

# **New York City Transitional Finance Authority**

## **Board of Directors Meeting Summary of Proposed Actions January 25, 2024**

### Approval of 132<sup>nd</sup> Series Resolution Authorizing the Issuance of Fiscal 2024 Series F Future Tax Secured Subordinate Bonds

The 132<sup>nd</sup> Series Resolution authorizes the issuance of up to \$1.4 billion of new money fixed-rate, Future Tax Secured Bonds, which includes a cushion to accommodate fluctuating market conditions. The Authority expects to issue approximately \$1 billion of tax-exempt bonds, with Siebert as lead underwriter, and approximately \$250 million of taxable bonds, competitively bid. The expected institutional pricing date for the tax-exempt bonds and competitive bid date for the taxable bonds is February 7, 2024 and the expected closing date is February 15, 2024.

The proposed resolution also authorizes the approval of the Amended and Restated Original Indenture between New York City Transitional Finance Authority and The Bank of New York Mellon, as Successor Trustee. The Authority has proposed changes to its Indenture to remove references to Pre-07 S-1 Bonds and Recovery Bonds and to make other non-material changes to reflect current practices in place. Please see the proposed Amended and Restated Indenture.

### Appointment of Assistant Secretary

The proposed resolution appoints Deborah Cohen as Assistant Secretary to the Authority.

# **NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

## **Board of Directors Meeting**

**January 25, 2024**

### Agenda

1. Resolution: Approval of Minutes of Meeting of November 30, 2023
2. Resolution: Approval of 132<sup>nd</sup> Series Resolution Authorizing the Issuance of Fiscal 2024 Series F Future Tax Secured Bonds
3. Resolution: Appointment of Assistant Secretary

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

Board of Directors Meeting

January 25, 2024

## Approval of Minutes

**WHEREAS**, the Board of Directors of the New York City Transitional Finance Authority has reviewed the minutes of its meeting held on November 30, 2023; it is therefore

**RESOLVED**, that the minutes of the meeting of November 30, 2023 be, and they hereby are, approved.

**DRAFT**

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF  
THE NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

November 30, 2023

A meeting of the Board of Directors (the “Board”) of the New York City Transitional Finance Authority (the “Authority”) was held on November 30, 2023 at approximately 10:03 a.m., conducted at 255 Greenwich Street, Room 6M4, New York, New York 10007.

The following Board members attended, represented by their designees:

Jacques Jiha, Director of the Mayor’s Office of Management and Budget for The City of New York (the “City”), represented by David Womack;

Preston Niblack, Commissioner of the Department of Finance of the City, represented by Dara Jaffee;

Brad Lander, Comptroller of the City, represented by Jay Olson;

Thomas Foley, Commissioner of the Department of Design and Construction of the City, represented by Louann Koziol; and

Adrienne Adams, Speaker of the City Council, represented by Hector German;

constituting a quorum of the Board. Claudia Martinez served as secretary of the meeting.

Also in attendance were members of the public, officers of the Authority and employees of various agencies of the City and the State of New York, who joined in-person and remotely.

The meeting was called to order by Mr. Womack, the Chairperson of the Board.

Approval of Minutes

The first item on the agenda was the approval of the minutes of the previous meeting of the Board which occurred on September 29, 2023. Upon unanimous vote, the following

resolution to adopt such minutes was adopted.

**WHEREAS**, the Board of Directors of the New York City Transitional Finance Authority has reviewed the minutes of its meeting held on September 29, 2023; it is therefore

**RESOLVED**, that the minutes of the meeting of September 29, 2023 be, and they hereby are, approved.

Approval of the 131<sup>st</sup> Series Resolution Authorizing the Issuance of Fiscal 2024 Series D & E Future Tax Secured Bonds

The second and final item on the agenda was the approval of the One Hundred and Thirty-First Series Resolution Authorizing Up to \$1,750,000,000 Future Tax Secured Bonds (the “131<sup>st</sup> Series Resolution”)<sup>1</sup>. Mr. Womack explained that the 131<sup>st</sup> Series Resolution would approve the issuance of up to \$1.75 billion of the Authority’s Fiscal 2024 Series D & E Future Tax Secured refunding bonds. He noted that this action had been recommended by the Finance Committee. There being no discussion, following a unanimous vote, the 131<sup>st</sup> Series Resolution was adopted.

Adjournment

There being no further business to come before the Board, upon unanimous vote, the meeting was duly adjourned.

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GENERAL COUNSEL

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<sup>1</sup> Filed with the meeting minutes.

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

Board of Directors Meeting

January 25, 2024

## Appointment of Assistant Secretary

**WHEREAS**, the Board of the New York City Transitional Finance Authority (the “Authority”) is duly authorized pursuant to Section 2799-ee of the New York City Transitional Finance Authority Act to appoint such officers and employees as it may require for the performance of its duties; and

**WHEREAS**, the Board believes that Deborah Cohen, whose biography is attached heretofore, is highly qualified to assume the duties of Assistant Secretary; it is therefore

**RESOLVED**, that Deborah Cohen is hereby appointed Assistant Secretary of the Authority.

### Deborah Cohen Biography

Deborah Cohen currently serves as Deputy General Counsel to the New York City Office of Management and Budget. Ms. Cohen has worked in Counsel's Office at OMB since 2011. Ms. Cohen is a graduate of the University at Buffalo and the George Washington University Law School.

# **NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

## **Finance Committee meeting**

**January 25, 2024**

### Agenda

1. Resolution: Approval of Minutes of Meeting of November 30, 2023
2. Resolution: Recommendation to the Board of Directors - Approval of 132<sup>nd</sup> Series Resolution Authorizing the Issuance of Fiscal 2024 Series F Future Tax Secured Bonds



**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

**Finance Committee Meeting**

January 25, 2024

Approval of Minutes

**WHEREAS**, the Finance Committee has reviewed the minutes of its meeting held on November 30, 2023 it is therefore

**RESOLVED**, that the minutes of the meeting of November 30, 2023 be, and they hereby are, approved.

**DRAFT**  
**MINUTES OF THE MEETING OF THE FINANCE COMMITTEE OF  
THE NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

November 30, 2023

A meeting of the Finance Committee (the “Committee”) of the New York City Transitional Finance Authority (the “Authority”) was held on November 30, 2023, at approximately 10:00 a.m., conducted at 255 Greenwich Street, Room 6M4, New York, New York 10007.

The following Committee members attended, represented by their designees:

Jacques Jiha, Director of the Mayor’s Office of Management and Budget for The City of New York (the “City”), represented by David Womack;

Preston Niblack, Commissioner of the Department of Finance of the City, represented by Dara Jaffee;

Brad Lander, Comptroller of the City, represented by Jay Olson;

Thomas Foley, Commissioner of the Department of Design and Construction of the City, represented by Louann Koziol; and

Adrienne Adams, Speaker of the City Council, represented by Hector German;

constituting a quorum of the Committee. Claudia Martinez served as secretary of the meeting.

Also in attendance were members of the public, officers of the Authority and employees of various agencies of the City and the State of New York, who joined in-person and remotely.

The meeting was called to order by Mr. Olson, the Chairperson of the Committee.

Approval of Minutes

The first item on the agenda was the approval of the minutes of the previous meeting of the Committee which occurred on September 29, 2023. Upon unanimous vote, the following resolution to adopt such minutes was adopted.

**WHEREAS**, the Finance Committee has reviewed the minutes of its meeting held on September 29, 2023; it is therefore

**RESOLVED**, that the minutes of the meeting of September 29, 2023, be, and they hereby are, approved.

Recommendation to the Board of Directors for Approval of the 131<sup>st</sup> Series Resolution Authorizing the Issuance of Fiscal 2024 Series D & E Future Tax Secured Bonds

The second and final item on the agenda was a recommendation to the Board of Directors that it approve the One Hundred and Thirty-First Series Resolution Authorizing Up To \$1,750,000,000 Future Tax Secured Bonds (the “131<sup>st</sup> Series Resolution”). Mr. Olson noted that the 131<sup>st</sup> Series Resolution would authorize the issuance of up to \$1.75 billion of Fiscal 2024 Series D & E Future Tax Secured Bonds. Mr. Olson explained that the Authority expects to issue between \$1.4 and \$1.6 billion of fixed rate refunding bonds in total but has built a cushion to accommodate for fluctuating market conditions. Mr. Olson provided the details of the issuance, including the expected and maximum true interest costs of each subseries, and the expected pricing date, bid date, and closing date. There being no further discussion and following a unanimous vote, the following resolution was adopted:

**WHEREAS**, pursuant to the New York Public Authorities Law, the Finance Committee of the New York City Transitional Finance Authority (the “Authority”) is charged with reviewing proposals for the issuance of debt by the Authority and making recommendations to the Board; and

**WHEREAS**, the Finance Committee has received and reviewed the 131<sup>st</sup> Series Resolution Authorizing the Issuance of Fiscal 2024 Series D & E Future Tax Secured Bonds and deems it to be reasonable and prudent; it is therefore

**RESOLVED**, that the Finance Committee recommends to the Board the approval of the

131st Series Resolution Authorizing the Issuance of Fiscal 2024 Series D & E Future Tax Secured Bonds.

Adjournment

There being no further business to come before the Committee, upon unanimous vote, the meeting was duly adjourned.

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GENERAL COUNSEL

# NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

Finance Committee Meeting

January 25, 2024

## Recommendation to the Board of Directors - Approval of the 132<sup>nd</sup> Series Resolution Authorizing the Issuance of Fiscal 2024 Series F Future Tax Secured Bonds

**WHEREAS**, pursuant to the New York Public Authorities Law, the Finance Committee of the New York City Transitional Finance Authority (the “Authority”) is charged with reviewing proposals for the issuance of debt by the Authority and making recommendations to the Board; and

**WHEREAS**, the Finance Committee has received and reviewed the 132<sup>nd</sup> Series Resolution Authorizing the Issuance of Fiscal 2024 Series F Future Tax Secured Bonds and deems it to be reasonable and prudent; it is therefore

**RESOLVED**, that the Finance Committee recommends to the Board the approval of the 132<sup>nd</sup> Series Resolution Authorizing the Issuance of Fiscal 2024 Series F Future Tax Secured Bonds.

ONE HUNDRED AND THIRTY-SECOND SUPPLEMENTAL INDENTURE AND  
SERIES RESOLUTION  
AUTHORIZING UP TO  
\$1,400,000,000 FUTURE TAX SECURED BONDS

of the

NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

Dated January 25, 2024

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BE IT RESOLVED by the Directors of the New York City Transitional Finance Authority, as follows:

## ARTICLE I

### DEFINITIONS AND AUTHORITY

Section 1.01 Definitions. Terms used herein and not otherwise defined shall have the respective meanings given or referred to in the Amended and Restated Original Indenture, as restated March 10, 2023, as amended and supplemented, between the Authority and the Trustee (the “Indenture”).

The following terms shall have the following meanings in this One Hundred and Thirty-Second Supplemental Indenture and Series Resolution (“132<sup>nd</sup> Series Resolution” or “this Series Resolution”) unless the context otherwise requires:

“Authorized Officers” means the Chairperson and other Authorized Officers of the Authority, and each of them.

“Multi-Modal Bonds” means the bonds so described in Schedule I to Exhibit C attached hereto, as in effect from time to time.

“New Bond Instruments” means the Preliminary Offering Circular dated on or about January 29, 2024, and such offering circulars, underwriting agreements, notices of sale, placement agreements, continuing covenant agreements, standby agreements, and other documents, agreements, renewals and replacements thereof as may be necessary or desirable to effectuate Article II hereof from time to time.

“New Bonds” means the Authority’s Future Tax Secured Bonds hereby authorized to be issued.

“131<sup>st</sup> Series Resolution” means the Authority’s One Hundred and Thirty-First Series Resolution Authorizing up to \$1,750,000,000 Future Tax Secured Bonds dated February 30, 2023.

Section 1.02 Authority for this Series Resolution. This Series Resolution is adopted pursuant to the Act and to the Original Indenture, particularly Section 1101(a)(1) thereof.

## ARTICLE II

### THE NEW BONDS

Section 2.01 Bond Terms. Pursuant to the Indenture and the Act, one or more Series of Bonds are hereby authorized to be issued in the aggregate principal amount, with maturities and maturity dates, bearing interest at the rates, subject to such optional and mandatory redemption provisions and containing such other terms and conditions, including priority, amortization, sinking funds, federal subsidy, federal tax status, application of proceeds for payment of Project Capital Costs or for refunding of Outstanding Bonds and the use of liquidity support or credit enhancement, as the Chairperson shall determine, provided that (a) the aggregate principal amount



of the New Bonds shall not exceed \$1,400,000,000 (b) the true interest cost of fixed-rate New Bonds (including Multi-Modal Bonds issued in the Fixed Rate Mode) to the Authority shall not exceed the maximums set forth below and (c) the interest rate on Multi-Modal Bonds shall never exceed 25%.

<u>Category</u>	<u>Max. TIC</u>
Subseries F-1 Tax-Exempt	%
Subseries F-2 Taxable	%
Subseries F-3 Taxable	%

The New Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title “Future Tax Secured Subordinate Bonds, Fiscal 2024 Series F, Subseries F-\_\_”, or such other title as the Chairperson may determine. The determinations of the Chairperson shall be set forth in the completed Exhibits hereto and conclusively evidenced by an Officer’s Certificate and by execution and delivery of each Series of New Bonds.

Section 2.02 Application of Proceeds. Upon receipt of the proceeds of the New Bonds, the Authority and the City shall apply such proceeds to refund Bonds identified by the Chairperson or to pay Project Capital Costs and Costs of Issuance in accordance with the Act, the Agreement, the Indenture and the federal tax status of each Series or Subseries or other portion of the New Bonds.

Section 2.03 Statutory Determinations and Recommendations. The Mayor has determined that a Capital Financing Need exists, pursuant to the Act the Mayor has requested that the Authority provide financing therefor, and the Authority hereby approves that such need exists. The Authority has determined that issuance of the New Bonds is appropriate and the Mayor and Comptroller have recommended (a) the arrangements herein authorized for the issuance and sale of the New Bonds and (b) the prices, interest rates, maturities and other terms and conditions herein provided for the issuance of the New Bonds.

Section 2.04 No Provision for Capitalized or Accrued Interest. Pursuant to Section 502(a) of the Original Indenture, no provision for capitalized or accrued interest on the New Bonds shall be made in the Accounts.

Section 2.05 New Bond Instruments; Findings. The Authorized Officers are hereby authorized to execute and deliver, and to authorize the distribution of, the New Bond Instruments with such changes therein as such person may approve, such approval to be conclusively evidenced by the distribution or execution and delivery thereof. Unless otherwise determined by the Chairperson, the New Bonds shall be Multi-Modal Bonds. Multi-Modal Bonds shall be subject to Exhibit C to the 131<sup>st</sup> Series Resolution, as modified and completed by the Authorized Officers, upon the sale of the New Bonds and attached hereto thereafter. In conformance with paragraphs (a) and (c) of Section 54.90 and paragraphs (c) through (g) of Section 168.00 of the LFL, each to the extent applicable, the Directors deem the terms of the Multi-Modal Bonds, the New Bond Instruments and other agreements and instruments related thereto to be reasonable and appropriate agreements with financially responsible parties to facilitate the issuance, sale, resale, repurchase and payment of the Multi-Modal Bonds as variable-rate bonds. Subject to the statutory and

contractual conditions to the issuance of refunding Bonds, the Directors authorize, and the Authorized Officers shall cause to be issued, Bonds refunding the Multi-Modal Bonds to the extent required by each New Bond Instrument; and by their approval of the issuance of the New Bonds, the Mayor and Comptroller so recommend. All preparatory actions previously taken by the Authorized Officers are hereby ratified.

Section 2.06 Covenants. Unless otherwise determined by the Chairperson, the New Bonds shall include the covenants of the Authority to comply with the financial reporting requirements of, and to limit its issuance of bond anticipation notes as required by, the Act as in effect from time to time.

### ARTICLE III

#### MISCELLANEOUS

Section 3.01 Effective Date and Transmittal; Counterparts. With respect to each Series of New Bonds, this Series Resolution shall be fully effective in accordance with its terms upon the filing with the Trustee of a copy hereof certified by an Authorized Officer of the Authority and executed by the Mayor and the Comptroller of the City. The Chairperson and the Executive Director and other officers of the Authority, each acting alone, are hereby authorized on behalf of the Authority to transmit this Series Resolution to the Mayor and the Comptroller of the City for their approval, with such changes herein as the Chairperson may approve, subject to Section 2.01 hereof, such approval to be conclusively evidenced by the Mayor's and Comptroller's execution hereof in accordance with this Series Resolution and the Authority's execution and delivery of the New Bonds. This Series Resolution may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; and such counterparts shall together constitute but one and the same instrument.

Section 3.02 Limitation of Prior Authority. No further Bonds shall be issued under the 131<sup>st</sup> Series Resolution.

Section 3.03 Restatement of Original Indenture. The Original Indenture shall be restated to reflect, among other things, the retirement of all Outstanding Recovery Obligations, Pre-'07 S-1 Senior Bonds and Pre-'07 S-1 Parity Debt, substantially in the form presented to the Directors for approval at this meeting, with such additional editorial corrections as the Authorized Officers may approve.

IN WITNESS WHEREOF, the parties have caused this Supplement to be duly executed on the 25<sup>th</sup> day of January, 2024.

NEW YORK CITY TRANSITIONAL  
FINANCE AUTHORITY

By: \_\_\_\_\_

THE BANK OF NEW YORK MELLON,  
As Trustee

By: \_\_\_\_\_

[Signature Page for Supplemental Indenture Amendment]

Issuance of the New Bonds of Fiscal 2024 Series F is approved:

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Deputy Director of Management and Budget

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Deputy Comptroller for Public Finance

Approved as to Form:

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Acting Corporation Counsel

Certified as in full force and effect on February 15, 2024

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Authorized Officer

[Signature Page for 132<sup>nd</sup> Series Resolution ]

**Chairperson’s Final Determinations With Respect to  
Future Tax Secured Tax-Exempt Subordinate Bonds,  
Fiscal 2024 Series F**

**§  
Subseries F-1 Tax-Exempt Bonds**

<b>Due February 1,</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2026	\$	%
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		

**§  
Subseries F-2 Taxable Bonds**

<b>Due February 1,</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2029	\$	%
2030		
2031		
2032		
2033		
2034		

**\$**  
**Subseries F-3 Taxable Bonds**

<u>Due</u> <u>February 1,</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2035	\$	%
2036		
2037		

The New Bonds shall be issued and secured as Parity Debt pursuant to Section 307 of the Original Indenture.

The true interest cost to the Authority of the Subseries F-1 Tax-Exempt New Bonds is [ ] %, which does not exceed the [ ] % maximum permitted by this Series Resolution.

The true interest cost to the Authority of the Subseries F-2 Taxable New Bonds is [ ] %, which does not exceed the [ ] % maximum permitted by this Series Resolution.

The true interest cost to the Authority of the Subseries F-3 Taxable New Bonds is [ ] %, which does not exceed the [ ] % maximum permitted by this Series Resolution.

Interest on the New Bonds will be paid on February 1 and August 1, commencing August 1, 2024.

The Subseries F-1 Tax-Exempt New Bonds are sold pursuant to the Contract of Purchase, dated February 8, 2024, between the Authority and the Underwriters named therein. The Subseries F-2 and Subseries F-3 Taxable New Bonds are sold to [ ], pursuant to the Notice of Sale dated January 29, 2024[, as supplemented].

The remaining issuance authority under this Series Resolution is \$[ ].

For further terms, see Exhibits B and C and Schedule I to Exhibit C, attached hereto.

**REGISTERED  
NUMBER**

**REGISTERED  
\$**

**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY  
FUTURE TAX SECURED SUBORDINATE BONDS  
FISCAL 2024 SERIES F  
SUBSERIES F-1**

**[ ] PER CENTUM ( % ) PER ANNUM**

**DUE: FEBRUARY 1, \_\_\_\_\_**

**DATED: FEBRUARY 15, 2024**

**CUSIP: 64972J**

**REGISTERED OWNER: CEDE & CO.**

**PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_)**

**THE NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY** (the “Authority”), a public benefit corporation of the State of New York (the “State”), for value received promises to pay to the registered owner of this bond, on the maturity date set forth above, the principal amount set forth above and to pay interest on such principal amount at the rate of interest set forth above from February 15, 2024 or from the most recent payment date to which interest has been paid, but if the date of authentication of this bond is after the fifteenth day of the calendar month immediately preceding an interest payment date, interest will be paid from such interest payment date. Interest at such rate will be paid on February 1 and August 1 of each year, beginning August 1, 2024, and upon redemption or mandatory tender at or prior to maturity, as set forth herein, by wire transfer, at the discretion of the Authority, or by check mailed to the address of the registered owner hereof as shown on the registration books of the Authority as maintained by The Bank of New York Mellon, as trustee (the “Trustee”), as of the close of business on the fifteenth day of the calendar month immediately preceding the applicable interest payment date. Interest shall be calculated on the basis of a year of 360 days and twelve 30-day months.

This bond shall not be a debt of either the State or The City of New York (the “City”), and neither the State nor the City shall be liable hereon, nor shall it be payable out of any funds other than those of the Authority.

Principal of this bond and applicable redemption premium, if any, are payable in any coin or currency of the United States of America which on the date of payment is legal tender for the payment of public and private debts, upon presentation and surrender of this bond when due and payable at the office of the Trustee or of such other paying agent as may hereafter be designated by the Authority (in either case, the “Paying Agent”).

All money paid to the Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any bond that remains unclaimed at the end of two years after such principal, redemption premium, if any, or interest shall have become due and payable will be paid to the Authority, and the holder of such bond shall thereafter look only to the Authority for payment.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon has been dated and manually signed by the Trustee.

This bond is a Multi-Modal Bond, constitutes Parity Debt secured on a parity with the Authority’s other Parity Debt, and is one of a Series of Bonds representing a borrowing of \$[ ] under chapter 16, laws of New York, 1997, as amended, and pursuant to an Amended and Restated Original Indenture, as restated [January 25, 2024], and as supplemented, between the Authority and the Trustee (the “Indenture”). Reference is made to the Indenture for a description of the funds pledged and for the provisions with respect to the incurring of indebtedness on a parity with the Senior Bonds and to the rights, limitations of rights, duties, obligations and immunities of the Authority, the City, the State, the Trustee and the Bondholders, including restrictions on the rights of the Bondholders to bring suit. Definitions given or referred to in the Indenture are incorporated herein by this reference. The Indenture (including the terms of this bond) may be amended to the extent and in the manner provided therein.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and statutes of the State to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the Series of Bonds of which this is one, together with all other indebtedness of the Authority, is within every debt and other limit prescribed by the Constitution and laws of the State.

In the Act, the State has made a pledge and agreement with the Holders of the Outstanding Bonds that the State will not limit or alter the rights vested in the Authority by the Act to fulfill the terms of any agreements made with such Holders pursuant to the Act, or in any way impair the rights and remedies of such Holders or the security for such Bonds until such Bonds, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully paid and discharged. The Act does not restrict the right of the State to amend, modify, repeal or otherwise alter statutes imposing or relating to the Personal Income Taxes, but such taxes payable to the Authority shall in all events continue to be so payable so long as any such taxes are imposed. Not less than 30 days prior to the beginning of each City fiscal year, the Chairperson of the Authority shall certify to the State Comptroller, the Governor, and the Directors of the



Authority a schedule of maximum annual debt service on the Bonds and Notes. To the extent that the Personal Income Taxes during such fiscal year are projected by the Mayor to be insufficient to meet at least 150% of maximum annual debt service on the Bonds, the Mayor shall so notify the State Comptroller and the State Comptroller shall pay to the Authority from Sales Taxes such amount as is necessary to provide at least 150% of such maximum annual debt service. The Act does not obligate the State to make any additional payments or impose any taxes to satisfy the debt service obligations of the Authority.

Pursuant to the Act, the City has made a pledge and agreement with the Holders of the Outstanding Bonds that the City will not limit or alter the rights vested in the Authority by the Act to fulfill the terms of any agreements made with such Holders pursuant to the Act, or in any way impair the rights and remedies of such Holders or the security for such Bonds until such Bonds, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully paid and discharged. The Act does not restrict any right the City may have to amend, modify or otherwise alter local laws imposing or relating to the Personal Income Taxes so long as, after giving effect to such amendment, modification or other alteration, the amount of Tax Revenues projected by the Mayor to be available to the Authority during each of its fiscal years following the effective date of such amendment, modification or other alteration shall be not less than 150% of maximum annual debt service on the Bonds.

The Authority has covenanted with the Holders of the Outstanding Bonds of this Series to comply with the financial reporting requirements of, and to limit its issuance of bond anticipation notes as required by, the Act as in effect from time to time.

The State has covenanted with the purchasers and with all subsequent Holders and transferees of the Bonds, in consideration of the acceptance of payment for the Bonds, that the Bonds and the income therefrom and all revenues, monies, and other property pledged to pay or to secure the payment of such Bonds shall at all times be free from taxation.

Neither the Directors of the Authority nor any person executing this bond shall be liable personally thereon or be subject to any personal liability or accountability solely by reason of the issuance hereof.

The bonds of this Subseries maturing after February 1, 2033 are subject to optional redemption or mandatory tender, in each case, at the option of the Authority prior to their stated maturity dates, in whole or in part, on any date on or after August 1, 2033 upon 30 days' notice, at a price of 100% of their principal amount plus accrued interest to such redemption or tender date.

The bonds of this Subseries maturing on or prior to February 1, 2033 are subject to optional redemption or mandatory tender prior to their stated maturity dates at the option of the Authority, in whole or in part, on any date (the "Call Date"), at a make-whole price (the "Make-Whole Redemption Price") equal to the greater of:

(i) one hundred percent (100%) of the Amortized Value (as defined herein) of the bonds to be redeemed or tendered; or

(ii) the sum of the present value of the remaining scheduled payments of principal and interest on the bonds to be redeemed or tendered from and including the Call Date to the maturity

date of such bonds, not including any portion of those payments of interest accrued and unpaid as of the Call Date, discounted to the Call Date on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at a discount rate equal to the greater of a) the Applicable Tax-Exempt Bond Rate (as defined herein) minus [20] basis points or b) zero basis points.

plus, in each case, accrued interest on such bonds to the Call Date.

“Amortized Value” means the product of the principal amount of the bonds to be redeemed or tendered and the price of such bonds expressed as a percentage, calculated based on the industry standard method of calculating bond prices, with a delivery date equal to the Call Date, a maturity date equal to the maturity date of such Bonds and a yield equal to the original offering yield of such bonds.

“Applicable Tax-Exempt Bond Rate” means the “Interpolated AAA Yields” rate for the maturity date of each of the bonds to be redeemed or tendered, as published by the Municipal Market Data (“MMD”) at least five calendar days, but not more than 60 calendar days, prior to the Call Date of the bonds to be redeemed or tendered, or, if no such rate is established for the applicable maturity date, the “Interpolated AAA Yields” rate for the published maturities closest to the applicable maturity date.

Should the MMD no longer publish the “Interpolated AAA Yields” rate, then the Applicable Tax-Exempt Bond Rate will equal the “BVAL Muni AAA Monthly Callable Yields” rate for the maturity date (made available by Bloomberg at the close of each business day). In the further event that Bloomberg no longer publishes the BVAL Muni AAA Monthly Callable Yields rate, the Applicable Tax-Exempt Bond Rate will be determined by a verification agent appointed by the Authority, based upon the rate per annum equal to the semiannual equivalent yield to maturity for those tax-exempt general obligation bonds rated in the highest rating category by Moody's Investors Service Inc. and S&P Global Ratings, with a maturity date equal to the maturity date of such bonds having characteristics (other than the ratings) most comparable to those of such bonds in the judgment of the verification agent. The verification agent's determination of the Applicable Tax-Exempt Bond Rate shall be final and binding in the absence of manifest error.

The Make-Whole Redemption Price will be determined by a verification agent, investment banking firm or financial advisor (which verification agent, investment banking firm or financial advisor shall be retained by the Authority at the expense of the Authority) in order to calculate such Make-Whole Redemption Price. The Trustee and the Authority may conclusively rely on such verification agent's, investment banking firm's or financial advisor's determination of such Make-Whole Redemption Price and will bear no liability for such reliance.

The Authority may cause a mandatory tender of this bond on any date such bond is subject to optional redemption at the applicable optional redemption price by giving 10 days' (30 days' in the Fixed Rate Mode) Written Notice to the Holder, subject to the Authority's providing a source of payment therefor in accordance with the Indenture and the Act.

In the event that the bonds of this Subseries are defeased to their maturity, the Authority expects that such Bonds will remain subject to optional redemption by the Authority.

The Authority may redeem or cause the mandatory tender of subseries, amounts, maturities and interest rates of bonds that are subject to optional redemption in its sole discretion. If less than all of the Outstanding bonds of this Subseries, maturity, amount and interest rate are to be called for redemption or mandatorily tendered, such bonds shall be selected by lot or another method reasonably acceptable to the Trustee.

The bonds of this Subseries shall be redeemable upon the giving of notice, identifying such bonds or portions thereof to be redeemed, by mailing or transmitting such notice to the registered owners thereof at their respective addresses shown on the registration books maintained by the Trustee at least 30 days and not more than 60 days prior to the date set for redemption. If notice of redemption shall have been given as aforesaid, the Bonds or portions thereof to be redeemed shall become due and payable at the redemption price on the redemption date designated in the notice of redemption, and interest thereon shall cease to accrue from and after the designated redemption date. Failure to mail or transmit any such notice to any registered owner or any defect in any notice so mailed or transmitted shall not affect the validity of the proceedings for redemption of the bonds of other registered owners. If this bond is redeemed in part, upon surrender hereof, the Authority shall cause to be delivered to the registered owner a bond in like form in the principal amount equal to that part of this bond not being redeemed.

The bonds of this Subseries are entitled to the benefit of covenants in the Indenture relating to Federal income taxation.

The bonds of this Subseries are issuable only in fully registered form in the denomination (maturity value) of \$5,000 or any integral multiple thereof or as specified in the Indenture, and may not be converted into bearer bonds.

The Authority, the Trustee and each Paying Agent may treat the registered owner as the absolute owner of this bond for all purposes, notwithstanding any notice to the contrary. This bond is transferable by the registered owner hereof in accordance with the Indenture and the Act.

Upon the direction of the Authority, the Multi-Modal Bonds may be Converted pursuant to the Indenture.

Reference is made to the Indenture for the further terms of the bonds, to all of which the Holder of this bond is conclusively deemed to assent. Terms defined in the Indenture are used herein as so defined. The Indenture is available for inspection at the office of the Trustee during business hours.

The respective covenants of the Authority, the City and the State with respect hereto shall be fully discharged and of no further force and effect at such time as this bond, together with interest thereon, shall have been paid in full at maturity, or shall have otherwise been refunded, redeemed, defeased or discharged.

**IN WITNESS WHEREOF**, the NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY has caused this bond to be executed in its name by its Executive Director and attested by its Secretary by their facsimile signatures and its seal or a facsimile thereof to be impressed or imprinted hereon, all as of the 15<sup>th</sup> day of February, 2024.

NEW YORK CITY TRANSITIONAL  
FINANCE AUTHORITY

ATTEST:

BY \_\_\_\_\_  
EXECUTIVE DIRECTOR

SECRETARY

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the Fiscal 2024 Series F, Subseries F-1 Bonds described in and issued in accordance with the Indenture, including the 132<sup>nd</sup> Series Resolution.

THE BANK OF NEW YORK MELLON,  
as Trustee

\_\_\_\_\_  
Authorized Officer

Date of Authentication: February 15, 2024

**REGISTERED  
NUMBER**

**REGISTERED  
\$**

**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

**FUTURE TAX SECURED SUBORDINATE BONDS**

**FISCAL 2024 SERIES F**

**SUBSERIES F-2**

**(FEDERALLY TAXABLE)**

**[ ] PER CENTUM ( %) PER ANNUM**

**DUE: FEBRUARY 1, \_\_\_\_**

**DATED: FEBRUARY 15, 2024**

**CUSIP: 64972J**

**ISIN:**

**COMMON CODE:**

**REGISTERED OWNER: CEDE & CO.**

**PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_)**

**THE NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY** (the “Authority”), a public benefit corporation of the State of New York (the “State”), for value received promises to pay to the registered owner of this bond, on the maturity date set forth above, the principal amount set forth above and to pay interest on such principal amount at the rate of interest set forth above from February 15, 2024, or from the most recent payment date to which interest has been paid, but if the date of authentication of this bond is after the fifteenth day of the calendar month immediately preceding an interest payment date, interest will be paid from such interest payment date. Interest at such rate will be paid on February 1 and August 1 of each year, beginning August 1, 2024, and upon redemption or mandatory tender at or prior to maturity, as set forth herein, by wire transfer, at the discretion of the Authority, or by check mailed to the address of the registered owner hereof as shown on the registration books of the Authority as maintained by The Bank of New York Mellon, as trustee (the “Trustee”), as of the close of business on the

fifteenth day of the calendar month immediately preceding the applicable interest payment date. Interest shall be calculated on the basis of a year of 360 days and twelve 30-day months.

This bond shall not be a debt of either the State or The City of New York (the “City”), and neither the State nor the City shall be liable hereon, nor shall it be payable out of any funds other than those of the Authority.

Principal of this bond and applicable redemption premium, if any, are payable in any coin or currency of the United States of America which on the date of payment is legal tender for the payment of public and private debts, upon presentation and surrender of this bond when due and payable at the office of the Trustee or of such other Paying Agent as may hereafter be designated by the Authority.

All money paid to the Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any bond that remains unclaimed at the end of two years after such principal, redemption premium, if any, or interest shall have become due and payable will be paid to the Authority, and the holder of such bond shall thereafter look only to the Authority for payment.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon has been dated and manually signed by the Trustee.

This bond is a Multi-Modal Bond, constitutes Parity Debt secured on a parity with the Authority’s other Parity Debt, and is one of a Series of Bonds representing a borrowing of \$[ ] under chapter 16, laws of New York, 1997, as amended, and pursuant to an Amended and Restated Original Indenture, as restated [January 25, 2024], and as supplemented, between the Authority and the Trustee (the “Indenture”). Reference is made to the Indenture for a description of the funds pledged and for the provisions with respect to the incurring of indebtedness on a parity with the Senior Bonds and to the rights, limitations of rights, duties, obligations and immunities of the Authority, the City, the State, the Trustee and the Bondholders, including restrictions on the rights of the Bondholders to bring suit. Definitions given or referred to in the Indenture are incorporated herein by this reference. The Indenture (including the terms of this bond) may be amended to the extent and in the manner provided therein.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and statutes of the State to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the Series of Bonds of which this is one, together with all other indebtedness of the Authority, is within every debt and other limit prescribed by the Constitution and laws of the State.

In the Act, the State has made a pledge and agreement with the Holders of the Outstanding Bonds that the State will not limit or alter the rights vested in the Authority by the Act to fulfill the terms of any agreements made with such Holders pursuant to the Act, or in any way impair the rights and remedies of such Holders or the security for such Bonds until such Bonds, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully paid and discharged. The Act does not restrict the right of the State to amend, modify, repeal or otherwise alter statutes imposing or relating to the Personal Income Taxes, but such taxes

payable to the Authority shall in all events continue to be so payable so long as any such taxes are imposed. Not less than 30 days prior to the beginning of each City fiscal year, the Chairperson of the Authority shall certify to the State Comptroller, the Governor, and the Directors of the Authority a schedule of maximum annual debt service on the Bonds and Notes. To the extent that the Personal Income Taxes during such fiscal year are projected by the Mayor to be insufficient to meet at least 150% of maximum annual debt service on the Bonds, the Mayor shall so notify the State Comptroller and the State Comptroller shall pay to the Authority from Sales Taxes such amount as is necessary to provide at least 150% of such maximum annual debt service. The Act does not obligate the State to make any additional payments or impose any taxes to satisfy the debt service obligations of the Authority.

Pursuant to the Act, the City has made a pledge and agreement with the Holders of the Outstanding Bonds that the City will not limit or alter the rights vested in the Authority by the Act to fulfill the terms of any agreements made with such Holders pursuant to the Act, or in any way impair the rights and remedies of such Holders or the security for such Bonds until such Bonds, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully paid and discharged. The Act does not restrict any right the City may have to amend, modify or otherwise alter local laws imposing or relating to the Personal Income Taxes so long as, after giving effect to such amendment, modification or other alteration, the amount of Tax Revenues projected by the Mayor to be available to the Authority during each of its fiscal years following the effective date of such amendment, modification or other alteration shall be not less than 150% of maximum annual debt service on the Bonds.

The Authority has covenanted with the Holders of the Outstanding Bonds of this Series to comply with the financial reporting requirements of, and to limit its issuance of bond anticipation notes as required by, the Act as in effect from time to time.

The State has covenanted with the purchasers and with all subsequent Holders and transferees of the Bonds, in consideration of the acceptance of payment for the Bonds, that the Bonds and the income therefrom and all revenues, monies, and other property pledged to pay or to secure the payment of such Bonds shall at all times be free from taxation.

Neither the Directors of the Authority nor any person executing this bond shall be liable personally thereon or be subject to any personal liability or accountability solely by reason of the issuance hereof.

The Bonds of this Subseries are subject to optional redemption or mandatory tender prior to their stated maturity dates at the option of the Authority, in whole or in part on any date, at a make-whole price equal to the greater of:

- (1) the issue price of the Bonds to be redeemed or tendered (but not less than par); and
- (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Bonds to be redeemed or tendered, not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed or tendered, discounted to the date on which such Bonds

are to be redeemed or tendered on a semi-annual basis, assuming a 360-day year of twelve 30-day months, at the Treasury Rate (described below) plus [10] basis points;

plus, in each case, accrued interest on such Bonds to be redeemed or tendered to the redemption or tender date.

“Treasury Rate” means, with respect to any redemption or tender date for a particular Bond of this Subseries, the yield to maturity as of such redemption or tender date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 60 calendar days, prior to the redemption or tender date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption or tender date to the maturity date of the Bond to be redeemed or tendered.

The Authority may cause a mandatory tender of this bond on any date at the applicable optional redemption price by giving 10 days’ (30 days’ in the Fixed Rate Mode) Written Notice to the Holder, subject to the Authority’s providing a source of payment therefor in accordance with the Indenture and the Act.

The Authority may redeem or cause the mandatory tender of amounts, maturities and interest rates of Bonds that are subject to optional redemption in its sole discretion. If less than all of the Bonds of a maturity are called for prior redemption, the particular Bonds or portions thereof to be redeemed shall be selected on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, such Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

The Bonds of this Subseries shall be redeemable upon the giving of notice, identifying such Bonds or portions thereof to be redeemed, by mailing or transmitting such notice to the registered owners thereof at their respective addresses shown on the registration books maintained by the Trustee at least 30 days and not more than 60 days prior to the date set for redemption. If notice of redemption shall have been given as aforesaid, the Bonds or portions thereof to be redeemed shall become due and payable at the redemption price on the redemption date designated in the notice of redemption, and interest thereon shall cease to accrue from and after the designated redemption date. Failure to mail or transmit any such notice to any registered owner or any defect in any notice so mailed or transmitted shall not affect the validity of the proceedings for redemption of the Bonds of other registered owners. If this bond is redeemed in part, upon surrender hereof, the Authority shall cause to be delivered to the registered owner a bond in like form in the principal amount equal to that part of this bond not being redeemed.

In the event that the Bonds of this Subseries are defeased to their maturity in the future, the Authority expects that such Bonds will remain subject to optional redemption by the Authority.



The Bonds of this Subseries are issuable only in fully registered form in the denomination (maturity value) of \$5,000 or any integral multiple thereof or as specified in the Indenture, and may not be converted into bearer bonds.

The Authority, the Trustee and each Paying Agent may treat the registered owner as the absolute owner of this bond for all purposes, notwithstanding any notice to the contrary. This bond is transferable by the registered owner hereof in accordance with the Indenture and the Act.

Reference is made to the Indenture for the further terms of the Bonds, to all of which the Holder of this bond is conclusively deemed to assent. Terms defined in the Indenture are used herein as so defined. The Indenture is available for inspection at the office of the Trustee during business hours.

The respective covenants of the Authority, the City and the State with respect hereto shall be fully discharged and of no further force and effect at such time as this bond, together with interest thereon, shall have been paid in full at maturity, or shall have otherwise been refunded, redeemed, defeased or discharged.

**IN WITNESS WHEREOF**, the NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY has caused this bond to be executed in its name by its Executive Director and attested by its Secretary by their facsimile signatures and its seal or a facsimile thereof to be impressed or imprinted hereon, all as of the 15<sup>th</sup> day of February, 2024.

NEW YORK CITY TRANSITIONAL  
FINANCE AUTHORITY

ATTEST:

BY \_\_\_\_\_  
EXECUTIVE DIRECTOR

SECRETARY

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the Fiscal 2024 Series F, Subseries F-2 Bonds described in and issued in accordance with the Indenture, including the 132<sup>nd</sup> Series Resolution.

THE BANK OF NEW YORK MELLON,  
as Trustee

\_\_\_\_\_  
Authorized Officer

Date of Authentication: February 15, 2024

**REGISTERED  
NUMBER**

**REGISTERED  
\$**

**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

**FUTURE TAX SECURED SUBORDINATE BONDS**

**FISCAL 2024 SERIES F**

**SUBSERIES F-3**

**(FEDERALLY TAXABLE)**

**[ ] PER CENTUM ( %) PER ANNUM**

**DUE: FEBRUARY 1, \_\_\_\_**

**DATED: FEBRUARY 15, 2024**

**CUSIP: 64972J**

**ISIN:**

**COMMON CODE:**

**REGISTERED OWNER: CEDE & CO.**

**PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_)**

**THE NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY** (the “Authority”), a public benefit corporation of the State of New York (the “State”), for value received promises to pay to the registered owner of this bond, on the maturity date set forth above, the principal amount set forth above and to pay interest on such principal amount at the rate of interest set forth above from February 15, 2024, or from the most recent payment date to which interest has been paid, but if the date of authentication of this bond is after the fifteenth day of the calendar month immediately preceding an interest payment date, interest will be paid from such interest payment date. Interest at such rate will be paid on February 1 and August 1 of each year, beginning August 1, 2024, and upon redemption or mandatory tender at or prior to maturity, as set forth herein, by wire transfer, at the discretion of the Authority, or by check mailed to the address of the registered owner hereof as shown on the registration books of the Authority as maintained by The Bank of New York Mellon, as trustee (the “Trustee”), as of the close of business on the

fifteenth day of the calendar month immediately preceding the applicable interest payment date. Interest shall be calculated on the basis of a year of 360 days and twelve 30-day months.

This bond shall not be a debt of either the State or The City of New York (the “City”), and neither the State nor the City shall be liable hereon, nor shall it be payable out of any funds other than those of the Authority.

Principal of this bond and applicable redemption premium, if any, are payable in any coin or currency of the United States of America which on the date of payment is legal tender for the payment of public and private debts, upon presentation and surrender of this bond when due and payable at the office of the Trustee or of such other Paying Agent as may hereafter be designated by the Authority.

All money paid to the Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any bond that remains unclaimed at the end of two years after such principal, redemption premium, if any, or interest shall have become due and payable will be paid to the Authority, and the holder of such bond shall thereafter look only to the Authority for payment.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon has been dated and manually signed by the Trustee.

This bond is a Multi-Modal Bond, constitutes Parity Debt secured on a parity with the Authority’s other Parity Debt, and is one of a Series of Bonds representing a borrowing of \$[ ] under chapter 16, laws of New York, 1997, as amended, and pursuant to an Amended and Restated Original Indenture, as restated [January 25, 2024], and as supplemented, between the Authority and the Trustee (the “Indenture”). Reference is made to the Indenture for a description of the funds pledged and for the provisions with respect to the incurring of indebtedness on a parity with the Senior Bonds and to the rights, limitations of rights, duties, obligations and immunities of the Authority, the City, the State, the Trustee and the Bondholders, including restrictions on the rights of the Bondholders to bring suit. Definitions given or referred to in the Indenture are incorporated herein by this reference. The Indenture (including the terms of this bond) may be amended to the extent and in the manner provided therein.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and statutes of the State to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the Series of Bonds of which this is one, together with all other indebtedness of the Authority, is within every debt and other limit prescribed by the Constitution and laws of the State.

In the Act, the State has made a pledge and agreement with the Holders of the Outstanding Bonds that the State will not limit or alter the rights vested in the Authority by the Act to fulfill the terms of any agreements made with such Holders pursuant to the Act, or in any way impair the rights and remedies of such Holders or the security for such Bonds until such Bonds, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully paid and discharged. The Act does not restrict the right of the State to amend, modify, repeal or otherwise alter statutes imposing or relating to the Personal Income Taxes, but such taxes

payable to the Authority shall in all events continue to be so payable so long as any such taxes are imposed. Not less than 30 days prior to the beginning of each City fiscal year, the Chairperson of the Authority shall certify to the State Comptroller, the Governor, and the Directors of the Authority a schedule of maximum annual debt service on the Bonds and Notes. To the extent that the Personal Income Taxes during such fiscal year are projected by the Mayor to be insufficient to meet at least 150% of maximum annual debt service on the Bonds, the Mayor shall so notify the State Comptroller and the State Comptroller shall pay to the Authority from Sales Taxes such amount as is necessary to provide at least 150% of such maximum annual debt service. The Act does not obligate the State to make any additional payments or impose any taxes to satisfy the debt service obligations of the Authority.

Pursuant to the Act, the City has made a pledge and agreement with the Holders of the Outstanding Bonds that the City will not limit or alter the rights vested in the Authority by the Act to fulfill the terms of any agreements made with such Holders pursuant to the Act, or in any way impair the rights and remedies of such Holders or the security for such Bonds until such Bonds, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully paid and discharged. The Act does not restrict any right the City may have to amend, modify or otherwise alter local laws imposing or relating to the Personal Income Taxes so long as, after giving effect to such amendment, modification or other alteration, the amount of Tax Revenues projected by the Mayor to be available to the Authority during each of its fiscal years following the effective date of such amendment, modification or other alteration shall be not less than 150% of maximum annual debt service on the Bonds.

The Authority has covenanted with the Holders of the Outstanding Bonds of this Series to comply with the financial reporting requirements of, and to limit its issuance of bond anticipation notes as required by, the Act as in effect from time to time.

The State has covenanted with the purchasers and with all subsequent Holders and transferees of the Bonds, in consideration of the acceptance of payment for the Bonds, that the Bonds and the income therefrom and all revenues, monies, and other property pledged to pay or to secure the payment of such Bonds shall at all times be free from taxation.

Neither the Directors of the Authority nor any person executing this bond shall be liable personally thereon or be subject to any personal liability or accountability solely by reason of the issuance hereof.

The bonds of this Subseries are subject to optional redemption or mandatory tender, in each case, at the option of the Authority prior to their stated maturity dates, in whole or in part, on any date on or after August 1, 2033 upon 30 days' notice, at a price of 100% of their principal amount plus accrued interest to such redemption or tender date.

The Bonds of this Subseries are subject to optional redemption or mandatory tender prior to their stated maturity dates at the option of the Authority, in whole or in part on any date, at a make-whole price equal to the greater of:

- (1) the issue price of the Bonds to be redeemed or tendered (but not less than par); and

- (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Bonds to be redeemed or tendered, not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed or tendered, discounted to the date on which such Bonds are to be redeemed or tendered on a semi-annual basis, assuming a 360-day year of twelve 30-day months, at the Treasury Rate (described below) plus [10] basis points;

plus, in each case, accrued interest on such Bonds to be redeemed or tendered to the redemption or tender date.

“Treasury Rate” means, with respect to any redemption or tender date for a particular Bond of this Subseries, the yield to maturity as of such redemption or tender date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 60 calendar days, prior to the redemption or tender date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption or tender date to the maturity date of the Bond to be redeemed or tendered.

The Authority may cause a mandatory tender of this bond on any date at the applicable optional redemption price by giving 10 days’ (30 days’ in the Fixed Rate Mode) Written Notice to the Holder, subject to the Authority’s providing a source of payment therefor in accordance with the Indenture and the Act.

The Authority may redeem or cause the mandatory tender of amounts, maturities and interest rates of Bonds that are subject to optional redemption in its sole discretion. If less than all of the Bonds of a maturity are called for prior redemption, the particular Bonds or portions thereof to be redeemed shall be selected on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, such Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

The Bonds of this Subseries shall be redeemable upon the giving of notice, identifying such Bonds or portions thereof to be redeemed, by mailing or transmitting such notice to the registered owners thereof at their respective addresses shown on the registration books maintained by the Trustee at least 30 days and not more than 60 days prior to the date set for redemption. If notice of redemption shall have been given as aforesaid, the Bonds or portions thereof to be redeemed shall become due and payable at the redemption price on the redemption date designated in the notice of redemption, and interest thereon shall cease to accrue from and after the designated redemption date. Failure to mail or transmit any such notice to any registered owner or any defect in any notice so mailed or transmitted shall not affect the validity of the proceedings for redemption of the Bonds of other registered owners. If this bond is redeemed in part, upon surrender hereof, the Authority shall cause to be delivered to the registered owner a bond in like form in the principal amount equal to that part of this bond not being redeemed.

In the event that the Bonds of this Subseries are defeased to their maturity in the future, the Authority expects that such Bonds will remain subject to optional redemption by the Authority.

The Bonds of this Subseries are issuable only in fully registered form in the denomination (maturity value) of \$5,000 or any integral multiple thereof or as specified in the Indenture, and may not be converted into bearer bonds.

The Authority, the Trustee and each Paying Agent may treat the registered owner as the absolute owner of this bond for all purposes, notwithstanding any notice to the contrary. This bond is transferable by the registered owner hereof in accordance with the Indenture and the Act.

Reference is made to the Indenture for the further terms of the Bonds, to all of which the Holder of this bond is conclusively deemed to assent. Terms defined in the Indenture are used herein as so defined. The Indenture is available for inspection at the office of the Trustee during business hours.

The respective covenants of the Authority, the City and the State with respect hereto shall be fully discharged and of no further force and effect at such time as this bond, together with interest thereon, shall have been paid in full at maturity, or shall have otherwise been refunded, redeemed, defeased or discharged.

**IN WITNESS WHEREOF**, the NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY has caused this bond to be executed in its name by its Executive Director and attested by its Secretary by their facsimile signatures and its seal or a facsimile thereof to be impressed or imprinted hereon, all as of the 15<sup>th</sup> day of February, 2024.

NEW YORK CITY TRANSITIONAL  
FINANCE AUTHORITY

ATTEST:

BY \_\_\_\_\_  
EXECUTIVE DIRECTOR

SECRETARY

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the Fiscal 2024 Series F, Subseries F-3 Bonds described in and issued in accordance with the Indenture, including the 132<sup>nd</sup> Series Resolution.

THE BANK OF NEW YORK MELLON,  
as Trustee

\_\_\_\_\_  
Authorized Officer

Date of Authentication: February 15, 2024





AMENDED AND RESTATED ORIGINAL INDENTURE

between

NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

and

THE BANK OF NEW YORK MELLON, as Successor Trustee

Entered Into as of October 1, 1997, between the Authority and The Chase Manhattan Bank,

as Trustee

As Amended and Restated January 25, 2024.

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## ARTICLE I: INTRODUCTION AND DEFINITIONS

Section 101. The Indenture and the Parties. This INDENTURE is entered into as of October 1, 1997, by the New York City Transitional Finance Authority (the “Authority”) and The Chase Manhattan Bank, as Trustee (with its successors, the “Trustee”), and as heretofore and hereby amended, is restated by the Authority this \_\_\_\_ day of \_\_\_\_\_, 2024.

The Authority recites and represents to the Trustee for the benefit of the Beneficiaries that

(1) the Mayor has determined and declared that a Capital Financing Need exists; the Mayor has certified, submitted, and caused to be held a public hearing upon, a Transitional Capital Plan, all in accordance with the Act, and has affirmed such plan in the form included in the Agreement as Exhibit A; and the Mayor has requested that the Authority provide financing therefor in accordance with the provisions of the Act;

(2) the Authority has authorized this Indenture in accordance with the provisions of the Act, and has given notice to the State Comptroller, pursuant to § 1313 of the Tax Law, as amended by the Act, that the Authority has incurred obligations payable by it; and

(3) the City and the Authority have executed and delivered the City’s Assignment of all of the Building Aid, and the City has given notice of the Assignment to the Director of the State Division of the Budget and the State Comptroller and the Authority has received Building Aid from the State Comptroller.

This Indenture provides for the following transactions:

(a) the Authority’s issue of the Notes and Bonds, including specifically the Series 1998 A Bonds;

(b) the Authority’s transfer of the proceeds of the Notes and Bonds to the City; and

(c) the Authority’s assignment and pledge to the Trustee in trust for the benefit and security of the Bondholders and, to the extent specified herein, of Noteholders and the parties to ancillary and swap contracts of the Revenues, Accounts and assets thereof to be received and held hereunder, the rights to receive the same, and the statutory and contractual covenants in the Act, the Assignment, the Agreement and this Indenture.

In consideration of the mutual agreements contained in this Indenture and other good and valuable consideration, the receipt of which is hereby acknowledged, the Authority and the Trustee agree as set forth herein for their own benefit and for the benefit of the Bondholders and, as applicable, other Beneficiaries, as aforesaid.

Section 102. Definitions and Interpretation. (a) In addition to terms defined in the Act, the Assignment, the Agreement or elsewhere herein, the following terms have the following meanings in this Indenture, unless the context otherwise requires:

“Accounts” means the School Bond Account, the Parity Debt Account, the Collection Account, the Bond Account, the Redemption Account and such other Accounts as may be established and so designated pursuant to this Indenture.

“Act” means the New York City Transitional Finance Authority Act, as in effect from time to time, and as the context requires, other provisions of chapter 16 of the laws of New York, 1997, as amended, and the School Financing Act.

“Agreement” means the Financing Agreement dated October 1, 1997, between the Authority and the City, as amended to and including November 16, 2006, and as further amended, supplemented and in effect from time to time.

“Alternative Revenues” means (i) sales and compensating use taxes that the City is authorized by the State to impose and (ii) taxes imposed pursuant to §1107 of the Tax Law; and successor taxes.

The term “ancillary contracts” means contracts entered into pursuant to law by the Authority or for its benefit or the benefit of any of the Beneficiaries to facilitate the issuance, sale, resale, purchase, repurchase or payment of Bonds or Notes, including bond insurance, letters of credit and liquidity facilities.

“Annual School Bond Debt Service” means the total amount required to be deposited into the School Bond Account as Sinking Fund Requirements and (without duplication) paid from the School Bond Account in a Fiscal Year, based on School Bonds Outstanding and to be issued.

“Assignment” means the Assignment of State Aid dated October 19, 2006, as amended to and including November 16, 2006, and includes each further assignment of State aid by the City to the Authority pursuant to the School Financing Act.

“Authorized Denominations” means, subject to the Series Resolutions, \$5,000 or any integral multiple thereof.

“Authorized Officer” means: (i) in the case of the Authority, the Chairperson, the Executive Director, the General Counsel, the Treasurer (who shall be the chief fiscal officer for purposes of the School Financing Act), each Deputy Treasurer or Assistant Treasurer, the Secretary, each Deputy Secretary or Assistant Secretary, their successors in office, and any other person authorized to act hereunder by appropriate Written Notice to the Trustee, and (ii) in the case of the Trustee, any officer assigned to the Corporate Trust Office, including any managing director, vice president, assistant vice president, assistant treasurer, assistant secretary or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and having direct responsibility for the administration of this Indenture, and also, with respect to a particular matter, any other officer, to whom such matter is referred because of such officer’s knowledge of and familiarity with the particular subject.

“Beneficiaries” means Bondholders and, to the extent specified herein, Noteholders and the parties to and beneficiaries of ancillary and swap contracts.

“Bond Account” means the Account held by the Trustee pursuant to Section 502.

“Bondholders,” “Noteholders” and similar terms mean the registered owners of the Bonds and Notes from time to time as shown on the books of the Authority, and to the extent specified by Series Resolution, the owners of bearer Bonds and Notes.

“Bonds” means all obligations issued as Bonds hereunder.

“Build America Bonds” or “BABs” means build America bonds under Section 54AA of the Tax Code.

“Building Aid” means the State school building aid described in the Assignment.

“Building Aid Subaccount” means the subaccount of the Collection Account so designated and held by the Trustee pursuant to Section 501.

“Business Day” means, subject to the Series Resolutions, a day (a) other than a day on which commercial banks in The City of New York, New York, are required or authorized by law or executive order to close and (b) on which neither the City nor the New York Stock Exchange is closed.

“Capital Financing Need” means a period during which and only the extent to which the issuance of Bonds or Notes in accordance with the Act would assist the City in meeting its capital needs as determined by the Mayor pursuant to § 2799-ff of the Act.

“City Covenant” means the specific pledge and agreement that is authorized by § 2799-jj of the Act, made in Section 4.02 of the Agreement and recited in Section 701 hereof.

“Code” or “Tax Code” means the Internal Revenue Code of 1986, as amended.

“Collection Account” means the Account held by the Trustee pursuant to Section 501.

“Collection Quarter” means the three months beginning each August, November, February and May.

“Competing Claims” include all claims to, and diversions, reductions and withholdings of, Education Aid adverse to the Authority, such as: (x) claims of (i) holders of general obligation bonds of the City issued for school purposes; and (ii) the New York City Educational Construction Fund with respect to the restoration of its debt service reserve fund relating to its outstanding bonds; and (y) State withholdings or recoveries of Education Aid for the City’s failure to provide certain educational services (e.g., courses in special areas, certain number of instructional days, certain health services, services for handicapped students, administrative practices or willful disobedience of certain laws or directives) or to otherwise correct errors or omissions in the apportionments of Education Aid pursuant to subdivision 5 of Section 3604 of the Education Law, as statutorily mandated.

“Confirmed Building Aid” means Building Aid statutorily required to be paid to the Authority with respect to approved projects, subject to appropriation, but not to any other statutory or administrative conditions or approvals, and which shall be calculated in accordance

with the State Covenant and with the building aid ratios applicable to such projects at the date of calculation.

“Corporate Trust Office” means the office of the Trustee at which the corporate trust business of the Trustee shall, at any particular time, be principally administered, which office is, at the date of this restatement, located at 240 Greenwich Street, New York, New York 10286.

“Costs” means Project Capital Costs.

“Costs of Issuance” means those Project Capital Costs that are payable with respect to the authorization, sale and issuance of Bonds and Notes, underwriting fees, auditors’ or accountants’ fees, printing costs, costs of reproducing documents, filing and recording fees, fees and expenses of fiduciaries, legal fees and charges, professional consultants’ fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of bonds and notes, governmental charges, costs of swap contracts and ancillary contracts, and other costs, charges and fees in connection with the foregoing, and includes costs of compliance with Section 603.

“Counsel” means nationally recognized bond counsel or such other counsel as may be selected by the Authority for a specific purpose hereunder.

The term “coupon Bonds” or “coupon Notes” includes Bonds or Notes registered to bearer.

“Debt Service” or “Senior Debt Service” means interest, redemption premium, purchase price to the extent provided by Officer’s Certificate, Sinking Fund Requirements and (without duplication) principal payments due on or on account of Outstanding Senior Bonds and (to the extent provided by Series Resolution) Notes, and amounts payable from the Bond Account on Senior Agreements. Principal of Notes and termination payments on swap contracts shall be deemed Debt Service only to the extent expressly specified in the text of a Series Resolution.

“Defeasance Collateral” means money and (i) non-callable direct obligations of the United States of America, non-callable and non-prepayable direct federal agency obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America, non-callable direct obligations of the United States of America which have been stripped by the United States Treasury itself or by any Federal Reserve Bank (not including “CATS,” “TIGRS” and “TRS” unless the Authority obtains Rating Confirmation with respect thereto) and the interest components of REFCORP bonds for which the underlying bond is non-callable (or non-callable before the due date of such interest component) for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book-entry form, and shall exclude investments in mutual funds and unit investment trusts;

(ii) obligations timely maturing and bearing interest (but only to the extent that the full faith and credit of the United States of America are pledged to the timely payment thereof);

(iii) certificates evidencing ownership of the right to the payment of the principal of or interest on obligations described in clause (ii), provided that such obligations are held in the custody of a bank or trust company satisfactory to the Trustee in a segregated trust account in the trust department separate from the general assets of such custodian;



(iv) bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (A) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, and (B) timely payment of which is fully secured by a fund consisting only of cash or obligations of the character described in clause (i), (ii), (iii) or (v) which fund may be applied only to the payment when due of such bonds or other obligations; and

(v) with respect to Bonds issued on and after (x) March 24, 2004 or reoffered on or after January 29, 2021, direct obligations of, or obligations guaranteed as to timely payment of principal and interest by, FHLMC, FNMA, or the Federal Farm Credit System and (y) August 2, 2010 or reoffered on or after January 29, 2021, all obligations described in clause (ii) of the definition of Eligible Investments.

“Defeased Bonds” means legally defeased Bonds or Notes and other Bonds or Notes that remain in the hands of their Holders but are no longer deemed Outstanding.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State, and includes any nominee of DTC in whose name any Notes or Bonds are then registered.

“Education Aid” means all State aid that may be forwarded to the Paying Agent for the benefit of the Holders of School Bonds and School Notes pursuant to §99-b of the State Finance Law.

“Electronic Means” means facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other electronic means.

“Eligible Investments” means the following obligations to the extent they are legal for investment of money hereunder pursuant to any applicable provision of the Act:

(i) Defeasance Collateral;

(ii) direct obligations of, or obligations guaranteed as to timely payment of principal and interest by, FHLMC, FNMA, the Federal Home Loan Bank System or the Federal Farm Credit System;

(iii) demand and time deposits in or certificates of deposit of, or bankers’ acceptances issued by, any bank or trust company, savings and loan association or savings bank, if such deposits or instruments are rated A-1+ by S&P and the long-term unsecured debt obligations of the institution holding the related account has one of the two highest ratings available for such securities by Moody’s;

(iv) general obligations of, or obligations guaranteed by, any state of the United States or the District of Columbia receiving one of the two highest long-term unsecured debt ratings available for such securities by Moody’s and S&P;

(v) commercial or finance company paper (including both non-interest-bearing discount obligations and interest bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) that is rated A-1+ by S&P and in one of the two highest categories by Moody's;

(vi) repurchase obligations with respect to any security described in clause (i) or (ii) above entered into with a broker/dealer, depository institution or trust company (acting as principal) meeting the rating standards described in clause (iii) above;

(vii) securities bearing interest or sold at a discount that are issued by any corporation incorporated under the laws of the United States of America or any state thereof and rated in one of the two highest categories by Moody's and either A-1+ or in one of the two highest long-term categories by S&P at the time of such investment or contractual commitment providing for such investment; provided, however, that securities issued by any such corporation will not be Eligible Investments to the extent that investment therein would cause the then outstanding principal amount of securities issued by such corporation that are then held to exceed 20% of the aggregate principal amount of all Eligible Investments then held;

(viii) units of taxable money market funds which funds are regulated investment companies and seek to maintain a constant net asset value per share and have been rated in one of the two highest categories by Moody's and at least AAm or AAm-G by S&P, including, if so rated, any fund which the Trustee or an affiliate of the Trustee serves as an investment advisor, administrator, shareholder, servicing agent and/or custodian or sub-custodian, notwithstanding that (A) the Trustee or an affiliate of the Trustee charges and collects fees and expenses (not exceeding current income) from such funds for services rendered, (B) the Trustee charges and collects fees and expenses for services rendered pursuant to this Indenture, and (C) services performed for such funds and pursuant to this Indenture may converge at any time (the Authority specifically authorizes the Trustee or an affiliate of the Trustee to charge and collect all fees and expenses from such funds for services rendered to such funds, in addition to any fees and expenses the Trustee may charge and collect for services rendered pursuant to this Indenture);

(ix) investment agreements or guaranteed investment contracts rated, or with any financial institution whose senior long-term debt obligations are rated, or guaranteed by a financial institution whose senior long-term debt obligations are rated, at the time such agreement or contract is entered into, in one of the two highest categories for comparable types of obligations by Moody's and S&P; or

(x) investment agreements with a corporation whose principal business is to enter into such agreements if (A) such corporation has been assigned a counterparty rating by Moody's in one of the two highest categories and S&P has rated the investment agreements of such corporation in one of the two highest categories and (B) the Authority has an option to terminate each agreement in the event that such counterparty rating is downgraded below the two highest categories by Moody's or the investment agreements of such corporation are downgraded below the two highest categories by S&P;

provided that no Eligible Investment may (A) evidence the right to receive only interest with respect to prepayable obligations underlying such instrument or (B) be purchased at a price

greater than par if such instrument may be prepaid or called at a price less than its purchase price prior to its stated maturity.

“Federal Bond Subaccount” means the subaccount so designated, held by the Trustee and applied pursuant to Section 501(c).

“Federal Collection Subaccount” means the subaccount so designated, held by the Trustee and applied pursuant to Section 501(c)

“Federal Proceeds Subaccount” means the subaccount so designated by Section 404.

“Federal Subsidy” means Revenues, paid or payable to the Authority or its assignee by the United States Treasury in respect of BABs or QSCBs pursuant to section 6431 of the Tax Code, or such other federal subsidy as may be identified by Series Resolution.

“FHLMC” means the Federal Home Loan Mortgage Corporation.

“Fiduciary” means the Trustee, any representative of the Holders of Notes or Subordinate Bonds appointed by Series Resolution, or any Paying Agent, including each fiscal agent.

“First Month Requirement” means, for any account funded by Tax Revenues, one half of Quarterly Senior Debt Service or one-half of Quarterly Subordinate Debt Service payable therefrom, plus any amount payable therefrom in the current Payment Period and any overdue Sinking Fund Requirement.

The term “fiscal agent” means each Paying Agent (initially the Trustee) designated by the Authority to act as registrar and transfer agent.

“Fiscal Year” means each 12-month period beginning July 1.

“Fitch” means Fitch Ratings, and includes all successors, assigns and official designations as in effect from time to time; references to Fitch are effective as long as Fitch is a Rating Agency.

“FNMA” means the Federal National Mortgage Association.

“Full Requirement” means, for any account funded by Tax Revenues, the Quarterly Senior Debt Service or Quarterly Subordinate Debt Service payable therefrom, plus any amount payable therefrom in the current Payment Period and any overdue Sinking Fund Requirement.

The terms “hereby”, “hereof”, “herein”, “hereunder” and any similar terms, as used in this Indenture, refer to this Indenture; and the term “date hereof” means, the term “hereafter” means after, and the term “heretofore” means before, the date of delivery of the Series 1998 A Bonds.

The term “including” means “including without limitation”.

“Incremental Building Aid” means Building Aid that is not Confirmed Building Aid.

“Indenture” means this Indenture as amended, supplemented and in effect from time to time.

“LFL” means the Local Finance Law of the State, as amended from time to time.

“Majority in Interest” means the Holders of a majority of the Outstanding Bonds or Notes eligible to act on a matter, measured by face value at maturity unless otherwise specified in a Series Resolution.

The term “maximum annual debt service on the Bonds” means the greatest amount of interest, Sinking Fund Requirements and (without duplication) principal payments on Outstanding Bonds (including Subordinate Bonds and Senior Bonds but excluding Notes and ancillary and swap contracts, whether or not payments thereon are Debt Service) payable in the current or any future fiscal year.

“Moody’s” means Moody’s Investors Service, and includes all successors, assigns and official designations as in effect from time to time; references to Moody’s are effective as long as Moody’s is a Rating Agency.

“MOU” means the Memorandum of Understanding relating to the Education Aid, dated as of October 26, 2006, among the Authority, the City, the State Comptroller and the State Education Department.

“Net Building Aid” means Confirmed Building Aid, net of any Competing Claims that the Authority expects to be applied against the Building Aid.

“Notes” means all obligations issued as Notes hereunder.

“Officer’s Certificate” means a certificate signed by an Authorized Officer of the Authority or, if so specified, of the City or the Trustee. An action that may be taken by Officer’s Certificate may alternatively be taken in a Supplemental Indenture.

The term “operating expenses” means all expenses incurred by the Authority in the administration of the Authority including but not limited to salaries, administrative expenses, insurance premiums, auditing and legal expenses, fees and expenses incurred for professional consultants and fiduciaries, payments on Notes and swap and ancillary contracts not paid as Costs or from the Bond Account, transfers to pay or service Subordinate Bonds, and all operating expenses so identified by Supplemental Indenture.

The word “or” is used in its inclusive sense.

“Original Indenture” means this Indenture in its original form, as amended but excluding all supplemental provisions not in the nature of amendments to the Original Indenture.

“Outstanding”, when used to modify Bonds or Notes, refers to Bonds or Notes issued under this Indenture, excluding: (i) Bonds or Notes which have been exchanged or replaced, or delivered to the Trustee for credit against a principal payment; (ii) Bonds or Notes which have been paid; (iii) Bonds or Notes which have become due and for the payment of which money has

been duly provided; (iv) Bonds or Notes for which there has been irrevocably set aside sufficient Defeasance Collateral timely maturing and bearing interest, to pay or redeem them; and if any such Bonds or Notes are to be redeemed prior to maturity, the Authority shall have taken all action necessary to redeem such Bonds or Notes and notice of such redemption shall have been duly mailed in accordance with this Indenture or irrevocable instructions so to mail shall have been given to the Trustee; (v) Bonds and Notes the payment of which shall have been provided for pursuant to Section 202 or Section 203; and (vi) for purposes of any consent or other action to be taken by the Holders of a Majority in Interest or specified percentage of Bonds or Notes hereunder, Bonds or Notes held by or for the account of the Authority, the City or any person controlling, controlled by or under common control with either of them.

“Parity Debt” means Bonds or Notes payable from the Parity Debt Account.

“Parity Debt Account” means the Account held by the Trustee pursuant to Section 507(a).

“Paying Agent” means each Paying Agent designated from time to time pursuant to Section 803.

“Payment Period” means the three months following each Collection Quarter.

“Personal Income Taxes” means the taxes paid or payable to the Authority pursuant to § 873 and § 1313 of the Tax Law or a successor statute.

“Proceeding” means any suit, action or proceeding at law or in equity for the enforcement of the Undertaking or to remedy any breach thereof, except a remedial action pursuant to Article X.

“Project Capital Costs” means (i) costs, appropriated in the capital budget of the City pursuant to Chapters 9 and 10 of the City Charter, as amended from time to time, providing for the construction, reconstruction, acquisition or installation of physical public betterments or improvements which would be classified as capital assets under generally accepted accounting principles for municipalities, or (ii) the costs of any preliminary studies, surveys, maps, plans, estimates and hearings, or (iii) incidental costs, including legal fees, printing or engraving, publication of notices, taking of title, apportionment of costs, and interest during construction, or (iv) any underwriting or other costs incurred in connection with the financing thereof, but (v) to the extent financed by School Bonds or School Notes, only School Capital Costs.

“Project Fund Investments” means the following obligations to the extent they are legal for investment of money in the Project Fund pursuant to any applicable provision of the Act:

(i) Eligible Investments;

(ii) demand and time deposits in or certificates of deposit of, or bankers’ acceptances issued by, any bank or trust company, savings and loan association or savings bank, if such deposits or instruments are rated at least A-1 by S&P and the long-term unsecured debt obligations of the institution holding the related account has one of the two highest ratings available for such securities by Moody’s;

(iii) general obligations of, or obligations guaranteed by, any state of the United States or the District of Columbia receiving one of the three highest long-term unsecured debt ratings available for such securities by Moody's and S&P;

(iv) commercial or finance company paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than 270 days after the date of issuance thereof) that is rated at least A-1 by S&P and P-1 by Moody's;

(v) repurchase obligations with respect to any security described in clause (i) or (ii) of the definition of Eligible Investments entered into with a broker/dealer, depository institution or trust company (acting as principal) whose long-term debt is rated in one of the three highest categories by Moody's and S&P;

(vi) securities bearing interest or sold at a discount that are issued by any corporation incorporated under the laws of the United States of America or any state thereof and rated in one of the two highest categories by Moody's and either A-1 or in one of the two highest long-term categories of S&P at the time of such investment or contractual commitment providing for such investment; provided, however, that securities issued by any such corporation will not be Project Fund Investments to the extent that investment therein would cause the then outstanding principal amount of securities issued by such corporation that are then held to exceed 20% of the aggregate principal amount of all Project Fund Investments then held;

(vii) investment agreements or guaranteed investment contracts rated, or with any financial institution whose senior long-term debt obligations are rated, or guaranteed by a financial institution whose senior long-term debt obligations are rated, at the time such agreement or contract is entered into, in one of the three highest categories for comparable types of obligations by Moody's and S&P;

(viii) investment agreements with a corporation whose principal business is to enter into such agreements if (A) such corporation has been assigned a counterparty rating by Moody's in one of the three highest categories and S&P has rated the investment agreements of such corporation in one of the three highest categories and (B) the Authority has an option to terminate each agreement in the event that such counterparty rating is downgraded below the three highest categories by Moody's or the investment agreements of such corporation are downgraded below the three highest categories by S&P; or

(ix) other obligations or securities that are acceptable to each Rating Agency;

provided that no Project Fund Investment may (A) evidence the right to receive only interest with respect to prepayable obligations underlying such instrument or (B) be purchased at a price greater than par if such instrument may be prepaid or called at a price less than its purchase price prior to its stated maturity.

“Projects” means the projects identified in Exhibit A to the Agreement and all other projects, any costs of which are included in a Transitional Capital Plan pursuant to the Act and are financed, by payment or reimbursement, with the proceeds of Bonds or Notes.

“Qualified School Construction Bonds” or “QSCBs” means qualified school construction bonds under section 54F of the Tax Code.

“Qualified Swap” means an ancillary or swap contract with a counterparty (i) the debt securities of which are rated in one of the two highest long-term debt rating categories by S&P or (ii) the obligations of which under the contract are either guaranteed or insured by an entity the debt securities or insurance policies of which are so rated or (iii) the debt securities of which are rated in the third highest long-term debt rating category by S&P or whose obligations are guaranteed or insured by an entity so rated, in either case the obligations of which under the contract are continuously and fully secured by Eligible Investments meeting criteria provided by S&P to the Authority and then in effect.

“Quarterly Debt Service” or “Quarterly Senior Debt Service” means, as of any date, Senior Debt Service for the following Payment Period, as certified to the Trustee by Officer’s Certificate.

“Quarterly Subordinate Debt Service” means, as of any date, Subordinate Debt Service for the following Payment Period, as certified to the Trustee by Officer’s Certificate.

“Rating Agency” means each nationally recognized statistical rating organization that has, at the request of the Authority, a rating in effect for the unenhanced Senior Bonds.

“Rating Category” means one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

“Rating Confirmation” means evidence that no Senior Bond rating in effect from a Rating Agency will be withdrawn or reduced solely as a result of an action to be taken hereunder.

The term “record date” means the fifteenth day of the calendar month next preceding a particular interest payment date, or such other date as may be specified by Series Resolution; and the Authority or the Trustee may in its discretion establish special record dates for the determination of the Holders of Bonds or Notes for various purposes hereof, including giving consent or direction to the Trustee.

“Redemption Account” means the account held by the Trustee pursuant to Section 503.

“Remaining Building Aid” means the Authority’s projection of the balance of Net Building Aid to be received in the current Fiscal Year, based on the latest estimates from the State and such other information as the Authority deems relevant.

“Revenues” means the Tax Revenues (including Alternative Revenues paid or payable to the Authority), the Building Aid and all aid, rents, fees, charges, payments and other income and receipts (other than Note or Bond proceeds) paid or payable to the Authority or the Trustee for the account of the Authority.

“S&P” means S&P Global Ratings, and includes all successors, assigns and official designations as in effect from time to time; references to S&P are effective as long as S&P is a Rating Agency.

“Sales Taxes” means Alternative Revenues.

“School Bond Account” means the account held by the Trustee pursuant to Section 507(c).

“School Bond Rating Confirmation” means evidence that no School Bond rating in effect at the request of the Authority from a nationally recognized statistical rating organization will be withdrawn or reduced in Rating Category solely as a result of an action to be taken hereunder.

“School Bonds” means School Obligations issued as Bonds.

“School Capital Costs” means Costs referred to in the School Financing Act.

“School Financing Act” means part A-3 of chapter 58 of the laws of New York, 2006, as it may be amended and in effect from time to time.

“School Notes” means School Obligations issued as Notes, which shall mature within 13 months from their date of issue.

“School Obligations” means bonds, notes, swaps and ancillary contracts payable from the School Bond Account.

“Securities Depository” means DTC or another securities depository specified by Series Resolution, or if the incumbent Securities Depository resigns from its functions as depository of the Bonds or Notes or the Authority discontinues use of the incumbent Securities Depository, then any other securities depository selected by Officer’s Certificate of the Authority.

“Senior Agreements” means ancillary and swap contracts to the extent that amounts are payable thereon from the Bond Account pursuant to a Series Resolution.

“Senior Bonds” means all Bonds issued as Senior Bonds in compliance with Section 301(b)(i).

“Series” means all Notes or Bonds so identified in a Series Resolution, regardless of variations in maturity, interest rate or other provisions, and any Notes or Bonds thereafter delivered in exchange or replacement therefor.

“Series 1998 A Bonds” means the \$650,000,000 New York City Transitional Finance Authority Future Tax Secured Bonds, Fiscal 1998 Series A, dated October 9, 1997, including any Bonds issued in exchange or replacement therefor.

“Series Fiscal Year” means each Fiscal Year in which School Bonds of a Series are scheduled to be Outstanding; in which, unless otherwise specified by Series Resolution, each payment of principal or interest shall be made on July 15 or January 15.



“Series Resolution” means a resolution or Supplemental Indenture described in Section 301(a), or a supplement thereto.

“Sinking Fund” means each Sinking Fund Subaccount established by Article V. To the extent necessary for compliance with Section 603 and other provisions hereof and of the Act, the Authorized Officers of the Authority may subdivide each such subaccount in respect of separate categories or issues of Sinking Fund Bonds.

“Sinking Fund Bonds” means Bonds so designated by Series Resolution that are issued pursuant to the Indenture, the Act and such provisions of the LFL as are not inappropriate to be applied to the Sinking Fund Bonds.

“Sinking Fund Requirement” means each annual scheduled contribution to a Sinking Fund for the redemption, at or prior to maturity, of Sinking Fund Bonds of a Series. The Authority may apply or credit against any Sinking Fund Requirement the principal amount of any Bonds to which that Sinking Fund Requirement applies (or, to the extent permitted by Series Resolution, other Bonds) that have been purchased or redeemed and not previously so applied or credited.

“State” means the State of New York.

“State Covenant” means the State’s pledge and agreement set forth in §2799-ii of the Act (including, with respect to School Bonds and School Notes, the related provisions of the School Financing Act).

“Statutory Revenues” means the Personal Income Taxes and the Sales Taxes.

“Subordinate Agreements” means ancillary and swap contracts to the extent that such contracts are not Senior Agreements.

“Subordinate Bonds” or “Subordinate” means all Bonds but Senior Bonds.

“Subordinate Debt Service” means interest, redemption premium, purchase price to the extent provided by Officer’s Certificate, Sinking Fund Requirements and (without duplication) principal payments due on or on account of Outstanding Parity Debt issued as Bonds and interest on Parity Debt issued as Notes.

“Supplemental Indenture” means a Series Resolution or supplement hereto adopted and becoming effective in accordance with the terms hereof and of the Act. Any provision that may be included in a Series Resolution or Supplemental Indenture is also eligible for inclusion in the other subject to the provisions hereof and of the Act.

The term “swap contract” or “swap” means an interest rate exchange or similar agreement entered into by the Authority with Rating Confirmation from S&P pursuant to the Act and any appropriate provisions of the LFL that are applicable to the City and made applicable to the Authority by the Act.

“Tax-Exempt Bonds” or “Tax-Exempt Notes” means all Bonds or Notes so identified in any Series Resolution.

“Tax Revenue Subaccount” means the subaccount of the Collection Account so designated and held by the Trustee pursuant to Section 501.

“Tax Revenues” means the Personal Income Taxes and such other revenues, including Alternative Revenues (but excluding Building Aid), as the Authority may derive directly from the State from taxes imposed by the City or the State and collected by the State.

“Transitional Capital Plan” means such plan in effect pursuant to § 2799-ff.1 of the Act.

“Undertaking” means the Authority’s covenant in Section 605.

“Unfunded Balance”, with respect to the Building Aid, means Annual School Bond Debt Service remaining to be paid in a Fiscal Year, plus Annual School Bond Debt Service for the following Fiscal Year, minus the amount held in the School Bond Account, but not less than zero.

“Written Notice”, “written notice” or “notice in writing” means notice in writing which may be delivered by hand or first class mail and also means facsimile transmission. So long as the Bonds are held under a book-entry system, any notice to the registered owner may be given by Electronic Means with full force and effect.

(b) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of the Original Indenture.

(c) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(d) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons, and shall include successors and assigns.

(e) Any headings preceding the texts of the several Articles and Sections of this Indenture, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference, and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

(f) As used in this Indenture and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in this Indenture or in any such certificate or other document, and accounting terms partly defined in this Indenture or in any such certificate or other document to the extent not defined, shall have the respective meanings given to them under generally accepted accounting principles. To the extent that the definitions of accounting terms in this Indenture or in any such certificate or other document are inconsistent with the meanings of such terms under generally accepted accounting principles, the definitions contained in this Indenture or in any such certificate or other document shall control.

(g) In the event that any provision of this Indenture shall be held to be invalid in any circumstance, such invalidity shall not affect any other provisions or circumstances; any provisions of this Indenture that are declared invalid or unenforceable shall be deemed severable and shall not affect the validity or enforceability of the remainder, which shall be interpreted so as to reasonably effect the intent of the Authority; and any such invalid or unenforceable provisions shall be deemed replaced with valid and enforceable provisions that, to the extent possible, fulfill the purpose and intent hereof.

(h) This Indenture shall be governed by the domestic law of the State.

(i) Each time of day shall be local time in New York City, except as otherwise specified herein.

(j) If the date for making any payment or the last day for the performance of any act or the exercise of any right, provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date, except as otherwise specified herein.

(k) Each reference to Bonds includes portions thereof in Authorized Denominations.

Section 103. Directors, State and City Not Liable on Notes or Bonds. (a) Neither the Directors of the Authority nor any person executing Notes, Bonds or other obligations of the Authority shall be liable personally thereon or be subject to any personal liability or accountability solely by reason of the issuance thereof.

(b) The Notes, Bonds and other obligations of the Authority shall not be a debt of either the State or the City, and neither the State nor the City shall be liable thereon, nor shall they be payable out of any funds other than those of the Authority; and the Notes and Bonds shall contain on the face thereof a statement to such effect.

Section 104. Separate Accounts and Records. The parties represent and covenant, each for itself, that: (a) The Authority and the Trustee each will maintain its respective books, financial records and accounts (including, without limitation, inter-entity transaction accounts) in a manner so as to identify separately the assets and liabilities of each such entity; each has observed and will observe all applicable corporate or trust procedures and formalities, including, where applicable, the holding of regular periodic and special meetings of governing bodies, the recording and maintenance of minutes of such meetings, and the recording and maintenance of resolutions, if any, adopted at such meetings; and all transactions and agreements between the Authority and the Trustee have reflected and will reflect the separate legal existence of each entity and have been and will be formally documented in writing.

(b) The Authority and the Trustee, in its individual capacity, have paid and will pay their respective liabilities and losses from their own respective separate assets. In furtherance of the foregoing, the Authority has compensated and will compensate all consultants, independent contractors and agents from its own funds for services provided to it by such consultants, independent contractors and agents.

## ARTICLE II: PLEDGE

Section 201. Security and Pledge. Pursuant to the Act, including § 2799-gg thereof, the Authority assigns and pledges to the Trustee in trust upon the terms hereof (a) the Revenues, (b) all rights to receive the Revenues (including the Statutory Revenues) and the proceeds of such rights, (c) all Accounts and assets thereof, including money, contract rights, general intangibles or other personal property, held by the Trustee hereunder, (d) the covenants of the City and the State herein, in the Agreement, in the Assignment and in the Act and (e) any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder. Except as specifically provided herein, this assignment and pledge does not include: (i) the rights of the Authority pursuant to provisions for consent or other action by the Authority, notice to the Authority, indemnity or the filing of documents with the Authority, or otherwise for its benefit and not for that of the Beneficiaries, or (ii) any right or power reserved to the Authority pursuant to the Act or other law. The Authority will implement, protect and defend this assignment and pledge by all appropriate legal action, the cost thereof to be an operating expense. The preceding, and all pledges and security interests made and granted by the Authority pursuant hereto, are immediately valid, binding and perfected to the full extent provided by the Act. The foregoing collateral is hereby pledged and a security interest is therein granted, to secure the payment of Bonds, Notes, and payments in respect of Senior Agreements and Subordinate Agreements; provided, however, that the pledge and security interest herein granted to secure the Authority's obligation to pay Subordinate Bonds and Subordinate Agreements shall be subject and subordinate to the pledge and security interest herein granted to secure Debt Service, and all Revenues, including the Building Aid, shall be applied in accordance herewith. The lien of such pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the Authority secured by the Revenues. The Authority shall not incur any obligations, except as authorized hereby, secured by a lien on the Revenues or Accounts equal or prior to the lien hereof.

Section 202. Defeasance of Indenture. When (a) there is held by or for the account of the Trustee Defeasance Collateral in such principal amounts, bearing fixed interest at such rates and with such maturities as will provide sufficient funds to pay or redeem all obligations to Beneficiaries in full (to be verified by a nationally recognized firm of verification agents or independent certified public accountants), (b) if any Bonds or Notes are to be redeemed prior to the maturity thereof, the Authority shall have taken all action necessary to redeem such Bonds or Notes and notice of such redemption shall have been duly given in accordance with this Indenture or irrevocable instructions to give notice shall have been given to the Trustee, and (c) all the rights hereunder of the Trustee have been provided for, then upon written notice from the Authority to the Trustee, the Beneficiaries shall cease to be entitled to any benefit or security under this Indenture except the right to receive payment of the funds so held and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien hereof, the security interests created by this Indenture (except in such funds and investments) shall terminate, and the Authority and the Trustee shall execute and deliver such instruments as may be necessary to discharge the Trustee's lien and security interests created hereunder. Upon

such defeasance, the funds and investments required to pay or redeem the Bonds and other obligations to Beneficiaries shall be irrevocably set aside for that purpose, subject, however, to Section 506, and money held for defeasance shall be invested only as provided above in this section and applied by the Trustee and other Paying Agents, if any, to the retirement of the Bonds and Notes. Any funds or property held by the Trustee and not required for payment or redemption of the Bonds and other obligations to Beneficiaries in full shall, after satisfaction of all the rights of the Authority and the Trustee, be distributed to the Authority upon such indemnification, if any, as the Trustee may reasonably require.

Section 203. Legal Defeasance of Particular Bonds. *If* (a) any Bonds or Notes are identified as legally defeased in a Series Resolution pursuant to Section 1101(a)(1)(D), (b) there is held by or for the account of the Trustee Defeasance Collateral in such principal amounts, bearing fixed interest at such rates and with such maturities as will provide sufficient funds to pay or redeem all obligations to the Holders of such Bonds in full (to be verified by a nationally recognized firm of verification agents or independent certified public accountants), (c) the Authority has taken all action necessary to redeem any such Bonds or Notes to be redeemed prior to maturity and notice of such redemption has been duly given or irrevocable instructions to give notice have been given to the Trustee, and (d) unless otherwise specified by Series Resolution at issuance of the Bonds or Notes to be defeased, the Authority has delivered to the Trustee an opinion of Counsel to the effect that the Holders will not recognize income, gain or loss for federal income tax purposes as a result of such legal defeasance and will be subject to federal income tax on the same amounts (if any), in the same manner and at the same times as would have been the case if such legal defeasance had not occurred, *then* the Authority's obligations under this Indenture with respect to such Bonds or Notes shall terminate, the debt represented thereby shall be legally satisfied, and the Holders shall cease to be entitled to any benefit or security under this Indenture except the right to receive payment of the funds so held and other rights which by their nature cannot be satisfied until such Bonds or Notes are actually paid. Upon such defeasance, the funds and investments required to pay or redeem the Bonds or Notes shall be irrevocably set aside for that purpose, and money held for defeasance shall be invested only as provided above in clause (b) and applied to the retirement of the Bonds or Notes.

### ARTICLE III: THE BORROWING

Section 301. Notes and Bonds of the Authority. (a) By Series Resolution complying procedurally and in substance with the Act and this Indenture, the Authority may authorize, issue, sell and deliver (i) Bonds or (ii) Notes in anticipation thereof, from time to time in such principal amounts as the Authority shall determine to be necessary, to provide sufficient funds to meet a Capital Financing Need, including financing Project Capital Costs by payment or reimbursement, and funding reserves to secure Notes or Bonds; and may issue Notes or Bonds to renew or refund Notes or Bonds, by exchange, purchase, redemption or payment, and establish such escrows therefor as it may determine.

(b) Bonds and Notes may be issued only:

(i) as Senior Bonds (or Notes in anticipation thereof) to pay or reimburse Project Capital Costs or refund or renew such Bonds or Notes, but not to exceed \$12

billion in Outstanding principal amount, and subject to a \$330 million limit on Quarterly Debt Service to be payable; or

(ii) as Subordinate Bonds (or Notes in anticipation thereof), with Rating Confirmation; but

(iii) no Series of Senior Bonds shall be authenticated and delivered without Rating Confirmation except upon receipt by the Trustee of:

(y) a certificate by the Director of Management and Budget setting forth the most recent collections for the 12 consecutive calendar months ended not more than two months prior to the date of such certificate, of the Statutory Revenues, in effect at the date of issuance of such Series of Bonds, collected by the State and to be payable to the Authority; and

(z) an Officer's Certificate setting forth

(I) the aggregate amount of Debt Service (excluding any accrued or capitalized interest), including such Series of Bonds, for each Fiscal Year such Bonds will be Outstanding,

(II) the aggregate amount of operating expenses as estimated by an Authorized Officer of the Authority for the current Fiscal Year, and

(III) that the amounts set forth pursuant to clause (y) after deducting the operating expenses set forth pursuant to clause (z)(II), will be at least 3 times such aggregate amount set forth in clause (z)(I) for each Fiscal Year set forth pursuant to clause (z)(I).

For purposes of this Section 301(b) and Section 307(d), each interest rate on Outstanding and proposed variable-rate Bonds or Notes (if not economically fixed), shall be assumed at the maximum rate payable to investors other than parties to an ancillary contract. The elements of this Section 301(b) shall be certified to the Trustee by an Authorized Officer of the Authority or as specified above.

(c) The Notes and Bonds shall bear such dates and shall mature at such times as the Authority may provide pursuant to the Act. The Notes and Bonds shall bear interest at such fixed or variable rates, and shall be in such denomination, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment, at such place and be subject to such terms of redemption as the Authority may provide pursuant to the Act. The Notes and Bonds may be sold by the Authority at public or private sale pursuant to the Act.

(d) The Notes and Bonds shall be executed in the name of the Authority by the signature or facsimile signature of an Authorized Officer and the seal or a facsimile seal of the Authority shall be impressed or imprinted thereon, and attested by the signature or facsimile signature of an Authorized Officer. The authenticating certificate of the Trustee or designated fiscal agent shall be manually signed. Coupons attached to a Bond shall be authenticated by the facsimile or manual signature of an Authorized Officer unless the Authority shall, by resolution, provide that such coupons shall be authenticated by the facsimile or manual signature of the Trustee or designated fiscal agent. Obligations executed as set forth above shall be valid and binding obligations when duly delivered, notwithstanding the fact that before the delivery thereof the persons executing the same shall have ceased in office or others may have been designated to perform such functions.

(e) Every Bond and Note shall contain a statement of at least the following:

1. The type of obligation.
2. The amount of the obligation and the total amount of the Series of which the obligation is a part.
3. The date and maturity of the obligation.
4. The place or places of payment of principal and interest.
5. The medium of payment.
6. If the obligation is payable to bearer, whether it may be converted into a registered obligation; if the obligation is in registered form, whether it may be converted into a bearer obligation.
7. If the obligation may be called for redemption prior to its date of maturity, the terms and conditions under which such obligation may be redeemed.
8. The rate of interest or, in the case of obligations bearing a variable rate of interest, the procedure for calculating such variable rate of interest and the maximum rate of interest which such variable rate obligations may bear, together with the date or dates of payment thereof.

(f) The Trustee shall keep a complete record of each Series of Bonds and Notes, which shall include:

1. The type and purpose thereof.
2. The amount thereof.
3. The number of obligations in the Series.
4. The rate or rates of interest thereon.
5. The date of issue thereof.
6. The date of maturity of each obligation.
7. The date of adoption of the applicable Series Resolution.

Section 302. Documents to be Delivered to Trustee. The Authority may from time to time request the authentication and delivery of a Series of Bonds or Notes by providing to the Trustee (at or prior to such authentication and delivery) the following:

(a) Copies of the Agreement, each applicable Series Resolution, the Declaration of Need and the Transitional Capital Plan certified by an Authorized Officer;

(b) an Officer's Certificate as to the purposes and periods of probable usefulness to be financed, and such other matters as may be required by the Act and appropriate provisions of the LFL;

(c) an Officer's Certificate showing compliance with Section 301(b) and to the effect that there is no default hereunder that will remain uncured immediately following such delivery, nor an uncured failure of the State or the City to comply with their respective agreements provided for in §§ 2799-ii and 2799-jj of the Act, as in effect at the date of delivery of the Series 1998A Bonds;

(d) an opinion of Counsel as to the due authorization, execution and delivery by the Authority of this Indenture and each relevant Supplemental Indenture; to the effect that the Series Resolution is in full force and effect and that the Bonds or Notes are valid and binding obligations of the Authority secured by the pledge of the Indenture; and after delivery of the Series 1998 A Bonds, to the effect that the issuance of the Bonds or Notes will not adversely affect the exclusion from gross income for federal income tax purposes of interest on Tax-Exempt Bonds or Tax-Exempt Notes theretofore issued (as set forth in the opinions delivered with such prior Bonds or Notes);

(e) such other documents as may be required by the applicable Series Resolutions; and

(f) an Officer's Certificate to the effect that the applicable conditions to the issuance of Bonds or Notes set forth herein and in each applicable Series Resolution have been met; and requesting the authentication by the Trustee of the Bonds or Notes.

Section 303. Transfer, Conversion and Replacement of Bonds or Notes. (a) Transfer. A registered Bond or Note shall be transferable (if not inconsistent with appropriate provisions of the LFL applicable to the Authority) upon presentation to the fiscal agent with a written transfer of title of the registered owner. Such transfer shall be dated, and signed by such registered owner, or his legal representatives, and shall be duly acknowledged or proved, or the signature certified as to its genuineness by an officer of a bank or trust company located and authorized to do business in the State. The name of the transferee shall be entered in the books kept by the fiscal agent and:

(1) the transferee shall be provided with a new Bond or Note, of substantially the same form and tenor as the Bond or Note presented, except as provided below;

(2) the new Bond or Note shall be signed and attested, either:

(A) by manual or facsimile signature by the appropriate persons in office at the time of delivery to the transferee, or

(B) by facsimile signature of the appropriate persons in office at the time of issuance;

(3) the new Bond or Note shall be executed as of the date of the Bond or Note presented and shall be authenticated as of the date of delivery of the new Bond or Note;



(4) the Bond or Note presented shall be cancelled and destroyed and a certificate of destruction shall be filed with the Authority and the Trustee;

(5) no interest shall be paid on a Bond or Note issued in registered form until the name of the payee has been inserted therein and such Bond or Note has been registered as provided herein; and

(6) the principal of, redemption premium, if any, and interest on a Bond or Note which has been registered shall be payable only to the registered owner, his legal representatives, successors or transferees.

(b) Conversion. The Authority may provide, by Series Resolution not inconsistent with appropriate provisions of the LFL, for conversion of registered Bonds into coupon Bonds, conversion of coupon Bonds into registered Bonds, and such other matters as it may deem necessary in connection with the issuance of coupon Bonds or Notes.

(c) Replacement. The Authority and an authorized fiscal agent may issue a new Bond, Note or coupon to replace one lost, destroyed, partially destroyed or defaced, in accordance with (1) appropriate provisions of the LFL applicable to the Authority or (2) the following:

(A) If the Bond, Note or coupon is claimed to be lost or destroyed, the owner shall furnish:

1. Proof of ownership.
2. Proof of loss or destruction.
3. In the case of a coupon, and in the case of a Bond or Note if such Bond or Note was payable to bearer, security to be approved by the Authority and the fiscal agent, sufficient to indemnify the Authority, the Trustee and the fiscal agent against any loss or damage that may be incurred by it on account of the Bond, Note or coupon so claimed to be lost or destroyed. Such security, when the approval of the Authority and the fiscal agent has been indicated thereon, shall be filed in the office of the Authority and the fiscal agent.
4. Payment of the cost of preparing, issuing, mailing, shipping or insuring the new Bond, Note or coupon.

(B) If the Bond, Note or coupon is defaced or partially destroyed, the owner shall surrender such Bond, Note or coupon and pay the cost of preparing and issuing the new Bond, Note or coupons.

(C) The new Bond, Note or coupon shall be of substantially the same form and tenor as the one originally issued, except that it shall be signed either by (i) the manual or facsimile signature of the appropriate person or persons in the office at the time of the reissuance, or (ii) the facsimile signature of the appropriate person or persons in office at the time of the original issuance or any time between original issuance and reissuance. The new Bond or Note shall be authenticated in the manner provided herein. If the Bond, Note or coupon is issued in the place of one claimed to be lost or destroyed, it shall in addition state upon the back thereof that it is issued in the place of such Bond, Note or

coupon claimed to have been lost or destroyed, and, where applicable, that adequate security or indemnity for its payment in full at maturity is filed with the Authority and the fiscal agent. The fiscal agent shall make an appropriate entry in its records of any new Bond, Note or coupon issued pursuant to this section.

(D) If the Authority or the fiscal agent shall refuse to issue a new Bond, Note or coupon in the place of one claimed to be lost or destroyed, the owner may petition the Supreme Court in the County of New York, and after hearing the allegations and proofs the court may order the issuance of such new Bond, Note or coupon upon the payment of the cost of the preparation and issuance thereof and the furnishing by the owner to the Authority and the fiscal agent of such security as the court may direct.

Section 304. Securities Depositories. (a) Immobilized Bonds. Unless otherwise provided by Series Resolution, the Notes and Bonds, upon original issuance, will be issued in the form of typewritten Notes and Bonds, to be delivered to the order of DTC by or on behalf of the Authority. Such Notes and Bonds shall initially be registered in the name of DTC and no beneficial owner will receive a certificate representing an interest in any Note or Bond, except as provided in Section 304(b). Unless and until Notes or Bonds of a Series have been issued to Holders other than DTC:

(1) the Authority and each Fiduciary, except to the extent specifically provided in ancillary contracts, shall be entitled to deal with DTC for all purposes of this Indenture (including the payment of principal of and interest on such Notes and Bonds and the giving of notices, instructions or directions hereunder) as the sole Holder of such Notes and Bonds;

(2) the rights of beneficial owners shall be exercised only through DTC; and

(3) to the extent that the provisions of this Section 304(a) conflict with any other provisions of this Indenture except express terms of a Series Resolution or Section 605, the provisions of this section shall control; to the extent that the provisions of this section conflict with the express terms of a Series Resolution or Section 605, such Series Resolution or Section 605 shall control.

(b) Withdrawal from DTC. If (i) the Authority advises the Trustee in writing that DTC is no longer willing or able to properly discharge its responsibilities with respect to the Bonds or Notes or a Series or other portion thereof, and the Authority is unable to locate a qualified successor Securities Depository, (ii) the Authority at its option advises the Trustee in writing that it elects to terminate the book-entry system through DTC or (iii) after the occurrence of any Event of Default, as defined in Section 1001, beneficial owners representing a Majority in Interest of the Bonds and Notes held by DTC advise DTC in writing that the continuation of a book-entry system through DTC is no longer in the best interests of the beneficial owners, then DTC shall notify its Participants and the Trustee of the occurrence of any such event and of the availability of Bonds and Notes to registered owners requesting the same. Upon surrender to the Trustee of the typewritten Bonds and Notes by DTC, accompanied by registration instructions, the Authority shall execute and provide to the Trustee, and the Trustee shall authenticate, Bonds and Notes in accordance with the instructions of DTC. None of the Authority, the City or the

Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be fully protected in relying on, such instructions.

Section 305. Ancillary and Swap Contracts. Pursuant to the Act, the Authority may enter into, amend or terminate, as it determines to be necessary or appropriate, any ancillary or swap contracts, including Senior Agreements, to facilitate the issuance, sale, resale, purchase, repurchase or payment of Bonds or Notes. The Authority may by Series Resolution provide for the payment through the Bond Account of amounts due on ancillary and swap contracts.

Section 306. Bond Anticipation Notes. Whenever the Authority shall authorize the issuance of a Series of Bonds, the Authority may, by Series Resolution, authorize the issuance of Notes and renewals thereof in anticipation of such Series of Bonds. The interest on such Notes and renewals thereof may be made payable from the proceeds of such Notes, from the Bond Account, from the Parity Debt Account, from the School Bond Account or from the proceeds of renewal notes or the Series of Bonds in anticipation of which such Notes are issued. The proceeds of such renewal notes or Bonds may be pledged for the payment of the principal of or interest on such Notes, and any such pledge shall have a priority over any other pledge of such proceeds created by this Indenture. The Authority may also pledge the Revenues and, subject to Article V, the Accounts to the payment of the principal of such Notes.

Section 307. Parity Debt. The Authority may from time to time request the authentication and delivery of a Series of Parity Debt by providing to the Trustee (at or prior to such authentication and delivery) the following:

(a) Copies of the Agreement and each applicable Series Resolution certified by an Authorized Officer;

(b) an Officer's Certificate showing compliance with Section 301(b) and to the effect that there is no default hereunder that will remain uncured immediately following such delivery, nor an uncured failure of the State or the City to comply with their respective agreements provided for in §§ 2799-ii and 2799-jj of the Act, as in effect at the date hereof;

(c) an opinion of Counsel as to the due authorization, execution and delivery by the Authority of this Indenture and each relevant Supplemental Indenture; to the effect that the Series Resolution is in full force and effect and that the Bonds or Notes to be issued as Parity Debt are valid and binding obligations of the Authority secured by the pledge of the Indenture; and to the effect that their issuance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on Tax-Exempt Bonds or Tax-Exempt Notes theretofore issued (as set forth in the opinions delivered with such prior Bonds or Notes);

(d) at the delivery of such Bonds or of Notes in anticipation thereof (but not both):

(i) a certificate by the Director of Management and Budget setting forth the collections for the most recent Fiscal Year ended at least two months prior to the date of such certificate, of the Statutory Revenues, collected by the State and to be payable to the Authority; and

(ii) an Officer's Certificate setting forth:

(x) the sum of \$1.32 billion and the aggregate amount of Subordinate Debt Service, including such Series of Bonds (assumed, at the delivery of Notes, to be issued at the Note maturity and to amortize over 30 years at an interest rate of 7%, with level debt service), for each Fiscal Year such Bonds will be Outstanding, and

(y) that the amounts set forth pursuant to clause (i) will be at least 3 times the sum set forth in clause (ii)(x) for each Fiscal Year set forth pursuant to clause (ii)(x).

(e) such other documents as may be required by the applicable Series Resolutions; and

(f) an Officer's Certificate to the effect that the applicable conditions to the issuance of Parity Debt set forth herein and in each applicable Series Resolution have been met; and requesting the authentication by the Trustee of the Parity Debt.

Section 308. School Bonds and School Notes. The Authority may from time to time request the authentication and delivery of a Series of School Bonds or School Notes by providing to the Trustee (at or prior to such authentication and delivery) the documents listed in Section 302 and the following:

(a) a copy of the Assignment certified by an Authorized Officer of the Authority;

(b) an Officer's Certificate to the effect that, to the best of such officer's knowledge, there is no continuing event described in Section 1006, and

(c) at the delivery of such Bonds or of Notes in anticipation thereof (but not both) an Officer's Certificate setting forth:

(i) Annual School Bond Debt Service, including debt service on such Series of Bonds (assumed, at the delivery of Notes, to be issued at or prior to the Note maturity and to amortize and bear interest as specified in such Officer's Certificate) in each Series Fiscal Year, and

(ii) the Confirmed Building Aid payable in the Fiscal Year preceding each Series Fiscal Year, which shall be at least equal to the amount set forth in clause (i) for each Series Fiscal Year.

For purposes of this Section 308(c) and Section 510(b), each interest rate on Outstanding and proposed variable-rate Bonds or Notes (if not offset or economically fixed by a Qualified Swap, a liquidity account, or otherwise with School Bond Rating Confirmation), shall be assumed at the maximum rate payable to investors other than parties to an ancillary contract.

#### ARTICLE IV: THE PROJECTS

Section 401. Project Capital Costs. Proceeds of the sale of the Bonds and Notes issued for capital purposes shall be promptly deposited in the Project Fund established under the Agreement to the extent set forth by Series Resolution, and applied to finance, by payment or reimbursement, Project Capital Costs pursuant to the Act. The Authority shall transfer (i) its earnings on the Project Fund and (ii) after payment of all Costs of Issuance of a Series of Bonds, any excess amounts in the Costs of Issuance account of the Project Fund, to the Collection Account as Building Aid or Tax Revenues, or otherwise apply such earnings or excess amounts in accordance with the Tax Code pursuant to Officer's Certificate.

Section 402. Limited Purpose of Indenture. This Indenture provides for the issuance and payment of the Authority's obligations and the financing and refinancing of Project Capital Costs. Except as set forth in the Agreement, the Authority, the City and the Trustee shall have no liability to each other or to the Beneficiaries for the construction, reconstruction, acquisition, installation, physical condition, ownership or operation of any Project.

Section 403. Investment of Money Held by the Authority. Pursuant to § 2799-hh.4 of the Act, money in the Project Fund and other money held by the Authority (and not in the Accounts hereunder) may be invested in (i) Project Fund Investments, (ii) obligations of municipal corporations, public benefit corporations and local development corporations of the State rated in one of the three highest Rating Categories by at least two Rating Agencies, or (iii) investments permitted by § 165.00 of the LFL or § 2799-ee.8 of the Act.

Section 404. Federal Proceeds Subaccount. A Build America Subaccount has been established in the Project Fund, and is hereby redesignated the Federal Proceeds Subaccount. Proceeds of BABs, QSCBs and other federally subsidized Bonds shall be deposited in such subaccount and all money therein, including earnings, shall be applied in compliance with the Tax Code, the Indenture and the advice of Counsel. To the extent necessary for such compliance, the Authorized Officers of the Authority may subdivide such subaccount in respect of separate categories or issues of federally subsidized Bonds.

## ARTICLE V: FLOW OF FUNDS

Section 501. Collection Account; General Provisions; Federal Subsidy. (a) A Collection Account is hereby established to be held by the Trustee for application hereunder. Any Revenues received by the Authority shall be promptly deposited in the Collection Account. Two subaccounts are hereby established in the Collection Account: the Tax Revenue Subaccount, to be funded and applied pursuant to Section 509; and the Building Aid Subaccount, to be funded and applied pursuant to Section 510.

(b) The transfers and payments to be made under this Article shall be appropriately adjusted by Officer's Certificate to reflect expected Revenues, the date of issue of Notes or Bonds, any accrued or capitalized interest deposited in the Accounts, actual rates of interest, any amount needed or held in the Accounts for Debt Service or other obligations, and any purchase or redemption of Notes or Bonds, so that there will be available on each payment date the amount necessary to pay Debt Service and other obligations from the designated source of Revenues and so that accrued or capitalized interest will be applied to the installments of interest to which it is applicable.

(c) A Federal Subaccount and a BAB Subaccount have been established in the Collection Account, and are hereby redesignated the Federal Collection Subaccount and the Federal Bond Subaccount, respectively. The Federal Subsidy shall be deposited in the Federal Collection Subaccount and retained therein until transferred as directed by Officer's Certificate to the Federal Bond Subaccount or to the order of the City.

Money in the Federal Bond Subaccount shall be applied to principal of and interest on Bonds (not including Tax-Exempt Bonds unless such application is permitted by Section 603) or, if so directed by Officer's Certificate, paid to the order of the City.

Without limiting the amending power granted by Section 1101(a), this Section 501(c) and Section 602(d) may be amended by the Authority in any respect that is not prejudicial to the Bondholders.

Section 502. Bond Account. (a) A Bond Account is hereby established with the Trustee and money shall be deposited therein as provided in this Indenture. Accrued interest received upon the sale of Notes (if so specified by Series Resolution) or Senior Bonds shall be deposited in the Bond Account. The money in the Bond Account shall be held in trust and, except as otherwise provided, shall be applied solely to the payment of Senior Debt Service. If at any time the amount held in the Bond Account exceeds the Full Requirement, the Trustee shall transfer such excess to the Collection Account as Tax Revenues.

(b) The Trustee shall pay, or transfer money from the Bond Account to a Paying Agent in time for such Paying Agent to pay, Debt Service when due in same-day funds.

Section 503. Redemption Account. (a) A Redemption Account is hereby established with the Trustee and money shall be deposited therein as provided herein. The money and investments in such Account shall be held in trust and, except as otherwise specified herein, shall be applied by the Trustee to the redemption of Bonds and Notes. Upon direction by Officer's Certificate, the Trustee shall apply money in the Redemption Account to the purchase of Bonds and Notes for cancellation at prices not exceeding (unless so directed by Officer's Certificate) the price at which they are then redeemable (or next redeemable if they are not then redeemable), but not with money required to pay Bonds or Notes for which notice of redemption has been given. Accrued interest on the purchase of Bonds and Notes may be paid from the Bond Account (if so payable hereunder) or as directed by Officer's Certificate.

(b) When money in the Redemption Account is to be applied to the redemption of Notes or Bonds, the Trustee shall pay, or transfer such money to a Paying Agent in time for such Paying Agent to pay, such Notes or Bonds when due in same-day funds.

(c) If on any date the amount in the Bond Account is less than the amount then required to be applied to pay Debt Service then due, the Trustee shall apply the amount in the Redemption Account (other than any sum irrevocably set aside for particular Notes or Bonds no longer Outstanding) to the extent necessary to meet the deficiency.

Section 504. Redemption of the Bonds and Notes. (a) The Authority may redeem Bonds and Notes at its option in accordance with their terms and shall redeem Bonds and Notes in accordance with their terms pursuant to any mandatory redemption ("sinking fund")

requirements established by Series Resolution. When Bonds or Notes are called for redemption, the accrued interest thereon shall become due on the redemption date. To the extent not otherwise provided, the Authority shall deposit with the Trustee on or prior to the redemption date a sufficient sum to pay principal, redemption premium, if any, and accrued interest.

(b) The Authority shall not by purchase or optional redemption cause Quarterly Debt Service to exceed \$330 million unless either cash is on hand therefor, held by the Authority or in the Redemption Account, or this limit has been modified by Officer's Certificate with Rating Confirmation.

(c) Unless otherwise specified by Series Resolution, there shall, at the option of the Authority, be applied to or credited against any sinking fund requirement the principal amount of any such Bonds that have been defeased, purchased or redeemed and not previously so applied or credited. Defeased Bonds shall, at the option of the Authority, no longer be entitled, but may be subject, to the provisions thereof for mandatory redemption.

(d) When Bonds or Notes are to be redeemed prior to maturity, the Trustee shall give notice in the name of the Authority, which notice shall identify the Bonds or Notes to be redeemed, state the date fixed for redemption and state that such Bonds or Notes will be redeemed at the corporate trust office of the Trustee or a Paying Agent. The notice shall further state that on such date there shall become due and payable upon each Bond or Note to be redeemed the redemption price thereof, together with interest accrued to the redemption date, and that money therefor having been deposited with the Trustee or Paying Agent, from and after such date, interest thereon shall cease to accrue. The Trustee shall give 30 days' notice by mail, or otherwise transmit the redemption notice in accordance with Section 304, any appropriate provisions of the LFL or the applicable Series Resolution, to the registered owners of any Bonds or Notes which are to be redeemed, at their addresses shown on the registration books of the Authority. Such notice may be waived by any Holder of Bonds or Notes to be redeemed. Failure by a particular Holder to receive notice, or any defect in the notice to such Holder, shall not affect the redemption of any other Bond or Note.

(e) Unless otherwise specified by Series Resolution: (i) if less than all the Outstanding Bonds or Notes of like Series and maturity are to be redeemed, the particular Bonds or Notes to be redeemed shall be selected by the Trustee by such method as it shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to any authorized denominations) of the principal of Bonds or Notes of a denomination larger than the minimum authorized denomination, and (ii) the Trustee shall redeem any and all Bonds or Notes held by the provider of an ancillary contract prior to any other Bonds or Notes redeemed hereunder unless otherwise directed by Officer's Certificate.

(f) No Bonds or Notes may be optionally redeemed from the Building Aid Subaccount except pursuant to Section 510(a) *second* when the Unfunded Balance is zero.

Section 505. Investments. (a) Pending its use under this Indenture, money in the Accounts may be invested by the Trustee in Eligible Investments maturing or redeemable at the option of the holder at or before the time when such money is expected to be needed and shall be so invested pursuant to written direction of the Authority if there is not then an Event of Default

actually known to an Authorized Officer of the Trustee. Investments shall be held by the Trustee in the respective Accounts and shall be sold or redeemed to the extent necessary to make payments or transfers from each Account.

(b) Except as otherwise specified herein or by Series Resolution, any interest realized on investments in any Account and any profit realized upon the sale or other disposition thereof shall be credited to the Collection Account.

(c) The Trustee may hold undivided interests in Eligible Investments for more than one Account (for which they are eligible) and may make interfund transfers in kind.

(d) If any money is invested hereunder and a loss results therefrom so that there are insufficient funds to pay Debt Service or to redeem Bonds or Notes called for redemption, then the deficiency shall be timely filled from Revenues (as Debt Service if so payable hereunder). The Trustee shall not be liable for any losses on investments made at the direction of the Authority.

(e) Interest realized on investments in the Building Aid Subaccount or the School Bond Account and profits realized upon the sale or other disposition thereof shall be credited to the Building Aid Subaccount.

(f) Cash deposits in the Accounts shall be secured as and to the extent described in §§ 10.3 and 12 of the General Municipal Law of the State, as amended from time to time.

Section 506. Unclaimed Money. Except as may otherwise be required by applicable law, in case any money deposited with the Trustee or a Paying Agent for the payment of the principal of, or interest or premium, if any, on any Bond or Note remain unclaimed for two years after such principal, interest or premium has become due and payable, the Fiduciary may and upon receipt of a written request of the Authority will pay over to the Authority the amount so deposited and thereupon the Fiduciary and the Authority shall be released from any further liability hereunder with respect to the payment of principal, interest or premium and the owner of such Bond or Note shall be entitled (subject to any applicable statute of limitations) to look only to the Authority as an unsecured creditor for the payment thereof.

Section 507. Parity Debt Account; School Bond Account. (a) A Parity Debt Account is hereby established with the Trustee and money shall be deposited therein as provided in this Indenture or by Officer's Certificate. The money in the Parity Debt Account shall be held in trust and, except as otherwise provided, shall be applied solely to the payment of Parity Debt. If at any time the amount held in the Parity Debt Account exceeds the Full Requirement, the Trustee shall transfer such excess to the Collection Account as Tax Revenues.

(b) The Trustee shall pay, or transfer money from the Parity Debt Account to a Paying Agent in time for such Paying Agent to pay, Parity Debt when due in same-day funds.

(c) A School Bond Account is hereby established with the Trustee and money shall be deposited therein as provided in this Indenture or by Officer's Certificate. The money in the School Bond Account shall be held in trust and, except as otherwise provided, shall be



applied solely to the payment of School Obligations. If at any time the Unfunded Balance is zero, the Trustee shall transfer any amount in the School Bond Account to the Collection Account as Building Aid.

(d) The Trustee shall pay, or transfer money from the School Bond Account to a Paying Agent in time for such Paying Agent to pay, School Obligations when due in same-day funds.

Section 508. Reserved.

Section 509. Application of Tax Revenues. (a) Provision is made in the Act for the payment to the Authority of the Tax Revenues, and the Authority has requested the State Comptroller to make such payments to the Collection Account for application hereunder. Any Tax Revenues received by the Authority or the Trustee shall be promptly deposited in the Tax Revenue Subaccount and shall be applied upon receipt by the Trustee, in the following order of priority: *first* to the Bond Account to pay Debt Service pursuant to paragraph (b) of this Section; *second* to the Authority's operating expenses, which may include deposits to the Redemption Account for optional redemption and reserves to be held by the Authority for payment of operating expenses, in such amounts as may be determined by Officer's Certificate; *third* pursuant to Supplemental Indentures for the benefit of Noteholders, Subordinate Bondholders and parties to ancillary and swap contracts, to the extent such Supplemental Indentures may require application of Tax Revenues to pay items after payment of Debt Service and operating expenses; *fourth* pursuant to an Officer's Certificate; and *fifth* daily or as soon as practicable but not later than the last day of each month, to the order of the City, free and clear of the lien hereof.

(b) At the beginning of each Collection Quarter, the Trustee shall begin to transfer all Tax Revenues from the Tax Revenue Subaccount to the Bond Account and shall continue such transfers until the amount in the Bond Account is equal to the First Month Requirement. On the first day of the second month of each Collection Quarter, the Trustee shall resume or continue such transfers until the Full Requirement is held in the Bond Account. To the extent that Quarterly Debt Service includes principal, interest or premium on Bonds or Notes to be purchased or redeemed prior to maturity, such Debt Service may be paid through the Redemption Account, and the Authority may by Officer's Certificate direct the Trustee in writing to transfer Revenues thereto, rather than to the Bond Account.

(c) Pursuant to Section 509(a) *third*: at the beginning of each Collection Quarter, the Trustee shall begin to transfer all Tax Revenues to the Parity Debt Account and shall continue such transfers until the amount in the Parity Debt Account is equal to the First Month Requirement; and on the first Business Day of the second month of each Collection Quarter, the Trustee shall resume or continue such transfers, until the Full Requirement is held in the Parity Debt Account. To the extent that Quarterly Subordinate Debt Service includes principal, interest or premium on Bonds or Notes to be purchased or redeemed prior to maturity, or Revenues are available to pay principal of Notes, such amounts may be paid through the Redemption Account or an escrow fund, and the Authority may by Officer's Certificate direct the Trustee to transfer Revenues thereto.

(d) Prior to any payment date under this Section, the Authority may by Officer's Certificate estimate interest payable at a variable rate; or treat anticipated receipts from a Qualified Swap as offsets to amounts payable.

(e) All Revenues shall be applied to pay Debt Service and other amounts then overdue pursuant to Section 1004.

(f) A Sinking Fund Subaccount is hereby established in each of the Bond Account and the Parity Debt Account for the redemption, at or prior to maturity, of such Sinking Fund Bonds as may be made payable therefrom. Tax Revenues shall be deposited in each Sinking Fund pursuant to this Section 509 and the Sinking Fund Requirements specified by Series Resolution, which deposits may be adjusted to recognize early retirement of Bonds and earnings and profits on Eligible Investments in each Sinking Fund (if required by Section 603 or directed by Officer's Certificate to be retained therein) and shall be provided for as Quarterly Senior Debt Service or Quarterly Subordinate Debt Service. Unless otherwise specified by Officer's Certificate, interest on the Sinking Fund Bonds shall be payable from the Bond Account or the Parity Debt Account (exclusive of each Sinking Fund).

Section 510. Application of Building Aid. (a) Provision is made by the Act and the Assignment for the payment to the Authority of the Confirmed Building Aid and the Incremental Building Aid, and the Authority through the City pursuant to the Assignment has requested the State Comptroller to make such payments to the Collection Account for application hereunder. Building Aid received by the Authority or the Trustee shall be promptly deposited in the Building Aid Subaccount and shall be applied by the Trustee pursuant hereto, in the following order of priority, as implemented in part by Section 510(b): *first* to the Authority's operating expenses, which may include reserves to be held by the Authority for payment of operating expenses, in such amounts as may be determined by Officer's Certificate, but excluding operating expenses properly allocable to Senior Bonds, Senior Agreements and Parity Debt; *second* to School Obligations; *third* pursuant to an Officer's Certificate; and *fourth* daily or as soon as practicable but not later than the last day of each month, to the order of the City, free and clear of the lien hereof.

(b) Money in the Building Aid Subaccount shall be retained therein until transferred: (1) to the School Bond Account, beginning the first day when the Remaining Building Aid is not more than 110% of the Unfunded Balance and continuing until the day when the Unfunded Balance is zero and (2) to the order of the City, if no transfer to the School Bond Account is required.

(c) A Sinking Fund Subaccount is hereby established in the School Bond Account for the redemption, at or prior to maturity, of such Sinking Fund Bonds as may be made payable therefrom. Building Aid shall be deposited in such Sinking Fund pursuant to this Section 510 and the Sinking Fund Requirements specified by Series Resolution, which deposits may be adjusted to recognize early retirement of Bonds and earnings and profits on Eligible Investments in the Sinking Fund (if required by Section 603 or directed by Officer's Certificate to be retained therein) and shall be provided for as Annual School Bond Debt Service. Unless otherwise specified by Officer's Certificate, interest on the Sinking Fund Bonds shall be payable from the School Bond Account (exclusive of the Sinking Fund).

## ARTICLE VI: THE AUTHORITY

Section 601. Contract; Obligations to Beneficiaries. (a) In consideration of the purchase and acceptance of any or all of the Bonds and Notes and ancillary and swap contracts by those who shall hold the same from time to time, the provisions of this Indenture shall be a part of the contract of the Authority with the Beneficiaries, and shall be deemed to be and shall constitute contracts among the Authority, the Trustee, the City to the extent specified in the Agreement, the Beneficiaries from time to time and, to the extent specified in the Act, the State. The pledge made in this Indenture and the covenants herein set forth to be performed by the Authority, the City and the State shall be for the equal benefit, protection and security of the Beneficiaries of the same priority. All of the Bonds or Notes or ancillary or swap contracts of the same priority, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any thereof over any other except as expressly provided pursuant hereto and to the Act.

(b) The Authority covenants to pay when due all sums payable on the Bonds and Notes, from the Revenues and money designated herein, subject only to (i) the Act and this Indenture, and (ii) to the extent permitted by the Act and hereby, (x) agreements with Holders of Bonds and Notes pledging particular collateral for the payment thereof and (y) the rights of Beneficiaries under ancillary and swap contracts. The obligation of the Authority to pay principal, interest and redemption premium, if any, to the Holders of Bonds and Notes shall be absolute and unconditional, shall be binding and enforceable in all circumstances whatsoever, and shall not be subject to setoff, recoupment or counterclaim. The Authority shall also pay its operating expenses.

(c) The Authority represents that it is duly authorized pursuant to law to create and issue the Bonds and Notes, to enter into this Indenture and to pledge the Revenues and other collateral purported to be pledged in the manner and to the extent provided herein. The Personal Income Taxes and related collateral so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created hereby, and all corporate action on the part of the Authority to that end has been duly and validly taken. Except as otherwise provided in the Constitution and laws of the State, the Sales Taxes, Building Aid and related collateral so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created hereby, and all corporate action on the part of the Authority to that end has been duly and validly taken. The Bonds and Notes and the provisions hereof are and will be the valid and binding obligations of the Authority in accordance with their terms.

(d) At any and all times the Authority shall, so far as it may be authorized or permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, confirming and affecting all and singular the rights, Revenues and other collateral hereby pledged or assigned, or intended so to be, or which the Authority may hereafter become bound to pledge or assign.

(e) The Authority represents and warrants to, and covenants with, the Trustee and the Bondholders and other Beneficiaries that:

(1) The Indenture creates a valid and binding pledge of the Revenues and other collateral specified in the Indenture in favor of the Trustee and the Beneficiaries as security for the payment of the Bonds and other instruments secured by the Indenture, enforceable by the Trustee and holders of the Bonds and other instruments secured by the Indenture, as security for the payment thereof in accordance with the terms of the Indenture.

(2) Under the laws of the State such pledge and each pledge, assignment, lien, or other security interest, if any, made to secure any prior obligations, which by the terms of the Indenture, ranks on a parity with or prior to the lien on the Revenues and other collateral specified in the Indenture granted by the Indenture, is and shall be prior to any judicial lien hereafter imposed on the Revenues and other collateral specified in the Indenture to enforce a judgment against the Authority on a simple contract. The Authority has filed all financing statements describing the Revenues and other collateral specified in the Indenture, and transferred such possession or control over such Revenues and other collateral specified in the Indenture (and for so long as any Bond or Note is Outstanding, the Authority will file, continue and amend all such financing statements, if any, and transfer such possession and control) as may be necessary to establish and maintain such priority in the State or such other jurisdictions that may otherwise be applicable. The Act provides that no financing statements are required to be filed in order to establish and maintain such priority. Accordingly, no financing statements have been or will be filed.

(3) The Authority has not prior to execution of the Indenture made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Revenues or other collateral specified in the Indenture that ranks on a parity with or prior to the lien granted by the Indenture. The Authority has not described the Revenues or other collateral specified in the Indenture in a Uniform Commercial Code financing statement that will remain effective when the Bonds are issued. The Authority shall not hereafter make or suffer to exist any pledge or assignment of, lien on, or security interest in the Revenues or other collateral specified in the Indenture that ranks prior to or on a parity with the lien granted by the Indenture, or file any financing statement describing any such pledge, assignment, lien, or security interest, except as expressly permitted by the Indenture.

Section 602. Enforcement; Sales Taxes; Building Aid; Federal Subsidy. (a) The Authority shall enforce or cause the Trustee to enforce, by appropriate legal proceedings, each covenant, pledge or agreement made by the City or the State herein or in or pursuant to the Act for the benefit of any of the Beneficiaries, including the Assignment and the related provisions of the School Financing Act.

(b) For each fiscal year of the City for which the Mayor has given a notice to the State Comptroller pursuant to § 2799-ii of the Act, the Authority shall request the State Comptroller to schedule payments of Sales Taxes to the Authority, based on the Authority's projections of Personal Income Taxes and debt service, so that the Authority will receive Tax Revenues in each Collection Quarter sufficient to pay its obligations payable therefrom but in all

events at least equal to Quarterly Debt Service. Such requests shall be modified, as often as necessary, to reflect experience and revised projections.

(c) The Authority shall (1) protect and defend, as an operating expense, its and the Trustee's claim to every material portion of the Building Aid, and the Fiduciaries shall cooperate therein at the Authority's expense;

(2) with the Fiduciaries, as aforesaid, and the City pursuant to the Assignment (A) contest any Competing Claim to any material portion of the Building Aid that (i) it deems factually or legally unfounded, or (ii) is based on constitutional, statutory or regulatory ambiguity, on any provision of the Education Law, or on any action or failure to act of the City; and (B) cooperate with the Holders in filing and prosecuting any claim made by Holders under § 99-b of the State Finance Law and in opposing any Competing Claim;

(3) provide the calculations contemplated by the MOU; and

(4) not agree to any modification of the MOU that is materially adverse to the Holders of the School Bonds. Without limitation, a modification that receives School Bond Rating Confirmation is not materially adverse to such Holders.

(d) The Authority shall take all actions as may be required, under the Tax Code or otherwise, (1) for timely receipt of the Federal Subsidy and (2) fully to preserve, maintain, defend, protect and confirm the interest of the Trustee in the Federal Subsidy. The Authority will not take any action that will adversely affect the Trustee's ability to receive the Federal Subsidy and will promptly pay over to the Trustee any Federal Subsidy received by the Authority.

Section 603. Tax Covenant. The Authority shall at all times do and perform all acts and things permitted by law and necessary or desirable to assure that interest paid by the Authority on Tax-Exempt Bonds and Tax-Exempt Notes shall be excludable from gross income for Federal income tax purposes pursuant to § 103(a) of the Tax Code; and no funds of the Authority shall at any time be used directly or indirectly to acquire securities or obligations the acquisition or holding of which would cause any Tax-Exempt Bond or Tax-Exempt Note to be an arbitrage bond as defined in the Code and any applicable Regulations issued thereunder.

If and to the extent required by the Code, the Authority shall periodically, at such times as may be required to comply with the Code, pay from the Project Fund or as an operating expense the amount, if any, required by the Code to be rebated thereto or paid as a related penalty.

Section 604. Accounts and Reports. (a) The Authority shall (1) cause to be kept books of account in which complete and accurate entries shall be made of its transactions relating to all funds and accounts hereunder, which books shall at all reasonable times be subject to the inspection of the City, the Trustee and the Holders of an aggregate of not less than 25% in principal amount of Bonds and Notes then Outstanding or their representatives duly authorized in writing;

(2) annually, within 185 days after the close of each fiscal year, deliver to the Trustee and each Rating Agency, a copy of its financial statements for such fiscal year, as audited by an independent certified public accountant or accountants;

(3) keep in effect at all times an accurate and current schedule of all Quarterly Debt Service to be payable during the life of then Outstanding Bonds, Notes and Senior Agreements secured by the Bond Account; of Remaining Building Aid, and of amounts payable from the Parity Debt Account and the School Bond Account; certifying for the purpose such estimates as may be necessary; and

(4) deliver to each Rating Agency a quarterly statement of cash flows, including Revenues received, transfers to the Accounts, Bonds and Notes issued, and payments of principal and interest, and an annual statement of the State's costs in administering, collecting and distributing the Tax Revenues.

(b) To implement the State Covenant, the Chairperson of the Authority shall, not less than 30 days prior to the beginning of each City fiscal year, certify to the State Comptroller, the Governor, and the Directors of the Authority a schedule of maximum annual debt service payments due on the Bonds and Notes respectively then Outstanding.

(c) The Authority shall deliver to the Trustee and each Rating Agency, not less often than quarterly, an Officer's Certificate showing (i) Revenues on a pro-forma basis for the current fiscal year and each of the two preceding fiscal years, as received, expected and adjusted as if current statutes had been in effect for the 3-year period, (ii) Debt Service to be paid in the next three fiscal years; and (iii) whether such Revenues are at least 150% of such Debt Service.

Section 605. Continuing Disclosure Undertaking for Bonds and Notes. If (and to the extent that) (i) a Series of Bonds or Notes is purchased from the Authority by a broker, dealer or municipal securities dealer (each a "Dealer") subject to Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "1934 Act"), (ii) the Rule requires Dealers to determine, as a condition to purchasing such Bonds or Notes, that the Authority will covenant to the effect of this Section 605, and (iii) the Rule as so applied is authorized by federal law that as so construed is within the powers of Congress, then the Authority covenants, for the sole benefit of the Holders (and, to the extent specified in this Section 605, the beneficial owners) of the Outstanding Bonds or Notes of each such Series and subject (except to the extent otherwise expressly provided in this Section 605) to the remedial provisions of this Indenture, that

(a) The Authority shall provide: (1) within 185 days after the end of each Fiscal Year, to the Electronic Municipal Market Access system ("EMMA") (<http://emma.msrb.org>) established by the Municipal Securities Rulemaking Board (the "MSRB"), core financial information and operating data for the prior fiscal year, including its audited financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and material historical quantitative data on the Authority's revenues, expenditures, financial operations and indebtedness, generally of the types found in

Sections II and III of the Authority's Offering Circular dated October 2, 1997, or with respect to School Bonds, Sections II and III of the Official Statement dated January 14, 2009; and

(2) in a timely manner not in excess of 10 Business Days after the occurrence of the event notice to EMMA of any of the following events with respect to such Series of Bonds or Notes:

- (A) principal and interest payment delinquencies;
- (B) non-payment related defaults, if material;
- (C) unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) substitution of credit or liquidity providers, or their failure to perform;
- (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes or Bonds, or other material events affecting the tax status of the Notes or Bonds;
- (G) modifications to rights of Holders, if material;
- (H) bond calls, if material, and tender offers;
- (I) defeasances;
- (J) release, substitution or sale of property securing repayment of the Notes or Bonds, if material;
- (K) rating changes;
- (L) bankruptcy, insolvency, receivership or similar event of the Authority; which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets of business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court of governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority;
- (M) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating any such actions, other than pursuant to its terms, if material;
- (N) appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (O)<sup>1</sup> incurrence of a Financial Obligation (as defined below) of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect the Holders of the Bonds, if material;
- (P)<sup>1</sup> default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties; and
- (Q) failure to comply with clause (1) of this Section 605 (a) .

(b) The Authority does not undertake to provide such notice with respect to (1) credit enhancement if (A) the enhancement is added after the primary offering of the Notes or Bonds, (B) the Authority does not apply for or participate in obtaining the enhancement and (C) the enhancement is not described in the applicable official statement of the Authority; (2) a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in such official statement, (B) the only open issue is which Notes or Bonds will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the Holders as required under the terms of this Indenture and (d) public notice of the redemption is given pursuant to Release No. 23856 of the SEC under the 1934 Act, even if the originally scheduled amounts may be reduced by prior optional redemptions or purchases; or (3) tax exemption other than pursuant to the Act or § 103 of the Code.

(c) In addition to the Trustee's and Holders' remedies specified in Article X, any beneficial owner of Bonds or Notes of a Series described in this Section 605 may bring a Proceeding to enforce the Undertaking set forth in this section without acting in concert if (1) such owner shall have filed with the Authority (A) evidence of beneficial ownership and (B) Written Notice of, and request to cure, the alleged breach, (2) the Authority shall have failed to comply within a reasonable time, and (3) such beneficial owner stipulates that (A) no challenge is made to the adequacy of any information provided in accordance with the Undertaking and (B) no remedy is sought other than substantial performance of the Undertaking. To the extent permitted by law, each beneficial owner agrees that all Proceedings shall be instituted only as specified in the Act, and for the equal benefit of all such owners of the Outstanding Notes and Bonds benefited by the same or a substantially similar undertaking.

(d) For the purposes of this section, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares investment power which includes the power to dispose, or to direct the disposition of, such security, except that a person who in the ordinary course of business is a pledgee of securities under a written pledge agreement shall not be deemed to be the beneficial owner of such pledged securities until the pledgee has taken all formal steps to declare a default and determines that the power to dispose or to direct the disposition of such pledged securities will be exercised, provided that:

- (1) the pledge agreement is bona fide;

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<sup>1</sup> As in effect March 20, 2019.



- (2) the pledgee is:
- (A) a broker or dealer registered under § 15 of the 1934 Act;
  - (B) a bank as defined in § 3(a)(6) of the 1934 Act;
  - (C) an insurance company as defined in § 3(a)(19) of the 1934 Act;
  - (D) an investment company registered under § 8 of the Investment Company Act of 1940;
  - (E) an investment adviser registered under § 203 of the Investment Advisers Act of 1940;
  - (F) an employee benefit plan, or pension fund which is subject to the provisions of the Employee Retirement Income Security Act of 1974 or an endowment fund;
  - (G) a parent holding company, provided the aggregate amount held directly by the parent, and directly and indirectly by its subsidiaries which are not persons specified in items (A) through (F) of this clause (2) does not exceed 1% of the securities of the subject class; or
  - (H) a group, provided that all the members are persons specified in items (A) through (G) of this clause (2); and

(3) the pledge agreement, prior to default, does not grant to the pledgee the power to dispose or direct the disposition of the pledged securities, other than the grant of such power(s) pursuant to a pledge agreement under which credit is extended subject to Regulation T (12CFR 220.1 to 220.8) and in which the pledgee is a broker or dealer registered under § 15 of the 1934 Act.

(e) Any Supplemental Indenture amending the Undertaking may only be entered into:

(1) if all or any part of the Rule, as interpreted by the staff of the SEC on February 27, 2019, ceases to be in effect for any reason and the Authority elects that this Undertaking shall be deemed terminated or amended (as the case may be) accordingly, or

(2) if: (A) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Authority, or type of business conducted,

(B) the Undertaking, as amended, would have complied with the requirements of the Rule on February 27, 2019, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances,

(C) the amendment does not materially impair the interests of the Holders of each affected Series, as determined by parties unaffiliated with the Authority (such as, but without limitation, the Authority’s financial advisor or bond counsel) or by Holder consent pursuant to Section 1101, and

(D) the annual financial information containing (if applicable) the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the “impact” (as that word is used in the letter from the staff of the SEC to the National Association of Bond Lawyers dated June 23, 1995) of the change in the type of operating data or financial information being provided.

(f) The Authority shall give notice pursuant to this Section of any failure to expend the proceeds of the QSCBs within the applicable expenditure period under the Tax Code.

(g) The term “Financial Obligation” (i) means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B) but (ii) shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 606. Ratings. Unless otherwise specified by Series Resolution, the Authority shall pay such reasonable fees and provide such available information as may be necessary to obtain and keep in effect ratings on all the Senior Bonds and the School Bonds from at least two nationally recognized statistical rating organizations.

Section 607. No Other Business. The Authority shall not engage in any line of business not contemplated by the Act.

Section 608. Prior Notice; No Guarantees. The Authority shall give S&P prior notice of each issue of Bonds or Notes, with a copy of the proposed Series Resolution; and shall not, without Rating Confirmation from S&P, guarantee any indebtedness of any party.

## ARTICLE VII: THE CITY AND THE STATE

Section 701. City Covenant. The Authority includes herein the City’s pledge and agreement with the Holders of the Outstanding Bonds and Notes that the City will not limit or alter the rights vested in the Authority by the Act to fulfill the terms of any agreements made with such Holders pursuant to the Act, or in any way impair the rights and remedies of such Holders or the security for such Bonds and Notes until such Bonds and Notes, together with the interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully paid and discharged. This City Covenant shall not be deemed to restrict any right the City may have to amend, modify or otherwise alter local laws imposing or relating to the Personal Income Taxes so long as, after giving effect to such amendment, modification or other alteration, the amount of Tax Revenues projected by the Mayor to be available to the Authority during each of its fiscal years following the effective date of such amendment, modification or other alteration shall be not less than 150% of maximum annual debt service on the Bonds.

Section 702. No Indebtedness or Funds of City. This Indenture does not constitute indebtedness of the City for purposes of § 20.00 of the LFL or any constitutional or statutory limitation. The Authority's revenues are not funds of the City.

Section 703. State Covenants and Tax Contract. The Authority includes herein: (a) the State's pledge and agreement with the Holders of Outstanding Bonds and Notes that the State will not limit or alter the rights vested in the Authority by the Act to fulfill the terms of any agreements made with the Holders, or in any way impair the rights and remedies of such Holders or the security for the Bonds and Notes until such Bonds and Notes, together with the interest thereon, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully paid and discharged; (b) the further terms of § 2799-ii of the Act to the effect that: Nothing contained in this covenant shall be deemed to restrict the right of the State to amend, modify, repeal or otherwise alter statutes imposing or relating to the Personal Income Taxes, but such taxes payable to the Authority shall in all events continue to be so payable so long as any such taxes are imposed. Not less than 30 days prior to the beginning of each City fiscal year, the Chairperson of the Authority shall certify to the State Comptroller, the Governor, and the members of the Board of Directors of the Authority a schedule of maximum annual debt service payments due on the Bonds and Notes then Outstanding. To the extent that Personal Income Taxes payable to the Authority during such fiscal year are projected by the Mayor to be insufficient to meet at least 150% of maximum annual debt service on the Bonds then Outstanding, the Mayor shall so notify the State Comptroller and the State Comptroller shall pay to the Authority from Sales Taxes such amount as is necessary to provide at least 150% of such maximum annual debt service on the Bonds. Nothing in this covenant shall be deemed to obligate the State to make any additional payments or impose any taxes to satisfy the obligations of the Authority; (c) subdivision 4 of § 2799-tt of the Act (added by the School Financing Act) to the effect that: The State Covenant shall be fully applicable to School Bonds and School Notes and may be included in any agreement with the Holders thereof. Nothing contained in this section shall be deemed to restrict the right of the State to amend, modify, repeal or otherwise alter statutes relating to the Building Aid, but such Building Aid shall in all events (i) continue to be so payable, as assigned, so long as any such Building Aid is paid and (ii) continue to be calculated in accordance with the same formula used for such calculation, and otherwise on the same basis as such aid is calculated, on the date that the applicable project is approved for reimbursement; (d) the last paragraph of § 99-b of the State Finance Law (as amended by the School Financing Act) to the effect that: The State hereby covenants with the Holders of the School Bonds and School Notes that it will not repeal, revoke or rescind the provisions of this section or amend or modify the same so as to limit, impair or impede the rights and remedies granted hereby; provided, however, that nothing in this section shall be deemed or construed as requiring the State to continue the payment of aid or assistance to any city, city school district or school district or as limiting or prohibiting the State from repealing or amending any law heretofore or hereafter enacted relating to aid or assistance, the manner and time of payment or apportionment thereof, or the amount thereof; and (e) the tax contract of the State in § 2799-11 of the Act, to wit:

1. It is hereby determined that the creation of the authority and the carrying out of its corporate purposes is in all respects for the benefit of the people of the state of New York and is a public purpose. Accordingly, the authority shall be regarded as performing an essential governmental function in the exercise of the powers conferred upon it by this title, and the

authority shall not be required to pay any fees, taxes, special ad valorem levies or assessments of any kind, including, but not limited to, franchise taxes, sales taxes or other taxes, upon or with respect to any property owned by it or under its jurisdiction, control or supervision, or upon the uses thereof, or upon or with respect to its activities or operations in furtherance of the powers conferred upon it by this title, or upon or with respect to any fares, tolls, rentals, rates, charges, fees, revenues or other income received by the authority.

2. Any bonds issued pursuant to this title together with the income therefrom shall at all times be exempt from taxation.

3. The state hereby covenants with the purchasers and with all subsequent holders and transferees of bonds issued by the authority pursuant to this title, in consideration of the acceptance of and payment for the bonds, that the bonds of the authority issued pursuant to this title and the income therefrom and all revenues, monies, and other property pledged to pay or to secure the payment of such bonds shall at all times be free from taxation.

Section 704. Authority Acknowledgments. (a) The Authority acknowledges that Sections 701 and 703 constitute important security provisions of the Bonds and Notes, and to the fullest extent permitted by applicable Federal and State law, waives any right to assert any claim to the contrary and agrees that it will neither in any manner directly or indirectly assert, nor in any manner directly or indirectly support the assertion by the City, the State or any other person of, any such claim to the contrary.

(b) By acknowledging that Sections 701 and 703 constitute important security provisions of the Bonds and Notes, the Authority also acknowledges, to the fullest extent permitted by applicable Federal and State law, that, in the event of any failure or refusal by the City or the State to comply with their agreements included in Sections 701 and 703, the Holders of the Bonds or Notes may have suffered monetary damages, the extent of the remedy for which may be, to the fullest extent permitted by applicable Federal and State law, determined, in addition to any other remedy available at law or in equity, in the course of any action taken pursuant hereto; and to the fullest extent permitted by applicable Federal and State law, the Authority hereby waives any right to assert any claim to the contrary and agrees that it will neither in any manner directly or indirectly assert, nor in any manner directly or indirectly support the assertion by the City, the State or any other person of, any claim to the effect that no such monetary damages have been suffered.

(c) The Authority confirms that the acknowledgments and agreements set forth in paragraphs (a) and (b) of this Section have been included herein as a result of negotiations with the underwriters of the Series 1998 A Bonds (to the extent the related statutes were then in effect) and the underwriters of the first Series of School Bonds and may further acknowledge in any Series Resolution if and the extent to which any provision of this Original Indenture has been amended pursuant to Section 1101 hereof, or any provision of such Series Resolution has been included therein, as a result of the same or similar negotiations.

## ARTICLE VIII: THE FIDUCIARIES

Section 801. Trustee's Organization, Authorization, Capacity and Responsibility. (a) The Trustee represents and warrants that it is duly organized and validly existing under the laws of the State, having the powers of a trust company within the State, including the capacity to exercise the powers and duties of the Trustee hereunder, and that by proper corporate action it has duly authorized the execution and delivery of this Indenture.

(b) The duties and responsibilities of the Trustee shall be as provided by law and as set forth herein. Notwithstanding the foregoing, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, unless it receives indemnity satisfactory to it against any loss, liability or expense. Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

(c) As Trustee hereunder:

(i) the Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any Officer's Certificate, opinion of Counsel (or both), resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper person or persons. The Trustee need not investigate any fact or matter stated in the document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit;

(ii) before the Trustee acts or refrains from acting, it may require an Officers' Certificate and/or an opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion. Whenever in the administration of the trusts of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting to take any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and such certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted to be taken by it under the provisions of this Indenture upon the faith thereof;

(iii) the Trustee may act through its attorneys and agents, custodians and nominees not regularly in its employ and shall not be responsible for the misconduct or negligence of any agent or attorney appointed with due care;

(iv) any request, direction, order or demand of the Authority mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any Authority resolution may be evidenced

to the Trustee by a copy thereof certified by the secretary or an assistant secretary of the Authority;

(v) prior to the occurrence of an Event of Default hereunder and after the curing or waiving of all Events of Default, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, Officers' Certificate, opinion of Counsel, Authority resolution, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, bond, debenture, note, coupon, security, or other paper or document unless requested in writing so to do by a Majority in Interest of the Senior Bonds affected and then Outstanding; and, that, if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require indemnity satisfactory to it against such expenses or liabilities as a condition to proceeding.

Section 802. Rights and Duties of the Fiduciaries. (a) All money and investments received by the Fiduciaries under this Indenture shall be held in trust, in a segregated trust account in the trust department of such Fiduciary, not commingled with any other funds, and applied solely pursuant to the provisions hereof.

(b) The Fiduciaries shall keep proper accounts of their transactions hereunder (separate from its other accounts), which shall be open to inspection on reasonable notice by the Authority and its representatives duly authorized in writing.

(c) The Fiduciaries shall not be required to monitor the financial condition of the Authority or the physical condition of any Project and, unless otherwise expressly provided, shall not have any responsibility with respect to reports, notices, certificates or other documents filed with them hereunder, except to make them available for inspection by Beneficiaries.

(d) Upon a failure of the Authority to make a payment of Debt Service when due or a failure actually known to an Authorized Officer of the Trustee to make any other payment required hereby within 7 days after the same becomes due and payable, the Trustee shall give written notice thereof to the Authority. The Trustee shall give default notices under Sections 1001 and 1002 when instructed to do so by the written direction of another Fiduciary or the owners of at least 25% in principal amount of the Outstanding Senior Bonds; or with respect to Section 1002, if the Event of Default is actually known to an Authorized Officer of the Trustee. The Trustee shall proceed under Section 1002 for the benefit of the Holders in accordance with the written directions of a Majority in Interest of the Outstanding Senior Bonds. The Trustee shall not be required to take any remedial action (other than the giving of notice) unless reasonable indemnity is furnished for any expense or liability to be incurred therein.

The Trustee shall give notices under Section 1006(iii) when instructed to do so by the written direction of another Fiduciary or the owners of at least 25% in principal amount of the Outstanding School Bonds; or if the Event of Default or other event is actually known to an Authorized Officer of the Trustee. The Trustee shall proceed under Section 1006 for the benefit of the Holders in accordance with the written directions of a Majority in Interest of the Outstanding School Bonds.

Upon receipt of written notice, direction or instruction and indemnity, as provided above, and after making such investigation, if any, as it deems appropriate to verify the occurrence of any event of which it is notified as aforesaid, the Trustee shall promptly pursue the remedy provided by this Indenture or any such remedies (not contrary to any such direction) as it deems appropriate for the protection of the Holders, and in its actions under this sentence, the Trustee shall act for the protection of the Holders with the same promptness and prudence as would be expected of a prudent person in the conduct of such person's own affairs.

(e) Each Fiduciary shall be entitled to the advice of counsel (who may be counsel for any party) and shall not be liable for any action taken in good faith in reliance on such advice. Each Fiduciary may rely conclusively on any notice, certificate or other document furnished to it under this Indenture and reasonably believed by it to be genuine. A Fiduciary shall not be liable for any action taken or omitted to be taken by it in good faith and reasonably believed by it to be within the discretion or power conferred upon it, or taken by it pursuant to any direction or instruction by which it is governed under this Indenture or omitted to be taken by it by reason of the lack of direction or instruction required for such action, or be responsible for the consequences of any error of judgment reasonably made by it. When any payment or consent or other action by a Fiduciary is called for by this Indenture, the Fiduciary may defer such action pending receipt of such evidence, if any, as it may reasonably require in support thereof. A permissive right or power to act shall not be construed as a requirement to act.

(f) The Fiduciaries shall in no event be liable for the application or misapplication of funds, or for other acts or defaults, by any person, firm or corporation except by their respective directors, officers, agents, and employees. No recourse shall be had for any claim based on this Indenture, the Bonds, the Notes or any ancillary contracts or swap agreement against any director, officer, agent or employee of any Fiduciary unless such claim is based upon the bad faith, fraud or deceit of such person.

(g) Nothing in this Indenture shall obligate any Fiduciary to pay any debt or meet any financial obligations to any person in relation to the Bonds, Notes, ancillary contracts or swap contracts except from money received for such purposes under the provisions hereof or from the exercise of the Trustee's rights hereunder.

(h) The Fiduciaries may be or become the owner of or trade in the Bonds or Notes or enter into ancillary or swap contracts with the same rights as if they were not the Fiduciaries.

(i) Unless otherwise specified by Series Resolution, the Fiduciaries shall not be required to furnish any bond or surety.

(j) The Authority shall, as an operating expense, indemnify and save each Fiduciary harmless against any expenses and liabilities (including reasonable legal fees and expenses) that it may incur in the exercise of its duties hereunder and that are not due to its negligence or bad faith. This paragraph (j) shall survive the discharge of the Indenture or the earlier resignation or removal of such Fiduciary.

(k) Any fees, expenses, reimbursements or other charges which any Fiduciary may be entitled to receive from the Authority hereunder, if not otherwise paid, shall be a first lien upon (but only upon) any funds held hereunder by the Trustee for payment of operating expenses.

(l) The Fiduciaries shall be afforded under each Series Resolution or Supplemental Indenture the same rights, protections, immunities and indemnities afforded each of them under the Original Indenture as if specifically set forth therein.

Section 803. Paying Agents. The Authority designates the Trustee a Paying Agent. The Authority may appoint additional Paying Agents, generally or for specific purposes, may discharge a Paying Agent from time to time and may appoint a successor. The Authority shall designate a successor if the Trustee ceases to serve as Paying Agent. Each Paying Agent shall be a bank or trust company eligible under the Act, and unless otherwise provided by Series Resolution shall have a capital and surplus of not less than \$50,000,000 and be registered as a transfer agent with the Securities and Exchange Commission. The Authority shall give notice of the appointment of a successor to the Trustee as Paying Agent in writing to each Beneficiary shown on the books of the Trustee. A Paying Agent may but need not be the same person as the Trustee. Unless otherwise provided by the Authority, the Trustee as Paying Agent shall act as Bond and Note registrar and transfer agent, in accordance with Sections 303 and 304 or with appropriate provisions of the LFL applicable to the Authority. Each Paying Agent shall act as paying agent with respect to any allotments, apportionments or payments forwarded to it by the State pursuant to § 99-b of the State Finance Law.

Section 804. Resignation or Removal of the Trustee. The Trustee may resign on not less than 30 days' written notice to the Authority and the Holders. The Trustee will promptly certify to the Authority that it has given written notice to all Holders and such certificate will be conclusive evidence that such notice was given as required hereby. The Trustee may be removed by written notice from the Authority (if not in default) or a Majority in Interest of the Outstanding Senior Bonds to the Trustee and the Authority. Such resignation or removal shall not take effect until a successor has been appointed.

Section 805. Successor Fiduciaries. (a) Any corporation or association which succeeds to the municipal corporate trust business of a Fiduciary as a whole or substantially as a whole, whether by sale, merger, consolidation or otherwise, shall thereby become vested with all the property, rights, powers and duties thereof under this Indenture, without any further act or conveyance.

(b) In case a Fiduciary resigns or is removed or becomes incapable of acting, or becomes bankrupt or insolvent, or if a receiver, liquidator or conservator of a Fiduciary or of its property is appointed, or if a public officer takes charge or control of a Fiduciary, or of its property or affairs, then such Fiduciary shall with due care terminate its activities hereunder and a successor may, or in the case of the Trustee shall, be appointed by the Authority. The Authority shall notify the Holders of the appointment of a successor Trustee in writing within 20 days from the appointment. The Authority will promptly certify to the successor Trustee that it has given such notice to all Holders and such certificate will be conclusive evidence that such notice was given as required hereby. If no appointment of a successor Trustee is made within 45



days after the giving of written notice in accordance with Section 804 or after the occurrence of any other event requiring or authorizing such appointment, the outgoing Trustee or any Holder may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor. Any successor Trustee appointed under this section shall be a trust company or a bank having the powers of a trust company, located in the State, having a capital and surplus of not less than \$50,000,000. Any such successor Trustee shall notify the Authority of its acceptance of the appointment and, upon giving such notice, shall become Trustee, vested with all the property, rights, powers and duties of the Trustee hereunder, without any further act or conveyance. Such successor Trustee shall execute, deliver, record and file such instruments as are required to confirm or perfect its succession hereunder and any predecessor Trustee shall from time to time execute, deliver, record and file such instruments as the incumbent Trustee may reasonably require to confirm or perfect any succession hereunder.

Section 806. No Statutory Trustee. Pursuant to § 2799-00 of the Act, and without purporting to affect the provisions thereof for jurisdiction and venue, the rights of the Holders of Bonds and Notes to appoint a trustee under such section are hereby abrogated.

Section 807. Fiduciaries for Notes and Subordinate Bonds. The Authority may by Series Resolution provide for the appointment of a Fiduciary (which may be the Trustee) to represent the Holders of Notes or Subordinate Bonds, having powers and duties not inconsistent herewith or with the Act.

#### ARTICLE IX: THE HOLDERS

Section 901. Action by Holders. Any request, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of Bonds or Notes may be contained in and evidenced by one or more writings of substantially the same tenor signed by the requisite number of Holders or their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner, but the Authority or the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable. The fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by the certificate or signature guarantee, which need not be acknowledged or verified, of an officer of a bank, trust company or securities dealer satisfactory to the Authority or to the Trustee; or of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof; or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Holder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its clerk or secretary or an assistant clerk or secretary. Any action of the Owner of any Bond or Note shall be irrevocable and bind all future record and beneficial owners thereof.

Section 902. Registered Owners. The enumeration in Section 304(a) of certain provisions applicable to DTC as Holder of immobilized Notes and Bonds shall not be construed in limitation of the rights of the Authority and each Fiduciary to rely upon the registration books in all circumstances and to treat the registered owners of Notes and Bonds as the owners thereof for all purposes not otherwise specifically provided for by law or herein. Notwithstanding any other provisions hereof, any payment to the registered owner of a Note or Bond shall satisfy the Authority's obligations thereon to the extent of such payment.

## ARTICLE X: DEFAULT AND REMEDIES

Section 1001. Events of Default; Default. "Event of Default" in this Indenture means any one of the events set forth below and "default" means any Event of Default without regard to any lapse of time or notice.

(a) Interest, Principal or Premium. The Authority shall fail to pay when due any interest, principal or redemption premium on a Note or Bond.

(b) Other Payments. The Authority shall fail to make any other required payment to the Trustee or other Fiduciary and such failure is not remedied within 7 days after written notice thereof is given by the Trustee or other Fiduciary to the Authority.

(c) Covenants of the Authority. The Authority shall fail to observe or perform any of its other agreements, covenants or obligations under this Indenture and such failure is not remedied within 30 days after written notice thereof is given by the Trustee to the Authority.

(d) Insolvency. The Authority shall commence a voluntary case under the federal bankruptcy laws, or shall admit in writing that it has become insolvent or unable to pay its debts as they become due, or shall make an assignment for the benefit of creditors, or shall apply for, consent to or acquiesce in the appointment of, or taking possession by, a trustee, receiver, custodian or similar official or agent for itself or any substantial part of its property; or a trustee, receiver, custodian or similar official or agent shall be appointed for the Authority or for any substantial part of its property and such trustee or receiver shall not be discharged within 60 days; or the Authority shall have an order or decree for relief in an involuntary case under the federal bankruptcy laws entered against it, or a petition seeking reorganization, readjustment, arrangement, composition, or other similar relief as to it under the federal bankruptcy laws or any similar law for the relief of debtors shall be brought against it and shall be consented to by it or shall remain undismissed for 60 days.

(e) State. The State shall (i) amend, alter, repeal or fail to comply with the State Covenant or its tax contract in the Act as in effect on the date of issuance of the Series 1998A Bonds, (ii) enact a moratorium or other similar law affecting the Bonds or Notes or (iii) amend, modify, repeal or otherwise alter, in any material respect (y) the requirement of § 1313 of the Tax Law that: "The comptroller, after reserving such refund fund and such costs shall, commencing on or before the fifteenth day of each month, pay to the New York city transitional finance authority on a daily basis the balance of" Personal Income Taxes or (z) the requirement of § 2799-ii of the Act that: "To the extent that the tax revenues payable to the authority under

section thirteen hundred thirteen of the tax law during such fiscal year are projected by the mayor to be insufficient to meet at least one hundred fifty percent of maximum annual debt service on authority bonds then outstanding, the mayor shall so notify the state comptroller and the state comptroller shall pay to the authority from” Alternative Revenues such amount as is necessary to provide at least 150% of the maximum annual debt service on Bonds.

(f) State Comptroller. The State Comptroller shall fail or refuse to comply with any provision of law in effect for the benefit of the Authority.

(g) Covenants of the City. The City shall fail to observe or perform any of its agreements, covenants or obligations under the Agreement for the benefit of the Holders and such failure is not remedied within 30 days after written notice thereof is given by the Trustee to the City and the Authority or by the Authority to the Trustee and the City.

(h) Coverage. Any Officer’s Certificate delivered pursuant to Section 604(c) shall show estimated Revenues to be less than 150% of Debt Service.

Section 1002. Remedies. (a) Remedies of the Trustee. If an Event of Default occurs and is continuing: (1) The Trustee may, and upon written request of the Holders of 25% in principal amount of the Senior Bonds Outstanding shall, in its own name by action or proceeding in accordance with the Civil Practice Law and Rules:

(A) enforce all rights of the Holders and require the Authority or, to the extent permitted by law, the State or the City to carry out its agreements with the Holders and to perform its duties under the Act;

(B) sue upon such Bonds and Notes;

(C) require the Authority to account as if it were the trustee of an express trust for the Holders of such Bonds and Notes; and

(D) enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of such Bonds and Notes.

(2) The Trustee shall, in addition to the other provisions of this Section, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth in the Act or incident to the general representation of Holders in the enforcement and protection of their rights.

(3) If such Event of Default is described in clause (a), (d), (e)(iii) or (h), the Trustee shall (a) give Written Notice thereof to the Authority, the Holders, the Mayor, the City Comptroller, the Speaker of the Council, the Governor, the State Comptroller, the chair and ranking minority member of the Senate Finance Committee, the chair and ranking minority member of the Assembly Ways and Means Committee, and the State Financial Control Board for the City, and (b) if so directed by a Majority in Interest of the Senior Bonds, and having given 30 days’ notice to the Authority, declare the principal amount of all Bonds and Notes to be, and the same shall become, due and payable.

(b) Note and Subordinate Bond Remedies. Subject to the prior application of the Accounts to pay Debt Service, to Section 1002(c) and to each applicable Series Resolution, the Holders of Notes or Subordinate Bonds, other Beneficiaries, or a Fiduciary appointed pursuant to Section 807, may enforce the provisions of this Indenture for their benefit by appropriate legal proceedings.

(c) Individual Remedies. No one or more Holders shall by his or their action affect, disturb or prejudice the pledge created by the Indenture, or enforce any right under the Indenture, except in the manner herein provided; and all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided herein and for the equal benefit of all Beneficiaries of the same class; but nothing in the Indenture shall affect or impair the right of any Holder of any Bond or Note to enforce payment of the principal of, premium, if any, or interest therein at and after the maturity thereof, or the obligation of the Authority to pay such principal, premium, if any, and interest on each of the Bonds and Notes to the respective Holders thereof at the time, place, from the source and in the manner expressed herein and in the Bonds and Notes.

(d) Venue. The venue of every action, suit or special proceeding against the Authority shall be laid in the County of New York.

(e) Waiver. If the Trustee determines that a default has been cured before the entry of any final judgment or decree with respect to it, the Trustee may waive the default and its consequences, by written notice to the Authority, and shall do so upon written instruction of the Holders of at least 25% in principal amount of the Outstanding Senior Bonds.

Section 1003. Remedies Cumulative. The rights and remedies under this Indenture shall be cumulative and shall not exclude any other rights and remedies allowed by law, provided there is no duplication of recovery. The failure to insist upon a strict performance of any of the obligations of the City or the Authority or to exercise any remedy for any violation thereof shall not be taken as a waiver for the future of the right to insist upon strict performance by the City or the Authority or of the right to exercise any remedy for the violation.

Section 1004. Application of Money. If available money in the Accounts is not sufficient on any day to pay all Debt Service, Subordinate Bonds and Subordinate Agreements then due or overdue, such money (subject to provisions theretofore made for the payment of Bonds or Notes no longer Outstanding and to the priorities established by Article V) shall be applied *first* to the Trustee's fees and other costs of collecting and applying the Revenues and administering the accounts, *second* to the payment of interest, including interest on overdue principal, in the order in which the same became due (pro rata with respect to interest which became due at the same time), and if the amount available shall not be sufficient to pay in full any installment or installments of interest or obligations with respect to Senior Agreements maturing on the same date, then to the payment thereof ratably, according to the amounts due in respect of each item of Debt Service without priority or preference of any item over any other; *third* to the payment of principal (including sinking fund installments) and redemption premiums, if any, without regard to the order in which the same became due (in proportion to the amounts due), and if the amount available shall not be sufficient to pay in full all principal, premium or obligations with respect to Senior Agreements maturing on the same date, then to the

payment thereof ratably, according to the amounts due in respect of each item of Debt Service without priority or preference of any item over any other; and *fourth* to the payment of any Notes (to the extent not paid as Debt Service), Subordinate Bonds and Subordinate Agreements then due and, if the amounts available are insufficient to pay in full all such subordinated payment obligations, then to the payment thereof ratably, in accordance with the priorities established by Article V but otherwise without preference or priority of any such item over any other. For this purpose Debt Service on Senior Agreements shall be characterized in accordance with their financial terms and interest on overdue principal shall be treated as coming due on the first day of each month. Whenever money is to be applied pursuant to this section, such money shall be applied at such times, and from time to time, as the Trustee in its discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. Upon the exercise of such discretion the Trustee shall fix the date (which shall be the first of a month unless it deems another date more suitable) upon which such application is to be made, and upon such date interest on the principal then provided for shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. When interest or a portion of the principal is to be paid on an overdue Bond or Note, the Trustee may require presentation of the Bond or Note for endorsement of the payment.

Section 1005. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given hereby or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 1006. School Bond Remedies. To the extent not inconsistent with the Act or this Indenture as in effect prior to the issuance of the first Series of School Bonds: if (i) there occurs and is continuing any Event of Default, or (ii) the State shall amend, alter, repeal or fail to comply with its covenant included herein as Section 703(c), or (iii) the City shall fail to observe or perform any of its agreements, covenants or obligations under the Assignment for the benefit of the Holders and such failure is not remedied within 30 days after written notice thereof is given by the Trustee to the City and the Authority or by the Authority to the Trustee and the City, then:

(a) The Trustee may, and upon written request of the Holders of 25% in principal amount of the School Bonds Outstanding shall, in its own name by action or proceeding in accordance with the Civil Practice Law and Rules:

(1) enforce all rights of the Holders and require the Authority or, to the extent permitted by law, the State or the City to carry out its agreements with the Holders and to perform its duties under the Act;

(2) sue upon such Bonds and Notes;

(3) require the Authority to account as if it were the trustee of an express trust for the Holders of such Bonds and Notes; and

(4) enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of such Bonds and Notes.

(b) The Trustee shall, in addition to the other provisions of this Section, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth in the Act or incident to the general representation of Holders of School Bonds and School Notes in the enforcement and protection of their rights.

#### ARTICLE XI: MISCELLANEOUS

Section 1101. Supplements and Amendments. (a) This Indenture may be (1) supplemented by delivery to the Trustee of an instrument certified by an Authorized Officer of the Authority and executed or approved by the Mayor and Comptroller to the extent, if any, required by the Act, to (A) provide for earlier or greater deposits into the Bond Account, (B) subject any property to the lien hereof, (C) add to the covenants and agreements of the Authority or surrender or limit any right or power of the Authority, (D) identify particular Notes or Bonds for purposes not inconsistent herewith, including credit or liquidity support, remarketing, serialization and defeasance, or (E) authorize Bonds or Notes of a Series and in connection therewith determine the matters referred to herein, including Sections 301(a), 301(c), 501(c) and 807, and any other things relative to such Bonds or Notes that are not prejudicial to the Holders, or to modify or rescind any such authorization or determination at any time prior to the first authentication and delivery of such Series of Bonds or Notes; or

(2) amended by the Authority and the Trustee with the approval of the Mayor and Comptroller to the extent, if any, required by the Act, (A) to cure any ambiguity or defect, (B) to add provisions that are not prejudicial to the Holders, (C) to adopt amendments that do not take effect unless and until (i) no Bonds or Notes Outstanding prior to the adoption of such amendment remain Outstanding or (ii) such amendment is consented to by the Holders of such Bonds or Notes in accordance with the further provisions hereof, or (D) pursuant to the following paragraph (b) .

(b) Except as provided in the foregoing paragraph (a), this Indenture may be amended (1) only with the written consent of a Majority in Interest of the Bonds issued as Parity Debt, the School Bonds, the Senior Bonds and the Notes of each category (each acting as a separate class) to be Outstanding at the effective date thereof and affected thereby; but (2) only with the unanimous written consent of the affected Holders for any of the following purposes: (A) to extend the maturity of any Bond or Note, (B) to reduce the principal amount or interest rate of any Bond or Note, (C) to make any Bond or Note redeemable other than in accordance with its terms, (D) to create a preference or priority of any Bond or Note over any other Bond or Note of the same class or (E) to reduce the percentage of the Bonds and Notes required to be represented by the Holders giving their consent to any amendment.

(c) Any amendment of this Indenture shall be accompanied by a Counsel's opinion to the effect that the amendment is permitted by law and does not adversely affect the exclusion of interest on the Tax-Exempt Bonds and Tax-Exempt Notes from gross income for Federal income tax purposes.

(d) When the Authority determines that the requisite number of consents have been obtained for an amendment hereto or to the Agreement which requires consents, it shall, file a certificate to that effect in its records and give notice to the Trustee, the Holders and S&P. The Trustee will promptly certify to the Authority that it has given such notice to all Holders and such certificate will be conclusive evidence that such notice was given in the manner required hereby.

Section 1102. Notices. Unless otherwise expressly provided, all notices to the Authority or the Trustee shall be in writing and shall be deemed sufficiently given if sent by registered or certified mail, postage prepaid, or delivered during business hours as follows: (a) to the Authority at 255 Greenwich Street, New York, N.Y. 10007, attention of the Executive Director, and (b) to the Trustee at 240 Greenwich Street, Floor 7-East, New York, N.Y. 10286, attention: Corporate Trust Division, or, as to all of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the one giving notice. All notices to a Holder shall be in writing and (without limitation) shall be deemed sufficiently given if sent by mail, postage prepaid, to the Holder at the address shown on the registration books. A Holder may direct the registrar to change such Holder's address as shown on the registration books by written notice to the registrar.

Notice hereunder may be waived prospectively or retrospectively by the person entitled to the notice, but no waiver shall affect any notice requirement as to other persons.

Section 1103. Beneficiaries. This Indenture is not intended for the benefit of and shall not be construed to create rights in parties other than the City, the Authority, the Fiduciaries, the Holders of Notes and Senior Bonds, and the other Beneficiaries to the extent specified herein.

Section 1104. Signatures and Counterparts. This Original Indenture and each Supplemental Indenture may be executed and delivered in any number of counterparts, each of which shall be deemed to be an original, but such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have cause this Amended and Restated Original Indenture to be duly executed on the \_\_\_\_\_ day of \_\_\_\_\_, 2024.

NEW YORK CITY TRANSITIONAL  
FINANCE AUTHORITY

By: \_\_\_\_\_

THE BANK OF NEW YORK MELLON,  
As Trustee

By: \_\_\_\_\_



AMENDED AND RESTATED ORIGINAL INDENTURE

between

NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

and

THE BANK OF NEW YORK MELLON, as Successor Trustee

Entered Into as of October 1, 1997, between the Authority and The Chase Manhattan Bank,

as Trustee

As Amended ~~Through the~~  
~~One Hundred and Twenty-Sixth Series Resolution adopted February 2, 2023~~  
and Restated ~~March 10~~January 25, 2023~~2024~~.

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## ARTICLE I: INTRODUCTION AND DEFINITIONS

### Section 101. The Indenture and the Parties

This INDENTURE is entered into as of October 1, 1997, by the New York City Transitional Finance Authority (the “Authority”) and The Chase Manhattan Bank, as Trustee (with its successors, the “Trustee”), and as heretofore and hereby amended, is restated by the Authority this ~~10<sup>th</sup>~~ \_\_\_\_\_ day of ~~March~~ \_\_\_\_\_, ~~2023~~2024.

The Authority recites and represents to the Trustee for the benefit of the Beneficiaries that

(1) the Mayor has determined and declared that a Capital Financing Need exists; the Mayor has certified, submitted, and caused to be held a public hearing upon, a Transitional Capital Plan, all in accordance with the Act, and has affirmed such plan in the form included in the Agreement as Exhibit A; and the Mayor has requested that the Authority provide financing therefor in accordance with the provisions of the Act;

(2) the Authority has authorized this Indenture in accordance with the provisions of the Act, and has given notice to the State Comptroller, pursuant to § 1313 of the Tax Law, as amended by the Act, that the Authority has incurred obligations payable by it; and

(3) the City and the Authority have executed and delivered the City’s Assignment of all of the Building Aid, and the City has given notice of the Assignment to the Director of the State Division of the Budget and the State Comptroller and the Authority has received Building Aid from the State Comptroller.

This Indenture provides for the following transactions:

(a) the Authority’s issue of the Notes and Bonds, including specifically the Series 1998 A Bonds;

(b) the Authority’s transfer of the proceeds of the Notes and Bonds to the City; and

(c) the Authority’s assignment and pledge to the Trustee in trust for the benefit and security of the Bondholders and, to the extent specified herein, of Noteholders and the parties to ancillary and swap contracts of the Revenues, Accounts and assets thereof to be received and held hereunder, the rights to receive the same, and the statutory and contractual covenants in the Act, the Assignment, the Agreement and this Indenture.

In consideration of the mutual agreements contained in this Indenture and other good and valuable consideration, the receipt of which is hereby acknowledged, the Authority and the Trustee agree as set forth herein for their own benefit and for the benefit of the Bondholders and, as applicable, other Beneficiaries, as aforesaid.

### Section 102. Definitions and Interpretation

. (a) In addition to terms defined in the Act, the Assignment, the Agreement or elsewhere herein, the following terms have the following meanings in this Indenture, unless the context otherwise requires:

“Accounts” means the School Bond Account, the ~~Recovery and~~ Parity Debt Account, the Collection Account, the Bond Account, the Redemption Account and such other Accounts as may be established and so designated pursuant to this Indenture.

“Act” means the New York City Transitional Finance Authority Act, as in effect from time to time, and as the context requires, other provisions of chapter 16 of the laws of New York, 1997, as amended, and the School Financing Act.

“Agreement” means the Financing Agreement dated October 1, 1997, between the Authority and the City, as amended to and including November 16, 2006, and as further amended, supplemented and in effect from time to time.

“Alternative Revenues” means (i) sales and compensating use taxes that the City is authorized by the State to impose and (ii) taxes imposed pursuant to §1107 of the Tax Law; and successor taxes.

The term “ancillary contracts” means contracts entered into pursuant to law by the Authority or for its benefit or the benefit of any of the Beneficiaries to facilitate the issuance, sale, resale, purchase, repurchase or payment of Bonds or Notes, including bond insurance, letters of credit and liquidity facilities.

“Annual School Bond Debt Service” means the total amount required to be deposited into the School Bond Account as Sinking Fund Requirements and (without duplication) paid from the School Bond Account in a Fiscal Year, based on School Bonds Outstanding and to be issued.

“Assignment” means the Assignment of State Aid dated October 19, 2006, as amended to and including November 16, 2006, and includes each further assignment of State aid by the City to the Authority pursuant to the School Financing Act.

“Authorized Denominations” means, subject to the Series Resolutions, \$5,000 or any integral multiple thereof.

“Authorized Officer” means: (i) in the case of the Authority, the Chairperson, the Executive Director, the General Counsel, the Treasurer (who shall be the chief fiscal officer for purposes of the School Financing Act), each Deputy Treasurer or Assistant Treasurer, the Secretary, each Deputy Secretary or Assistant Secretary, their successors in office, and any other person authorized to act hereunder by appropriate Written Notice to the Trustee, and (ii) in the case of the Trustee, any officer assigned to the Corporate Trust Office, including any managing director, vice president, assistant vice president, assistant treasurer, assistant secretary or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and having direct responsibility for the administration of this Indenture, and also, with respect to a particular matter, any other officer, to whom such matter is referred because of such officer’s knowledge of and familiarity with the particular subject.

“Beneficiaries” means Bondholders and, to the extent specified herein, Noteholders and the parties to and beneficiaries of ancillary and swap contracts.

“Bond Account” means the Account held by the Trustee pursuant to Section 502.

“Bondholders,” “Noteholders” and similar terms mean the registered owners of the Bonds and Notes from time to time as shown on the books of the Authority, and to the extent specified by Series Resolution, the owners of bearer Bonds and Notes.

“Bonds” means all obligations issued as Bonds hereunder.

“Build America Bonds” or “BABs” means build America bonds under Section 54AA of the Tax Code.

“Building Aid” means the State school building aid described in the Assignment.

“Building Aid Subaccount” means the subaccount of the Collection Account so designated and held by the Trustee pursuant to Section 501.

“Business Day” means, subject to the Series Resolutions, a day (a) other than a day on which commercial banks in The City of New York, New York, are required or authorized by law or executive order to close and (b) on which neither the City nor the New York Stock Exchange is closed.

“Capital Financing Need” means a period during which and only the extent to which the issuance of Bonds or Notes in accordance with the Act would assist the City in meeting its capital needs as determined by the Mayor pursuant to § 2799-ff of the Act.

~~“Chapter 297” means chapter 297 of the laws of New York, 2001, as it may be amended and in effect from time to time.~~

“City Covenant” means the specific pledge and agreement that is authorized by § 2799-jj of the Act, made in Section 4.02 of the Agreement and recited in Section 701 hereof.

“Code” or “Tax Code” means the Internal Revenue Code of 1986, as amended.

“Collection Account” means the Account held by the Trustee pursuant to Section 501.

“Collection Quarter” means the three months beginning each August, November, February and May.

“Competing Claims” include all claims to, and diversions, reductions and withholdings of, Education Aid adverse to the Authority, such as: (x) claims of (i) holders of general obligation bonds of the City issued for school purposes; and (ii) ~~holders of the State of New York Municipal Bond Bank Agency Special School Purpose Revenue Bonds (Prior Year Claims), 2003 Series C; and (iii) holders of the New York City Educational Construction Fund Revenue Bonds, 2005 Series A~~ with respect to the restoration of its debt service reserve fund relating to its outstanding bonds; and (y) State withholdings or recoveries of Education Aid for

the City's failure to provide certain educational services (e.g., courses in special areas, certain number of instructional days, certain health services, services for handicapped students, administrative practices or willful disobedience of certain laws or directives) or to otherwise correct errors or omissions in the apportionments of Education Aid pursuant to subdivision 5 of Section 3604 of the Education Law, as statutorily mandated.

"Confirmed Building Aid" means Building Aid statutorily required to be paid to the Authority with respect to approved projects, subject to appropriation, but not to any other statutory or administrative conditions or approvals, and which shall be calculated in accordance with the State Covenant and with the building aid ratios applicable to such projects at the date of calculation.

"Corporate Trust Office" means the office of the Trustee at which the corporate trust business of the Trustee shall, at any particular time, be principally administered, which office is, at the date of this restatement, located at ~~101 Barclay~~ 240 Greenwich Street, New York, New York 10286.

"Costs" means Project Capital Costs.

"Costs of Issuance" means those Project Capital Costs that are payable with respect to the authorization, sale and issuance of Bonds and Notes, underwriting fees, auditors' or accountants' fees, printing costs, costs of reproducing documents, filing and recording fees, fees and expenses of fiduciaries, legal fees and charges, professional consultants' fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of bonds and notes, governmental charges, costs of swap contracts and ancillary contracts, and other costs, charges and fees in connection with the foregoing, and includes costs of compliance with Section 603.

"Counsel" means nationally recognized bond counsel or such other counsel as may be selected by the Authority for a specific purpose hereunder.

The term "coupon Bonds" or "coupon Notes" includes Bonds or Notes registered to bearer.

"Debt Service" or "Senior Debt Service" means interest, redemption premium, purchase price to the extent provided by Officer's Certificate, Sinking Fund Requirements and (without duplication) principal payments due on or on account of Outstanding Senior Bonds and (to the extent provided by Series Resolution) Notes, and amounts payable from the Bond Account on Senior Agreements. Principal of Notes and termination payments on swap contracts shall be deemed Debt Service only to the extent expressly specified in the text of a Series Resolution.

"Defeasance Collateral" means money and (i) non-callable direct obligations of the United States of America, non-callable and non-prepayable direct federal agency obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America, non-callable direct obligations of the United States of America which have been stripped by the United States Treasury itself or by any Federal Reserve Bank (not including "CATS," "TIGRS" and "TRS" unless the Authority obtains Rating Confirmation with respect thereto) and the interest components of REFCORP bonds for which the underlying bond is non-callable (or non-callable before the due date of such interest component) for which



separation of principal and interest is made by request to the Federal Reserve Bank of New York in book-entry form, and shall exclude investments in mutual funds and unit investment trusts;

(ii) obligations timely maturing and bearing interest (but only to the extent that the full faith and credit of the United States of America are pledged to the timely payment thereof);

(iii) certificates evidencing ownership of the right to the payment of the principal of or interest on obligations described in clause (ii), provided that such obligations are held in the custody of a bank or trust company satisfactory to the Trustee in a segregated trust account in the trust department separate from the general assets of such custodian;

(iv) bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (A) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, and (B) timely payment of which is fully secured by a fund consisting only of cash or obligations of the character described in clause (i), (ii), (iii) or (v) which fund may be applied only to the payment when due of such bonds or other obligations; and

(v) with respect to Bonds issued on and after (x) March 24, 2004 or reoffered on or after January 29, 2021, direct obligations of, or obligations guaranteed as to timely payment of principal and interest by, FHLMC, FNMA, or the Federal Farm Credit System and (y) August 2, 2010 or reoffered on or after January 29, 2021, all obligations described in clause (ii) of the definition of Eligible Investments.

“Defeased Bonds” means legally defeased Bonds or Notes and other Bonds or Notes that remain in the hands of their Holders but are no longer deemed Outstanding.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State, and includes any nominee of DTC in whose name any Notes or Bonds are then registered.

“Education Aid” means all State aid that may be forwarded to the Paying Agent for the benefit of the Holders of School Bonds and School Notes pursuant to §99-b of the State Finance Law.

“Electronic Means” means facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other electronic means.

“Eligible Investments” means the following obligations to the extent they are legal for investment of money hereunder pursuant to any applicable provision of the Act:

(i) Defeasance Collateral;

(ii) direct obligations of, or obligations guaranteed as to timely payment of principal and interest by, FHLMC, FNMA, the Federal Home Loan Bank System or the Federal Farm Credit System;

(iii) demand and time deposits in or certificates of deposit of, or bankers' acceptances issued by, any bank or trust company, savings and loan association or savings bank, if such deposits or instruments are rated A-1+ by S&P and the long-term unsecured debt obligations of the institution holding the related account has one of the two highest ratings available for such securities by Moody's;

(iv) general obligations of, or obligations guaranteed by, any state of the United States or the District of Columbia receiving one of the two highest long-term unsecured debt ratings available for such securities by Moody's and S&P;

(v) commercial or finance company paper (including both non-interest-bearing discount obligations and interest bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) that is rated A-1+ by S&P and in one of the two highest categories by Moody's;

(vi) repurchase obligations with respect to any security described in clause (i) or (ii) above entered into with a broker/dealer, depository institution or trust company (acting as principal) meeting the rating standards described in clause (iii) above;

(vii) securities bearing interest or sold at a discount that are issued by any corporation incorporated under the laws of the United States of America or any state thereof and rated in one of the two highest categories by Moody's and either A-1+ or in one of the two highest long-term categories by S&P at the time of such investment or contractual commitment providing for such investment; provided, however, that securities issued by any such corporation will not be Eligible Investments to the extent that investment therein would cause the then outstanding principal amount of securities issued by such corporation that are then held to exceed 20% of the aggregate principal amount of all Eligible Investments then held;

(viii) units of taxable money market funds which funds are regulated investment companies and seek to maintain a constant net asset value per share and have been rated in one of the two highest categories by Moody's and at least AAm or AAm-G by S&P, including, if so rated ~~the VISTA Money Market Funds or~~, any ~~other~~ fund which the Trustee or an affiliate of the Trustee serves as an investment advisor, administrator, shareholder, servicing agent and/or custodian or sub-custodian, notwithstanding that (A) the Trustee or an affiliate of the Trustee charges and collects fees and expenses (not exceeding current income) from such funds for services rendered, (B) the Trustee charges and collects fees and expenses for services rendered pursuant to this Indenture, and (C) services performed for such funds and pursuant to this Indenture may converge at any time (the Authority specifically authorizes the Trustee or an affiliate of the Trustee to charge and collect all fees and expenses from such funds for services rendered to such funds, in addition to any fees and expenses the Trustee may charge and collect for services rendered pursuant to this Indenture);

(ix) investment agreements or guaranteed investment contracts rated, or with any financial institution whose senior long-term debt obligations are rated, or guaranteed by a financial institution whose senior long-term debt obligations are rated, at the time such agreement or contract is entered into, in one of the two highest categories for comparable types of obligations by Moody's and S&P; or

(x) investment agreements with a corporation whose principal business is to enter into such agreements if (A) such corporation has been assigned a counterparty rating by Moody's in one of the two highest categories and S&P has rated the investment agreements of such corporation in one of the two highest categories and (B) the Authority has an option to terminate each agreement in the event that such counterparty rating is downgraded below the two highest categories by Moody's or the investment agreements of such corporation are downgraded below the two highest categories by S&P;

provided that no Eligible Investment may (A) evidence the right to receive only interest with respect to prepayable obligations underlying such instrument or (B) be purchased at a price greater than par if such instrument may be prepaid or called at a price less than its purchase price prior to its stated maturity.

"Federal Bond Subaccount" means the subaccount so designated, held by the Trustee and applied pursuant to Section 501(c).

"Federal Collection Subaccount" means the subaccount so designated, held by the Trustee and applied pursuant to Section 501(c)

"Federal Proceeds Subaccount" means the subaccount so designated by Section 404.

"Federal Subsidy" means Revenues, paid or payable to the Authority or its assignee by the United States Treasury in respect of BABs or QSCBs pursuant to section 6431 of the Tax Code, or such other federal subsidy as may be identified by Series Resolution.

"FHLMC" means the Federal Home Loan Mortgage Corporation.

"Fiduciary" means the Trustee, any representative of the Holders of Notes or Subordinate Bonds appointed by Series Resolution, or any Paying Agent, including each fiscal agent.

"First Month Requirement" means, for any subaccount funded by Tax Revenues, one half of Quarterly Senior Debt Service or one-half of Quarterly Subordinate Debt Service payable therefrom, plus any amount payable therefrom in the current Payment Period and any overdue Sinking Fund Requirement.

The term "fiscal agent" means each Paying Agent (initially the Trustee) designated by the Authority to act as registrar and transfer agent.

"Fiscal Year" means each 12-month period beginning July 1.

"Fitch" means Fitch Ratings, and includes all successors, assigns and official designations as in effect from time to time; references to Fitch are effective as long as Fitch is a Rating Agency.

"FNMA" means the Federal National Mortgage Association.

“Full Requirement” means, for any ~~sub~~account funded by Tax Revenues, the Quarterly Senior Debt Service or Quarterly Subordinate Debt Service payable therefrom, plus any amount payable therefrom in the current Payment Period and any overdue Sinking Fund Requirement.

The terms “hereby”, “hereof”, “herein”, “hereunder” and any similar terms, as used in this Indenture, refer to this Indenture; and the term “date hereof” means, the term “hereafter” means after, and the term “heretofore” means before, the date of delivery of the Series 1998 A Bonds.

~~“HYIC” means the Hudson Yards Infrastructure Corporation, a local development corporation organized under the Not-For-Profit Corporation Law of the State.~~

The term “including” means “including without limitation”.

“Incremental Building Aid” means Building Aid that is not Confirmed Building Aid.

“Indenture” means this Indenture as amended, supplemented and in effect from time to time.

“LFL” means the Local Finance Law of the State, as amended from time to time.

~~“MAC” means the Municipal Assistance Corporation for The City of New York.~~

“Majority in Interest” means the Holders of a majority of the Outstanding Bonds or Notes eligible to act on a matter, measured by face value at maturity unless otherwise specified in a Series Resolution.

The term “maximum annual debt service on the Bonds” means the greatest amount of interest, Sinking Fund Requirements and (without duplication) principal payments on Outstanding Bonds (including Subordinate Bonds and Senior Bonds but excluding Notes and ancillary and swap contracts, whether or not payments thereon are Debt Service) payable in the current or any future fiscal year.

“Moody’s” means Moody’s Investors Service, and includes all successors, assigns and official designations as in effect from time to time; references to Moody’s are effective as long as Moody’s is a Rating Agency.

“MOU” means the Memorandum of Understanding relating to the Education Aid, dated as of October 26, 2006, among the Authority, the City, the State Comptroller and the State Education Department.

“Net Building Aid” means Confirmed Building Aid, net of any Competing Claims that the Authority expects to be applied against the Building Aid.

“Notes” means all obligations issued as Notes hereunder.

“Officer’s Certificate” means a certificate signed by an Authorized Officer of the Authority or, if so specified, of the City or the Trustee. An action that may be taken by Officer’s Certificate may alternatively be taken in a Supplemental Indenture.

The term “operating expenses” means all expenses incurred by the Authority in the administration of the Authority including but not limited to salaries, administrative expenses, insurance premiums, auditing and legal expenses, fees and expenses incurred for professional consultants and fiduciaries, payments on Notes and swap and ancillary contracts not paid as Costs or from the Bond Account, transfers to pay or service Subordinate Bonds, and all operating expenses so identified by Supplemental Indenture.

The word “or” is used in its inclusive sense.

“Original Indenture” means this Indenture in its original form, as amended but excluding all supplemental provisions not in the nature of amendments to the Original Indenture.

“Outstanding”, when used to modify Bonds or Notes, refers to Bonds or Notes issued under this Indenture, excluding: (i) Bonds or Notes which have been exchanged or replaced, or delivered to the Trustee for credit against a principal payment; (ii) Bonds or Notes which have been paid; (iii) Bonds or Notes which have become due and for the payment of which money has been duly provided; (iv) Bonds or Notes for which there has been irrevocably set aside sufficient Defeasance Collateral timely maturing and bearing interest, to pay or redeem them; and if any such Bonds or Notes are to be redeemed prior to maturity, the Authority shall have taken all action necessary to redeem such Bonds or Notes and notice of such redemption shall have been duly mailed in accordance with this Indenture or irrevocable instructions so to mail shall have been given to the Trustee; (v) Bonds and Notes the payment of which shall have been provided for pursuant to Section 202 or Section 203; and (vi) for purposes of any consent or other action to be taken by the Holders of a Majority in Interest or specified percentage of Bonds or Notes hereunder, Bonds or Notes held by or for the account of the Authority, the City or any person controlling, controlled by or under common control with either of them.

“Parity Debt” means ~~Recovery Obligations and~~ Bonds or Notes payable from the ~~Recovery and~~ Parity Debt Account ~~on a parity with the Recovery Bonds or Recovery Notes, respectively.~~

[“Parity Debt Account” means the Account held by the Trustee pursuant to Section 507\(a\).](#)

“Paying Agent” means each Paying Agent designated from time to time pursuant to Section 803.

“Payment Period” means the three months following each Collection Quarter.

“Personal Income Taxes” means the taxes paid or payable to the Authority pursuant to § 873 and § 1313 of the Tax Law or a successor statute.

~~“Post-’07 S-1 Parity Debt” means Parity Debt issued after November 16, 2006, or so identified pursuant to a Series Resolution.~~

~~“Post ’07 S-1 Parity Subaccount” means the subaccount so designated and held by the Trustee pursuant to Section 507, which subaccount shall be applied to the payment of Post ’07 S-1 Parity Debt.~~

~~“Post ’07 S-1 Senior Debt” means obligations payable from the Bond Account that are either incurred after November 16, 2006, or identified as Post ’07 S-1 Senior Debt pursuant to a Series Resolution.~~

~~“Post ’07 S-1 Senior Subaccount” means the subaccount so designated and held by the Trustee pursuant to Section 502, which subaccount shall be applied to the payment of Post ’07 S-1 Senior Debt.~~

~~“Pre ’07 S-1 Parity Debt” means Parity Debt that is not Post ’07 S-1 Parity Debt.~~

~~“Pre ’07 S-1 Parity Subaccount” means the subaccount so designated and held by the Trustee pursuant to Section 507, which subaccount shall be applied to the payment of Pre ’07 S-1 Parity Debt.~~

~~“Pre ’07 S-1 Senior Bonds” means Senior Bonds that are not Post ’07 S-1 Senior Debt.~~

~~“Pre ’07 S-1 Senior Subaccount” means the subaccount so designated and held by the Trustee pursuant to Section 502, which subaccount shall be applied to the payment of Pre ’07 S-1 Senior Debt.~~

“Proceeding” means any suit, action or proceeding at law or in equity for the enforcement of the Undertaking or to remedy any breach thereof, except a remedial action pursuant to Article X.

“Project Capital Costs” means (i) costs, appropriated in the capital budget of the City pursuant to Chapters 9 and 10 of the City Charter, as amended from time to time, providing for the construction, reconstruction, acquisition or installation of physical public betterments or improvements which would be classified as capital assets under generally accepted accounting principles for municipalities, or (ii) the costs of any preliminary studies, surveys, maps, plans, estimates and hearings, or (iii) incidental costs, including legal fees, printing or engraving, publication of notices, taking of title, apportionment of costs, and interest during construction, or (iv) any underwriting or other costs incurred in connection with the financing thereof, ~~or (v) to the extent financed by Recovery Obligations, Recovery Costs (the financing of which is not limited by references to the Capital Financing Need),~~ but (vi) to the extent financed by School Bonds or School Notes, only School Capital Costs.

“Project Fund Investments” means the following obligations to the extent they are legal for investment of money in the Project Fund pursuant to any applicable provision of the Act:

- (i) Eligible Investments;
- (ii) demand and time deposits in or certificates of deposit of, or bankers’ acceptances issued by, any bank or trust company, savings and loan association or savings bank, if such deposits or instruments are rated at least A-1 by S&P and the long-term unsecured debt

obligations of the institution holding the related account has one of the two highest ratings available for such securities by Moody's;

(iii) general obligations of, or obligations guaranteed by, any state of the United States or the District of Columbia receiving one of the three highest long-term unsecured debt ratings available for such securities by Moody's and S&P;

(iv) commercial or finance company paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than 270 days after the date of issuance thereof) that is rated at least A-1 by S&P and P-1 by Moody's;

(v) repurchase obligations with respect to any security described in clause (i) or (ii) of the definition of Eligible Investments entered into with a broker/dealer, depository institution or trust company (acting as principal) whose long-term debt is rated in one of the three highest categories by Moody's and S&P;

(vi) securities bearing interest or sold at a discount that are issued by any corporation incorporated under the laws of the United States of America or any state thereof and rated in one of the two highest categories by Moody's and either A-1 or in one of the two highest long-term categories of S&P at the time of such investment or contractual commitment providing for such investment; provided, however, that securities issued by any such corporation will not be Project Fund Investments to the extent that investment therein would cause the then outstanding principal amount of securities issued by such corporation that are then held to exceed 20% of the aggregate principal amount of all Project Fund Investments then held;

(vii) investment agreements or guaranteed investment contracts rated, or with any financial institution whose senior long-term debt obligations are rated, or guaranteed by a financial institution whose senior long-term debt obligations are rated, at the time such agreement or contract is entered into, in one of the three highest categories for comparable types of obligations by Moody's and S&P;

(viii) investment agreements with a corporation whose principal business is to enter into such agreements if (A) such corporation has been assigned a counterparty rating by Moody's in one of the three highest categories and S&P has rated the investment agreements of such corporation in one of the three highest categories and (B) the Authority has an option to terminate each agreement in the event that such counterparty rating is downgraded below the three highest categories by Moody's or the investment agreements of such corporation are downgraded below the three highest categories by S&P;

~~(ix) any obligations that may be purchased pursuant to Section 508; or~~

(ix) ~~(x)~~ other obligations or securities that are acceptable to each Rating Agency;

provided that no Project Fund Investment may (A) evidence the right to receive only interest with respect to prepayable obligations underlying such instrument or (B) be purchased at a price

greater than par if such instrument may be prepaid or called at a price less than its purchase price prior to its stated maturity.

“Projects” means the projects identified in Exhibit A to the Agreement and all other projects, any costs of which are included in a Transitional Capital Plan pursuant to the Act ~~or are Recovery Costs,~~ and are financed, by payment or reimbursement, with the proceeds of Bonds or Notes.

“Qualified School Construction Bonds” or “QSCBs” means qualified school construction bonds under section 54F of the Tax Code.

“Qualified Swap” means an ancillary or swap contract with a counterparty (i) the debt securities of which are rated in one of the two highest long-term debt rating categories by S&P or (ii) the obligations of which under the contract are either guaranteed or insured by an entity the debt securities or insurance policies of which are so rated or (iii) the debt securities of which are rated in the third highest long-term debt rating category by S&P or whose obligations are guaranteed or insured by an entity so rated, in either case the obligations of which under the contract are continuously and fully secured by Eligible Investments meeting criteria provided by S&P to the Authority and then in effect.

“Quarterly Debt Service” or “Quarterly Senior Debt Service” means, as of any date, Senior Debt Service for the following Payment Period, as certified to the Trustee by Officer’s Certificate.

“Quarterly Subordinate Debt Service” means, as of any date, Subordinate Debt Service for the following Payment Period, as certified to the Trustee by Officer’s Certificate.

“Rating Agency” means each nationally recognized statistical rating organization that has, at the request of the Authority, a rating in effect for the unenhanced Senior Bonds.

“Rating Category” means one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

“Rating Confirmation” means evidence that no Senior Bond rating in effect from a Rating Agency will be withdrawn or reduced solely as a result of an action to be taken hereunder.

The term “record date” means the fifteenth day of the calendar month next preceding a particular interest payment date, or such other date as may be specified by Series Resolution; and the Authority or the Trustee may in its discretion establish special record dates for the determination of the Holders of Bonds or Notes for various purposes hereof, including giving consent or direction to the Trustee.

~~“Recovery and Parity Debt Account” or “Recovery Account” means the Account held by the Trustee pursuant to Section 507(a).~~

~~“Recovery Bonds” means Recovery Obligations issued as Bonds.~~



~~“Recovery Costs” means costs described in Chapter 297.~~

~~“Recovery Notes” means Recovery Obligations issued as Notes.~~

~~“Recovery Obligations” means bonds, notes or other obligations described in Chapter 297.~~

“Redemption Account” means the account held by the Trustee pursuant to Section 503.

“Remaining Building Aid” means the Authority’s projection of the balance of Net Building Aid to be received in the current Fiscal Year, based on the latest estimates from the State and such other information as the Authority deems relevant.

“Revenues” means the Tax Revenues (including Alternative Revenues paid or payable to the Authority), the Building Aid and all aid, rents, fees, charges, payments and other income and receipts (other than Note or Bond proceeds) paid or payable to the Authority or the Trustee for the account of the Authority.

“S&P” means S&P Global Ratings, and includes all successors, assigns and official designations as in effect from time to time; references to S&P are effective as long as S&P is a Rating Agency.

“Sales Taxes” means Alternative Revenues.

“School Bond Account” means the account held by the Trustee pursuant to Section 507(c).

“School Bond Rating Confirmation” means evidence that no School Bond rating in effect at the request of the Authority from a nationally recognized statistical rating organization will be withdrawn or reduced in Rating Category solely as a result of an action to be taken hereunder.

“School Bonds” means School Obligations issued as Bonds.

“School Capital Costs” means Costs referred to in the School Financing Act.

“School Financing Act” means part A-3 of chapter 58 of the laws of New York, 2006, as it may be amended and in effect from time to time.

“School Notes” means School Obligations issued as Notes, which shall mature within 13 months from their date of issue.

“School Obligations” means bonds, notes, swaps and ancillary contracts payable from the School Bond Account.

“Securities Depository” means DTC or another securities depository specified by Series Resolution, or if the incumbent Securities Depository resigns from its functions as depository of the Bonds or Notes or the Authority discontinues use of the incumbent Securities Depository, then any other securities depository selected by Officer’s Certificate of the Authority.

“Senior Agreements” means ancillary and swap contracts to the extent that amounts are payable thereon from the Bond Account pursuant to a Series Resolution.

“Senior Bonds” means all Bonds issued as Senior Bonds in compliance with Section 301(b)(i).

“Series” means all Notes or Bonds so identified in a Series Resolution, regardless of variations in maturity, interest rate or other provisions, and any Notes or Bonds thereafter delivered in exchange or replacement therefor.

“Series 1998 A Bonds” means the \$650,000,000 New York City Transitional Finance Authority Future Tax Secured Bonds, Fiscal 1998 Series A, dated October 9, 1997, including any Bonds issued in exchange or replacement therefor.

“Series Fiscal Year” means each Fiscal Year in which School Bonds of a Series are scheduled to be Outstanding; in which, unless otherwise specified by Series Resolution, each payment of principal or interest shall be made on July 15 or January 15.

“Series Resolution” means a resolution or Supplemental Indenture described in Section 301(a), or a supplement thereto.

“Sinking Fund” means each Sinking Fund Subaccount established by Article V. To the extent necessary for compliance with Section 603 and other provisions hereof and of the Act, the Authorized Officers of the Authority may subdivide each such subaccount in respect of separate categories or issues of Sinking Fund Bonds.

“Sinking Fund Bonds” means Bonds so designated by Series Resolution that are issued pursuant to the Indenture, the Act and such provisions of the LFL as are not inappropriate to be applied to the Sinking Fund Bonds.

“Sinking Fund Requirement” means each annual scheduled contribution to a Sinking Fund for the redemption, at or prior to maturity, of Sinking Fund Bonds of a Series. The Authority may apply or credit against any Sinking Fund Requirement the principal amount of any Bonds to which that Sinking Fund Requirement applies (or, to the extent permitted by Series Resolution, other Bonds) that have been purchased or redeemed and not previously so applied or credited.

“State” means the State of New York.

“State Covenant” means the State’s pledge and agreement set forth in §2799-ii of the Act (including, with respect to School Bonds and School Notes, the related provisions of the School Financing Act).

“Statutory Revenues” means the Personal Income Taxes and the Sales Taxes.

“Subordinate Agreements” means ancillary and swap contracts to the extent that such contracts are not Senior Agreements.

“Subordinate Bonds” or “Subordinate” means all Bonds but Senior Bonds.

“Subordinate Debt Service” means interest, redemption premium, purchase price to the extent provided by Officer’s Certificate, Sinking Fund Requirements and (without duplication) principal payments due on or on account of Outstanding Parity Debt issued as Bonds and interest on Parity Debt issued as Notes.

“Supplemental Indenture” means a Series Resolution or supplement hereto adopted and becoming effective in accordance with the terms hereof and of the Act. Any provision that may be included in a Series Resolution or Supplemental Indenture is also eligible for inclusion in the other subject to the provisions hereof and of the Act.

The term “swap contract” or “swap” means an interest rate exchange or similar agreement entered into by the Authority with Rating Confirmation from S&P pursuant to the Act and any appropriate provisions of the LFL that are applicable to the City and made applicable to the Authority by the Act.

“Tax-Exempt Bonds” or “Tax-Exempt Notes” means all Bonds or Notes so identified in any Series Resolution.

“Tax Revenue Subaccount” means the subaccount of the Collection Account so designated and held by the Trustee pursuant to Section 501.

“Tax Revenues” means the Personal Income Taxes and such other revenues, including Alternative Revenues (but excluding Building Aid), as the Authority may derive directly from the State from taxes imposed by the City or the State and collected by the State.

“Transitional Capital Plan” means such plan in effect pursuant to § 2799-ff.1 of the Act.

“Undertaking” means the Authority’s covenant in Section 605.

“Unfunded Balance”, with respect to the Building Aid, means Annual School Bond Debt Service remaining to be paid in a Fiscal Year, plus Annual School Bond Debt Service for the following Fiscal Year, minus the amount held in the School Bond Account, but not less than zero.

“Written Notice”, “written notice” or “notice in writing” means notice in writing which may be delivered by hand or first class mail and also means facsimile transmission. So long as the Bonds are held under a book-entry system, any notice to the registered owner may be given by Electronic Means with full force and effect.

(b) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of the Original Indenture.

(c) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(d) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons, and shall include successors and assigns.

(e) Any headings preceding the texts of the several Articles and Sections of this Indenture, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference, and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

(f) As used in this Indenture and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in this Indenture or in any such certificate or other document, and accounting terms partly defined in this Indenture or in any such certificate or other document to the extent not defined, shall have the respective meanings given to them under generally accepted accounting principles. To the extent that the definitions of accounting terms in this Indenture or in any such certificate or other document are inconsistent with the meanings of such terms under generally accepted accounting principles, the definitions contained in this Indenture or in any such certificate or other document shall control.

(g) In the event that any provision of this Indenture shall be held to be invalid in any circumstance, such invalidity shall not affect any other provisions or circumstances; any provisions of this Indenture that are declared invalid or unenforceable shall be deemed severable and shall not affect the validity or enforceability of the remainder, which shall be interpreted so as to reasonably effect the intent of the Authority; and any such invalid or unenforceable provisions shall be deemed replaced with valid and enforceable provisions that, to the extent possible, fulfill the purpose and intent hereof.

(h) This Indenture shall be governed by the domestic law of the State.

(i) Each time of day shall be local time in New York City, except as otherwise specified herein.

(j) If the date for making any payment or the last day for the performance of any act or the exercise of any right, provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date, except as otherwise specified herein.

(k) Each reference to Bonds includes portions thereof in Authorized Denominations.

### Section 103. Directors, State and City Not Liable on Notes or Bonds

(a) Neither the Directors of the Authority nor any person executing Notes, Bonds or other obligations of the Authority shall be liable personally thereon or be subject to any personal liability or accountability solely by reason of the issuance thereof.

(b) The Notes, Bonds and other obligations of the Authority shall not be a debt of either the State or the City, and neither the State nor the City shall be liable thereon, nor

shall they be payable out of any funds other than those of the Authority; and the Notes and Bonds shall contain on the face thereof a statement to such effect.

#### Section 104. Separate Accounts and Records

. The parties represent and covenant, each for itself, that: (a) The Authority and the Trustee each will maintain its respective books, financial records and accounts (including, without limitation, inter-entity transaction accounts) in a manner so as to identify separately the assets and liabilities of each such entity; each has observed and will observe all applicable corporate or trust procedures and formalities, including, where applicable, the holding of regular periodic and special meetings of governing bodies, the recording and maintenance of minutes of such meetings, and the recording and maintenance of resolutions, if any, adopted at such meetings; and all transactions and agreements between the Authority and the Trustee have reflected and will reflect the separate legal existence of each entity and have been and will be formally documented in writing.

(b) The Authority and the Trustee, in its individual capacity, have paid and will pay their respective liabilities and losses from their own respective separate assets. In furtherance of the foregoing, the Authority has compensated and will compensate all consultants, independent contractors and agents from its own funds for services provided to it by such consultants, independent contractors and agents.

### ARTICLE II: PLEDGE

#### Section 201. Security and Pledge

. Pursuant to the Act, including § 2799-gg thereof, the Authority assigns and pledges to the Trustee in trust upon the terms hereof (a) the Revenues, (b) all rights to receive the Revenues (including the Statutory Revenues) and the proceeds of such rights, (c) all Accounts and assets thereof, including money, contract rights, general intangibles or other personal property, held by the Trustee hereunder, (d) the covenants of the City and the State herein, in the Agreement, in the Assignment and in the Act and (e) any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder. Except as specifically provided herein, this assignment and pledge does not include: (i) the rights of the Authority pursuant to provisions for consent or other action by the Authority, notice to the Authority, indemnity or the filing of documents with the Authority, or otherwise for its benefit and not for that of the Beneficiaries, or (ii) any right or power reserved to the Authority pursuant to the Act or other law. The Authority will implement, protect and defend this assignment and pledge by all appropriate legal action, the cost thereof to be an operating expense. The preceding, and all pledges and security interests made and granted by the Authority pursuant hereto, are immediately valid, binding and perfected to the full extent provided by the Act. The foregoing collateral is hereby pledged and a security interest is therein granted, to secure the payment of Bonds, Notes, and payments in respect of Senior Agreements and Subordinate Agreements; provided, however, that the pledge and security interest herein granted to secure the Authority's obligation to pay Subordinate Bonds

and Subordinate Agreements shall be subject and subordinate to the pledge and security interest herein granted to secure Debt Service, and all Revenues, including the Building Aid, shall be applied in accordance herewith. The lien of such pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the Authority secured by the Revenues. The Authority shall not incur any obligations, except as authorized hereby, secured by a lien on the Revenues or Accounts equal or prior to the lien hereof.

#### Section 202. Defeasance of Indenture

. When (a) there is held by or for the account of the Trustee Defeasance Collateral in such principal amounts, bearing fixed interest at such rates and with such maturities as will provide sufficient funds to pay or redeem all obligations to Beneficiaries in full (to be verified by a nationally recognized firm of verification agents or independent certified public accountants), (b) if any Bonds or Notes are to be redeemed prior to the maturity thereof, the Authority shall have taken all action necessary to redeem such Bonds or Notes and notice of such redemption shall have been duly given in accordance with this Indenture or irrevocable instructions to give notice shall have been given to the Trustee, and (c) all the rights hereunder of the Trustee have been provided for, then upon written notice from the Authority to the Trustee, the Beneficiaries shall cease to be entitled to any benefit or security under this Indenture except the right to receive payment of the funds so held and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien hereof, the security interests created by this Indenture (except in such funds and investments) shall terminate, and the Authority and the Trustee shall execute and deliver such instruments as may be necessary to discharge the Trustee's lien and security interests created hereunder. Upon such defeasance, the funds and investments required to pay or redeem the Bonds and other obligations to Beneficiaries shall be irrevocably set aside for that purpose, subject, however, to Section 506, and money held for defeasance shall be invested only as provided above in this section and applied by the Trustee and other Paying Agents, if any, to the retirement of the Bonds and Notes. Any funds or property held by the Trustee and not required for payment or redemption of the Bonds and other obligations to Beneficiaries in full shall, after satisfaction of all the rights of the Authority and the Trustee, be distributed to the Authority upon such indemnification, if any, as the Trustee may reasonably require.

#### Section 203. Legal Defeasance of Particular Bonds

. *If* (a) any Bonds or Notes are identified as legally defeased in a Series Resolution pursuant to Section 1101(a)(1)(D), (b) there is held by or for the account of the Trustee Defeasance Collateral in such principal amounts, bearing fixed interest at such rates and with such maturities as will provide sufficient funds to pay or redeem all obligations to the Holders of such Bonds in full (to be verified by a nationally recognized firm of verification agents or independent certified public accountants), (c) the Authority has taken all action necessary to redeem any such Bonds or Notes to be redeemed prior to maturity and notice of such redemption has been duly given or irrevocable instructions to give notice have been given to the Trustee, and (d) unless otherwise specified by Series Resolution at issuance of the Bonds or Notes to be defeased, the Authority has delivered to the Trustee an opinion of Counsel to the effect that the Holders will not recognize income, gain or loss for federal income tax purposes as a result of

such legal defeasance and will be subject to federal income tax on the same amounts (if any), in the same manner and at the same times as would have been the case if such legal defeasance had not occurred, *then* the Authority's obligations under this Indenture with respect to such Bonds or Notes shall terminate, the debt represented thereby shall be legally satisfied, and the Holders shall cease to be entitled to any benefit or security under this Indenture except the right to receive payment of the funds so held and other rights which by their nature cannot be satisfied until such Bonds or Notes are actually paid. Upon such defeasance, the funds and investments required to pay or redeem the Bonds or Notes shall be irrevocably set aside for that purpose, and money held for defeasance shall be invested only as provided above in clause (b) and applied to the retirement of the Bonds or Notes.

### ARTICLE III: THE BORROWING

#### Section 301. Notes and Bonds of the Authority

(a) By Series Resolution complying procedurally and in substance with the Act and this Indenture, the Authority may authorize, issue, sell and deliver (i) Bonds or (ii) Notes in anticipation thereof, from time to time in such principal amounts as the Authority shall determine to be necessary, to provide sufficient funds to meet a Capital Financing Need, including financing Project Capital Costs by payment or reimbursement, and funding reserves to secure Notes or Bonds; and may issue Notes or Bonds to renew or refund Notes or Bonds, by exchange, purchase, redemption or payment, and establish such escrows therefor as it may determine.

(b) Bonds and Notes may be issued only:

(i) as Senior Bonds (or Notes in anticipation thereof) to pay or reimburse Project Capital Costs or refund or renew such Bonds or Notes, but not to exceed \$12 billion in Outstanding principal amount, and subject to a \$330 million limit on Quarterly Debt Service to be payable; or

(ii) as Subordinate Bonds (or Notes in anticipation thereof), with Rating Confirmation; but

(iii) no Series of ~~Bonds on a parity with the Series 1998-A~~ Senior Bonds shall be authenticated and delivered without Rating Confirmation except upon receipt by the Trustee of:

(y) a certificate by the Director of Management and Budget setting forth the most recent collections for the 12 consecutive calendar months ended not more than two months prior to the date of such certificate, of the Statutory Revenues, in effect at the date of issuance of such Series of Bonds, collected by the State and to be payable to the Authority; and

(z) an Officer's Certificate setting forth

- (I) the aggregate amount of Debt Service (excluding any accrued or capitalized interest), including such Series of Bonds, for each Fiscal Year such Bonds will be Outstanding,
- (II) the aggregate amount of operating expenses as estimated by an Authorized Officer of the Authority for the current Fiscal Year, and
- (III) that the amounts set forth pursuant to clause (y) after deducting the operating expenses set forth pursuant to clause (z)(II), will be at least 3 times such aggregate amount set forth in clause (z)(I) for each Fiscal Year set forth pursuant to clause (z)(I).

For purposes of this Section 301(b) and Section 307(d), each interest rate on Outstanding and proposed variable-rate Bonds or Notes (if not economically fixed), shall be assumed at the maximum rate payable to investors other than parties to an ancillary contract. The elements of this Section 301(b) shall be certified to the Trustee by an Authorized Officer of the Authority or as specified above.

(c) The Notes and Bonds shall bear such dates and shall mature at such times as the Authority may provide pursuant to the Act. The Notes and Bonds shall bear interest at such fixed or variable rates, and shall be in such denomination, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment, at such place and be subject to such terms of redemption as the Authority may provide pursuant to the Act. The Notes and Bonds may be sold by the Authority at public or private sale pursuant to the Act.

(d) The Notes and Bonds shall be executed in the name of the Authority by the signature or facsimile signature of an Authorized Officer and the seal or a facsimile seal of the Authority shall be impressed or imprinted thereon, and attested by the signature or facsimile signature of an Authorized Officer. The authenticating certificate of the Trustee or designated fiscal agent shall be manually signed. Coupons attached to a Bond shall be authenticated by the facsimile or manual signature of an Authorized Officer unless the Authority shall, by resolution, provide that such coupons shall be authenticated by the facsimile or manual signature of the Trustee or designated fiscal agent. Obligations executed as set forth above shall be valid and binding obligations when duly delivered, notwithstanding the fact that before the delivery thereof the persons executing the same shall have ceased in office or others may have been designated to perform such functions.

- (e) Every Bond and Note shall contain a statement of at least the following:
1. The type of obligation.
  2. The amount of the obligation and the total amount of the Series of which the obligation is a part.
  3. The date and maturity of the obligation.



4. The place or places of payment of principal and interest.
5. The medium of payment.
6. If the obligation is payable to bearer, whether it may be converted into a registered obligation; if the obligation is in registered form, whether it may be converted into a bearer obligation.
7. If the obligation may be called for redemption prior to its date of maturity, the terms and conditions under which such obligation may be redeemed.
8. The rate of interest or, in the case of obligations bearing a variable rate of interest, the procedure for calculating such variable rate of interest and the maximum rate of interest which such variable rate obligations may bear, together with the date or dates of payment thereof.

(f) The Trustee shall keep a complete record of each Series of Bonds and Notes, which shall include:

1. The type and purpose thereof.
2. The amount thereof.
3. The number of obligations in the Series.
4. The rate or rates of interest thereon.
5. The date of issue thereof.
6. The date of maturity of each obligation.
7. The date of adoption of the applicable Series Resolution.

#### Section 302. Documents to be Delivered to Trustee

. The Authority may from time to time request the authentication and delivery of a Series of Bonds or Notes by providing to the Trustee (at or prior to such authentication and delivery) the following:

(a) Copies of the Agreement, each applicable Series Resolution, the Declaration of Need and the Transitional Capital Plan certified by an Authorized Officer;

(b) an Officer's Certificate as to the purposes and periods of probable usefulness to be financed, and such other matters as may be required by the Act and appropriate provisions of the LFL;

(c) an Officer's Certificate showing compliance with Section 301(b) and to the effect that there is no default hereunder that will remain uncured immediately following such delivery, nor an uncured failure of the State or the City to comply with their respective agreements provided for in §§ 2799-ii and 2799-jj of the Act, as in effect at the date of delivery of the Series 1998A Bonds;

(d) an opinion of Counsel as to the due authorization, execution and delivery by the Authority of this Indenture and each relevant Supplemental Indenture; to the effect that the Series Resolution is in full force and effect and that the Bonds or Notes are valid and binding obligations of the Authority secured by the pledge of the Indenture; and after delivery of the Series 1998 A Bonds, to the effect that the issuance of the Bonds or Notes will not adversely affect the exclusion from gross income for federal income tax purposes of interest on

Tax-Exempt Bonds or Tax-Exempt Notes theretofore issued (as set forth in the opinions delivered with such prior Bonds or Notes);

(e) such other documents as may be required by the applicable Series Resolutions; and

(f) an Officer's Certificate to the effect that the applicable conditions to the issuance of Bonds or Notes set forth herein and in each applicable Series Resolution have been met; and requesting the authentication by the Trustee of the Bonds or Notes.

Section 303. Transfer, Conversion and Replacement of Bonds or Notes

(a) Transfer. A registered Bond or Note shall be transferable (if not inconsistent with appropriate provisions of the LFL applicable to the Authority) upon presentation to the fiscal agent with a written transfer of title of the registered owner. Such transfer shall be dated, and signed by such registered owner, or his legal representatives, and shall be duly acknowledged or proved, or the signature certified as to its genuineness by an officer of a bank or trust company located and authorized to do business in the State. The name of the transferee shall be entered in the books kept by the fiscal agent and:

(1) the transferee shall be provided with a new Bond or Note, of substantially the same form and tenor as the Bond or Note presented, except as provided below;

(2) the new Bond or Note shall be signed and attested, either:

(A) by manual or facsimile signature by the appropriate persons in office at the time of delivery to the transferee, or

(B) by facsimile signature of the appropriate persons in office at the time of issuance;

(3) the new Bond or Note shall be executed as of the date of the Bond or Note presented and shall be authenticated as of the date of delivery of the new Bond or Note;

(4) the Bond or Note presented shall be cancelled and destroyed and a certificate of destruction shall be filed with the Authority and the Trustee;

(5) no interest shall be paid on a Bond or Note issued in registered form until the name of the payee has been inserted therein and such Bond or Note has been registered as provided herein; and

(6) the principal of, redemption premium, if any, and interest on a Bond or Note which has been registered shall be payable only to the registered owner, his legal representatives, successors or transferees.

(b) Conversion. The Authority may provide, by Series Resolution not inconsistent with appropriate provisions of the LFL, for conversion of registered Bonds into

coupon Bonds, conversion of coupon Bonds into registered Bonds, and such other matters as it may deem necessary in connection with the issuance of coupon Bonds or Notes.

(c) Replacement. The Authority and an authorized fiscal agent may issue a new Bond, Note or coupon to replace one lost, destroyed, partially destroyed or defaced, in accordance with (1) appropriate provisions of the LFL applicable to the Authority or (2) the following:

(A) If the Bond, Note or coupon is claimed to be lost or destroyed, the owner shall furnish:

1. Proof of ownership.
2. Proof of loss or destruction.
3. In the case of a coupon, and in the case of a Bond or Note if such Bond or Note was payable to bearer, security to be approved by the Authority and the fiscal agent, sufficient to indemnify the Authority, the Trustee and the fiscal agent against any loss or damage that may be incurred by it on account of the Bond, Note or coupon so claimed to be lost or destroyed. Such security, when the approval of the Authority and the fiscal agent has been indicated thereon, shall be filed in the office of the Authority and the fiscal agent.
4. Payment of the cost of preparing, issuing, mailing, shipping or insuring the new Bond, Note or coupon.

(B) If the Bond, Note or coupon is defaced or partially destroyed, the owner shall surrender such Bond, Note or coupon and pay the cost of preparing and issuing the new Bond, Note or coupons.

(C) The new Bond, Note or coupon shall be of substantially the same form and tenor as the one originally issued, except that it shall be signed either by (i) the manual or facsimile signature of the appropriate person or persons in the office at the time of the reissuance, or (ii) the facsimile signature of the appropriate person or persons in office at the time of the original issuance or any time between original issuance and reissuance. The new Bond or Note shall be authenticated in the manner provided herein. If the Bond, Note or coupon is issued in the place of one claimed to be lost or destroyed, it shall in addition state upon the back thereof that it is issued in the place of such Bond, Note or coupon claimed to have been lost or destroyed, and, where applicable, that adequate security or indemnity for its payment in full at maturity is filed with the Authority and the fiscal agent. The fiscal agent shall make an appropriate entry in its records of any new Bond, Note or coupon issued pursuant to this section.

(D) If the Authority or the fiscal agent shall refuse to issue a new Bond, Note or coupon in the place of one claimed to be lost or destroyed, the owner may petition the Supreme Court in the County of New York, and after hearing the allegations and proofs the court may order the issuance of such new Bond, Note or coupon upon the payment of the cost of the preparation and issuance thereof and the furnishing by the owner to the Authority and the fiscal agent of such security as the court may direct.

Section 304. Securities Depositories

. (a) Immobilized Bonds. Unless otherwise provided by Series Resolution, the Notes and Bonds, upon original issuance, will be issued in the form of typewritten Notes and Bonds, to be delivered to the order of DTC by or on behalf of the Authority. Such Notes and Bonds shall initially be registered in the name of DTC and no beneficial owner will receive a certificate representing an interest in any Note or Bond, except as provided in Section 304(b). Unless and until Notes or Bonds of a Series have been issued to Holders other than DTC:

(1) the Authority and each Fiduciary, except to the extent specifically provided in ancillary contracts, shall be entitled to deal with DTC for all purposes of this Indenture (including the payment of principal of and interest on such Notes and Bonds and the giving of notices, instructions or directions hereunder) as the sole Holder of such Notes and Bonds;

(2) the rights of beneficial owners shall be exercised only through DTC; and

(3) to the extent that the provisions of this Section 304(a) conflict with any other provisions of this Indenture except express terms of a Series Resolution or Section 605, the provisions of this section shall control; to the extent that the provisions of this section conflict with the express terms of a Series Resolution or Section 605, such Series Resolution or Section 605 shall control.

(b) Withdrawal from DTC. If (i) the Authority advises the Trustee in writing that DTC is no longer willing or able to properly discharge its responsibilities with respect to the Bonds or Notes or a Series or other portion thereof, and the Authority is unable to locate a qualified successor Securities Depository, (ii) the Authority at its option advises the Trustee in writing that it elects to terminate the book-entry system through DTC or (iii) after the occurrence of any Event of Default, as defined in Section 1001, beneficial owners representing a Majority in Interest of the Bonds and Notes held by DTC advise DTC in writing that the continuation of a book-entry system through DTC is no longer in the best interests of the beneficial owners, then DTC shall notify its Participants and the Trustee of the occurrence of any such event and of the availability of Bonds and Notes to registered owners requesting the same. Upon surrender to the Trustee of the typewritten Bonds and Notes by DTC, accompanied by registration instructions, the Authority shall execute and provide to the Trustee, and the Trustee shall authenticate, Bonds and Notes in accordance with the instructions of DTC. None of the Authority, the City or the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be fully protected in relying on, such instructions.

#### Section 305. Ancillary and Swap Contracts

. Pursuant to the Act, the Authority may enter into, amend or terminate, as it determines to be necessary or appropriate, any ancillary or swap contracts, including Senior Agreements, to facilitate the issuance, sale, resale, purchase, repurchase or payment of Bonds or Notes. The Authority may by Series Resolution provide for the payment through the Bond Account of amounts due on ancillary and swap contracts.

#### Section 306. Bond Anticipation Notes

. Whenever the Authority shall authorize the issuance of a Series of Bonds, the Authority may, by Series Resolution, authorize the issuance of Notes and renewals thereof in anticipation of such Series of Bonds. The interest on such Notes and renewals thereof may be made payable from the proceeds of such Notes, from the Bond Account, from the ~~Recovery~~Parity Debt Account, from the School Bond Account or from the proceeds of renewal notes or the Series of Bonds in anticipation of which such Notes are issued. The proceeds of such renewal notes or Bonds may be pledged for the payment of the principal of or interest on such Notes, and any such pledge shall have a priority over any other pledge of such proceeds created by this Indenture. The Authority may also pledge the Revenues and, subject to Article V, the Accounts to the payment of the principal of such Notes.

Section 307. ~~Recovery Obligations and~~Parity Debt

. The Authority may from time to time request the authentication and delivery of a Series of ~~Recovery Obligations or~~ Parity Debt by providing to the Trustee (at or prior to such authentication and delivery) the following:

(a) Copies of the Agreement and each applicable Series Resolution certified by an Authorized Officer;

(b) an Officer's Certificate showing compliance with Section 301(b) and to the effect that there is no default hereunder that will remain uncured immediately following such delivery, nor an uncured failure of the State or the City to comply with their respective agreements provided for in §§ 2799-ii and 2799-jj of the Act, as in effect at the date hereof;

(c) an opinion of Counsel as to the due authorization, execution and delivery by the Authority of this Indenture and each relevant Supplemental Indenture; to the effect that the Series Resolution is in full force and effect and that the ~~Recovery Obligations or Bonds or~~ Notes to be issued as Parity Debt are valid and binding obligations of the Authority secured by the pledge of the Indenture; and to the effect that their issuance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on Tax-Exempt Bonds or Tax-Exempt Notes theretofore issued (as set forth in the opinions delivered with such prior Bonds or Notes);

(d) at the delivery of such Bonds or of Notes in anticipation thereof (but not both):

(i) a certificate by the Director of Management and Budget setting forth the collections for the most recent Fiscal Year ended at least two months prior to the date of such certificate, of the Statutory Revenues, collected by the State and to be payable to the Authority; and

(ii) an Officer's Certificate setting forth:

(x) the sum of \$1.32 billion and the aggregate amount of Subordinate Debt Service, including such Series of Bonds (assumed, at the delivery of Notes, to be issued at the Note maturity and to amortize over

30 years at an interest rate of 7%, with level debt service), for each Fiscal Year such Bonds will be Outstanding, and

(y) that the amounts set forth pursuant to clause (i) will be at least 3 times the sum set forth in clause (ii)(x) for each Fiscal Year set forth pursuant to clause (ii)(x).

(e) such other documents as may be required by the applicable Series Resolutions; and

(f) an Officer's Certificate to the effect that the applicable conditions to the issuance of ~~Recovery Obligations or~~ Parity Debt set forth herein and in each applicable Series Resolution have been met; and requesting the authentication by the Trustee of the ~~Recovery Obligations or~~ Parity Debt.

#### Section 308. School Bonds and School Notes

The Authority may from time to time request the authentication and delivery of a Series of School Bonds or School Notes by providing to the Trustee (at or prior to such authentication and delivery) the documents listed in Section 302 and the following:

(a) a copy of the Assignment certified by an Authorized Officer of the Authority;

(b) an Officer's Certificate to the effect that, to the best of such officer's knowledge, there is no continuing event described in Section 1006, and

(c) at the delivery of such Bonds or of Notes in anticipation thereof (but not both) an Officer's Certificate setting forth:

(i) Annual School Bond Debt Service, including debt service on such Series of Bonds (assumed, at the delivery of Notes, to be issued at or prior to the Note maturity and to amortize and bear interest as specified in such Officer's Certificate) in each Series Fiscal Year, and

(ii) the Confirmed Building Aid payable in the Fiscal Year preceding each Series Fiscal Year, which shall be at least equal to the amount set forth in clause (i) for each Series Fiscal Year.

For purposes of this Section 308(c) and Section 510(b), each interest rate on Outstanding and proposed variable-rate Bonds or Notes (if not offset or economically fixed by a Qualified Swap, a liquidity account, or otherwise with School Bond Rating Confirmation), shall be assumed at the maximum rate payable to investors other than parties to an ancillary contract.

### ARTICLE IV: THE PROJECTS

#### Section 401. Project Capital Costs

. Proceeds of the sale of the Bonds and Notes issued for capital purposes shall be promptly deposited in the Project Fund established under the Agreement to the extent set forth by Series Resolution, and applied to finance, by payment or reimbursement, Project Capital Costs pursuant to the Act. The Authority shall transfer (i) its earnings on the Project Fund and (ii) after payment of all Costs of Issuance of a Series of Bonds, any excess amounts in the Costs of Issuance account of the Project Fund, to the Collection Account as Building Aid or Tax Revenues, or otherwise apply such earnings or excess amounts in accordance with the Tax Code pursuant to Officer's Certificate.

#### Section 402. Limited Purpose of Indenture

. This Indenture provides for the issuance and payment of the Authority's obligations and the financing and refinancing of Project Capital Costs. Except as set forth in the Agreement, the Authority, the City and the Trustee shall have no liability to each other or to the Beneficiaries for the construction, reconstruction, acquisition, installation, physical condition, ownership or operation of any Project.

#### Section 403. Investment of Money Held by the Authority

. Pursuant to § 2799-hh.4 of the Act, money in the Project Fund and other money held by the Authority (and not in the Accounts hereunder) may be invested in (i) Project Fund Investments, (ii) obligations of municipal corporations, public benefit corporations and local development corporations of the State rated in one of the three highest Rating Categories by at least two Rating Agencies, or (iii) investments permitted by § 165.00 of the LFL or § 2799-ee.8 of the Act.

#### Section 404. Federal Proceeds Subaccount

. A Build America Subaccount has been established in the Project Fund, and is hereby redesignated the Federal Proceeds Subaccount. Proceeds of BABs, QSCBs and other federally subsidized Bonds shall be deposited in such subaccount and all money therein, including earnings, shall be applied in compliance with the Tax Code, the Indenture and the advice of Counsel. To the extent necessary for such compliance, the Authorized Officers of the Authority may subdivide such subaccount in respect of separate categories or issues of federally subsidized Bonds.

### ARTICLE V: FLOW OF FUNDS

#### Section 501. Collection Account; General Provisions; Federal Subsidy

. (a) A Collection Account is hereby established to be held by the Trustee for application hereunder. Any Revenues received by the Authority shall be promptly deposited in the Collection Account. Two subaccounts are hereby established in the Collection Account: the Tax Revenue Subaccount, to be funded and applied pursuant to Section 509; and the Building Aid Subaccount, to be funded and applied pursuant to Section 510. ~~Building Aid transferred to the Bond Account or the Recovery Account may be treated as an interfund advance and transferred to the School Bond Account or restored to the Building Aid Subaccount through an Officer's Certificate directing the transfer of Tax Revenues pursuant to Section 509(a) fourth.~~

(b) The transfers and payments to be made under this Article shall be appropriately adjusted by Officer's Certificate to reflect expected Revenues, the date of issue of Notes or Bonds, any accrued or capitalized interest deposited in the Accounts, actual rates of interest, any amount needed or held in the Accounts for Debt Service or other obligations, and any purchase or redemption of Notes or Bonds, so that there will be available on each payment date the amount necessary to pay Debt Service and other obligations from the designated source of Revenues and so that accrued or capitalized interest will be applied to the installments of interest to which it is applicable.

(c) A Federal Subaccount and a BAB Subaccount have been established in the Collection Account, and are hereby redesignated the Federal Collection Subaccount and the Federal Bond Subaccount, respectively. The Federal Subsidy shall be deposited in the Federal Collection Subaccount and retained therein until transferred as follows:

~~(1) — at any time, to the Pre-'07 S-1 Senior Subaccount or the Pre-'07 S-1 Parity Subaccount, in that order of priority, to pay Pre-'07 S-1 Senior Bonds or Pre-'07 S-1 Parity Debt then due and not otherwise provided for;~~

~~(2) — in the first month of each Collection Quarter, beginning the first day when both the Pre-'07 S-1 Senior Subaccount and the Pre-'07 S-1 Parity Subaccount have been funded to their First Month Requirements and continuing until the end of the month, to the Federal Bond Subaccount or, if so directed by Officer's Certificate, to the order of the City; and~~

~~(3) — in the second and third months of each Collection Quarter, (A) to the Federal Bond Subaccount, beginning when both the Pre-'07 S-1 Senior Subaccount and the Pre-'07 S-1 Parity Subaccount have been funded to their Full Requirements and continuing until the end of the Collection Quarter, and (B) on the last Business Day of the Collection Quarter, to the Pre-'07 S-1 Senior Subaccount and then the Pre-'07 S-1 Parity Subaccount until both of them have been funded to their Full Requirements; and then to the Federal Bond Subaccount or, if so directed by Officer's Certificate, to the order of the City.~~

Money in the Federal Bond Subaccount shall be applied to principal of and interest on Bonds (not including Tax-Exempt Bonds unless such application is permitted by Section 603) or, if so directed by Officer's Certificate, paid to the order of the City.

Without limiting the amending power granted by Section 1101(a), this Section 501(c) and Section 602(d) may be amended by the Authority in any respect that is not prejudicial to the Bondholders.

#### Section 502. Bond Account

(a) A Bond Account is hereby established with the Trustee and money shall be deposited therein as provided in this Indenture. Accrued interest received upon the sale of Notes (if so specified by Series Resolution) or Senior Bonds shall be deposited in the Bond Account. ~~Two subaccounts are hereby established in the Bond Account: the Pre-'07 S-1 Senior Subaccount and the Post-'07 S-1 Senior Subaccount.~~ The money in the Bond Account shall be held in trust and, except as otherwise provided, shall be applied solely to the payment of Senior Debt Service. If at any time the amount held in ~~either subaccount~~ the Bond Account exceeds the



Full Requirement, the Trustee shall transfer such excess to the Collection Account as Tax Revenues.

(b) The Trustee shall pay, or transfer money from ~~the applicable subaccount~~ of the Bond Account to a Paying Agent in time for such Paying Agent to pay, Debt Service when due in same-day funds.

#### Section 503. Redemption Account

(a) A Redemption Account is hereby established with the Trustee and money shall be deposited therein as provided herein. The money and investments in such Account shall be held in trust and, except as otherwise specified herein, shall be applied by the Trustee to the redemption of Bonds and Notes. Upon direction by Officer's Certificate, the Trustee shall apply money in the Redemption Account to the purchase of Bonds and Notes for cancellation at prices not exceeding (unless so directed by Officer's Certificate) the price at which they are then redeemable (or next redeemable if they are not then redeemable), but not with money required to pay Bonds or Notes for which notice of redemption has been given. Accrued interest on the purchase of Bonds and Notes may be paid from the Bond Account (if so payable hereunder) or as directed by Officer's Certificate.

(b) When money in the Redemption Account is to be applied to the redemption of Notes or Bonds, the Trustee shall pay, or transfer such money to a Paying Agent in time for such Paying Agent to pay, such Notes or Bonds when due in same-day funds.

(c) If on any date the amount in the Bond Account is less than the amount then required to be applied to pay Debt Service then due, the Trustee shall apply the amount in the Redemption Account (other than any sum irrevocably set aside for particular Notes or Bonds no longer Outstanding) to the extent necessary to meet the deficiency.

#### Section 504. Redemption of the Bonds and Notes

(a) The Authority may redeem Bonds and Notes at its option in accordance with their terms and shall redeem Bonds and Notes in accordance with their terms pursuant to any mandatory redemption ("sinking fund") requirements established by Series Resolution. When Bonds or Notes are called for redemption, the accrued interest thereon shall become due on the redemption date. To the extent not otherwise provided, the Authority shall deposit with the Trustee on or prior to the redemption date a sufficient sum to pay principal, redemption premium, if any, and accrued interest.

(b) The Authority shall not by purchase or optional redemption cause Quarterly Debt Service to exceed \$330 million unless either cash is on hand therefor, held by the Authority or in the Redemption Account, or this limit has been modified by Officer's Certificate with Rating Confirmation.

(c) Unless otherwise specified by Series Resolution, there shall, at the option of the Authority, be applied to or credited against any sinking fund requirement the principal amount of any such Bonds that have been defeased, purchased or redeemed and not previously

so applied or credited. Defeased Bonds shall, at the option of the Authority, no longer be entitled, but may be subject, to the provisions thereof for mandatory redemption.

(d) When Bonds or Notes are to be redeemed prior to maturity, the Trustee shall give notice in the name of the Authority, which notice shall identify the Bonds or Notes to be redeemed, state the date fixed for redemption and state that such Bonds or Notes will be redeemed at the corporate trust office of the Trustee or a Paying Agent. The notice shall further state that on such date there shall become due and payable upon each Bond or Note to be redeemed the redemption price thereof, together with interest accrued to the redemption date, and that money therefor having been deposited with the Trustee or Paying Agent, from and after such date, interest thereon shall cease to accrue. The Trustee shall give 30 days' notice by mail, or otherwise transmit the redemption notice in accordance with Section 304, any appropriate provisions of the LFL or the applicable Series Resolution, to the registered owners of any Bonds or Notes which are to be redeemed, at their addresses shown on the registration books of the Authority. Such notice may be waived by any Holder of Bonds or Notes to be redeemed. Failure by a particular Holder to receive notice, or any defect in the notice to such Holder, shall not affect the redemption of any other Bond or Note.

(e) Unless otherwise specified by Series Resolution: (i) if less than all the Outstanding Bonds or Notes of like Series and maturity are to be redeemed, the particular Bonds or Notes to be redeemed shall be selected by the Trustee by such method as it shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to any authorized denominations) of the principal of Bonds or Notes of a denomination larger than the minimum authorized denomination, and (ii) the Trustee shall redeem any and all Bonds or Notes held by the provider of an ancillary contract prior to any other Bonds or Notes redeemed hereunder unless otherwise directed by Officer's Certificate.

(f) No Bonds or Notes may be optionally redeemed from the Building Aid Subaccount except pursuant to Section 510(a) ~~third~~second when the Unfunded Balance is zero.

#### Section 505. Investments

(a) Pending its use under this Indenture, money in the Accounts may be invested by the Trustee in Eligible Investments maturing or redeemable at the option of the holder at or before the time when such money is expected to be needed and shall be so invested pursuant to written direction of the Authority if there is not then an Event of Default actually known to an Authorized Officer of the Trustee. Investments shall be held by the Trustee in the respective Accounts and shall be sold or redeemed to the extent necessary to make payments or transfers from each Account.

(b) Except as otherwise specified herein or by Series Resolution, any interest realized on investments in any Account and any profit realized upon the sale or other disposition thereof shall be credited to the Collection Account.

(c) The Trustee may hold undivided interests in Eligible Investments for more than one Account (for which they are eligible) and may make interfund transfers in kind.

(d) If any money is invested hereunder and a loss results therefrom so that there are insufficient funds to pay Debt Service or to redeem Bonds or Notes called for redemption, then the deficiency shall be timely filled from Revenues (as Debt Service if so payable hereunder). The Trustee shall not be liable for any losses on investments made at the direction of the Authority.

(e) Interest realized on investments in the Building Aid Subaccount or the School Bond Account and profits realized upon the sale or other disposition thereof shall be credited to the Building Aid Subaccount.

(f) Cash deposits in the Accounts shall be secured as and to the extent described in §§ 10.3 and 12 of the General Municipal Law of the State, as amended from time to time.

#### Section 506. Unclaimed Money

. Except as may otherwise be required by applicable law, in case any money deposited with the Trustee or a Paying Agent for the payment of the principal of, or interest or premium, if any, on any Bond or Note remain unclaimed for two years after such principal, interest or premium has become due and payable, the Fiduciary may and upon receipt of a written request of the Authority will pay over to the Authority the amount so deposited and thereupon the Fiduciary and the Authority shall be released from any further liability hereunder with respect to the payment of principal, interest or premium and the owner of such Bond or Note shall be entitled (subject to any applicable statute of limitations) to look only to the Authority as an unsecured creditor for the payment thereof.

#### Section 507. ~~Recovery and~~ Parity Debt Account; School Bond Account

(a) A ~~Recovery and~~ Parity Debt Account is hereby established with the Trustee and money shall be deposited therein as provided in this Indenture or by Officer's Certificate. The ~~Pre-'07 S-1 Parity Subaccount and the Post-'07 S-1 Parity Subaccount are hereby established as subaccounts in the Recovery Account. The money in each subaccount of the~~ Recovery Parity Debt Account shall be held in trust and, except as otherwise provided, shall be applied solely to the payment of ~~Recovery Obligations and~~ Parity Debt payable therefrom. If at any time the amount held in ~~either subaccount~~ the Parity Debt Account exceeds the Full Requirement, the Trustee shall transfer such excess to the Collection Account as Tax Revenues.

(b) The Trustee shall pay, or transfer money from the ~~applicable subaccount of the Recovery~~ Parity Debt Account to a Paying Agent in time for such Paying Agent to pay, ~~Recovery Obligations and~~ Parity Debt when due in same-day funds.

(c) A School Bond Account is hereby established with the Trustee and money shall be deposited therein as provided in this Indenture or by Officer's Certificate. The money in the School Bond Account shall be held in trust and, except as otherwise provided, shall be applied solely to the payment of School Obligations. If at any time the Unfunded Balance is zero, the Trustee shall transfer any amount in the School Bond Account to the Collection Account as Building Aid.

(d) The Trustee shall pay, or transfer money from the School Bond Account to a Paying Agent in time for such Paying Agent to pay, School Obligations when due in same-day funds.

Section 508. ~~Purchase of HYIC Obligations~~Reserved

~~The Authority may apply Tax Revenues available under Section 509(a) fourth to the purchase of obligations of HYIC (not exceeding the amounts specified by Supplemental Indentures approved by unanimous vote of the Directors of the Authority), which HYIC obligations shall be held by the Authority. The Trustee shall, if so directed by Officer's Certificate, (a) establish separate trust accounts for the purchase of such obligations, (b) transfer available Tax Revenues thereto and (c) purchase such obligations for the account of the Authority.~~

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Section 509. Application of Tax Revenues

(a) Provision is made in the Act for the payment to the Authority of the Tax Revenues, and the Authority has requested the State Comptroller to make such payments to the Collection Account for application hereunder. Any Tax Revenues received by the Authority or the Trustee shall be promptly deposited in the Tax Revenue Subaccount and shall be applied upon receipt by the Trustee, in the following order of priority: *first* to the Bond Account to pay Debt Service pursuant to paragraph (b) of this Section; *second* to the Authority's operating expenses, which may include deposits to the Redemption Account for optional redemption and reserves to be held by the Authority for payment of operating expenses, in such amounts as may be determined by Officer's Certificate; *third* pursuant to Supplemental Indentures for the benefit of Noteholders, Subordinate Bondholders and parties to ancillary and swap contracts, to the extent such Supplemental Indentures may require application of Tax Revenues to pay items after payment of Debt Service and operating expenses; *fourth* pursuant to each Officer's Certificate ~~pursuant to Section 501(a) or Section 508~~; and *fifth* daily or as soon as practicable but not later than the last day of each month, to the order of the City, free and clear of the lien hereof.

(b) At the beginning of each Collection Quarter, the Trustee shall begin to transfer all Tax Revenues from the Tax Revenue Subaccount to ~~each subaccount of~~ the Bond Account ~~in proportion to the unfunded balance of each First Month Requirement~~, and shall continue such transfers until the amount in ~~each subaccount~~the Bond Account is equal to the First Month Requirement. On the first day of the second month of each Collection Quarter, the Trustee shall resume or continue such transfers, ~~in proportion to the unfunded balance of each Full Requirement~~, until the Full Requirement is held in ~~each subaccount~~the Bond Account. To the extent that Quarterly Debt Service includes principal, interest or premium on Bonds or Notes to be purchased or redeemed prior to maturity, such Debt Service may be paid through the Redemption Account, and the Authority may by Officer's Certificate direct the Trustee in writing to transfer Revenues thereto, rather than to the Bond Account.

(c) Pursuant to Section 509(a) *third*: at the beginning of each Collection Quarter, the Trustee shall begin to transfer all Tax Revenues to ~~each subaccount of~~ the

~~Recovery~~Parity Debt Account ~~in proportion to the unfunded balance of each First Month Requirement,~~ and shall continue such transfers until the amount in ~~each subaccount~~the Parity Debt Account is equal to the First Month Requirement; and on the first Business Day of the second month of each Collection Quarter, the Trustee shall resume or continue such transfers, ~~in proportion to the unfunded balance of each Full Requirement,~~ until the Full Requirement is held in ~~each subaccount~~the Parity Debt Account. To the extent that Quarterly Subordinate Debt Service includes principal, interest or premium on Bonds or Notes to be purchased or redeemed prior to maturity, or Revenues are available to pay principal of Notes, such amounts may be paid through the Redemption Account or an escrow fund, and the Authority may by Officer's Certificate direct the Trustee to transfer Revenues thereto.

(d) Prior to any payment date under this Section, the Authority may by Officer's Certificate estimate interest payable at a variable rate; or treat anticipated receipts from a Qualified Swap as offsets ~~thereto~~to amounts payable.

(e) ~~Revenues shall in all events be transferred from the Collection Account to the Bond Account or the Redemption Account to provide for the timely payment of Debt Service on Pre-'07 Senior Bonds, and all~~All Revenues shall be applied to pay Debt Service and other amounts then overdue pursuant to Section 1004.

(f) A Sinking Fund Subaccount is hereby established in each of the ~~Post-'07 S-1 Senior Subaccount~~Bond Account and the ~~Post-'07 S-1 Parity Subaccount~~Debt Account for the redemption, at or prior to maturity, of such Sinking Fund Bonds as may be made payable therefrom. Tax Revenues shall be deposited in each Sinking Fund pursuant to this Section 509 and the Sinking Fund Requirements specified by Series Resolution, which deposits may be adjusted to recognize early retirement of Bonds and earnings and profits on Eligible Investments in each Sinking Fund (if required by Section 603 or directed by Officer's Certificate to be retained therein) and shall be provided for as Quarterly Senior Debt Service or Quarterly Subordinate Debt Service. Unless otherwise specified by Officer's Certificate, interest on the Sinking Fund Bonds shall be payable from the ~~Post-'07 S-1 Senior Subaccount~~Bond Account or the ~~Post-'07 S-1 Parity Subaccount~~Debt Account (exclusive of each Sinking Fund).

#### Section 510. Application of Building Aid

(a) Provision is made by the Act and the Assignment for the payment to the Authority of the Confirmed Building Aid and the Incremental Building Aid, and the Authority through the City pursuant to the Assignment has requested the State Comptroller to make such payments to the Collection Account for application hereunder. ~~Any~~ Building Aid received by the Authority or the Trustee shall be promptly deposited in the Building Aid Subaccount and shall be applied by the Trustee pursuant hereto, in the following order of priority, as implemented in part by Section 510(b): ~~first to Pre-'07 S-1 Senior Bonds;~~ ~~second~~ to the Authority's operating expenses, which may include reserves to be held by the Authority for payment of operating expenses, in such amounts as may be determined by Officer's Certificate, but excluding operating expenses properly allocable to ~~Post-'07 S-1 Senior Bonds,~~ Senior ~~Debt~~Agreements and ~~Post-'07 S-1 Parity Debt;~~ ~~third to Pre-'07 S-1 Parity Debt and then~~second to School Obligations; ~~third pursuant to an Officer's Certificate;~~ and ~~fourth~~ daily or as soon as practicable but not later than the last day of each month, to the order of the City, free and clear of the lien hereof.

(b) ~~To provide for the timely payment of School Obligations subject to the rights of the Holders of Pre-'07 S-1 Senior Bonds and Pre-'07 S-1 Parity Debt, money~~ Money in the Building Aid Subaccount shall be retained therein until transferred as follows: (1) ~~at any time, to the Pre-'07 S-1 Senior Subaccount or the Pre-'07 S-1 Parity Subaccount, in that order of priority, to pay Pre-'07 S-1 Senior Bonds or Pre-'07 S-1 Parity Debt then due and not otherwise provided for;~~ School Bond Account, beginning the first day when the Remaining Building Aid is not more than 110% of the Unfunded Balance and continuing until the day when the Unfunded Balance is zero and (2) to the order of the City, if no transfer to the School Bond Account is required.

(c) ~~(2) in the first month of each Collection Quarter, (A) to the School Bond Account beginning the first day when (i) the Pre-'07 S-1 Senior Subaccount and the Pre-'07 S-1 Parity Subaccount have been funded to their First Month Requirements and (ii) the Remaining Building Aid is not more than 110% of the Unfunded Balance, and continuing until the earlier of (x) the end of the month and (y) the day when the Unfunded Balance is zero; and (B) to the order of the City, if no transfer to the School Bond Account is required, beginning the first day when both the Pre-'07 S-1 Senior Subaccount and the Pre-'07 S-1 Parity Subaccount have been funded to their First Month Requirements and continuing until the end of the month; and~~

(d) ~~(3) in the second and third months of each Collection Quarter, (A) to the School Bond Account beginning the first day when (i) the Pre-'07 S-1 Senior Subaccount and the Pre-'07 S-1 Parity Subaccount have been funded to their Full Requirements and (ii) the Remaining Building Aid is not more than 110% of the Unfunded Balance, and continuing until the earlier of (x) the end of the Collection Quarter and (y) the day when the Unfunded Balance is zero; (B) to the order of the City, if no transfer to the School Bond Account is required, beginning when both the Pre-'07 S-1 Senior Subaccount and the Pre-'07 S-1 Parity Subaccount are funded to their Full Requirements and continuing until the end of the Collection Quarter; and (C) on the last Business Day of the Collection Quarter, to the Pre-'07 S-1 Senior Subaccount and then the Pre-'07 S-1 Parity Subaccount until both of them have been funded to their Full Requirements; then to the School Bond Account, if the Remaining Building Aid is not more than 110% of the Unfunded Balance, until the Unfunded Balance is zero; and then to the order of the City.~~

(e) A Sinking Fund Subaccount is hereby established in the School Bond Account for the redemption, at or prior to maturity, of such Sinking Fund Bonds as may be made payable therefrom. Building Aid shall be deposited in such Sinking Fund pursuant to this Section 510 and the Sinking Fund Requirements specified by Series Resolution, which deposits may be adjusted to recognize early retirement of Bonds and earnings and profits on Eligible Investments in the Sinking Fund (if required by Section 603 or directed by Officer's Certificate to be retained therein) and shall be provided for as Annual School Bond Debt Service. Unless otherwise specified by Officer's Certificate, interest on the Sinking Fund Bonds shall be payable from the School Bond Account (exclusive of the Sinking Fund).

## ARTICLE VI: THE AUTHORITY

Section 601. Contract; Obligations to Beneficiaries

(a) In consideration of the purchase and acceptance of any or all of the Bonds and Notes and ancillary and swap contracts by those who shall hold the same from time to time, the provisions of this Indenture shall be a part of the contract of the Authority with the Beneficiaries, and shall be deemed to be and shall constitute contracts among the Authority, the Trustee, the City to the extent specified in the Agreement, the Beneficiaries from time to time and, to the extent specified in the Act, the State. The pledge made in this Indenture and the covenants herein set forth to be performed by the Authority, the City and the State shall be for the equal benefit, protection and security of the Beneficiaries of the same priority. All of the Bonds or Notes or ancillary or swap contracts of the same priority, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any thereof over any other except as expressly provided pursuant hereto and to the Act.

(b) The Authority covenants to pay when due all sums payable on the Bonds and Notes, from the Revenues and money designated herein, subject only to (i) the Act and this Indenture, and (ii) to the extent permitted by the Act and hereby, (x) agreements with Holders of Bonds and Notes pledging particular collateral for the payment thereof and (y) the rights of Beneficiaries under ancillary and swap contracts. The obligation of the Authority to pay principal, interest and redemption premium, if any, to the Holders of Bonds and Notes shall be absolute and unconditional, shall be binding and enforceable in all circumstances whatsoever, and shall not be subject to setoff, recoupment or counterclaim. The Authority shall also pay its operating expenses.

(c) The Authority represents that it is duly authorized pursuant to law to create and issue the Bonds and Notes, to enter into this Indenture and to pledge the Revenues and other collateral purported to be pledged in the manner and to the extent provided herein. The Personal Income Taxes and related collateral so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created hereby, and all corporate action on the part of the Authority to that end has been duly and validly taken. Except as otherwise provided in the Constitution and laws of the State, the Sales Taxes, Building Aid and related collateral so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created hereby, and all corporate action on the part of the Authority to that end has been duly and validly taken. The Bonds and Notes and the provisions hereof are and will be the valid and binding obligations of the Authority in accordance with their terms.

(d) At any and all times the Authority shall, so far as it may be authorized or permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, confirming and affecting all and singular the rights, Revenues and other collateral hereby pledged or assigned, or intended so to be, or which the Authority may hereafter become bound to pledge or assign.

(e) The Authority represents and warrants to, and covenants with, the Trustee and the Bondholders and other Beneficiaries that:

(1) The Indenture creates a valid and binding pledge of the Revenues and other collateral specified in the Indenture in favor of the Trustee and the Beneficiaries as security for the payment of the Bonds and other instruments secured by the Indenture, enforceable by the Trustee and holders of the Bonds and other instruments secured by the Indenture, as security for the payment thereof in accordance with the terms of the Indenture.

(2) Under the laws of the State such pledge and each pledge, assignment, lien, or other security interest, if any, made to secure any prior obligations, which by the terms of the Indenture, ranks on a parity with or prior to the lien on the Revenues and other collateral specified in the Indenture granted by the Indenture, is and shall be prior to any judicial lien hereafter imposed on the Revenues and other collateral specified in the Indenture to enforce a judgment against the Authority on a simple contract. The Authority has filed all financing statements describing the Revenues and other collateral specified in the Indenture, and transferred such possession or control over such Revenues and other collateral specified in the Indenture (and for so long as any Bond or Note is Outstanding, the Authority will file, continue and amend all such financing statements, if any, and transfer such possession and control) as may be necessary to establish and maintain such priority in the State or such other jurisdictions that may otherwise be applicable. The Act provides that no financing statements are required to be filed in order to establish and maintain such priority. Accordingly, no financing statements have been or will be filed.

(3) The Authority has not prior to execution of the Indenture made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Revenues or other collateral specified in the Indenture that ranks on a parity with or prior to the lien granted by the Indenture. The Authority has not described the Revenues or other collateral specified in the Indenture in a Uniform Commercial Code financing statement that will remain effective when the Bonds are issued. The Authority shall not hereafter make or suffer to exist any pledge or assignment of, lien on, or security interest in the Revenues or other collateral specified in the Indenture that ranks prior to or on a parity with the lien granted by the Indenture, or file any financing statement describing any such pledge, assignment, lien, or security interest, except as expressly permitted by the Indenture.

Section 602. Enforcement; Sales Taxes; Building Aid; Federal Subsidy

(a) The Authority shall enforce or cause the Trustee to enforce, by appropriate legal proceedings, each covenant, pledge or agreement made by the City or the State herein or in or pursuant to the Act for the benefit of any of the Beneficiaries, including the Assignment and the related provisions of the School Financing Act.

(b) For each fiscal year of the City for which the Mayor has given a notice to the State Comptroller pursuant to § 2799-ii of the Act, the Authority shall request the State Comptroller to schedule payments of Sales Taxes to the Authority, based on the Authority's projections of Personal Income Taxes and debt service, so that the Authority will receive Tax Revenues in each Collection Quarter sufficient to pay its obligations payable therefrom but in all events at least equal to Quarterly Debt Service. Such requests shall be modified, as often as necessary, to reflect experience and revised projections.



(c) The Authority shall (1) protect and defend, as an operating expense, its and the Trustee's claim to every material portion of the Building Aid, and the Fiduciaries shall cooperate therein at the Authority's expense;

(2) with the Fiduciaries, as aforesaid, and the City pursuant to the Assignment (A) contest any Competing Claim to any material portion of the Building Aid that (i) it deems factually or legally unfounded, or (ii) is based on constitutional, statutory or regulatory ambiguity, on any provision of the Education Law, or on any action or failure to act of the City; and (B) cooperate with the Holders in filing and prosecuting any claim made by Holders under § 99-b of the State Finance Law and in opposing any Competing Claim;

(3) provide the calculations contemplated by the MOU; and

(4) not agree to any modification of the MOU that is materially adverse to the Holders of the School Bonds. Without limitation, a modification that receives School Bond Rating Confirmation is not materially adverse to such Holders.

(d) The Authority shall take all actions as may be required, under the Tax Code or otherwise, (1) for timely receipt of the Federal Subsidy and (2) fully to preserve, maintain, defend, protect and confirm the interest of the Trustee in the Federal Subsidy. The Authority will not take any action that will adversely affect the Trustee's ability to receive the Federal Subsidy and will promptly pay over to the Trustee any Federal Subsidy received by the Authority.

#### Section 603. Tax Covenant

. The Authority shall at all times do and perform all acts and things permitted by law and necessary or desirable to assure that interest paid by the Authority on Tax-Exempt Bonds and Tax-Exempt Notes shall be excludable from gross income for Federal income tax purposes pursuant to § 103(a) of the Tax Code; and no funds of the Authority shall at any time be used directly or indirectly to acquire securities or obligations the acquisition or holding of which would cause any Tax-Exempt Bond or Tax-Exempt Note to be an arbitrage bond as defined in the Code and any applicable Regulations issued thereunder.

If and to the extent required by the Code, the Authority shall periodically, at such times as may be required to comply with the Code, pay from the Project Fund or as an operating expense the amount, if any, required by the Code to be rebated thereto or paid as a related penalty.

#### Section 604. Accounts and Reports

. (a) The Authority shall (1) cause to be kept books of account in which complete and accurate entries shall be made of its transactions relating to all funds and accounts hereunder, which books shall at all reasonable times be subject to the inspection of the City, the Trustee and the Holders of an aggregate of not less than 25% in principal amount of Bonds and Notes then Outstanding or their representatives duly authorized in writing;

(2) annually, within 185 days after the close of each fiscal year, deliver to the Trustee and each Rating Agency, a copy of its financial statements for such fiscal year, as audited by an independent certified public accountant or accountants;

(3) keep in effect at all times an accurate and current schedule of all Quarterly Debt Service to be payable during the life of then Outstanding Bonds, Notes and Senior Agreements secured by the Bond Account; of Remaining Building Aid, and of amounts payable from the Recovery Parity Debt Account and the School Bond Account; certifying for the purpose such estimates as may be necessary; and

(4) deliver to each Rating Agency a quarterly statement of cash flows, including Revenues received, transfers to the Accounts, Bonds and Notes issued, and payments of principal and interest, and an annual statement of the State's costs in administering, collecting and distributing the Tax Revenues.

(b) To implement the State Covenant, the Chairperson of the Authority shall, not less than 30 days prior to the beginning of each City fiscal year, certify to the State Comptroller, the Governor, and the Directors of the Authority a schedule of maximum annual debt service payments due on the Bonds and Notes respectively then Outstanding.

(c) The Authority shall deliver to the Trustee and each Rating Agency, not less often than quarterly, an Officer's Certificate showing (i) Revenues on a pro-forma basis for the current fiscal year and each of the two preceding fiscal years, as received, expected and adjusted as if current statutes had been in effect for the 3-year period, (ii) Debt Service to be paid in the next three fiscal years; and (iii) whether such Revenues are at least 150% of such Debt Service.

#### Section 605. Continuing Disclosure Undertaking for Bonds and Notes

. If (and to the extent that) (i) a Series of Bonds or Notes is purchased from the Authority by a broker, dealer or municipal securities dealer (each a "Dealer") subject to Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "1934 Act"), (ii) the Rule requires Dealers to determine, as a condition to purchasing such Bonds or Notes, that the Authority will covenant to the effect of this Section 605, and (iii) the Rule as so applied is authorized by federal law that as so construed is within the powers of Congress, then the Authority covenants, for the sole benefit of the Holders (and, to the extent specified in this Section 605, the beneficial owners) of the Outstanding Bonds or Notes of each such Series and subject (except to the extent otherwise expressly provided in this Section 605) to the remedial provisions of this Indenture, that

(a) The Authority shall provide: (1) within 185 days after the end of each Fiscal Year, to the Electronic Municipal Market Access system ("EMMA") (<http://emma.msrb.org>) established by the Municipal Securities Rulemaking Board (the "MSRB"), core financial information and operating data for the prior fiscal year, including its audited financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and material historical quantitative data on the Authority's revenues, expenditures, financial operations and indebtedness, generally of the types found in

Sections II and III of the Authority's Offering Circular dated October 2, 1997, or with respect to School Bonds, Sections II and III of the Official Statement dated January 14, 2009; and

(2) in a timely manner not in excess of 10 Business Days after the occurrence of the event notice to EMMA of any of the following events with respect to such Series of Bonds or Notes:

- (A) principal and interest payment delinquencies;
- (B) non-payment related defaults, if material;
- (C) unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) substitution of credit or liquidity providers, or their failure to perform;
- (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes or Bonds, or other material events affecting the tax status of the Notes or Bonds;
- (G) modifications to rights of Holders, if material;
- (H) bond calls, if material, and tender offers;
- (I) defeasances;
- (J) release, substitution or sale of property securing repayment of the Notes or Bonds, if material;
- (K) rating changes;
- (L) bankruptcy, insolvency, receivership or similar event of the Authority; which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets of business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court of governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority;
- (M) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating any such actions, other than pursuant to its terms, if material;
- (N) appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (O)<sup>1</sup> incurrence of a Financial Obligation (as defined below) of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect the Holders of the Bonds, if material;
- (P)<sup>1</sup> default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties; and
- (Q) failure to comply with clause (1) of this Section 605 (a) .

(b) The Authority does not undertake to provide such notice with respect to (1) credit enhancement if (A) the enhancement is added after the primary offering of the Notes or Bonds, (B) the Authority does not apply for or participate in obtaining the enhancement and (C) the enhancement is not described in the applicable official statement of the Authority; (2) a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in such official statement, (B) the only open issue is which Notes or Bonds will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the Holders as required under the terms of this Indenture and (d) public notice of the redemption is given pursuant to Release No. 23856 of the SEC under the 1934 Act, even if the originally scheduled amounts may be reduced by prior optional redemptions or purchases; or (3) tax exemption other than pursuant to the Act or § 103 of the Code.

(c) In addition to the Trustee’s and Holders’ remedies specified in Article X, any beneficial owner of Bonds or Notes of a Series described in this Section 605 may bring a Proceeding to enforce the Undertaking set forth in this section without acting in concert if (1) such owner shall have filed with the Authority (A) evidence of beneficial ownership and (B) Written Notice of, and request to cure, the alleged breach, (2) the Authority shall have failed to comply within a reasonable time, and (3) such beneficial owner stipulates that (A) no challenge is made to the adequacy of any information provided in accordance with the Undertaking and (B) no remedy is sought other than substantial performance of the Undertaking. To the extent permitted by law, each beneficial owner agrees that all Proceedings shall be instituted only as specified in the Act, and for the equal benefit of all such owners of the Outstanding Notes and Bonds benefited by the same or a substantially similar undertaking.

(d) For the purposes of this section, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares investment power which includes the power to dispose, or to direct the disposition of, such security, except that a person who in the ordinary course of business is a pledgee of securities under a written pledge agreement shall not be deemed to be the beneficial owner of such pledged securities until the pledgee has taken all formal steps to declare a default and determines that the power to dispose or to direct the disposition of such pledged securities will be exercised, provided that:

- (1) the pledge agreement is bona fide;
- (2) the pledgee is:

<sup>1</sup> As in effect March 20, 2019.

- (A) a broker or dealer registered under § 15 of the 1934 Act;
- (B) a bank as defined in § 3(a)(6) of the 1934 Act;
- (C) an insurance company as defined in § 3(a)(19) of the 1934 Act;
- (D) an investment company registered under § 8 of the Investment Company Act of 1940;
- (E) an investment adviser registered under § 203 of the Investment Advisers Act of 1940;
- (F) an employee benefit plan, or pension fund which is subject to the provisions of the Employee Retirement Income Security Act of 1974 or an endowment fund;
- (G) a parent holding company, provided the aggregate amount held directly by the parent, and directly and indirectly by its subsidiaries which are not persons specified in items (A) through (F) of this clause (2) does not exceed 1% of the securities of the subject class; or
- (H) a group, provided that all the members are persons specified in items (A) through (G) of this clause (2); and

(3) the pledge agreement, prior to default, does not grant to the pledgee the power to dispose or direct the disposition of the pledged securities, other than the grant of such power(s) pursuant to a pledge agreement under which credit is extended subject to Regulation T (12CFR 220.1 to 220.8) and in which the pledgee is a broker or dealer registered under § 15 of the 1934 Act.

(e) Any Supplemental Indenture amending the Undertaking may only be entered into:

(1) if all or any part of the Rule, as interpreted by the staff of the SEC on February 27, 2019, ceases to be in effect for any reason and the Authority elects that this Undertaking shall be deemed terminated or amended (as the case may be) accordingly, or

(2) if: (A) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Authority, or type of business conducted,

(B) the Undertaking, as amended, would have complied with the requirements of the Rule on February 27, 2019, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances,

(C) the amendment does not materially impair the interests of the Holders of each affected Series, as determined by parties unaffiliated with the Authority (such as, but

without limitation, the Authority’s financial advisor or bond counsel) or by Holder consent pursuant to Section 1101, and

(D) the annual financial information containing (if applicable) the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the “impact” (as that word is used in the letter from the staff of the SEC to the National Association of Bond Lawyers dated June 23, 1995) of the change in the type of operating data or financial information being provided.

(f) The Authority shall give notice pursuant to this Section of any failure to expend the proceeds of the QSCBs within the applicable expenditure period under the Tax Code.

(g) The term “Financial Obligation” (i) means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B) but (ii) shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

#### Section 606. Ratings

. Unless otherwise specified by Series Resolution, the Authority shall pay such reasonable fees and provide such available information as may be necessary to obtain and keep in effect ratings on all the Senior Bonds and the School Bonds from at least two nationally recognized statistical rating organizations.

#### Section 607. No Other Business

. The Authority shall not engage in any line of business not contemplated by the Act.

#### Section 608. Prior Notice; No Guarantees

. The Authority shall give S&P prior notice of each issue of Bonds or Notes, with a copy of the proposed Series Resolution; and shall not, without Rating Confirmation from S&P, guarantee any indebtedness of any party.

### ARTICLE VII: THE CITY AND THE STATE

#### Section 701. City Covenant

. The Authority includes herein the City’s pledge and agreement with the Holders of the Outstanding Bonds and Notes that the City will not limit or alter the rights vested in the Authority by the Act to fulfill the terms of any agreements made with such Holders pursuant to the Act, or in any way impair the rights and remedies of such Holders or the security for such Bonds and Notes until such Bonds and Notes, together with the interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully paid and discharged. This City Covenant shall not be deemed to restrict any right the City may have to amend, modify or otherwise alter local laws imposing or relating to the Personal Income Taxes so long as, after giving effect to such amendment, modification or other alteration, the

amount of Tax Revenues projected by the Mayor to be available to the Authority during each of its fiscal years following the effective date of such amendment, modification or other alteration shall be not less than 150% of maximum annual debt service on the Bonds.

Section 702. No Indebtedness or Funds of City

. This Indenture does not constitute indebtedness of the City for purposes of § 20.00 of the LFL or any constitutional or statutory limitation. The Authority's revenues are not funds of the City.

Section 703. State Covenants and Tax Contract

. The Authority includes herein: (a) the State's pledge and agreement with the Holders of Outstanding Bonds and Notes that the State will not limit or alter the rights vested in the Authority by the Act to fulfill the terms of any agreements made with the Holders, or in any way impair the rights and remedies of such Holders or the security for the Bonds and Notes until such Bonds and Notes, together with the interest thereon, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully paid and discharged; (b) the further terms of § 2799-ii of the Act to the effect that: Nothing contained in this covenant shall be deemed to restrict the right of the State to amend, modify, repeal or otherwise alter statutes imposing or relating to the Personal Income Taxes, but such taxes payable to the Authority shall in all events continue to be so payable so long as any such taxes are imposed. Not less than 30 days prior to the beginning of each City fiscal year, the Chairperson of the Authority shall certify to the State Comptroller, the Governor, and the members of the Board of Directors of the Authority a schedule of maximum annual debt service payments due on the Bonds and Notes then Outstanding. To the extent that Personal Income Taxes payable to the Authority during such fiscal year are projected by the Mayor to be insufficient to meet at least 150% of maximum annual debt service on the Bonds then Outstanding, the Mayor shall so notify the State Comptroller and the State Comptroller shall pay to the Authority from Sales Taxes such amount as is necessary to provide at least 150% of such maximum annual debt service on the Bonds; ~~provided, however, that for so long as any indebtedness of MAC remains outstanding no Sales Taxes that are, as of March 5, 1997, or may in the future be, required to be deposited in the Municipal Assistance Tax Fund established under § 92-d of the State Finance Law shall be paid to the Authority except out of funds that are otherwise required to be paid to the City under that section.~~ Nothing in this covenant shall be deemed to obligate the State to make any additional payments or impose any taxes to satisfy the obligations of the Authority; (c) subdivision 4 of § 2799-tt of the Act (added by the School Financing Act) to the effect that: The State Covenant shall be fully applicable to School Bonds and School Notes and may be included in any agreement with the Holders thereof. Nothing contained in this section shall be deemed to restrict the right of the State to amend, modify, repeal or otherwise alter statutes relating to the Building Aid, but such Building Aid shall in all events (i) continue to be so payable, as assigned, so long as any such Building Aid is paid and (ii) continue to be calculated in accordance with the same formula used for such calculation, and otherwise on the same basis as such aid is calculated, on the date that the applicable project is approved for reimbursement; (d) the last paragraph of § 99-b of the State Finance Law (as amended by the School Financing Act) to the effect that: The State hereby covenants with the Holders of the School Bonds and School Notes that it will not repeal, revoke or rescind the provisions of this section or amend or modify the same so as to

limit, impair or impede the rights and remedies granted hereby; provided, however, that nothing in this section shall be deemed or construed as requiring the State to continue the payment of aid or assistance to any city, city school district or school district or as limiting or prohibiting the State from repealing or amending any law heretofore or hereafter enacted relating to aid or assistance, the manner and time of payment or apportionment thereof, or the amount thereof; and (e) the tax contract of the State in § 2799-11 of the Act, to wit:

1. It is hereby determined that the creation of the authority and the carrying out of its corporate purposes is in all respects for the benefit of the people of the state of New York and is a public purpose. Accordingly, the authority shall be regarded as performing an essential governmental function in the exercise of the powers conferred upon it by this title, and the authority shall not be required to pay any fees, taxes, special ad valorem levies or assessments of any kind, including, but not limited to, franchise taxes, sales taxes or other taxes, upon or with respect to any property owned by it or under its jurisdiction, control or supervision, or upon the uses thereof, or upon or with respect to its activities or operations in furtherance of the powers conferred upon it by this title, or upon or with respect to any fares, tolls, rentals, rates, charges, fees, revenues or other income received by the authority.

2. Any bonds issued pursuant to this title together with the income therefrom shall at all times be exempt from taxation.

3. The state hereby covenants with the purchasers and with all subsequent holders and transferees of bonds issued by the authority pursuant to this title, in consideration of the acceptance of and payment for the bonds, that the bonds of the authority issued pursuant to this title and the income therefrom and all revenues, monies, and other property pledged to pay or to secure the payment of such bonds shall at all times be free from taxation.

#### Section 704. Authority Acknowledgments

(a) The Authority acknowledges that Sections 701 and 703 constitute important security provisions of the Bonds and Notes, and to the fullest extent permitted by applicable Federal and State law, waives any right to assert any claim to the contrary and agrees that it will neither in any manner directly or indirectly assert, nor in any manner directly or indirectly support the assertion by the City, the State or any other person of, any such claim to the contrary.

(b) By acknowledging that Sections 701 and 703 constitute important security provisions of the Bonds and Notes, the Authority also acknowledges, to the fullest extent permitted by applicable Federal and State law, that, in the event of any failure or refusal by the City or the State to comply with their agreements included in Sections 701 and 703, the Holders of the Bonds or Notes may have suffered monetary damages, the extent of the remedy for which may be, to the fullest extent permitted by applicable Federal and State law, determined, in addition to any other remedy available at law or in equity, in the course of any action taken pursuant hereto; and to the fullest extent permitted by applicable Federal and State law, the Authority hereby waives any right to assert any claim to the contrary and agrees that it will neither in any manner directly or indirectly assert, nor in any manner directly or indirectly support the assertion by the City, the State or any other person of, any claim to the effect that no such monetary damages have been suffered.



(c) The Authority confirms that the acknowledgments and agreements set forth in paragraphs (a) and (b) of this Section have been included herein as a result of negotiations with the underwriters of the Series 1998 A Bonds (to the extent the related statutes were then in effect) and the underwriters of the first Series of School Bonds and may further acknowledge in any Series Resolution if and the extent to which any provision of this Original Indenture has been amended pursuant to Section 1101 hereof, or any provision of such Series Resolution has been included therein, as a result of the same or similar negotiations.

## ARTICLE VIII: THE FIDUCIARIES

### Section 801. Trustee's Organization, Authorization, Capacity and Responsibility

(a) The Trustee represents and warrants that it is duly organized and validly existing under the laws of the State, having the powers of a trust company within the State, including the capacity to exercise the powers and duties of the Trustee hereunder, and that by proper corporate action it has duly authorized the execution and delivery of this Indenture.

(b) The duties and responsibilities of the Trustee shall be as provided by law and as set forth herein. Notwithstanding the foregoing, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, unless it receives indemnity satisfactory to it against any loss, liability or expense. Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

(c) As Trustee hereunder:

(i) the Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any Officer's Certificate, opinion of Counsel (or both), resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper person or persons. The Trustee need not investigate any fact or matter stated in the document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit;

(ii) before the Trustee acts or refrains from acting, it may require an Officers' Certificate and/or an opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion. Whenever in the administration of the trusts of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting to take any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and such certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted to be taken by it under the provisions of this Indenture upon the faith thereof;

(iii) the Trustee may act through its attorneys and agents, custodians and nominees not regularly in its employ and shall not be responsible for the misconduct or negligence of any agent or attorney appointed with due care;

(iv) any request, direction, order or demand of the Authority mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any Authority resolution may be evidenced to the Trustee by a copy thereof certified by the secretary or an assistant secretary of the Authority;

(v) prior to the occurrence of an Event of Default hereunder and after the curing or waiving of all Events of Default, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, Officers' Certificate, opinion of Counsel, Authority resolution, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, bond, debenture, note, coupon, security, or other paper or document unless requested in writing so to do by a Majority in Interest of the Senior Bonds affected and then Outstanding; and, that, if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require indemnity satisfactory to it against such expenses or liabilities as a condition to proceeding.

#### Section 802. Rights and Duties of the Fiduciaries

(a) All money and investments received by the Fiduciaries under this Indenture shall be held in trust, in a segregated trust account in the trust department of such Fiduciary, not commingled with any other funds, and applied solely pursuant to the provisions hereof.

(b) The Fiduciaries shall keep proper accounts of their transactions hereunder (separate from its other accounts), which shall be open to inspection on reasonable notice by the Authority and its representatives duly authorized in writing.

(c) The Fiduciaries shall not be required to monitor the financial condition of the Authority or the physical condition of any Project and, unless otherwise expressly provided, shall not have any responsibility with respect to reports, notices, certificates or other documents filed with them hereunder, except to make them available for inspection by Beneficiaries.

(d) Upon a failure of the Authority to make a payment of Debt Service when due or a failure actually known to an Authorized Officer of the Trustee to make any other payment required hereby within 7 days after the same becomes due and payable, the Trustee shall give written notice thereof to the Authority. The Trustee shall give default notices under Sections 1001 and 1002 when instructed to do so by the written direction of another Fiduciary or the owners of at least 25% in principal amount of the Outstanding Senior Bonds; or with respect to Section 1002, if the Event of Default is actually known to an Authorized Officer of the Trustee. The Trustee shall proceed under Section 1002 for the benefit of the Holders in accordance with the written directions of a Majority in Interest of the Outstanding Senior Bonds. The Trustee shall not be required to take any remedial action (other than the giving of notice) unless reasonable indemnity is furnished for any expense or liability to be incurred therein.

The Trustee shall give notices under Section 1006(iii) when instructed to do so by the written direction of another Fiduciary or the owners of at least 25% in principal amount of the Outstanding School Bonds; or if the Event of Default or other event is actually known to an Authorized Officer of the Trustee. The Trustee shall proceed under Section 1006 for the benefit of the Holders in accordance with the written directions of a Majority in Interest of the Outstanding School Bonds.

Upon receipt of written notice, direction or instruction and indemnity, as provided above, and after making such investigation, if any, as it deems appropriate to verify the occurrence of any event of which it is notified as aforesaid, the Trustee shall promptly pursue the remedy provided by this Indenture or any such remedies (not contrary to any such direction) as it deems appropriate for the protection of the Holders, and in its actions under this sentence, the Trustee shall act for the protection of the Holders with the same promptness and prudence as would be expected of a prudent person in the conduct of such person's own affairs.

(e) Each Fiduciary shall be entitled to the advice of counsel (who may be counsel for any party) and shall not be liable for any action taken in good faith in reliance on such advice. Each Fiduciary may rely conclusively on any notice, certificate or other document furnished to it under this Indenture and reasonably believed by it to be genuine. A Fiduciary shall not be liable for any action taken or omitted to be taken by it in good faith and reasonably believed by it to be within the discretion or power conferred upon it, or taken by it pursuant to any direction or instruction by which it is governed under this Indenture or omitted to be taken by it by reason of the lack of direction or instruction required for such action, or be responsible for the consequences of any error of judgment reasonably made by it. When any payment or consent or other action by a Fiduciary is called for by this Indenture, the Fiduciary may defer such action pending receipt of such evidence, if any, as it may reasonably require in support thereof. A permissive right or power to act shall not be construed as a requirement to act.

(f) The Fiduciaries shall in no event be liable for the application or misapplication of funds, or for other acts or defaults, by any person, firm or corporation except by their respective directors, officers, agents, and employees. No recourse shall be had for any claim based on this Indenture, the Bonds, the Notes or any ancillary contracts or swap agreement against any director, officer, agent or employee of any Fiduciary unless such claim is based upon the bad faith, fraud or deceit of such person.

(g) Nothing in this Indenture shall obligate any Fiduciary to pay any debt or meet any financial obligations to any person in relation to the Bonds, Notes, ancillary contracts or swap contracts except from money received for such purposes under the provisions hereof or from the exercise of the Trustee's rights hereunder.

(h) The Fiduciaries may be or become the owner of or trade in the Bonds or Notes or enter into ancillary or swap contracts with the same rights as if they were not the Fiduciaries.

(i) Unless otherwise specified by Series Resolution, the Fiduciaries shall not be required to furnish any bond or surety.

(j) The Authority shall, as an operating expense, indemnify and save each Fiduciary harmless against any expenses and liabilities (including reasonable legal fees and expenses) that it may incur in the exercise of its duties hereunder and that are not due to its negligence or bad faith. This paragraph (j) shall survive the discharge of the Indenture or the earlier resignation or removal of such Fiduciary.

(k) Any fees, expenses, reimbursements or other charges which any Fiduciary may be entitled to receive from the Authority hereunder, if not otherwise paid, shall be a first lien upon (but only upon) any funds held hereunder by the Trustee for payment of operating expenses.

(l) The Fiduciaries shall be afforded under each Series Resolution or Supplemental Indenture the same rights, protections, immunities and indemnities afforded each of them under the Original Indenture as if specifically set forth therein.

#### Section 803. Paying Agents

. The Authority designates the Trustee a Paying Agent. The Authority may appoint additional Paying Agents, generally or for specific purposes, may discharge a Paying Agent from time to time and may appoint a successor. The Authority shall designate a successor if the Trustee ceases to serve as Paying Agent. Each Paying Agent shall be a bank or trust company eligible under the Act, and unless otherwise provided by Series Resolution shall have a capital and surplus of not less than \$50,000,000 and be registered as a transfer agent with the Securities and Exchange Commission. The Authority shall give notice of the appointment of a successor to the Trustee as Paying Agent in writing to each Beneficiary shown on the books of the Trustee. A Paying Agent may but need not be the same person as the Trustee. Unless otherwise provided by the Authority, the Trustee as Paying Agent shall act as Bond and Note registrar and transfer agent, in accordance with Sections 303 and 304 or with appropriate provisions of the LFL applicable to the Authority. Each Paying Agent shall act as paying agent with respect to any allotments, apportionments or payments forwarded to it by the State pursuant to § 99-b of the State Finance Law.

#### Section 804. Resignation or Removal of the Trustee

. The Trustee may resign on not less than 30 days' written notice to the Authority and the Holders. The Trustee will promptly certify to the Authority that it has given written notice to all Holders and such certificate will be conclusive evidence that such notice was given as required hereby. The Trustee may be removed by written notice from the Authority (if not in default) or a Majority in Interest of the Outstanding Senior Bonds to the Trustee and the Authority. Such resignation or removal shall not take effect until a successor has been appointed.

#### Section 805. Successor Fiduciaries

. (a) Any corporation or association which succeeds to the municipal corporate trust business of a Fiduciary as a whole or substantially as a whole, whether by sale, merger, consolidation or otherwise, shall thereby become vested with all the property, rights, powers and duties thereof under this Indenture, without any further act or conveyance.

(b) In case a Fiduciary resigns or is removed or becomes incapable of acting, or becomes bankrupt or insolvent, or if a receiver, liquidator or conservator of a Fiduciary or of its property is appointed, or if a public officer takes charge or control of a Fiduciary, or of its property or affairs, then such Fiduciary shall with due care terminate its activities hereunder and a successor may, or in the case of the Trustee shall, be appointed by the Authority. The Authority shall notify the Holders of the appointment of a successor Trustee in writing within 20 days from the appointment. The Authority will promptly certify to the successor Trustee that it has given such notice to all Holders and such certificate will be conclusive evidence that such notice was given as required hereby. If no appointment of a successor Trustee is made within 45 days after the giving of written notice in accordance with Section 804 or after the occurrence of any other event requiring or authorizing such appointment, the outgoing Trustee or any Holder may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor. Any successor Trustee appointed under this section shall be a trust company or a bank having the powers of a trust company, located in the State, having a capital and surplus of not less than \$50,000,000. Any such successor Trustee shall notify the Authority of its acceptance of the appointment and, upon giving such notice, shall become Trustee, vested with all the property, rights, powers and duties of the Trustee hereunder, without any further act or conveyance. Such successor Trustee shall execute, deliver, record and file such instruments as are required to confirm or perfect its succession hereunder and any predecessor Trustee shall from time to time execute, deliver, record and file such instruments as the incumbent Trustee may reasonably require to confirm or perfect any succession hereunder.

#### Section 806. No Statutory Trustee

. Pursuant to § 2799-00 of the Act, and without purporting to affect the provisions thereof for jurisdiction and venue, the rights of the Holders of Bonds and Notes to appoint a trustee under such section are hereby abrogated.

#### Section 807. Fiduciaries for Notes and Subordinate Bonds

. The Authority may by Series Resolution provide for the appointment of a Fiduciary (which may be the Trustee) to represent the Holders of Notes or Subordinate Bonds, having powers and duties not inconsistent herewith or with the Act.

### ARTICLE IX: THE HOLDERS

#### Section 901. Action by Holders

. Any request, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of Bonds or Notes may be contained in and evidenced by one or more writings of substantially the same tenor signed by the requisite number of Holders or their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner, but the Authority or the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable. The fact and date of the

execution by any Bondholder or his attorney of such instrument may be proved by the certificate or signature guarantee, which need not be acknowledged or verified, of an officer of a bank, trust company or securities dealer satisfactory to the Authority or to the Trustee; or of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof; or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Holder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its clerk or secretary or an assistant clerk or secretary. Any action of the Owner of any Bond or Note shall be irrevocable and bind all future record and beneficial owners thereof.

#### Section 902. Registered Owners

. The enumeration in Section 304(a) of certain provisions applicable to DTC as Holder of immobilized Notes and Bonds shall not be construed in limitation of the rights of the Authority and each Fiduciary to rely upon the registration books in all circumstances and to treat the registered owners of Notes and Bonds as the owners thereof for all purposes not otherwise specifically provided for by law or herein. Notwithstanding any other provisions hereof, any payment to the registered owner of a Note or Bond shall satisfy the Authority's obligations thereon to the extent of such payment.

### ARTICLE X: DEFAULT AND REMEDIES

#### Section 1001. Events of Default; Default

. "Event of Default" in this Indenture means any one of the events set forth below and "default" means any Event of Default without regard to any lapse of time or notice.

(a) Interest, Principal or Premium. The Authority shall fail to pay when due any interest, principal or redemption premium on a Note or Bond.

(b) Other Payments. The Authority shall fail to make any other required payment to the Trustee or other Fiduciary and such failure is not remedied within 7 days after written notice thereof is given by the Trustee or other Fiduciary to the Authority.

(c) Covenants of the Authority. The Authority shall fail to observe or perform any of its other agreements, covenants or obligations under this Indenture and such failure is not remedied within 30 days after written notice thereof is given by the Trustee to the Authority.

(d) Insolvency. The Authority shall commence a voluntary case under the federal bankruptcy laws, or shall admit in writing that it has become insolvent or unable to pay its debts as they become due, or shall make an assignment for the benefit of creditors, or shall apply for, consent to or acquiesce in the appointment of, or taking possession by, a trustee, receiver, custodian or similar official or agent for itself or any substantial part of its property; or a trustee, receiver, custodian or similar official or agent shall be appointed for the Authority or

for any substantial part of its property and such trustee or receiver shall not be discharged within 60 days; or the Authority shall have an order or decree for relief in an involuntary case under the federal bankruptcy laws entered against it, or a petition seeking reorganization, readjustment, arrangement, composition, or other similar relief as to it under the federal bankruptcy laws or any similar law for the relief of debtors shall be brought against it and shall be consented to by it or shall remain undismissed for 60 days.

(e) State. The State shall (i) amend, alter, repeal or fail to comply with the State Covenant or its tax contract in the Act as in effect on the date of issuance of the Series 1998A Bonds, (ii) enact a moratorium or other similar law affecting the Bonds or Notes or (iii) amend, modify, repeal or otherwise alter, in any material respect (y) the requirement of § 1313 of the Tax Law that: “The comptroller, after reserving such refund fund and such costs shall, commencing on or before the fifteenth day of each month, pay to the New York city transitional finance authority on a daily basis the balance of” Personal Income Taxes or (z) the requirement of § 2799-ii of the Act that: “To the extent that the tax revenues payable to the authority under section thirteen hundred thirteen of the tax law during such fiscal year are projected by the mayor to be insufficient to meet at least one hundred fifty percent of maximum annual debt service on authority bonds then outstanding, the mayor shall so notify the state comptroller and the state comptroller shall pay to the authority from” Alternative Revenues such amount as is necessary to provide at least 150% of the maximum annual debt service on Bonds; ~~subject to the proviso in effect at the date of issuance of the Series 1998 A Bonds recognizing a prior claim in favor of MAC.~~

(f) State Comptroller. The State Comptroller shall fail or refuse to comply with any provision of law in effect for the benefit of the Authority.

(g) Covenants of the City. The City shall fail to observe or perform any of its agreements, covenants or obligations under the Agreement for the benefit of the Holders and such failure is not remedied within 30 days after written notice thereof is given by the Trustee to the City and the Authority or by the Authority to the Trustee and the City.

(h) Coverage. Any Officer’s Certificate delivered pursuant to Section 604(c) shall show estimated Revenues to be less than 150% of Debt Service.

#### Section 1002. Remedies

(a) Remedies of the Trustee. If an Event of Default occurs and is continuing: (1) The Trustee may, and upon written request of the Holders of 25% in principal amount of the Senior Bonds Outstanding shall, in its own name by action or proceeding in accordance with the Civil Practice Law and Rules:

(A) enforce all rights of the Holders and require the Authority or, to the extent permitted by law, the State or the City to carry out its agreements with the Holders and to perform its duties under the Act;

(B) sue upon such Bonds and Notes;

(C) require the Authority to account as if it were the trustee of an express trust for the Holders of such Bonds and Notes; and

(D) enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of such Bonds and Notes.

(2) The Trustee shall, in addition to the other provisions of this Section, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth in the Act or incident to the general representation of Holders in the enforcement and protection of their rights.

(3) If such Event of Default is described in clause (a), (d), (e)(iii) or (h), the Trustee shall (a) give Written Notice thereof to the Authority, the Holders, the Mayor, the City Comptroller, the Speaker of the Council, the Governor, the State Comptroller, the chair and ranking minority member of the Senate Finance Committee, the chair and ranking minority member of the Assembly Ways and Means Committee, and the State Financial Control Board for the City, and (b) if so directed by a Majority in Interest of the Senior Bonds, and having given 30 days' notice to the Authority, declare the principal amount of all Bonds and Notes to be, and the same shall become, due and payable.

(b) Note and Subordinate Bond Remedies. Subject to the prior application of the Accounts to pay Debt Service, to Section 1002(c) and to each applicable Series Resolution, the Holders of Notes or Subordinate Bonds, other Beneficiaries, or a Fiduciary appointed pursuant to Section 807, may enforce the provisions of this Indenture for their benefit by appropriate legal proceedings.

(c) Individual Remedies. No one or more Holders shall by his or their action affect, disturb or prejudice the pledge created by the Indenture, or enforce any right under the Indenture, except in the manner herein provided; and all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided herein and for the equal benefit of all Beneficiaries of the same class; but nothing in the Indenture shall affect or impair the right of any Holder of any Bond or Note to enforce payment of the principal of, premium, if any, or interest therein at and after the maturity thereof, or the obligation of the Authority to pay such principal, premium, if any, and interest on each of the Bonds and Notes to the respective Holders thereof at the time, place, from the source and in the manner expressed herein and in the Bonds and Notes.

(d) Venue. The venue of every action, suit or special proceeding against the Authority shall be laid in the County of New York.

(e) Waiver. If the Trustee determines that a default has been cured before the entry of any final judgment or decree with respect to it, the Trustee may waive the default and its consequences, by written notice to the Authority, and shall do so upon written instruction of the Holders of at least 25% in principal amount of the Outstanding Senior Bonds.

### Section 1003. Remedies Cumulative



. The rights and remedies under this Indenture shall be cumulative and shall not exclude any other rights and remedies allowed by law, provided there is no duplication of recovery. The failure to insist upon a strict performance of any of the obligations of the City or the Authority or to exercise any remedy for any violation thereof shall not be taken as a waiver for the future of the right to insist upon strict performance by the City or the Authority or of the right to exercise any remedy for the violation.

#### Section 1004. Application of Money

. If available money in the Accounts is not sufficient on any day to pay all Debt Service, Subordinate Bonds and Subordinate Agreements then due or overdue, such money (subject to provisions theretofore made for the payment of Bonds or Notes no longer Outstanding and to the priorities established by Article V) shall be applied *first* to the Trustee's fees and other costs of collecting and applying the Revenues and administering the accounts, *second* to the payment of interest, including interest on overdue principal, in the order in which the same became due (pro rata with respect to interest which became due at the same time), and if the amount available shall not be sufficient to pay in full any installment or installments of interest or obligations with respect to Senior Agreements maturing on the same date, then to the payment thereof ratably, according to the amounts due in respect of each item of Debt Service without priority or preference of any item over any other; *third* to the payment of principal (including sinking fund installments) and redemption premiums, if any, without regard to the order in which the same became due (in proportion to the amounts due), and if the amount available shall not be sufficient to pay in full all principal, premium or obligations with respect to Senior Agreements maturing on the same date, then to the payment thereof ratably, according to the amounts due in respect of each item of Debt Service without priority or preference of any item over any other; and *fourth* to the payment of any Notes (to the extent not paid as Debt Service), Subordinate Bonds and Subordinate Agreements then due and, if the amounts available are insufficient to pay in full all such subordinated payment obligations, then to the payment thereof ratably, in accordance with the priorities established by Article V but otherwise without preference or priority of any such item over any other. For this purpose Debt Service on Senior Agreements shall be characterized in accordance with their financial terms and interest on overdue principal shall be treated as coming due on the first day of each month. Whenever money is to be applied pursuant to this section, such money shall be applied at such times, and from time to time, as the Trustee in its discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. Upon the exercise of such discretion the Trustee shall fix the date (which shall be the first of a month unless it deems another date more suitable) upon which such application is to be made, and upon such date interest on the principal then provided for shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. When interest or a portion of the principal is to be paid on an overdue Bond or Note, the Trustee may require presentation of the Bond or Note for endorsement of the payment.

#### Section 1005. Delay or Omission Not Waiver

. No delay or omission of the Trustee or of any Holder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given hereby

or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

#### Section 1006. School Bond Remedies

. To the extent not inconsistent with the Act or this Indenture as in effect prior to the issuance of the first Series of School Bonds: if (i) there occurs and is continuing any Event of Default, or (ii) the State shall amend, alter, repeal or fail to comply with its covenant included herein as Section 703(c), or (iii) the City shall fail to observe or perform any of its agreements, covenants or obligations under the Assignment for the benefit of the Holders and such failure is not remedied within 30 days after written notice thereof is given by the Trustee to the City and the Authority or by the Authority to the Trustee and the City, then:

(a) The Trustee may, and upon written request of the Holders of 25% in principal amount of the School Bonds Outstanding shall, in its own name by action or proceeding in accordance with the Civil Practice Law and Rules:

(1) enforce all rights of the Holders and require the Authority or, to the extent permitted by law, the State or the City to carry out its agreements with the Holders and to perform its duties under the Act;

(2) sue upon such Bonds and Notes;

(3) require the Authority to account as if it were the trustee of an express trust for the Holders of such Bonds and Notes; and

(4) enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of such Bonds and Notes.

(b) The Trustee shall, in addition to the other provisions of this Section, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth in the Act or incident to the general representation of Holders of School Bonds and School Notes in the enforcement and protection of their rights.

### ARTICLE XI: MISCELLANEOUS

#### Section 1101. Supplements and Amendments

. (a) This Indenture may be (1) supplemented by delivery to the Trustee of an instrument certified by an Authorized Officer of the Authority and executed or approved by the Mayor and Comptroller to the extent, if any, required by the Act, to (A) provide for earlier or greater deposits into the Bond Account, (B) subject any property to the lien hereof, (C) add to the covenants and agreements of the Authority or surrender or limit any right or power of the Authority, (D) identify particular Notes or Bonds for purposes not inconsistent herewith, including credit or liquidity support, remarketing, serialization and defeasance, or (E) authorize Bonds or Notes of a Series and in connection therewith determine the matters referred to herein, including Sections 301(a), 301(c), 501(c) and 807, and any other things relative to such Bonds or Notes that are not prejudicial to the Holders, or to modify or rescind any such authorization or

determination at any time prior to the first authentication and delivery of such Series of Bonds or Notes; or

(2) amended by the Authority and the Trustee with the approval of the Mayor and Comptroller to the extent, if any, required by the Act, (A) to cure any ambiguity or defect, (B) to add provisions that are not prejudicial to the Holders, (C) to adopt amendments that do not take effect unless and until (i) no Bonds or Notes Outstanding prior to the adoption of such amendment remain Outstanding or (ii) such amendment is consented to by the Holders of such Bonds or Notes in accordance with the further provisions hereof, or (D) pursuant to the following paragraph (b) .

(b) Except as provided in the foregoing paragraph (a), this Indenture may be amended (1) only with the written consent of a Majority in Interest of the ~~Recovery Bonds and~~ Bonds issued as Parity Debt, the School Bonds, the Senior Bonds and the Notes of each category (each acting as a separate class) to be Outstanding at the effective date thereof and affected thereby; but (2) only with the unanimous written consent of the affected Holders for any of the following purposes: (A) to extend the maturity of any Bond or Note, (B) to reduce the principal amount or interest rate of any Bond or Note, (C) to make any Bond or Note redeemable other than in accordance with its terms, (D) to create a preference or priority of any Bond or Note over any other Bond or Note of the same class or (E) to reduce the percentage of the Bonds and Notes required to be represented by the Holders giving their consent to any amendment. ~~If their interests differ materially, the Holders of the Pre-'07 S-1 Senior Bonds and Pre-'07 S-1 Parity Debt shall vote as separate classes from the Holders of Post-'07 S-1 Senior Debt and Post-'07 S-1 Parity Debt.~~

(c) Any amendment of this Indenture shall be accompanied by a Counsel's opinion to the effect that the amendment is permitted by law and does not adversely affect the exclusion of interest on the Tax-Exempt Bonds and Tax-Exempt Notes from gross income for Federal income tax purposes.

(d) When the Authority determines that the requisite number of consents have been obtained for an amendment hereto or to the Agreement which requires consents, it shall, file a certificate to that effect in its records and give notice to the Trustee, the Holders and S&P. The Trustee will promptly certify to the Authority that it has given such notice to all Holders and such certificate will be conclusive evidence that such notice was given in the manner required hereby.

#### Section 1102. Notices

. Unless otherwise expressly provided, all notices to the Authority or the Trustee shall be in writing and shall be deemed sufficiently given if sent by registered or certified mail, postage prepaid, or delivered during business hours as follows: (a) to the Authority at 255 Greenwich Street, New York, N.Y. 10007, attention of the Executive Director, and (b) to the Trustee at 240 Greenwich Street, Floor 7-East, New York, N.Y. 10286, attention: Corporate Trust Division, or, as to all of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the one giving notice. All notices to a Holder shall be in writing and (without limitation) shall be deemed sufficiently given if sent by mail, postage prepaid, to the Holder at

the address shown on the registration books. A Holder may direct the registrar to change such Holder's address as shown on the registration books by written notice to the registrar.

Notice hereunder may be waived prospectively or retrospectively by the person entitled to the notice, but no waiver shall affect any notice requirement as to other persons.

Section 1103. Beneficiaries

. This Indenture is not intended for the benefit of and shall not be construed to create rights in parties other than the City, the Authority, the Fiduciaries, the Holders of Notes and Senior Bonds, and the other Beneficiaries to the extent specified herein.

Section 1104. Signatures and Counterparts

. This Original Indenture and each Supplemental Indenture may be executed and delivered in any number of counterparts, each of which shall be deemed to be an original, but such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have cause this Amended and Restated Original Indenture to be duly executed on the \_\_\_\_\_ day of \_\_\_\_\_, 2024.

NEW YORK CITY TRANSITIONAL  
FINANCE AUTHORITY

By: \_\_\_\_\_

THE BANK OF NEW YORK MELLON,  
As Trustee

By: \_\_\_\_\_

Restatement Approved:

\_\_\_\_\_  
Authorized Officer

Document comparison by Workshare Compare on Wednesday, January 17, 2024 3:32:03 PM

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