



New York City Municipal Water Finance Authority

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July 24, 2012

Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, Va. 22314

Re: Draft Amendment to MSRB
Rule G-11

Dear Mr. Smith:

I am the Executive Director of the New York City Municipal Water Finance Authority (the "Authority") and I appreciate this opportunity to comment on your proposed amendment to Rule G-11.

The Authority was created in 1985 to finance the capital program of the New York City Water and Sewer System. We expect to issue \$7 billion of bonds for new money purposes over the next five fiscal years and have approximately \$27.8 billion in total debt outstanding. Because our General Resolution was drafted about 25 years ago, we have found it necessary to make changes from time to time to enable the Authority to access the market more efficiently and save money utilizing modern financing and investment techniques. We believe strongly that an exception in the proposed amendment to Rule G-11 to the "Prohibitions on Consents by Brokers, Dealers and Municipal Securities Dealers" should be provided for situations where the authorizing document expressly states that an underwriter can provide such consent and the offering documents for the existing securities expressly disclose that bondholder consents can be provided by an underwriter. We note that the MSRB's Notice 2012-04 proposed an interpretive notice on this topic that would have included this exception and respectfully request that this exception be included in the amendment to Rule G-11. Since the Authority's authorizing documents expressly provide for this method of obtaining bondholder consent, failure to include this exception will have the affect of amending the Authority's existing documents without the Authority's consent or the consent of bondholders.

The Authority's Second General Revenue Bond Resolution adopted March 30, 1994 (the "resolution"), pursuant to which the Authority currently has outstanding \$19.6 billion of bonds, contains in Section 902 dealing with the Powers of Amendment the sentence "For the purposes of this Section, the holders of the Bonds may include the initial holders thereof, regardless of whether such Bonds are being held for immediate resale."

The official statements for all of the Authority's bonds issued under the Resolution contain the following paragraph:

"For purposes of Article IX of the Resolution the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Authority, may consent to a modification or amendment permitted by Sections 803 and 902 of the Resolution in the manner provided in the Resolution, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; *provided, however,* that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions of the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering of the Bonds of such Series by the Authority. (*Arts VIII and IX*)"

I do not believe that the MSRB intends to override the provisions of the Authority's Resolution which have been disclosed to bondholders. These provisions are important to the Authority because the Resolution does not provide for deemed consent from the bondholders of newly issued bonds. The Resolution requires written consent. The only reasonable way to obtain the written consent is from the underwriter as the initial purchaser.

If you have questions, do not hesitate to telephone me at 212-788-4969 or the Authority's bond counsel, Albert Simons, at 212-506-5040.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Tom Paolicelli".

Thomas G. Paolicelli