

RESOLUTION NO. 2898

BOND RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$879,569,000 NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION STATE CLEAN WATER AND DRINKING WATER REVOLVING FUNDS REVENUE BONDS ON BEHALF OF THE NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY

WHEREAS, pursuant to the New York State Environmental Facilities Corporation Act, as amended (the "Act"), the New York State Environmental Facilities Corporation (the "Issuer") has been established as a body corporate and politic constituting a public benefit corporation; and

WHEREAS, the State of New York (the "State"), pursuant to the Act, has established the State Water Pollution Control Revolving Fund (the "Clean Water SRF") and the State Drinking Water Revolving Fund (the "Drinking Water SRF") in the custody of the Issuer; and

WHEREAS, the Issuer is empowered, together with the New York State Department of Environmental Conservation ("NYSDEC"), to administer the Clean Water SRF program and to provide financial assistance to municipalities and other public entities for the planning, development and construction of eligible projects under such program; and

WHEREAS, the Issuer is empowered, together with the New York State Department of Health ("NYSDOH"), to administer the Drinking Water SRF program, and to provide financial assistance to recipients for the planning, development and construction of eligible projects under such program; and

WHEREAS, the Issuer has heretofore issued its State Clean Water and Drinking Water Revolving Funds Revenue Bonds, Series 2012A and Series 2012D (New York City Municipal Water Finance Projects) (Second Resolution Bonds), in the original principal amount of \$812,935,000 (the "Prior Bonds") as listed on Schedule A, for the purpose of reimbursing the New York City Municipal Water Finance Authority (the "Recipient") for, or financing the cost of, acquisition, design, construction and installation of certain improvements, machinery, equipment and facilities for the purpose of water pollution control and water supply for the benefit of the Recipient and the City of New York, all such improvements, machinery, equipment and facilities constituting "eligible projects" within the meaning of the Act; and

WHEREAS, it is expected that current market conditions will permit the Prior Bonds to be refunded so as to achieve debt service savings; and

WHEREAS, to achieve such debt service savings the Recipient has requested that the Issuer refund all or a portion of the Prior Bonds and any direct financing (the "Prior Direct Financing") made in connection therewith; and

WHEREAS, the Corporation's staff has determined that it may be advantageous to provide the Recipient with a direct financing (the "Direct Financing") in connection with the issuance of the

Bonds and to authorize the pledge of the Recipient Bonds as a source of security for the Bonds and a source of subsidy for the Recipient; and

WHEREAS, the Issuer intends to refund all or a portion of the Prior Bonds and/or the Prior Direct Financing and finance, refinance or reimburse the Recipient for the costs of the acquisition, design, construction and installation of certain water pollution control and water supply projects (the "Recipient Projects") as listed on Schedule A by (i) the issuance and sale of one or more series of the Issuer's State Clean Water and Drinking Water Revolving Funds Revenue Bonds (New York City Municipal Water Finance Authority Projects), in an aggregate principal amount not to exceed \$879,569,000 (the "Bonds") and/or (ii) the provision of a Direct Financing from monies in the Clean Water SRF and Drinking Water SRF in lieu of the issuance of all or a portion of the Bonds; and

WHEREAS, in connection with the issuance of the Bonds, it is proposed that the Issuer will provide financial assistance from the proceeds of the Bonds and/or the Direct Financing to the Recipient for the purpose of refunding all or a portion of the Prior Bonds and financing the Recipient Projects, all in accordance with the terms of one or more Project Finance Agreements, or one or more Supplemental Project Finance Agreements to the Project Finance Agreement dated as of July 1, 2001 or the Project Finance Agreement dated as of June 1, 2006 (collectively, the "Project Finance Agreement") to be entered into by and among the Issuer, the Recipient, and The City of New York (the "City"); and

WHEREAS, the Recipient, in connection with the issuance of the Bonds, may authorize the pledge of one or more series of its bonds ("Recipient Bonds") as a source of security for the Bonds and a source of subsidy for the Recipient; and

WHEREAS, the Bonds will be secured pursuant to a new Financing Indenture of Trust, or pursuant to one or more Supplemental Series Indentures of Trust to the Financing Indenture of Trust dated as of July 1, 2001 or the Financing Indenture of Trust dated as of June 1, 2006 (collectively, the "Indenture"), to be entered into with Manufacturers and Traders Trust Company, as trustee (the "Trustee"); and

WHEREAS, the Bonds may also be secured on a senior or subordinated basis, or combination thereof, by (i) reserves to be funded with federal grant monies hereto received or available under the Federal Water Quality Act ("Water Quality Act") and under the Federal Safe Drinking Water Act ("Safe Drinking Water Act"), and related State matching funds appropriated for such purpose and (ii) together with other bonds, guarantees and other obligations relating to its Clean Water SRF and Drinking Water SRF programs, a pledge of certain funds held from time to time under the Issuer's Amended and Restated Master Trust Agreement (the "Master Trust Agreement"); and

WHEREAS, the Bonds may also be secured by and payable from the sources pledged and available therefor under the Indenture, the Master Trust Agreement and a Subsidy Source Agreement if any, (the "Subsidy Source Agreement"), between the Issuer and Manufacturers and Traders Trust Company, as custodian under the Master Trust Agreement (the "Custodian"); and

WHEREAS, the Bonds may be issued as fixed rate Bonds, or variable rate Bonds as shall be specified in the Indenture and, in the event the Bonds are issued as variable rate Bonds, to the

extent the owners of which have the right to tender such Bonds to the Issuer or the Trustee for purchase, the Issuer shall enter into an agreement (a "Liquidity Agreement") with a financial institution providing for a source of funds for such purchase, which may include a letter of credit, line of credit, standby bond purchase agreement or other credit or liquidity facility (a "Liquidity Facility") and the Issuer's obligations to such Liquidity Facility will be secured as provided in the Indenture; and

WHEREAS, certain of the Recipient's obligations with respect to the provision of the financial assistance under the Project Finance Agreement are to be evidenced by Recipient Bonds to be issued and delivered under the Recipient's Water and Sewer System Second General Revenue Bond Resolution; and

WHEREAS, the Issuer may elect to apply all or a portion of the moneys made available as a reserve for the Bonds to the purchase of Recipient Bonds; and

WHEREAS, the Bonds may be issued as federally taxable or tax-exempt Bonds and the Recipient and the Issuer will be obligated to take certain actions to maintain the exclusion of interest on the federally tax-exempt Bonds from gross income for federal income tax purposes pursuant to a Tax Regulatory Agreement among the Issuer, the Recipient and the Trustee (the "Tax Regulatory Agreement"); and

WHEREAS, the Bonds may be sold by competitive sale to purchasers (the "Purchasers") pursuant to the terms of one or more Notices of Sale (collectively, the "Notices of Sale"), substantially in the form of a Notice of Sale set before this meeting, and/or by negotiation with one or more underwriters (the "Underwriters") to be selected from among the firms comprising the Issuer's underwriting team, by the President, any Vice President, Chief Financial Officer or Controller of the Issuer or any other officer designated in writing by the President (collectively, the "Authorized Officers") pursuant to the terms of one or more Bond Purchase Agreement to be entered into among the Issuer, the Recipient and the Underwriters (collectively, the "Bond Purchase Agreements"), substantially in the form of a bond purchase agreement set before this meeting; and

WHEREAS, it is expected that the Bonds will be offered pursuant to one or more preliminary official statements (the "Preliminary Official Statements") and one or more final official statements (the "Official Statements") to be approved by an Authorized Officer (hereinafter referred to) of the Issuer, substantially in the form of the Official Statement set before this meeting; and

WHEREAS, a duly constituted meeting of the Finance Committee of the Board of Directors was held on to consider issuance of the Bonds and such committee recommended issuance of the Bonds to the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED BY THE DIRECTORS OF THE NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION, AS FOLLOWS:

Section 1. To accomplish the purposes of the Act and to provide for the refunding of all or a portion of the Prior Bonds and/or Prior Direct Financing and the financing or refinancing of water pollution control and water supply facilities, the offering, issuance, sale and delivery of the Bonds

to the Purchasers or the Underwriters at such purchase price to be determined as hereinafter provided plus accrued interest from the dated date of the Bonds, and upon the terms, conditions and for the purposes described in the Indenture, the Project Finance Agreement, the Master Trust Agreement, the Subsidy Source Agreement (if applicable), the Notices of Sale (if applicable), the Bond Purchase Agreements (if applicable), the Preliminary Official Statements, the Official Statements and this resolution are hereby authorized. The Bonds shall be offered and sold via one or more of the following methods:

- (i) a competitive sale, and/or
- (ii) a negotiated, private offering,

the method(s) of offering and sale to be determined by an Authorized Officer of the Issuer. The Bonds shall be issued as senior or subordinate bonds, or a combination thereof, in one or more series, in an aggregate principal amount not to exceed \$879,569,000 (inclusive of the principal amount of any Direct Financing), shall bear interest at rates yielding a true interest cost not exceeding six and one-half per centum (6.50%) in the case of federally tax-exempt-Bonds initially bearing interest at fixed rates-and eight and one-half per centum (8.50%) in the case of federally taxable Bonds, not to exceed a true interest cost of fifteen per centum (15.00%) in the case of Bonds initially bearing interest at variable rates, and not to exceed twenty-five per centum (25.00%) per annum in the case of Bonds purchased by any provider of a Liquidity Facility, and shall mature not later than thirty years after their original issue date. Such priority, interest rate or rates, the initial interest rate of and the type of rate period initially in effect with respect to the Bonds, principal amount, purchase price, series designation and maturity or maturities shall be determined by an Authorized Officer of the Issuer, if applicable. To the extent that it is so determined by an Authorized Officer, (i) the Bonds may include capital appreciation bonds and/or original issue discount bonds and (ii) all or a portion of the amounts made available as a reserve for the Bonds may be applied to purchase Recipient Bonds. If the Bonds are sold via a negotiated, private offering, the Authorized Officers are each hereby authorized to determine the Underwriters to whom the Bonds will be sold. In no event shall the compensation paid to the Underwriters in connection with the negotiated sale of the Bonds, whether payable from the proceeds of the Bonds or otherwise, exceed one and one-half percent (1.5%) of the aggregate principal amount payable on the Bonds at maturity. The Bonds shall be dated, be subject to redemption and mature as set forth in the Indenture authorized to be executed, acknowledged and delivered by Section 2 hereof. The form of the Bonds and all other provisions with respect thereto shall be as set forth in such Indenture.

To accomplish the purposes of the Act and to provide for the financing or refinancing of the Recipient Projects, the Corporation is hereby further authorized to make all or a portion of the financing available as a Direct Financing to the Recipient for such Recipient Projects. Such Direct Financing, together with the amount of financial assistance made available with Bond proceeds, shall be in an aggregate principal amount not to exceed \$348,596,000; shall bear interest at rates not to exceed six and one-half per centum (6.50%) per annum; and shall mature not later than thirty years from the date of the making of such Financing, or such lesser period as may be required by law. Subject to such limitations; the principal amounts, interest rates and maturities of the Bonds shall be determined by an Authorized Officer of the Corporation. The Corporation is further authorized to pledge and assign its right to receive payments under the Direct Financing for the benefit of the Bonds authorized herein and, to the extent determined desirable by an Authorized Officer, for other Corporation bonds, as a source of subsidy for the

Recipient. All or a portion of the Recipient Bonds delivered in connection with such Direct Financing may be deposited in any reserve established pursuant to this resolution. As determined by an Authorized Officer, provisions reflecting such pledge and assignment shall be included in the Supplemental Series Indenture of Trust entered into in connection with the Bonds and any Subsidy Source Agreement relating to the Bonds.

Section 2. The Indenture, the Project Finance Agreement, the Notice of Sale (if applicable), and the Bond Purchase Agreement (if applicable), each substantially in the form presented to this meeting and made a part of this Resolution as though set forth in full herein, are hereby approved. The Authorized Officers are each hereby authorized to execute, acknowledge and deliver one or more Indentures, Project Finance Agreements, Notices of Sale (if applicable), escrow agreements relating to the Prior Bonds (each an "Escrow Agreement") and Bond Purchase Agreements (if applicable), each with such amendments, supplements, changes, insertions and omissions as may be approved by any such Authorized Officer. The Authorized Officers are also each hereby authorized to execute, acknowledge and deliver one or more Liquidity Agreements with one or more financial institutions. The Authorized Officers are each hereby further authorized to execute, acknowledge and deliver one or more Tax Regulatory Agreements in the form approved by Bond Counsel. The Chief Financial Officer of the Issuer and the Secretary of the Issuer are each hereby authorized to affix the seal of the Issuer on such documents and attest the same. The execution of such documents by an Authorized Officer shall be conclusive evidence of any approval or determination authorized or required by this Section or by Section 1.

Section 3. The Bonds shall be executed in one or more series in the manner and upon the terms and conditions provided in the Indenture and the Master Trust Agreement, and shall be delivered to the Trustee for proper authentication and delivery at the direction of the Purchasers or the Underwriters purchasing the Bonds, upon instructions to that effect. Manufacturers and Traders Trust Company is hereby designated Trustee and Paying Agent for the Bonds under the Indenture. In the event the Trustee and Paying Agent, or any one of them, shall resign or be unable to act, the Authorized Officers are each hereby authorized to designate a successor to act as Trustee and Paying Agent.

Section 4. One or more Preliminary Official Statements, substantially in the form of the Official Statement presented to this meeting, is hereby approved, and the Issuer hereby approves the use of such Preliminary Official Statements with such amendments, supplements, changes, insertions and omissions thereto as may be approved by an Authorized Officer in connection with the offering and sale of the Bonds in accordance with applicable legal requirements. Any Authorized Officer is hereby authorized and directed to execute one or more Official Statements in final form in the name and on behalf of the Issuer with such amendments, supplements, changes, insertions and omissions from the related Preliminary Official Statement as may be approved by such Authorized Officer, such approval to be conclusively evidenced by his or her execution and delivery thereof. Any such Authorized Officer is thereupon authorized to cause such Official Statements to be delivered to the Purchasers or the Underwriters. The foregoing approvals of the Preliminary Official Statements and the Official Statements shall not be deemed to constitute an acknowledgment by the Issuer of any responsibility for information contained therein which has been furnished by the Recipient, the City, the New York City Water Board, the Purchasers or the Underwriters.

Section 5. Any Authorized Officer is hereby authorized to qualify the Bonds, or such portion thereof as the Purchasers or the Underwriters may request, for offering and sale under the securities or Blue Sky Laws of any jurisdictions, provided that the Issuer shall not be required to consent to local service of process in any state. Any Authorized Officer is hereby authorized to perform on behalf of the Issuer in cooperation with the Purchasers or the Underwriters any and all such acts as they may determine to be necessary or desirable in order to comply with the applicable laws of any states and, in connection therewith, to execute and file all appropriate papers and documents including, but not limited to, applications and reports, and the execution by such Authorized Officers of any such paper or document or the doing by any of them of any such act to conclusively establish their authority therefor.

Section 6. All covenants, stipulations, obligations and agreements of the Issuer contained in this Resolution and the Indenture, the Master Trust Agreement, the Subsidy Source Agreement (if applicable), any Project Finance Agreement, the Notices of Sale (if applicable), the Bond Purchase Agreements (if applicable), any Liquidity Agreement, any Escrow Agreement and the Tax Regulatory Agreements shall be deemed to be the covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Issuer and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Issuer by the provisions of this resolution or the Indenture, the Master Trust Agreement, the Subsidy Source Agreement, the Project Finance Agreement, the Notices of Sale (if applicable), the Bond Purchase Agreements (if applicable), any Liquidity Agreement, any Escrow Agreement or the Tax Regulatory Agreements shall be exercised or performed by the Issuer or by such directors, officers, board or body as may be required by law to exercise such powers and to perform such duties.

Section 7. No covenant, stipulation, obligation or agreement contained in this resolution, the Indenture, the Master Trust Agreement, the Subsidy Source Agreement (if applicable), any Project Finance Agreement, the Notices of Sale (if applicable), the Bond Purchase Agreements (if applicable), any Liquidity Agreement, any Escrow Agreement or the Tax Regulatory Agreements shall be deemed to be a covenant, stipulation, obligation or agreement of any director, officer, agent or employee of the Issuer in his or her individual capacity and neither the directors of the Issuer nor any officer executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 8. The Authorized Officers and the Secretary of the Issuer are each hereby authorized and directed to execute and deliver any such other documents, agreements, instruments, certificates or affidavits, including an undertaking with respect to SEC Rule 15c2-12, to do and cause to be done any such other acts and things and to make such other changes, omissions, insertions, revisions or amendments to the documents referred to in Sections 1 through 7 of this resolution as they may determine necessary or proper for carrying out, giving effect to and consummating the transactions contemplated by this resolution, the Indenture, the Master Trust Agreement, the Subsidy Source Agreement (if applicable), any Project Finance Agreement, the Notices of Sale (if applicable), the Bond Purchase Agreements (if applicable), any Liquidity Agreement, any Escrow Agreement the Tax Regulatory Agreements, and the Preliminary Official Statements and the Official Statements referred to above.

Section 9. This Resolution shall take effect immediately. The authority granted hereunder to issue the Bonds for the purpose of refunding any series of Prior Bonds shall expire upon the defeasance of all of such series of Prior Bonds described herein. The authority to provide the Direct Financing shall not expire in accordance with this section. The authorization contained herein to issue Bonds is in addition to any previous authorization of bonds pursuant to any prior resolution, which shall remain in full force and effect. Any Bonds issued pursuant to this Resolution may be issued in conjunction with any previously authorized, but not yet issued, bonds or be issued separately as may be provided in the Indenture.

Schedule A

Prior Bonds

State Clean Water and Drinking Water Revolving Funds Revenue Bonds Series 2012A and Series 2012D (New York City Municipal Water Finance Authority Projects) (Second Resolution Bonds)

Recipient Projects

CWSRF Project Nos.

C2-5201-15-01;	C2-5201-20-12;	C2-5203-15-02;	C2-5203-21-01;
C2-5204-01-05;	C2-5205-20-04;	C2-5206-19-01;	C2-5206-24-01;
C2-5209-30-09;	C2-5209-40-05;	C2-5209-50-05;	C2-5217-05-02;
C2-5218-04-01;	C2-5223-03-02;	C2-5223-04-00;	C2-5225-16-05;
C2-5234-31-01; and C2-5240-17-01.			

DWSRF Project Nos.

18539 (Phase 14 of 16479)

BY: /s/
Kate Siobhan Howard
Secretary to the Corporation