



\$140,850,000
New York State
Environmental Facilities Corporation
State Revolving Funds Revenue Bonds, Series 2010 C
(2010 Master Financing Program)

DATED: Date of Delivery

DUE: April 15 and October 15, as shown on the inside cover

This cover page is only a brief general summary. You must read this entire official statement to obtain essential information for making an informed investment decision.

PURPOSES

We will use the proceeds of the State Revolving Funds Revenue Bonds, Series 2010 C (2010 Master Financing Program) ("Series 2010 C Bonds"), to provide financial assistance to eligible recipients in the State of New York (the "State") to finance or refinance clean water and drinking water projects and to refund certain bonds previously issued to provide financial assistance to eligible recipients in the State for such purposes. The Series 2010 C bonds are referred to as the offered bonds.

THE OFFERED BONDS

Interest on the offered bonds is payable on April 15 and October 15 of each year commencing October 15, 2010. The offered bonds are issued in \$5,000 denominations. The DTC book-entry system will apply to all offered bonds, so you will not be registered as a bondowner. You will not receive physical delivery of certificates evidencing ownership of bonds.

REDEMPTION

The offered bonds maturing on or after October 15, 2020 are subject to redemption prior to maturity at our option in whole or in part at any time on or after April 15, 2020 as described herein.

SOURCES OF PAYMENT AND SECURITY

The offered bonds are our *special limited* obligations, payable *solely* from amounts pledged as security as described in this official statement. As security, we have pledged payments we receive on bonds issued by recipients of our financial assistance under our 2010 master financing indenture program ("2010 MFI program") and certain other funds made available by the Corporation to Manufacturers and Traders Trust Company, as trustee, or any successor thereto ("2010 MFI Trustee"), all as described in this official statement. The offered bonds are the first series of bonds issued under our 2010 MFI program.

The offered bonds are not our general obligations and are not a charge against our general credit. The offered bonds are not a debt of the State of New York or of its local governmental units or other public entities, including recipients of our financial assistance. We have no taxing power.

TAX EXEMPTION

In the opinion of Hawkins Delafield & Wood LLP, acting as our Bond Counsel, under existing statutes and court decisions, and relying on certain representations and assuming compliance with certain covenants, interest on the offered bonds is

- excluded from a bondholder's federal gross income under the Internal Revenue Code,
- not a preference item for a bondholder under the federal alternative minimum tax, and
- included in the adjusted current earnings of certain corporations under the federal corporate alternative minimum tax.

Also, in Bond Counsel's opinion, under existing statutes, interest on the offered bonds is exempt from personal income taxes imposed by the State of New York and its political subdivisions, including The City of New York.

DELIVERY

The offered bonds are offered subject to prior sale, when, as and if issued and received by the Underwriters, subject to certain conditions. The offered bonds are expected to be delivered, through DTC's facilities, on or about June 24, 2010.

Jefferies & Company

BofA Merrill Lynch
Fidelity Capital Markets
Grigsby & Associates Inc.
Loop Capital Markets, LLC
Raymond James & Associates, Inc.
Roosevelt & Cross Incorporated

J.P. Morgan
M♦R♦Beal & Company
RBC Capital Markets
Siebert Brandford Shank & Co., LLC

Morgan Stanley

Citi
Goldman, Sachs & Co.
Lebenthal & Co., LLC
Ramirez & Co., Inc.
Rice Financial Products Company
Wells Fargo Securities

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New York State
Environmental Facilities Corporation
Revolving Funds Revenue Bonds, Series 2010 C
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<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> ^{††}	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> ^{††}
10/15/2010	\$5,935,000	2.000%	0.250%	64985HBH9	4/15/2021	\$ 440,000	3.000%	3.030%	64985HCQ8
4/15/2011	2,495,000	2.000	0.330	64985HCE5	10/15/2021	2,390,000	5.000	3.030*	64985HBU0
10/15/2011	4,875,000	4.000	0.350	64985HBJ5	4/15/2022	455,000	3.000	3.140	64985HCR6
4/15/2012	2,595,000	5.000	0.620	64985HCF2	10/15/2022	2,450,000	5.000	3.140*	64985HBV8
10/15/2012	5,005,000	5.000	0.700	64985HBK2	4/15/2023	470,000	3.125	3.250	64985HCS4
4/15/2013	2,700,000	4.000	0.960	64985HCG0	10/15/2023	2,505,000	5.000	3.250*	64985HBW6
10/15/2013	5,230,000	4.000	1.030	64985HBL0	4/15/2024	480,000	3.250	3.330	64985HCT2
4/15/2014	2,835,000	3.000	1.320	64985HCH8	10/15/2024	2,435,000	5.000	3.330*	64985HBX4
10/15/2014	5,445,000	5.000	1.390	64985HBM8	4/15/2025	405,000	3.375	3.410	64985HCU9
4/15/2015	2,925,000	3.000	1.660	64985HCJ4	10/15/2025	2,475,000	5.000	3.410*	64985HBY2
10/15/2015	5,630,000	5.000	1.730	64985HBN6	4/15/2026	420,000	5.000	3.490*	64985HCV7
4/15/2016	2,405,000	4.000	2.040	64985HCK1	10/15/2026	2,505,000	5.000	3.490*	64985HBZ9
10/15/2016	5,740,000	5.000	2.110	64985HBP1	4/15/2027	435,000	5.000	3.570*	64985HCW5
4/15/2017	2,245,000	4.000	2.320	64985HCL9	10/15/2027	2,550,000	5.000	3.570*	64985HCA3
10/15/2017	5,615,000	5.000	2.390	64985HBQ9	4/15/2028	450,000	5.000	3.650*	64985HCX3
4/15/2018	2,155,000	3.000	2.510	64985HCM7	10/15/2028	2,625,000	5.000	3.650*	64985HCB1
10/15/2018	5,835,000	5.000	2.560	64985HBR7	4/15/2029	370,000	5.000	3.730*	64985HCY1
4/15/2019	1,780,000	4.000	2.760	64985HCN5	10/15/2029	2,705,000	5.000	3.730*	64985HCC9
10/15/2019	4,625,000	5.000	2.760	64985HBS5	4/15/2030	390,000	3.700	3.800	64985HCZ8
4/15/2020	425,000	3.000	2.910	64985HCP0	10/15/2030	2,320,000	5.000	3.800*	64985HCD7
10/15/2020	2,340,000	5.000	2.910*	64985HBT3					

\$17,685,000 5.00% Series 2010 C Term Bonds Due October 15, 2035 Priced to Yield 4.080%* CUSIP^{††} 64985HDB0

\$15,055,000 5.00% Series 2010 C Term Bonds Due October 15, 2039 Priced to Yield 4.130%* CUSIP^{††} 64985HDA2

Optional Redemption

The offered bonds maturing on or after October 15, 2020 may be redeemed on or after April 15, 2020 at par.

Mandatory Sinking Fund Redemption

**For Series 2010 C Bonds maturing
October 15, 2035**

<u>Date</u>	<u>Sinking Fund Payment</u>
4/15/2031	\$ 405,000
10/15/2031	3,035,000
4/15/2032	365,000
10/15/2032	3,090,000
4/15/2033	380,000
10/15/2033	3,145,000
4/15/2034	390,000
10/15/2034	3,205,000
4/15/2035	395,000
10/15/2035	3,275,000 [†]

**For Series 2010 C Bonds maturing
October 15, 2039**

<u>Date</u>	<u>Sinking Fund Payment</u>
4/15/2036	\$ 415,000
10/15/2036	3,350,000
4/15/2037	420,000
10/15/2037	3,395,000
4/15/2038	365,000
10/15/2038	3,460,000
4/15/2039	365,000
10/15/2039	3,285,000 [†]

* Priced to the April 15, 2020 optional redemption date at a redemption price of 100%.

† Stated maturity.

†† CUSIP numbers have been assigned by an independent company not affiliated with the Corporation and are included solely for the convenience of the holders of the offered bonds. Neither the Corporation nor the Underwriters are responsible for the selection or uses of these CUSIP numbers and no representation is made to their correctness on the offered bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the offered bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the offered bonds.

No Unlawful Offers. This official statement does not constitute an offer to sell, or the solicitation of an offer to buy, the offered bonds in any jurisdiction where that would be unlawful. We have not authorized any dealer, salesperson or anyone else to give any information or make any representation in connection with the offering of the offered bonds, except as set forth in this official statement. You should not rely on any such information or representation.

Not a Contract; Not Investment Advice. This official statement is not a contract, and provides no investment advice. You should consult your financial advisor and legal counsel with your questions about this official statement and the offered bonds, or anything else related to this issue of bonds.

No Guarantee of Information. We have provided this information or obtained it from other sources believed to be reliable. We do not, however, guarantee the accuracy or completeness of that information, nor has any one source guaranteed the information provided by any other source. Information and expressions of opinion are subject to change without notice, and you should not draw any implication that there have been no changes since the date of this official statement. Neither the delivery of, nor any sale made under, this official statement shall under any circumstances create any implication that there has been no change in our affairs or in any other matters described.

MSRB and EMMA. We file annual information about ourselves and the security structure and terms of our bond issues with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”). The MSRB has committed to make the documents filed available to the public through EMMA. Although we make no representations with respect thereto, it is our understanding that EMMA can be accessed online currently at <http://emma.msrb.org/>.

Cross References. The information listed under the heading Cross References in the Table of Contents, as filed with the MSRB through EMMA, is “included by specific cross-reference” in this official statement. This means that important information is disclosed by referring to those documents, which are considered to be part of this official statement. You should read this official statement, which includes those filings (and may include filings to be made in the future), in its entirety in order to obtain essential information for making an informed decision in connection with the offered bonds. You may obtain copies of the Annual Information Statement and other filings by writing to us at our headquarters at 625 Broadway, Albany, NY 12207, Attention: Controller and Director of Corporate Operations.

Underwriter Transactions. The Underwriters may over allot or effect transactions which stabilize and maintain the market price of the offered bonds at a level above that which might otherwise prevail in the open market. The Underwriters are not obligated to do this and are free to discontinue it at any time.

Forward-Looking Statements. Statements in this official statement, and the documents included by specific cross-reference, that are not historical facts are forward-looking statements, which are based on our beliefs, as well as assumptions made by, and information currently available to, our management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that we file with the MSRB through EMMA. When used in our documents or oral presentations, the words “anticipate,” “estimate,” “expect,” “objective,” “projection,” “forecast,” “goal,” or similar words are intended to identify forward-looking statements.

Our Website. We may place a copy of this official statement and our Annual Information Statement on our website at www.nysefc.org. Unless this official statement specifically indicates otherwise, no statement on our website is included by specific cross-reference or constitutes a part of this official statement. We have prepared our website information for your convenience, but you should not make any decision in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and we assume no liability or responsibility for errors or omissions on our website. Further, we disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on our website. We also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

**NEW YORK STATE
ENVIRONMENTAL FACILITIES CORPORATION**

**625 Broadway
Albany, New York 12207**

**www.nysefc.org
(518) 402-6924**

Board of Directors

Alexander P. Grannis, <i>ex officio</i> , Commissioner of Environmental Conservation of the State of New York	Chair
Stuart F. Gruskin, Executive Deputy Commissioner New York State Department of Environmental Conservation.....	Designee
Michael F. Lenane, Deputy Commissioner New York State Department of Environmental Conservation.....	Designee
Richard F. Daines, M.D., <i>ex officio</i> , Commissioner of Health of the State of New York	Member
Richard W. Svenson, P.E., Director, Division of Environmental Health Protection New York State Department of Health.....	Designee
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OFFICIAL STATEMENT

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Cross References

The following portions of the **Annual Information Statement of New York State Environmental Facilities Corporation**, dated October 1, 2009, as amended, and filed with the MSRB through its EMMA system, are included by specific cross-reference in this official statement. Copies of our official statement are filed with the MSRB for every series of bonds we issue. Further, from time to time, we may file information through EMMA to amend or update information previously filed.

- **For all offered bonds:**
 - Part 1. Introduction
 - Part 2. State Revolving Funds Programs
 - Exhibit 1A – “Additional Information Regarding The Corporation”
 - Exhibit 1B – “EFC Audited Annual Financial Statement”
 - Exhibit 1C – “Book Entry Only System”
- **For information regarding the 1991 MFI program:**
 - Part 3. MFI Pooled Financing Program
 - Exhibit 3A – Certain Definitions and Summary of Certain Basic Agreements (MFI Pooled Financing Program)
 - Exhibit 3B – Information Regarding Prior SRF Bonds and SRF Recipients
- **For information regarding the NYCMWFA program:**
 - Part 4. New York City Municipal Water Finance Authority Projects
 - Exhibit 4A – Certain Information Relating to the New York City Municipal Water Finance Authority and of the System
 - Exhibit 4B – Certain Definitions and Summary of Certain Basic Agreements (NYCMWFA Program)

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OFFICIAL STATEMENT

\$140,850,000
New York State
Environmental Facilities Corporation
State Revolving Funds Revenue Bonds, Series 2010 C
(2010 Master Financing Program)

(the “Offered Bonds”)

INTRODUCTION

This official statement – which includes the main body and the Exhibits – provides you with information about the offered bonds, together with information about how we expect to administer our 2010 master financing indenture program (“2010 MFI program”).

We were created as the “New York State Environmental Facilities Corporation,” known as “EFC,” in 1970 by the EFC Act (as described below). We are a public benefit corporation of the State, which means that we are a corporate entity separate and apart from the State without any power of taxation, and that the State is not obligated to pay our bonds.

We will issue the offered bonds pursuant to the New York State Environmental Facilities Corporation Act, Title 12 of Article 5 of the Public Authorities Law of the State of New York, as amended, which we call the “EFC Act,” and under the “2010 Master Financing Indenture,” or “2010 MFI,” dated as of June 1, 2010, between us and Manufacturers and Traders Trust Company, as trustee, or any successor thereto (“2010 MFI Trustee”). Another financing document that provides security for the offered bonds is called the “Master Trust Agreement,” or “MTA,” amended and restated as of July 1, 2005, as further amended by the First Supplemental Master Trust Agreement dated as of June 1, 2010, between us and Manufacturers and Traders Trust Company (“MTA Trustee”). The offered bonds constitute *senior* 2010 MFI bonds. We will issue senior 2010 MFI bonds for the purpose of funding financial assistance for recipients and refunding other State Revolving Fund (“SRF”) bonds.

The offered bonds are not our general obligations and are not a charge against our general credit. They are our special limited obligations, which means they are payable solely from the funds pledged or made available for such payment as described herein. **The offered bonds are not a debt of the State of New York or of its local governmental units or other public entities, including recipients of our financial assistance. We have no taxing power.** See **SECURITY AND SOURCES OF PAYMENT FOR 2010 MFI OBLIGATIONS** in this official statement.

USE OF PROCEEDS

We will issue the offered bonds to provide financial assistance to local governments and other public entities in the State to finance or refinance clean water and drinking water projects and to refund certain bonds we previously issued to provide financial assistance to eligible recipients in the State for such purposes. The local governments and other public entities to which we are providing financial assistance are listed in *Exhibit A* to this official statement – each of which we refer to as a “recipient” of our financial assistance under our 2010 MFI program as described in more detail in this official statement. See **SOURCES AND USES OF FUNDS** in this official statement.

NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION

We are governed by a board of directors, three of whom are required to be certain State officials – the Commissioner of the New York State Department of Environmental Conservation (“DEC”) (who is also designated as the chair of the Corporation), the Commissioner of the New York State Department of Health (“DOH”) and the Secretary of State. The four remaining directors are appointed by the Governor and confirmed by the State Senate.

Our main offices are located at 625 Broadway, Albany, New York 12207, and our telephone number is (518) 402-6924. Our website address is www.nysefc.org.

We are empowered by State law:

- to administer and finance the SRFs established by the State as set forth in the EFC Act pursuant to the federal Water Quality Act and the federal Safe Drinking Water Act, as well as to administer the State’s Pipeline for Jobs Fund;
- to finance certain State Contributions to each of our SRFs, to the Pipeline for Jobs Fund and for certain environmental infrastructure projects;
- to finance, through the issuance of special obligation revenue bonds under our Industrial Finance Program, water management, solid waste disposal, sewage treatment and pollution control projects undertaken by or on behalf of private entities; and
- to render technical advice and assistance to private entities, state agencies and local government units on sewage treatment and collection, pollution control, recycling, hazardous waste abatement, solid waste disposal and other related subjects.

For additional information about us, see Exhibit 1A – **ADDITIONAL INFORMATION REGARDING THE CORPORATION** and Exhibit 1B – **EFC AUDITED ANNUAL FINANCIAL STATEMENT** in our Annual Information Statement.

We also encourage you to review our annual report which can be found on our website at www.nysefc.org.

NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION

The Department of Environmental Conservation was established under the Environmental Conservation Law of the State in 1970 as a State agency responsible for carrying out the environmental policy of the State, including conserving, improving and protecting the State’s natural resources and environment and controlling water, land and air pollution.

DEC has certain statutory responsibilities with respect to the clean water SRF program described herein. DEC has entered into a memorandum of understanding with us, which delineates the respective obligations of DEC and EFC concerning the operation of this program. Under that memorandum, DEC, as the recipient of the federal clean water capitalization grants on behalf of the State, executes the clean water Capitalization Grant agreements with the U.S. Environmental Protection Agency (“EPA”) and requests the required State matching funds from the State for deposit in the clean water SRF. In addition, DEC was also given responsibility for preparing an annual intended use plan, which describes the clean water SRF program and annual initiatives, and also identifies clean water projects eligible for assistance

from the clean water SRF for that period. DEC has delegated to us the responsibility of preparing that annual plan (which is then submitted to DEC for approval).

NEW YORK STATE DEPARTMENT OF HEALTH

The Department of Health was established under the Public Health Law of the State in 1909 as a State agency responsible for carrying out the public health policy of the State, including conserving, improving and protecting the State's drinking water.

DOH has certain statutory responsibilities with respect to the drinking water SRF program described herein. DOH has entered into a memorandum of understanding with us, which delineates the respective obligations of DOH and EFC concerning the operation of this program. Under that drinking water memorandum, DOH, as the recipient of the federal drinking water capitalization grants on behalf of the State, executes the drinking water Capitalization Grant agreements with EPA and requests the required State matching funds from the State for deposit in the drinking water SRF. In addition, DOH was also given responsibility for preparing an annual intended use plan, which describes the drinking water SRF program and annual initiatives, and also identifies drinking water projects eligible for assistance from the drinking water SRF for that period. We assist DOH in preparing that annual plan and identifying eligible projects.

STATE REVOLVING FUNDS PROGRAMS

Establishment of SRFs

The Water Quality Act and the Safe Drinking Water Act, as established by the federal government, each requires that, as a condition for receipt of certain federal financial assistance, each state establish a clean water revolving fund and a drinking water revolving fund, respectively, administered by the state or an instrumentality of the state.

The purpose of our clean water SRF is to provide a financial resource for certain types of financial assistance to eligible recipients for the construction of publicly-owned wastewater treatment facilities, other eligible clean water projects, and certain facilities undertaken as part of an estuary conservation and management plan.

The purpose of our drinking water SRF is to provide a financial resource for certain types of financial assistance to various public drinking water systems (including systems owned by for-profit entities and not-for-profit entities) for expenditures for projects which will facilitate compliance with national and state drinking water regulations or otherwise advance the health protection objectives of the Safe Drinking Water Act.

The equity contributions to our SRFs are funded by federal capitalization grants and State matching funds. Financial assistance under either SRF program may be provided either from federal capitalization grants, State matching funds, recycled federal and State moneys, investment income or from proceeds of our bonds.

As of March 31, 2010, we have issued approximately \$12.9 billion in SRF bonds (including refunding bonds) under the clean water and drinking water SRF programs, of which approximately \$7.43 billion are currently outstanding. Since the inception of our SRF programs, we have been awarded \$3,530,037,865 in capitalization grants for the clean water SRF program and \$778,477,560 in capitalization grants for the drinking water SRF program. In addition to the offered bonds, through the period ending September 30, 2011, we anticipate issuing approximately \$400 million of SRF bonds (not

including refunding bonds) to provide financial assistance to clean water SRF recipients and up to \$150 million of SRF bonds (not including refunding bonds) to provide financial assistance to drinking water SRF recipients.

In addition, our SRFs have been awarded capitalization grants from EPA pursuant to the American Recovery and Reinvestment Act of 2009 (“ARRA”) in the total amount of \$519,375,200. The clean water and drinking water SRF programs were awarded \$432,564,200 and \$86,811,000, respectively. We are utilizing these ARRA funds to provide financial resources for certain types of financial assistance (including direct grants) to various eligible clean water and drinking water SRF projects. ARRA requires no less than 50% of the appropriated funds be provided in the form of additional subsidization by way of grants, principal forgiveness or negative interest loans. ARRA also imposes strict new requirements for projects that receive such funds. It is not expected that these ARRA funds or the financial assistance that they provide will be used for additional reserve allocations or otherwise pledged for 2010 MFI bonds or other obligations.

Uses of SRF Moneys

We use the terms “applicable SRF” to mean the clean water SRF or the drinking water SRF, as appropriate, and “applicable Commissioner” to mean the Commissioner of DEC or the Commissioner of DOH, as appropriate.

The EFC Act requires that we apply the moneys in the clean water SRF and the drinking water SRF at the direction of the applicable Commissioner to provide financial assistance to recipients for construction of eligible projects and certain other purposes permitted by the Water Quality Act and the Safe Drinking Water Act, respectively, including providing for the administrative and management costs of the applicable SRF. Under the EFC Act, upon consultation with the Director of the Budget of the State and the applicable Commissioner, we are also authorized to apply, and have applied, moneys in the clean water SRF and the drinking water SRF for other purposes permitted by the Water Quality Act and the Safe Drinking Water Act, respectively.

We are authorized to apply moneys in the applicable SRF for various types of financial assistance to eligible recipients in connection with eligible projects, including, but not limited to the following: buying or refinancing certain debt obligations; making loans; guarantying or purchasing insurance for local obligations where such action would improve market access or reduce interest costs; and using funds in the SRF as a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by us if the proceeds thereof will be deposited in the SRF.

DEC and EPA have entered into an SRF Operating Agreement for the clean water SRF which sets forth rules, procedures and activities to be followed by EPA and the State in administering federal capitalization grants and the clean water SRF. DOH and EPA have similarly entered into an SRF Operating Agreement for the drinking water SRF which sets forth rules, procedures and activities to be followed by EPA and the State in administering federal capitalization grants and the drinking water SRF.

Sources of Funding SRFs

The SRFs are each capitalized or funded through the following:

- federal capitalization grants awarded to the State and appropriated by the State to fund that SRF;
- State matching funds appropriated by the State;

- SRF bond proceeds;
- recycled funds from de-allocated reserve accounts;
- interest earnings on SRF funds on deposit; and
- recycled recipient financing payments.

In order to receive federal capitalization grants, the State must appropriate its matching funds in a ratio of at least \$1 of State matching funds for every \$5 of federal capitalization grants.

SRF moneys relating to the clean water SRF and the drinking water SRF are applied and maintained separately. Separate accounts or subaccounts for each SRF are established and maintained in each of the funds and accounts created under the 2010 MFI and the MTA, each of which is described in more detail in *Exhibit E* to this official statement.

SRF Financing Programs

We will issue revenue bonds under our 2010 MFI program and will continue to issue revenue bonds under our existing New York City Municipal Water Finance Authority financing program (“NYCMWFA program”). We previously issued bonds under our Master Financing Indenture, amended and restated as of July 1, 2005, originally dated as of May 15, 1991 (“1991 MFI” and “1991 MFI program”) to provide assistance to eligible recipients for clean water and drinking water purposes or to refund bonds previously issued for those purposes. We will no longer issue bonds under the 1991 MFI. In addition to the offered bonds, we expect to issue additional 2010 MFI bonds to refund 1991 MFI bonds.

We refer to our 2010 MFI program, NYCMWFA program and 1991 MFI program as our SRF financing programs and to any bonds issued to fund any of our SRF financing programs as SRF bonds.

We describe our 1991 MFI program and our NYCMWFA program in more detail in Parts 3 and 4 of our Annual Information Statement and summarize the provisions of our financing documents relating to our 1991 MFI program and our NYCMWFA program in Exhibits 3A and 4B to our Annual Information Statement.

We also expect to establish a commercial paper program to provide financial assistance to recipients to finance clean water and drinking water projects.

Direct Financings

We also make direct financings funded from SRF program equity and provide other types of financial assistance, such as buying or refinancing debt of eligible recipients and providing guarantees of local debt, with money in the SRFs.

Legislative Appropriations

Before any federal capitalization grants or State matching funds deposited in the SRFs become available to fund recipient financings or to secure our bonds, such grants and funds must first be appropriated – *i.e.*, authorized to be spent – by the State Legislature. Although the Legislature has made, and we expect it to continue to make, the requisite appropriations each year, it is not bound by law to do so. Prior to issuing any series of bonds, including the offered bonds, we will, however, have available,

from cash on hand or money already appropriated by the Legislature, the amount required to fund recipient financings that will not be funded from offered bond proceeds or to establish any required reserves related to that series of bonds.

Revolving Nature of SRF Programs

Our SRF financing programs are called the state *revolving* fund programs because the payments from recipients and the releases from the required reserve funds, net of payments required for SRF bonds and other obligations, are re-used to provide financial assistance to recipients and to fund reserve deposits.

2010 MFI PROGRAM

2010 MFI Program

We will issue the offered bonds under our 2010 MFI program and the 2010 MFI. Our 2010 MFI program includes both clean water and drinking water components. We may issue both *senior* and *subordinated* bonds under the 2010 MFI. The offered bonds are *senior* bonds.

We developed the 2010 MFI program to accommodate several new SRF financial assistance products that we are making available to recipients and to provide more flexibility in structuring our bond issues. We anticipate that, from time to time, we will issue 2010 MFI bonds to refund certain 1991 MFI bonds.

2010 MFI Program Administration

Recipients in our 2010 MFI program include local governments and State public authorities, and may include specified private entities. We require applicants for 2010 MFI financings to complete an application form which includes general recipient information, financial information, terms of the financial assistance requested, and, if applicable, demographic and system information. Additional documentation required to complete the application process will generally include: recent official statements, recent annual financial reports, capital and operating budgets, bond resolutions, intermunicipal or operating agreements, engineering reports, and project schedule and environmental review documentation.

We review the application and related documents to determine whether a project proposed to be financed meets eligibility criteria for the 2010 MFI program. If those criteria are satisfied, a recommendation with supporting documentation is prepared. This recommendation is then reviewed and, if appropriate, approved by our application approval committee comprised of executive staff members.

2010 MFI recipient financings approved by that committee are further reviewed and approved by our Board and the State's Public Authorities Control Board. Approval by our Board and the State's Public Authorities Control Board is required prior to closing 2010 MFI recipient financings.

We send bills to recipients 30 days before recipient financing payments are due. 2010 MFI financing payments are scheduled to be paid by the recipients no later than 14 days prior to the date that debt service payments are due on the related 2010 MFI bonds. We receive daily notification of recipient payments received, and both the 2010 MFI Trustee and we track these payments against expected receipts. In the event that a payment is not made on time, we will contact the recipient to pursue payment.

The offered bonds are the first series of bonds that we will issue under our 2010 MFI program. However, many of the recipients whose payments are pledged to pay debt service on the 2010 MFI bonds have been recipients of financings under the 1991 MFI program. Under our 1991 MFI program, we have funded 943 financings for 356 recipients. As of March 31, 2010, there were \$1.89 billion in 1991 MFI bonds outstanding, with 1991 MFI reserves of \$729 million. There have been no shortfalls in payment from any of our recipients since the inception of our 1991 MFI program that have required us to use other sources of funds to pay debt service on our 1991 MFI bonds. If, however, one of the recipients in our 2010 MFI program has a shortfall in payments, we have structured the 2010 MFI bonds so that any shortfall is expected to be made up from other sources to the extent available, as described in this official statement.

2010 MFI Guarantee Program

Under the 2010 MFI, we also will provide guarantees (“2010 MFI guarantees”) of bonds, notes or other obligations issued by eligible parties for any purpose which we are authorized to provide such guarantee under the EFC Act and the clean water SRF or drinking water SRF, as the case may be. We provide additional information about the 2010 MFI guarantees in this official statement under **SECURITY AND SOURCES OF PAYMENT FOR 2010 MFI OBLIGATIONS – General.**

Eligible Recipients

Eligible recipients of financial assistance under our 2010 MFI program include local governments, State public authorities and may include specified private entities.

Local Governments. We require each local-government recipient (counties, cities, towns, villages, *etc.*) to evidence its obligation to make payments by issuing its general obligation bonds, containing a pledge of its full faith and credit for the payment of (the principal of and interest on) the related financing. State law authorizes each local-government recipient to levy *ad valorem* taxes on all taxable real property located within its geographical boundaries without limit as to rate or amount, in order to pay general obligation bonds. The EFC Act also provides for an intercept of State aid to any recipient receiving State aid, as additional security for the obligations of that recipient. We describe that intercept mechanism in more detail in Exhibit 3C in our Annual information Statement under the heading **State and Federal Aid.**

State Public Authorities. We require all recipients that are State public authorities – those authorities do *not* have any taxing powers – to evidence their obligation to make payments by issuing their own revenue bonds. Those revenue bonds are payable from and secured by their own revenues pledged under their respective statutes and bond resolutions.

Private Entities. To date, we have not provided financings from the proceeds of any series of SRF bonds to private entities. We may do so in the future. The Clean Water Act also permits us to provide financial assistance to private entities for certain purposes, such as “non-point source” projects, *e.g.*, projects designed to prevent agricultural-waste runoff. The Drinking Water Act provides that we may provide financial assistance to certain community water systems, which may be owned by private entities, and to certain not-for-profit non-community water systems, from the drinking water SRF. We expect to provide financings from bond proceeds only to entities and systems that meet our underwriting requirements. For example, for private water entities that are not rated at least investment-grade, we expect to finance only systems that are regulated by, and have obtained sufficiently high rate-surcharge approval from, the New York State Public Service Commission.

SECURITY AND SOURCES OF PAYMENT FOR 2010 MFI OBLIGATIONS

General

The revenue bonds issued in our 2010 MFI program, which include the offered bonds, are our *special limited* obligations, which means they are payable *solely* from specific sources of money that we have pledged or made available under particular financing documents. **The offered bonds are not our general obligations and are not a charge against our general credit. The offered bonds are not a debt of the State of New York or of its local governmental units or other public entities, including recipients of our financial assistance. We have no taxing power.**

2010 MFI bonds may be issued on a *senior* or *subordinated* basis for the purpose of financing recipient clean water and drinking water projects. Senior 2010 MFI bonds and subordinated 2010 MFI bonds also may be issued to refund 2010 MFI bonds and 1991 MFI bonds.

Under the 2010 MFI we will provide 2010 MFI guarantees of bonds, notes or other obligations issued by eligible recipients for any purpose for which we are authorized to provide such guarantee under the EFC Act and the clean water SRF or drinking water SRF, as the case may be. Neither the EFC Act nor the 2010 MFI limits the amount of 2010 MFI guarantees that we may provide. On or about the day that we issue the offered bonds, we expect to provide 2010 MFI guarantees with respect to approximately \$59 million of bonds of 13 local government issuers. Such guaranteed obligations will secure a prior series of SRF bonds but not the offered bonds. A list of recipients for whom we expect to provide 2010 MFI guarantees is included in *Exhibit C* to this official statement.

Each 2010 MFI guarantee will be payable from all pledged recipient payments but any claim to recipient payments will be subordinate to the payment of debt service on the senior 2010 MFI bonds and any payments due on the other senior 2010 MFI obligations. The 2010 MFI guarantees also are payable from amounts available in the De-allocated Reserve Account held by the MTA Trustee under the MTA but any claim to such amounts will be subordinate to the payment of debt service on the senior 2010 MFI bonds and any payments due on the senior 2010 MFI obligations. Each 2010 MFI guarantee also will be payable from available amounts in the unallocated equity accounts of the clean water SRF and drinking water SRF on a parity basis with the 2010 MFI bonds.

Under the 2010 MFI we also may incur obligations under reimbursement agreements with providers of liquidity facilities or credit facilities which secure our 2010 MFI bonds and under agreements with providers of “qualified hedge agreements” as defined in the 2010 MFI. Qualified hedge agreements include, among other financial products, interest rate caps, floors or collars and various other types of interest rate exchange agreements. We refer to any obligations under such agreements and 2010 MFI guarantees as “2010 MFI contract obligations.” Such 2010 MFI contract obligations, other than 2010 MFI guarantees, may be secured on a parity basis with our senior 2010 MFI bonds or our subordinated MFI bonds, as we elect. 2010 MFI guarantees may not be issued on a parity basis with our senior 2010 MFI bonds and other types of senior 2010 MFI obligations. We refer to senior 2010 MFI bonds and senior 2010 MFI contract obligations secured on a parity basis with senior 2010 MFI bonds collectively as “senior 2010 MFI obligations.” We refer to subordinated 2010 MFI bonds, subordinated 2010 MFI contract obligations and 2010 MFI guarantees secured on a parity basis with subordinated 2010 MFI bonds as “subordinated 2010 MFI obligations.” We refer to senior 2010 MFI obligations and subordinated 2010 MFI obligations collectively as “2010 MFI obligations.”

Security for 2010 MFI Obligations

We have *three* main sources of money available to pay amounts due on 2010 MFI obligations, including the debt service on 2010 MFI bonds, and we will use each of the sources in the following order:

- **Recipient Payments.** Under our 2010 MFI program, recipients' payments on their respective financings are pledged to the payment of the 2010 MFI bonds. Such pledged recipient payments are the expected source of payment for debt service on the 2010 MFI bonds. Since a significant portion of recipient financings will be funded with a combination of offered bond proceeds and amounts available in the clean water SRF and drinking water SRF equity accounts, pledged recipient payments due in respect of such financings will, in the aggregate, be in excess of the debt service on the 2010 MFI bonds and other 2010 MFI obligations.
- **Available De-allocated Reserve Account Release Payments.** If pledged recipient payments are not sufficient, we will use amounts available in the De-allocated Reserve Account held by the MTA Trustee under the MTA to cure or prevent defaults in the payment of the principal of and interest on our 2010 MFI bonds and other 2010 MFI obligations. Such amounts are available to cure or prevent defaults in the payment of the principal of and interest on our 2010 MFI obligations, including the 2010 MFI bonds, on a subordinated basis as described below under **Available De-allocated Reserve Account Release Payments**.
- **Equity Support Payments.** If pledged recipient payments and Available De-allocated Reserve Release Payments are not sufficient, we will use any amounts available in the clean water SRF and drinking water SRF unallocated equity accounts within our equity fund to cure or prevent defaults in the payment of the principal of and interest on 2010 MFI bonds and the payment of our other 2010 MFI obligations.

The 2010 MFI also provides for the establishment of a 2010 MFI General Reserve Fund; however, there is no debt service reserve fund requirement for the offered bonds, so such fund will not be funded unless a debt service reserve fund requirement is established in connection with the issuance of additional 2010 MFI obligations.

Recipient Payments

The most significant item which provides security for the 2010 MFI bonds is expected to be the recipient payments pledged to the payment of the 2010 MFI bonds.

Exhibit A to this official statement shows the recipients of financings whose payments are pledged to pay debt service on the 2010 MFI bonds, the total amount of each financing and the portion of the financing funded with offered bond proceeds.

Offered Bonds Debt Service and Recipient Payments. The table below sets forth the aggregate net amount of financing payments (principal and interest) to be received from pledged recipient payments, the aggregate amount of debt service (principal and interest) on the offered bonds and the excess of net recipient payments over debt service on the offered bonds. The table does not indicate amounts which may be made available to cure or prevent defaults on the offered bonds in the De-allocated Reserve Account held by the MTA Trustee under the MTA or in the equity accounts of the clean water SRF or drinking water SRF.

The information in the table assumes that all recipients will make full payment of principal and interest on their bonds in a timely manner, there will be no release of any recipient financings as

permitted under the 2010 MFI and that we will not issue any additional 2010 MFI bonds or incur any other 2010 MFI obligations.

Projected Pledged Recipient Payments, 2010 MFI Bond Debt Service and Projected Coverage
(Amounts in thousands)

Year Ending Dec. 31	A Aggregate Pledged Recipient Financing Net Debt Service Cashflows ⁽¹⁾	B Aggregate Bond Debt Service ⁽¹⁾	C Excess Coverage: A-B ⁽¹⁾	D Coverage %: A/B ⁽²⁾
2010	\$13,031	\$ 7,903	\$ 5,128	165%
2011	22,323	13,610	8,713	164
2012	22,332	13,555	8,777	165
2013	22,386	13,516	8,870	166
2014	22,591	13,560	9,030	167
2015	22,611	13,477	9,134	168
2016	21,620	12,693	8,927	170
2017	20,603	12,028	8,575	171
2018	20,180	11,800	8,379	171
2019	16,654	9,856	6,799	169
2020	10,929	5,942	4,987	184
2021	10,930	5,877	5,053	186
2022	10,968	5,819	5,149	188
2023	10,994	5,753	5,241	191
2024	10,755	5,552	5,203	194
2025	10,569	5,381	5,188	196
2026	10,522	5,285	5,237	199
2027	10,526	5,198	5,327	202
2028	10,523	5,139	5,385	205
2029	9,992	4,987	5,005	200
2030	8,613	4,470	4,143	193
2031	8,378	5,067	3,311	165
2032	8,226	4,911	3,315	167
2033	8,178	4,808	3,371	170
2034	7,959	4,701	3,257	169
2035	7,862	4,596	3,265	171
2036	7,816	4,507	3,309	173
2037	7,741	4,369	3,372	177
2038	7,457	4,190	3,267	178
2039	<u>5,710</u>	<u>3,823</u>	<u>1,887</u>	149
Total	<u>\$388,980</u>	<u>\$222,376</u>	<u>\$166,604</u>	

⁽¹⁾ Column totals do not add due to rounding.

⁽²⁾ Projected coverage will vary as additional 2010 MFI bonds are issued.

See **Exhibit A** for a list of all recipients whose financing payments are pledged to secure the 2010 MFI bonds, including the offered bonds. We are permitted by the 2010 MFI to issue additional 2010 MFI bonds, to provide additional 2010 MFI guarantees and to incur 2010 MFI contract obligations. We are not required by the 2010 MFI to maintain the debt service coverage demonstrated in the table above. See **2010 MFI Program – 2010 MFI Guarantee Program, SECURITY AND SOURCES OF PAYMENT**

FOR 2010 MFI OBLIGATIONS – General and ADDITIONAL 2010 MFI BONDS AND OTHER ADDITIONAL 2010 MFI OBLIGATIONS in this official statement for more detailed information about our 2010 MFI guarantees and 2010 MFI contract obligations.

Release of Pledged Recipient Payments from Lien of the 2010 MFI; Pledge of Additional Recipient Payments. We may release pledged recipient payments from the lien created by the 2010 MFI or substitute recipient payments for those currently subject to such lien by filing with the 2010 MFI Trustee, (1) a revised schedule describing the specific recipient payments to be released and, if applicable, substituted, and (2) a certificate which demonstrates that in each year the related 2010 MFI bonds are scheduled to be outstanding, we comply with the Additional Senior Obligations Test or the Additional Subordinated Obligations Test, as the case may be, as described below in this official statement under **ADDITIONAL 2010 MFI OBLIGATIONS AND OTHER ADDITIONAL 2010 MFI OBLIGATIONS** in this official statement. For so long as the offered bonds shall be Outstanding, as a condition to any release of any pledged recipient payments, such certificate must also demonstrate that as of the date of calculation, projected revenues, including recipient payments, are expected to be available in an amount at least equal to 115% of the amount necessary to pay all debt service for all 2010 MFI obligations in each bond year as and when due, as determined by us.

Reserve Allocations for 1991 MFI Bonds and NYCMWFA Bonds

The amounts pledged under the MTA for each series of 1991 MFI bonds and NYCMWFA bonds include moneys available from time to time in the De-allocated Reserve Account and the Deficiency Reserve Account established for such series of bonds.

The De-allocated Reserve Account and the Deficiency Reserve Account are funded solely from excess amounts released from the Debt Service Reserve Funds securing 1991 MFI bonds and NYCMWFA bonds. As principal on a recipient bond is repaid, we release an amount from the related Debt Service Reserve Fund so that the amount remaining in the related subaccount of the Debt Service Reserve Fund, together with the remaining amounts available to be drawn under the Capitalization Grant Agreement and from State matching funds and allocated as reserve allocation for that financing, *is equal to* the reserve allocation for the related financing.

Currently, the scheduled final release of reserves under our 1991 MFI program and our NYCMWFA program is the final maturity date of the outstanding 1991 MFI bonds and senior NYCMWFA bonds –which is before the final maturity date of the offered bonds. We expect to issue additional 2010 MFI bonds to refund 1991 MFI bonds, which will result in the earlier release of reserves under our 1991 MFI program.

A significant portion of our SRF reserve funds is invested in investment contracts with financial institutions. For a description of those investment contracts and other investments of SRF reserve funds, see Part 3 under the heading **The MFI Pooled Financing Program - Investment of Reserve Allocations**, Part 4 under the heading **Financing Program For the Authority (NYCMWFA) - Investment of Reserve Allocations**, and Exhibit 3B, in our Annual Information Statement.

Available De-allocated Reserve Account Release Payments

In order to cure or prevent defaults in the payment of the principal of and interest on our 2010 MFI bonds, we will use amounts available in the De-allocated Reserve Account held by the MTA Trustee. Our obligation to make amounts on deposit in the De-allocated Reserve Account held by the MTA Trustee available to cure or prevent defaults in the payment of the principal of and interest on our

2010 MFI bonds is subordinate to the payment of the principal of and interest on our 1991 MFI bonds and our NYCMWFA bonds, as described below.

De-allocated Reserve Account and Deficiency Reserve Account

De-allocated Reserve Account. We release those amounts not necessary to satisfy the Debt Service Reserve Fund Requirement for each series of 1991 MFI bonds and NYCMWFA bonds, into the *De-allocated Reserve Account*.

After any release of amounts to the De-allocated Reserve Account, we apply that money:

- *first*, to make up any past due payments of principal or interest on any series of 1991 MFI bonds (including for this purpose subordinated 1991 MFI bonds) and senior NYCMWFA bonds;
- *second*, to the extent of any deficiency in any Debt Service Reserve Fund securing 1991 MFI bonds and NYCMWFA bonds, to the Deficiency Reserve Account created for SRF bonds in an amount equal to such deficiency, to be applied to 1991 MFI bonds (including for this purpose subordinated 1991 MFI bonds) and senior NYCMWFA bonds, prior to subordinated NYCMWFA bonds;
- *third*, to make up any past due payments of principal or interest on any 2010 MFI bonds, to be applied first to pay any senior 2010 MFI obligations then to pay any subordinated 2010 MFI obligations; and
- *fourth*, to make any past due payments of principal or interest on the commercial paper program that we are establishing.

Any remaining amounts in the De-allocated Reserve Account are then released to the *Unallocated Corpus Subaccounts* of the equity accounts of the clean water SRF and drinking water SRF and no longer secure any 1991 MFI bonds or NYCMWFA bonds. If needed, such amounts are available to pay the 2010 MFI bonds as described below under **Equity Accounts of the Clean Water SRF and Drinking Water SRF**.

No amounts representing proceeds of any 1991 MFI bonds or NYCMWFA bonds are deposited in the Deficiency Reserve Account or the De-allocated Reserve Account.

We describe the allocation of reserves and the release of such reserves in our 1991 MFI program and NYCMWFA program in more detail in Parts 3 and 4 of our Annual Information Statement and summarize the provisions of our financing documents relating to such reserves in Exhibits 3A and 4A to the Annual Information Statement.

Deficiency Reserve Account. We will use money in this account to make payments to cure or prevent defaults, *first*, on bonds issued to fund our 1991 MFI program and NYCMWFA program – in an amount equal to the aggregate of *all* deficiencies in *all* reserves established for *all* those 1991 MFI bonds and NYCMWFA bonds, *then* to pay any debt service or reserve deficiencies on subordinated bonds issued in the NYCMWFA program, *then* to pay any debt service on senior obligations issued or incurred under our 2010 MFI program, and *then* to pay debt service on subordinated obligations issued or incurred under our 2010 MFI program.

Aggregate Historical Cash Flow and Reserves. The tables below set forth, for the 1991 MFI program and the NYCMWFA program, respectively, the amount of debt service (principal and interest) on the outstanding bonds, the amount of interest subsidies paid from program equity and investment income from reserves, the net amount of recipient payments (principal and interest less subsidy), the amount of reserve funds freed up during each year, and the amount available in our debt service reserve funds. The tables indicate historical performance. You should not use these tables to predict future results.

1991 MFI Program

(Amounts in thousands)

<u>1991 MFI Debt Service</u>							
<u>Year Ending Sep. 30</u>	<u>Senior</u>	<u>Subordinated</u>	<u>Total</u>	<u>Interest Subsidies</u>	<u>Net Recipient Financing Payments</u>	<u>De-allocations to De-allocated Reserve Account</u>	<u>Balance in Reserves</u>
2005	\$202,889	\$15,227	\$218,116	\$42,947	\$175,169	\$54,972	\$916,627
2006	205,051	22,460	227,511	43,316	184,195	56,635	859,022
2007	202,887	36,110	238,997	45,463	193,534	57,961	868,793
2008	205,836	38,679	244,515	44,826	199,689	59,064	811,310
2009	203,142	36,368	239,510	42,048	197,462	59,511	753,415

NYCMWFA Program

(Amounts in thousands)

<u>NYCMWFA Debt Service</u>							
<u>Year Ending Sep. 30</u>	<u>Senior</u>	<u>Subordinated</u>	<u>Total</u>	<u>Interest Subsidies</u>	<u>Net Recipient Financing Payments</u>	<u>De-allocations to De-allocated Reserve Account</u>	<u>Balance in Reserves</u>
2005	\$237,662	\$63,874	\$301,536	\$75,605	\$225,931	\$47,211	\$1,761,796
2006	279,505	64,675	344,180	85,767	258,413	63,341	1,902,950
2007	300,862	57,290	358,152	94,186	263,966	70,806	1,951,098
2008	313,652	72,182	385,834	101,824	284,011	76,881	1,943,995
2009	322,741	87,283	410,024	106,456	303,478	81,113	1,875,891

Projected Cash Flow and Reserves. The tables below set forth, for the 1991 MFI program and the NYCMWFA program, respectively, the aggregate amount of debt service (principal and interest) on the outstanding bonds, the aggregate net amount of recipient payments (principal and interest), investment income from reserves applied to subsidize recipient payments, the aggregate amount of committed subsidies, the aggregate amount of reserve funds freed up during each year, and the aggregate amount available in our debt service reserve funds. The tables project future performance based on scheduled debt service. We anticipate that, from time to time, we will issue 2010 MFI bonds to refund certain 1991 MFI bonds, which will accelerate the amount of 1991 MFI reserve funds that are freed up and become available to pay the 2010 MFI obligations and the time such amounts are available.

**1991 MFI Program
(Amounts in thousands)**

Scheduled Debt Service and Projected Reserve De-Allocations⁽¹⁾

Year Ending Sep. 30	1991 MFI Debt Service			Interest Subsidies	Net Recipient Financing Payments	De-allocations to De-allocated Reserve Account	Balance in Reserves ⁽²⁾⁽³⁾
	Senior	Subordinated	Total				
2010	\$183,836	\$35,874	\$219,710	\$37,443	\$182,267	\$56,007	\$654,815
2011	178,031	34,084	212,115	34,656	177,459	54,865	601,239
2012	172,900	28,823	201,723	31,875	169,848	53,125	548,863
2013	162,320	27,270	189,590	29,211	160,379	49,812	499,237
2014	156,173	26,761	182,934	26,703	156,230	48,869	450,369
2015	148,128	26,415	174,543	24,244	150,299	47,157	403,212
2016	137,622	25,865	163,486	21,853	141,633	44,813	358,399
2017	125,715	25,606	151,320	19,633	131,687	40,853	317,546
2018	115,601	25,005	140,606	17,531	123,075	37,796	279,749
2019	105,652	24,766	130,417	15,580	114,838	36,107	243,643
2020	100,465	24,466	124,931	13,689	111,242	34,924	208,718
2021	94,140	21,540	115,680	11,882	103,799	32,141	176,577
2022	77,056	21,011	98,067	10,237	87,830	27,535	149,042
2023	72,208	18,063	90,271	8,787	81,484	24,066	124,976
2024	56,912	17,700	74,612	7,467	67,145	20,147	104,829
2025	48,331	16,970	65,301	6,294	59,007	17,686	87,143
2026	36,674	20,043	56,717	5,284	51,432	12,547	74,596
2027	31,326	12,551	43,877	4,519	39,358	11,289	63,307
2028	28,109	12,109	40,218	3,862	36,356	10,182	53,125
2029	25,929	10,680	36,609	3,253	33,357	9,795	43,330
2030	23,828	8,370	32,197	2,683	29,514	9,215	34,115
2031	22,487	8,181	30,668	2,149	28,518	9,000	25,115
2032	23,073	7,975	31,048	1,621	29,428	8,300	16,815
2033	17,946	7,813	25,759	1,125	24,634	7,403	9,413
2034	12,886	7,483	20,370	686	19,684	4,848	4,565
2035	5,681	7,179	12,860	371	12,489	2,075	2,490
2036	4,544	5,101	9,645	173	9,472	1,590	900
2037	1,842	-	1,842	20	1,822	900	-
Total	<u>\$2,169,416</u>	<u>\$507,702</u>	<u>\$2,677,117</u>	<u>\$342,832</u>	<u>\$2,334,285</u>	<u>\$713,048</u>	

⁽¹⁾ Column totals do not add due to rounding of yearly amounts.

⁽²⁾ Recipient Reserves associated with 1991 MFI bonds do not secure the 2010 MFI bonds and are only available to pay debt service on the 2010 MFI bonds to the extent released to the De-allocated Reserve Account, and then only after payment of debt service on 1991 MFI bonds and NYCMWFA bonds.

⁽³⁾ Balances include \$2,224,000 to be deposited from 2011 through 2013.

NYCMWFA Program
(Amounts in thousands)

Scheduled Debt Service and Projected Reserve De-Allocations⁽¹⁾

Year Ending Sep. 30	NYCMWFA Debt Service			Interest Subsidies	Net Recipient Financing Payments	De-allocations to De-allocated Reserve Account	Balance in Reserves ⁽²⁾⁽³⁾
	Senior	Subordinated	Total				
2010	\$327,181	\$139,313	\$466,494	\$111,594	\$354,900	\$87,017	\$1,797,351
2011	326,365	162,840	489,205	113,620	375,585	90,930	1,712,970
2012	324,082	166,248	490,330	112,306	378,024	94,814	1,626,740
2013	332,530	132,959	465,488	106,880	358,608	84,627	1,543,462
2014	316,233	132,372	448,605	101,795	346,810	82,031	1,462,897
2015	308,922	131,780	440,702	96,870	343,831	79,707	1,383,190
2016	305,767	131,172	436,940	92,106	344,833	81,706	1,301,484
2017	302,562	130,883	433,445	87,236	346,209	83,496	1,217,988
2018	299,551	129,704	429,255	82,296	346,959	86,105	1,131,883
2019	294,018	124,086	418,104	77,207	340,897	87,895	1,043,988
2020	290,653	115,123	405,776	72,248	333,529	87,959	956,029
2021	278,983	105,318	384,301	67,317	316,984	85,448	870,581
2022	272,694	102,371	375,064	62,452	312,612	84,284	786,297
2023	263,868	101,916	365,783	57,370	308,413	85,076	701,221
2024	221,516	101,449	322,965	52,213	270,752	73,657	627,563
2025	215,836	97,198	313,034	47,530	265,505	73,436	554,127
2026	204,263	96,398	300,661	42,812	257,849	72,257	481,870
2027	199,407	96,461	295,868	38,113	257,756	73,666	408,204
2028	184,747	94,639	279,386	33,286	246,101	70,427	337,777
2029	172,203	92,488	264,691	28,576	236,116	67,942	269,834
2030	153,894	84,965	238,859	23,965	214,894	62,281	207,553
2031	143,899	76,159	220,057	19,682	200,376	60,747	146,806
2032	114,295	70,100	184,395	15,481	168,914	48,943	97,862
2033	92,489	69,674	162,163	11,920	150,243	40,395	57,467
2034	65,225	69,204	134,429	8,704	125,725	28,709	28,758
2035	35,510	68,748	104,257	6,004	98,253	15,251	13,507
2036	26,270	69,444	95,713	3,963	91,751	11,357	2,150
2037	6,773	45,605	52,378	2,046	50,331	2,150	-
2038	-	36,834	36,834	996	35,837	-	-
2039	-	13,765	13,765	238	13,527	-	-
Total	\$6,079,736	\$2,989,213	\$9,068,949	\$1,576,825	\$7,492,124	\$1,902,317	

(1) Column totals do not add due to rounding of yearly amounts.

(2) Recipient reserves de-allocation associated with NYCMWFA bonds do not secure 2010 MFI bonds and are only available to pay debt service on the 2010 MFI bonds to the extent released to the De-allocated Reserve Account, and then only after payment of debt service on 1991 MFI bonds and NYCMWFA bonds.

(3) Balances include \$17,948,000 to be deposited from 2011 through 2014.

Equity Accounts of the Clean Water SRF and Drinking Water SRF

If pledged recipient payments and Available De-allocated Reserve Release Payments are not sufficient, we will use amounts available in the clean water SRF and drinking water SRF unallocated equity accounts to make equity support payments in order to cure or prevent defaults in the payment of the principal of and interest on 2010 MFI bonds. We do not expect to use such amounts in the clean water SRF and drinking water SRF unallocated equity accounts to pay debt service on the 2010 MFI bonds and we may use such amounts for any eligible purpose as described above in this official statement under **STATE REVOLVING FUND PROGRAMS - Use of SRF Funds**.

Available monies currently held in said equity accounts include those held in both short and long term investments. Moneys held in such equity accounts are neither pledged to nor subject to a lien in favor of holders of the MFI bonds or other SRF bonds and we may apply them to any eligible SRF purpose. We are not required to maintain any minimum balance in the equity accounts.

Our investment strategy, policies and procedures are implemented by an Investment Committee comprised of the President and Chief Executive Officer, the Chief Financial Officer, the Controller, General Counsel and the Assistant Director of Investments consistent with investment guidelines established by the Board of Directors.

Our investment authority for SRF investments is currently limited to interest bearing obligations. Public Authorities Law Sections 1284, 1285(j) and 1285(m), and General Municipal Law Section 10 set forth the types of eligible interest bearing investments. In accordance with these statutes, any such investment at the time of purchase must be rated by a nationally recognized rating agency in one of its two highest categories. We have in the past sought legislation to expand our investment authority and may continue to do so in the future.

Our investment objectives with regard to SRF financial resources are to maintain adequate liquidity to fund direct financings, fund pledged reserves to support MTA and 1991 MFI and 2010 MFI reserve requirements, and obtain a reasonable return on investments for the purposes of preserving and increasing the capitalization of the SRFs consistent with program, legal, regulatory and operational constraints. We may change our investment objectives at any time, subject to restrictions imposed by law.

The table below sets forth information relating to investments in the unallocated equity accounts of our clean water SRF and our drinking water SRF, including the type of investment, market value (other than with respect to Guaranteed Investment Contracts), percentage of portfolio and valuation date.

**Equity Account Investment Balances
Investment Market Values as of April 30, 2010**

Investment Type	Amounts	Percentage
US Treasury Bills	\$213,137,000	
Other Investments ¹	<u>88,831,000</u>	
Total Short Term Equity Investments	\$301,968,000	39.53%
Fixed-Rate Municipal Bonds ²	\$444,051,518	
Guaranteed Investment Contracts ³	<u>17,958,154</u>	
Total Long-Term Equity Investments	<u>462,009,672</u>	<u>60.47%</u>
	<u>\$763,977,672</u>	<u>100.00%</u>

¹ Includes additional short-term investments which EFC is authorized to hold as investments.

² Includes fixed-rate municipal bonds with sinking fund and serial maturities of less than one year. The weighted average maturity of the portfolio is 14.37 years.

³ Principal outstanding. Does not reflect market value.

The following table illustrates the ratings given by Standard & Poor's Rating Service, Moody's Investors Service Inc. and Fitch Ratings, respectively, to the investments in the unallocated equity accounts of the clean water SRF and the drinking water SRF as of May 6, 2010. Those ratings reflect only the views of the organizations assigning them. You may obtain an explanation of the significance of the ratings from each agency at the addresses listed below in this official statement under **RATINGS**.

**Fixed-Rate Municipal Bonds
Investment Market Values as of April 30, 2010
by Rating Category**

	Moody's		Standard & Poor's		Fitch	
Triple A (Aaa / AAA)	\$ 37,981,418	8.55%	\$120,472,675	27.13%	\$ 31,086,283	7.00%
Double A (Aa1, Aa2, Aa3 / AA+, AA, AA-)	313,813,391	70.67	209,961,306	47.28	258,487,834	58.21
Single A (A1, A2, A3 / A+, A, A-)	15,607,026	3.51	84,471,408	19.02	44,285,602	9.97
Triple B (Baa1, Baa2, Baa3 / BBB+, BBB, BBB-)	<u>7,789,181</u>	<u>1.75</u>	<u>7,708,141</u>	<u>1.74</u>	<u>0</u>	<u>0.00</u>
Subtotal Rated Municipal Bonds	<u>\$375,191,017</u>	<u>84.49%</u>	<u>\$422,613,530</u>	<u>95.17%</u>	<u>\$333,859,718</u>	<u>75.18%</u>
Non-Rated Bonds ¹	<u>68,860,501</u>	<u>15.51</u>	<u>21,437,988</u>	<u>4.83</u>	<u>110,191,799</u>	<u>24.82</u>
Total	<u>\$444,051,518</u>	<u>100.00%</u>	<u>\$444,051,518</u>	<u>100.00%</u>	<u>\$444,051,518</u>	<u>100.00%</u>

¹ Includes bonds which are non rated or rated below investment grade.

Payment of 2010 MFI Bonds

On or before each date on which debt service is due on 2010 MFI bonds, we will transfer to the 2010 MFI Trustee payments received from recipients of financings pledged to secure the 2010 MFI bonds.

If there is still a deficiency in the amount available to pay debt service on the 2010 MFI bonds or in a debt service reserve fund, the 2010 MFI Trustee will use amounts, if any, on deposit and available within the 2010 MFI General Reserve Fund to cure the deficiency. Since we will not fund a debt service reserve fund or establish a debt service reserve fund requirement in connection with the issuance of the

offered bonds, there is not presently expected to be moneys in the 2010 MFI General Reserve Fund. However, we may do so in connection with future issuances under the 2010 MFI program.

To the extent the aggregate of all such amounts is not sufficient to pay all debt service due on the offered bonds, the 2010 MFI Trustee will immediately deliver to us and the MTA Trustee a notice requesting that an amount equal to such insufficiency be transferred from the De-allocated Reserve Account.

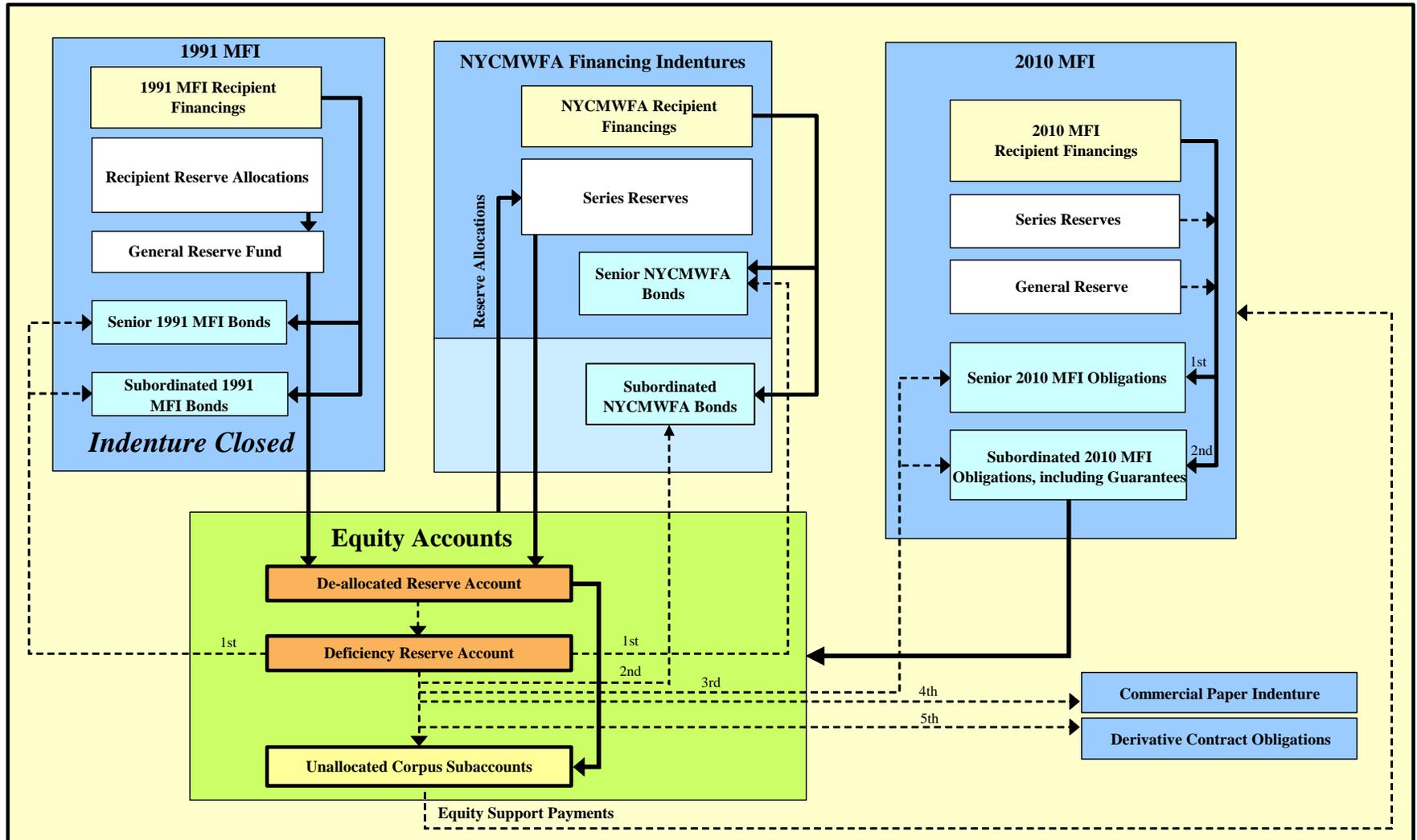
To the extent the aggregate of all such amounts is not sufficient to pay all debt service due on the 2010 MFI obligations, the 2010 MFI Trustee will advise us of the remaining portion of the deficiency and we will transfer to the 2010 MFI Trustee from amounts available in the clean water SRF equity fund and drinking water SRF equity fund, as the case may be, the amount of the remaining portion of such deficiency, or, if less, the amount then available in such equity fund and we will continue to make such transfers from available amounts in such equity fund until such deficiency is cured.

To the extent that available amounts in the clean water SRF equity fund and drinking water SRF equity fund are insufficient to satisfy any deficiency, including any amount then payable under any 2010 MFI obligation, then such available amounts will be allocated on a pro rata basis among all 2010 MFI bonds and 2010 MFI obligations with respect to which payments from the clean water SRF equity fund and drinking water SRF equity fund are due based upon the amounts then due in respect thereto, including any amounts then overdue, without any distinction among senior 2010 MFI obligations and subordinated 2010 MFI obligations.

The chart on the following page provides an overview of our SRF financing programs and is qualified by reference to the detailed summaries in this official statement.

New York State Environmental Facilities Corporation

SRF Bond Financing Programs



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* Simplified for graphic presentation purposes

— Planned Flows

- - - - - Contingent Cash Flows

ADDITIONAL 2010 MFI BONDS AND OTHER ADDITIONAL 2010 MFI OBLIGATIONS

Under our 2010 MFI program, we are authorized to issue additional *senior* 2010 MFI bonds to provide recipient financings and to incur *senior* 2010 MFI contract obligations. In order to issue additional senior 2010 MFI bonds or to incur senior 2010 MFI contract obligations, we must provide the 2010 MFI Trustee with a certificate demonstrating that recipient payments that are pledged to our senior 2010 MFI obligations are expected to be available when necessary in amounts sufficient to pay debt service on our senior 2010 MFI bonds and make the required payments on our senior 2010 MFI contract obligations.

Under our 2010 MFI program, we are authorized to issue *subordinated* 2010 MFI bonds to provide recipient financings and to incur additional *subordinated* 2010 MFI contract obligations (including with respect to 2010 MFI guarantees). In order to issue subordinated 2010 MFI bonds or to incur additional subordinated 2010 MFI contract obligations, we must provide the 2010 MFI Trustee with a certificate demonstrating that recipient payments that are pledged to our subordinated 2010 MFI obligations are expected to be available when necessary in amounts sufficient to pay debt service on our subordinated 2010 MFI bonds and make the required payments on our subordinated 2010 MFI contract obligations.

We describe the other conditions for the issuance of additional 2010 MFI bonds and other additional 2010 MFI obligations in more detail under **SUMMARY OF CERTAIN PROVISIONS OF THE 2010 MFI – Security for Obligations; Issuance of Obligations** in *Exhibit E* to this official statement.

REMEDIES

Generally, in the event of a default under the 2010 MFI, neither the 2010 MFI Trustee nor 2010 MFI bondowners will have the right to declare the offered bonds immediately due and payable. For more information about the remedies available to the 2010 MFI Trustee and 2010 MFI bondowners, see **SUMMARY OF CERTAIN PROVISIONS OF THE 2010 MFI – Events of Default and Remedies** in *Exhibit E* to this official statement.

SOURCES AND USES OF FUNDS

We anticipate that the proceeds of the offered bonds (including net original issue premium/discount) will be used as follows:

Sources

Par Amount of the Offered Bonds	\$140,850,000.00
Net Original Issue Premium	14,573,538.75
Release of Recipient Debt Service Reserve Funds	590,322.78
Release of 1991 MFI Debt Service Reserve Funds	38,879,527.91
Program Equity Contributions	75,910,892.78
Recipient Contributions ⁽¹⁾	<u>5,394,156.20</u>
Total Sources	<u>\$276,198,438.42</u>

Uses

Project Costs	\$172,564,875.95
Deposit to Refunding Escrow	100,966,423.23
Costs of Issuance	1,726,707.08
Underwriters' Discount	<u>940,432.16</u>
Total Uses	<u>\$276,198,438.42</u>

⁽¹⁾ Includes unspent proceeds of recipient bond anticipation notes and bonds being refinanced with the proceeds of the offered bonds and amounts paid directly by recipients for costs of issuance.

We expect to apply a portion of the proceeds of the offered bonds, together with other moneys, to redeem the Corporation's Series 1998D, 1999A and 1999B Bonds (the "EFC Refunded Bonds"). There is no assurance that the EFC Refunded Bonds, which were issued under the 1991 MFI Program, will be refunded. Barthe & Wahrman, the Verification Agent, will verify the arithmetical accuracy of the mathematical computations of the adequacy of the investment securities and available money deposited in escrow to pay the maturing amounts or redemption prices of the EFC Refunded Bonds, together with interest on those bonds. A description of the EFC Refunded Bonds can be found in **Exhibit B** to this official statement.

DESCRIPTION OF THE OFFERED BONDS

General

The offered bonds are issued pursuant to the EFC Act, the 2010 MFI and the First Supplemental Indenture dated as of June 1, 2010 between us and the 2010 MFI Trustee.

Use of Proceeds. The proceeds of the offered bonds will be used to provide financial assistance for clean water and drinking water projects to the recipients identified in **Exhibit A** to this official statement, and to refund the EFC Refunded Bonds previously issued for one or more of those purposes. Each recipient enters into an agreement with us providing for the terms of its financing. Under that agreement, each recipient also will deliver to us its own general or special obligation bonds.

Rates, Maturities, and Denominations. The offered bonds will bear interest at the rates and mature in the amounts and on the dates shown on the inside cover of this official statement. All offered bonds are fully registered in denominations of \$5,000 each or whole multiples of \$5,000.

Book-Entry Only. The DTC Book-Entry Only System will apply to all offered bonds. Bond payments will go to DTC, and DTC will then be responsible to remit the payments to its participants for

payment to bondowners. For more detailed information regarding DTC and the Book-Entry Only System see Exhibit 1C – **Book-Entry Only System** to the Annual Information Statement.

Interest Payment Dates. Each offered bond will be dated the date of delivery, and will bear interest from that date payable as shown on the inside cover of this official statement. While the Book-Entry Only System applies to the offered bonds, Cede & Co. (DTC’s nominee) is the sole registered owner of all of the offered bonds, all interest payments will go to DTC by wire transfer of immediately available funds and DTC’s Participants will be responsible for payment of interest to bondowners.

Transfers and Exchanges. While DTC is the securities depository for the offered bonds, transfers of ownership interests in the offered bonds will occur through the Book-Entry Only System. If the offered bonds are not held by a securities depository, registered bondowners may surrender and transfer their bonds in person or by a duly authorized attorney, at the principal corporate trust office of the Trustee. In this instance, registered bondowners must complete an approved transfer form and pay any taxes or governmental charges which apply to the transfer.

Redemption Prior to Maturity

Optional Redemption

The offered bonds maturing on or after October 15, 2020 may be redeemed on or after April 15, 2020 at par.

Mandatory Sinking Fund Redemption

For offered bonds maturing October 15, 2035		For offered bonds maturing October 15, 2039	
<u>Date</u>	<u>Sinking Fund Payment</u>	<u>Date</u>	<u>Sinking Fund Payment</u>
4/15/2031	\$ 405,000	4/15/2036	\$ 415,000
10/15/2031	3,035,000	10/15/2036	3,350,000
4/15/2032	365,000	4/15/2037	420,000
10/15/2032	3,090,000	10/15/2037	3,395,000
4/15/2033	380,000	4/15/2038	365,000
10/15/2033	3,145,000	10/15/2038	3,460,000
4/15/2034	390,000	4/15/2039	365,000
10/15/2034	3,205,000	10/15/2039	3,285,000 [†]
4/15/2035	395,000		
10/15/2035	3,275,000 [†]		

[†] Stated maturity.

Redemption Notices. So long as the offered bonds remain under the Book-Entry Only System the Trustee must mail redemption notices to DTC during a 30-to-60-day period before the redemption date. At our election, the redemption notice may state that such redemption will be conditioned upon the availability of funds sufficient to pay the redemption price of the affected offered bonds, and such notice will be of no further force and effect unless sufficient funds for that purpose are available. A redemption of the offered bonds is valid and effective even if DTC’s procedures for notice fail to give you notice directly. You should consider arranging to receive redemption notices or other communications to DTC affecting you, including notice of interest payments through DTC participants. **Please note that all redemptions are final - even if you did not receive your notice, and even if your notice had a defect.**

Redemption Process. If the Trustee gives a redemption notice and holds money to pay the redemption price of the affected offered bonds, then on the redemption date the bonds called for redemption will become due and payable and you must cash them in with the Trustee. Thereafter, no interest will accrue on those bonds, and your only right as a bondowner will be to receive payment of the redemption price upon surrender of the offered bonds.

TAX MATTERS

Federal Tax Status

In the opinion of Bond Counsel, under existing statutes and court decisions and relying on certain representations and assuming compliance with certain covenants, interest on the offered bonds is

- excluded from a bondholder's federal gross income under the Internal Revenue Code,
- not a preference item for a bondholder under the federal alternative minimum tax, and
- included in the adjusted current earnings of certain corporations under the federal corporate alternative minimum tax.

The Internal Revenue Code imposes requirements on the offered bonds that must continue to be met after the offered bonds are issued. These requirements generally involve restrictions on the way that proceeds of the offered bonds must be used and invested. If these requirements are not met, it is possible that a bondholder may have to include interest on the offered bonds in its federal gross income on a retroactive basis to the date of issue. We and our recipients have covenanted to take actions necessary to meet the requirements of the Internal Revenue Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the offered bonds. This is possible if a bondholder is in any of the following categories, in which case the bondholder should consult its tax advisor:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or a borrower of money to purchase or carry the offered bonds.

Original Issue Discount

Each maturity of the offered bonds will have "original issue discount" if the price paid by a bondholder is less than the principal amount of those bonds. Bond Counsel's opinion is that the original issue discount on the offered bonds as it accrues is not included in a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in those bonds will be increased. Bond Counsel's opinion is also that the original issue discount on these offered bonds as it accrues is

exempt from personal income taxes imposed by New York State and its political subdivisions. If a bondholder owns one of those bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Bond Premium

If a bondholder purchases a bond being offered for a price that is more than the principal amount, generally the excess is “bond premium” on that bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder’s tax basis in that bond will be reduced. A bondholder in certain circumstances may realize a taxable gain upon the sale of an offered bond with bond premium, even though that bond is sold for an amount less than or equal to the bondholder’s original cost. If a bondholder owns any offered bond with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

State Tax Status

In Bond Counsel’s opinion, under existing statutes interest on the offered bonds is exempt from personal income taxes imposed by the State of New York and its political subdivisions, including The City of New York.

Backup Withholding

Under the Internal Revenue Code, interest on the offered bonds is subject to “backup withholding” if the recipient of the interest does not complete a Form W-9, Request for Taxpayer Identification Number and Certification, or otherwise provide to the payor a taxpayer identification number. “Backup withholding” means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient of interest receives its payments of interest or who collects such payments on behalf of such recipient. In general, it is expected that bondowners purchasing the offered bonds through a brokerage account will have executed a W-9 in connection with the establishment of such account so that no backup withholding will occur. The backup withholding requirement does not affect the excludability of the interest on the offered bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the bondowner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Opinion of Bond Counsel

See *Exhibit D* to this official statement for the form of opinion that Bond Counsel expects to deliver when the offered bonds are delivered. Bond Counsel is not responsible for updating its opinion in the future.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the offered bonds under federal or state law and could affect the market price or marketability of the offered bonds.

Prospective purchasers of the offered bonds should consult their own tax advisors regarding the foregoing matters.

LEGALITY FOR INVESTMENT

The EFC Act provides that the offered bonds are securities in which the following investors may properly and legally invest funds, including capital in their control or belonging to them:

- all public officers and bodies of the State and all municipalities and political subdivisions in the State,
- all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business,
- all administrators, guardians, executors, trustees and other fiduciaries, and
- all other persons whatsoever who are now or who may hereafter be authorized to invest in bonds or other obligations of the State.

Certain of those investors, however, may be subject to separate restrictions which limit or prevent their investment in the offered bonds.

RATINGS

Standard & Poor's Rating Service, Moody's Investors Service Inc. and Fitch Ratings have assigned their ratings, specified on the cover, to the offered bonds. Those ratings reflect only the views of the organizations assigning them. You may obtain an explanation of the significance of the ratings from each agency, identified as follows:

Standard & Poor's Rating Service
55 Water Street
New York, New York 10041
(212) 438-2400
www.standardandpoors.com

Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, New York 10007
(212) 553-0377
www.moody.com

Fitch Ratings
One State Street Plaza
New York, New York 10004
(212) 908-0500
www.fitchratings.com

We have furnished to each rating agency information about ourselves, our recipients, and the offered bonds. Generally, each rating agency bases its ratings on that information and on independent investigations, studies, and assumptions made by that rating agency. You have no assurance that ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by a rating agency if, in the judgment of that rating agency, circumstances warrant the revision or withdrawal. Those circumstances may include, among other things, changes in or unavailability of information relating to us or the offered bonds. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the offered bonds.

LITIGATION

There is no pending litigation challenging the validity or enforceability of the offered bonds or seeking to restrain or enjoin the issuance, sale or delivery of the offered bonds, and there is no pending litigation challenging any financing made from the proceeds of any previously issued SRF bonds. In addition, each recipient described has represented to us that, to its knowledge, there is no pending or threatened litigation contesting the enforceability of that recipient's obligation to us.

FINANCIAL ADVISOR

In its role as our financial advisor, Public Financial Management, Inc. has provided advice on the plan of financing and structure of the offered bonds, reviewed certain legal and disclosure documents – including this official statement for financial matters – and reviewed the pricing of the offered bonds. Public Financial Management, Inc. has not independently verified the factual information contained in this official statement, but has relied on the information supplied by us and other sources.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase from us the offered bonds at an aggregate underwriters' discount from the initial public offering prices or yields set forth on the inside cover page equal to the amount shown above as a line item in the Table under **Sources and Uses of Funds** in this official statement, and to reoffer the offered bonds at the public offering prices or yields set forth on the inside cover page. The offered bonds may be offered and sold to certain dealers (including dealers depositing the offered bonds into investment trusts) at prices lower than those public offering prices, and those prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase *all* the offered bonds if *any* offered bonds are purchased. Jefferies & Company, Inc. is the representative designated by the Underwriters.

Certain of the Underwriters have provided the following information for inclusion in this official statement.

Morgan Stanley and Citigroup Inc., the respective parent companies of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc., each an underwriter of the Series 2010 C Bonds, have entered into a retail brokerage joint venture. As part of the joint venture each of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC. for its selling efforts in connection with their respective allocations of Series 2010 C Bonds.

J.P. Morgan Securities Inc. ("JPMSI"), one of the Underwriters of the Series 2010C Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each UBSFS and CS&Co. will purchase Series 2010 C Bonds from JPMSI at the original issue price less a negotiated portion of the selling concession applicable to any Series 2010 C Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries including Wells Fargo Bank, National Association.

Fidelity Capital Markets ("FCM"), one of the Underwriters of the offered bonds, is a division of National Financial Services LLC ("NFS"), which provides fully-disclosed clearing and other services to correspondent broker-dealers (the "correspondent broker-dealers"). NFS has entered into Master Reallowance Agreements with several of the correspondent broker-dealers to allow them to redistribute municipal securities underwritten by Fidelity Capital Markets, as a division of NFS, to their retail investors at the original offering price. Pursuant to these Master Reallowance Agreements, NFS may share a portion of FCM's underwriting compensation with respect to this bond offering with its correspondent broker-dealers.

LEGAL MATTERS

All legal proceedings in connection with the issuance of the offered bonds are subject to the approval of Hawkins Delafield & Wood LLP, Bond Counsel. Bond Counsel has advised us that it assumes no responsibility for the accuracy, completeness or fairness of this official statement. The proposed form of the opinion of Bond Counsel is set forth in *Exhibit D* to this official statement.

Certain legal matters will be passed upon for us by James R. Levine, Esq., Senior Vice President and General Counsel. Certain legal matters will be passed upon for the Underwriters by Hiscock & Barclay, LLP, Counsel to the Underwriters.

Bond Counsel and Counsel to the Underwriters from time to time serve as bond counsel to certain of the recipients of financial assistance from our SRF programs.

CONTINUING DISCLOSURE

We have agreed to provide certain financial information and operating data by no later than nine months following the end of the our fiscal year (March 31) commencing with our 2009/2010 fiscal year. That annual information is to include, among other things, information of the type included in this official statement under the captions **STATE REVOLVING FUND PROGRAM – Establishment of SRFs** (fifth paragraph only), **2010 MFI PROGRAM – 2010 MFI Program Administration** (fifth paragraph only), **SECURITY AND SOURCE OF PAYMENT FOR THE 2010 MFI OBLIGATIONS – Recipient Payments - Offered Bonds Debt Service and Recipient Payments, - De-allocated Reserve Account and Deficiency Reserve Account – Aggregate Historical Cash Flows and Reserves and – Projected Cash Flows and Reserves, Equity Accounts of the Clean Water SRF and Drinking Water SRF** (tables only) and **LITIGATION**, and in Exhibit A and Exhibit C hereto and information of the type included in Exhibit 3B to our Annual Information Statement. Our annual audited financial statements prepared in accordance with generally accepted accounting principles will be delivered, or if unavailable, unaudited financial statements will be delivered until audited statements become available. We have undertaken to file that information with EMMA.

We have further agreed to deliver notice to EMMA of any failure to provide the annual information. We are also obligated to deliver notices of the following events, if material, to the MSRB:

- principal and interest delinquencies;
- non-payment related defaults;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of creditor liquidity providers, or their failure to perform;
- adverse tax opinions or events affecting the tax exempt status of the offered bonds;
- modifications to the rights of the offered bonds;
- bond calls;
- defeasance;
- release, substitution, or sale of property securing repayment of the offered bonds; and
- rating changes.

EXHIBIT A

PLEGGED RECIPIENT PRINCIPAL AMOUNTS ⁽¹⁾

<u>Recipient</u>	<u>SRF Program</u>	<u>Bond Funded Principal Amount</u>	<u>Total Pledged Principal Amount</u>
Village of Adams	DW	\$ 840,000.00	\$1,260,000.00
Albany County Airport Authority	CW	1,520,386.72	2,773,886.72
Albany Municipal Water Finance Authority	CW	54,907.52	109,815.03
Village of Arcade	CW	87,500.00	175,000.00
City of Auburn	CW	172,500.00	345,000.00
Village of Avon	CW	217,010.00	434,020.00
City of Batavia	CW	560,000.00	1,120,000.00
Village of Bath	DW	3,271,650.00	4,907,476.00
Town of Big Flats	CW	199,290.00	398,580.00
City of Binghamton	CW	2,654,706.00	5,309,412.00
Village of Brewster	CW	2,163,198.00	2,163,198.00
Town of Brighton	CW	442,500.00	885,000.00
Village of Cape Vincent	DW	470,000.00	705,000.00
Town of Carmel	CW	-	2,060,000.00
Cayuga County	DW	1,003,333.33	1,505,000.00
Village of Cayuga Heights	CW	734,221.00	734,221.00
Town of Chenango	CW	127,500.00	255,000.00
Town of Clarkstown	CW	2,150,000.00	4,300,000.00
City of Cohoes	CW	-	552,500.00
Columbia County	CW	1,470,000.00	2,530,000.00
Town of Cortlandt	DW	540,000.00	810,000.00
Village of Coxsackie	DW	613,333.33	920,000.00
Dev. Auth. of North Country	CW	1,612,910.50	3,075,410.50
Dutchess County Water & Wastewater Auth.	DW	7,511,281.68	11,266,922.52
Town of East Fishkill	DW	300,000.00	450,000.00
Village of Ellenville	DW	206,666.67	310,000.00
City of Elmira	DW	373,333.33	560,000.00
County of Erie	CW	4,773,031.00	5,793,719.00
Erie County	CW	60,000.00	120,000.00
Erie County Water Auth.	DW	6,586,666.67	9,880,000.00
Town of Fallsburg	CW	1,353,500.00	3,373,192.00
Village of Fonda	CW	67,500.00	135,000.00
Village of Fultonville	CW	67,500.00	135,000.00
Village of Granville	CW	67,500.00	135,000.00
Town of Greece	CW	45,000.00	90,000.00
Village of Hamilton	DW	496,666.67	745,000.00
Village of Harrison	DW	156,754.44	235,131.66
Town of Henrietta	CW	125,000.00	250,000.00
Town of Irondequoit	CW	172,500.00	345,000.00
City of Ithaca	CW	415,000.00	830,000.00
Village of Johnson City	CW	3,820,157.00	7,640,314.00
City of Johnstown	CW	175,000.00	350,000.00
Village of Lake George	DW	256,666.67	385,000.00
Village of Lake Placid	DW	440,000.00	660,000.00
Town of Lewisboro	CW	2,962,911.00	5,925,822.00
Village of Liverpool	CW	-	942,500.00
Livingston County	DW	466,666.67	700,000.00
Livingston County Water & Sewer Auth.	CW	-	1,460,500.00
Municipal Assistance Corporation for the City of Troy	CW	1,430,000.00	2,685,000.00
Town of Marcy	CW	557,500.00	1,115,000.00
City of Middletown	DW	-	6,238,327.00
Monroe County	CW	4,030,000.00	8,060,000.00
Village of Mount Kisco	CW	410,000.00	820,000.00
Town of Newstead	DW	-	651,666.00

<u>Recipient</u>	<u>SRF Program</u>	<u>Bond Funded Principal Amount</u>	<u>Total Pledged Principal Amount</u>
Town of North Castle	CW	-	2,622,500.00
Town of North Greenbush	DW	310,000.00	465,000.00
Town of North Hempstead	CW	8,009,380.00	16,880,076.00
Village of Oakfield	CW	533,105.00	1,066,210.00
Oneida County	CW	242,500.00	485,000.00
County of Onondaga	CW	1,486,400.00	3,760,486.50
Onondaga County Water Authority	DW	-	4,294,862.00
Town of Orangetown	CW	-	21,630,000.00
City of Oswego	CW	572,500.00	1,145,000.00
Town of Owego	CW	905,000.00	1,810,000.00
Town of Oyster Bay	CW	1,589,999.99	2,585,000.00
Town of Patterson	CW	1,628,921.00	3,257,842.00
Village of Pawling	DW	280,000.00	420,000.00
Town of Perinton	CW	420,000.00	840,000.00
Village of Pike	DW	96,666.67	145,000.00
Town of Plattsburgh	CW	1,102,875.00	2,205,750.00
City of Poughkeepsie	CW,DW	2,335,000.00	4,100,000.00
Town of Poughkeepsie	CW,DW	3,157,500.00	5,565,000.00
Town of Putnam	CW	902,625.00	1,805,250.00
Town of Queensbury	DW	2,366,666.67	3,550,000.00
County of Rockland	CW	7,564,071.00	15,128,142.00
City of Rome	DW	1,173,333.33	1,760,000.00
Town of Rose	DW	200,000.00	300,000.00
City of Rye	CW	1,151,687.00	2,303,374.00
Town of Sand Lake	CW	840,626.00	1,681,252.00
Saratoga County	CW	82,500.00	165,000.00
Town of Schodack	DW	6,459,669.67	9,689,504.00
Village of Solvay	CW	-	556,741.50
Village of Spencerport	CW	-	3,422,500.00
Suffolk County Water Authority	DW	2,031,082.87	2,902,749.54
Sullivan County	CW	2,477,500.00	4,955,000.00
City of Syracuse	DW	25,965,953.03	38,948,930.04
Town of Ticonderoga	DW	416,666.67	625,000.00
Village of Tuxedo Park	DW	730,000.00	1,095,000.00
Town of Wappinger	DW	180,000.00	270,000.00
Village of Warsaw	CW	395,000.00	790,000.00
Town of Washington	CW	135,000.00	270,000.00
Town of Wawarsing	CW	215,000.00	430,000.00
Town of Wawayanda	CW	529,500.00	1,059,000.00
County of Westchester	CW	16,135,122.00	40,873,601.50
Town of Westmoreland	DW	896,126.00	1,344,190.00
Town of Woodbury	DW	80,000.00	120,000.00
City of Yonkers	CW	1,137,500.00	2,275,000.00
Town of Yorktown	DW	490,000.00	735,000.00
Total Pledged Recipient Financings		<u>\$153,457,225.10</u>	<u>\$319,949,574.51</u>

(1) This table identifies the pledged principal amounts of recipient payments that have been pledged to the 2010 MFI. The total pledged amounts also include the payment of related interest.

EXHIBIT B

EFC REFUNDED BONDS

<u>Bonds</u>	<u>Maturity</u>	<u>Outstanding Principal Amount</u>	<u>Coupon</u>	<u>Redemption Price</u>	<u>Redemption Date</u>
Series 1998D					
Series 1998D	10/15/2010	\$1,415,000	4.750%	101%	6/25/2010
Series 1998D	4/15/2011	1,760,000	4.850	101	6/25/2010
Series 1998D	10/15/2011	1,455,000	4.850	101	6/25/2010
Series 1998D	4/15/2012	1,785,000	4.950	101	6/25/2010
Series 1998D	10/15/2012	1,505,000	4.950	101	6/25/2010
Series 1998D	4/15/2013	1,810,000	5.000	101	6/25/2010
Series 1998D	10/15/2013	1,550,000	5.000	101	6/25/2010
Series 1998D	4/15/2014	1,830,000	5.050	101	6/25/2010
Series 1998D	10/15/2014	1,600,000	5.050	101	6/25/2010
Series 1998D	4/15/2015	1,845,000	5.100	101	6/25/2010
Series 1998D	10/15/2015	1,645,000	5.100	101	6/25/2010
Series 1998D	4/15/2016	1,185,000	5.125	101	6/25/2010
Series 1998D	10/15/2016	1,690,000	5.125	101	6/25/2010
Series 1998D	10/15/2019	<u>6,975,000</u>	5.150	101	6/25/2010
Series 1998D Total		\$28,050,000			
Series 1999A					
Series 1999A	10/15/2010	\$2,320,000	5.000%	101%	6/25/2010
Series 1999A	4/15/2011	1,080,000	4.250	101	6/25/2010
Series 1999A	10/15/2011	2,370,000	5.000	101	6/25/2010
Series 1999A	4/15/2012	885,000	4.300	101	6/25/2010
Series 1999A	10/15/2012	2,435,000	5.000	101	6/25/2010
Series 1999A	4/15/2013	900,000	4.400	101	6/25/2010
Series 1999A	10/15/2013	2,510,000	5.000	101	6/25/2010
Series 1999A	4/15/2014	905,000	4.500	101	6/25/2010
Series 1999A	10/15/2014	2,565,000	5.000	101	6/25/2010
Series 1999A	4/15/2015	945,000	4.625	101	6/25/2010
Series 1999A	10/15/2015	2,570,000	5.000	101	6/25/2010
Series 1999A	4/15/2016	965,000	4.625	101	6/25/2010
Series 1999A	10/15/2016	2,625,000	4.625	101	6/25/2010
Series 1999A	4/15/2017	980,000	4.750	101	6/25/2010
Series 1999A	10/15/2017	2,080,000	4.750	101	6/25/2010
Series 1999A	4/15/2018	770,000	4.750	101	6/25/2010
Series 1999A	10/15/2018	2,660,000	4.750	101	6/25/2010
Series 1999A	4/15/2019	420,000	4.750	101	6/25/2010
Series 1999A	10/15/2019	<u>300,000</u>	4.750	101	6/25/2010
Series 1999A Total		\$30,285,000			
Series 1999B					
Series 1999B	10/15/2010	\$2,500,000	5.000%	100%	6/25/2010
Series 1999B	4/15/2011	2,110,000	5.000	100	6/25/2010
Series 1999B	10/15/2011	2,525,000	5.000	100	6/25/2010
Series 1999B	4/15/2012	2,115,000	5.500	100	6/25/2010
Series 1999B	10/15/2012	2,360,000	5.500	100	6/25/2010
Series 1999B	4/15/2013	2,050,000	5.500	100	6/25/2010
Series 1999B	10/15/2013	2,390,000	5.500	100	6/25/2010
Series 1999B	4/15/2014	2,095,000	5.500	100	6/25/2010
Series 1999B	10/15/2014	2,545,000	5.500	100	6/25/2010
Series 1999B	4/15/2015	2,055,000	5.250	100	6/25/2010
Series 1999B	10/15/2015	2,595,000	5.500	100	6/25/2010
Series 1999B	4/15/2016	1,800,000	5.500	100	6/25/2010
Series 1999B	10/15/2016	2,440,000	5.500	100	6/25/2010
Series 1999B	4/15/2017	1,525,000	5.250	100	6/25/2010
Series 1999B	10/15/2017	2,490,000	5.250	100	6/25/2010
Series 1999B	4/15/2018	1,540,000	5.250	100	6/25/2010
Series 1999B	10/15/2018	2,180,000	5.250	100	6/25/2010
Series 1999B	4/15/2019	1,275,000	5.250	100	6/25/2010
Series 1999B	10/15/2019	<u>2,475,000</u>	5.250	100	6/25/2010
Series 1999B Total		\$41,065,000			
Total Bonds to Be Refunded		<u>\$99,400,000</u>			

EXHIBIT C

2010 MFI GUARANTEES

<u>Guaranteed Obligations</u>	<u>SRF Program</u>	<u>Guaranteed Principal Balance</u>
Town of Carmel	CW	\$ 2,060,000
City of Cohoes	CW	552,500
Village of Liverpool	CW	942,500
Livingston County Water & Sewer Authority	CW	1,460,500
City of Middletown	DW	12,956,673
Town of Newstead	DW	1,378,334
Town of North Castle	CW	2,622,500
Town of North Hempstead	CW	861,316
County of Onondaga	CW	787,687
Onondaga County Water Authority	DW	9,931,648
Town of Orangetown	CW	21,630,000
Village of Solvay	CW	556,742
Village of Spencerport	CW	3,422,500
Total Guaranteed Obligations		<u>\$59,162,900</u>

EXHIBIT D

FORM OF BOND COUNSEL OPINION Upon delivery of the offered bonds in definitive form Hawkins Delafield & Wood LLP proposes to deliver its approving Opinion in substantially the following form:

June 24, 2010

New York State Environmental
Facilities Corporation
625 Broadway
Albany, New York 12207

Ladies and Gentlemen:

In our capacity as Bond Counsel to New York State Environmental Facilities Corporation (the "Corporation"), we have examined a record of proceedings relating to the sale and issuance of \$140,850,000 aggregate principal amount of State Revolving Funds Revenue Bonds, Series 2010 C (the "2010 C Bonds") of the Corporation.

The 2010 C Bonds are issued under and pursuant to the Constitution and laws of the State of New York, particularly the New York State Environmental Facilities Corporation Act, as amended, being Chapter 744 of the Laws of 1970, as amended, and constituting Title 12 of Article 5 of the Public Authorities Law and Chapter 43-A of the Consolidated Laws of the State of New York (the "EFC Act") and under and in accordance with a Financing Indenture of Trust dated as of June 1, 2010 as supplemented by a First Supplemental Series Indenture of Trust dated as of June 1, 2010 (collectively referred to herein as the "Financing Indenture"), between the Corporation and Manufacturers and Traders Trust Company, as trustee (the "Trustee"). The 2010 C Bonds are also secured by an Amended and Restated Master Trust Agreement dated as of July 1, 2005, as heretofore amended and supplemented and as amended and supplemented by a First Supplemental Master Trust Agreement, dated as of June 1, 2010, between the Corporation and Manufacturers and Traders Trust Company, as trustee (the "SRF Trustee") and as custodian thereunder (collectively referred to herein as the "Master Trust Agreement"). The 2010 C Bonds are being issued to provide financial assistance to local governments and other public entities (collectively, the "Recipients") in the State of New York to finance or refinance clean water and drinking water projects and to refund certain prior obligations of the Corporation issued for such purpose.

The 2010 C Bonds are dated the date hereof (except as otherwise provided in the Financing Indenture with respect to 2010 C Bonds issued in exchange for other 2010 C Bonds). The 2010 C Bonds bear interest payable on April 15 and October 15 in each year, commencing October 15, 2010. The 2010 C Bonds will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum, set forth in the Financing Indenture.

The 2010 C Bonds are issuable in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof and are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the 2010 C Bonds and the Financing Indenture. The Financing Indenture provides that the principal of and premium, if any, on each Bond shall be payable to the Registered Owner (as defined in the Financing Indenture) of such Bond upon presentation and surrender thereof when due at the corporate trust office of the Trustee. The interest on each Bond is payable to the Registered Owner thereof as of the close of business on the Record Date (as defined in the Financing Indenture) for each interest payment date as the same becomes due by check, mailed to such Registered

Owner thereof at the address appearing on the Bond Register (as defined in the Financing Indenture) as of the close of business on such Record Date or, under certain circumstances, by wire transfer as described in the Financing Indenture.

We also have examined one of the 2010 C Bonds as executed and authenticated.

We also have examined executed copies of the Financing Indenture, the Master Trust Agreement and the finance agreements, (collectively, the “Agreements”) entered into with the respective Recipients whereby the Corporation has agreed to make Series 2010 C Bond proceeds and, in certain cases, other moneys available to the Recipients for the purpose of financing, refinancing or reimbursing the Recipients for the costs of the Projects (as defined in the Agreements) and each of the Recipients has agreed to execute and deliver to the Corporation the bonds (the “Recipient Bonds”) of such Recipient relating to the financial assistance made available to such Recipient.

We also have reviewed and relied upon certain opinions (the “Recipient Bond Counsel Opinions”) of bond counsel to the respective Recipients relative to the validity of the Recipient Bonds issued by such Recipients to the Corporation, the validity of the respective Agreements and certain other matters.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the 2010 C Bonds in order that the interest on such Bonds be and remain excluded from gross income pursuant to Section 103 of the Code. Noncompliance could cause interest on the 2010 C Bonds to be included in gross income of the owners thereof for Federal income tax purposes retroactive to the date of issuance, irrespective of the date on which such noncompliance occurs or is ascertained. We have examined the arbitrage and use of proceeds certificates (the “Arbitrage and Use of Proceeds Certificates”) of the respective Recipients whose obligations are being financed or refinanced with the proceeds of the 2010 C Bonds, which set forth certain representations, covenants and procedures relating to compliance with such requirements of the Code by each Recipient and to the use of moneys advanced to such Recipient for its Project. We have also examined the Tax Regulatory Agreement, dated the date hereof, entered into between the Corporation and the Trustee (the “Tax Regulatory Agreement”), which describes the application to be made of certain funds held under the Financing Indenture and the Master Trust Agreement and sets forth certain representations, covenants and procedures relating to the use of proceeds of the 2010 C Bonds necessary for, or related to, compliance with the requirements of Section 103 and related provisions of the Code, including the arbitrage limitations imposed with respect to the investment of proceeds of the 2010 C Bonds pursuant to Section 148 of the Code. The Tax Regulatory Agreement obligates the Corporation to take such actions as may be necessary and within its reasonable control to ensure that the 2010 C Bonds will continue to be obligations described in Section 103(a) of the Code. Each Recipient receiving proceeds of 2010 C Bonds has agreed in its Agreement or a related certificate that it will not take or fail to take any action within its reasonable control which will result in the inclusion of interest on the 2010 C Bonds in gross income for Federal income tax purposes.

We are of the opinion that:

1. The Corporation is a body corporate and politic constituting a public benefit corporation, and is duly created and validly existing under the Constitution and laws of the State of New York, including particularly the EFC Act, and has the right and lawful authority to issue the 2010 C Bonds to finance or refinance the costs of the projects as contemplated by the Agreements and the Financing Indenture, to receive and pledge the Pledged Revenues (as defined in the Financing Indenture) and to secure the 2010 C Bonds in the manner contemplated by the Financing Indenture and the Master Trust Agreement.

2. The Corporation has the right and power pursuant to the EFC Act to enter into and perform its obligations under the Financing Indenture, and the Financing Indenture has been duly authorized, executed and delivered, is in full force and effect and constitutes a legal, valid and binding obligation of the Corporation enforceable in accordance with its terms.

3. The Corporation has the right and power pursuant to the EFC Act to enter into and perform its obligations under the Master Trust Agreement, and the Master Trust Agreement has been duly authorized, executed and delivered, is in full force and effect and constitutes a legal, valid and binding obligation of the Corporation enforceable in accordance with its terms.

4. The Corporation has the right and power pursuant to the EFC Act to enter into and perform its obligations under the Agreements, and the Agreements have been duly authorized, executed and delivered by the Corporation, are in full force and effect and constitute legal, valid and binding agreements of the Corporation, enforceable in accordance with their respective terms.

5. The Corporation has the right and power pursuant to the EFC Act to enter into and perform its obligations under the Tax Regulatory Agreement, and the Tax Regulatory Agreement has been duly authorized, executed and delivered by the Corporation, is in full force and effect and constitutes a legal, valid and binding agreement of the Corporation enforceable against the Corporation in accordance with its terms.

6. The 2010 C Bonds have been duly authorized, executed and delivered and issued by the Corporation in accordance with the Financing Indenture and the Constitution and the laws of the State of New York, including the EFC Act. The 2010 C Bonds constitute Senior 2010 MFI Obligations (as defined in the Financing Indenture) and are valid and legally binding special obligations of the Corporation, secured as Senior Obligations by the Financing Indenture and as 2010 MFI Obligations (as defined in the Master Trust Agreement) by the Master Trust Agreement (in each case, to the extent provided therein), and are payable as to principal, premium, if any, and interest from, and are secured by a valid lien on and pledge of the Pledged Revenues (as defined in the Financing Indenture) and certain other moneys held by the Trustee under the Financing Indenture and pledged and available therefor under the terms of the Financing Indenture, and are payable from certain moneys held by the SRF Trustee under the Master Trust Agreement and available therefor under the terms of the Master Trust Agreement, all in the manner provided in, and in accordance with the priority established by, the Financing Indenture and the Master Trust Agreement. The 2010 C Bonds are enforceable in accordance with their terms and the terms of the Financing Indenture and are entitled to the benefits of the EFC Act, the Financing Indenture and the Master Trust Agreement. All conditions precedent to the delivery of the 2010 C Bonds have been fulfilled.

7. Under existing statutes and court decisions, interest on the 2010 C Bonds (i) is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, and (ii) is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation and the Recipients in connection with the 2010 C Bonds, and we have assumed compliance by the Corporation and the Recipients with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2010 C Bonds from gross income under Section 103 of the Code. In addition, under existing statutes, interest on the 2010 C Bonds is exempt from personal income taxes imposed by the State of New York and its political subdivisions, including The City of New York.

We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update our opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2010 C Bonds, or under state and local tax law.

8. The original issue discount on the 2010 C Bonds, if any, that has accrued and is properly allocable to any owner thereof is excludable from gross income for Federal income tax purposes to the same extent as other interest on the 2010 C Bonds.

Except as stated in paragraphs 7 and 8 above, we express no opinion regarding any Federal, state or local tax consequences arising with respect to the 2010 C Bonds or the ownership or disposition thereof.

The opinions set forth in paragraphs 2 through 6 above are qualified only to the extent that the enforceability of the 2010 C Bonds, the Financing Indenture, the Master Trust Agreement, the Tax Regulatory Agreement, the Recipient Bonds and the Agreements may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

In rendering the foregoing opinions, we have made a review of such legal proceedings as we have deemed necessary to approve the legality and validity of the 2010 C Bonds. In rendering the foregoing opinions, we have not been requested to examine any document or financial or other information concerning the Corporation, the Recipients, the Recipient Bonds or the projects financed or refinanced with the 2010 C Bonds other than the record of proceedings referred to above, and we express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the 2010 C Bonds.

We assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or interpretations thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

EXHIBIT E

CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN BASIC AGREEMENTS (2010 MFI PROGRAM)

The following definitions apply to the summaries of the 2010 Financing Indenture of Trust, the Master Trust Agreement and the Continuing Disclosure Agreement.

Act or EFC Act means the New York State Environmental Facilities Corporation Act, constituting Title 12 of Article 5 of the Public Authorities Law and Chapter 43-A of the Consolidated Laws of the State of New York, as from time to time amended and supplemented.

Additional MFI Bonds means any additional bonds issued pursuant to the 2010 MFI.

Additional Program means a financing program identified as an “Additional Program” in a Supplemental Indenture, pursuant to which the Corporation is authorized to issue bonds and apply the proceeds thereof to the acquisition of obligations issued or incurred by recipients to finance programs or facilities or otherwise make such proceeds available to such recipients for such purpose.

Additional Release Tests means any additional restrictions on the release of Pledged Revenues under the 2010 MFI which may be set forth in a Supplemental Series Indenture. The First Supplemental Series Indenture of Trust provides that for so long as the Series 2010 C Bonds shall be Outstanding, as a condition to any release of any pledged recipient payments the Corporation must certify to the Trustee that as of the date of calculation, Projected Receipts are to be expected to be available in an amount at least equal to 115% of the amount necessary to pay all Debt Service for all senior 2010 MFI Obligations in each Bond Year as and when due, as determined by the Corporation.

Additional Senior Obligations Test means that, as of any date of calculation, Projected Receipts are expected to be available when necessary to pay all Debt Service for all Senior 2010 MFI Obligations as and when due, as determined by the Corporation and evidenced by an Officer’s Certificate.

Additional Subordinated Obligations Test means that, as of any date of calculation, Projected Receipts are expected to be available when necessary to pay all Debt Service for all Obligations as and when due as determined by the Corporation and evidenced by an Officer’s Certificate.

Administrative Expenses when used in connection with the Clean Water Program means the Corporation’s expenses of carrying out and administering its powers, duties and functions that are allocable to the Clean Water Program, as authorized by the Act, and shall include, without limiting the generality of the foregoing: administrative and operating expenses of the Corporation or DEC, including but not limited to salaries (or portions thereof) of employees of EFC or DEC engaged in the administration of such program; fees, charges and other amounts payable to the State; legal, accounting and consultant’s services and expenses; payments to pension, retirement, health and hospitalization funds; and any other expenses required or permitted to be paid by the Corporation under the provisions of the Act or the Trust Agreement or otherwise that are allocable to the Clean Water Program.

Administrative Expenses when used in connection with the Drinking Water Program means the Corporation’s expenses of carrying out and administering its powers, duties and functions that are allocable to the Drinking Water Program, as authorized by the Act, and shall include, without limiting the generality of the foregoing: administrative and operating expenses of the Corporation or DOH, including but not limited to salaries (or portions thereof) of employees of EFC or DOH engaged in the administration of such program; fees, charges and other amounts payable to the State; legal, accounting and consultant’s services and expenses; payments to pension, retirement, health and hospitalization funds;

and any other expenses required or permitted to be paid by the Corporation under the provisions of the Act or the Trust Agreement or otherwise that are allocable to the Drinking Water Program.

Arbitrage and Use of Proceeds Certificates means the Arbitrage and Use of Proceeds Certificates or other similar documents delivered by Recipients, as more particularly described or defined in the Related Supplemental Series Indenture.

Authorized Officer means the Chairman, the President, Chief Financial Officer, any Vice President, the Director of Corporate Operations or the Secretary of the Corporation or any other officer of the Corporation designated to act as an Authorized Officer by resolution of the Board of Directors of the Corporation.

Available De-allocated Reserve Account Release Payments means all monies received by the Trustees from the Master Trust Agreement Trustee pursuant to clause "FOURTH" of Section 402(f) of the Master Trust Agreement.

Available Equity Fund Moneys means moneys which are on deposit in the Clean Water Equity Account or the Drinking Water Equity Account and which are available for the purpose of making Equity Support Payments on any date on which Equity Support Payments are due or past due.

Bond or *Bonds*, as used in the Master Trust Agreement, means any bond or bonds or all the bonds, as the case may be, of the Corporation in one or more series, relating to the Clean Water or the Drinking Water Program, issued and secured pursuant to one or more Financing Indentures and further secured under the Master Trust Agreement; provided, however, that (except as provided in the Master Trust Agreement) no Subordinated 2010 MFI Bond shall be deemed to be a Bond.

Bond Counsel means Hawkins Delafield & Wood LLP or such other nationally recognized bond counsel selected by the Corporation and satisfactory to the Trustee.

Bond Funded Recipient Bonds means a Recipient Bond or any portion thereof purchased or otherwise financed from the proceeds of any Series of Bonds.

Bond Year means any period commencing on and including January 1 of any year and ending on and including December 31 of such year.

Bonds of a Series or *Bonds of any Series* means any or all Bonds issued pursuant to any Supplemental Series Indenture.

Business Day means a day on which banks located in (i) The City of New York, New York, (ii) the city in which the principal office of the Trustee is located and (iii) the city in which the principal office of the Master Trust Agreement Trustee is located are not required or authorized to remain closed and on which the New York Stock Exchange, Inc. is not closed.

CP Indenture means the CP Indenture of Trust to be entered into between the Corporation and Trustee, as the same may be amended and supplemented in accordance with its terms.

CP Indenture Obligations means any Obligations as defined in the CP Indenture.

CP Indenture Trustee means Manufacturers and Traders Trust Company, as trustee under the CP Indenture, and any successor in such capacity.

Capitalization Grant Agreements means the grant agreements or other instruments entered into by United States Environmental Protection Agency or any successor entity for the benefit of the State to

make capitalization grant payments under the federal Water Quality Act or the federal Safe Drinking Water Act.

Clean Water Administrative Expenses Account means the Clean Water Administrative Expenses Account established by the Master Trust Agreement.

Clean Water Direct Financing means any financial assistance by the Corporation pursuant to the State Clean Water Act, which assistance is made solely from the Equity Fund of the Clean Water SRF and not from the proceeds of SRF Bonds and which may be provided in the form of a loan or a purchase of debt obligations of the Municipality (as defined in the EFC Act).

Clean Water Direct Financing Recipient means any recipient of a Clean Water Direct Financing.

Clean Water Direct Financing Recipient Payments means the payments of principal and interest made by a Clean Water Direct Financing Recipient in connection with a Clean Water Direct Financing.

Clean Water Earnings Fund means the Clean Water Earnings Fund established pursuant to the Master Trust Agreement.

Clean Water Equity Account means the Clean Water Equity Account within the Equity Fund established pursuant to the Master Trust Agreement.

Clean Water Leveraged Financing means, as appropriate, any MFI Leveraged Financing or SRF Leveraged Financing of a Clean Water Project.

Clean Water Program means the program administered by the Corporation and DEC relating to the Clean Water Revolving Fund and established pursuant to the State Clean Water Act and the Water Quality Act.

Clean Water Recipient shall have the meaning set forth in the Master Trust Agreement.

Clean Water Revolving Fund means the New York State Water Pollution Control Revolving Fund established pursuant to the State Clean Water Act.

Clean Water SRF means the water pollution control revolving fund established by the State pursuant to the State Clean Water Act.

Code means the Internal Revenue Code of 1986, as amended, and the regulations of the U.S. Department of the Treasury promulgated thereunder, each as in effect upon the issuance of any series of SRF Bonds.

Committed Subsidy Amount means the portion of interest payable on any Recipient Bonds which the Corporation is contractually obligated to fund from moneys within a Revolving Fund pursuant to a Leveraged Financing Agreement.

Contract Obligations means any Reimbursement Agreement, Guarantee or Qualified Hedge Agreement.

Corporation means New York State Environmental Facilities Corporation, a public benefit corporation created by the EFC Act, and any successor entity which may succeed to its rights and duties respecting the 2010 MFI Bonds and the Clean Water SRF or the Drinking Water SRF.

Cost of Issuance Fund means the Cost of Issuance Fund established for any series of 2010 MFI Bonds pursuant to the 2010 MFI.

Credit Facility means a letter of credit, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company, financial institution or other Person which provides for payment for all or a portion of the principal or redemption price of, and interest on any Series of Bonds.

Custodian means Manufacturers and Traders Trust Company in its capacity as custodian under the Master Trust Agreement and its successors as custodian thereunder.

De-allocated Reserve Account means the De-allocated Reserve Account established by the Master Trust Agreement.

Debt Service means, as of any date, with respect to the Related Series, the sum of Bond Debt Service, Guaranteed Debt Service and other Scheduled Obligation Payments.

Debt Service Fund means the Debt Service Fund established pursuant to the 2010 MFI.

Debt Service Reserve Fund means a Debt Service Reserve Fund for a series of Bonds established pursuant to a Supplemental Indenture.

Debt Service Reserve Fund Requirement, with respect to any Series of Obligations, means the amount determined in accordance with the Related Supplemental Series Indenture. With respect to the Offered Bonds, such amount is \$0.

Debt Service Support Payments means any Available Equity Fund Moneys transferred to the 2010 MFI Trustee pursuant to the 2010 MFI for the purpose of paying Debt Service on 2010 MFI Obligations other than Guarantees.

DEC means the New York State Department of Environmental Conservation or any successor entity which may succeed to its rights and duties respecting the Clean Water SRF.

Deficiency Reserve Account means, with respect to any series of SRF Bonds, the related Deficiency Reserve Account in the Equity Fund established by the Master Trust Agreement.

DOH means the New York State Department of Health and any entity which may succeed to its rights and duties respecting the Drinking Water SRF.

Drinking Water Administrative Expenses Account means the Drinking Water Administrative Expenses Account relating to the Drinking Water SRF established by the Master Trust Agreement.

Drinking Water Direct Financing means any financial assistance by the Corporation to a recipient (as defined in the State Drinking Water Act) pursuant to the State Drinking Water Act, which assistance is made solely from the Equity Fund of the Drinking Water SRF and not from the proceeds of SRF Bonds and which may be provided in the form of a loan or a purchase of debt obligations of the eligible recipient (as defined in the EFC Act).

Drinking Water Direct Financing Recipient means any recipient of a Drinking Water Direct Financing.

Drinking Water Direct Financing Recipient Payments means the payments of principal and interest made by a Drinking Water Direct Financing Recipient in connection with a Drinking Water Direct Financing.

Drinking Water Earnings Fund means the Drinking Water Earnings Fund established pursuant to the Master Trust Agreement.

Drinking Water Equity Account means the Drinking Water Equity Account within the Equity Fund established by the Master Trust Agreement.

Drinking Water Leveraged Financing means, as appropriate, any MFI Leveraged Financing or SRF Leveraged Financing of a Drinking Water Project.

Drinking Water Program means the Safe Drinking Water state revolving fund program administered by the Corporation and DOH established pursuant to the State Act and the Safe Drinking Water Act, including, without limitation, the Drinking Water Revolving Fund.

Drinking Water Recipient shall have the meaning set forth in the Master Trust Agreement.

Drinking Water Revolving Fund means the New York State Drinking Water Revolving Fund established pursuant to the State Drinking Water Act.

Drinking Water SRF means the state drinking water revolving fund established by the State pursuant to the State DWSRF Act as part of the State drinking water program established by the State pursuant to the State Act.

Earnings Fund means an Earnings Fund established pursuant to the 2010 MFI.

Eligible Project means a project submitted by a Recipient for financing that is eligible to receive funding, to be guaranteed or to otherwise received financial assistance under the Act.

Enhanced Subsidy Fund means, with respect to each Clean Water Leveraged Financing, any Enhanced Subsidy Fund established in the related Leveraged Financing Subaccount pursuant to the Master Trust Agreement.

Equity Fund means the Equity Fund established by the Master Trust Agreement.

Equity Support Payments means any Debt Service Support Payments or Guarantee Support Payments.

Escrow Fund means a Project Fund (as established in the 2010 MFI and more particularly set forth in the related Supplemental Indenture, for the benefit of such Recipients) or the portion thereof into which is deposited any portion of a Financing to be used to refinance Existing Indebtedness (as defined in the Related Financing Agreement).

Event of Default means any event of default specified in the 2010 MFI.

Financing Agreement means any agreement providing for financial assistance to be made available to a Recipient in whole or in part from the proceeds of the Bonds of a Series, between a Recipient and the Corporation, as amended and supplemented in accordance with its terms from time to time.

Financing Indenture, with respect to a series of 2010 MFI Bonds, means the 2010 MFI and, with respect to any other series of SRF Bonds, means the indenture of trust or other similar document (including any applicable supplements thereto), pursuant to which such series of SRF Bonds is issued and delivered.

Financing Indenture Trustee, with respect to the 2010 MFI Bonds, means Manufacturers and Traders Trust Company as trustee under the 2010 MFI and any successor as trustee thereunder, and, with respect to other series of SRF Bonds, means the trustee under the Related Financing Indenture.

First Supplemental Series Indenture of Trust means the First Supplemental Series Indenture of Trust dated as of June 1, 2010 between the Corporation and the Trustee.

Guaranteed Obligation Obligor means the issuer of any Guaranteed Recipient Obligations.

Guaranteed Recipient Obligations means any bond, note or other obligation of a Person guaranteed by a Guarantee issued pursuant to the 2010 MFI.

Guarantee means any guarantee of the Corporation delivered pursuant to and in accordance with the requirements of the 2010 MFI.

Guarantee Support Payment means any Available Equity Fund Moneys transferred to the Trustee pursuant to the 2010 MFI for the purpose of paying Debt Service on Guarantees.

Indenture means the 2010 MFI.

Initial Indenture New York City Bonds means (i) the \$166,500,000 State Water Pollution Control Revolving Fund Revenue Bonds, Series 1990 A (New York City Municipal Water Finance Authority Project), of the Corporation issued and outstanding under the Financing Indenture of Trust dated as of May 1, 1990 and further secured by the Master Trust Agreement and (ii) any other SRF Bonds issued under such Financing Indenture.

Interest Payment Date, with respect to any Series of Bonds, means the date on which any installment of interest on such Series of Bonds is due other than by reason of acceleration or redemption.

Leveraged Financing means any financial assistance, including but not limited to a loan, the purchase of debt obligations of Recipients and other types of assistance, made by the Corporation to a Recipient pursuant to a Leveraged Financing Agreement and the State Clean Water Act or the State Drinking Water Act from proceeds of a series of Bonds to finance a Project.

Leveraged Financing Subaccount(s) means a Leveraged Financing Subaccount or Leveraged Financing Subaccounts, if any, within the Clean Water Equity Account or the Drinking Water Equity Account established pursuant to the Master Trust Agreement.

Liquidity Facility means a letter of credit, revolving credit agreement, a standby bond purchase agreement or similar obligation, arrangement or instrument issued by a bank, insurance company, financial institution or other Person which provides for payment for all or a portion of the purchase price of 2010 MFI Bonds tendered or deemed tendered by the Owners thereof in accordance with the terms of the Related Supplemental Indenture.

Master Trust Agreement means the Amended and Restated Master Trust Agreement dated as of July 1, 2005 between the Corporation and Manufacturers and Traders Trust Company, as trustee and as custodian, as the same may be amended and supplemented.

Master Trust Agreement Trustee or *Master Trustee* means Manufacturers and Traders Trust Company, in its capacity as trustee under the Master Trust Agreement, and its successor or successors as trustee under the Master Trust Agreement, including with limitations, as amended by the First Supplemental Master Trust Agreement, dated as of June 1, 2010 between the Corporation and the Trustee.

Municipality means any municipality as defined in the Act.

Non-Qualified Hedge Obligation means any payment obligation under interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract, any contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, any contract to exchange cash flows or a series of payments, or any contract, including, without limitation, an interest rate floor or cap, or an option, put or call, to hedge payment, currency, rate, spread or similar exposure, between the Corporation and a counterparty which is not a Parity Hedge Obligation.

Obligations means any Bonds, 2010 MFI Obligations and CP Indenture Obligations.

Obligations of a Series or *Obligations of any Series* means all Obligations issued or incurred pursuant to any particular Supplemental Series Indenture.

Offered Bonds means the Series 2010 C bonds.

Officer's Certificate means a certificate signed by an Authorized Officer of the Corporation.

Outstanding, when used with reference to a series of 2010 MFI Bonds, means, as of any particular date, the aggregate of all the 2010 MFI Bonds of such series, authenticated and delivered under the 2010 MFI, except:

- (a) the 2010 MFI Bonds of such series cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;
- (b) the 2010 MFI Bonds of such series for the payment or redemption of which money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent in trust for the Owners of such 2010 MFI Bonds, provided that if such 2010 MFI Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the 2010 MFI or provision therefor satisfactory to the Trustee has been made;
- (c) the 2010 MFI Bonds of such series paid or deemed to be paid as provided in the 2010 MFI; and
- (d) the 2010 MFI Bonds of such series paid or in lieu of or in substitution for which other 2010 MFI Bonds shall have been authenticated and delivered pursuant to the 2010 MFI, unless proof satisfactory to the Trustee shall be presented that any such 2010 MFI Bonds shall be held by a bona fide purchaser (as such term is defined in the Uniform Commercial Code of the State of New York); provided, however, that in determining whether the Owners of the requisite principal amount of the 2010 MFI Bonds of a series Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the 2010 MFI, the 2010 MFI Bonds of such series owned by or for the account of a Recipient shall be disregarded and deemed not to be Outstanding. In determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only 2010 MFI Bonds of such series which the Trustee knows to be so owned shall be so disregarded. 2010 MFI Bonds of such series so owned which have been pledged in good faith may be regarded

as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such 2001 MFI Bonds and that the pledgee is not a Recipient and that the pledgee is not holding such 2010 MFI Bonds for the account of a Recipient.

Owner or Bondowner (when used in reference to the Owner of any SRF Bond) means the person or persons in whose name or names the particular SRF Bond shall be registered on the bond register kept pursuant to the Related Financing Indenture.

Parity Contract Obligation means Parity Hedge Obligations and Parity Reimbursement Obligations.

Parity Hedge Obligation means Qualified Hedge Agreement Obligation, secured in such manner as set forth in the 2010 MFI.

Paying Agent or Paying Agents means any paying agent(s) for the MFI Bonds and any successor or successors as paying agent(s) appointed pursuant to the 2010 MFI.

Person means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

Pledged Recipient Bond Payments means payments of principal of, premium, if any, and interest on a Recipient Bond which are assigned and pledged as security for the benefit of the Obligations, excluding (i) any Reserved Corporation Interests and (ii) any Released Recipient Bond Payments.

Pledged Revenues means (i) all Pledged Recipient Bond Payments, (ii) to the extent that, pursuant to a Supplemental Series Indenture, the earnings on and/or principal of investment obligations held in the Senior Debt Service Reserve Fund are expected to be applied to pay Debt Service on a Series of Obligations, the earnings on and/or principal of such investment obligations, (iii) any Equity Support Payments received by the Trustee, and (iv) Pledged Federal Interest Subsidy Payments.

Prior Indentures means any Financing Indenture in effect prior to June 1, 2010, as such Financing Indenture may be amended and supplemented.

Prior Indenture Support Account means the Account created pursuant to the Master Trust Agreement, as amended by the First Supplemental Master Trust Agreement, dated as of June 1, 2010 between the Corporation and Trustee.

Program means the Clean Water SRF, the Drinking Water SRF or any Additional Program.

Program Account means a Clean Water SRF Account, a Drinking Water SRF Account or any other account within a Project Fund, Debt Service Reserve Fund, General Reserve Fund or any other Fund under the Indenture which holds moneys solely allocable to a single Program.

Project Fund means any fund established pursuant to the 2010 MFI.

Projected Receipts means as of any date of calculation means the amount expected to be received as Pledged Revenues, as calculated by the Corporation and evidenced by an Officer's Certificate.

Qualified Hedge Agreement means with respect to any Series of Bonds or Subordinated MFI Bonds, any financial arrangement (i) which is entered into by the Corporation with a Qualified Hedge Provider, (ii) which is a cap, floor or collar, forward rate, future rate, swap (such swap may be used in an

amount equal either to the principal amount of such Series of Bonds or Subordinated MFI Bonds as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Series of Bonds or Subordinated MFI Bonds), asset, index, price or market linked transaction or agreement, or other exchange or rate protection transaction agreement, or similar transaction (however designated), or any combination thereof, or any option with respect to any of the foregoing, executed by the Corporation, (iii) which has been designated as a Qualified Hedge Agreement with respect to such Series of Bonds or Subordinated MFI Bonds in a written determination signed by a Authorized Officer of the Corporation and delivered to the Trustee, and (iv) which contains such terms addressing the posting and holding of collateral, if any, and such other terms as may be determined by the Corporation.

Rebate Amount, with respect to each series of Bonds, shall have the meaning ascribed to such term in the related Tax Regulatory Agreement.

Rebate Fund, with respect to each series of SRF Bonds, means the rebate fund established under the related Financing Indenture.

Recipient(s) means any municipality (as defined in the EFC Act) or a recipient (as defined in the EFC Act) entering into a Financing Agreement and their respective successors and assigns.

Recipient Account means any recipient account established pursuant to the 2010 MFI for the benefit of a Related Recipient.

Recipient Bonds, with respect to each series of Bonds, means the bonds or notes of the Recipient that are purchased pursuant to or otherwise acquired by the related Leveraged Financing Agreement.

Recipient Bond Payment(s), with respect to each MFI Leveraged Financing or SRF Leveraged Financing, as appropriate, shall mean the amounts payable by the related Recipient under the related series of Recipient Bonds, which amounts shall be pledged and assigned to the related Financing Indenture Trustee.

Recipient Bond Resolution, with respect to each series of Bonds, means any resolution or indenture of each related Recipient pursuant to which the related Recipient Bonds are issued evidencing the obligation to repay the Leveraged Financing relating to such series of Bonds.

Recipient's Portion means as of any date, the amount determined by the Corporation to be (i) held within a Debt Service Reserve Fund as part of the Reserve Allocation for a particular Recipient, (ii) held within a Construction Fund for the account of a particular Recipient, or (iii) held within the Rebate Fund and allocable to a particular Recipient, in each case as evidenced in writing to the Trustee by an Authorized Officer.

Registered Owner or *Registered Owners* means the person or persons in whose name or names the particular MFI Bond shall be registered.

Related means (i) when used with respect to any Fund or account or subaccount within any such Fund established under the 2010 MFI, the fund, account or subaccount so designated and established by the Related Supplemental Series Indenture authorizing a particular series of 2010 MFI Bonds, (ii) when used with respect to a Supplemental Series Indenture, the Supplemental Series Indenture authorizing a particular series of 2010 MFI Bonds, (iii) when used with respect to Recipient Bonds, the Recipient Bonds issued to evidence the obligation to repay the loan of all or part of the proceeds for a particular series of 2010 MFI Bonds or purchased with such proceeds, as the case may be, (iv) when used with respect to an Agreement, an Agreement entered into in connection with a particular Series of Bonds and, as appropriate, a particular Recipient, (v) when used with respect to a Credit Facility or Parity Reimbursement Obligation, the Credit Facility securing a particular series of 2010 MFI Bonds and the

Parity Reimbursement Obligation entered into in connection therewith, (vi) when used with respect to a Tax Regulatory Agreement, the Tax Regulatory Agreement entered into in connection with a particular Series of Bonds, and (vii) when used with respect to a Recipient's Portion, the Recipient's Portion being held for the benefit of such Recipient.

Repayment Bond means a special obligation bond of the Corporation acting on behalf of one Revolving Fund delivered to the custodian of the other Revolving Fund in order to evidence the obligation of the Revolving Fund delivering such bond to repay the amounts invested by the Revolving Fund receiving such bond, as described in the Master Trust Agreement.

Reserve Allocation means, with respect to any Leveraged Financing made from the proceeds of SRF Bonds, that amount of funds derived or to be derived from the related Capitalization Grant Agreements and/or related State Matching Funds and/or other sources established as reserve for such Leveraged Financing pursuant to the Master Trust Agreement, and reflected in the Reserve Allocation Certificate relating to such Leveraged Financing.

Reserve Allocation Certificate means the Authorized Officer's certificate delivered pursuant to the Master Trust Agreement setting forth the Reserve Allocation for a series of SRF Bonds.

SRF Bond(s) means any bond or bonds or all the bonds, as the case may be, of the Corporation issued and secured pursuant to one or more Financing Indentures and further secured under the Master Trust Agreement.

SRF Clean Oceans Account means the SRF Clean Oceans Account established by the Master Trust Agreement.

SRF Leveraged Financing means any Clean Water Leveraged Financing or Drinking Water Leveraged Financing, as the case may be, made in whole or in part from the proceeds of SRF Bonds.

Safe Drinking Water Act means Article XIV of the Federal Public Health Services Act (commonly known as the "Safe Drinking Water Act"), 42 U.S.C. 300f et. seq., as amended from time to time, or any successor provisions.

Senior 2010 MFI Bond(s) means any bond or bonds or all the bonds, as the case may be, of the Corporation issued and secured by a senior lien pursuant to the 2010 MFI; provided, however, that, except as otherwise provided, no Subordinated MFI Bond shall be deemed to be a Senior 2010 MFI Bond.

Senior 2010 MFI Obligation(s) means any Obligation or Obligations or all the Obligations, as the case may be, of the Corporation which are designated as Senior 2010 MFI Obligations in the Related Supplemental Series, including, without limitation, any Senior Bonds and Related Parity Contract Obligations; provided, however, that no Subordinated Obligation and no Guarantee shall be deemed to be a Senior 2010 MFI Obligation.

Series means all of the Bonds or Obligations of a particular Series authenticated and delivered on original issuance and pursuant hereto and a Supplemental Series Indenture and identified as such pursuant to such Supplemental Series Indenture, and any Bonds or Obligations of such Series thereafter authenticated and delivered in lieu of or in substitution for such Bonds or Obligations pursuant to applicable provisions of the Related Indenture, regardless of variations in maturity, interest rate, sinking fund installments or other provisions.

Series 2010 C Tax Regulatory Agreement or *Tax Regulatory Agreement* means, with respect to the Series 2010 C Bonds, the Tax Regulatory Agreement, dated the date of initial delivery of the Series

2010 C Bonds, between the Corporation and the Trustee, as it may be amended and supplemented from time to time in accordance with its terms.

Series 2010 C Bonds means \$140,850,000 aggregate principal amount of the State Clean Water and Drinking Water Revolving Funds Revenue Bonds, Series 2010 C of the Corporation.

Series 2010 C Pledged Recipient Bond Payments means the payments on the Recipient Bonds described in **Exhibit D** to the First Supplemental Series Indenture of Trust. Subject to the requisite filings and certificates as provided for under the 2010 MFI, the Series 2010 C Pledged Recipient Bond Payments constitute Pledged Recipient Bond Payments and Pledged Revenues for purposes of the Master Indenture.

Series 2010 C Recipient Bonds means the bonds or notes issued by the Series 2010 C Recipients described in **Exhibit E** to the First Supplemental Series Indenture of Trust which are acquired by the Corporation or the Trustee, including, without limitation, the bonds or notes purchased or delivered in connection with the Refunded Bonds.

Series 2010 C Recipients means the Recipients as shown in **Exhibit E** to the First Supplemental Series Indenture of Trust.

Sinking Fund Installment means, with respect to a Series of Bonds, an amount so designated pursuant to the Related Supplemental Series Indenture.

State means the State of New York.

State Assistance Payments shall have the meanings set forth in the Drinking Water Regulations.

State Clean Water Act means Chapter 565 of the Laws of New York of 1989, as amended.

State Drinking Water Act means Title 2 of Article 56 of the Environmental Conservation Law of the State of New York, as amended.

State Comptroller means the Comptroller of the State of New York.

State Legislature means the Legislature of the State of New York.

State Matching Share, when used in reference to the Clean Water Revolving Fund, means the amounts to be provided by the State pursuant to the Water Quality Act and the State Clean Water Act as matching funds and, when used in reference to the Drinking Water Revolving Fund, means the amounts to be provided by the State pursuant to the Safe Drinking Water Act and the State Drinking Water Act as matching funds.

State Program Act means the State CWSRF Act, the State DWSRF Act or any State statute establishing an Additional Program, which may include the Act.

State Revolving Fund or *SRF* means the Clean Water SRF or the Drinking Water SRF.

Subordinated 2010 MFI Bond(s) means any bond or bonds of the Corporation delivered pursuant to the 2010 MFI as described under "SUMMARY OF CERTAIN PROVISIONS OF THE 2010 MFI – Security for 2010 MFI Obligations; Issuance of 2010 MFI Obligations – Issuance of and Lien Created by Subordinated 2010 MFI Bonds."

Supplemental Indenture means any indenture which supplements or amends the 2010 MFI or a Supplemental Series Indenture now or hereafter duly executed and delivered in accordance with the provisions of the 2010 MFI.

Subordinated 2010 MFI Obligations or *Subordinated Obligations* means all Subordinated 2010 MFI Bonds, all Guarantees and all other Obligations which are designated as Subordinated 2010 Obligations in the Related Supplemental Series Indenture.

Subsidized Financing means any Financing designated as such by the Corporation.

Supplemental Indenture means any indenture supplementary to or amendatory of the Indenture or a Supplemental Series Indenture now or hereafter duly executed and delivered in accordance with the provisions hereof.

Supplemental Series Indenture means a Supplemental Indenture providing for the issuance of a series of MFI Bonds, as such Supplemental Indenture may be amended and supplemented.

Supplemental Trust Agreement means any supplement or amendment of the Master Trust Agreement duly executed and delivered in accordance with the provisions of the Master Trust Agreement.

Support Facility means a Credit Facility or Liquidity Facility.

Tax Regulatory Agreement means, with respect to a series of MFI Bonds, the Tax Regulatory Agreement, dated the date of initial delivery of such series of MFI Bonds, between the Corporation and the Trustee, as the same may be amended or supplemented and, with respect to any other series of SRF Bonds, means any similar document entered into between the Corporation and the Trustee, as the same may be amended or supplemented.

Trust Agreement means the Master Trust Agreement, as from time to time amended and supplemented in accordance with the terms hereof.

Trustee means Manufacturers and Traders Trust Company, in its capacity as trustee under the 2010 MFI, and its successor or successors as trustee thereunder.

Unallocated Clean Water Corpus Subaccount means the Unallocated Clean Water Corpus Subaccount within the Equity Fund established under the Trust Agreement.

Unallocated Corpus Subaccount means the Unallocated Clean Water Subaccount or the Unallocated Drinking Water Subaccount, as appropriate.

Unallocated Drinking Water Corpus Subaccount means the Unallocated Drinking Water Subaccount established under the Trust Agreement.

Water Quality Act means the federal Water Quality Act of 1987, as amended from time to time, or any successor provisions.

2010 MFI means the Financing Indenture of Trust to be dated as of June 1, 2010 between the Corporation and Trustee as the same may be amended and supplemented in accordance with its terms.

2010 MFI General Reserve Fund means the General Reserve Fund established pursuant to the 2010 MFI.

2010 MFI General Reserve Fund Requirement means as of any date of calculation the difference between (a) the sum of all Debt Service Reserve Fund Requirements for all Outstanding Senior 2010 MFI Obligations and (b) the sum of the amounts on deposit in the Senior Debt Service Reserve Funds.

2010 MFI Obligations means any Bonds or Contract Obligations issued or incurred under the 2010 MFI.

2010 MFI Trustee means Manufacturers and Traders Trust Company, as trustee under the 2010 MFI, and any successor in such capacity.

SUMMARIES OF CERTAIN BASIC DOCUMENTS

THE FOLLOWING ARE SUMMARIES OF THE TERMS AND PROVISIONS OF THE 2010 MFI ENTERED INTO IN CONNECTION WITH THE 2010 MFI BONDS, THE MASTER TRUST AGREEMENT AND THE CONTINUING DISCLOSURE AGREEMENT. THE SUMMARIES DO NOT PURPORT TO BE COMPLETE AND REFERENCE SHOULD BE MADE TO EACH OF THESE DOCUMENTS INDIVIDUALLY FOR FULL AND COMPLETE STATEMENTS OF SUCH DOCUMENTS AND ALL PROVISIONS THEREIN.

SUMMARY OF CERTAIN PROVISIONS OF THE 2010 MFI

Liability under Obligations

The 2010 MFI Obligations are not general obligations of the Corporation, and do not constitute an indebtedness of or a charge against the general credit of the Corporation. The liability of the Corporation under the 2010 MFI Obligations is enforceable only to the extent provided in the 2010 MFI, and the 2010 MFI Obligations are payable solely from the Pledged Revenues and any other funds held by the Trustee under the 2010 MFI which are available for such payment. The 2010 MFI Obligations are not a debt of the State of New York or any Recipient and neither the State of New York nor any Recipient is liable thereon.

Security for 2010 MFI Obligations; Issuance of 2010 MFI Obligations

Pledge and assignment effected by 2010 MFI; 2010 MFI Obligations equally and ratably secured; option of Corporation to assign certain further rights and remedies to Trustee. The 2010 MFI provides that all Senior 2010 MFI Obligations issued and to be issued under the 2010 MFI are, to the extent provided in and subject to the 2010 MFI, equally and ratably secured by the 2010 MFI without preference, priority or distinction on account of the actual time or times of the authentication or delivery or maturity or redemption or prepayment of the Senior 2010 MFI Obligations, or any of them. All Senior 2010 MFI Obligations issued and to be issued under the 2010 MFI are to the extent provided in the 2010 MFI, equally and ratably secured by the 2010 MFI with like effect as if they had all been executed, authenticated and delivered simultaneously.

As security for the payment of the principal of, and premium, if any, and interest on the Outstanding Obligations and for the performance of each other obligation of the Corporation under the 2010 MFI, the Corporation may pledge and assign to the Trustee any portion of the Corporation's estate, right, title and interest and claim in, to and under any Financing Agreement or Recipient Bond and the right to make all related waivers and agreements in the name and on behalf of the Corporation, as agent and attorney-in-fact, and to perform all other related acts which are necessary and appropriate under the Financing Agreements or Recipient Bonds, subject to the following conditions: (i) that the owners of the Obligations will not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions thereof to be performed by the Corporation and (ii) that, unless and until the Trustee has, in its discretion when an Event of Default has occurred and is continuing, so elect, by instrument in writing delivered to the Corporation and the Recipient (and then only to the extent that the Trustee elects), the Trustee will not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions contained in any Financing Agreement to be performed by the Corporation (except to the extent of actions undertaken by the Trustee in the course of its performance of any such covenant or provision); the Corporation, however, will remain obligated to observe and perform all the conditions and covenants in the Financing Agreements provided to be observed and performed by it, notwithstanding any such pledge and assignment.

Issuance of Senior 2010 MFI Bonds. Senior 2010 MFI Bonds may be issued from time to time under the 2010 MFI for the purpose of making Financings available to any Recipient for any purpose permitted to be financed from the proceeds of bonds under the Act and under the applicable State Program Act, subject to certain conditions. The Senior 2010 MFI Bonds of any series shall be issued only upon the receipt by the Trustee of proceeds (including accrued interest, if any) of sale of such series of senior 2010 MFI bonds. On or before the authentication and delivery of the Senior 2010 MFI Bonds of each series, the Trustee must also receive, among other documents, the following:

- (a) A copy of the resolutions adopted by the Corporation authorizing the execution of the Related Supplemental Series Indenture, the Related Parity Contract Obligations and the issuance of such series of 2010 MFI Bonds;

(b) A copy of the Related Tax Regulatory Agreement (if any), the Master Trust Agreement, the 2010 MFI, the Related Supplemental Series Indenture, any Related Support facility, any Related Non Qualified hedge and any Related Parity Hedge Obligations;

(c) An Officer's Certificate to the effect that the Corporation has received the Recipient Bonds which are to be the source of the Pledged Recipient Bond Payments;

(d) An Officer's Certificate evidencing compliance with the Additional Senior Obligations Test;

(e) The Officer's Certificate or Certificates, if any, relating to such Series specifying the amounts of funds, if any, derived or to be derived from any source within any Revolving Fund as a source of a Debt Service Reserve Fund deposit, if any, for such Series;

(f) An Officer's Certificate establishing one or more additional funds, accounts or subaccounts, if any.

(g) An Officer's Certificate that the Corporation has received an opinion of counsel to each Related Recipient to the effect that the Recipient Bonds from which Pledged Recipient Bond Payments are to be received have been duly authorized, executed and delivered and issued;

(h) An opinion of Bond Counsel to the effect that the Bonds of such Series have been duly authorized, that all conditions precedent to the issuance thereof have been fulfilled and, that the Bonds are valid and legally binding special obligations of the Corporation, secured by the 2010 MFI, and are payable as to principal, premium, if any, and interest from, and are secured by a valid lien on and pledge of, the Pledged Revenues and moneys held by the Trustee under the 2010 MFI and available therefor under the terms of the 2010 MFI, all in the manner provided therein, together with a letter to the effect that the Trustee may rely on such opinion as if it were addressed to it;

(i) A written order and authorization to the Trustee on behalf of the Corporation, signed by an Authorized Officer to authenticate and deliver such Series of 2010 MFI Bonds to or upon the order of the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price (including accrued interest, if any) of such Series of 2010 MFI Bonds;

(j) A written order signed by an Authorized Officer of the Corporation specifying how the proceeds of such Series of 2010 MFI Bonds are to be deposited and disbursed; and

(k) Any additional instrument specified in the Related Supplemental Series Indenture.

A Supplemental Series Indenture may, in lieu of specifying all or any of the Recipients, require that such specification be a condition to the disbursement of all or a portion of the proceeds of the Series of 2010 MFI Bonds to be issued pursuant thereto and, in such event, such Supplemental Series Indenture may specify that any of the conditions set forth above which relate to any Recipients and any Financing not specified in the Supplemental Series Indenture are conditions to disbursement of such Bond proceeds to any Recipient or for any Financing not so specified.

Issuance of 2010 MFI Guarantees. 2010 MFI guarantees may be issued from time to time for the purpose of guarantying bonds, notes or other obligations issued by any Person for any purpose which the Corporation is authorized to guaranty under the Act and under the applicable State Program Act, subject to the following conditions. Any Guarantee must be executed by the Corporation and delivered to the Trustee for authentication and thereupon such Guarantee will be authenticated by the Trustee and

delivered to or upon the written order of an Authorized Officer. Prior to, or simultaneously with, the authentication and delivery of any Guarantee, the Trustee must receive the following:

(a) A copy of the resolutions adopted by the Corporation authorizing the execution and delivery of the Related Supplemental Series Indenture, which specifies that such Guarantee is a Subordinated Obligation, and such 2010 MFI guarantee, certified by the Secretary or an Assistant Secretary of the Corporation to have been duly adopted by the Corporation and to be in full force and effect on the date of such certification;

(b) An original executed counterpart or a copy, certified by the Corporation, the Master Trust Agreement, the 2010 MFI, the Related Supplemental Series Indenture, and such Guarantee;

(c) An Officer's Certificate establishing one or more additional funds, accounts or subaccounts, if any

(d) An Officer's Certificate that the Corporation has received an opinion of nationally recognized bond counsel to each Guaranteed Obligation Obligor to the effect that the Guaranteed Recipient Obligations have been duly authorized, executed and delivered and issued;

(e) An opinion of Bond Counsel to the effect that such Guarantee has been duly authorized, that all conditions precedent to the issuance thereof have been fulfilled and, that the Guarantee is a valid and legally binding special obligation of the Corporation, secured as a Subordinated Obligation by the 2010 MFI in the manner therein, together with a letter to the effect that the Trustee may rely on such opinion as if it were addressed to it;

(f) A written order and authorization to the Trustee on behalf of the Corporation, signed by an Authorized Officer to authenticate and deliver such Guarantee to or upon order of the person therein identified upon such conditions, if any, as specified therein; or

(g) Any additional instrument specified in the Related Supplemental Series Indenture.

Issuance of and Lien Created by Subordinated 2010 MFI Bonds. The Corporation, in addition to the Senior 2010 MFI Bonds authorized to be executed, authenticated and delivered pursuant to the other provisions of the 2010 MFI, may execute and deliver to the Trustee Subordinated 2010 MFI Bonds for the purpose of refunding all or any part of any 2010 MFI Bonds then outstanding or for the purpose of making Financings available to any Recipient for any purpose permitted to be financed from the proceeds under the Act and under the applicable State Program Act. The rights of owners of Subordinated 2010 MFI Bonds to payment of the principal of and interest on the Subordinated 2010 MFI Bonds are subordinated to the rights of owners of Senior 2010 MFI Bonds issued under the 2010 MFI and to Related Parity Contract Obligations to the extent and in the manner provided in the 2010 MFI. The Subordinated 2010 MFI Bonds, together with other Subordinated Obligations are secured by a lien on and pledge under the 2010 MFI junior and inferior to the lien on and pledge created for the payment of Senior 2010 MFI Bonds issued under the 2010 MFI and Parity Contract Obligations.

The Trustee is required to authenticate and deliver the Subordinated Partial Refunding 2010 MFI Bonds to or upon the written order of an Authorized Officer of the Corporation, only upon the receipt by the Trustee of the items required and described above under paragraphs (a) through (c) and paragraphs (f) through (k), inclusive, under the caption "Issuance of Senior 2010 MFI Bonds". On or before the authentication and delivery of the Subordinated 2010 MFI Bonds of each series, the Trustee must also receive, among other documents, an Officer's Certificate evidencing compliance with the Additional Subordinated Obligations Test.

A Supplemental Series Indenture may, in lieu of specifying all or any of the Recipients, require that such specification be a condition to the disbursement of all or a portion of the proceeds of the Series of Subordinated 2010 MFI Bonds to be issued pursuant thereto and, in such event, such Supplemental Series Indenture may specify that any of the conditions set forth above which relate to any Recipients and any Financing not specified in the Supplemental Series Indenture are conditions to disbursement of such Bond proceeds to any Recipient or for any Financing not so specified.

Release of Pledged Revenues from Lien of the 2010 MFI; Pledge of Additional Pledged Revenues. The Corporation may release specific Pledged Revenues from the lien created by the 2010 MFI or substitute and add to the lien by providing and filing with the Trustee, (1) a revised schedule describing the specific Pledged Revenues to be released and, if applicable, substituted therefor or added thereto, and (2) a certificate which demonstrates that in each year the Related Series of Obligations are scheduled to be Outstanding compliance with the Additional Senior Obligations Test, the Additional Subordinated Obligations Test and any Additional Release Tests.

Additional Financial Assistance to Recipients. The 2010 MFI does not limit the right of the Corporation to provide for any additional financial assistance or loans to the Recipients or any other Person or to issue bonds, notes, guarantees or other obligations pursuant to another indenture of trust or resolution.

Amendment of Financing Agreements, Recipient Bonds and Tax Regulatory Agreement

Amendments to Financing Agreements not requiring consent of Bondowners. The Corporation may without the consent of or notice to the Trustee or Bondowners of any series of 2010 MFI Bonds amend or modify any provision of any Related Financing Agreement in any manner which will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Bonds of the Related Series.

Amendments to Recipient Bonds from which Pledged Recipient Bonds Payments are to be received. The Corporation may without the consent of or notice to the Trustee or the Bondowners, consent to any amendment or modification of any Recipient Bond (i) which is required for the purpose of curing any ambiguity or formal defect or omission, (ii) if the Corporation delivers to the Trustee an Officer's Certificate which demonstrates, after taking any such amendment in account, compliance with the Additional Senior Obligations Test and the Additional Subordinated Obligations Test, in each year the Related Series of 2010 MFI Bonds are scheduled to be Outstanding, or (iii) which will not materially adversely change or diminish the rights of the owners of the Obligations of any Related Series then Outstanding.

The Corporation may in its discretion determine whether or not in accordance with the foregoing provisions the rights of the owners of Obligations of a Series would be materially adversely changed or diminished by any modification or amendment of Recipient Bonds and any such determination will be binding and conclusive on all owners of Obligations.

Amendments to the Tax Regulatory Agreement. The Corporation may, without the consent of the Trustee and without notice to or consent of Bondowners, enter into any amendment or modification of the Tax Regulatory Agreement or Arbitrage and Use of Proceeds Certificate upon the delivery to the Trustee of an opinion of Bond Counsel to the effect that the proposed amendment or modification will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the 2010 MFI Bonds.

Pledge of Funds Created under the 2010 MFI

Creation and custody of pledged funds and accounts. The following funds and accounts are established with respect to and for the benefit of all Obligations and all Series of 2010 MFI Bonds in accordance with the provisions of the 2010 MFI, subject to application in accordance with the priority established in the 2010 MFI:

- (1) Cost of Issuance Fund;
- (2) Debt Service Fund;
- (3) Recipient Bond Fund; and
- (4) 2010 MFI General Reserve Fund.

At the election of the Corporation, a Senior Debt Service Reserve Fund with respect to and for the benefit of one or more Series of Senior 2010 MFI Obligations may be established pursuant to the Related Supplemental Series Indenture. *No Debt Service Reserve Fund is established with respect to the Series 2010 C Bonds.*

At the election of the Corporation, a Subordinated Debt Service Reserve Fund with respect to and for the benefit of one or more Series of Subordinated Obligations may be established pursuant to the Related Supplemental Series Indenture.

All Recipient Obligations and payments thereon are required to be deposited in the Recipient Bond Fund. Moneys held therein constituting Pledged Revenues shall be applied from time to time in accordance with the New Master Financing Agreement and as described under the caption “Application of Pledged Revenues”. Moneys held therein not constituting Pledged Revenues may be applied as determined by the Corporation.

All funds are held by the Trustee, other than the Recipient Bond Fund, which is held by the Corporation.

The Corporation may, by Supplemental Indenture or by Authorized Officer’s certificate, establish one or more additional funds, accounts or subaccounts.

Cost of Issuance Fund. A portion of the fees payable by Related Recipient under the Related Financing Agreement as determined by the Corporation will be deposited in the Cost of Issuance Fund. Such amounts will be paid by the Trustee upon requisition of the Corporation to pay issuance costs incurred in connection with 2010 MFI Bonds. Upon certification by an Authorized Officer that no further costs of issuance are to be paid from such Cost of Issuance Fund, the Trustee is required to transfer any amounts remaining on deposit in such Fund in accordance with written directions of the Corporation.

Application of Pledged Revenues. On or before each date on which Debt Service is due on Obligations (hereinafter, a “Debt Service Payment Date”), subject to certain limitations as to the use of any particular Pledged Revenues, the Corporation is required to cause to be transferred to the Trustee such portion of Pledged Revenues as is necessary to provide for the payment of such Debt Service. On or before any Debt Service Payment Date, the Trustee is required to apply such Pledged Revenues so transferred (other than Equity Support Payments which are required to be applied as described under the caption “Debt Service Fund”) to the funds and accounts set forth below in the following amounts in the following order of priority:

FIRST: To the Debt Service Fund the amount, if any, required so that the balance therein equals the amount of Debt Service due on the Senior 2010 MFI Obligations on such Debt Service Payment Date; provided that for the purpose of computing the amount to be paid to the Debt Service Fund there is required to be deducted the amount, if any, set aside in such Debt Service

Fund for the payment of such Senior 2010 MFI Obligations, including any amounts which were deposited therein as accrued interest and any amounts transferred to such Debt Service Fund from the Project Fund, together in each case with investment earnings thereon; and

SECOND: To the 2010 MFI General Reserve Fund, the amount, if any, necessary so that the amount in the 2010 MFI General Reserve Fund is equal to the lesser of (i) one-half of Maximum Annual Debt Service on the Senior 2010 MFI Obligations or (ii) the 2010 MFI General Reserve Fund Requirement, each calculated as of such Debt Service Payment Date and as confirmed to the Trustee by the Corporation; and

THIRD: To the Debt Service Fund the amount, if any, required so that the balance therein is equal to the amount of Debt Service due on the Debt Service Payment Date on the Subordinated Obligations; provided that for the purpose of computing the amount to be paid to the Debt Service Fund for the payment of such Subordinated Obligations, there is required to be deducted the amount, if any, set aside in such Debt Service Fund, including any amount which was theretofore deposited therein as accrued interest and any amounts transferred to such Debt Service Fund from a Project Fund, together in each case with investment earnings thereon;

FOURTH: To the 2010 MFI General Reserve Fund, the additional amount, if any, necessary so that the amount therein is equal to the 2010 MFI General Reserve Fund Requirement, calculated as of such Debt Service Payment Date and as confirmed to the Trustee by the Corporation;

FIFTH: To the Rebate Fund, the amount, if any, of any deficiency therein, calculated as of such Debt Service Payment Date and as confirmed to the Trustee by the Corporation;

SIXTH: Subject to the limitations set forth in the 2010 MFI, to the Master Trust Agreement Trustee for deposit in the Prior Indenture Support Account the amount of any deficiency in such Account: and

SEVENTH: Subject to the limitations set forth in the 2010 MFI, to the Master Trust Agreement Trustee for deposit in the Equity Fund to reimburse the Programs in the amount of any payments from the De-allocated Reserve Account, any Equity Support Payment or any Guarantee Support Payment due to a Recipient Bond payment default, together with interest, if any, in respect of such payments.

Debt Service Fund. The Trustee is required to deposit the following receipts in the Debt Service Fund:

(1) The amount, if any, of the proceeds of any series of 2010 MFI Bonds, required by the 2010 MFI to be deposited in the Debt Service Fund in respect of interest.

(2) All amounts required to be transferred to the Debt Service Fund pursuant to “FIRST” and “THIRD” under the caption “Application of Pledged Revenues”.

(3) Any amounts required to be transferred to the Debt Service Fund from a Senior Debt Service Reserve Fund which amounts may be applied solely to pay the Related Series of Senior 2010 MFI Obligations

(4) Any amounts required to be transferred to the Debt Service Fund from a Subordinated Debt Service Reserve Fund, which amounts are required to be applied in accordance with any restrictions established in the Related Supplemental Series Indenture.

(5) Any amounts required to be transferred from the 2010 MFI General Reserve Fund or the De-allocated Reserve Account which amounts are required to be applied first to cure any deficiency in the amounts available to pay Debt Service on the Senior 2010 MFI Obligations and second to cure any deficiency in the amounts available to pay Debt Service on the Subordinated Obligations.

(6) Any Equity Support Payments received from the Corporation are required to be applied to cure any deficiency in the amounts available to pay Debt Service on the Senior 2010 MFI Obligations and Subordinated Obligations on a pro rata basis as to the amount due and owing as Debt Service on such Obligations on the date such Equity Support Payments are received, without any distinction between Senior 2010 MFI Obligations and Subordinated Obligations (including 2010 MFI guarantees).

(7) Any other amounts required to be paid to the Debt Service Fund or otherwise made available for deposit therein by a Recipient or the Corporation and any other amounts made available by the Corporation as Committed Subsidy Amount.

The Trustee is required to pay out of the Debt Service Fund from moneys available for such purpose in accordance with the priority set forth under the caption "Application of Pledged Revenues" to any Paying Agents for each Series of 2010 MFI Bonds (i) on each interest payment date, the amount required for the payment of interest on such Series of 2010 MFI Bonds due on such interest payment date and (ii) on any redemption date, the amount required for the payment of accrued interest on such Series of 2010 MFI Bonds redeemed unless the payment of such accrued interest is otherwise provided for, and such amounts are required to be applied by the Paying Agents to such payment. The Trustee also is required to pay out of the Debt Service Fund the accrued interest included in the purchase price of the Related Series of 2010 MFI Bonds purchased for retirement.

The Trustee is required to pay out of the Debt Service Fund to any Paying Agents for each Series of 2010 MFI Bonds on each principal payment date and redemption date for such Series of 2010 MFI Bonds, the amounts required for the payment of such principal or redemption price on such date, and such amounts are required to be applied by the Paying Agents to such payments.

Amounts made available by the Corporation or any Recipient for the purpose of purchasing Bonds of a Series of 2010 MFI Bonds may, and if so directed by the Corporation are required to, be applied by the Trustee prior to the forty-fifth (45th) day preceding any sinking fund redemption date to the purchase of such Bonds of a Series of 2010 MFI Bonds of the maturity that are subject to such sinking fund redemption, at prices (including any brokerage and other charges) not exceeding the redemption price payable for such Bond of such Series of 2010 MFI Bonds pursuant to such sinking fund redemption plus unpaid interest accrued to the date of purchase. Upon such purchase of any Bond of such Series, the Trustee is required to credit an amount equal to the principal of the Bond of such Series so purchased toward the next succeeding sinking fund installment for such Bond. In connection with any such purchase, the Trustee, at the direction of the Corporation, is required to permit a Recipient making funds available for the purpose of purchasing any Series of 2010 MFI Bonds to purchase a like principal amount of such Recipient's Recipient Bonds of the same maturity at a purchase price equal to the price (including brokerage and other charges) paid for the purchase of the Related Bonds.

As soon as practicable after the forty-fifth (45th) day preceding the date of any such sinking fund redemption, the Trustee shall proceed to call for redemption on such redemption date Bonds of the maturity and Series for which sinking fund redemption is required in such amount as is necessary to complete the retirement of the principal amount specified for such sinking fund redemption of such Series of 2010 MFI Bonds. The Trustee is required to call such Bonds for redemption whether or not it then has moneys in the Debt Service Fund sufficient to pay the applicable redemption price thereof and interest

thereon to the redemption date. The Trustee is required to pay out of the Debt Service Fund to the appropriate Paying Agents, on each such redemption date, the amount required for the redemption of the Bonds so called for redemption, and such amount are required to be applied by such Paying Agents to such redemption.

By no later than 1:00 P.M. on the Business Day next preceding any Debt Service Payment Date, the Corporation is required to notify the Trustee and the Master Trust Agreement Trustee in the event that the Pledged Revenues available therefore under the 2010 MFI will not be sufficient to pay such Debt Service when due. The Corporation also is required to transfer to the Trustee any portions of the Reserve Allocation which has not yet been deposited in a Debt Service Reserve Fund attributable to a Financing, the nonpayment of which has resulted in or contributed to such deficiency, and are available to be drawn in accordance with the Related Reserve Allocation Certificate that will be required to pay principal of or interest on such Series of Obligations. To the extent that a Debt Service payment due on any Debt Service Payment Date, including any amounts which may be overdue on such Debt Service Payment Date, is expected to exceed the full amount available therefore in the Debt Service Fund and any amount in any Related Debt Service Reserve Fund which may be available therefore, the Trustee is required to transfer to the Debt Service Fund from amounts, if any, on deposit and available with respect thereto in the 2010 MFI General Reserve Fund an amount sufficient to cure the deficiency. To the extent the aggregate of all such amounts are not sufficient to pay all Debt Service payments then due as of such Debt Service Payment Date, including any Debt Service amounts which may be overdue on such Debt Service Payment Date, the Trustee is required to immediately deliver to the Master Trust Agreement Trustee a notice requesting that an amount equal to such insufficiency be transferred from the De-allocated Reserve Account to the Trustee for deposit in the Debt Service Fund.

To the extent that a deficiency in available moneys in the Debt Service Fund to pay a Debt Service payment then due, including any Debt Service amounts which are overdue, and there are insufficient moneys available to address such deficiency from the sources described in above other than the Equity Support Payments, the Trustee is required to so advise the Corporation of the remaining portion of the deficiency and the Corporation is required to transfer to the Trustee an Equity Support Payment in the amount of the remaining portion of such deficiency, or, if less, the amount then available as Available Equity Fund Moneys and is required to continue to make such transfers from Available Equity Fund Moneys until such deficiency is satisfied. To the extent that Available Equity Fund Moneys are insufficient to satisfy any deficiency described in this paragraph including any amount then payable under any Guarantee, then the Available Equity Fund Moneys are required to be allocated and made available by the Corporation as Debt Service Support Payments and Guarantee Support Payments on a pro rata basis among all Obligations with respect to which Equity Support Payments are then due based upon the amounts then due in respect thereto, including any amounts then overdue, without any distinction between Senior 2010 MFI Obligations and Subordinated Obligations (including 2010 MFI guarantees).

Senior Debt Service Reserve Funds; 2010 MFI General Reserve Fund. The Trustee is required to promptly deposit in each Senior Debt Service Reserve Fund the following receipts:

- (1) any amounts required to be deposited therein in accordance with the Related Supplemental Series Indenture;
- (2) subject to any transfer of investment earnings to the Earnings Fund or Rebate Fund required by the Related Tax Regulatory Agreement, any investment earnings on amounts on deposit in such Senior Debt Service Reserve Fund;

(3) any amounts made available by the Corporation in order to reimburse such account for transfers to the Debt Service Fund to provide for payment of principal of and interest on Obligations; and

(4) any other amounts made available by the Corporation for deposit therein.

All such deposits are required to be made in accordance with written directions of the Corporation.

The Trustee is required to make the following transfers and payments from each Senior Debt Service Reserve Fund in the following order or priority:

(1) On any Debt Service Payment Date on which any payment of interest on any Related Series of Senior 2010 MFI Obligations, the Trustee is required to deposit in the Senior Debt Service Fund the portions held in such Senior Debt Service Reserve Fund and certified by the Corporation to be all or a portion of the Committed Subsidy Amount then available to all Related Recipients, determined in accordance with the Related Financing Agreements and Reserve Allocation Certificates;

(2) On any Debt Service Payment Date for any Related Series of Senior 2010 MFI Obligations, the Trustee is required to transfer from the Senior Debt Service Reserve Fund and, to the extent that such amount is insufficient, from the 2010 MFI General Reserve Fund in each case for deposit in the Debt Service Fund, any amounts due on such Debt Service Payment Date but as yet unavailable in the Debt Service Fund for such payment because of the failure of any Recipient to make full and timely payment on the Related Recipient Bonds (as defined in the Related Supplemental Series Indenture); and

(3) After making any transfers required by clauses (1) and (2) above, the Trustee is required to transfer from any excess amount in a Senior Debt Service Reserve Fund in excess of the Senior Debt Service Reserve Fund Requirement to the 2010 MFI General Reserve Fund the amount, if any, required to be transferred to the 2010 MFI General Reserve Fund pursuant to paragraph "SECOND" under the caption "Application of Pledged Revenues".

After making any transfers required by the immediately preceding paragraph, to the extent that sufficient monies are not available in the Debt Service Fund or in the Related Subordinated Debt Service Reserve Fund, if any, to pay any principal or interest due on Subordinated Obligations, the Trustee is required to transfer from any amount in excess of the 2010 MFI General Reserve Fund Requirement to the Debt Service Fund an amount sufficient to pay Debt Service on such Subordinated Obligations then due;

After making any transfers required by the three immediately preceding paragraphs, the Trustee is required to transfer from any amount in a Senior Debt Service Reserve Fund in excess of the related Debt Service Reserve Fund Requirement to the 2010 MFI General Reserve Fund the amount, if any, required to be transferred to the 2010 MFI General Reserve Fund pursuant to paragraph "FOURTH" under the caption "Application of Pledged Revenues".

At the direction of the Corporation, the Trustee is required to transfer any amounts held within the 2010 MFI General Reserve Fund in excess of the 2010 MFI General Reserve Fund Requirement to the Master Trust Agreement Trustee for deposit in the Prior Indenture Support Account to the extent of any deficiency in the amount available therein and then, to the extent of any additional excess amount, to the Equity Fund. No such transfers to the Master Trust Agreement Trustee will be made unless all amounts due and owing on any Obligations on such date have been paid as of such date and all transfers required by the immediately preceding four paragraphs have been made. The Corporation is required to provide

the Trustee with written information in order to make the transfers and payments described under this caption.

Project Funds; Escrow Funds. To the extent so specified and more particularly set forth in the Related Supplemental Series Indenture, the Trustee, as the depository bank of the Recipients issuing Bond Funded Recipient Bonds, is required to establish one or more Project Funds or Escrow Funds for the benefit of such Recipients. The Depository Bank is required, upon the direction of the Corporation, to transfer any investment earnings on amounts on deposit in a Project Fund or Escrow Fund and held for the account of any Recipient which amounts constitute a portion of a Rebate Amount relating to amounts so held, or any amounts constituting a penalty payable in lieu of the Rebate Amount relating to amounts so held, to the Rebate Fund.

Subject to any required transfer to the Rebate Fund, (i) at the direction of the Corporation, the Trustee is required to transfer from time to time any investment earnings realized on any amounts on deposit in a Project Fund or Escrow Fund and held for the account of any Recipient (except for amounts on deposit with an escrow agent which must be applied in accordance with the related escrow agreement) either (x) to apply such amounts to the payment of principal of or interest on the Related Recipient Bonds and such amounts will constitute a credit against amounts payable by the Related Recipient or (y) to such funds or accounts as the Corporation may direct in reimbursement for Revolving Fund moneys applied to the payment of principal or interest on the Related Recipient Bonds and credited against amounts payable by the Related Recipient, and (ii) amounts on deposit in a Project Fund or Escrow Fund and held for the account of any Recipient after completion of the Related Financed Project or the refinancing of the Related Existing Indebtedness, as appropriate, are required to be transferred to the Debt Service Fund upon the written instruction of the Corporation, and such amounts will be applied to the payment of debt service on the Related Series of 2010 MFI Bonds in accordance with the written instruction of the Corporation.

If a Supplemental Series Indenture provides for the creation of a single Project Fund for the purpose of holding the proceeds of Financing for multiple Recipients adequate records are required to be maintained to establish each Recipient's Portion of such Project Fund.

Earnings Fund; Rebate Fund

To the extent provided in a Supplemental Indenture, the 2010 MFI establishes an Earnings Fund and a Rebate Fund for each series of 2010 MFI Bonds.

The Rebate Fund and amounts on deposit therein are not available for and are not pledged for the payment of 2010 MFI Bonds. The Trustee is required to promptly deposit in the related account of each Rebate Fund any amounts received pursuant to the Master Trust Agreement and any other amounts provided for such purpose by the Corporation. Except as otherwise permitted by the Related Tax Regulatory Agreement, amounts deposited in a Rebate Fund are required to be applied to pay amounts, if any, determined owed to the United States of America under Section 148 of the Code in connection with such Series of 2010 MFI Bonds.

To the extent required by any Tax Regulatory Agreement, income or gain on moneys deposited in each Cost of Issuance Fund, Debt Service Fund, Earnings Fund, Debt Service Reserve Fund and the appropriate account within the 2010 MFI General Reserve Fund are required to be deposited in the Related Earnings Fund. All income or gain on moneys deposited in any Rebate Fund are required to be deposited in such Rebate Fund. Amounts held in the Earnings Fund will be applied as provided in the Related Tax Regulatory Agreement.

Recycling of Financing Proceeds

The Corporation, in its sole discretion, may permit any Recipient receiving any portion of the proceeds of a Series of 2010 MFI Bonds to return all or any portion of its Financing funded with Bond Proceeds to the Corporation and be released from its obligations in respect of the portion of the Financing returned to the extent such returned funds are made available as financial assistance to another Recipient or Recipients, provided that the conditions described in the following paragraph have been satisfied and, to the extent that the Related Recipient Bonds are the source of Pledged Recipient Bond Payments, the conditions described under the caption “Release of Pledged Revenues from Lien of 2010 MFI; Pledge of Additional Pledged Revenues” have been satisfied. A Recipient receiving such returned Financing proceeds is referred to below as a “substitute Recipient”.

Prior to accepting the return of all or a portion of the amounts advanced to a Recipient and releasing the original Recipient from its obligations with respect to a Financing to the extent of the principal amount returned, the Corporation is required to deliver to the Trustee any related amendment to the Tax Regulatory Agreement (if any) related to the Series of 2010 MFI Bonds issued to finance the Financing to the original Recipient and is required to have received (i) the executed Recipient Bonds of such substitute Recipient evidencing the payment obligations of such substitute Recipient, (ii) an opinion of bond counsel to such substitute Recipient as to the validity of its Recipient Bonds, (iii) an opinion of Bond Counsel to the Corporation to the effect that the delivery of the Recipient Bonds of such substitute Recipient and the execution and delivery of the Financing Agreement by the Corporation and substitute Recipient will not adversely affect the exclusion of interest on the Series of 2010 MFI Bonds which financed the original Recipient’s Financing, and (iv) a written instruction of an Authorized Officer as to the establishment of any accounts as is necessary to effectuate the lending of amounts returned by the original Recipient to the substitute Recipient.

Upon satisfaction of such conditions and upon receipt by the Corporation of the portion of the original Recipient’s Financing being returned, the Corporation will apply the portion of the Financing returned to the purchase of the substitute Recipient’s Recipient Bonds. Amendments to Financing Agreements or Recipients Bonds do not require Bondowner consent.

Priority of Application of Moneys within any Fund established under the 2010 MFI as between Programs

To the extent that any amounts are required to be transferred from any Fund by reason of a default by a Recipient or a Guaranteed Obligation Obligor, such amounts are required to be transferred solely from the Account within such Fund relating to the Program which was the source of such Financing or pursuant to which the Related Guarantee was delivered to the extent that there are sufficient moneys in such Account for such purpose. If insufficient funds are available for such purpose within that Program’s Account, to the extent permitted by applicable law the Corporation is required to make moneys within the other Programs’ Accounts available as an investment to cure such deficiency. In such case, amounts within such other Programs’ Accounts will be made available as an investment and will be transferred from such Programs’ Accounts within the applicable Fund for such purpose only to the extent that there are not sufficient moneys in the first Program’s Account within such Fund. Any investment of moneys in a Program Account of any Fund by reason of a shortfall in another Program’s Account will constitute an investment (hereinafter referred to as an “Investment”) by the Program (the “Investing Program”) providing funds to cure such shortfall and will be recorded as such in the financial records of the Corporation. The Program having a shortfall in its Account is referred to herein as the “Obligated Program.”

The obligation to repay any Investment by a Program in another Program will be evidenced by delivery to the Custodian of a Repayment Bond (as defined in the Master Trust Agreement) of the

Corporation acting on behalf of such Program the principal amount of which shall equal the aggregate amount invested by such Program then outstanding. The terms of each Repayment Bond are described in Section 417 of the Master Trust Agreement and are required to be repaid by the Obligated Program in accordance therewith.

Requests for De-allocated Reserve Account Release Payments

To the extent that there are not sufficient funds available hereunder on any Debt Service Payment Date, the Trustee is required to request an immediate transfer from the Master Trust Agreement Trustee pursuant to the Master Trust Agreement of an amount equal to any deficiency of funds under the 2010 MFI from any amounts available under such clause FOURTH Section 402(f) for the payment of New Master Indenture Obligations (as defined in the Master Trust Agreement). Amounts so transferred will be deposited by the Trustee in accordance with the provisions described under “Debt Service Fund”.

Requests for Guarantee Support Payments

To the extent that there are not sufficient funds available under the 2010 MFI on any date on which payments on any Guaranteed Recipient Obligations are due, including, without limitation, any Available De-allocated Reserve Account Release Payments made available in accordance with the provisions described under “Requests for De-allocated Reserve Account Release Payments”, the Trustee is required to request a payment from the Corporation in accordance with the Related Guarantee of an amount equal to any such deficiency of funds from any amounts under the terms of such Guarantee, including any Available Equity Fund Moneys.

Security for and Investment of Moneys

Uninvested moneys held by the Trustee. All moneys received by the Trustee under the 2010 MFI and not invested by the Trustee, to the extent not insured by the Federal Deposit Insurance Corporation or other federal agency, is required to be deposited with the Trustee, or with a national or state bank or a trust company which has a combined capital and surplus aggregating not less than \$250,000,000.

Investment of, and payment of interest on, moneys. Moneys on deposit in the Cost of Issuance Fund, Debt Service Fund, Senior Debt Service Reserve Fund, Earnings Fund, Rebate Fund or the General Reserve Fund may be retained uninvested as trust funds. At the direction of an Authorized Officer, such moneys are required to be invested by the Trustee in (a) obligations of the State or the United States of America; (b) obligations the principal and interest of which are guaranteed by the State or the United States of America; (c) deposits with such banks or trust companies as may be designated by the Corporation, each such bank or trust company deposit being continuously and fully secured by obligations described in clauses (a) or (b); (d) investment agreements as and to the extent permitted by the Act; (e) obligations the interest on which is not included in gross income under Section 103 of the Code, or (c) any other obligations from time to time permitted by the Related Program Act and the Act.

Moneys on deposit to the credit of a Project Fund may be retained uninvested as trust funds or invested in such obligations as are specified in the Related Supplemental Series Indenture as are directed from time to time by an Authorized Officer, be invested by the Trustee in obligations described in the preceding paragraph or in any such other additional obligations provided for in the Related Supplemental Indenture.

The securities purchased with the moneys in each fund are required to be held by or under the control of the Trustee and will be deemed a part of such fund. The interest, including any realized increment on securities purchased at a discount, received on all such securities in any fund is required to be deposited by the Trustee to the credit of such fund, subject to the provisions of any Tax Regulatory

Agreement. Losses, if any, realized on securities held in any fund will be debited to such fund. Neither the Trustee nor any Depository Bank will be liable or responsible for any loss resulting from any such investment or resulting from the redemption, sale or maturity of any such investment.

Defaults and Remedies

Events of Default. The occurrence and continuation of one or more of the following events with respect to Obligations constitute an Event of Default:

- (a) default in the payment of any installment of interest, principal, premium, if any, or sinking fund installment in respect of any Bond as the same shall become due and payable; or
- (b) default in the payment of any other amount due under any Obligation; or
- (c) failure on the part of the Corporation duly to observe or perform any other of the covenants or agreements on the part of the Corporation contained in the 2010 MFI, in the Master Trust Agreement (but solely to the extent that any such covenants or agreements would preserve the security for any 2010 MFI Bonds afforded by the Master Trust Agreement) or in any Bond for a period of thirty (30) days after the date on which written notice of such failure, requiring the Corporation to remedy the same, has been given to the Corporation by the Trustee; provided that, if such failure cannot be corrected within such thirty (30) day period, it does not constitute an Event of Default if corrective action is instituted by the Corporation within such period and is diligently pursued until the failure is corrected.

The remedy of acceleration is not available to the Owners of any 2010 MFI Bonds. The Corporation may, pursuant to a Supplemental Series Indenture, provide for a particular series of Additional MFI Bonds different or additional Events of Default and remedies upon the occurrence thereof including, but not limited to, Events of Default upon the occurrence of events specified in any agreement entered into in connection with the delivery of a Support Facility or any Qualified Hedge Agreement, provided that notwithstanding any additional remedies which may be granted, in all events the 2010 MFI Bonds and other Obligations shall not be payable from amounts in the General Reserve Fund or from De-allocated Reserve Account Payments or Equity Support Payments, except in accordance with the original amortization schedule or, in the case of Contract Obligations, the schedule established therein.

Judicial proceedings by Trustee. Upon the happening and continuance of any Event of Default, the Trustee in its discretion may, and if the Trustee receives written request of the Owners of at least twenty-five percent (25%) in aggregate principal amount of a series of Obligations then Outstanding and has received indemnity to its satisfaction it is then required, (a) by suit, action or special proceeding, enforce all rights of the Owners of the Obligations and require the Corporation to perform its duties under the EFC Act, the Related Financing Agreements, the Obligations and the 2010 MFI, (b) bring suit upon the Obligations which may be in default, (c) by action or suit in equity require the Corporation to account as if it were the trustee of an express trust for the Owners of the Obligations, or (d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Obligations.

Power of Bondowners to direct proceedings. The Owners of a majority in aggregate principal amount of the Obligations then Outstanding have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the 2010 MFI, provided, however, such direction is not in conflict with any rule of law or with any provision of the 2010 MFI and does not unduly prejudice the rights of the owners of Obligations who are not in such majority and does not involve the Trustee in liabilities for which it does not reasonably expect reimbursement. The Trustee is not liable with respect to any action taken or

omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Obligations.

Limitation on actions by Bondowners. No Owner of any series of 2010 MFI Bonds has any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under the 2010 MFI, or any other remedy thereunder or under such series of 2010 MFI Bonds, unless (i) such Owner has previously given to the Trustee written notice of an Event of Default as provided in the 2010 MFI, (ii) the Owners of at least twenty-five percent (25%) in aggregate principal amount of the 2010 MFI Bonds then Outstanding have made written request of the Trustee so to do after the right to exercise such powers or rights of action, as the case may be, has accrued, (iii) the Trustee has been given a reasonable opportunity either to proceed to exercise the powers granted by the 2010 MFI, or to institute such action, suit or proceeding in its or their name, (iv) the Trustee has been offered security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and (v) the Trustee has not complied with such request within a reasonable time.

Application of moneys received by Trustee. Any moneys received by the Trustee or by any receiver pursuant to the exercise of remedies upon the occurrence of an event of default in respect of any Obligations, shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of any fees, charges, expenses and indemnities owed to the Trustee, any Paying Agent or their agents in connection with services rendered under the 2010 MFI, be applied, together with any other moneys held by the Trustee under the 2010 MFI as follows:

- (a) Unless the principal of all Obligations shall have become due and payable, all such moneys shall be applied:

FIRST: To the payment to the Persons entitled thereto of all installments of interest then due on the Senior 2010 MFI Obligations, in the order of the maturity of the installments of such interest including (to the extent provided with respect to such Senior 2010 MFI Obligations and permitted by law) interest on overdue installments of interest at the rate borne by the Senior 2010 MFI Obligations on which such interest shall then be due, and, if the amount available shall not be sufficient to pay in full any particular installment or installments, then to the payment ratably, according to the amounts due on such installment or installments, to the Persons entitled thereto, without any discrimination or preference;

SECOND: To the payment to the Persons entitled thereto of the unpaid principal of and premium, if any, on any of the Senior 2010 MFI Obligations which shall have become due (other than Senior 2010 MFI Obligations called for redemption or purchase for the payment of which moneys are held pursuant to the provisions of the 2010 MFI) in the order of their due dates, with interest on such Senior 2010 MFI Obligations from the respective dates, upon which they become due and, if the amount available shall not be sufficient to pay in full Senior 2010 MFI Obligations due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or preference.

THIRD: To the payment to the Persons entitled thereto of all installments of interest then due on the Subordinated Obligations, in the order of the maturity of the installments of such interest including (to the extent provided with respect to such Subordinated Obligations and permitted by law) interest on overdue installments of interest at the rate borne by the Subordinated Obligations on which such interest shall then be due, and, if the amount available shall not be sufficient to pay in full any particular installment or installments, then to the payment ratably, according to the

amounts due on such installment or installments, to the Persons entitled thereto, without any discrimination or preference;

FOURTH: To the payment to the Persons entitled thereto of the unpaid principal of and premium, if any, on any of the Subordinated Obligations which shall have become due (other than Subordinated Obligations called for redemption or purchase for the payment of which moneys are held pursuant to the provisions of the 2010 MFI) in the order of their due dates, with interest on such Subordinated Obligations from the respective dates, upon which they become due and, if the amount available shall not be sufficient to pay in full Subordinated Obligations due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or preference.

(b) If the principal of all the Senior 2010 MFI Obligations Bonds shall have become due and payable in accordance with the 2010 MFI, all such moneys (other than amounts in the 2010 MFI General Reserve Fund which shall not be available for such payments except in accordance with the original amortization schedule for such Obligations) shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Senior 2010 MFI Obligations, with interest on overdue principal, premium, if any, and interest as aforesaid, without preference or priority of principal and premium, if any, over interest or of interest over principal and premium, if any, or of any installment of interest over any other installment of interest, or of any Senior 2010 MFI Obligations over any other Senior 2010 MFI Obligations, ratably, according to the amounts due respectively for principal, premium, if any, and interest, to the Persons entitled thereto without any discrimination or preference.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date any interest on the amounts of principal or interest to be paid on such dates shall cease to accrue. The Trustee shall give notice to the Corporation and all Registered Owners of the Related Obligations, in the manner required by the 2010 MFI of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Concerning the Trustee and Paying Agent

No responsibility for own acts save willful misconduct or negligence. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Corporation or each Recipient), approved by the Trustee in the exercise of reasonable care. The Trustee is not responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice. The Trustee is not liable for the exercise of any discretion or power under the 2010 MFI or for anything whatsoever in connection with the trusts therein created, except only for its own willful misconduct or negligence.

Right to rely. The 2010 MFI provides that the Trustee will be protected and will not incur liability in acting or proceeding in good faith upon any paper or document which it believes in good faith to be genuine and to have been authorized or signed by the proper Person or to have been prepared and furnished pursuant to any of the provisions of the 2010 MFI. The Trustee is not under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such

statements. Any action taken by the Trustee upon the request or consent of any Person who at the time of making such request or giving such consent is the Owner of any Bond is conclusive and binding upon all subsequent Owners of such Bond or any Bond issued on registration of transfer thereof. The Trustee has no responsibilities for determining whether the parties thereto have complied with the terms of the Tax Regulatory Agreement.

Removal of Trustee. The Trustee at any time and for any reason may be removed from the trusts relating to a series of 2010 MFI Bonds by an instrument in writing, appointing a successor, filed with the Trustee so removed and executed by the Owners of a majority in aggregate principal amount of the Obligations then Outstanding. No such removal may become effective, however, until the acceptance of appointment by a successor Trustee in accordance with the 2010 MFI. The Trustee at any time, other than during the continuance of an Event of Default relating to a series of 2010 MFI Bonds, and for any reason may be removed from the trusts relating to any series of 2010 MFI Bonds created by the 2010 MFI by an instrument in writing, executed by an Authorized Officer, appointing a successor, filed with the Trustee so removed. No such removal may become effective, however, until the acceptance of appointment by a successor Trustee in accordance with the 2010 MFI.

Supplemental Indentures

Supplemental Indentures not requiring consent of Bondowners. Subject to certain conditions and restrictions, the Corporation and the Trustee may, without the consent of or notice to the 2010 MFI Bondowners, enter into an indenture or indentures supplemental to the 2010 MFI, for any one or more of the following purposes (a) to cure any ambiguity or formal defect or omission in the 2010 MFI, (b) to grant to or confer upon the Trustee for the benefit of the 2010 MFI Bondowners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the 2010 MFI Bondowners or the Trustee or either of them, (c) to subject to the provisions of the 2010 MFI additional revenues, properties or collateral, (d) to modify, amend or supplement the 2010 MFI or any Supplemental Indenture in such manner as to permit its qualification under any federal statute now or hereafter in effect or under any state Blue Sky Law and, in connection therewith, if they so determine, to add to the 2010 MFI or any Supplemental Indenture, such other terms, conditions and provisions as may be permitted or required by said federal statute or Blue Sky Law, provided that any such Supplemental Indenture does not, in the judgment of the Trustee, prejudice the Owners of the 2010 MFI Bonds, and provided that in making such judgment the Trustee is entitled to rely on an opinion of counsel, (e) to provide for the issuance of Additional 2010 MFI Bonds under the 2010 MFI, (f) to establish one or more additional funds, accounts or subaccounts, or (g) to provide for any change in the 2010 MFI which, in the opinion of the Trustee, does not materially adversely affect or diminish the rights or interests of the Trustee or the 2010 MFI Bondowners, provided that in making such determination the Trustee is entitled to rely on an opinion of counsel.

Supplemental Indentures requiring consent of Bondowners. Except as otherwise provided in the 2010 MFI, any modification or amendment of the 2010 MFI affecting a series of 2010 MFI Bonds may be made only with the consent of the Owners of not less than a majority in aggregate principal amount of Outstanding 2010 MFI Bonds of such series. No modification or amendment may be made which will reduce the percentages of aggregate principal amount of 2010 MFI Bonds, the consent of the Owners of which is required for any such modification or amendment, or change the provisions of the 2010 MFI relative to the approval by series of 2010 MFI Bonds, or permit the creation by the Corporation of any lien prior to or, except solely to secure Additional 2010 MFI Bonds, on a parity with, the lien of the 2010 MFI upon the rights and interest pledged to each series of 2010 MFI Bonds issued under the 2010 MFI, or which will affect the times, amounts and currency of payment of the principal (including sinking fund payments, if any) of and premium, if any, and interest on the 2010 MFI Bonds without the consent of the Owners of all 2010 MFI Bonds then outstanding and affected thereby.

For the purposes of the 2010 MFI, a series of 2010 MFI Bonds is deemed to be affected by a modification or amendment of the 2010 MFI if such modification materially adversely changes or diminishes the rights of the Owners of such series of 2010 MFI Bonds. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, 2010 MFI Bonds of a series would be affected by any modification or amendment of the 2010 MFI and any such determination is binding and conclusive on the Corporation and all Owners of the 2010 MFI Bonds. For all purposes of the 2010 MFI, the Trustee is entitled to rely upon an opinion of counsel with respect to the extent, if any, as to which such action affects the rights under the 2010 MFI of any Owners of 2010 MFI Bonds then Outstanding.

If at any time the Corporation requests the consent of Bondowners to the execution of any such Supplemental Indenture for any of the purposes of the 2010 MFI, the Trustee must, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be given to Bondowners in the manner provided in the 2010 MFI. If, within sixty (60) days or such longer period as shall be prescribed by the Corporation following the giving of such notice, the required consent and approval of Bondowners is obtained, no Owner of any Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Corporation or the Trustee from executing the same or restrain the Corporation or the Trustee from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture, the 2010 MFI shall be and be deemed to be modified and amended in accordance therewith.

The Trustee will execute any Supplemental Indenture executed and delivered in accordance with the 2010 MFI; provided that, if, in the opinion of the Trustee, any such Supplemental Indenture adversely affects the rights, duties, immunities or obligations of the Trustee under the 2010 MFI or otherwise, the Trustee may in its discretion resign in accordance with the provisions of the 2010 MFI, and upon giving notice of such resignation the Trustee, will have no obligation to execute such Supplemental Indenture.

Defeasance

If at any time (a) there is delivered to the Trustee for cancellation any or all of the 2010 MFI Bonds (other than any 2010 MFI Bonds which have been mutilated, lost, stolen or destroyed and which shall have been replaced or paid as provided in the 2010 MFI except for any such 2010 MFI Bonds as are shown by proof satisfactory to the Trustee to be held by bona fide purchasers), or (b) with respect to any or all of the 2010 MFI Bonds not theretofore delivered to the Trustee for cancellation, the whole amount of the principal and the interest and the premium, if any, due and payable or to become due and payable on such 2010 MFI Bond or 2010 MFI Bonds then Outstanding is paid or deemed to be paid, and provisions are also made for paying all other sums payable under the 2010 MFI, including the Corporation's, Trustee's and Paying Agents' fees and expenses with respect to such 2010 MFI Bonds, then the Trustee, on demand of the Corporation, is required to release the lien of the 2010 MFI with respect to such 2010 MFI Bond or 2010 MFI Bonds. Upon such release, the Trustee is required to turn over to or at the direction of the Corporation any balances remaining in any fund created under the 2010 MFI, other than moneys and Investment Obligations retained for redemption or payment of 2010 MFI Bonds; otherwise, the 2010 MFI shall continue and remain in full force and effect.

Notwithstanding the foregoing, the Trustee may not release any funds held pursuant to the 2010 MFI with respect to a series of 2010 MFI Bonds to the Corporation pursuant to the defeasance provisions until it has received an opinion of Bond Counsel to the effect that such funds may be transferred to the Corporation without adversely affecting the exclusion of interest on the 2010 MFI Bonds of such series from gross income for federal income tax purposes.

2010 MFI Bonds are deemed to be paid whenever there shall have been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such 2010 MFI Bonds) either moneys in an amount which is sufficient, or noncallable obligations issued or guaranteed by or backed by the full faith and credit of, the United States of America (including certificates or any other evidence of an ownership interest in any such obligation or in specified portions thereof, which may consist of specified portions of the principal thereof or the interest thereon) (herein referred to as "Investment Obligations") certified by an independent accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without the necessity of further investment or reinvestment of either the principal amount thereof or interest therefrom, provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on all such 2010 MFI Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and if redeemed prior to maturity an irrevocable instruction to mail the redemption notice as provided in the 2010 MFI has been given, and the Trustee has given notice to the 2010 MFI Bondowners in the manner provided in the 2010 MFI that a deposit meeting the requirements of this paragraph has been made and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, and premium, if any, and interest on, such 2010 MFI Bonds; provided, however, that neither Investment Obligations nor moneys deposited with the Trustee pursuant to this paragraph nor principal or interest payments on any Investment Obligations may be withdrawn, or used for any purpose other than, and will be held in trust for, the payment of the principal of, and premium, if any, and interest on such 2010 MFI Bonds.

No Individual Liability

No covenant or agreement contained in any 2010 MFI Bonds or in the 2010 MFI is the covenant or agreement of any director, officer, agent, or employee of the Corporation in his or her individual capacity. Neither the directors of the Corporation nor any official executing such 2010 MFI Bonds are liable personally on such 2010 MFI Bonds or subject to any personal liability or accountability by reason of the issuance thereof.

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER TRUST AGREEMENT

We will not establish Reserve Allocations in connection with the Offered Bonds. Accordingly the provisions of the Master Trust Agreement relating to Reserve Allocations described below will relate to SRF bonds issued under the Prior Indentures and will not relate to the Offered Bonds. References to senior SRF Bonds in the following summary do not apply to the 2010 MFI obligations. The Master Trust Agreement contains various provisions which secure only SRF Bonds issued under the Prior Indentures. The 2010 MFI obligations will be secured by the Master Trust Agreement only to the extent they are expressly referred to as being secured in the following summary.

Reserve Allocations

The Master Trust Agreement requires the Corporation to establish a Reserve Allocation or Allocations for SRF Leveraged Financings made with the proceeds of senior SRF Bonds as and to the extent described in this paragraph. No such reserve allocation is required for subordinated SRF Bonds. The Reserve Allocation for each SRF Leveraged Financing is the amount or amounts, if any, described in the related Reserve Allocation Certificate or Certificates. The Reserve Allocation or Allocations established in connection with all SRF Leveraged Financings funded with the SRF Bonds issued under any Financing Indenture is required to be established in aggregate amount scheduled so that at all times the aggregate amount of such Reserve Allocations equals at least the sum of (x) one third of the outstanding aggregate principal amount of all Leveraged Financings funded with all Series of Bonds issued under such Indenture (exclusive of that portion, if any, of such SRF Leveraged Financings outstanding at any such time which is allocable to a debt service reserve requirement under the Related Recipient Bond resolution), and (y) the sum of all outstanding Committed Subsidy Amounts which the Corporation expects to be funded from sources other than earnings on Reserve Allocations or from principal and interest payable on separate specified investments of moneys within Debt Service Funds or Debt Service Reserve Funds dedicated to the payment of such Committed Subsidy Amount. Each Reserve Allocation Certificate must identify the amount or amounts of any Reserve Allocation or Allocations for each SRF Leveraged Financing or SRF Leveraged Financings made from the proceeds of such series of senior SRF Bonds and the sources thereof, which sources may derive from (i) funds received under the Capitalization Grant Agreements, from State Matching Funds, or from any other designated source which have been received in cash and are held in trust as security for repayment of a SRF Leveraged Financing or SRF Leveraged Financings on the original issue date of such senior SRF Bonds, and (ii) funds to be made available under the Capitalization Grant Agreements or from State Matching Funds, which funds have not yet been received but which have been appropriated by the State to the Clean Water SRF or the Drinking Water SRF and with respect to which the Corporation has agreed in such Reserve Allocation Certificate or Certificates to allocate to such SRF Leveraged Financing. The Reserve Allocation Certificates delivered in connection with the Leveraged Financings funded with the SRF Bonds issued under any Indenture will direct the Master Trustee and the Related Financing Indenture Trustee to make deposits and transfers and, to the extent necessary, to allocate portions of amounts due or to become due to the Corporation under the related Capitalization Grant Agreements and from related State Matching Funds, all in a manner and on a schedule ensuring that, throughout the term of the SRF Leveraged Financings funded with all Bonds issued under the Financing Indenture, the sum of the amounts (i) on deposit in the Related Leveraged Financing Subaccounts, if any, (ii) on deposit in the Related Debt Service Reserve Fund or accounts thereof (other than investment earnings thereon), and (iii) allocated to the related Reserve Allocations but not yet drawn from the related Capitalization Grant Agreements or related State Matching Funds, will at all times at least equal to such Reserve Allocations, less any unreimbursed amounts paid by the Corporation for debt service on the related series of senior SRF Bonds upon the failure of the Recipient to make any related Recipient Bond Payments. The Corporation may in its discretion deliver and the Trustee and the Custodian shall accept an Officer's Certificate amending any Reserve Allocation Certificate; provided that no such amendment may be delivered which has the effect of causing such Reserve Allocation Certificate, as amended, not to meet the

requirements of the preceding sentence. Subject to the foregoing, the Corporation may issue a Series of Bonds under any Financing Indenture for the purpose of funding Leveraged Financings which have no separate Reserve Allocations, so long as the aggregate of the Reserve Allocations established for all Leveraged Financing funded with the proceeds of all Bonds issued under the Related Financing Indenture meet the requirements described in this paragraph and the requirements set forth in the Master Trust Agreement.

As funds represented by the Capitalization Grant Agreements and the State Matching Funds and allocable as Reserve Allocation for a SRF Leveraged Financing become available to be drawn on for the benefit of a Revolving Fund, the Corporation agrees to promptly request that DEC and the State Comptroller or DOH and the State Comptroller, as appropriate, take all actions necessary to draw on the Capitalization Grant Agreements and to obtain said State Matching Funds. Once the Custodian has received such amounts, it is required to promptly deposit all moneys so drawn on the Capitalization Grant Agreements or obtained from State Matching Funds in the Unallocated Clean Water Corpus Subaccount or the Unallocated Drinking Water Corpus Subaccount, as appropriate. As the respective amounts become available from the Capitalization Grant Agreements and the State Matching Funds, the Custodian shall promptly transfer to the Master Trustee, amounts allocated as Reserve Allocation for each SRF Leveraged Financing for deposit, as the Corporation may direct, directly in the related Debt Service Reserve Fund until the amount in the Related Debt Service Reserve Fund (less investment earnings thereon) equals the Reserve Allocation for the SRF Leveraged Financing, all such amounts and transfers being made in the manner specified in the Reserve Allocation Certificate and being subject to the availability of funds.

The Corporation agrees to do or cause to be done all acts and things reasonably required and within its control to make available to the Master Trustee the full amount of the Reserve Allocation as set forth in the Reserve Allocation Certificate at the times and in the manner provided in such Certificate; provided, however, that the Corporation's obligation to do so is limited by its power to obtain such amounts from the designated sources of each such Reserve Allocation. The Corporation also agrees to exercise or to cause to be exercised any right within its control to draw upon the Capitalization Grant Agreements and to obtain State Matching Funds upon a Recipient Bond Payment default to the extent that such amounts constitute a portion of the Related Reserve Allocation and are required in order to prevent or cure a payment default on the related series of senior SRF Bonds.

Establishment of Funds and Accounts and Application Thereof

Creation and custody of Funds and Accounts. The following funds, accounts and subaccounts, among others, are established under the Master Trust Agreement:

- (1) An Equity Fund which consists of
 - (A) a Clean Water Equity Account which is comprised of:
 - (i) an Unallocated Clean Water Corpus Subaccount; and
 - (ii) a Leveraged Financing Subaccount(s);
 - (B) a Drinking Water Equity Account which shall be comprised of:
 - (i) an Unallocated Drinking Water Corpus Subaccount; and
 - (ii) Leveraged Financing Subaccount(s);
 - (C) a De-allocated Reserve Account which shall be comprised of:
 - (i) a De-allocated Clean Water Reserve Subaccount and
 - (ii) a De-allocated Drinking Water Reserve Subaccount;
- (2) Clean Water Earnings Fund;

- (3) Clean Water Administrative Expenses Account;
- (4) SRF Clean Oceans Account;
- (5) Drinking Water Earnings Fund; and
- (6) Drinking Water Administrative Expenses Account.

The Master Trust Agreement provides that the Leveraged Financing Subaccounts (relating to certain Leveraged Financings made with senior SRF Bonds but not to those relating to Clean Water Direct Financings or Drinking Water Direct Financings) and the De-allocated Reserve Account are to be held by the Master Trustee for the benefit of SRF Bondholders. All such other funds, accounts and subaccounts are to be held by the Custodian for the Corporation. Pursuant to the Master Trust Agreement, the Custodian is authorized and directed to establish within each Equity Account a related Unallocated Corpus Subaccount. If the Corporation so directs, the Master Trustee may establish a Leveraged Financing Subaccount for any SRF Leveraged Financing. The Master Trustee is also authorized and directed to establish within the Clean Water Earnings Fund and the Drinking Water Earnings Fund an account relating to each series of senior SRF Bonds secured under the Master Trust Agreement.

The Corporation may, by Supplemental Trust Agreement or pursuant to an Officer's Certificate, establish one or more additional funds, accounts or subaccounts, which, to the extent then provided by the Corporation, shall be available for and pledged and assigned for the payment of senior SRF Bonds.

Establishment of Deficiency Reserve Account. The Master Trustee is authorized and directed, upon receipt of the related Reserve Allocation Certificate or Certificates, as applicable, to establish a Deficiency Reserve Account in the Equity Fund for each series of senior SRF Bonds other than Initial Indenture New York City Bonds. Within each such Deficiency Reserve Account to the extent so directed by the Corporation there shall be established a Clean Water Subaccount and a Drinking Water Subaccount. Each such Account shall be held by the Master Trustee for the benefit of the Owners from time to time of such series of senior SRF Bonds.

Pursuant to the Master Trust Agreement, there is pledged and assigned to the Master Trustee as security for the payment of each series of senior SRF Bonds other than Initial Indenture New York City Bonds the Related Deficiency Reserve Account and all amounts from time to time on deposit therein and available for the payment of such senior SRF Bonds, in the manner and to the extent provided in the Master Trust Agreement. The Corporation may elect, pursuant to the Related Reserve Allocation Certificate or the related Reserve Allocation Certificate, as applicable, to establish a Deficiency Reserve Account for the benefit of a single series of senior SRF Bonds or for the benefit of all series of senior SRF Bonds issued pursuant to a single Financing Indenture. Within each such Deficiency Reserve Account to the extent so directed by the Corporation there will be established a Clean Water Subaccount and a Drinking Water Subaccount.

The Master Trustee is directed to apply amounts held in each Deficiency Reserve Account in accordance with the following priority. To the extent that any amounts are required to be transferred from a Deficiency Reserve Account to the related Financing Indenture Trustee by reason of a default by a Clean Water Recipient, such amounts shall be transferred solely from the Clean Water Subaccount in the Deficiency Reserve Account to the extent that there are sufficient moneys in such Subaccount for such purpose. The Master Trust Agreement provides that if insufficient funds are available for such purpose within the Clean Water Account in the Deficiency Reserve Account, the Corporation acting on behalf of the Drinking Water SRF will make moneys within the Drinking Water Subaccount in the Deficiency Reserve Account available as an investment to cure such deficiency. Amounts within the Drinking Water Subaccount will be made available as an investment and will be transferred from the Drinking Water

Subaccount in the Deficiency Reserve Account for such purpose only to the extent that there are not sufficient moneys in such Clean Water Subaccount. Similarly, to the extent that any amounts are required to be transferred from the Deficiency Reserve Account to the related Financing Indenture Trustee by reason of a default by a Recipient receiving a Drinking Water Leveraged Financing, such amounts shall be transferred solely from the Drinking Water Subaccount in the Deficiency Reserve Account to the extent that there are sufficient funds in such subaccount for such purpose. The Master Trust Agreement provides that if insufficient funds are available for such purpose within the Drinking Water Subaccount in the Deficiency Reserve Account, the Corporation acting on behalf of the Clean Water SRF will make moneys within the Clean Water Subaccount in the Deficiency Reserve Account available as an investment to cure such deficiency. Amounts within the Clean Water Subaccount will be made available as an investment and will be transferred from the Clean Water Subaccount in the Deficiency Reserve Account for such purpose only to the extent that there are not sufficient moneys in such Drinking Water Subaccount.

If any such investment by one State Revolving Fund occurs, the first moneys released from Recipient Accounts in the Debt Service Reserve Fund relating to the other State Revolving Fund and available for deposit in the Deficiency Reserve Fund in accordance with the Master Trust Agreement are required to be deposited in the account of the State Revolving Fund making such investment in an amount equal in the aggregate of such investment.

To the extent that moneys held as part of one State Revolving Fund are required to be applied to satisfy any deficiency associated with Leveraged Financings made from the other State Revolving Fund, the moneys so made available shall be repayable to the State Revolving Fund having furnished such moneys from the first available funds in such other State Revolving Fund. The obligation to repay any amounts made available by each State Revolving Fund to the other State Revolving Fund will be evidenced by a Repayment Bond, the terms of which are set forth below under the heading "Repayment Obligation."

Subordinate Pledge and Assignment of De-allocated Reserve Subaccount. Pursuant to the Master Trust Agreement, there is pledged and assigned to the Master Trustee as security for payment of the subordinated SRF Bonds of all series and the 2010 MFI Obligations, the related De-allocated Reserve Subaccount and all amounts from time to time on deposit therein and available for the payment of subordinated SRF Bonds, in the manner and to the extent provided in the Master Trust Agreement; provided, however, that such pledge and assignment is subject to the prior pledge and assignment of the related De-allocated Reserve Subaccount and all amounts from time to time on deposit therein granted as security for the payment of senior SRF Bonds of all series issued pursuant to the Master Trust Agreement and also, in the case of 2010 MFI Obligations, the prior pledge and assignment securing subordinated SRF bonds issued under the Prior Indentures.

Upon issue of any subordinated SRF Bonds to be secured by the pledge and assignment described in the preceding paragraph, the Corporation shall deliver to the Trustee (i) an Officer's Certificate designating such bonds as subordinated SRF Bonds and (ii) a copy of the related Subordinated Financing Indenture.

Clean Water Equity Account; Drinking Water Equity Account. The Master Trust Agreement provides that upon the written direction of the Corporation, the Custodian is required to promptly deposit in the Unallocated Clean Water Corpus Subaccount of the Clean Water Equity Account the following receipts:

(1) any amounts it receives resulting from draws on the Capitalization Grant Agreements relating to the Clean Water SRF;

(2) any other moneys paid to the State from federal capitalization grants and awards or other federal assistance provided pursuant to Title II or Title IV of the Federal Water Pollution Control Act for purposes of deposit in the Clean Water SRF;

(3) moneys appropriated by the State legislature as State Matching Funds for the purpose of deposit in the Clean Water SRF or otherwise transferred by the State for deposit therein;

(4) except as otherwise required pursuant to the Related Tax Regulatory Agreement, investment earnings on amounts in the Clean Water Equity Account and the Clean Water Earnings Fund, including earnings on amounts in Leveraged Financing Subaccounts established for a Leveraged Financing financed with senior SRF Bond proceeds, subject to the provisions of the Master Trust Agreement;

(5) payments received from a Clean Water Direct Financing Recipient;

(6) amounts transferred for deposit therein from the De-allocated Reserve Subaccount pursuant to the Master Trust Agreement; and

(7) any other moneys received for deposit therein.

Upon the written direction of the Corporation, the Custodian is required to promptly deposit in the Unallocated Drinking Water Corpus Subaccount of the Drinking Water Equity Account the following receipts:

(1) any amounts it receives resulting from draws on the Capitalization Grant Agreements relating to the Drinking Water SRF;

(2) any other moneys paid to the State from federal capitalization grants and awards or other federal assistance for purposes of deposit in the Drinking Water SRF;

(3) moneys appropriated by the State legislature as State Matching Funds for the purpose of deposit in the Drinking Water SRF or otherwise transferred by the State for deposit therein;

(4) except as otherwise required pursuant to the Related Tax Regulatory Agreement, investment earnings on amounts in the Drinking Water Equity Account and the Drinking Water Earnings Fund, subject to the provisions of the Master Trust Agreement;

(5) Drinking Water Direct Financing Recipient Payments;

(6) amounts transferred for deposit therein from the De-allocated Reserve Subaccount pursuant to the Master Trust Agreement; and

(7) any other moneys received for deposit therein.

The Custodian is required, upon receipt of written direction of the Corporation, to make the following transfers and payments from the Clean Water Unallocated Corpus Subaccount of the Clean Water Equity Account:

(1) for deposit in the Related Leveraged Financing Subaccount, if any, or the Related Construction Account for each Clean Water Direct Financing, amounts aggregating not more than the principal amount of such Clean Water Direct Financing;

(2) as provided in the Reserve Allocation Certificate, for each SRF Leveraged Financing, the principal amount of the Reserve Allocation for such SRF Leveraged Financing, but solely to the extent that such Reserve Allocation is available; and

(3) for deposit in the Clean Water Administrative Expenses Account, amounts allowed pursuant to federal and State law to be used by the Corporation to pay administrative expenses incurred by DEC or EFC in connection with the Clean Water SRF; and

(4) for transfer to, or upon the order of, the Corporation for any purpose certified by the Corporation to be allowed pursuant to the federal Water Quality Act, the EFC Act, and the State Clean Water Act.

The Custodian is required, upon receipt of written direction of the Corporation, to make the following transfers and payments from the Drinking Water Unallocated Corpus Subaccount of the Drinking Water Equity Account:

(1) Upon the written direction of the Corporation, for deposit in the related Leveraged Financing Subaccount, if any, or the Related Construction Account for each Drinking Water Direct Financing, amounts aggregating not more than the principal amount of such Drinking Water Direct Financing;

(2) as provided in the Reserve Allocation Certificate, for each SRF Leveraged Financing in the related Debt Service Reserve Fund, the principal amount of the Reserve Allocation for such SRF leveraged Financing, but solely to the extent that such Reserve Allocation is available;

(3) for deposit in the Drinking Water Administrative Expenses Account, amounts allowed pursuant to federal and State law to be used by the Corporation to pay administrative expenses incurred by DOH or EFC in connection with the Drinking Water SRF; and

(4) for transfer to, or upon the order of, the Corporation for any purpose certified by the Corporation to be allowed pursuant to the federal Safe Drinking Water Act, the EFC Act and the State Drinking Water Act.

The Master Trustee is required to promptly deposit in each Leveraged Financing Subaccount, if any, relating to a Clean Water Leveraged Financing or a Drinking Water Leveraged Financing:

(1) any amounts transferred from the Unallocated Clean Water Corpus Subaccount or the Unallocated Drinking Water Corpus Subaccount for deposit to the related Leveraged Financing Subaccount pursuant to the Master Trust Agreement; and

(2) any amounts made available by the Corporation or a Financing Indenture Trustee as reimbursement for amounts transferred to a Financing Indenture Trustee from such Leveraged Financing Subaccount or from a Related Debt Service Reserve Fund account upon a Recipient Bond Payment default by the Related Recipient.

Upon the written direction of the Corporation, the Master Trustee is required to:

(1) transfer from any Leveraged Financing Subaccount to the Related Financing Indenture Trustee for deposit in the Related Debt Service Reserve Fund the amounts certified by the Corporation as being necessary to fund the Debt Service Reserve Fund for the Related series of senior SRF Bonds;

(2) except as otherwise required pursuant to the Related Tax Regulatory Agreement, transfer any investment earnings on amounts in any Leveraged Financing Subaccount to the related Unallocated

Corpus Subaccount or, as set forth in an Authorized Officer's certificate or a Reserve Allocation Certificate, to or upon the order of the Corporation; provided, however, that if any Recipient Bond Payment default occurs, then all investment earnings on the related Leveraged Financing Subaccount accruing from the date of occurrence of such default, and for so long as such default continues, shall not be transferred to the related Unallocated Corpus Subaccount or to the related Earnings Fund pursuant to the Master Trust Agreement, but must instead be retained in such Leveraged Financing Subaccount and be made subject to the pledge and assignment of such Leveraged Financing Subaccount pursuant to the Master Trust Agreement;

(3) transfer from the Leveraged Financing Subaccount, if any, to the Related Financing Indenture Trustee for deposit in the Debt Service Reserve Fund for the related series of senior SRF Bonds, the amounts certified by such Financing Indenture Trustee to be necessary upon a Recipient Bond Payment default to make a debt service payment on the senior SRF Bonds;

(4) transfer from the Leveraged Financing Subaccount, if any, to the Related Financing Indenture Trustee for deposit in the Debt Service Reserve Fund for the Related series of senior SRF Bonds, the amounts certified by the Corporation as being necessary to fund the Debt Service Reserve Fund upon the curing of a Recipient Bond Payment default; and

(5) transfer from the Leveraged Financing Subaccount, if any, relating to an SRF Leveraged Financing to the related Unallocated Corpus Subaccount amounts certified by the Corporation pursuant to the Master Trust Agreement.

The Master Trustee is required to promptly deposit in the De-allocated Reserve Account any amounts transferred to it by a Financing Indenture Trustee which have been released from the lien of the related Financing Indenture and any amounts transferred from a Deficiency Reserve Account for deposit therein.

On the Business Day immediately following any deposit to the De-allocated Reserve Account, the Master Trustee is required to transfer such amount from each Subaccount within the De-allocated Reserve Account to the Custodian for deposit in the Unallocated Clean Water Corpus Subaccount and/or the Unallocated Drinking Water Subaccount, as appropriate; provided, however, that before making such transfer, the Master Trustee is required to reduce the amount of such transfer in the following amounts and make the following transfers:

FIRST, to any Financing Indenture Trustee that has certified to the Master Trustee on or prior to such date that any payments of principal or interest on the Recipient Bonds are overdue, a sum equal to any resulting overdue payments on a series of senior SRF Bonds, for deposit into the Debt Service Fund for such series of senior SRF Bonds; and

SECOND, to the Master Trustee for deposit and retention in the Leveraged Financing Subaccount related to, and as further security for, such series of senior SRF Bonds, a sum equal to any deficiency in any Debt Service Reserve Fund certified to the Master Trustee by the Related Financing Indenture Trustee on or prior to such date; provided that, with respect to any such deficiency in a Debt Service Reserve Fund for a series of senior SRF Bonds other than Initial Indenture New York City Bonds, such amount shall be transferred to the Trustee for deposit and retention in the Deficiency Reserve Account related to, and as further security for, such series of senior SRF Bonds.

THIRD, to any Subordinated Indenture Trustee that has certified to the Master Trustee on or prior to such date that any debt service payments on the related Subordinated MFI Bonds are overdue, a sum equal to such overdue payments for deposit into the related debt service fund for such series of Subordinated MFI Bonds;

FOURTH, to the 2010 MFI Trustee, if the 2010 MFI Trustee has certified to the Master Trustee on or prior to such date that any debt service payments on the related 2010 MFI Obligations are overdue, a sum equal to such overdue payments for deposit into the debt service fund established under the 2010 MFI; and

FIFTH, to the CP Indenture Trustee, if the CP Indenture Trustee has certified to the Master Trustee on or prior to such date that any debt service payments on the CP Indenture Obligations are overdue, a sum equal to such overdue payments for deposit into the related debt service fund established under the CP Indenture.

Immediately succeeding any transfer of funds pursuant to the Master Trust Agreement, the Master Trustee shall confirm with such Financing Indenture Trustee, or Subordinated Indenture Trustee, 2010 MFI Trustee or CP Indenture Trustee, as appropriate, the outstanding balance, if any, due but unpaid on such Bonds, or Subordinated MFI Bonds, 2010 MFI Obligations or CP Indenture Obligations after such transfer.

If, as of such date, more than one Financing Indenture Trustee has certified to the Master Trustee that payments are overdue on a series of senior SRF Bonds and the aggregate of such overdue payments exceeds the amounts on deposit in the De-allocated Reserve Account, then the amount to be transferred pursuant to clause FIRST above shall be apportioned among the certifying Financing Indenture Trustees, in the same proportion to the total amount so transferred as the amount of overdue payments certified by such Financing Indenture Trustee bears to the total amount of certified overdue payments by all Financing Indenture Trustees.

If, as of such date, more than one Financing Indenture Trustee has certified to the Master Trustee that a deficiency exists in the Debt Service Reserve Fund for a series of senior SRF Bonds and the aggregate of such deficiencies exceeds the amount remaining on deposit in the De-allocated Reserve Account after the application of funds pursuant to clause FIRST above, then the amount to be transferred pursuant to clause SECOND above shall be apportioned among the Leveraged Financing Subaccounts and/or Deficiency Reserve Accounts, as appropriate, in the same proportion to the total amount so transferred as the amount of each deficiency certified by the Related Financing Indenture Trustee bears to the total amount of certified deficiencies by all Financing Indenture Trustees as of such date.

If, as of such date, more than one Subordinated Indenture Trustee has certified to the Master Trustee that payments are overdue or due on a series of subordinated SRF Bonds and the aggregate of such overdue or due payments exceeds the amount on deposit in the De-allocated Reserve Subaccount after the application of funds pursuant to clauses FIRST and SECOND above, then the amount to be transferred pursuant to clause THIRD above shall be apportioned among the certifying Subordinated Indenture Trustees, in the same proportion to the total amount so transferred as the amount of overdue payments on a series of subordinated SRF Bonds certified by such Subordinated Indenture Trustee bears to the total amount of certified overdue or due payments by all Subordinated Indenture Trustees.

Following any transfer of funds pursuant to the preceding paragraph, the Master Trustee is required to confirm with such Financing Indenture Trustee or Subordinated Indenture Trustee, as appropriate, the remaining outstanding balance due but unpaid on the Related senior SRF Bonds after such transfer.

The Master Trustee is required to promptly deposit into the related Leveraged Financing Subaccount or Deficiency Reserve Account, as the case may be, for such series of senior SRF Bonds any amounts transferred to it under clause SECOND above for such series of senior SRF Bonds. Any amounts so transferred must be retained and continue to be pledged as security for such senior SRF Bonds.

The Master Trustee is required to make the following transfers from each Deficiency Reserve Account:

(1) to the Related Financing Indenture Trustee, the amount certified by such Financing Indenture Trustee to be necessary upon a Recipient Bond Payment default to make a debt service payment on senior SRF Bonds, but solely to the extent that the Master Trustee has determined that such amount is not available in the following order, from the related Recipient Accounts of the Related Debt Service Reserve Fund or the Related Leveraged Financing Subaccounts, if any, or from related undrawn amounts under the Capitalization Grant Agreements or State Matching Funds; and

(2) upon the written direction of the Corporation, to the De-allocated Reserve Account, any amount exceeding the aggregate of deficiencies at that time still continuing on the related series of senior SRF Bonds.

The Master Trustee shall promptly deposit in the related Enhanced Subsidy Fund any portion of a deposit to a Leveraged Financing Subaccount to the extent and in the manner directed by the Corporation in a Reserve Allocation Certificate or an Officer's Certificate. The Master Trustee shall make transfers of amounts on deposit in each Enhanced Subsidy Fund in accordance with the general provisions set forth above relating to transfers from Leveraged Financing Subaccounts.

Clean Water Earnings Fund. The Master Trust Agreement provides that there be deposited in the Clean Water Earnings Fund any amounts transferred to the Custodian for deposit therein pursuant to the terms of any Tax Regulatory Agreement. Periodically the Corporation may direct that amounts be transferred from the Clean Water Earnings Fund to the related Financing Indenture Trustee for deposit in the Related Rebate Fund. Except as otherwise provided in the related Tax Regulatory Agreement, the Corporation may direct that any amounts not transferred to a Financing Indenture Trustee be transferred to the Unallocated Corpus Subaccount.

Clean Water Administrative Expenses Account. The following receipts are deposited in the Clean Water Administrative Expenses Account: (1) amounts received under the Capitalization Grant Agreements allowed pursuant to federal law to be used to pay Clean Water SRF administrative expenses; (2) any amounts received from a Recipient or recipient of a Clean Water Direct Financing to pay or reimburse the Corporation or DEC for the State bond issuance charge or Clean Water SRF administrative expenses; (3) investment earnings on amounts on deposit therein; and (4) any other amounts made available for deposit therein.

The Custodian, upon the written direction of the Corporation, is required to make the following transfers and payments from the Clean Water Administrative Expenses Account: (1) to the State amounts to be used to pay the State bond issuance charge due for each series of SRF Bonds (or portion thereof); (2) to the State for deposit into a fund created pursuant to the State Finance Law amounts sufficient to reimburse the State for costs of administration and management of the Clean Water Program by DEC and the Corporation; and (3) to, or upon the order of, the Corporation for Clean Water SRF administrative expenses.

Drinking Water Earnings Fund. The Master Trust Agreement provides that there shall be deposited in the related account or subaccount of the Drinking Water Earnings Fund any amounts transferred to the Custodian for deposit therein pursuant to the terms of any Tax Regulatory Agreement. Periodically the Corporation may direct that amounts be transferred from the Drinking Water Earnings Fund to the related Financing Indenture Trustee for deposit in the Related Rebate Fund. Except as otherwise provided in the related Tax Regulatory Agreement, the Corporation may direct that any amounts not transferred to a Financing Indenture Trustee be transferred to the Unallocated Drinking Water Corpus Subaccount.

Creation and Custody of Prior Indenture Support Account (a) The Master Trust Agreement establishes a Prior Indenture Support Account in the Equity Fund. Within the Prior Indenture Support Account, to the extent so directed by the Corporation, there shall be established a Clean Water Subaccount and a Drinking Water Subaccount. The Prior Indenture Support Account shall be held by the Master Trustee for the benefit of the owners from time to time of Prior Indenture Bonds.

(b) The Master Trust Agreement pledges and assigns to the Master Trustee as security for the payment of all Prior Indenture Bonds, the Prior Indenture Support Account and all amounts from time to time on deposit therein and available for the payment of such Prior Indenture Bonds, in the manner and to the extent provided in the Master Trust Agreement.

(c) If any Financing Indenture Trustee has certified to the Master Trustee that any debt service payments on Prior Indenture Bonds are due or overdue and that the amounts due or overdue are not available from any amounts available therefor under the related Financing Indenture or from the related Leveraged Financing Subaccounts, if any, or from related undrawn amounts under the Capitalization Grant Agreements or from State Matching Share or any Financing Indenture has certified to the Master Trustee that a deficiency exists in a Debt Service Reserve Fund securing Prior Indenture Bonds, the Master Trustee shall so advise the Corporation and the Corporation shall direct the 2010 MFI Trustee to transfer amounts pursuant to the 2010 MFI Indenture. The Master Trustee shall promptly deposit in the Prior Indenture Support Account any amount transferred to it for such purpose by the 2010 MFI Trustee pursuant to the 2010 MFI Indenture.

(d) The Master Trustee shall make the following transfers from Prior Indenture Support Account:

FIRST, to any Financing Indenture Trustee that has certified to the Master Trustee on or prior to such date that any debt service payments on the Prior Indenture Bonds are due or overdue, the amount certified by such Financing Indenture Trustee to be necessary to make a debt service payment on Prior Indenture Bonds, but solely to the extent that the Master Trustee has determined that such amount is not available from any amounts available therefor under the related Financing Indenture or from the related Leveraged Financing Subaccounts, if any, or from related undrawn amounts under the Capitalization Grant Agreements or from State Matching Share or a Deficiency Reserve Account, provided that if, as of such date, more than one Financing Indenture Trustee has certified to the Master Trustee that payments are due or overdue on a series of Prior Indenture Bonds and the aggregate of such overdue payments exceeds the amount on deposit in the Prior Indenture Support Account then the amount to be transferred pursuant to this clause FIRST above shall be apportioned among the certifying Financing Indenture Trustees, in the same proportion to the total amount so transferred as the amount of the due or overdue payments on a series of Prior Indenture Bonds certified by such Financing Indenture Trustee bears to the total amount of certified due or overdue payments by all Financing Indenture Trustees; and

SECOND, a sum equal to any deficiency in any Debt Service Reserve Fund securing Prior Indenture Bonds certified to the Master Trustee by the related Financing Indenture Trustee on or prior to such date shall be transferred to the Master Trustee for deposit and retention in the Deficiency Reserve Account related to, and as further security for, such series of Prior Indenture Bonds, provided that if, as of such date, more than one Financing Indenture Trustee has certified to the Master Trustee that a deficiency exists in the Debt Service Reserve Fund or the related account thereof for a series of Prior Indenture Bonds and the aggregate of such deficiencies exceeds the amount remaining on deposit in the Prior Indenture Support Account after the application of funds pursuant to clause FIRST above, then the amount to be transferred pursuant to this clause SECOND above shall be apportioned among the Deficiency Reserve Accounts, as appropriate, in the same proportion to the total amount so transferred as the amount of each deficiency certified by the related Financing Indenture Trustee bears to the total amount of certified deficiencies by all Financing Indenture Trustees as of such date; and

THIRD, to any Subordinated Indenture Trustee that has certified to the Master Trustee on or prior to such date that any debt service payments on the related Subordinated SRF Bonds issued under a Prior Indenture are due or overdue, a sum equal to such overdue payments for deposit into the related debt service fund for such series of Subordinated SRF Bonds, provided that if, as of such date, more than one Subordinated Indenture Trustee has certified to the Master Trustee that payments are due or overdue on a series of Subordinated SRF Bonds issued under a Prior Indenture and the aggregate of such overdue payments exceeds the amount on deposit in the Prior Indenture Support Account after the application of funds pursuant to clauses FIRST and SECOND above, then the amount to be transferred pursuant to clause THIRD above shall be apportioned among the certifying Subordinated Indenture Trustees, in the same proportion to the total amount so transferred as the amount of overdue payments on a series of Subordinated SRF Bonds issued pursuant to a Prior Indenture certified by such Subordinated Indenture Trustee bears to the total amount of certified overdue payments by all Subordinated Indenture Trustees.

FOURTH, to the CP Indenture Trustee, if the CP Indenture Trustee has certified to the Master Trustee on or prior to such date that any debt service payments on the CP Indenture Obligations are overdue, a sum equal to such overdue payments for deposit into the related debt service fund established under the CP Indenture.

Immediately succeeding any transfer of funds pursuant to clauses FIRST, SECOND, THIRD OR FOURTH of the Master Trust Agreement, the Master Trustee shall confirm with such Financing Indenture Trustees, Subordinated Indenture Trustee, 2010 MFI Trustee or CP Indenture Trustee, as appropriate, the outstanding balance, if any, due but unpaid on such Bonds, Subordinated SRF Bonds, 2010 MFI Obligations or CP Indenture Obligations after such transfer.

At the direction of the Corporation, the balance, if any, of moneys remaining in the Prior Indenture Support Account shall be transferred to the Unallocated Clean Water Corpus Subaccount or the Unallocated Drinking Water Subaccount of the Equity Fund.

(e) For purposes of compliance with the Water Quality Act, the State Clean Water Act or the Act or regulations promulgated thereunder restricting the use of moneys within the Clean Water Revolving Fund, each Clean Water Subaccount within a Prior Indenture Support Account shall be deemed to be within the Clean Water Revolving Fund. For purposes of compliance with the Safe Drinking Water Act, the State Drinking Water Act or the Act or regulations promulgated thereunder restricting the use of moneys within the Drinking Water Revolving Fund, each Drinking Water Subaccount within the Prior Indenture Support Account shall be deemed to be within the Drinking Water Revolving Fund.

(f) Notwithstanding anything in the Trust Agreement to the contrary, the Master Trustee shall apply amounts held in the Prior Indenture Support Account in accordance with the following priority. To the extent that any amounts are required to be transferred from a Prior Indenture Support Account to the related Financing Indenture Trustee by reason of a default by a Clean Water Recipient, such amounts shall be transferred solely from the Clean Water Subaccount in the Prior Indenture Support Account to the extent that there are sufficient moneys in such Subaccount for such purpose. If insufficient funds are available for such purpose within the Clean Water Account in the Deficiency Reserve Account, the Corporation acting on behalf of the Drinking Water Revolving Fund, shall make moneys within the Drinking Water Subaccount in the Prior Indenture Support Account available as an investment to cure such deficiency. Amounts within the Drinking Water Subaccount will be made available as an investment and will be transferred from the Drinking Water Subaccount in the Prior Indenture Support Account for such purpose only to the extent that there are not sufficient moneys in such Clean Water Subaccount. Similarly, to the extent that any amounts are required to be transferred from the Prior Indenture Support Account to the related Financing Indenture Trustee by reason of a default by a Drinking Water Recipient, such amounts shall be transferred solely from the Drinking Water Subaccount

in the Prior Indenture Support Account to the extent that there are sufficient funds in such subaccount for such purpose. If insufficient funds are available for such purpose within the Drinking Water Subaccount in the Prior Indenture Support Account, the Corporation acting on behalf of the Clean Water Revolving Fund, shall make moneys within the Clean Water Subaccount in the Prior Indenture Support Account available as an investment to cure such deficiency. Amounts within the Clean Water Subaccount will be made available as an investment and will be transferred from the Clean Water Subaccount in the Prior Indenture Support Account for such purpose only to the extent that there are not sufficient moneys in such Drinking Water Subaccount. The obligation to repay any amounts made available by each State Revolving Fund to the other State Revolving Fund in accordance with the foregoing will be further evidenced by a Repayment Bond as provided in Master Trust Agreement.

Drinking Water Administrative Expenses Account. The following receipts are deposited in the Drinking Water Administrative Expenses Account: (1) amounts received under the Capitalization Grant Agreements allowed pursuant to federal law to be used to pay Drinking Water SRF administrative expenses; (2) any amounts received from a Recipient or a recipient of a Drinking Water Direct Financing to pay or reimburse the Corporation or DOH for the State bond issuance charge or Drinking Water SRF administrative expenses; (3) investment earnings on amounts on deposit therein; and (4) any other amounts made available for deposit therein.

The Custodian, upon the written direction of the Corporation, is required to make the following transfers and payments from the Drinking Water Administrative Expenses Account: (1) to the State amounts to be used to pay the State bond issuance charge for each series of SRF Bonds; (2) to the State for deposit into a fund created pursuant to the State Finance Law amounts sufficient to reimburse the State for costs of administration and management of the Drinking Water Program by DOH and the Corporation; and (3) to, or upon the order of, the Corporation for Drinking Water SRF administrative expenses.

Priority of Application of Moneys within De-allocated Reserve Account. If any amounts are required to be transferred from the De-allocated Reserve Account to a Leveraged Financing Subaccount or a Debt Service Reserve Fund by reason of a default by a Recipient receiving a Clean Water Leveraged Financing, such amounts are required to be transferred solely from the Clean Water Subaccount in the De-allocated Reserve Account to the extent that there are sufficient moneys in such Subaccount for such purpose. The Master Trust Agreement provides that if sufficient funds are not available for such purpose within such Clean Water Subaccount, the Corporation acting on behalf of the Drinking Water SRF will make moneys within the Drinking Water Subaccount of the De-allocated Reserve Account available as an investment to cure such deficiency. Similarly, to the extent that any amounts are required to be transferred from the De-allocated Reserve Account to a Debt Service Reserve Fund by reason of a default by a Recipient receiving a Drinking Water Leveraged Financing, such amounts shall be transferred solely from the Drinking Water Subaccount in the De-allocated Reserve Account to the extent that there are sufficient funds in such subaccount for such purpose. The Master Trust Agreement provides that if sufficient funds are not available for such purpose within the Drinking Water Subaccount, the Corporation acting on behalf of the Clean Water SRF will make moneys within the Clean Water Subaccount in the De-allocated Reserve Account available as investment to cure such deficiency. Amounts within the Clean Water Subaccount will be made available as an investment and transferred from the Clean Water Subaccount in the De-allocated Reserve Account for such purpose only to the extent that there are not sufficient moneys in such Drinking Water Subaccount.

To the extent that any such investment by one subaccount occurs, the first moneys released from Recipient Accounts in a Debt Service Reserve Fund relating to the other State Revolving Fund and available for deposit in the De-allocated Reserve Account in accordance with the Master Trust Agreement are to be deposited in the Subaccount in the De-allocated Reserve Account of the State Revolving Fund making such investment in an amount equal in the aggregate of such investment.

Repayment Obligation. If moneys in the Deficiency Reserve Account, the De-allocated Reserve Account or the Prior Indenture Support Account are held as part of one State Revolving Fund and are required to satisfy any deficiency associated with SRF Leveraged Financings made from the other State Revolving Fund, the moneys so made available shall be repayable to the State Revolving Fund having furnished such moneys from the first available funds in such other State Revolving Fund. The obligation to repay any amounts made available by each State Revolving Fund to the other State Revolving Fund will be evidenced by delivery to the Custodian of a Repayment Bond of the Corporation acting on behalf of such State Revolving Fund. The principal amount of such Repayment Bonds outstanding at any time will equal the aggregate amount made available by such State Revolving Fund. Each Repayment Bond will be payable solely from the sources and in the manner described in the Master Trust Agreement and the related Financing Indenture and from other available moneys in the State Revolving Fund. Application of moneys available within the Deficiency Reserve Account, the De-allocated Reserve Account, the Prior Indenture Support Account and in any reserve established under the related Financing Indenture in accordance with the procedures set forth in the Master Trust Agreement and in the related Financing Indenture will constitute repayment of such Repayment Bond when made. The rights of the Custodian to receive payment of a Repayment Bond from any source will be subject to the liens in favor of owners of SRF Bonds created under the Master Trust Agreement and any Financing Indenture.

Security for and Investment of Funds

Uninvested moneys held by the Master Trustee. All moneys received by the Master Trustee or the Custodian under the Master Trust Agreement and not invested by the Master Trustee or the Custodian pursuant to the provisions of the Master Trust Agreement, to the extent not insured by the Federal Deposit Insurance Corporation or other federal agency, is required to be deposited with a member of the Federal Reserve System or with the Master Trustee or the Custodian, if so authorized by law with respect to trust funds in New York, or with a national or state bank or a trust company which has a combined capital and surplus aggregating not less than \$100,000,000.

Investment of, and payment of interest on, moneys. Investments of moneys on deposit to the credit of any funds and accounts pursuant to the Master Trust Agreement are required to have maturity dates (or be subject to redemption or tender at the option of the Master Trustee or the Custodian) on the respective dates specified by the Corporation which must be on or prior to the respective dates on which the moneys invested therein are payable for the purposes of such funds and accounts. The interest, including any realized increment on securities purchased at a discount, received on all such securities in any fund or account are required to be deposited by the Master Trustee to the credit of such fund or account, subject to the provisions of the Master Trust Agreement. Losses, if any, realized on securities held in any fund shall be debited to such fund. The Master Trustee and the Custodian are not liable or responsible for any loss resulting from any such investment or resulting from the redemption, sale or maturity of any such investment as authorized in the Master Trust Agreement. If at any time it becomes necessary that some or all of the securities purchased with the moneys in any such fund or account be redeemed or sold in order to raise the moneys necessary to comply with the provisions of the Master Trust Agreement, the Master Trustee or the Custodian, as the case may be, is required to cause such redemption or sale, employing in the case of a sale any commercially reasonable method of effecting such sale.

Concerning the Trustee and the Custodian

No responsibility for own acts save willful misconduct or negligence. The Master Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Corporation), approved by the Master Trustee in the exercise of reasonable care. The Master Trustee is not responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice. The Master Trustee is not liable for the exercise of any discretion or power under the Master

Trust Agreement or for anything whatsoever in connection with the trusts therein created, except only for its own willful misconduct or negligence.

Right to rely. The Master Trustee and the Custodian will be protected and will not incur any liability in acting or proceeding in good faith upon any paper or document which they in good faith believe to be genuine and to have been authorized or signed by the proper Person or to have been prepared and furnished pursuant to any of the provisions of the Master Trust Agreement. The Master Trustee and the Custodian are under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. Any action taken by the Master Trustee or the Custodian upon the request or consent of any Person who at the time of making such request or giving such consent is the Owner of any SRF Bond will be conclusive and binding upon all subsequent Owners of such SRF Bond or any SRF Bond issued on registration of transfer thereof. The Master Trustee and the Custodian will not have any responsibilities for determining whether the parties thereto have complied with the terms of any Tax Regulatory Agreement.

Removal of Master Trustee or Custodian. The Master Trustee at any time and for any reason may be removed by an instrument in writing, appointing a successor, filed with the Master Trustee so removed and executed by the Owners of a majority in aggregate principal amount of the SRF Bonds then outstanding. No such removal will become effective, however, until the acceptance of appointment by a successor Master Trustee in accordance with the Master Trust Agreement.

The Master Trustee or the Custodian at any time and for any reason may be removed by an instrument in writing, executed by an Authorized Officer, appointing a successor, filed with the Master Trustee or Custodian so removed. No such removal will become effective, however, until the acceptance of appointment by a successor Master Trustee or Custodian in accordance with the Master Trust Agreement.

Agreement of the State

In accordance with applicable provisions of the EFC Act, the Corporation, on behalf of the State, pledges to and agrees with the Owners of the SRF Bonds that the State will not limit or alter the rights and powers vested by the EFC Act in the Corporation to fulfill the terms of any contract made with Bondowners or in any way impair the rights and remedies of such Owners, until the SRF Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Owners, are fully met and discharged.

Supplemental Trust Agreements

Supplemental Trust Agreements not requiring consent of Bondowners. Subject to the conditions and restrictions contained in the Master Trust Agreement, the Corporation and the Master Trustee may, without the consent of or notice to the SRF Bondowners, enter into one or more Supplemental Trust Agreements in order (i) to cure any ambiguity or formal defect or omission in the Master Trust Agreement, (ii) to grant to or confer upon the Master Trustee for the benefit of the SRF Bondowners any additional rights, remedies, powers or authority, (iii) to subject to the provisions of the Master Trust Agreement additional revenues, properties or collateral, (iv) to modify, amend or supplement the Master Trust Agreement in such manner as to permit the qualification thereof under any federal statute now or hereafter in effect or under any state Blue Sky Law, and, in connection therewith, if they so determine, to add to the Master Trust Agreement, such other terms, conditions and provisions as may be permitted or required by said federal statute or Blue Sky Law, provided that any such Supplemental Trust Agreement must not, in the judgment of the Trustee, be to the prejudice of the Owners of the SRF Bonds, (v) to provide for any change in the Master Trust Agreement which, in the

opinion of the Master Trustee, is not prejudicial to the interests of the Master Trustee or the SRF Bondowners, and (vi) to establish one or more additional funds, accounts or subaccounts.

For the purpose of the Master Trust Agreement, without limiting the generality of the foregoing clause (v) above, a change will not be deemed prejudicial to Bondowners if such change will not materially adversely affect or diminish the security afforded Bondowners by (a) the pledge and assignment made pursuant to the Master Trust Agreement, (b) the funding of Reserve Allocations pursuant to and in accordance with the Master Trust Agreement, (c) the rights granted to Bondowners and the Trustee in the Master Trust Agreement and (d) the covenants of the Corporation in the Master Trust Agreement.

Supplemental Trust Agreements requiring consent of Bondowners. Except as otherwise provided in the Master Trust Agreement, any modification or amendment of the Master Trust Agreement may be made only with the consent of (a) in case all of the several series of senior SRF Bonds, subordinated SRF Bonds and 2010 MFI Bonds then outstanding are affected by such modification or amendment, the Owners of at least sixty percent (60%) in aggregate principal amount of the senior SRF Bonds, subordinated SRF Bonds and 2010 MFI Bonds then outstanding, or (b) in case less than all of the several series of senior SRF Bonds, subordinated SRF Bonds and 2010 MFI Bonds then outstanding are so affected, the Owners of at least sixty percent (60%) in aggregate principal amount of the aggregate of all senior SRF Bonds, subordinated SRF Bonds and 2010 MFI Bonds so affected then outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any senior SRF Bonds, subordinated SRF Bonds and 2010 MFI Bonds, as the case may be, of any specified series remain outstanding, the consent of the Owners of such senior SRF Bonds, subordinated SRF Bonds and 2010 MFI Bonds, as the case may be, shall not be required and such senior SRF Bonds, subordinated SRF Bonds and 2010 MFI Bonds, as the case may be, shall not be deemed to be outstanding for the purpose of any such calculation of outstanding senior SRF Bonds, subordinated SRF Bonds and 2010 MFI Bonds under the Master Trust Agreement. No such modification may be made which will reduce the percentages of aggregate principal amount of senior SRF Bonds, subordinated SRF Bonds and 2010 MFI Bonds, the consent of the Owners of which is required for any such modification or amendment, or change the provisions of the Master Trust Agreement relative to approval by series of senior SRF Bonds, subordinated SRF Bonds and 2010 MFI Bonds, or permit the creation by the Corporation of any lien prior to or, except to secure senior SRF Bonds, subordinated SRF Bonds and 2010 MFI Bonds, on a parity with the lien of the Master Trust Agreement upon the funds pledged under the Master Trust Agreement without the consent of the Owners of all senior SRF Bonds, subordinated SRF Bonds and 2010 MFI Bonds then Outstanding and affected thereby.

For the purposes of the Master Trust Agreement, a series is deemed to be affected by a modification of the Master Trust Agreement if the same materially adversely affects or diminishes the rights of the Owners of the senior SRF Bonds, subordinated SRF Bonds and 2010 MFI Bonds of such series. The Master Trustee may in its discretion determine whether or not in accordance with the foregoing provisions senior SRF Bonds, subordinated SRF Bonds and 2010 MFI Bonds of any particular series would be affected by any modification of the Master Trust Agreement and any such determination will be binding and conclusive on the Corporation and all Owners of the senior SRF Bonds, subordinated SRF Bonds and 2010 MFI Bonds.

If at any time the Corporation requests the consent of Bondowners to the execution of any such Supplemental Trust Agreement for any of the purposes enumerated in the Master Trust Agreement, the Master Trustee is required, upon being satisfactorily indemnified with respect to expenses, to mail notice of the proposed execution of such Supplemental Trust Agreement to Bondowners as provided in the Master Trust Agreement. If, within sixty (60) days or such longer period as shall be prescribed by the Corporation following the mailing of such notice, the required consent and approval of Bondowners is

obtained, no Owner of any SRF Bond will have any right to object to any of the terms and provisions contained therein.

The Master Trustee is required to execute any Supplemental Trust Agreement executed and delivered in accordance with the Master Trust Agreement; provided that, if, in the opinion of the Master Trustee, any such Supplemental Trust Agreement adversely affects the rights, duties, immunities or obligations of the Master Trustee under the Master Trust Agreement or otherwise, the Master Trustee may in its discretion resign in accordance with the provisions of the Master Trust Agreement. Upon giving notice of such resignation, the Master Trustee has no obligation to execute such Supplemental Trust Agreement.

Remedies

Remedies. The Master Trustee and the Corporation may take whatever action at law or in equity may appear necessary or desirable to exercise its rights or enforce the other parties' obligations under the Master Trust Agreement.

Notice of actions commenced by or against the Master Trustee. The Master Trustee is required, within five (5) days after the initiation of any cause of action by or against the Master Trustee and concerning the benefits conferred on Bondowners under the Master Trust Agreement becomes known to it, to give notice thereof to each Financing Indenture Trustee unless such cause of action shall have been discontinued before the giving of such notice.

Termination

If at any time there are no SRF Bonds of any series outstanding under any Financing Indenture and provision shall also be made for paying the Master Trustee's fees and expenses with respect to such SRF Bonds, then the Master Trustee, on demand of the Corporation, shall release the lien of the Master Trust Agreement with respect to such SRF Bond or SRF Bonds and must execute such documents as may be reasonably required by the Corporation. In the case of such release in respect of all SRF Bonds secured under the Master Trust Agreement, the Corporation may at any time thereafter elect to terminate the Master Trust Agreement. In the event of such termination, the Master Trustee is required to turn over to the Corporation any balances remaining in the Deallocated Reserve Account or any Leveraged Financing Subaccount created under the Master Trust Agreement to be used for State Revolving Fund purposes.

SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE AGREEMENT

The Continuing Disclosure Agreement, to be dated the date of issuance of the Offered Bonds, is an agreement between the Corporation and the 2010 MFI Trustee which benefits the Offered Bonds thereunder.

Annual Information Filings

Under the Continuing Disclosure Agreement, the Corporation agrees to provide certain financial information and operating data (“Annual Information”) relating to the Corporation by no later than nine months following the end of each of the Corporation’s fiscal year (presently April 1 – March 31). The Annual Information is to include information of the type included in this official statement under the captions **STATE REVOLVING FUND PROGRAM – Establishment of SRFs** (fifth paragraph only), **2010 MFI PROGRAM – 2010 MFI Program Administration** (fifth paragraph only), **SECURITY AND SOURCE OF PAYMENT FOR THE 2010 MFI OBLIGATIONS – Recipient Payments - Offered Bonds Debt Service and Recipient Payments, - De-allocated Reserve Account and Deficiency Reserve Account – Aggregate Historical Cash Flows and Reserves** and – *Projected Cash Flows and Reserves*, **Equity Accounts of the Clean Water SRF and Drinking Water SRF** (tables only) and **LITIGATION**, and in Exhibit A and Exhibit C and information of the type included in Exhibit 3B to our Annual Information Statement. The Annual Information will also include annual audited financial statements of the Corporation, prepared in accordance with generally accepted accounting principles, or if unavailable, unaudited financial statements.

The Corporation agrees to file the above information with the Electronic Municipal Access System maintained by the Municipal Securities Rulemaking Board (MSRB).

Material Event Notices

The Corporation further agrees to deliver notice to MSRB of any failure to provide the Annual Information and notices of the following events, if material:

- principal and interest delinquencies;
- non-payment related defaults;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of creditor liquidity providers, or their failure to perform;
- adverse tax opinions or events affecting the tax exempt status of the Offered Bonds;
- modifications to the rights of the holders of Offered Bonds;
- bond calls;
- defeasance;
- release, substitution, or sale of property securing repayment of the Offered Bonds; and
- rating changes.

2010 MFI Recipient Information

In the Continuing Disclosure Agreement, the Corporation agrees that at the end of each fiscal year, it will notify each 2010 MFI Recipient with an outstanding balance of 2010 MFI financings equal to or exceeding 20% of the aggregate outstanding principal amount of all 2010 MFI financings as of the close of such fiscal year (a “Significant Recipient”) that such Significant Recipient must take the following actions:

- file with MSRB a copy of certain financial information relating to such 2010 MFI Recipient,
- provide, in a timely manner, notice of any failure to provide such financial information to MSRB, and
- provide, if not provided as part of such financial information, audited financial statements of the Significant Recipient, when and if available, to MSRB.

Pursuant to its Financing Agreement with the Corporation, each Recipient receiving proceeds of the 2010 MFI Bonds of a series has agreed to make such filing and provide such information as requested by the Corporation. Upon the issuance of the 2010 MFI Bonds of a series, there will be no MFI Recipient that is a Significant Recipient and no financial and operating information relating to any particular 2010 MFI Recipient is provided. Unless a 2010 MFI Recipient later becomes a Significant Recipient, no 2010 MFI Recipient will be required to provide such financial and operating information.

Miscellaneous Provisions

The Continuing Disclosure Agreement provides that Annual Information to be provided by the Corporation and the annual financial and operating data to be provided by a Significant Recipient, if any, may be provided by reference to documents previously either provided the MSRB existing at the time of such reference or the SEC. The Annual Information to be provided by the Corporation and the annual financial and operating data to be provided by any Significant Recipient may be provided separately in one or more documents or may be provided at one time or in part from time to time, and may be provided by the delivery or incorporation by reference of an official statement which includes such information.

Any failure by the Corporation, its directors, officers or employees or the 2010 MFI Trustee to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default or any Event of Default under the 2010 MFI. Additionally, neither the Corporation nor its directors, officers or employees are liable under the Continuing Disclosure Agreement for any failure to act under the Continuing Disclosure Agreement. The owner's and the 2010 MFI Trustee's sole remedy with respect to enforcement of the provisions of the Continuing Disclosure Agreement is a right, by action in mandamus or for specific performance to compel performance of the Corporation's obligations under the Continuing Disclosure Agreement. The Continuing Disclosure Agreement provides that the Corporation's and the 2010 MFI Trustee's obligations will terminate upon a legal defeasance pursuant to the 2010 MFI, prior redemption or payment in full of all Offered Bonds. The Continuing Disclosure Agreement also provides that it, or any provision thereof, will be null and void in the event that the Corporation delivers to the 2010 MFI Trustee (with a copy to the MSRB) an opinion of counsel, to the effect that those portions of Rule 15c2-12 which require the provisions of the Continuing Disclosure Agreement, or any of such provisions, do not or no longer apply to the Offered Bonds.

The Continuing Disclosure Agreement also may be amended or waived under certain circumstances set forth therein.