

NEW ISSUE

In the opinion of Nixon Peabody LLP, Bond Counsel to the Authority, under existing law, and assuming compliance with the tax covenants described herein, interest on the Fiscal 2001 F Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Bond Counsel is of the opinion that interest on the Fiscal 2001 F Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Bond Counsel is further of the opinion that under existing law, interest on the Fiscal 2001 F Bonds is exempt from personal income taxes of the State of New York and its political subdivisions, including The City of New York, as described more fully herein. See, however, "TAX EXEMPTION" herein regarding certain other tax considerations.

\$184,130,000
New York City
Municipal Water Finance Authority
Water and Sewer System Revenue Bonds,
Adjustable Rate Fiscal 2001 Series F
consisting of
\$100,000,000 Fiscal 2001 F-1 Bonds
\$84,130,000 Fiscal 2001 F-2 Bonds

Dated: Date of Delivery

Due: June 15, 2033

The Fiscal 2001 F Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Fiscal 2001 F Bonds. Purchases of beneficial interests in such Fiscal 2001 F Bonds will be made in book-entry only form. Purchasers will not receive certificates representing their ownership interest in the Fiscal 2001 F Bonds purchased by them. See "BOOK-ENTRY ONLY FORM" herein.

The Fiscal 2001 F-1 Bonds will initially bear interest at a Daily Rate. The Fiscal 2001 F-2 Bonds will bear interest at the Initial Rate applicable thereto on May 15, 2001 and, commencing May 16, 2001, will bear interest at a Weekly Rate. The interest rate applicable to all or a portion of the Fiscal 2001 F Bonds may be converted to a Daily Rate, Commercial Paper Rate, Weekly Rate, Flexible Rate or a Fixed Rate. See "THE FISCAL 2001 F BONDS—Conversion to an Alternate Rate Period." Interest accruing during the Initial Rate Period, a Daily Rate Period or a Weekly Rate Period will be payable on the 15th day of each calendar month, commencing June 15, 2001. Interest accruing during a Flexible Rate Period or the Fixed Period will be payable on June 15 and December 15 of each year. Interest accruing during a Commercial Paper Rate Period of 270 days or less will be payable on the Reset Date. Interest accruing during a Commercial Paper Rate Period of more than 270 days will be payable on the next succeeding Reset Date or Conversion Date and the date which is 180 calendar days prior to such Reset Date or Conversion Date. During the Initial Rate Period, a Daily Rate Period, a Commercial Paper Rate Period or a Weekly Rate Period, the Fiscal 2001 F Bonds will be issuable in Authorized Denominations of \$100,000 or integral multiples of \$5,000 in excess thereof and, during a Flexible Rate Period or the Fixed Rate Period, the Fiscal 2001 F Bonds will be issuable in Authorized Denominations of \$5,000 or integral multiples thereof. Fiscal 2001 F Bonds bearing interest at a Daily Rate or a Weekly Rate may be tendered to the Tender Agent for purchase at the option of the Owner thereof under the circumstances described herein. The Fiscal 2001 F Bonds are also subject to mandatory tender and to redemption prior to maturity, as described herein. To the extent the Purchase Price is not provided by the remarketing of Fiscal 2001 F Bonds, it will be paid pursuant to a Standby Bond Purchase Agreement by Dexia Crédit Local, acting through its New York Agency ("Dexia"), with respect to the Fiscal 2001 F-1 Bonds, and Morgan Guaranty Trust Company of New York ("Morgan"), with respect to the Fiscal 2001 F-2 Bonds (Dexia and Morgan, collectively the "Facility Providers"). The Standby Bond Purchase Agreement represents a separate obligation of each Facility Provider for the related Sub-Series of Fiscal 2001 F Bonds.

The proceeds of the Fiscal 2001 F Bonds are expected to be applied (i) to refund a portion of the Authority's Outstanding Water and Sewer System Revenue Bonds and (ii) to pay certain costs of issuance.

Price 100%

The Fiscal 2001 F Bonds are special obligations of the Authority, payable solely from and secured by a pledge of and first lien on the gross revenues of the System. The Authority has no taxing power. The Fiscal 2001 F Bonds are not a debt of the State of New York, The City of New York or the New York City Water Board and neither the State of New York, The City of New York nor the New York City Water Board is liable on the Fiscal 2001 F Bonds.

The Fiscal 2001 F Bonds are offered when, as and if issued by the Authority and received by the Underwriter and subject to the approval of legality by Nixon Peabody LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by Willkie Farr & Gallagher, New York, New York. Certain legal matters will be passed upon for the Facility Providers by their special counsel, King & Spalding. It is anticipated that the Fiscal 2001 F Bonds will be available for delivery in New York, New York, on or about May 15, 2001.

First Albany Corporation

May 8, 2001

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any of the Fiscal 2001 F Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesperson or any other person has been authorized to give any information or make any representation, other than those contained herein, in connection with the offering of any of the Fiscal 2001 F Bonds and if given or made, such information or representation must not be relied upon. Information contained on the Authority's web page, or any other web page on the City's web site is not a part of this Official Statement. Neither the delivery of this Official Statement nor the sale of any of the Fiscal 2001 F Bonds implies that there has been no change in the affairs of the Authority, the Board, the City or the Facility Providers or the other matters described herein since the date hereof.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE FISCAL 2001 F BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

\$184,130,000

New York City Municipal Water Finance Authority
Water and Sewer System Revenue Bonds,
Adjustable Rate Fiscal 2001 Series F

INTRODUCTORY STATEMENT

The purpose of this Official Statement is to set forth certain information pertaining to the New York City Municipal Water Finance Authority (the "Authority"), a public benefit corporation duly created and existing under the New York City Municipal Water Finance Authority Act, as amended (the "Act"); the New York City Water Board (the "Board"), a public benefit corporation created and existing under Chapter 515 of the Laws of 1984, both of which laws were enacted by the Legislature of the State of New York (the "State"); and the Authority's \$184,130,000 Water and Sewer System Revenue Bonds, Adjustable Rate Fiscal 2001 Series F (the "Fiscal 2001 F Bonds"). Capitalized terms used in this Official Statement and not defined herein shall have the meanings ascribed thereto in "APPENDIX F—GLOSSARY" herein or in "APPENDIX C—GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS" in the Series C and D Official Statement (as defined herein).

Pursuant to a lease agreement (the "Lease") between the Board and The City of New York (the "City"), dated as of July 1, 1985, as amended, the Board has leased from the City its facilities for the collection, transmission and distribution of water (the "Water System") and its facilities for the collection, treatment and disposal of sewage (the "Sewer System") (collectively, the "System"). As required by the Act and the Lease, the System is operated and maintained by the Department of Environmental Protection of the City ("DEP"). The Board has also entered into a financing agreement, dated as of July 1, 1985, as amended (the "Agreement"), with the Authority and the City for the financing of capital improvements to the System through the issuance of bonds, notes and other obligations (the "Bonds") under its Water and Sewer System General Revenue Bond Resolution adopted on November 14, 1985, as amended (the "Resolution") or subordinate obligations of the Authority under its Second Resolution (defined below). Pursuant to the Lease and the Agreement, the Board has agreed to cause rates, fees and charges to be collected.

The Fiscal 2001 F Bonds will be issued by the Authority pursuant to the Resolution, and its Forty-ninth Supplemental Resolution adopted on May 8, 2001 (the "Supplemental Resolution"). The Resolution and the Supplemental Resolution are collectively referred to herein as the "Resolutions." United States Trust Company of New York serves as trustee under the Resolutions (in such capacity, the "Trustee") and will continue to serve as Trustee until a successor is appointed by the Bondholders in accordance with the Resolutions. The Authority has issued subordinate revenue bonds (the "Second Resolution Bonds") pursuant to its Water and Sewer System Second General Revenue Bond Resolution adopted on March 30, 1994, as amended (the "Second Resolution").

The Bonds are special obligations of the Authority, payable solely from and secured by a pledge of the Revenues, all moneys or securities in any of the funds and accounts established under the Resolution, including the Debt Service Reserve Fund, and all other moneys and securities to be received, held or set aside pursuant to the Resolution, subject only to provisions of the Resolution and the Agreement relating to the use and application thereof. The Board has covenanted in the Agreement to maintain rates, fees and charges at sufficient levels to produce in each twelve month period beginning on July 1 (a "Fiscal Year") an amount equal to 115% of the Aggregate Debt Service and Projected Debt Service on the Bonds (excluding Refundable Principal Installments for the payment of which funds are held in trust) to become due in such Fiscal Year on Bonds, plus 100% of the operation and maintenance expenses of the System certified by the City and of Required Deposits (which includes the debt service on the Second Resolution Bonds and other subordinate debt) to the extent required to be paid from Revenues. The Agreement requires a report of the Rate Consultant setting forth its recommendations as to any revisions of the rates, fees and charges necessary or advisable to meet the requirements of the rate covenant. See "SECURITY FOR THE BONDS - Rate Covenant." The Agreement also requires a Consulting Engineer to review the operation and maintenance of the System, and further requires the City to operate and maintain the System in accordance with the advice and recommendations of the Consulting Engineer. See "SECURITY FOR THE BONDS."

Rates, fees and charges are imposed by the Board and are not subject to regulatory approval nor are they subject to other regulations under current law except for the rates charged to a limited class of upstate users, representing less than 1% of Revenues, or as required by certain Federal grants. See "THE SYSTEM—Governmental Regulation" and "RATES AND BILLINGS."

The estimates and projections contained in this Official Statement are based on, among other factors, evaluations of historical revenue and expenditure data and analyses of economic trends affecting the Authority's finances. The financial projections contained herein are subject to certain contingencies that cannot be quantified and are subject to the uncertainties inherent in any attempt to predict the results of future operations. Accordingly, such projections are subject to periodic revision which may involve substantial change. Consequently, the Authority makes no representation or warranty that these estimates and projections will be realized.

The Authority has relied upon the authority of its Consulting Engineer, Metcalf & Eddy of New York, Inc. ("Metcalf & Eddy"), for certain engineering feasibility information and upon the authority of its Rate Consultant, Black & Veatch, LLP ("Black & Veatch"), for certain financial estimates and projections. See "ENGINEERING FEASIBILITY REPORT AND FORECASTED CASH FLOWS."

PLAN OF FINANCE

A portion of the proceeds of the Fiscal 2001 F Bonds is expected to be applied to the refunding of the Authority's Water and Sewer System Revenue Bonds, Fiscal 1992 Series A maturing on and after June 15, 2002, in the aggregate principal amount of \$177,360,000 (the "Refunded Bonds"). Pursuant to an Escrow Agreement between the Authority and United States Trust Company of New York (the "Escrow Trustee"), the Authority will irrevocably deposit cash and Defeasance Obligations in trust with the Escrow Trustee. The Defeasance Obligations will

bear interest at such rates and will mature at such times and in such amounts so that, together with any uninvested cash held by the Escrow Trustee, sufficient moneys will be available to make full and timely payment of the maturing principal and Sinking Fund Installments of and interest on, the Refunded Bonds to their redemption date. Upon such irrevocable deposit, the Refunded Bonds will no longer be deemed to be Outstanding and will no longer be entitled to the benefit of the pledge and lien established by the Resolution, or to payment from Revenues of the System. The Authority will direct the Trustee to redeem the Refunded Bonds maturing in the years 2002 through 2017, inclusive, on June 15, 2001 at the redemption price of 101% of par, plus accrued interest to the redemption date and the Refunded Bonds maturing in the year 2021 on June 15, 2001 at the redemption price of par, plus accrued interest to the redemption date.

Simultaneously with the delivery of the Fiscal 2001 F Bonds, the Authority expects to deliver \$112,040,000 of its Water and Sewer System Revenue Bonds, Fiscal 2001 Series C (the "Fiscal 2001 C Bonds"), \$255,239,212.80 of its Water and Sewer System Revenue Bonds, Fiscal 2001 Series D (the "Fiscal 2001 D Bonds") and \$86,105,000 of its Crossover Refunding Bonds, 2001 E Issue (the "Crossover Refunding Bonds").

The Fiscal 2001 C Bonds are being issued under the Resolution to reimburse banks for amounts to be drawn under irrevocable letters of credit to pay principal of and interest on approximately \$100,000,000 aggregate principal amount of the Authority's Outstanding Commercial Paper Notes, Series One. The Fiscal 2001 D Bonds are being issued under the Resolution to refund a portion of the Authority's Outstanding Water and Sewer System Revenue Bonds.

The Crossover Refunding Bonds are being issued pursuant to the Authority's Crossover Refunding Bond Resolution, 2001 E Issue, adopted April 27, 2001 (the "Crossover Resolution") and are secured by the proceeds of the Crossover Refunding Bonds, and any investment income thereon, until June 15, 2010. The Crossover Refunding Bonds also have a subordinate lien on the Subordinated Indebtedness Fund under the Resolution but will have no lien on the Revenues. If certain conditions can be met on June 15, 2010, the Crossover Refunding Bonds will be exchanged for the Authority's Water and Sewer System Revenue Bonds, Fiscal 2001 Series E to be issued pursuant to the Resolution and the proceeds of the Crossover Refunding Bonds will be applied to redeem a portion of the Authority's Water and Sewer System Revenue Bonds, Fiscal 2000 Series B.

It is a condition to the issuance and delivery of the Fiscal 2001 F Bonds that the Fiscal 2001 C and D Bonds and the Crossover Refunding Bonds are also issued and delivered on the closing date.

INCLUSION BY SPECIFIC REFERENCE

Portions of the Authority's Official Statement, dated April 27, 2001, delivered herewith and relating to the Authority's Water and Sewer System Revenue Bonds Fiscal 2001 Series C and Fiscal 2001 Series D (the "Series C and D Official Statement") subject to the information contained elsewhere herein, are included herein by specific reference, namely the information under the captions:

SECURITY FOR THE BONDS
THE AUTHORITY
THE BOARD
THE DEPARTMENT OF ENVIRONMENTAL PROTECTION
CAPITAL IMPROVEMENT AND FINANCING PROGRAM
FINANCIAL OPERATIONS
RATES AND BILLING
THE SYSTEM
ECONOMIC, SOCIAL AND DEMOGRAPHIC STATISTICS
LITIGATION
FINANCIAL ADVISORS
INVESTMENTS
LEGALITY FOR INVESTMENT AND DEPOSIT
FINANCIAL STATEMENTS
ENGINEERING FEASIBILITY REPORT AND FORECASTED CASH FLOWS
CERTAIN LEGAL OPINIONS
APPENDIX A – LETTER OF METCALF & EDDY OF NEW YORK, INC., CONSULTING ENGINEERS
APPENDIX B – LETTER OF BLACK & VEATCH, LLP, RATE CONSULTANTS
APPENDIX C – GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS
APPENDIX D – FINANCIAL STATEMENTS

Any reference to the Fiscal 2001 C and D Bonds in the information incorporated herein by reference shall be read to be a reference to the Fiscal 2001 F Bonds unless the context thereof clearly indicates that such information is only applicable to the Fiscal 2001 C and D Bonds.

Descriptions of the Authority, the Board, the System and the CIP together with other information including summaries of the terms of the Resolution, the Agreement and the Lease are set forth in the Series C and D Official Statement. All references herein to the Resolution, the Agreement and the Lease are qualified by reference to such documents in their entirety, copies of which are available from the Authority. All references to the Fiscal 2001 F Bonds are qualified in their entirety by reference to the definitive bond forms, and the terms and provisions thereof contained in the Resolutions.

THE FISCAL 2001 F BONDS

General

The Fiscal 2001 F-1 Bonds will initially bear interest at a Daily Rate. The Fiscal 2001 F-2 Bonds will bear interest at the Initial Rate applicable thereto on May 15, 2001 and, commencing May 16, 2001, will bear interest at a Weekly Rate. The interest rate applicable to all or any portion of the Fiscal 2001 F Bonds may be converted to a Daily Rate, Commercial Paper Rate, Weekly Rate, Flexible Rate, or Fixed Rate. The Fiscal 2001 F Bonds will mature on June 15, 2033. The Fiscal 2001 F Bonds are subject to optional and mandatory redemption prior to maturity as described under "Redemption of Fiscal 2001 F Bonds" and to optional and mandatory tender for purchase as described under "Optional Tender for Purchase" and "Mandatory Tender for Purchase." The Fiscal 2001 F Bonds will continue in a Rate Period until converted to another Rate Period and will bear interest at a rate determined in accordance with the procedures for determining the interest rate during such Rate Period. See "Conversion to an Alternate Rate Period" and "Interest Rates and Reset Dates" below.

Principal and Purchase Price of, and redemption premium, if any, and interest on, the Fiscal 2001 F Bonds will be payable in lawful money of the United States of America. The Fiscal 2001 F Bonds will be issued only as fully registered bonds without coupons in denominations of \$100,000 and integral multiples of \$5,000 in excess thereof when the Rate Period is the Initial Period, a Daily Rate Period, a Commercial Paper Rate Period, or a Weekly Rate Period, and in denominations of \$5,000 and integral multiples thereof when the Rate Period is a Flexible Rate Period or the Fixed Rate. During the Initial Period, a Daily Rate Period, a Commercial Paper Rate Period or a Weekly Rate Period, interest will be computed on the basis of a 365-day or 366-day year for the actual number of days elapsed and during a Flexible Rate Period and the Fixed Rate Period, interest will be computed on the basis of a 360-day year of twelve 30-day months.

United States Trust Company of New York has been appointed as Tender Agent for the Fiscal 2001 F Bonds. First Albany Corporation has been appointed as the exclusive Remarketing Agent (the "Remarketing Agent") for the Fiscal 2001 F Bonds.

Record Dates and Interest Payment Dates

Record Dates. Interest on the Fiscal 2001 F Bonds will be payable to the registered owner thereof as shown on the registration books kept by the Trustee at the close of business on the Record Date which will be (i) the immediately preceding Business Day prior to a Bond Payment Date when the Fiscal 2001 F Bonds are in the Initial Period, a Daily Rate Period, a Weekly Rate Period or a Commercial Paper Rate Period and (ii) the first day (whether or not a Business Day) of the calendar month during which interest thereon is payable for Flexible Rate Periods and the Fixed Rate Period.

Bond Payment Dates. Interest on the Fiscal 2001 F Bonds will be payable on the 15th day of each calendar month, commencing June 15, 2001, when the Fiscal 2001 F Bonds bear interest at the Initial Rate, a Daily Rate or a Weekly Rate and on June 15 and December 15 of each year when the Fiscal 2001 F Bonds are in a Flexible Rate Period or the Fixed Rate Period.

Interest on the Fiscal 2001 F Bonds in a Commercial Paper Rate Period comprised of 270 days or less shall be paid on the next succeeding Reset Date or Conversion Date and interest on the Fiscal 2001 F Bonds in a Commercial Paper Rate Period comprised of more than 270 days shall be paid (i) on the next succeeding Reset Date or Conversion Date and (ii) the date which is 180 calendar days prior to such Reset Date or Conversion Date. If any such day is not a Business Day, then the Bond Payment Date will be the next succeeding Business Day. Interest payable on each Bond Payment Date for Fiscal 2001 F Bonds bearing interest in the Initial Rate Period, Daily Rate Mode, Commercial Paper Rate Mode or the Weekly Rate Mode shall be the interest accruing and unpaid through and including the day preceding such Bond Payment Date. Interest payable on each Bond Payment Date bearing interest in the Flexible Rate Mode or the Fixed Rate Mode shall be the interest accruing and unpaid through and including the respective June 14th or December 14th preceding such Bond Payment Date.

Conversion to an Alternate Rate Period

At the election of the Authority, all or a portion of the Fiscal 2001 F Bonds may be converted to a Rate Period of a different duration by delivering a notice (the "Conversion Notice") to the Remarketing Agent, Facility Provider, DTC and the Tender Agent specifying, among other things, the new Rate Mode or Modes to which the Fiscal 2001 F Bonds are then subject and the conversion date (which shall be a Reset Date or a Bond Payment Date) (a "Conversion Date"). The Authority must deliver such Conversion Notice at least fifteen days prior to the Conversion Date (or if the 2001 Series F Bonds to be converted are Book Entry Bonds, such shorter period as DTC will permit). The Tender Agent is to give written notice to the registered owner of each Fiscal 2001 F Bond of the Authority's election to convert to another Rate Period and the Conversion Date. Such notice is to be given, by first class mail, not later than three calendar days after receipt by the Tender Agent of the Conversion Notice. See "Mandatory Tender for Purchase—*Mandatory Tender on Conversion Dates.*"

If less than all of the Fiscal 2001 F Bonds then subject to a particular Rate Mode or Modes are to be converted to a new Rate Mode or Modes, the particular Fiscal 2001 F Bonds which are to be converted to a new Rate Mode or Modes shall be selected by the Trustee in such manner as the Trustee deems appropriate subject to the provisions of the Resolutions regarding Authorized Denominations of Fiscal 2001 F Bonds subject to such Rate Mode.

No Fiscal 2001 F Bonds may be converted from a Rate Period to a new Rate Period of another duration unless the Trustee and Tender Agent have received an Opinion of Bond Counsel by 10:00 a.m., New York City time, on the Conversion Date.

If an Opinion of Bond Counsel can not be obtained, or if the election to convert was withdrawn by the Authority, or if the Remarketing Agent has notified the Tender Agent that it has been unable to remarket the Fiscal 2001 F Bonds on the Conversion Date, the Fiscal 2001 F Bonds will bear interest in a Daily Rate Period or, at the option of the Authority and in compliance with the provisions of the Resolution regarding conversion of Rate Modes, any other Rate Period, which Rate Period will be in effect from and after the date on which the Rate Period was to be converted; provided, however, unless on or prior to the Conversion Date an Opinion of Bond Counsel is delivered, the Rate Mode for the Fiscal 2001 F Bonds not converted shall be the existing Rate Mode.

Interest Rates and Reset Dates

General. The rate at which the Fiscal 2001 F Bonds will bear interest during any Rate Period will be the rate of interest that, if borne by the Fiscal 2001 F Bonds for such Rate Period, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for revenue bonds or other securities the interest on which is excludable from gross income for federal income tax purposes of the same general nature as the Fiscal 2001 F Bonds and which are comparable as to credit and maturity or tender dates with the credit and maturity or tender dates of the Fiscal 2001 F Bonds, would be the lowest interest rate that would enable the Fiscal 2001 F Bonds to be sold at a price equal to the principal amount thereof, plus accrued interest thereon, if any.

The Fiscal 2001 F Bonds (other than Purchased Bonds) may not bear interest at a rate greater than twelve percent (12%) per annum.

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

If (i) a Daily Rate for a Business Day has not been determined by the Remarketing Agent, (ii) no Remarketing Agent shall be serving under the Resolutions, (iii) the Daily Rate determined by the Remarketing Agent can not for any reason be in effect for such Business Day or (iv) pursuant to the Remarketing Agreement the Remarketing Agent is not then required to establish a Daily Rate, the Daily Rate for such Business Day will be the TBMA Municipal Index on the date such Daily Rate was to have been determined by the Remarketing Agent.

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

If (i) a Weekly Rate has not been determined by the Remarketing Agent, (ii) no Remarketing Agent shall be serving under the Resolutions, (iii) the Weekly Rate determined by the Remarketing Agent can not for any reason be in effect or (iv) pursuant to the Remarketing Agreement the Remarketing Agent is not then required to establish a Weekly Rate, the Weekly Rate will be the TBMA Municipal Index on the date such Weekly Rate was to have been determined by the Remarketing Agent.

Commercial Paper Rate Period. Except as described below, the Commercial Paper Rate is to be determined by the Remarketing Agent and announced by 12:30 p.m., New York City

time, on the first day of each Commercial Paper Rate Period. Unless the Remarketing Agent specifies otherwise, each Commercial Paper Rate Period will be the shorter of (i) seven days, or (ii) the period remaining to and including the final maturity date of the Fiscal 2001 F Bonds. A Fiscal 2001 F Bond can have a Commercial Paper Rate Period, and bear interest at a Commercial Paper Rate, different from other Fiscal 2001 F Bonds in the Commercial Paper Rate Mode.

If (i) a Commercial Paper Rate has not been determined by the Remarketing Agent, (ii) no Remarketing Agent shall be serving under the Resolutions, (iii) the Commercial Paper Rate determined by the Remarketing Agent can not for any reason be in effect or (iv) pursuant to the Remarketing Agreement the Remarketing Agent is not then required to establish a Commercial Paper Rate, the Commercial Paper Rate will be the TBMA Municipal Index on the date such Commercial Paper Rate was to have been determined by the Remarketing Agent.

Flexible Rate Period. Except as described below, the Flexible Rate for any Flexible Rate Period is to be determined by the Remarketing Agent and announced by not later than two (2) days prior to the Flexible Rate Period and will be in effect from the first day of such Flexible Rate Period through the day prior to the commencement of the next Rate Period. If the Remarketing Agent is unable to remarket all of the Fiscal 2001 F Bonds at the interest rate determined by the Remarketing Agent pursuant to the previous sentence, the Remarketing Agent may at any time prior to the Conversion Date or Reset Date increase the interest rate to that rate which would enable the Fiscal 2001 F Bonds to be sold on such Conversion Date or Reset Date at a price of par plus accrued interest. No less than twenty (20) Business Days prior to the commencement of each Flexible Rate Period, the Authority shall deliver to the Trustee and the Remarketing Agent written notice of the Authority's determination of the next succeeding Flexible Rate Period, which Flexible Rate Period shall end on a Business Day and shall not be the maturity date of such Fiscal 2001 F Bonds; provided, however, that if the Authority fails to specify the next succeeding Flexible Rate Period, such Flexible Rate Period shall be the shorter of (i) the same period as the immediately preceding Flexible Rate Period, or (ii) the period remaining to and including the final maturity date of the Fiscal 2001 F Bonds.

If for any reason the interest rate for the Fiscal 2001 F Bonds in the Flexible Rate Mode is not or cannot be a Flexible Rate determined by the Remarketing Agent, the Flexible Rate will be equal to Municipal Market Data General Obligation Yield on bonds with the same long term ratings that mature on the same date as the date on which the new Flexible Rate Period for such Fiscal 2001 F Bonds will end. Such interest rate shall be based upon the Municipal Market Data General Obligation yield for the most recent period for which information is available on the date the interest rate is to be determined. If such index or its equivalent is no longer published, the interest rate on such Fiscal 2001 F Bonds shall be the interest rate then currently in effect for such Fiscal 2001 F Bonds.

Fixed Rate Period. The Fixed Rate is to be determined by the Authority and the Remarketing Agent or other investment banking firm or firms with which the Authority has entered into an agreement for the purchase, as underwriter, of the Fiscal 2001 F Bonds on the Conversion Date. If a Fixed Rate has not been determined as aforesaid for any reason, then the Rate Period shall remain in the existing Rate Mode unless (i) the Authority elects another Rate Mode for such Fiscal 2001 F Bonds and on or prior to the Conversion Date, an Opinion of Counsel is delivered to the Trustee and the Facility Provider, if any.

Purchased Bonds. Purchased Bonds will bear interest at the Purchased Bonds Rate, provided, that such rate shall not exceed twenty five percent (25%) per annum (the "Purchased Bonds Maximum Rate"). If the Purchased Bonds Rate exceeds the Purchased Bonds Maximum Rate, then the Purchased Bonds will bear interest at the Purchased Bonds Maximum Rate, provided, that if, thereafter, the Purchased Bonds Rate is less than the Purchased Bonds Maximum Rate, then the Purchased Bonds will continue to bear interest at the Purchased Bonds Maximum Rate until the total interest paid and accrued with respect to such Purchased Bonds is equal to the total interest that the Holder thereof would have received if the Purchased Bonds had borne interest at the Purchased Bonds Rate without the foregoing limitation.

Optional Tender for Purchase

General. A Fiscal 2001 F Bond or any portion thereof equal to an Authorized Denomination may be tendered for purchase, at the Purchase Price, at the option of its registered owner on any Business Day during a Daily Rate Period or a Weekly Rate Period upon giving notice of the registered owner's election to tender in the manner and at the times described below. Notice of an election to tender a Fiscal 2001 F Bond registered in the name of Cede & Co., as nominee of DTC, is to be given by the DTC Participant on behalf of the Beneficial Owner of the Fiscal 2001 F Bond and will not be given by DTC.

Notice of the election to tender for purchase a Fiscal 2001 F Bond registered in any other name is to be given by the registered owner of such Fiscal 2001 F Bond or its attorney-in-fact.

The notice must state the name of the registered owner or the Beneficial Owner and the principal amount of the Fiscal 2001 F Bond, the principal amount of the Fiscal 2001 F Bond to be tendered for purchase and the Business Day on which the Fiscal 2001 F Bond or portion thereof to be tendered for purchase is to be purchased.

A DTC Participant or the registered owner of a Fiscal 2001 F Bond must give written notice of its irrevocable election to tender such Fiscal 2001 F Bond or a portion thereof for purchase at its option to the Tender Agent, at its Delivery Office, and to the Remarketing Agent, in the case of Fiscal 2001 F Bonds bearing interest in a Daily Rate Mode, by no later than 11:00 a.m. on the Optional Tender Date and in the case of Fiscal 2001 F Bonds bearing interest in a Weekly Rate Mode by no later than 5:00 p.m., New York City time, on any Business Day which is at least seven (7) days prior to the Business Day on which such Fiscal 2001 F Bond or portion thereof is to be purchased.

Mandatory Tender for Purchase

The Fiscal 2001 F Bonds are subject to mandatory tender and purchase at the Purchase Price on the following dates (each a "Mandatory Tender Date"):

(a) on each Conversion Date for Fiscal 2001 F Bonds being converted to a different Rate Mode;

(b) on each Reset Date for so long as the Fiscal 2001 F Bonds bear interest in the Commercial Paper Rate Mode or the Flexible Rate Mode;

(c) on the last Business Day of the Daily Rate Period, the Weekly Rate Period, the Commercial Paper Mode or Flexible Rate Mode, as the case may be, next preceding the effective date of any expiration or earlier termination of the Credit Facility then in effect, if at least thirty (30) days prior to such termination date the Credit Facility has not been extended or a substitute Credit Facility has not been obtained; and

(d) on the Business Day immediately preceding the date specified in the Notice of Default delivered by the Facility Provider in accordance with the provisions of the Credit Facility.

Fiscal 2001 F Bonds Deemed Purchased

The Fiscal 2001 F Bonds or portions thereof required to be purchased upon a tender at the option of the registered owner thereof or upon a mandatory tender will be deemed to have been tendered and purchased for all purposes of the Resolution, irrespective of whether such Fiscal 2001 F Bonds have been presented and surrendered to the Tender Agent, if on the Tender Date moneys sufficient to pay the Purchase Price thereof are held by the Tender Agent. The former registered owner of a Tendered Bond or a Fiscal 2001 F Bond deemed to have been tendered and purchased will have no claim thereunder or under the Resolution or otherwise for payment of any amount other than the Purchase Price, and such Fiscal 2001 F Bond or portion thereof will no longer be Outstanding for purposes of the Resolution.

Purchase Price and Payment

The Purchase Price of a Fiscal 2001 F Bond will be the principal amount of the Fiscal 2001 F Bond to be tendered, plus accrued and unpaid interest from the immediately preceding Bond Payment Date.

The Purchase Price of a Fiscal 2001 F Bond held in a book-entry-only system will be paid, in same-day funds, to DTC in accordance with DTC's standard procedures for effecting same-day payments, as described herein under the heading "BOOK-ENTRY ONLY FORM." Payment will be made without presentation and surrender of the Fiscal 2001 F Bonds to the Tender Agent and DTC will be responsible for effecting payment of the Purchase Price to the DTC Participants.

The Purchase Price of any other Fiscal 2001 F Bonds will be paid, in same-day funds, only after presentation and surrender of the Fiscal 2001 F Bond to the Tender Agent at its Delivery Office. Payment will be made by 2:30 p.m., New York City time, on the later of the Tender Date or the Business Day on which a Fiscal 2001 F Bond is presented and surrendered to the Tender Agent.

The Purchase Price is payable solely from, and in the following order of priority, the proceeds of the remarketing of Fiscal 2001 F Bonds tendered for purchase, moneys made available by the applicable Facility Provider under the Credit Facility and other Available Moneys furnished by or on behalf of the Authority for the purchase of Fiscal 2001 F Bonds.

Remarketing of Fiscal 2001 F Bonds Upon Tender

Pursuant to the Remarketing Agreement, the Remarketing Agent is required to use its best efforts to remarket Fiscal 2001 F Bonds tendered or deemed tendered for purchase. The Remarketing Agreement sets forth, among other things, certain conditions to the Remarketing Agent's obligations to remarket Fiscal 2001 F Bonds. If any of the conditions are not satisfied, or if the Remarketing Agent is otherwise unable to remarket any Fiscal 2001 F Bonds, the Purchase Price of such Fiscal 2001 F Bonds will be paid from amounts obtained from the Facility Provider under the Credit Facility, if any, as described below, or from any other Available Moneys furnished by or on behalf of the Authority.

On each Tender Date, the Remarketing Agent is to give notice to the Tender Agent specifying the principal amount of Fiscal 2001 F Bonds which have been tendered for purchase and remarketed. The Tender Agent is, on such Tender Date, to obtain funds under the Credit Facility in accordance with its terms in an amount equal to the difference between the Purchase Price of the Fiscal 2001 F Bonds subject to purchase and the remarketing proceeds available to the Tender Agent.

Credit Facility

The Authority is required to provide a Credit Facility for the benefit of the Owners of the Fiscal 2001 F Bonds for so long as such Fiscal 2001 F Bonds bear interest at the Initial Rate, a Daily Rate, a Weekly Rate or a Commercial Paper Rate. The Authority is also required to provide a Credit Facility during any Flexible Rate Period if solely as a result of the failure to provide such a Credit Facility, the long-term ratings on the Fiscal 2001 F Bonds would be reduced by any Rating Agency.

To the extent the Purchase Price is not provided by the remarketing of Fiscal 2001 F Bonds, the Purchase Price thereof will be paid pursuant to a Standby Bond Purchase Agreement (the "Standby Purchase Agreement"), among the Authority, Dexia Crédit Local, acting through its New York Agency ("Dexia") and Morgan Guaranty Trust Company of New York ("Morgan") (Morgan and Dexia, collectively, the "Facility Providers") and under which Dexia will also act as agent ("Agent"). Dexia is obligated to pay the Purchase Price of only the Fiscal 2001 F-1 Bonds and Morgan is obligated to pay the Purchase Price of only the Fiscal 2001 F-2 Bonds. The Standby Purchase Agreement represents a separate obligation of each Facility Provider for the related Sub-Series of Fiscal 2001 F Bonds and is a Credit Facility as defined in the Resolutions. The commitment of each Facility Provider under the Standby Purchase Agreement is sufficient to pay a Purchase Price equal to the Outstanding principal of and up to 275 days' interest on the applicable Sub-Series of the Fiscal 2001 F Bonds at an assumed interest rate of nine percent (9%) per annum. The scheduled Termination Date of the Credit Facility is May 15, 2004.

Fiscal 2001 F Bonds the Purchase Price of which was paid from moneys made available under the Standby Purchase Agreement and not otherwise remarketed will be registered in the name of the applicable Facility Provider or its nominee ("Purchased Bonds") and all interest accruing thereon from the last date to which interest was paid will accrue for the benefit of and be payable to such Facility Provider. The obligation of the Authority to repay amounts advanced

by such Facility Provider under the Standby Purchase Agreement to purchase Fiscal 2001 F Bonds will be evidenced by the Fiscal 2001 F Bonds purchased by the Facility Provider.

The Standby Purchase Agreement may be terminated by the Facility Providers immediately and without notice upon the occurrence of certain events of default (each a "Termination Event"). Termination Events include (i) failure of the Authority to pay when due any amount payable on the Fiscal 2001 F Bonds or a default by the Authority in the payment of principal of or premium or interest on any other bond, note or other evidence of indebtedness of the Authority; (ii) insolvency of the Authority; or (iii) a final, non appealable judgment shall be issued by a court of competent jurisdiction that the Fiscal 2001 F Bonds or any other material provision of the Standby Purchase Agreement or the Resolutions shall cease to be valid and binding, or the Authority shall initiate legal proceedings or assert in legal proceedings that the Fiscal 2001 F Bonds or any material provision of the Standby Purchase Agreement or of the Resolutions is invalid or that the Authority has no liability thereon.

Additionally, the Fiscal 2001 F Bonds are subject to mandatory tender at the option of the Facility Provider upon the occurrence of certain other events of default (each a "Tender Event"). Tender Events include (i) failure of the Authority to pay the fees provided for under the Standby Purchase Agreement, (ii) failure by the Authority to observe certain covenants contained in the Standby Purchase Agreement relating to maintenance of the existence of the Authority, amendment of the Agreement, the Remarketing Agreement, the Supplemental Resolution or the Fiscal 2001 F Bonds without the Agent's consent or conversion of the Fiscal 2001 F Bonds to a Fixed Rate as described in the succeeding paragraph, (iii) any representation, warranty, certification or statement made by the Authority in the Standby Purchase Agreement, the General Resolution, the Agreement or the Lease shall prove to have been incorrect in any material respect when made or (iv) the occurrence of certain events of default under the General Resolution.

The Standby Purchase Agreement requires the Authority to convert the Fiscal 2001 F Bonds to the Fixed Rate on a date not more than six months from the date of receipt by the Authority of a notice from the Agent directing such conversion following the occurrence of certain events (each a "Conversion Event"). Conversion Events include (i) the ratings assigned by Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P") or Fitch Inc. ("Fitch") to the Fiscal 2001 F Bonds are withdrawn or reduced below "A3," "A-" or "A-," respectively, (ii) during any consecutive 12-month period, the product of (A) the principal amount of Fiscal 2001 F Bonds owned by the Facility Providers and (B) the number of calendar days during such 12-month period that such Fiscal 2001 F Bonds are owned by the Facility Providers exceeds the product of 90 and the average daily amount of the Available Allocated Principal Commitment for such Fiscal 2001 F Bonds during such 12-month period, determined in accordance with the Standby Purchase Agreement, (iii) Purchased Bonds remain outstanding for at least 90 days following the end of the Purchase Period, (iv) the occurrence of a Tender Event or (v) the Fiscal 2001 F Bonds shall cease for any reason to be valid, binding and enforceable special obligations of the Authority or the Authority shall initiate legal proceedings or assert in legal proceedings that the Fiscal 2001 F Bonds are invalid or unenforceable or that the Authority has no liability thereon.

The preceding is a summary of certain provisions expected to be included in the Standby Purchase Agreement and the proceedings under which the Fiscal 2001 F Bonds are to be issued,

and is subject in all respects to the underlying documents, copies of which will be available for inspection during business hours at the office of the Tender Agent. Information regarding the Facility Provider is included herein as "APPENDIX E—DESCRIPTION OF THE FACILITY PROVIDERS." Neither the Authority nor the Underwriter makes any representation with respect to the information in "APPENDIX E—DESCRIPTION OF THE FACILITY PROVIDERS."

Substitution of Credit Facility

The Authority may replace the Credit Facility with a substitute Credit Facility upon the satisfaction of certain requirements set forth in the Resolutions and the Credit Facility, including but not limited to receipt by the Trustee of: (i) written advice from each of Moody's, S&P and Fitch that upon such substitution the rating assigned thereby to the Fiscal 2001 F Bonds will not be reduced, suspended or withdrawn as a result of such substitution; (ii) an opinion of counsel to the new Facility Provider to the effect that such substitute Credit Facility constitutes a legal, valid and binding obligation of such Facility Provider enforceable in accordance with its terms, subject only to bankruptcy, insolvency, moratorium and other laws affecting creditors' rights insofar as the same may be applicable in the event of a bankruptcy, insolvency, moratorium or other similar proceeding or occurrence with respect to such Facility Provider and to equitable principles; (iii) an Opinion of Bond Counsel with respect to the substitution or replacement of the substitute Credit Facility; and (iv) the written consent of an Authorized Officer of the Authority.

No later than fifteen (15) days prior to the effective date of the substitute Credit Facility the Tender Agent shall give notice to the Holders of the Outstanding Fiscal 2001 F Bonds, which notice shall contain, among other things: (i) a description of such substitute Credit Facility (including the date of expiration of such Credit Facility); (ii) the name of the Facility Provider of such substitute Credit Facility; (iii) a statement as to the ratings on the Fiscal 2001 F Bonds as a result of the substitution of such substitute Credit Facility for the then existing Credit Facility; and (iv) a statement that the Opinion of Bond Counsel and the opinion of counsel to the Facility Provider necessary for such substitute Credit Facility to become effective have been obtained. The failure of any Holder of a Fiscal 2001 F Bond to receive such notice shall not affect the validity of the proceedings in connection with the effectiveness of such substitute Credit Facility.

Redemption of Fiscal 2001 F Bonds

Optional Redemption—Daily, Commercial Paper or Weekly Rate Periods. The Fiscal 2001 F Bonds, while they bear interest at a Daily Rate, Commercial Paper Rate or a Weekly Rate, are subject to redemption prior to maturity at the election or direction of the Authority, on any Bond Payment Date, in whole or in part, at the redemption price of 100% of the principal amount of the Fiscal 2001 F Bonds to be redeemed, plus accrued interest, if any, to the redemption date.

Optional Redemption—Flexible Rate Period and Fixed Rate Period. Unless, at the time the Fiscal 2001 F Bonds are converted to the Flexible Rate Mode or the Fixed Rate Mode, the Authority establishes other dates and Redemption Prices at which such Fiscal 2001 F Bonds may be redeemed at the option of the Authority, the Fiscal 2001 F Bonds in the Flexible Rate Mode

or the Fixed Rate Mode shall be subject to redemption prior to maturity at the election of the Authority: (A) in whole or in part on any Reset Date in the case of Fiscal 2001 F Bonds in the Flexible Rate Mode, at a Redemption Price equal to 100% of the principal amount of each Fiscal 2001 F Bonds or portion thereof to be redeemed, plus accrued interest, if any, to the day of redemption, or (B) in whole or in part at any time, except as set forth below, at a Redemption Price equal to the percentages of the principal amount of each Fiscal 2001 F Bonds or portion thereof to be redeemed set forth below, plus accrued interest, if any, to the date of redemption.

<u>Number of Years Remaining to Maturity at the Date of Conversion</u>	<u>Number of Years following the Conversion to the Flexible Rate Period or the Fixed Rate Period when Fiscal 2001 F Bonds are Redeemed and Redemption Price</u>	
	<u>More than 10 but less than 11 years</u>	<u>More than 11 years</u>
11 years or more	101%	100%
10 but less than 11 years	100	Not Applicable
Less than 10 years	Not Subject to Redemption	

Fiscal 2001 F-2 Bonds – Sinking Fund Redemption. The Fiscal 2001 F-2 Bonds are subject to mandatory redemption prior to maturity in part, by lot, in such manner as the Trustee may reasonably determine, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on June 15 in each of the years and in the respective principal amounts, as follows:

<u>Fiscal 2001 F-2 Bonds</u>	
<u>Year</u>	<u>Amount</u>
2026	\$22,700,000
2031	10,540,000
2032	9,480,000
2033 [†]	41,410,000

There shall be credited against and in satisfaction of the Sinking Fund Installment payable on any date the principal amount of Fiscal 2001 F-2 Bonds entitled to such Sinking Fund Installment (A) purchased with moneys in the Debt Service Fund, (B) redeemed at the option of the Authority, (C) purchased by the Authority and delivered to the Trustee for cancellation and

[†] Final Maturity

(D) deemed to have been paid in accordance the Resolution. Fiscal 2001 F-2 Bonds purchased with moneys in the Debt Service Fund will be credited toward the next Sinking Fund Installment thereafter to become due. Fiscal 2001 F-2 Bonds redeemed at the option of the Authority, purchased by the Authority (with moneys other than those on deposit in the Debt Service Fund) or deemed to have been paid in accordance with the Resolution shall be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments payable on such dates as the Authority shall specify in a written direction of the Authority delivered to the Trustee at least 15 days prior to the earliest date on which notice of redemption of the Fiscal 2001 F-2 Bonds entitled to such Sinking Fund Installment may be given by the Trustee and the Sinking Fund Installment payable on each date specified in such direction shall be reduced by the principal amount of the Fiscal 2001 F-2 Bonds so purchased, redeemed or deemed to have been paid in accordance the Resolution to be applied in satisfaction of such Sinking Fund Installment as set forth in such direction.

Selection of Bonds to be Redeemed

In the event less than all of the Outstanding Fiscal 2001 F Bonds of like maturity are to be redeemed prior to maturity, the Trustee shall select for redemption, using such method of selection as it deems proper in its discretion, the Purchased Bonds of such maturity before selecting any other Fiscal 2001 F Bonds of such maturity for redemption. Fiscal 2001 F Bonds of such maturity which are not Purchased Bonds shall be selected by the Trustee in accordance with the provisions of the General Resolution.

Notice of Redemption

Notice of redemption is to be given by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption, to the registered owners of Fiscal 2001 F Bonds to be redeemed at their addresses shown on the books of registry. So long as Cede & Co., as nominee of DTC, is the registered owner of the Fiscal 2001 F Bonds, notice of redemption is to be sent to DTC. No assurance can be given by the Authority that DTC and DTC participants will promptly transmit notices of redemption to Beneficial Owners.

If, on any redemption date, moneys for the redemption of the Fiscal 2001 F Bonds to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available therefor on such date, and if notice of redemption has been mailed, then interest on the Fiscal 2001 F Bonds to be redeemed will cease to accrue from and after the redemption date and such Fiscal 2001 F Bonds will no longer be considered to be Outstanding under the Resolution.

**RATE PERIOD TABLE
FOR FISCAL 2001 F BONDS**

	DAILY RATE	WEEKLY RATE	COMMERCIAL PAPER RATE	FLEXIBLE RATE	FIXED RATE
Bond Payment Date	15th day of each calendar month	15th day of each calendar month	If Rate Period is 270 days or less, the next succeeding Reset Date or Conversion Date, and if Rate Period is more than 270 days (i) next succeeding Reset Date or Conversion Date and (ii) 180 days prior to such Reset Date or Conversion Date	June 15th and December 15th	June 15th and December 15 th
Days Interest	365-day or 366-day year for actual number of days elapsed	365-day or 366-day year for actual number of days elapsed	365-day or 366-day year for actual number of days elapsed	360-day year of twelve 30-day months	360-day year of twelve 30-day months
Record Date	Business Day prior to each Bond Payment Date	Business Day prior to each Bond Payment Date	Business Day prior to each Bond Payment Date	First day of the calendar month during which interest is payable	First day of the calendar month during which interest is payable
Reset Date	Not later than 10:00 a.m. on each Business Day	Not later than 4:00 p.m. on each Tuesday or, if not a Business Day, on the next Business Day	Not later than 12:30 p.m. on the first day of each Commercial Paper Rate Period	Not later than 15 days prior to the first day of the Flexible Rate Period	Conversion Date
Commencement of Rate Period	Reset Date or Conversion Date	Reset Date or Conversion Date	Reset Date or Conversion Date	Reset Date or Conversion Date	Conversion Date
Optional Tender Date	Any Business Day	Any Business Day	Not subject to optional tender	Not subject to optional tender	Not subject to optional tender
Notice Period for Optional Tenders	Written notice not later than 11:00 a.m. on any Business Day	Written notice not later than 5:00 p.m. on any Business Day not less than seven days prior to the Tender Date	Not subject to optional tender	Not subject to optional tender	Not subject to optional tender
Tender Date for Tendered Bonds (optional tender)	Not later than 12:00 p.m. on the Optional Tender Date	Not later than 1:00 p.m. on the Optional Tender Date	Not subject to optional tender	Not subject to optional tender	Not subject to optional tender
Payment Date for Tendered Bonds (optional tender)	Not later than 2:30 p.m. on the Tender Date	Not later than 2:30 p.m. on the Tender Date	Not subject to optional tender	Not subject to optional tender	Not subject to optional tender
Payment Date for Tendered Bonds (mandatory tender)	Not later than 2:30 p.m. on the Tender Date	Not later than 2:30 p.m. on the Tender Date	Not later than 2:30 p.m. on the Tender Date	Not later than 2:30 p.m. on the Tender Date	Not subject to mandatory tender

USE OF PROCEEDS

It is anticipated that the proceeds of the Fiscal 2001 F Bonds will be applied in the following manner:

Deposit to the Escrow Fund	\$183,757,169
Costs of Issuance*	223,262
Underwriter's Discount	<u>149,569</u>
Principal Amount of the Fiscal 2001 F Bonds	\$184,130,000

* Includes fees and expenses relating to the Credit Facility.

BOOK-ENTRY ONLY FORM

DTC will act as securities depository for the Fiscal 2001 F Bonds. The Fiscal 2001 F Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered bond certificate will be issued for each maturity of the Fiscal 2001 F Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$400 million, one certificate will be issued with respect to each \$400 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such maturity.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its Participants deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations ("Direct Participants"). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Fiscal 2001 F Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Fiscal 2001 F Bonds on DTC's records. The ownership interest of each actual purchaser of each Fiscal 2001 F Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial

Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Fiscal 2001 F Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Fiscal 2001 F Bonds, except in the event that use of the book-entry system for the Fiscal 2001 F Bonds is discontinued.

To facilitate subsequent transfers, all Fiscal 2001 F Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of any series of bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of any Fiscal 2001 F Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Fiscal 2001 F Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Fiscal 2001 F Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Fiscal 2001 F Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on a payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on a payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to DTC is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to, the Fiscal 2001 F Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

According to DTC, the foregoing information with respect to DTC has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

Unless otherwise noted, certain of the information contained in the preceding paragraphs of this section "Book-Entry Only Form" has been extracted from information given by DTC. Neither the Authority, the Trustee nor the Underwriter makes any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereto.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS.

FURTHER INFORMATION

The references herein and in the Series C and D Official Statement to and summaries of federal, State and local laws, and documents, agreements and court decisions, including but not limited to the Lease, the Agreement, the Resolution, the Second Resolution and the Crossover Resolution are summaries of certain provisions thereof. Such summaries do not purport to be complete and are qualified in their entirety by reference to such acts, laws, documents, agreements or decisions. Copies of the Lease, the Agreement, the Resolution, the Second Resolution and the Crossover Resolution are available for inspection during normal business hours at the office of the Authority.

Any statements in this Official Statement and the Series C and D Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. None of this Official Statement, the Series C and D Official Statement nor any statement which may have been made orally or in writing shall be construed as a contract or as a part of a contract with the original purchasers or any holders of the Fiscal 2001 F Bonds.

TAX EXEMPTION

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the issuance and delivery of the Fiscal 2001 F Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Fiscal 2001 F Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Fiscal 2001 F Bonds. The Authority has covenanted in the Forty-ninth Supplemental Resolution to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Fiscal 2001 F Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, interest on the Fiscal 2001 F Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Fiscal 2001 F Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

State Taxes

Bond Counsel is also of the opinion that the interest on the Fiscal 2001 F Bonds is exempt, under existing law, from personal income tax of the State of New York and its political subdivisions, including The City of New York.

Certain Federal Tax Information

General. The following is a discussion of certain additional tax matters under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to particular investors. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Fiscal 2001 F Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Social Security and Railroad Retirement Payments. The Code provides that interest on tax-exempt obligations is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits received are to be included in taxable income.

Branch Profits Tax. The Code provides that interest on tax-exempt obligations is included in effectively connected earnings and profits for purposes of computing the branch profits tax on certain foreign corporations doing business in the United States.

Borrowed Funds. The Code provides that interest paid (or deemed paid) on borrowed funds used during a tax year to purchase or carry tax-exempt obligations is not deductible. In addition, under rules used by the Internal Revenue Service for determining when borrowed funds are considered used for the purpose of purchasing or carrying particular assets, the purchase of obligations may be considered to have been made with borrowed funds even though the borrowed funds are not directly traceable to the purchase of such obligations.

Property and Casualty Insurance Companies. The Code contains provisions relating to property and casualty insurance companies whereunder the amount of certain loss deductions otherwise allowed is reduced (in certain cases below zero) by a specified percentage of, among other things, interest on tax-exempt obligations acquired after August 7, 1986.

Financial Institutions. The Code provides that commercial banks, thrift institutions and other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than certain "qualified" obligations. The Fiscal 2001 F Bonds are not "qualified" obligations for this purpose.

S Corporations. The Code imposes a tax on excess net passive income of certain S corporations that have subchapter C earnings and profits. Interest on tax-exempt obligations must be included in passive investment income for purposes of this tax.

Earned Income Credit. For any taxable year beginning after December 31, 1995, the Code denies the earned income credit to persons otherwise eligible for it if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds \$2,200, subject to adjustment for inflation for taxable years beginning after December 31, 1996. Interest on the Fiscal 2001 F Bonds will constitute disqualified income for this purpose.

Changes in Federal Tax Law and Post Issuance Events. From time to time proposals are introduced in Congress that, if enacted into law, could have an adverse impact on the potential benefits of the exclusion from gross income for federal income tax purposes of the interest on the

Fiscal 2001 F Bonds, and thus on the economic value of the Fiscal 2001 F Bonds. This could result from reductions in federal income tax rates, changes in the structure of the federal income tax rates, changes in the structure of the federal income tax or its replacement with another type of tax, repeal of the exclusion of the interest on the Fiscal 2001 F Bonds from gross income for such purposes, or otherwise. It is not possible to predict whether any legislation having an adverse impact on the tax treatment of holders of the Fiscal 2001 F Bonds may be proposed or enacted.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Fiscal 2001 F Bonds may affect the tax status of interest on the Fiscal 2001 F Bonds. Bond Counsel expresses no opinion as to any federal, State or local tax law consequences with respect to the Fiscal 2001 F Bonds, or the interest thereon, if any action is taken with respect to the Fiscal 2001 F Bonds or the proceeds thereof upon the advice or approval of other counsel.

CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

For so long as the Fiscal 2001 F Bonds bear interest in a Rate Period other than the Initial Rate Period, a Daily Rate Period, a Weekly Rate Period or a Commercial Paper Rate Period of 270 days or less, and to the extent that Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission ("SEC") under the Securities and Exchange Act of 1934, as amended (the "1934 Act"), requires the Underwriter to determine, as a condition to purchasing the Fiscal 2001 F Bonds, that the Authority will covenant to the effect of the provisions here summarized (the "Undertaking"), and the Rule as so applied is authorized by a federal law that as so construed is within the powers of Congress, the Authority agrees with the record and beneficial owners from time to time of the Fiscal 2001 F Bonds ("Bondholders") that it will:

(1) within 240 days after the end of the 2001 Fiscal Year and each subsequent Fiscal Year, deliver to each nationally recognized municipal securities information repository and to any New York State information depository, core financial information and operating data for the prior Fiscal Year, including (i) the System's audited financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) material historical financial and operating data concerning the System and the Revenues of the System generally of the type included in the Series C and D Official Statement under the captions "CAPITAL IMPROVEMENT AND FINANCING PROGRAM," "FINANCIAL OPERATIONS" and "RATES AND BILLING" and "THE SYSTEM" and

(2) provide in a timely manner, to each nationally recognized municipal securities information repository or to the Municipal Securities Rulemaking Board, and to any New York State information depository, notice of any of the following events with respect to the Fiscal 2001 F Bonds, if material:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;

(c) in the case of credit enhancement that is provided in connection with the issuance of the Fiscal 2001 F Bonds, unscheduled draws on such credit enhancement reflecting financial difficulties and substitution of credit providers, or their failure to perform;

(d) unscheduled draws on debt service reserves reflecting financial difficulties;

(e) adverse opinions or events affecting the exclusion from gross income for federal income tax purposes of interest on the Fiscal 2001 F Bonds;

(f) modifications to rights of security holders;

(g) bond calls;

(h) defeasances;

(i) release, substitution, or sale of property securing repayment of the securities;

(j) rating changes; and

(k) failure by the Authority to comply with clause (1) above.

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

Currently, there is no New York State information depository and the nationally recognized municipal securities information repositories are: Bloomberg Municipal Repository, P.O. Box 840, Princeton, New Jersey 08542-0840; Kenny Information Systems, Inc., 65 Broadway, 16th Floor, New York, New York 10006; Thompson NRMSJR, 395 Hudson Street, New York, New York 10004, and DPC Data Inc., One Executive Drive, Fort Lee, New Jersey 07042.

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

Any amendment to the Undertaking will take effect only if:

(a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Authority or the Board, or type of business conducted; the Undertaking, as amended, would have complied with the requirements of the Rule at the time of sale of the Bonds to the Underwriter, after

taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the Authority (such as, but without limitation, the Authority's financial advisor or bond counsel) and the annual financial information containing (if applicable) the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the "impact" (as that word is used in the letter from the staff of the SEC to the National Association of Bond Lawyers dated June 23, 1995) of the change in the type of operating data or financial information being provided; or

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

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

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Fiscal 2001 F Bonds from the Authority at a price which is \$149,569 less than the total of the initial offering price. The Underwriter's obligations are subject to certain conditions precedent, and the Underwriter will be obligated to purchase all of the Fiscal 2001 F Bonds if any of the Fiscal 2001 F Bonds are purchased. The Fiscal 2001 F Bonds may be offered and sold to certain dealers (including the Underwriter and other dealers depositing the Fiscal 2001 F Bonds into investment trusts) and others at prices lower than such public offering prices and such public offering prices may be changed, from time to time, by the Underwriter.

APPROVAL OF LEGAL PROCEEDINGS

The issuance of the Fiscal 2001 F Bonds is subject to the approval of legality by Nixon Peabody LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the City and the Board by the City's Corporation Counsel. Certain legal matters will be passed upon for the Underwriter by Willkie Farr & Gallagher, New York, New York. Certain legal matters will be passed upon for the Facility Providers by their special counsel, King & Spalding.

NEW YORK CITY MUNICIPAL WATER
FINANCE AUTHORITY

By: /s/ Alan Anders
Treasurer

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DESCRIPTION OF DEXIA CRÉDIT LOCAL

Dexia Crédit Local (“Dexia CL”), known as Dexia Public Finance Bank (“Dexia PFB”) until March 8, 2001, is a bank, primarily dedicated to regional and municipal development financing. Its principal office is located in Paris, France. Dexia CL conducts operations through branch offices and subsidiaries primarily in Europe. In issuing the Standby Purchase Agreement, Dexia CL will act through its New York Agency, which is licensed by the State of New York as an unincorporated agency of Dexia CL, Paris, and is licensed by the Banking Department of the State of New York.

Dexia CL is the leading local authority lender in Europe, funding its lending activities in 1999 primarily through the issuance of euro and US dollar denominated bonds. In 1999, total funding raised by Dexia CL was 10.47 billion euros.

Dexia was created in 1996 through the combination of Dexia CL and Dexia Bank, known as Credit Communal de Belgique until May 21, 2000, (now Dexia Bank) in view of the introduction of the euro and is the first banking group with a truly European identity. Active in twelve European countries and listed on the Brussels, Paris and Luxembourg stock exchanges, Dexia is included in two major stock market indexes (BEL20 and CAC40).

On March 14, 2000 Dexia and Financial Security Assurance Holdings Ltd. (“FSA Holdings”), holding company for U.S. based bond insurer Financial Security Assurance Inc, announced that Dexia and FSA Holdings have signed a definitive agreement providing for the acquisition of FSA Holdings by Dexia and Dexia CL, for \$76.00 per share in cash, or approximately \$2.6 billion. The acquisition of FSA Holdings by Dexia and Dexia CL was completed on July 5, 2000.

As of December 31, 1999, Dexia CL had total consolidated assets of 131.9 billion euros, outstanding medium and long term loans to customers of 109.6 billion euros and shareholders' equity of nearly 3.5 billion euros (Tier I plus Tier II), and for the year then ended had consolidated net income of 439 million euros. These figures were determined in accordance with generally accepted accounting principles in France. Dexia CL maintains its records and prepares its financial statements in euros. At December 31, 1999, the exchange rate was 1.0000 euro equals 1.0046 United States dollars. Such exchange rate fluctuates from time to time.

Dexia CL is currently rated Aa1 long-term and P-1 short-term by Moody's Investors Service, Inc., AA long-term and A-1+ short-term by Standard & Poor's Ratings Group, and AA+ long-term and F1+ short-term by Fitch, Inc. On March 14, 2001, Moody's placed Dexia CL's long-term debt rating under review for downgrade but confirmed its short-term rating following the announcement of a full merger between its sister company, Dexia Bank and Artesia Banking Corporation, Belgium's fifth largest bank. Standard & Poor's Rating Group and Fitch, Inc. both confirmed their respective long-term and short-term ratings for Dexia CL following the merger announcement.

Dexia CL will provide without charge a copy of its most recent publicly available annual report. Written request should be directed to Dexia Crédit Local, New York Agency, 445 Park Avenue, 8th Floor, New York, New York 10022, Attention: General Manager.

The delivery of this information shall not create any implication that the information contained or referred to herein is correct as of any time subsequent to its date.

DESCRIPTION OF MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Morgan Guaranty Trust Company of New York ("Morgan Guaranty") is a wholly owned bank subsidiary of J.P. Morgan Chase & Co. ("the Corporation"), a Delaware corporation whose principal office is located in New York, New York. The Corporation resulted from the merger on December 31, 2000 of J.P. Morgan & Co. Incorporated with The Chase Manhattan Corporation. Morgan Guaranty is a commercial bank offering a wide range of banking services to its customers both domestically and internationally. Its business is subject to examination and regulation by Federal and New York State banking authorities. As of March 31, 2001, Morgan Guaranty and its subsidiaries had total assets of \$246.8 billion, total net loans of \$23.1 billion, total deposits of \$47.2 billion, and stockholder's equity of \$11.0 billion. As of December 31, 2000, Morgan Guaranty and its subsidiaries had total assets of \$185.8 billion, total net loans of \$24.4 billion, total deposits of \$39.5 billion, and stockholder's equity of \$10.9 billion.

Additional information, including the most recent Form 10-K for the year ended December 31, 2000, the 2000 Annual Report of the Corporation and additional annual, quarterly and current reports filed with the Securities and Exchange Commission by the Corporation, as they become available, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, J.P. Morgan Chase & Co., 270 Park Avenue, New York, New York 10017.

The information contained in this Appendix relates to and has been obtained from Morgan Guaranty Trust Company of New York. The delivery of the Official Statement shall not create any implication that there has been no change in the affairs of Morgan Guaranty Trust Company of New York since the date hereof, or that the information contained or referred to in this Appendix is correct as of any time subsequent to its date.

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GLOSSARY

Set forth below are definitions of certain terms contained in the Forty-ninth Supplemental Resolution and not otherwise defined in this Official Statement or the Series C and D Official Statement.

Available Allocated Commitment as of any day means, with respect to each Sub-Series, the sum of the Available Allocated Principal Commitment and the Available Allocated Interest Commitment with respect to such Sub-Series, in each case as of such day. The sum of the Available Allocated Commitments for all Sub-Series shall not exceed the Total Commitment.

Available Allocated Interest Commitment initially means (i) in the case of the Fiscal 2001 F-1 Bonds, \$6,780,822 and (ii) in the case of the Fiscal 2001 F-2 Bonds \$5,704,706 (in each case calculated assuming interest on the Allocated Principal Commitment at the rate of 9% per annum for 275 days on the basis of a 365-day year, actual days elapsed), and thereafter means such initial amounts adjusted from time to time as follows: (a) downward by an amount that bears the same proportion to such initial amount as the amount of any reduction in the Available Allocated Principal Commitment for such Sub-Series pursuant to the definition of "Available Allocated Principal Commitment" bears to the initial Available Allocated Principal Commitment for such Sub-Series and (b) upward by an amount that bears the same proportion to such initial amount as the amount of any increase in the Available Allocated Principal Commitment for such Sub-Series pursuant to the definition of "Available Allocated Principal Commitment" bears to the initial Available Allocated Principal Commitment for such Sub-Series.

Available Allocated Principal Commitment initially means (i) in the case of the Fiscal 2001 F-1 Bonds, \$100,000,000 and (ii) in the case of the Fiscal 2001 F-2 Bonds, \$84,130,000, and thereafter in each case means such initial amount adjusted from time to time as follows: (a) downward by the amount of any termination or reduction of the Available Allocated Principal Commitment for such Sub-Series pursuant to the provisions of the Standby Purchase Agreement; (b) downward by the principal amount of any Fiscal 2001 F Bonds of such Sub-Series purchased by the applicable Bank; (c) upward by the principal amount of any Fiscal 2001 F Bonds (other than Fiscal 2001 F Bonds bearing interest at a Fixed Rate) of such Sub-Series theretofore purchased by the applicable Bank, which are delivered for sale by such Bank; and (d) downward by the amount of the Allocated Principal Commitment terminated pursuant to the provisions of the Standby Purchase Agreement.

Available Moneys means (i) so long as a Credit Facility is required by the Resolution to be maintained, (a) moneys obtained by the Tender Agent from the Facility Provider thereof pursuant to such Credit Facility and held by the Tender Agent for payment of the Purchase Price of the Fiscal 2001 F Bonds, (b) moneys derived from the remarketing of Fiscal 2001 F Bonds which are directly paid to and held by the Tender Agent for the payment of the Purchase Price of Fiscal 2001 F Bonds, (c) moneys which have been on deposit with the Trustee or the Tender Agent, as applicable, for at least one hundred twenty-four (124) days prior to and during which no petition by or against the Authority, under the United States Bankruptcy Code of 1978, as

amended, 11 U.S.C. Sec. 101 et seq. (the "Bankruptcy Code") shall have been filed or any bankruptcy or similar proceeding shall have been commenced, unless such petition or proceeding shall have been dismissed and such dismissal shall be final and not subject to appeal, (d) any other moneys the application of which to the payment of the Purchase Price of the Fiscal 2001 F Bonds would not, in the opinion of Bond Counsel, constitute a voidable preference in the case of a filing for protection of the Authority under the Bankruptcy Code and (e) the proceeds from the investment of moneys described in clauses (a) through (d) above, and (ii) at any other time, any moneys.

Bank means, individually or collectively, each of Dexia Crédit Local, acting through its New York Agency, Morgan Guaranty Trust of New York and Dexia Crédit Local, as agent, under the Standby Purchase Agreement, and each person that becomes a Bank pursuant to the provisions of the Standby Purchase Agreement, and each of their respective successors and assigns.

Bond Payment Date means an Interest Payment Date and a date on which the principal of the Fiscal 2001 F Bond is due and payable upon its maturity or its redemption through a mandatory Sinking Fund Installment, but the principal does not include the Purchase Price of Tendered Bonds or the Redemption Price of a Fiscal 2001 F Bonds called for redemption at the option of the Authority.

Commercial Paper Rate means, with respect to each Fiscal 2001 F Bond in a Commercial Paper Rate Mode, the rate at which such Fiscal 2001 F Bond bears interest during the Commercial Paper Period applicable thereto, as established pursuant to the Resolutions.

Commercial Paper Rate Mode means a Rate Mode in which a Fiscal 2001 F Bond for its respective Commercial Paper Rate Period bears interest at a Commercial Paper Rate.

Commercial Paper Rate Period means, with respect to a particular Fiscal 2001 F Bond, a period of one to three hundred sixty-five (1 to 365 days) during which such Fiscal 2001 F Bond bears interest at a Commercial Paper Rate; provided, however, that the first day immediately following the last day of each Commercial Paper Rate Period shall in all events be a Business Day.

Conversion Date means the day on which the interest rate on the Fiscal 2001 F Bonds shall be converted from one Rate Mode to a different Rate Mode or was proposed to be converted from one Rate Mode to another Rate Mode, which date must be a Reset Date or an Interest Payment Date for such Fiscal 2001 F Bonds.

Credit Facility means a Credit Facility as defined in the General Resolution pursuant to which the Facility Provider thereof is required to purchase or provide moneys for the purchase of Fiscal 2001 F Bonds tendered or deemed tendered.

Daily Rate means the rate at which a Fiscal 2001 F Bond in a Daily Rate Mode bears interest, as established in accordance with the Resolutions.

Daily Rate Mode means a Rate Mode in which a Fiscal 2001 F Bonds in such Rate Mode bears interest at a Daily Rate.

Daily Rate Period means a period commencing on one Business Day and extending to, but not including, the next succeeding Business Day, during which Fiscal 2001 F Bonds in the Daily Rate Mode bear interest at the Daily Rate.

Facility Provider means (i) with respect to the Fiscal 2001 F-1 Bonds, initially, Dexia Crédit Local, New York Agency, (ii) with respect to the Fiscal 2001 F-2 Bonds, initially Morgan Guaranty Trust Company of New York and (iii) any provider of any substitute or replacement credit facility in accordance with the provisions of the Resolutions.

Fixed Rate means the rate at which a Fiscal 2001 F Bond bears interest to its maturity during the Fixed Rate Period, as established in accordance with the Resolutions.

Fixed Rate Mode means a Rate Mode in which a Fiscal 2001 F Bond in such Rate Mode bears interest at a Fixed Rate.

Fixed Rate Period means from and including the Conversion Date and extending (i) to and including the date of maturity of a Fiscal 2001 F Bond in the Fixed Rate Mode or (ii) to, but not including, the Conversion Date on which Fiscal 2001 F Bonds in the Fixed Rate Mode are converted to another Rate Mode.

Flexible Rate means the rate at which a Fiscal 2001 F Bond bears interest during a Flexible Rate Period, as established in accordance with the Resolutions.

Flexible Rate Mode means a Rate Mode designated as such in a Conversion Notice, in which each Fiscal 2001 F Bond in such Rate Mode bears interest at a Flexible Rate.

Flexible Rate Period means a period commencing on the Conversion Date or a Reset Date and extending (i) to and including the next succeeding Reset Date which Reset Date must be a Business Day at least three hundred sixty-five (365) days from the Conversion Date or the immediately preceding Reset Date and (ii) to, but not including, the Conversion Date on which Fiscal 2001 F Bonds in the Flexible Rate Mode are converted to another Rate Mode, except as otherwise provided in the Resolutions.

Initial Rate means the rate of interest per annum which in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for revenue bonds or other securities the interest on which is excludable from gross income for federal income tax purposes of the same general nature as the Fiscal 2001 F-2 Bonds and which are comparable as to credit and maturity or tender dates with the credit and maturity or tender dates of the Fiscal 2001 F-2 Bonds, would be the lowest interest rate that would enable the Fiscal 2001 F-2 Bonds to be sold on the first day of the Initial Rate Period at a price of par.

Initial Rate Period means with respect to the Fiscal 2001 F-2 Bonds, the period commencing on the Issue Date and ending no later than the Issue Date.

Interest Payment Date means (i) during the Initial Rate Period, any Daily Rate Period, or any Weekly Rate Period, the fifteenth (15th) day of each month, commencing June 15, 2001, (ii) during any Commercial Paper Rate Period of 270 days or less, the next succeeding Reset Date or Conversion Date, (iii) during any Commercial Paper Rate Period of more than 270 days,

the next succeeding Reset Date or Conversion Date and the date which is 180 calendar days prior to such Reset Date or Conversion Date and (iv) during any Flexible Rate Period or the Fixed Rate Period, each June 15 and December 15; provided, however, that interest on the Purchase Bonds shall be payable at the times required by the Credit Facility. If any such day is not a Business Day, then the Interest Payment Date shall be the next succeeding Business Day.

Issue Date means May 15, 2001.

Mandatory Tender Date means any date on which the Fiscal 2001 F Bonds are required to be purchased in accordance with the provisions of the Resolutions.

Maximum Rate means (i) in the case of Fiscal 2001 F Bonds bearing interest at a Rate other than the Purchased Bonds Rate shall mean the lesser of twelve percent (12%) per annum and the maximum rate permitted by law or (ii) in the case of Fiscal 2001 F Bonds bearing interest at a Purchased Bonds Rate the lesser of twenty-five percent (25%) per annum and the maximum rate permitted by law

Moody's means Moody's Investors Service, Inc. and its successors and assigns.

Opinion of Bond Counsel means an opinion of Bond Counsel addressed to the Authority, the Remarketing Agent, the Facility Provider and the Trustee to the effect that the action proposed to be taken will not cause interest on the Fiscal 2001 F Bonds to be includable in the gross income of the owners of such Fiscal 2001 F Bonds for purposes of federal income taxation and such action is authorized or permitted by the General Resolution.

Optional Tender Date means any Business Day during a Daily Rate Period or Weekly Rate Period.

Purchased Bond means any Fiscal 2001 F Bond during the period from and including the date it is purchased or paid for by a Facility Provider pursuant to a Credit Facility to, but excluding, the earliest of (a) the date on which the principal, Redemption Price or Purchase Price of such Fiscal 2001 F Bond, together with all interest accrued thereon, is paid with amounts other than amounts drawn under the Credit Facility, (b) the date on which the registered owner of a Fiscal 2001 F Bond has given written notice of its determination not to sell such Fiscal 2001 F Bond following receipt of a purchase notice from the Remarketing Agent with respect to such Fiscal 2001 F Bond, or, if notice of such determination is not given on or before the Business Day next succeeding the day such purchase notice is received, the second Business Day succeeding receipt of such purchase notice or (c) the date on which such Fiscal 2001 F Bond is to be purchased pursuant to an agreement by the registered owner of such Fiscal 2001 F Bond to sell such Fiscal 2001 F Bond following receipt of a purchase notice from the Remarketing Agent with respect to such Fiscal 2001 F Bond, if the Trustee then holds, in trust for the benefit of such registered owner, sufficient moneys to pay the Purchase Price of such Fiscal 2001 F Bond, together with the interest accrued thereon to the date of purchase.

Purchased Bonds Rate means the rate at which a Purchased Bond bears interest in accordance with the Credit Facility; provided, however, that in no event shall such rate exceed the Maximum Rate applicable thereto.

Purchase Period means, with respect to each Sub-Series, the period from the Issue Date to and including the earliest of (i) the Scheduled Termination Date (or, if such date is not a Business Day, the Business Day immediately preceding such date), (ii) the date on which all Fiscal 2001 F Bonds of such Sub-Series have been paid in full (not including a defeasance in which such Fiscal 2001 F Bonds continue to be subject to optional or mandatory tender for purchase), redeemed, or converted to a Fixed Rate in accordance with the terms of such Fiscal 2001 F Bonds (the Purchase Period to include the date of conversion to a Fixed Rate) and (iii) the date on which the Available Allocated Commitment with respect to such Sub-Series is terminated pursuant to the provisions of the Standby Purchase Agreement.

Purchase Price means (i) when used in relation to Tendered Bonds other than Fiscal 2001 F Bonds tendered upon a conversion to the Fixed Rate Mode or Flexible Rate Mode, an amount equal to (a) one hundred percent (100%) of the principal amount of any Fiscal 2001 F Bond tendered or deemed tendered to the Tender Agent for purchase pursuant to the Resolution or (b) the amount payable to the registered owner of a Purchased Bond following receipt by such owner of a purchase notice from the Remarketing Agent, and (ii) when used in relation to Tendered Bonds mandatorily tendered pursuant to the Resolutions upon conversion from the Fixed Rate Mode or Flexible Rate Mode, an amount equal to the Redemption Price that would be payable if such Fiscal 2001 F Bonds had been called for redemption on the Conversion Date, plus in each case accrued and unpaid interest thereon to the date of purchase; **provided, however,** that, in each case, if the date of purchase is an Interest Payment Date, then the Purchase Price shall not include accrued and unpaid interest, which shall be paid to the Holder of record on the applicable Record Date.

Qualified Purchaser means a Qualified Purchaser as such term may be defined in the Credit Facility.

Rate means the Initial Rate, any Daily Rate, Commercial Paper Rate, Weekly Rate, Flexible Rate, Purchased Bonds Rate or Fixed Rate.

Rate Mode means the Daily Rate Mode, Commercial Paper Rate Mode, Weekly Rate Mode, Flexible Rate Mode or Fixed Rate Mode.

Rate Period means the Initial Rate Period, any Daily Rate Period, any Commercial Paper Rate Period, any Weekly Rate Period, any Flexible Rate Period or any Fixed Rate Period.

Record Date means, with respect to each Interest Payment Date, (i) during the Initial Rate Period, any Daily Rate Period, any Commercial Paper Rate Period or any Weekly Rate Period, the close of business on the Business Day preceding such Interest Payment Date and (ii) during any Flexible Rate Period or any Fixed Rate Period, the close of business on the first day of any calendar month in which there occurs an Interest Payment Date, regardless of whether such day is a Business Day.

Remarketing Agreement means the Remarketing Agreement by and among the Authority and the Remarketing Agent relating to the remarketing of the Fiscal 2001 F Bonds in a Daily Rate Mode, a Weekly Rate Mode or a Commercial Paper Rate Mode, as the same may be

amended or supplemented from time to time in accordance with the provisions thereof, or any agreement relating to the powers, duties and obligations of a successor remarketing agent.

Reset Date means, with respect to Fiscal 2001 F Bonds in any Daily Rate Mode, any Commercial Paper Rate Mode, any Weekly Rate Mode or any Flexible Rate Mode, the date on which the interest rate borne by such Fiscal 2001 F Bonds shall be determined in accordance with the Resolutions.

Scheduled Termination Date means May 15, 2004, the date that is three years from the Issue Date, subject to extension pursuant to the provisions of the Standby Purchase Agreement.

Sub-Series means the grouping of Fiscal 2001 F Bonds made pursuant to the Resolutions or any other grouping established by the Authority.

TBMA Municipal Index means the TBMA Municipal Swap Index disseminated by Municipal Market Data, a Thomson Financial Services Company or its successor; or, if at the time a Weekly Rate is to be determined Municipal Market Data has not provided the relevant information on the TBMA Municipal Index for the most recent Wednesday, then the rate determined by Municipal Market Data on the Tuesday next preceding the beginning of the Weekly Rate Period for which such Weekly Rate is to be determined.

Tender Agent means the Trustee, who is appointed as Tender Agent pursuant to the Resolutions and having the duties, responsibilities and rights provided therein, and its successor or successors and any successor Trustee which may at any time be substituted in its place.

Tendered Bond means a Fiscal 2001 F Bond or portion thereof of an Authorized Denomination mandatorily tendered or tendered at the option of the Holder thereof for purchase in accordance with the provisions of the Resolutions, including a Fiscal 2001 F Bond or portion thereof deemed tendered, but not surrendered on the applicable Tender Date.

Tender Notice means the notice delivered by the Holders of Fiscal 2001 F Bonds subject to Optional Tender pursuant to the provisions of the Resolutions.

Total Commitment mean (i) in the case of the Fiscal 2001 F-1 Bonds, \$106,780,822 and (ii) in the case of the Fiscal 2001 F-2 Bonds, \$89,834,706.

Weekly Rate means the rate at which the Fiscal 2001 F Bonds bear interest during a Weekly Rate Period, as established in accordance with the Resolutions.

Weekly Rate Mode means a Rate Mode in which Fiscal 2001 F Bonds in such Rate Mode bear interest at a Weekly Rate.

Weekly Rate Period means a period commencing on a Conversion Date or period from the Wednesday of a calendar week to and including the next succeeding Tuesday.

FORM OF OPINION OF BOND COUNSEL

(Fiscal 2001 Series F Bonds)

, 2001

New York City Municipal
Water Finance Authority
75 Park Place, 6th Floor
New York, New York 10007

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$184,130,000 aggregate principal amount of Water and Sewer System Revenue Bonds, Adjustable Rate Fiscal 2001 Series F (the "2001 Series F Bonds") by the New York City Municipal Water Finance Authority (the "Authority"), a body corporate and politic constituting a public benefit corporation of the State of New York (the "State"), created and existing under and pursuant to the Constitution and statutes of the State, including the New York City Municipal Water Finance Authority Act, being Title 2-A of Article 5 of the Public Authorities Law of the State, as amended (which, together with Section 1046 of the Public Authorities Law of the State, is herein referred to as the "Act").

The 2001 Series F Bonds are issued under and pursuant to the Act and a resolution of the Authority adopted November 14, 1985 entitled "Water and Sewer System General Revenue Bond Resolution," as amended and supplemented to the date hereof (the "Resolution"), including by a resolution adopted May 8, 2001 entitled "Forty-ninth Supplemental Resolution Authorizing the Issuance of \$184,130,000 Water and Sewer System Revenue Bonds, Adjustable Rate Fiscal 2001 Series F" (the "Forty-ninth Supplemental Resolution") authorizing the 2001 Series F Bonds. Capitalized terms used herein and not otherwise defined have the respective meanings given to them in the Resolution.

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

The 2001 Series F Bonds are part of an issue of bonds of the Authority (the "Bonds") which the Authority has created under the terms of the Resolution and is authorized to issue from time to time for the purposes authorized by the Act and the Resolution, as then in effect, and

without limitation as to amount except as provided in the Resolution or as may be limited by law. The 2001 Series F Bonds are being issued for the purposes set forth in the Resolution.

The Authority is authorized to issue Bonds, in addition to the 2001 Series F Bonds, only upon the terms and conditions set forth in the Resolution, and such Bonds, when issued, shall, with the 2001 Series F Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

The 2001 Series F Bonds are dated the date hereof and mature on June 15, 2033 in the principal amount of \$184,130,000:

The Fiscal 2001 F-1 Bonds will initially bear interest at a Daily Rate. The Fiscal 2001 F-2 Bonds will bear interest the Initial Rate on May 15, 2001 and, commencing May 16, 2001, will bear interest at a Weekly Rate. Interest on the 2001 Series F Bonds may be converted at the option of the Authority to or from a Commercial Paper Rate, Weekly Rate, Flexible Rate, or the Fixed Rate in the manner and upon the terms and conditions set forth in the Resolution. Interest on the Fiscal 2001 F Bonds will be payable on the 15th day of each calendar month when the Fiscal 2001 F Bonds bear interest at the Initial Rate, a Daily Rate Period or a Weekly Rate Period and on June 15 and December 15 of each year when the Fiscal 2001 F Bonds are in a Flexible Rate Period or the Fixed Rate Period. Interest on Fiscal 2001 F Bonds in a Commercial Paper Rate Period comprised of 270 days or less shall be paid on the next succeeding Reset Date or Conversion Date interest on Fiscal 2001 F Bonds in a Commercial Paper Rate Period comprised of more than 270 days shall be paid on the next succeeding Reset Date or Conversion Date and the date which is less than 180 calendar days prior to such Reset Date or Conversion Date. If any such day is not a Business Day, then the Bond Payment Date will be the next succeeding Business Day.

We are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State, duly created and existing under the laws of the State with the right and lawful authority and power to enter into the Financing Agreement, to adopt the Resolution and the Forty-ninth Supplemental Resolution and to issue the 2001 Series F Bonds.
2. The Resolution and the Forty-ninth Supplemental Resolution have been duly and lawfully adopted by the Authority, are in full force and effect and are the legal, valid and binding agreements of the Authority enforceable in accordance with their terms. The Resolution and the Forty-ninth Supplemental Resolution create the valid, binding and perfected pledges they purport to create of the Revenues and any moneys or securities on deposit in the Funds and Accounts created thereby, subject only to the provisions of the Resolution, the Forty-ninth Supplemental Resolution and the Financing Agreement permitting the application thereof for or to the purposes and on the terms and conditions permitted thereby, including the making of any required payments to the United States with respect to arbitrage earnings.
3. The 2001 Series F Bonds have been duly and validly authorized and issued. The 2001 Series F Bonds are valid and binding special obligations of the Authority payable as provided in

the Resolution, are enforceable in accordance with their terms and the terms of the Resolution and are entitled, together with all other Bonds issued under the Resolution to the benefits of the Resolution and the Act.

4. The 2001 Series F Bonds are payable solely from the Revenues and other amounts pledged to such payment under the Resolution. The 2001 Series F Bonds are not a debt of the State, the City or the Board and neither the State, the City, the Board nor any other political subdivision of the State is liable thereon.

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

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

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

8. The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met subsequent to the issuance and delivery of the 2001 Series F Bonds for interest thereon to be an remain excluded from gross income for federal tax purposes. Noncompliance with such requirements could cause the interest on the 2001 Series F Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the 2001 Series F Bonds. Pursuant to the Forty-ninth Supplemental Resolution, the Authority has covenanted to maintain the exclusion from gross income of the interest on the 2001 Series F Bonds pursuant to Section 103 of the Code, in furtherance thereof, to comply with the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Code, with respect to the 2001 Series F Bonds for federal income tax purposes and that it shall provide for any required rebate to the United States.

9. Under existing law and assuming compliance with the aforementioned tax covenants, interest on the 2001 Series F Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest on the 2001 Series F Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations for purposes of computing the alternative minimum tax on such corporations.

Interest on the 2001 Series F Bonds is exempt, under existing law, from personal income tax of the State of New York and its political subdivisions, including the City of New York.

Except as stated in the preceding paragraphs, we express no opinion as to any other federal or state tax consequences of the ownership or disposition of the 2001 Series F Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with

respect to the 2001 Series F Bonds, or the interest thereon, if any action is taken with respect to the 2001 Series F Bonds or the proceeds thereof upon the advice or approval of other counsel.

We have examined executed 2001 Series F Bonds, and, in our opinion, the form of said bond and its execution are regular and proper. However, we have not verified, and express no opinion as to the accuracy of, any "CUSIP" identification number which may be printed on any of the 2001 Series F Bonds.

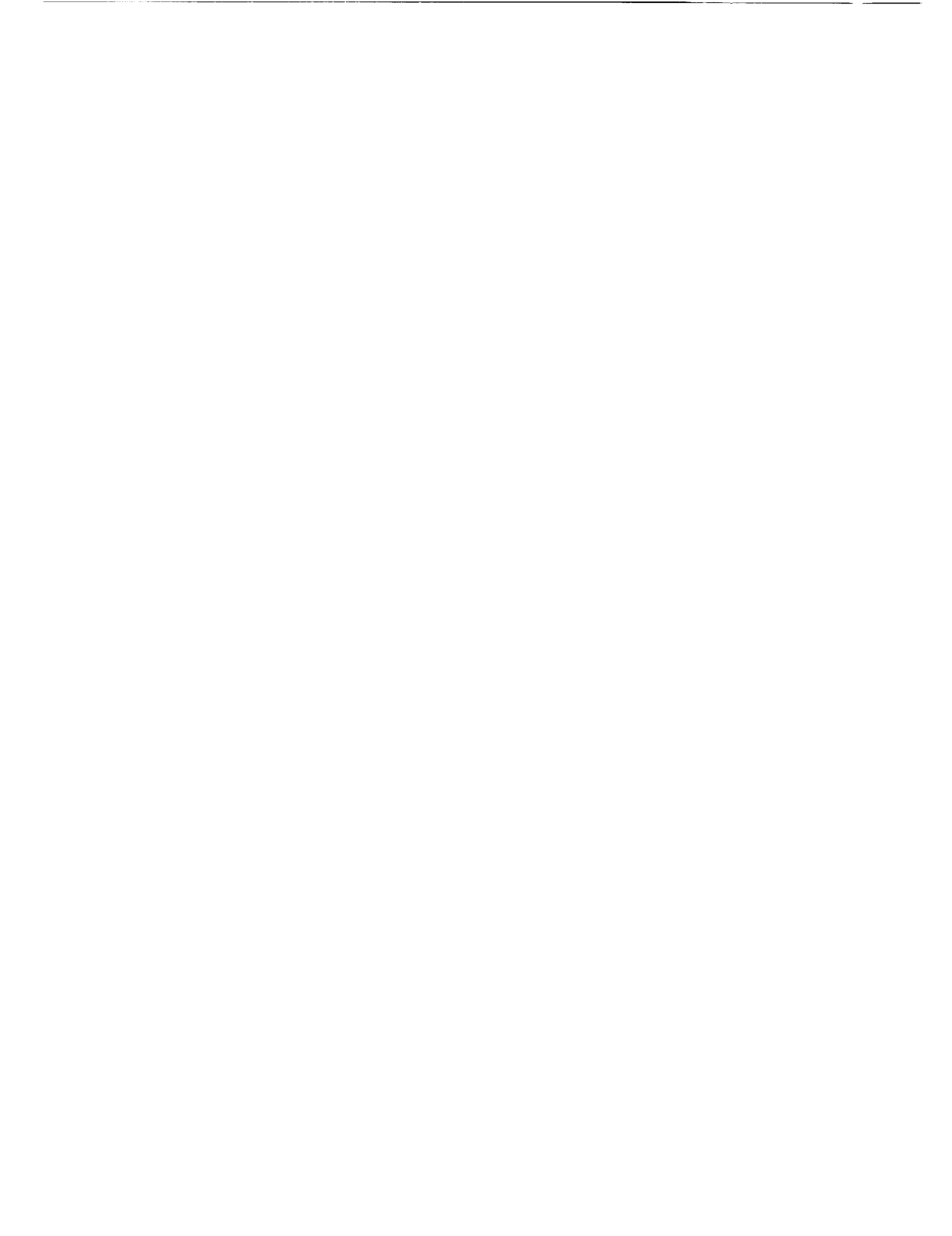
The above opinions are qualified to the extent that the enforceability of rights and remedies may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights and the unavailability of equitable remedies.

In rendering the opinions set forth in paragraphs 5 and 6 above, we wish to advise you that we have, with your consent, relied upon the opinion of the Corporation Counsel of The City of New York dated the date hereof and addressed to you as to the validity, binding effect and enforceability of the Financing Agreement and the Lease with respect to the Board and the City.

In rendering the priority of lien opinion set forth in paragraph 7 above, we have (i) relied upon a certification by the Board that it has not made or granted a pledge of or security interest in the Revenues to any person other than the Authority and that it has not taken any action which could result in the imposition by operation of law of any lien, charge or encumbrance upon the Revenues, and (ii) assumed, without making any independent investigation, that (1) no lien, charge or encumbrance upon the Revenues has been imposed or exists by operation of law that is prior to the lien in favor of the Authority and (2) no facts or circumstances have occurred or exist which could result in the imposition by operation of law of any lien, charge or encumbrance upon the Revenues that is prior to the lien in favor of the Authority.

Very truly yours,





124772

DO NOT STAPLE THIS FORM

MSRB

FORM G-36(OS) - FOR OFFICIAL STATEMENTS

SECTION I - MATERIALS SUBMITTED

A. THIS FORM IS SUBMITTED IN CONNECTION WITH (check one):

1. A FINAL OFFICIAL STATEMENT RELATING TO A PRIMARY OFFERING OF MUNICIPAL SECURITIES (enclose two (2) copies)

(a) DATE RECEIVED FROM ISSUER: 5/10/2001 (b) DATE SENT TO MSRB: 5/15/2001

2. AN AMENDED OFFICIAL STATEMENT WITHIN THE MEANING OF RULE G-36(d) (enclose two (2) copies)

(a) DATE RECEIVED FROM ISSUER: _____ (b) DATE SENT TO MSRB: _____

B. IF MATERIALS SUBMITTED WITH THIS FORM CONSIST OF MORE THAN ONE DOCUMENT (e.g., preliminary official statement and wrap even if physically attached). PLEASE CHECK HERE:

C. IF THIS FORM AMENDS PREVIOUSLY SUBMITTED FORM WITHOUT CHANGING MATERIALS SUBMITTED, PLEASE CHECK HERE (include copy of original Form G-36(OS)):

SECTION II - IDENTIFICATION OF ISSUE(S)

Each issue must be listed separately. If more space is needed to list additional issues, please include on separate sheet and check here:

A. NAME OF ISSUER: New York City Municipal Water Finance Authority STATE: NY

DESCRIPTION OF ISSUE: Water and Sewer System Revenue Bonds, Adjustable Rate Fiscal 2001 Series F DATED DATE: 5/15/2001

B. NAME OF ISSUER: _____ STATE: _____

DESCRIPTION OF ISSUE: _____ DATED DATE: _____

C. NAME OF ISSUER: _____ STATE: _____

DESCRIPTION OF ISSUE: _____ DATED DATE: _____

SECTION III - TRANSACTION INFORMATION

A. LATEST FINAL MATURITY DATE OF ALL SECURITIES IN OFFERING 6/15/2033

B. DATE OF FINAL AGREEMENT TO PURCHASE, OFFER OR SELL SECURITIES (Date of Sale): 5/15/01

C. ACTUAL OR EXPECTED DATE OF DELIVERY OF SECURITIES TO UNDERWRITER(S) (Bond Closing): 5/15/2001

D. IF THESE SECURITIES ADVANCE REFUND ALL OR A PORTION OF ANOTHER ISSUE, PLEASE CHECK HERE:

A separate Form G-36(ARD) and copies of the advance refunding documents must be submitted to each issue advance refunded.

SECTION IV - UNDERWRITING ASSESSMENT INFORMATION

A. MANAGING UNDERWRITER: First Albany Corporation SEC REG NUMBER 298

B. TOTAL PAR VALUE OF ALL SECURITIES IN OFFERING \$184,130,000

C. PAR AMOUNT OF SECURITIES UNDERWRITTEN (if different from amount shown in item B above): \$ _____

D. CHECK ALL THAT APPLY

1. At the option of the holder thereof, all securities in this offering may be tendered to issuer of such securities or its designated agent for redemption or purchase at par value or more at least as frequently as every nine months until maturity, earlier redemption, or purchase by the issuer or its designated agent.

2. At the option of the holder thereof, all securities in this offering may be tendered to the issuer of such securities or its designated agent for redemption or purchase at par value or more at least as frequently as every two years until maturity, earlier redemption, or purchase by the issuer or its designated agent.

3. This offering is exempt from SEC Rule 15c2-12 under section (d)(1)(i) of that rule. Section (d)(1)(i) of SEC Rule 15c2-12 states that an offering is exempt from the requirements of the rule if the securities offered have authorized denominations of \$100,000 or more and are sold to no more than 35 persons each of whom the participating underwriter believes: (1) has the knowledge and expertise necessary to evaluate the merits and risks of the investment; and (2) is not purchasing for more than one account, or with a view toward distributing the securities.

SECTION V - CUSIP INFORMATION

MSRB rule G-34 requires that CUSIP numbers be assigned to each new issue of municipal securities unless the issue is ineligible for CUSIP number assignment under the eligibility criteria of the CUSIP Service Bureau.

A. CUSIP-9 NUMBERS OF ISSUE(S)

Maturity Date	CUSIP Number	Maturity Date	CUSIP Number	Maturity Date	CUSIP Number
6/15/2033	64970K RM 1				
6/15/2033	64970K RN 9				

B. IF ANY OF THE ABOVE SECURITIES HAS A "CUSIP-6" BUT NO "CUSIP-9", CHECK HERE AND LIST THEM BELOW:

(Please see instructions in Form G-36 Manual)

LIST ALL CUSIP-6 NUMBERS ASSIGNED: _____

State the reason why such securities have not been assigned a "CUSIP-9": _____

C. IF ANY OF THESE SECURITIES IS INELIGIBLE FOR CUSIP NUMBER ASSIGNMENT, PLEASE CHECK HERE:

State the reason why such securities are ineligible for CUSIP number assignment: _____

SECTION VI - MANAGING UNDERWRITER'S CERTIFICATION AND SIGNATURE

THE UNDERSIGNED CERTIFIES THAT THE MATERIALS ACCOMPANYING THIS FORM ARE AS DESCRIBED IN _____ AND THAT ALL OTHER INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT. THE UNDERSIGNED _____ AND MATERIALS WILL BE PUBLICLY DISSEMINATED.

ON BEHALF OF THE MANAGER
ABOVE

*Rec'd MSRB
5-16-01*