Covered 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 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 “Termination Events” (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 obligation of the Sumitomo Liquidity Provider to honor Liquidity Drawings under the Sumitomo Liquidity Facility and to purchase Sumitomo Covered Bonds each shall be suspended without notice or demand to any person, and thereafter the Sumitomo Liquidity Provider shall be under no obligation to honor Liquidity Drawings under the Sumitomo Liquidity Facility and to purchase Sumitomo Covered Bonds, from the 30th day after issuance of such Nonfinal Invalidity Judgment until such obligation is reinstated as specified below. The Sumitomo Liquidity Provider’s obligation to honor Liquidity Drawings under the Sumitomo Liquidity Facility or to purchase Sumitomo Covered 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 obligation of the Sumitomo Liquidity Provider to honor Liquidity Drawings under the Sumitomo Liquidity Facility and to purchase Sumitomo Covered Bonds each immediately shall terminate and the Sumitomo Liquidity Provider shall be under no further obligation to honor Liquidity Drawings under the Sumitomo Liquidity Facility or to purchase Sumitomo Covered Bonds (i) from the date on which a court of competent jurisdiction shall enter a final, nonappealable judgment that the Sumitomo Covered Bonds or any provision of the Sumitomo Reimbursement Agreement or of the Second Resolution relating to (A) the payment of principal of or interest on the Sumitomo Covered Bonds or Purchased Bonds or the repayment of the related Liquidity Advances or (B) the pledge of Revenues supporting the Sumitomo Covered 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 Sumitomo Liquidity Facility) 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 obligation of the Sumitomo Liquidity Provider to honor Liquidity Drawings under the Sumitomo Liquidity Facility or to purchase Sumitomo Covered Bonds immediately shall be reinstated and the terms of the Sumitomo Liquidity Facility and the Sumitomo Reimbursement Agreement will continue in full force and effect (unless the Sumitomo 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 Sumitomo Covered

Bonds or any provision of the Sumitomo Reimbursement Agreement or of the Second Resolution, as applicable, relating to (A) the payment of principal of or interest on the Sumitomo Covered Bonds or Purchased Bonds or the repayment of the related Liquidity Advances or (B) the pledge of Revenues supporting the Sumitomo Covered 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 Sumitomo Liquidity Provider to honor Liquidity Drawings under the Sumitomo Liquidity Facility and to purchase Sumitomo Covered 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 Sumitomo Liquidity Provider to honor Liquidity Drawings under the Sumitomo Liquidity Facility and to purchase Sumitomo Covered Bonds with the proceeds thereof shall be reinstated and the terms of the Sumitomo Liquidity Facility and the Sumitomo Reimbursement Agreement will continue in full force and effect (unless the obligations of the Sumitomo Liquidity Provider to honor Liquidity Drawings under the Sumitomo Liquidity Facility and to purchase Sumitomo Covered Bonds with the proceeds thereof shall have otherwise terminated in accordance with the terms of the Sumitomo Liquidity Facility and the Sumitomo Reimbursement Agreement) as if there had been no such suspension.

Other Remedies Under the 2017 BB-3 Liquidity Facility

Upon the occurrence of any event of default under the Sumitomo Reimbursement Agreement, the Sumitomo Liquidity Provider may deliver a notice (a “Default Rate Notice”) to the Authority for purposes of increasing the Purchased Bonds Rate (as defined in the Sumitomo Liquidity Facility) payable on the Sumitomo Covered Bonds to the Default Rate or take any other actions permitted by applicable law. The Sumitomo Liquidity Provider may, at any time, in its discretion, revoke a Default Rate Notice by written notice to the Authority. Upon any such revocation of a Default Rate Notice or upon cure of an event of default pursuant to which a Default Rate Notice was delivered, such Default Rate Notice shall be deemed no longer to be in effect. Additionally, upon the occurrence of any event of default, the Sumitomo Liquidity Provider may exercise all available remedies under the Related Documents (as defined in the Sumitomo Liquidity Facility) or otherwise available at law or in equity.

[THIS PAGE INTENTIONALLY LEFT BLANK.]

