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FIRST SUPPLEMENTAL SERIES  
INDENTURE OF TRUST

dated as of August 1, 2013

to

INDENTURE OF TRUST

dated as of August 1, 2013

between

NEW YORK STATE ENERGY RESEARCH  
AND DEVELOPMENT AUTHORITY

and

THE BANK OF NEW YORK MELLON,  
as Trustee

- relating to -

Residential Energy Efficiency Financing Revenue Bonds, Series 2013A

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THIS FIRST SUPPLEMENTAL SERIES INDENTURE OF TRUST, made and entered into as of August 1, 2013 (the “First Supplemental Series Indenture”), by and between New York State Energy Research and Development Authority (the “Authority”) and The Bank of New York Mellon, a corporation organized and existing under and by virtue of the laws of the State of New York, with its principal office located in New York, New York, as trustee (the “Trustee”);

WITNESSETH THAT:

WHEREAS, pursuant to a special act of the Legislature of the State of New York (Title 9 of Article 8 of the Public Authorities Law of New York, as from time to time amended and supplemented, herein called the “Act”), the Authority has been established, as a body corporate and politic, constituting a public benefit corporation under the laws of the State of New York (the “State”); and

WHEREAS, pursuant to the Green Jobs–Green New York Act of 2009 (Chapter 487 of the Laws of 2009) the Authority has been authorized by the State to establish its Green Jobs–Green New York Program to, among other things, provide funding, through Loans (as hereinafter defined) to eligible applicants (each, an “Applicant”) for the performance of energy audits and energy efficiency improvements for one to four family residential structures, multifamily buildings of over five dwelling units, and structures used or occupied by a small businesses of one hundred employees or less or not-for-profit corporations; and

WHEREAS, the Authority and each Applicant receiving a Loan (any such applicant hereinafter referred to as a “Borrower” has or will enter into a separate financing agreement (a “Loan Agreement”), pursuant to which the Authority, subject to the conditions set forth therein, has or will make financial assistance available to such Borrower, which financial assistance will be used to permit each such Borrower to finance, or to reimburse such Borrower for costs of residential improvements eligible to receive financial assistance from the Green Jobs–Green New York Revolving Loan Fund; and

WHEREAS, the Authority is authorized under the Act to borrow money and issue its negotiable bonds and notes to provide sufficient moneys for achieving its corporate purposes; and

WHEREAS, the Authority is also authorized under the Act to extend credit and make loans from bond proceeds for the construction, acquisition, installation, reconstruction, improvement, maintenance, equipping, furnishing or leasing of any so-called “special energy projects” as defined in the Act; and

WHEREAS, the Authority is also authorized under the Act to enter into any contracts and to execute all instruments necessary or convenient for the exercise of its corporate powers and the fulfillment of its corporate purposes; and

WHEREAS, pursuant to Resolution No. 1363, adopted June 17, 2013, the Authority has determined to issue the Series 2013A Bonds (as defined herein), in an aggregate principal amount not to exceed \$24,362,450, for the purpose of financing or refinancing Loans; and

WHEREAS, the Series 2013A Bonds will be issued pursuant to an Indenture of Trust, dated as of August 1, 2013 (the “Master Indenture”), which provides that the Authority may issue Series of Bonds (as defined in the Master Indenture) for certain purposes permitted to be financed under the Act and under the Green Jobs–Green New York Act, including financing or refinancing Loans; and

WHEREAS, the energy efficiency projects being financed or refinanced with the Series 2013A Bonds reduce atmospheric deposition that is a source of water quality impairment which has been determined to assist in the implementation of New York State’s program established under Section 319 of the federal Clean Water Act; and

THIS FIRST SUPPLEMENTAL SERIES INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Series 2013A Bonds from time to time issued and secured hereunder are to be issued, authenticated and delivered, and all said property, rights and interest, including, without limitation, the amounts hereby assigned and pledged, are to be dealt with and disposed of subject to the terms of the Master Indenture, and the Authority agrees with the Trustee and with the respective owners, from time to time, of the Series 2013A Bonds or any part thereof as follows:

## ARTICLE I

### AUTHORIZATION; DEFINITIONS

Section 1.01. First Supplemental Series Indenture. This First Supplemental Series Indenture is supplemental to, and is entered into in accordance with Article XIII of, the Master Indenture.

Section 1.02. Definitions. Unless the context shall otherwise require and except as to terms otherwise defined herein, all terms which are defined in Section 1.01 of the Master Indenture shall have the same meanings, respectively, in this First Supplemental Series Indenture, including the recitals and granting clause, as such terms are given in the Master Indenture and, in addition, as used in this First Supplemental Series Indenture, the following terms shall have the following respective meanings:

Guarantee means the Guarantee Agreement dated as of August 1, 2013 between the Guarantor and the Trustee for the benefit of the Series 2013A Bonds, as specified in Section 3.01 hereof, guaranteeing the payment when due of principal of, interest on and redemption premium, if any, on the Series 2013A Bonds.

Guarantor means New York State Environmental Facilities Corporation, and its successors and assigns.

Pledged Loan Payments, subject to Section 3.03 of the Master Indenture, shall mean the payments on the Loans described in **Exhibit C** hereto. Subject to Section 3.03 of the Master Indenture, the Pledged Loan Payments shall constitute Pledged Loan Payments and Pledged Revenues for purposes of the Master Indenture.

Series 2013A Bonds means \$24,300,000 aggregate principal amount of the Residential Energy Efficiency Financing Revenue Bonds, Series 2013A of the Authority.

## ARTICLE II

### DESCRIPTION AND AUTHORIZATION OF SERIES 2013A BONDS

Section 2.01. Creation and Particulars of Series 2013A Bonds; Form of Series 2013A Bonds. There shall be issued under and secured by the Master Indenture a Series of Bonds, to be designated “Residential Energy Efficiency Financing Revenue Bonds, Series 2013A”. Such Series of Bonds is to be issued in the aggregate principal amount of \$24,300,000. Each Series 2013A Bond shall bear a dated date of August 13, 2013 and shall bear the actual date of its authentication.

Each Series 2013A Bond shall bear interest from the January 1 or July 1 next preceding the date of authentication thereof, unless (i) the date of authentication precedes the first interest payment date, in which case such Series 2013A Bond shall bear interest from the dated date referred to above; (ii) the date of authentication is a date on which principal of, premium, if any, or interest on the Series 2013A Bonds is payable, in which case such Series 2013A Bonds shall bear interest from such payment date; or (iii) the payment of interest on the Series 2013A Bonds shall be in default, in which case such Series 2013A Bonds shall bear interest from the last date to which interest has been paid in full. The Series 2013A Bonds shall mature on the dates and in the principal amounts set forth on **Exhibit A** hereto, and bear interest payable on the 1st day of January or July in each year (commencing January 1, 2014), until the principal sum is paid at the respective interest rates per annum set forth on **Exhibit A** hereto.

(a) The Series 2013A Bonds shall be issuable in the form of registered bonds without coupons in the denomination of \$5,000 or any integral multiple of \$5,000 not exceeding the respective aggregate principal amounts thereof, and shall be numbered from one (1) consecutively upwards (with “2013AR,” prefixed to the number) in order of issuance according to the records of the Trustee.

(b) The Series 2013A Bonds shall be substantially in the form set forth in **Exhibit B** to this First Supplemental Series Indenture, with such appropriate variations, omissions and insertions as are permitted or required by the Indenture and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

(c) The principal of and premium, if any, on such Series 2013A Bond shall be payable to the owner thereof upon presentation and surrender thereof when due at either of the Corporate Trust Office or the Paying Agency Office. The interest on such Series 2013A Bond due on an interest payment date for such Bonds shall be payable to the Registered Owner thereof as of the close of business on the Record Date (as hereinafter defined) as the same becomes due by check mailed to such Registered Owner thereof at such owner’s address last appearing on the Bond Register; provided that, at the option of each Registered Owner of at least one million dollars (\$1,000,000) in aggregate principal amount of a Series of such Bonds, payment of interest on such Bonds shall be made by wire transfer upon written notice received by the Trustee from such Registered Owner at least five (5) days prior to the Record Date, containing

the wire transfer address (which shall be in the continental United States) to which such Registered Owner wishes to have such wire directed. All payments of principal of and premium, if any, and interest on the Series 2013A Bonds shall be payable in denominations of any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. The 15th of the month next preceding each interest payment date is the Record Date (the “Record Date”) for such interest payment date. Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months.

(d) The Series 2013A Bonds shall be subject to optional and mandatory redemption prior to maturity as set forth, and to the extent provided for, in the form of Series 2013A Bonds attached as **Exhibits B** to this First Supplemental Series Indenture and in the manner provided in Article VIII of the Master Indenture. In the event of a partial optional redemption of any Series 2013A Bonds which are subject to mandatory sinking fund redemption, the mandatory sinking fund installment payments for any unrefunded portion of such Series 2013 A Bonds shall be adjusted as nearly pro rata as practicable and the remaining mandatory sinking fund installments shall specified by an Officer’s Certificate delivered to the Trustee. Any redemption notice relating to an optional redemption shall state that such redemption will be conditioned upon the availability of funds sufficient to pay the redemption price of such Series 2013A Bonds and such notice will be of no further force and effect unless sufficient funds for that purpose are available. In no event shall the Series 2013A Bonds be optionally redeemed without the written consent of the Guarantor

(e) The Series 2013A Bonds shall be issued as book-entry-only Bonds pursuant to the terms and conditions described in Section 2.05 of the Master Indenture.

(f) The Series 2013A Bonds shall not be subject to optional or mandatory tender by the owners thereof.

(g) The Series 2013A Bonds shall be secured by a Credit Facility as described below in Section 3.01.

(h) There is no Debt Service Reserve Fund Requirement for the Series 2013A Bonds.

(i) To the extent so provided in the Reimbursement Agreement, the Guarantor shall have the right to appoint a successor Servicer.

(j) Except as expressly otherwise provided in this First Supplemental Series Indenture, all terms and provisions of the Series 2013A Bonds and the rights and remedies of the owners thereof shall be as provided in the Master Indenture.

Section 2.02. Purposes. The purposes for which the Series 2013A Bonds are being issued are to: finance or refinance Loans to Borrowers for Eligible Projects. Existing Loans (“Existing Loans”) being refinanced with the proceeds of the Series 2013A Bonds are as shown in **Exhibit C** hereto.

Section 2.03. Issuance and Sale of Series 2013A Bonds. The Series 2013A Bonds shall forthwith be executed by the Authority and delivered to the Trustee for authentication and thereupon the Series 2013A Bonds shall be authenticated by the Trustee and shall be delivered to

or upon the written order of an Authorized Officer of the Authority, but only upon receipt of the instruments specified by Section 3.02 of the Master Indenture and upon the receipt by the Trustee of proceeds (including accrued interest, if any) of the sale of the Series 2013A Bonds, which proceeds shall be deposited in accordance with the written instructions of an Authorized Officer of the Authority.

### ARTICLE III

#### CREDIT FACILITY

Section 3.01. Guarantee. (a) The Guarantor has committed to deliver the Guarantee guaranteeing the payment of principal of, interest on and redemption premium on the Series 2013A Bonds, as provided in such Guarantee.

(b) The Guarantee constitutes a Credit Facility under the Indenture.

(c) In order to comply with the conditions precedent to the Guarantor's commitment to issue the Guarantee, the provisions of Section 3.02 hereto shall be in effect with respect to the Series 2013A Bonds, and shall be binding upon the Owners of such Bonds, the Trustee, the Authority and the Paying Agent.

(d) Any of the provisions in this Article III hereto may be waived by the Guarantor, or amended by agreement between the Guarantor and the Authority and, if applicable, the Trustee or the Paying Agent, without notice to or consent of any Owner of any Bonds, except to the extent provided by Section 3.02.

Section 3.02. Special Provisions relating to Series 2013A Bonds and the Guarantee.

1. So long as the Guarantee is in full force and effect and payment on the Guarantee is not in default thereunder, then the Guarantor shall be deemed to be the sole Owner of the Series 2013A Bonds when the approval, consent or action of the Owners of the Series 2013A Bonds is required or may be exercised under the Indenture, except for purposes of the second sentence of Section 13.02 of the Master Indenture with respect to modifications and amendments only with the consent of particular Owners of Bonds, and with respect to such modifications and amendments, the consent of the Series 2013A Bonds shall be required in addition to the consent of Owners of the applicable Series 2013A Bonds. The provisions of the immediately preceding sentence requiring the consent of particular Owners of the Series 2013A Bonds in addition to the consent of the Guarantor may not be waived by the Guarantor or amended by agreement between the Guarantor and the Authority and, if applicable, the Trustee or the Paying Agent. No provision of this First Supplemental Series Indenture expressly recognizing or granting rights in or to the Guarantor may be amended without the prior written consent of the Guarantor.

2. Amounts paid by the Guarantor under the Guarantee shall not cause the Series 2013A Bonds to be deemed paid for purposes of the Indenture and shall remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the Indenture. In the event that the principal, Sinking Fund Installments, if any, and Redemption

Price, if applicable, and interest due on any Series 2013A Bonds shall be paid under the provisions of the Guarantee, such Series 2013A Bonds shall continue to be Outstanding under the Indenture; all covenants, agreements and other obligations of the Authority to the Owners of such Series 2013A Bonds shall continue to exist; and the Guarantor shall be subrogated to the rights of such Owners. The Indenture shall not be discharged unless all amounts due or to become due to the Guarantor have been paid in full or duly provided for.

3. The Guarantor shall be a third party beneficiary of the Indenture.

4. In determining whether the Owners of Series 2013A Bonds will be adversely affected by any action taken pursuant to the terms of the Indenture, the Authority and the Trustee shall consider the effect on the Owners as if there were no Guarantee.

5. The rights granted to the Guarantor under the Indenture to request, consent to or direct any action are rights granted to the Guarantor in consideration of the issuance of the Guarantee. Any exercise by the Guarantor of such rights is merely an exercise of the Guarantor's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Owners, nor does such action evidence any position of the Guarantor, positive or negative, as to whether Owner consent is required in addition to consent of the Guarantor.

6. Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) pre-refunded municipal obligations rated "AAA" and "Aaa" by Standard & Poor's and Moody's, respectively, or (5) securities eligible for "AAA" defeasance under then existing criteria of Standard & Poor's or any combination thereof, shall be authorized to be used to effect defeasance of the Series 2013A Bonds unless the Guarantor otherwise approves.

7. To accomplish legal defeasance of Series 2013A Bonds, the Authority shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Guarantor ("Accountant") verifying the sufficiency of the escrow established to pay the Series 2013A Bonds in full on the maturity or redemption date ("Verification"), (ii) an escrow agreement (which shall be acceptable in form and substance to the Guarantor), (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2013A Bonds are no longer "Outstanding" under the Indenture and (iv) if there is a Trustee for the Series 2013A Bonds, a certification of discharge of the Trustee with respect to the Series 2013A Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority, or the Trustee and the Guarantor. The Series 2013A Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met and any additional requirements of Section 14.01 of the Master Indenture have been satisfied.

8. Claims upon the Guarantee and Payments by and to the Guarantor. If, on the third Business Day prior to the related Debt Service Payment Date there is not on deposit

with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay Debt Service, together with redemption premium, if any, on the Series 2013A Bonds due on such Debt Service Payment Date, the Trustee shall give notice to the Guarantor by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the Debt Service, together with redemption premium, if any, due on such Debt Service Payment Date, the Trustee shall make a claim under the Guarantee and give notice to the Guarantor by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2013A Bonds and the amount required to pay principal of the Series 2013A Bonds, confirmed in writing to the Guarantor by 12:00 noon, New York City time, on such second Business Day by filling in the form of Demand Certificate set forth in the Guarantee delivered with the Guarantee.

The Trustee shall designate any portion of payment of principal on Series 2013A Bonds paid by the Guarantor on its books as a reduction in the principal amount of Series 2013A Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2013A Bond to the Guarantor, registered in the name of the New York State Environmental Facilities Corporation, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 2013A Bond shall have no effect on the amount of principal or interest payable by the Authority on any Series 2013A Bond or the subrogation rights of the Guarantor.

The Trustee shall keep a complete and accurate record of all funds deposited by the Guarantor into the Guarantee Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2013A Bond. The Guarantor shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Guarantee, the Trustee shall establish a separate special purpose trust account for the benefit of Series 2013A Bondholders referred to herein as the "Guarantee Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Guarantee in trust on behalf of Series 2013A Bondholders and shall deposit any such amount in the Guarantee Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Series 2013A Bondholders in the same manner as principal and interest payments are to be made with respect to the Series 2013A Bonds under the sections hereof regarding payment of Series 2013A Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Authority agrees to pay to the Guarantor all amounts advanced by the Guarantor as provided in the Reimbursement Agreement (the "Guarantor Reimbursement Amounts"). The Authority hereby covenants and agrees that the Guarantor Reimbursement Amounts are secured by a lien on and pledge of the amounts pledged and assigned under the Indenture on a parity with debt service due on the Series 2013A Bonds.

Funds held in the Guarantor Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Guarantor Payments Account following a Series 2013A Bond payment date shall promptly be remitted to the Guarantor.

9. The Authority and the Trustee shall give notice to the Guarantor of (i) the occurrence of any Event of Default under the Indenture within five Business Days of their actual knowledge thereof, (ii) the commencement of any proceeding by or against the Authority under the United States Bankruptcy Code or any other insolvency laws, (iii) the making of any claim in connection with any insolvency proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2013A Bonds and (iv) the resignation or removal of any of the Trustee or the Paying Agent for the Series 2013A Bonds, and the appointment of, and acceptance of such duties by, any successor thereto.

10. The notice address of the Guarantor is: New York State Environmental Facilities Corporation, 625 Broadway, Albany, New York 12207. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

## ARTICLE IV

### MISCELLANEOUS

Section 4.01. Application of Proceeds. The proceeds of the Series 2013A Bonds, together with additional moneys of the Authority, shall be deposited and applied as shown in **Exhibit D** hereto. All amounts deposited in the Loan Fund shall be applied to fund or reimburse the Authority for the cost of Loans to Borrowers for Eligible Projects.

In addition, all amounts deposited in the Prefunding Account of the Loan Fund shall be applied to fund or reimburse the Authority for the costs of Loans which meet the Eligibility Criteria. Unless the Guarantor otherwise agrees, all amounts remaining in the Prefunding Account as of the close of business on December 31, 2013 shall be transferred to the Debt Service Fund and applied in accordance with a written direction of the Authority.

Section 4.02. No Individual Liability. No covenant or agreement contained in the Series 2013A Bonds or in the Master Indenture shall be deemed to be the covenant or agreement of any member, agent, or employee of the Authority in his or her individual capacity, and neither the members of the Authority nor any official executing the Series 2013A Bonds shall be liable personally on the Series 2013A Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 4.03. Effective Date; Counterparts. This First Supplemental Series Indenture shall become effective on delivery. This First Supplemental Series Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 4.04. Date for Identification Purposes Only. The date of this First Supplemental Series Indenture shall be for identification purposes only and shall not be construed to imply that this First Supplemental Series Indenture was executed as of any date other than the respective dates of the execution and delivery hereof by the parties hereto.

IN WITNESS WHEREOF, the Authority has caused this First Supplemental Series Indenture to be executed by its President and CEO, Vice President or Treasurer and its corporate seal to be hereunto affixed and attested by its Acting Secretary, and the Trustee has caused this First Supplemental Series Indenture to be executed by its authorized officer, all as of the date first above written.

**NEW YORK STATE ENERGY RESEARCH  
AND DEVELOPMENT AUTHORITY**

(SEAL)

By \_\_\_\_\_  
President and CEO

Attest:

\_\_\_\_\_  
Acting Secretary

**THE BANK OF NEW YORK MELLON,**  
as Trustee

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

**EXHIBIT A**

**TERMS OF SERIES 2013A BONDS**

<b><u>Maturity Date</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>
7/1/2014	\$2,195,000	0.350%
7/1/2015	2,080,000	0.550
7/1/2016	2,105,000	1.028
7/1/2017	1,930,000	1.621
7/1/2018	1,775,000	1.971
7/1/2019	1,755,000	2.372
7/1/2020	1,800,000	2.772
7/1/2021	1,780,000	2.986
7/1/2022	1,590,000	3.206
7/1/2023	1,445,000	3.406

**\$5,845,000 4.106% Term Bonds due July 1, 2028**

**FORM OF SERIES 2013A BOND**

**NEW YORK STATE ENERGY RESEARCH  
AND DEVELOPMENT AUTHORITY**

Residential Energy Efficiency Financing Revenue Bonds, Series 2013A

No. 2013 AR- \_\_\_\_\_ \$ \_\_\_\_\_

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
_____ %	_____	_____, 2013	64985LA

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: \_\_\_\_\_ Dollars

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY (the "Authority"), a body corporate and politic, constituting a public benefit corporation, organized and existing under and by virtue of the laws of the State of New York, for value received, hereby promises to pay solely from the sources and as hereinafter provided to the Registered Owner (named above), or registered assigns, on the Maturity Date (stated above), unless redeemed prior thereto as hereinafter provided, upon the presentation and surrender hereof, the Principal Sum (stated above) and in like manner to pay interest on the remaining balance of said Principal Sum from time to time remaining unpaid from the January 1 or July 1 next preceding the date of authentication of this bond, unless this bond is registered and authenticated as of a date on which principal of, premium, if any, or interest on this bond is payable, in which event this bond shall bear interest from such payment date, or unless this bond is registered and authenticated prior to the first interest payment date, in which event this bond shall bear interest from the Dated Date shown above or unless, as shown by the records of the Trustee (hereinafter defined), interest on the Series 2013A Bonds (hereinafter defined) shall be in default, in which event this bond shall bear interest from the date to which interest has been paid in full, at the Interest Rate (stated above) per annum, on the first (1<sup>st</sup>) day of January or July in each year (commencing January 1, 2014), until said Principal Sum is paid or made available for payment. The principal of and premium, if any, on this bond are payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts, upon presentation and surrender hereof, at the principal corporate trust office in New York, New York (the "Corporate Trust Office") of The Bank of New York Mellon, as Trustee, or its successors in trust (the "Trustee"). The interest on this bond, when due and payable, shall be paid to the Registered Owner hereof (or of any bond or bonds previously outstanding in exchange, transfer or substitution for which this bond was issued) as of the close of business on the Record Date (hereinafter referred to) for each interest payment date by check, denominated in such coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, mailed to such person at their address last appearing as of the close of business on the Record Date on the Bond

Register to be kept by the Trustee at its Corporate Trust Office; provided further that, at the option of the Registered Owner hereof, if such Registered Owner is the owner of at least one million dollars (\$1,000,000) in aggregate principal amount of the Series 2013A Bonds, payment of interest hereon shall be made by wire transfer upon written notice received by the Trustee from such Registered Owner at least five (5) days prior to the Record Date, containing the wire transfer address (which shall be in the continental United States) to which such Registered Owner wishes to have such wire directed. The Indenture (hereinafter defined) designates the fifteenth (15th) day of the month next preceding each interest payment date as the Record Date for such interest payment date. Interest not so paid shall be paid in accordance with the provisions of Article X of the Indenture. Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months.

This bond is one of a duly authorized issue of bonds of the Authority designated as “Residential Energy Efficiency Financing Revenue Bonds, Series 2013A (the “Series 2013A Bonds”), issued in the aggregate principal amount of \$24,300,000 under and pursuant to the Constitution and laws of the State of New York, particularly the New York State Energy Research and Development Authority Act, constituting Title 9 of Article 8 of the Public Authorities Law of New York, as amended (the “Act”), and under and pursuant to a resolution adopted by the Authority on June 17, 2013. The Series 2013A Bonds are issued under and are secured ratably by an Indenture of Trust dated as of August 1, 2013, (the “Master Indenture”), as supplemented by the First Supplemental Series Indenture of Trust, dated as of August 1, 2013 (the “First Supplemental Series Indenture”, and together with the Master Indenture being hereinafter referred to as the “Indenture”), between the Authority and the Trustee. The Series 2013A Bonds are issued for the purpose of financing or refinancing loans made to eligible borrowers for certain costs eligible to receive financial assistance from the Green Jobs-Green New York Revolving Fund. For the purposes and subject to the conditions provided in the Master Indenture, additional bonds and certain other obligations may be issued or incurred in one or more series pursuant to Supplemental Series Indentures. Any such additional bonds and obligations are hereinafter referred to as the “Bonds.” Any terms used and not otherwise defined herein are used as defined in the Indenture.

Copies of the Indenture are on file at the Corporate Trust Office of the Trustee, and reference is made to the Indenture for the provisions relating, among other things, to the terms and security of the Series 2013A Bonds, the rights and remedies of the owners of the Series 2013A Bonds, the terms and conditions upon which Series 2013A Bonds are issued and Bonds may be issued thereunder and the terms and provisions under which the Series 2013A Bonds may be redeemed.

The Series 2013A Bonds are not general obligations of the Authority, and shall not constitute an indebtedness of or a charge against the general credit of the Authority. The liability of the Authority under such Series 2013A Bonds shall be enforceable only to the extent provided in the Indenture, and the Series 2013A Bonds shall be payable solely from Pledged Revenues (as defined in the Indenture) and all funds held by the Trustee under the Indenture and available under the terms of the Indenture for the payment of the Series 2013A Bonds, expressly excepting from such pledge amounts held and amounts required to be deposited from time to time in the Rebate Fund.

The Series 2013A Bonds are issuable in the form of registered bonds without coupons in the denomination of \$5,000 or any integral multiple of \$5,000. The owner of any Series 2013A Bond or Bonds may surrender the same at the above-mentioned office of the Trustee (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing), in exchange for an equal aggregate principal amount of Series 2013A Bonds in any authorized denominations in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture.

This bond is transferable, as provided in the Indenture, only upon the Bond Register kept for that purpose at the Corporate Trust Office of the Trustee at the written request of the Registered Owner hereof or by his representative duly authorized in writing, upon surrender of this bond to the Trustee, together with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner or such owner's attorney duly authorized in writing. Thereupon, and upon payment of the charges prescribed, one or more new fully registered Series 2013A Bonds of the same aggregate principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture.

Subject to certain conditions set forth in the Indenture, the Series 2013A Bonds are subject to redemption prior to maturity at the option of the Authority in whole or in part on any date, at a redemption price (the "Make-Whole Redemption Price") equal to the greater of:

- (1) the issue price (but not less than 100%) of the principal amount of the Series 2013A Bonds to be redeemed; or
- (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2013A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2013A Bonds are to be redeemed, discounted to the date on which the Series 2013A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as described below) plus ten (10) basis points;

plus, in each case, accrued and unpaid interest on the Series 2013A Bonds to be redeemed on the redemption date.

"Treasury Rate" means, with respect to any redemption date for a particular Series 2013A Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 30 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Series 2013A Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Subject to certain conditions set forth in the Indenture, the 2013A Bonds maturing on or after July 1, 2028 are also subject to redemption prior to maturity at the option of the Authority in whole or in part at any time on or after July 1, 2023 at a redemption price equal to 100% of the principal amount of such Series 2013A Bonds or portions thereof to be redeemed, together with accrued and unpaid interest to the date fixed for redemption.

So long as DTC or a successor securities depository is the sole registered owner of the Series 2013A Bonds, partial redemptions of the Series 2013A Bonds will be undertaken in accordance with DTC procedures

If the Series 2013A Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the Series 2013A Bonds shall be allocated among the registered owners of such Series 2013A Bonds as nearly as practicable in proportion to the principal amounts of the Series 2013A Bonds owned by each registered owner, subject to the authorized denominations applicable to the Series 2013A Bonds. This will be calculated based on the following formula:

$$\frac{\text{(principal to be redeemed)}}{\text{(principal amount outstanding)}} \times \text{(principal amount owned)}$$

Any such redemption, either as a whole or in part, shall be made upon at least twenty (20) days' and no more than sixty (60) days' prior notice in the manner and upon the terms and conditions provided in the Indenture. If this bond shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for, all as more fully set forth in the Indenture, interest on this bond shall cease to accrue from such date, and from and after such date this bond shall cease to be entitled to any lien, benefit or security under the Indenture, and the owner hereof shall have no rights except to receive payment of such redemption price and unpaid interest accrued to the date fixed for redemption. At the election of the Authority, the redemption notice may state that such redemption will be conditioned upon the availability of funds sufficient to pay the redemption price of the affected Series 2013A Bonds, and such notice will be of no further force and effect unless sufficient funds for that purpose are available.

The Series 2013A Bonds maturing on July 1, 2028 are subject to mandatory sinking fund redemption, in part pro rata in such manner as the Trustee may reasonably determine, at a redemption price equal to the principal amount thereof on each of the dates and in the respective principal amounts set forth below, upon notice and in the manner and subject to the provisions of the Indenture:

For 2013A Term Bonds maturing

<u>Date</u> <u>July 1</u>	<u>Sinking Fund</u> <u>Payment</u>
2024	\$1,385,000
2025	1,350,000
2026	1,375,000
2027	1,075,000
2028	660,000 <sup>†</sup>

<sup>†</sup>Final Maturity

The Authority may from time to time direct the Trustee to purchase Series 2013A Bonds with moneys in the Debt Service Fund, at a price not greater than par, plus accrued interest to the date of such purchase, and apply such Series 2013A Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of the immediately succeeding mandatory sinking fund payment for such Series 2013A Bonds. The Authority may also purchase or redeem Series 2013A Bonds prior to maturity with other moneys available to do so, and apply such Series 2013A Bonds so purchased or redeemed against any future mandatory sinking fund payment for such Series 2013A Bonds.

This bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee's certificate of authentication hereon.

No covenant or agreement contained in this bond or the Indenture shall be deemed to be a covenant or agreement of any director, officer or employee of the Authority in their individual capacity, and neither the directors of the Authority nor any officer thereof executing this bond shall be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance of this bond.

The Indenture provides that certain modifications or amendments of the Indenture may be made by agreement of the Authority and the Trustee without the consent of the owners of Bonds and the certain amendments may be made with the consent of the owners of not less than a majority of the Bonds deemed to be affected thereby. To the extent that the consent by the owner of this bond is obtained to any amendment, the consent by the owner of this bond shall be conclusive and binding upon such owner and all future owners of this bond and of any Series 2013A Bond issued on registration of transfer thereof or in exchange therefor irrespective of whether or not any notation of such consent is made upon this bond.

The Series 2013A Bonds are not a debt of the State of New York or any Series 2013A Recipient and neither the State of New York nor any Series 2013A Recipient shall be liable thereon. No owner of any Series 2013A Bond will have the right to demand payment of the principal of, or premium, if any, or interest on the Series 2013A Bonds out of any funds raised by taxation.

The Authority hereby certifies and recites that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed, precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

IN WITNESS WHEREOF, the Authority has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its President and CEO or Treasurer and its seal or a facsimile thereof to be impressed, imprinted or otherwise reproduced hereon and attested by the manual or facsimile signature of its Secretary or Acting Secretary, as of the Dated Date set forth above.

(SEAL)

NEW YORK STATE ENERGY RESEARCH AND  
DEVELOPMENT AUTHORITY

By \_\_\_\_\_  
President and CEO

Attest:

\_\_\_\_\_  
Acting Secretary

**FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION  
ON SERIES 2013A BONDS  
CERTIFICATE OF AUTHENTICATION**

This bond is one of the Residential Energy Efficiency Financing Revenue Bonds, Series 2013A, referred to in the within-mentioned First Supplemental Series Indenture.

THE BANK OF NEW YORK MELLON,  
as Trustee

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

Date of authentication: \_\_\_\_\_, 2013

The following Statement of Guarantee shall be attached to all Series 2013A Bonds:

**STATEMENT OF GUARANTEE**

New York State Environmental Facilities Corporation, a public benefit corporation of the State of New York (“NYSEFC”), has delivered its guarantee (the “Guarantee”) with respect to payment of principal of, interest on and redemption premium, if any on the Series 2013A Bonds to The Bank of New York Mellon, New York, New York, or its successor, as trustee for the Series 2013A Bonds (the “Trustee”). The Guarantee will not be a general obligation of the Guarantor and will be payable solely from the sources described therein. Said Guarantee is on file and available for inspection at the principal office of the Trustee and a copy thereof may be obtained from NYSEFC or the Trustee.

**PLEDGED LOAN PAYMENTS**

**APPLICATION OF SERIES 2013A BOND PROCEEDS  
AND CERTAIN OTHER MONEYS**

SOURCES

Series 2013A Bond Proceeds	\$24,039,629.30
GJGNY Program Funds	750,895.00
Total	<u>\$24,790,524.30</u>

USES

Reimburse Authority for Existing Loans	\$22,559,170.30
Deposit to Prefunding Account of Loan Fund	1,480,459.00
Deposit to Costs of Issuance Fund	750,895.00
Total	<u>\$24,790,524.30</u>