

## NEW ISSUE

In the opinion of Bond Counsel, interest on the Bonds will be exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City. Assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Bonds will not be includable in the gross income of the owners thereof for Federal income tax purposes. See "SECTION III: OTHER INFORMATION—Tax Exemption" herein for further information.



# **The City of New York**

## **General Obligation Bonds, Fiscal 1996 Series J, Subseries J-2 and J-3**

### **\$190,000,000 Tax-Exempt Adjustable Rate Bonds**

Dated: Date of Delivery

Due: February 15, as shown on inside cover

The Bonds will be issued as registered bonds and 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 Bonds.

The Bonds will be issuable initially in Authorized Denominations of \$100,000 or any integral multiple thereof. Other terms of the Bonds including interest rate modes, interest payment dates, mandatory and optional redemption and tender provisions and authorized denominations are described herein. *A detailed schedule of the Bonds is set forth inside this cover page.*

Payment of the Purchase Price on the Adjustable Rate Bonds tendered for purchase as described herein will be made pursuant and subject to the terms of the Credit Facilities described herein provided severally by the following Banks (the "Banks"), representing separate obligations of the respective Banks in respect of the separate Subseries:

Commerzbank AG,  
New York Branch

Morgan Guaranty Trust Company  
of New York

The Bonds are offered subject to prior sale, when, as and if issued by the City and accepted by the Underwriter, subject to the approval of the legality of the Bonds by Brown & Wood, New York, New York, Bond Counsel to the City, and subject to certain other conditions. Certain legal matters in connection with the preparation of this Official Statement will be passed upon for the City by Morgan, Lewis & Bockius LLP, New York, New York. Certain legal matters will be passed upon for the Underwriter by Rogers & Wells, New York, New York. It is expected that the Bonds will be available for delivery in New York, New York, on or about March 21, 1996.

## **J.P. Morgan & Co.**

**\$600,000,000 General Obligation Bonds, Fiscal 1996 Series J**

<b>\$410,000,000 Fixed Rate Bonds, Subseries J-1(1)</b>				<b>\$190,000,000 Adjustable Rate Bonds</b>	
<b>February 15</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Price or Yield</b>	<b>Subseries J-2(2)</b>	<b>Subseries J-3(3)</b>
				<b>Principal Amount</b>	<b>Principal Amount</b>
1998	\$11,460,000	4.20%	100%		
1999	11,945,000	4.60	100		
2000	12,490,000	4.85	100		
2001	15,250,000	5.10	100		
2002	16,045,000	5.30	100		
2003	16,895,000	5.40	100		
2004	17,795,000	6	5.525		
2005	18,845,000	6	4.85		
2006	19,980,000	5½	4.95		
2007	21,180,000	5	5.05		
2008	155,000	5.10	5.15		
2009					
2010					
2011					
2012					
2013					
2014					
2015					
2016				\$95,000,000	\$95,000,000
2017					
2018					
2019	60,105,000	5¾	6.25		
2020					
2021					
2022					
2023					
2024	126,455,000	6	6.275		
2025					
2026	61,400,000	5½	6.18		

- (1) Accrued interest to be added. Not offered hereby.  
 (2) Tax-Exempt Adjustable Rate Bonds. Supported by a Credit Facility provided by Commerzbank AG, New York Branch.  
 (3) Tax-Exempt Adjustable Rate Bonds. Supported by a Credit Facility provided by Morgan Guaranty Trust Company of New York.

**RATE PERIOD TABLE  
FOR TAX-EXEMPT ADJUSTABLE RATE BONDS**

	DAILY RATE	WEEKLY RATE	MONTHLY RATE	QUARTERLY RATE	SEMIANNUAL RATE	TERM RATE	MONEY MARKET MUNICIPAL RATE
Interest Payment Date	First day of each calendar month	First day of each calendar month	First day of each calendar month	First day of the third calendar month following Conversion to a Quarterly Rate Period and the first day of each third calendar month thereafter	First day of the sixth calendar month following Conversion to the Semiannual Rate Period and the first day of each sixth calendar month thereafter	First day of the sixth calendar month following Conversion to the Term Rate Period and the first day of each sixth calendar month thereafter	First Business Day following a Money Market Municipal Rate Period
Record Date	Last day of the calendar month next preceding the Interest Payment Date	Last day of the calendar month next preceding the Interest Payment Date	Last day of the calendar month next preceding the Interest Payment Date	Fifteenth day of the calendar month next preceding the Interest Payment Date	Fifteenth day of the calendar month next preceding the Interest Payment Date	Fifteenth day of the calendar month next preceding the Interest Payment Date	Interest on presentment*
Date of Interest Rate Determination	Not later than 9:30 a.m. on each Business Day, but not less than two Business Days prior to each Interest Payment Date	Not later than 9:00 a.m. on the commencement date of the Weekly Rate Period or if such day is not a Business Day, the next succeeding Business Day	Not later than 4:00 p.m. on the Business Day immediately preceding the commencement of the Monthly Rate Period	Not later than 4:00 p.m. on the Business Day immediately preceding the commencement of the Quarterly Rate Period	Not later than 4:00 p.m. on the Business Day immediately preceding the commencement of the Semiannual Rate Period	Not later than 4:00 p.m. on the Business Day immediately preceding the commencement of the Term Rate Period	Not later than 12:45 p.m. on the first Business Day of a Money Market Municipal Rate Period
Commencement of Rate Period	Each Business Day	On Conversion to a Weekly Rate and on each Wednesday thereafter	On Conversion to a Monthly Rate and on the first day of each month thereafter	On Conversion to a Quarterly Rate and thereafter on the next succeeding Interest Payment Date	On Conversion to a Semiannual Rate and thereafter on the next succeeding Interest Payment Date	On Conversion to a Term Rate and thereafter on the first Business Day of any subsequent period of twelve months or any integral multiple thereof	Interest Rate Determination Date
Purchase Date	Any Business Day	Any Business Day	Any Interest Payment Date	Any Interest Payment Date	Any Interest Payment Date	Mandatory Tender	Mandatory Tender
Notice Period for Tender	Telephone notice by 9:00 a.m. on Purchase Date	Written notice not later than 5:00 p.m. on any Business Day not less than seven days prior to the Purchase Date	Written notice not later than 5:00 p.m. on any Business Day not less than seven days prior to the Purchase Date	Written notice not later than 5:00 p.m. on any Business Day not less than 15 days prior to the Purchase Date	Written notice not later than 5:00 p.m. on any Business Day not less than 15 days prior to the Purchase Date	Mandatory Tender	Mandatory Tender
Tender Date for Tendered Bonds	Not later than 12:30 p.m. on the Purchase Date	Not later than 10:00 a.m. on the Purchase Date	Not later than 10:00 a.m. on the Purchase Date	Not later than 10:00 a.m. on the Purchase Date	Not later than 10:00 a.m. on the Purchase Date	Not later than 10:00 a.m. on the commencement of the Term Rate Period or the next succeeding Business Day	Not later than 10:00 a.m. on the commencement of a Money Market Municipal Rate Period
Payment Date for Tendered Bonds	Not later than 5:00 p.m. on the Purchase Date	Not later than 5:00 p.m. on the Purchase Date	Not later than 5:00 p.m. on the Purchase Date	Not later than 5:00 p.m. on the Purchase Date	Not later than 5:00 p.m. on the Purchase Date	Not later than 5:00 p.m. on the commencement of the Term Rate Period or the next succeeding Business Day	Not later than 5:00 p.m. on the commencement of a Money Market Municipal Rate Period

*Note:* All time references given above refer to New York City time.

The information in this Rate Period Table is provided for the convenience of the Bondholders and is not meant to be comprehensive. See "SECTION II — THE BONDS" for a description of the Tax-Exempt Adjustable Rate Bonds.

\* Interest is also payable on the first day of the sixth calendar month in an MMMR Period exceeding 180 days; the Record Date therefor is the fifteenth day of the next preceding calendar month.

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations in connection with the Bonds or the matters described herein, other than those contained in this Official Statement (which term includes, unless the context otherwise requires, the information described in SECTION I: INCLUSION BY SPECIFIC REFERENCE) and if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. No representations are made or implied by the City as to any offering by the Underwriter or others of any derivative instruments.

The factors affecting the City's financial condition are complex. This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its location herein. Where agreements, reports or other documents are referred to herein, reference should be made to such agreements, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

**OFFICIAL STATEMENT OF THE CITY OF NEW YORK  
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**IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**OFFICIAL STATEMENT  
OF  
THE CITY OF NEW YORK**

This Official Statement provides certain information concerning The City of New York (the "City") in connection with the sale of the adjustable rate portion (the "Bonds" or the "Adjustable Rate Bonds" or the "Tax-Exempt Adjustable Rate Bonds") of the City's General Obligation Bonds, Fiscal 1996 Series J. The \$190,000,000 Adjustable Rate Bonds of Fiscal 1996 Series J, together with \$410,000,000 fixed rate bonds of Fiscal 1996 Series J not offered hereby, are herein called the "Series J Bonds." Capitalized terms not otherwise defined in this Official Statement are defined in "APPENDIX A—Definitions".

**INTRODUCTORY STATEMENT**

The Bonds will be general obligations of the City for the payment of which the City will pledge its faith and credit. All real property subject to taxation by the City will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, to pay the principal of, applicable redemption premium, if any, and interest on the Bonds.

The factors affecting the City's financial condition and the Bonds described throughout this Official Statement are complex and are not intended to be summarized in this Introductory Statement. This Official Statement (including the information referred to in SECTION I: INCLUSION BY SPECIFIC REFERENCE) should be read in its entirety.

**SECTION I: INCLUSION BY SPECIFIC REFERENCE**

Portions of the City's Official Statement dated March 6, 1996, delivered herewith and relating to General Obligation Bonds, Fiscal 1996 Series H, I and J (Subseries J-1), subject to the information contained elsewhere herein, are included herein by specific reference, namely the information under the captions:

INTRODUCTORY STATEMENT (excluding the last sentence thereof)  
SECTION I: RECENT FINANCIAL DEVELOPMENTS  
SECTION III: GOVERNMENT AND FINANCIAL CONTROLS  
SECTION IV: SOURCES OF CITY REVENUES  
SECTION V: CITY SERVICES AND EXPENDITURES  
SECTION VI: FINANCIAL OPERATIONS  
SECTION VII: 1996-1999 FINANCIAL PLAN  
SECTION VIII: INDEBTEDNESS  
SECTION IX: OTHER INFORMATION  
    Pension Systems  
    Litigation  
APPENDIX A-ECONOMIC AND SOCIAL FACTORS  
APPENDIX B-FINANCIAL STATEMENTS

The bonds described in such Official Statement, dated March 6, 1996, are offered thereby and not by this Official Statement.

## SECTION II: THE BONDS

### General

The Bonds will be general obligations of the City issued pursuant to the Constitution and laws of the State of the New York City Charter (the "City Charter") and in accordance with a certificate of the Deputy Comptroller for Finance. The Bonds will mature as described on the inside cover page of this Official Statement and will contain a pledge of the City's faith and credit for the payment of the principal of, redemption premium, if any, and interest on the Bonds. All real property subject to taxation by the City will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, to pay the principal of, redemption premium, if any, and interest on the Bonds.

The terms of the Bonds provide for their defeasance prior to maturity by the deposit in trust with a bank or trust company of sufficient cash or cash equivalents to pay when due all principal of, applicable redemption premium, if any, and interest on the Bonds to be defeased.

### Payment Mechanism

Pursuant to the New York State Financial Emergency Act for the City of New York (the "Financial Emergency Act" or the "Act"), a general debt service fund (the "General Debt Service Fund" or the "Fund") has been established for City bonds and certain City notes. Pursuant to the Act, payments of the city real estate tax must be deposited upon receipt in the Fund, and retained under a statutory formula, for the payment of debt service (with exceptions for debt service, such as principal of seasonal borrowings, that is set aside under other procedures). The statutory formula has recently resulted in retention of sufficient real estate taxes to comply with the City Covenants (as defined in "SECTION II: THE BONDS—Certain Covenants and Agreements"). If the statutory formula does not result in retention of sufficient real estate taxes to comply with the City Covenants, the City will comply with the City Covenants either by providing for early retention of real estate taxes or by making cash payments into the Fund. The principal of and interest on the Bonds will be paid from the Fund until the Act expires on July 1, 2008, and thereafter from a separate fund maintained in accordance with the City Covenants. Since its inception in 1978, the Fund has been fully funded at the beginning of each payment period.

If the Control Board determines that retentions in the Fund are likely to be insufficient to provide for the debt service payable therefrom, it must require that additional real estate tax revenues be retained or other cash resources of the City be paid into the Fund. In addition, the Control Board is required to take such action as it determines to be necessary so that the money in the Fund is adequate to meet debt service requirements.

The rights of the owners of Bonds to receive interest, principal and redemption premium, if any, from the City could be adversely affected by a restructuring of the City's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of City securities (including the Bonds) to payment from money retained in the Fund or from other sources would be recognized if a petition were filed by or on behalf of the City under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such money might then be available for the payment of all City creditors generally. Judicial enforcement of the City's obligation to make payments into the Fund, of the obligation to retain certain money in the Fund, of the rights of holders of bonds and notes of the City to money in the Fund, of the obligations of the City under the City Covenants and of the State under the State Pledge and Agreement (in each case, as defined in "SECTION II: THE BONDS—Certain Covenants and Agreements") may be within the discretion of a court. For further information concerning rights of owners of Bonds against the City, see "SECTION VIII: INDEBTEDNESS—City Indebtedness", included herein by specific reference.

### Enforceability of City Obligations

As required by the State Constitution and applicable law, the City pledges its faith and credit for the payment of the principal of and interest on all City indebtedness. Holders of City debt obligations have a contractual right to full payment of principal and interest at maturity. If the City fails to pay principal or interest, the holder has the right to sue and is entitled to the full amount due, including interest to maturity at the stated rate and at the rate authorized by law thereafter until payment. Under the General Municipal

Law, if the City fails to pay any money judgment, it is the duty of the City to assess, levy and cause to be collected amounts sufficient to pay the judgment. Decisions indicate that judicial enforcement of statutes such as this provision in the General Municipal Law is within the discretion of a court. Other judicial decisions also indicate that a money judgment against a municipality may not be enforceable against municipal property devoted to public use.

#### **Certain Covenants and Agreements**

The City will covenant that: (i) a separate fund or funds for the purpose of paying principal of and interest on bonds and interest on notes of the City (including required payments into, but not from, City sinking funds) shall be maintained by an officer or agency of the State or by a bank or trust company; and (ii) not later than the last day of each month, there shall be on deposit in a separate fund or funds an amount sufficient to pay principal of and interest on bonds and interest on notes of the City due and payable in the next succeeding month. The City currently uses the debt service payment mechanism described above to perform these covenants. The City will further covenant in the Bonds to limit its issuance of bond anticipation notes as required by the Act, as in effect from time to time, and to comply with the financial reporting requirements of the Act as in effect from time to time. The City will also covenant to include as terms of the Bonds certain provisions described below that apply specifically to the Bonds as Adjustable Rate Bonds.

The State pledges and agrees in the Financial Emergency Act that the State will not take any action that will impair the power of the City to comply with the covenants described in the preceding paragraph (the "City Covenants") or any right or remedy of any owner of the Bonds to enforce the City Covenants (the "State Pledge and Agreement"). In the opinion of Bond Counsel, the enforceability of the City Covenants and the State Pledge and Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of the State's police powers and of judicial discretion in appropriate cases.

#### **Use of Proceeds**

The proceeds from the sale of the Series J Bonds will be used for various municipal capital purposes. For further information concerning the City's capital projects, see "SECTION V: CITY SERVICES AND EXPENDITURES—Capital Expenditures" and "SECTION VII: 1996-1999 FINANCIAL PLAN—Long-Term Capital and Financing Program", both included herein by specific reference. Certain expenses of the City incurred in connection with the issuance and sale of the Bonds, preliminary costs of surveys, maps, plans, estimates and hearings in connection with capital improvements and costs incidental to such improvements may be included in the above purposes.

#### **Interest on Adjustable Rate Bonds**

The Bonds shall bear interest at Money Market Municipal Rates from their dates of issuance as described below. Each Subseries of Tax-Exempt Adjustable Rate Bonds is subject to Conversion from a Variable Rate Period to a different Variable Rate Period, to the Money Market Mode or to a Fixed Rate Period, or from the Money Market Mode to a Variable Rate Period or to a Fixed Rate Period. The rate of interest for any Rate Period shall be determined as described below, and each determination of rate or period shall be conclusive and binding upon the Remarketing Agent, the City, the applicable Subseries Bank (each a "Bank"), the Fiscal Agent, the Tender Agent and the Bondholders. Computations of interest shall be based on 365-day or 366-day years for the actual number of days elapsed; except that interest at Semiannual, Term or Fixed Rates shall be computed on the basis of a year of 360 days and twelve 30-day months.

Interest payments on each Interest Payment Date will include accrued interest from and including their dates of issuance or from and including the last date in respect of which interest has been paid, as the case may be, to, but excluding, such Interest Payment Date, except as provided below with respect to a delayed Interest Payment Date. If any Interest Payment Date for any Tax-Exempt Adjustable Rate Bond would otherwise be a day that is not a Business Day, such Interest Payment Date shall be postponed to the next day that is a Business Day, and no additional interest shall accrue as a result of such delayed Interest Payment Date. Interest shall be payable on each Interest Payment Date by check mailed to the registered owner at his address as it appears on the registration books of the City as of the close of business on the appropriate Record Date; provided, that (i) while a securities depository is the registered owner of all the Tax-Exempt Adjustable Rate Bonds of a Subseries and maturity all payments of principal of and interest on such Tax-

Exempt Adjustable Rate Bonds shall be paid to the securities depository or its nominee by wire transfer, (ii) prior to and including the Fixed Rate Conversion Date, interest on the Tax-Exempt Adjustable Rate Bonds shall be payable to any registered owner of at least \$1,000,000 aggregate principal amount of Tax-Exempt Adjustable Rate Bonds by wire transfer, upon written notice received by the Fiscal Agent at least five days prior to the Record Date from such registered owner containing the wire transfer address (which shall be in the continental United States) to which such registered owner wishes to have such wire directed and (iii) following an MMR Period, interest shall be payable on the Tax-Exempt Adjustable Rate Bonds only upon presentation thereof to the Tender Agent upon purchase thereof and if such presentation is made by 10:00 a.m. (New York City time) such payment shall be by wire transfer.

#### **Variable Rates**

Variable Rates shall be determined on the following dates (the "Rate Determination Dates"): (i) not later than 9:30 a.m., New York City time, on the commencement date of each Daily Rate Period, except that the final Rate Determination Date for each interest payment shall occur no less than two Business Days prior to the Interest Payment Date; (ii) not later than 9:00 a.m., New York City time, on the commencement date of each Weekly Rate Period (or, if such date is not a Business Day, on the immediately succeeding Business Day); and (iii) not later than 4:00 p.m., New York City time, on the Business Day immediately preceding the commencement date of each Monthly, Quarterly, Semiannual or Term Rate Period. The interest rate in effect for each day of any Rate Period shall be the interest rate set on the Rate Determination Date relating to such Rate Period.

Each Variable Rate Period shall commence: (a) initially, on the effective date of a Conversion to such Variable Rate Period; and (b) thereafter (i) on each Business Day following such Conversion, in the case of Daily Rate Periods, (ii) on Wednesday of each week commencing after such Conversion, in the case of Weekly Rate Periods, (iii) on the first day of each calendar month commencing after such Conversion, in the case of Monthly Rate Periods, (iv) on the first day of each third calendar month commencing after such Conversion in the case of Quarterly Rate Periods, (v) on the first day of each sixth calendar month commencing after such Conversion, in the case of Semiannual Rate Periods, and (vi) on the first day of the calendar month that is twelve (or an integral multiple of twelve, as the case may be) months from the calendar month of such Conversion, in the case of Term Rate Periods. Each such Variable Rate Period shall end on the last day preceding the earliest of the commencement date of the next Rate Period, the date of maturity and the date of any redemption or mandatory tender.

Each Variable Rate shall be determined by the Remarketing Agent and shall represent the rate which, in the judgment of the Remarketing Agent, is the lowest rate of interest which would cause the Tax-Exempt Adjustable Rate Bond to have a market value equal to the principal amount thereof, plus accrued interest (if any), under prevailing market conditions on the commencement date of the applicable Rate Period. In the event that the Remarketing Agent no longer determines, or fails to determine when required, any Variable Rate for any Tax-Exempt Adjustable Rate Bond in a Variable Rate Period, or if for any reason such manner of determination shall be determined to be invalid or unenforceable, the Variable Rate for such Period shall be a Daily Rate equal to 80% of the 30-day Dealer Commercial Paper Rate set forth in Federal Reserve Board Statistical Release H.15 (519) as of such day.

Notice of each Variable Rate shall be given by the Remarketing Agent by telephone promptly confirmed in writing to the City, the Subseries Bank, the Tender Agent and the Fiscal Agent, on the Rate Determination Date (except that the Remarketing Agent shall give such notice on each Tuesday (or, if not a Business Day, on the next succeeding Business Day) of the Daily Rate applicable to each day of the previous week), and the Tender Agent (or the Remarketing Agent in the case of Daily Rates) shall make such rate or rates available from the time of notification to the owners of the Tax-Exempt Adjustable Rate Bonds upon request for such information. Notice of interest rates shall be given (a) in the case of Daily Rates and Weekly Rates, by the Fiscal Agent to the owners of Tax-Exempt Adjustable Rate Bonds which bear interest at Daily Rates or Weekly Rates on each Interest Payment Date with the distribution of interest on such Tax-Exempt Adjustable Rate Bonds and (b) other than for Daily Rates and Weekly Rates, by mail by the Tender Agent by the third Business Day following the applicable Rate Determination Date.



### **Money Market Mode**

For Tax-Exempt Adjustable Rate Bonds bearing interest in the Money Market Mode, the Money Market Municipal Rate for each MMMR Period for each Tax-Exempt Adjustable Rate Bond shall be determined as follows:

(i) *Establishment of MMMR Periods.* At or prior to 12:45 p.m., New York City time, on any Conversion Date upon which Tax-Exempt Adjustable Rate Bonds will begin to bear interest in the Money Market Mode and on any day immediately after the end of a MMMR Period, the Remarketing Agent shall establish MMMR Periods in accordance with instructions from the City with respect to Tax-Exempt Adjustable Rate Bonds for which no MMMR Period is currently in effect. Any MMMR Period may not exceed 270 days and may not extend beyond the day prior to any applicable Conversion Date or the maturity or redemption date of the Tax-Exempt Adjustable Rate Bond.

(ii) *Setting of Rates.* On the first Business Day of each MMMR Period (the "Rate Determination Date"), the Remarketing Agent shall set a rate (a "Money Market Municipal Rate") by 12:45 p.m., New York City time, for each MMMR Period. For each MMMR Period, the Money Market Municipal Rate shall be the rate of interest which, if borne by the Tax-Exempt Adjustable Rate Bond, would, in the judgment of the Remarketing Agent, having due regard to the prevailing market conditions as of the Rate Determination Date, be the lowest rate of interest necessary to enable the Remarketing Agent to remarket such Tax-Exempt Adjustable Rate Bond at a price of par on the commencement date of the applicable MMMR Period.

The City may change its instructions about the establishment of MMMR Periods pursuant to the preceding paragraph (i) in a written direction from the City, which direction must be received by the Remarketing Agent prior to 10:00 a.m., New York City time, on the day prior to any Rate Determination Date to be effective on such date, but only if the City receives an opinion of Bond Counsel to the effect that such action is authorized by law and will not have an adverse effect on the exclusion of interest on the Tax-Exempt Adjustable Rate Bonds from gross income for Federal income tax purposes.

Notice of each Money Market Municipal Rate and MMMR Period for each Tax-Exempt Adjustable Rate Bond shall be given by the Remarketing Agent to the City, the Subseries Bank, the Fiscal Agent and the Tender Agent not later than 1:00 p.m., New York City time, on the Rate Determination Date, and the Tender Agent shall make such rate and period available from the time of notification to the owners of Tax-Exempt Adjustable Rate Bonds upon request for such information.

In the event that the Remarketing Agent no longer determines, or fails to determine when required, any MMMR Period or any Money Market Municipal Rate for any Tax-Exempt Adjustable Rate Bond in the Money Market Mode, or if for any reason such manner of determination shall be determined to be invalid or unenforceable, the MMMR Period for any such Tax-Exempt Adjustable Rate Bond shall automatically extend from the day after the next preceding MMMR Period to but not including the 31st day thereafter (or, if such 31st day is not a Business Day, to but not including the next succeeding Business Day) and the Money Market Municipal Rate for each such MMMR Period shall automatically be equal to 80% of the average of the yields to maturity of all United States Treasury securities having maturity dates which occur in the same month as the day following the last day of such MMMR Period, as such yields to maturity are published on the effective date of such Money Market Municipal Rate in The Wall Street Journal or, if The Wall Street Journal is not then published, in a financial newspaper selected by the Tender Agent.

### **Fixed Rates**

The Fixed Rate to be effective to maturity or earlier redemption upon a Conversion to such rate shall be determined by the Remarketing Agent on the date (the "Rate Determination Date") specified in the notice of mandatory tender related to such Conversion (which Rate Determination Date shall be the fifth Business Day prior to the Fixed Rate Conversion Date unless the City receives an opinion of Bond Counsel to the effect that use of another Rate Determination Date will not have an adverse effect on the exclusion of interest on the Tax-Exempt Adjustable Rate Bonds from gross income for Federal income tax purposes) and

shall represent the lowest rate which, in the judgment of the Remarketing Agent, would cause the Tax-Exempt Adjustable Rate Bonds being Converted to have a market value equal to the principal amount thereof on the commencement date of the applicable Rate Period under prevailing market conditions.

#### **Conversions**

Upon the direction of the City, the Tax-Exempt Adjustable Rate Bonds of any Subseries and maturity may be Converted to a Fixed Rate (and Term Bonds may at the option of the City be serialized, subject to the stated conditions) or from one Variable Rate Period to a different type of Variable Rate Period (including a change from one Term Rate Period to a Term Rate Period equal or approximately equal in length to a different number of years from the preceding Term Rate Period) or to the Money Market Mode or from the Money Market Mode to a Variable Rate Period; in each case on, if from a Variable Rate Period other than a Term Rate Period, a regularly scheduled Interest Payment Date for the Rate Period from which the Conversion is to be made; if from a Term Rate Period, only on a date on which a new Term Rate Period would have commenced; and if from the Money Market Mode, only on the first regularly scheduled Interest Payment Date on which interest is payable for any MMMR Periods theretofore established for the Tax-Exempt Adjustable Rate Bonds to be Converted which is at least 30 days after notice of mandatory tender upon Conversion is given to the Bondholders.

Not later than the 15th day prior to the Conversion Date (or the immediately succeeding Business Day, if such 15th day is not a Business Day), the City may irrevocably withdraw its election to Convert the Tax-Exempt Adjustable Rate Bonds by giving written notice of such withdrawal to the Tender Agent, the Fiscal Agent, the Remarketing Agent and the Subseries Bank. In the event the City gives such notice of withdrawal (or upon failure to meet the conditions specified below), (i) the Tender Agent shall promptly give Written Notice to the owners of all Tax-Exempt Adjustable Rate Bonds that were to be Converted and (ii) such Tax-Exempt Adjustable Rate Bonds shall continue to bear interest at a Variable Rate or a Money Market Municipal Rate, as the case may be. Failure by the Tender Agent to provide such notice to the owners of the Tax-Exempt Adjustable Rate Bonds shall not affect the validity of the notice of withdrawal given by the City.

Each Conversion is conditioned upon the Remarketing Agent's determination of the new rate or rates of interest and upon the City's receipt (not later than 10:00 a.m. on the Conversion Date) of (a) an opinion of Bond Counsel to the effect that such Conversion is authorized by law and will not have an adverse effect on the exclusion of interest on the Tax-Exempt Adjustable Rate Bonds from gross income for Federal income tax purposes and (b) in the case of Conversion to a Variable Rate or the Money Market Mode, evidence that the Credit Facility for the Bonds being converted provides for coverage of interest for a period at least 5 days longer than the period that will extend between Interest Payment Dates after such Conversion.

#### **Purchased Bonds**

Any Tax-Exempt Adjustable Rate Bond purchased by a Bank (a "Purchased Bond") shall bear interest at the rates, payable on the dates, described in the Tax-Exempt Adjustable Rate Bonds. Purchased Bonds may be sold when and as provided in the Credit Facility for such Tax-Exempt Adjustable Rate Bond, and if remarketed at a Variable Rate, a Money Market Municipal Rate or a Fixed Rate will no longer bear interest as Purchased Bonds. In no event shall the rate of interest on the Tax-Exempt Adjustable Rate Bonds exceed 25% per annum.

#### **Tender of Bonds**

Each Tax-Exempt Adjustable Rate Bond of a Subseries bearing interest at a Variable Rate or a Money Market Municipal Rate shall be subject to tender, including tender at the option of the Bondholder, for purchase by the Tender Agent or (if not defeased) by the Subseries Bank on or prior to the Fixed Rate Conversion Date. In each case, such purchases shall be made at a purchase price (the "Purchase Price") equal to 100% of the principal amount to be purchased, plus all accrued and unpaid interest thereon to the date of purchase thereof (the "Purchase Date").

Tenders for purchase at the option of the Bondholders shall be permitted (a) on any Business Day during a Daily or Weekly Rate Period and (b) on any Interest Payment Date following a Monthly, Quarterly, or Semiannual Rate Period. All Tax-Exempt Adjustable Rate Bonds or portions thereof tendered or retained shall be in Authorized Denominations.

Mandatory tender for purchase of a Tax-Exempt Adjustable Rate Bond bearing interest at a Variable Rate or a Money Market Municipal Rate shall occur (a) on the commencement date of an MMMR Period but only with respect to the Tax-Exempt Adjustable Rate Bond to which such Period relates, (b) on the commencement date of a Term Rate Period for such Tax-Exempt Adjustable Rate Bond, (c) on the effective date of any Conversion of such Tax-Exempt Adjustable Rate Bond, and (d) as described below under "Mandatory Tender to Banks" and "Credit Facilities".

The owners of the Tax-Exempt Adjustable Rate Bonds may not elect to retain their Tax-Exempt Adjustable Rate Bonds upon any mandatory tender for purchase.

In the case of any tender for purchase at the option of a Bondholder, irrevocable notice of the exercise of such option, specifying the Purchase Date and the principal amount to be purchased, shall be required to be given to the Tender Agent: (a) by telephone not later than 9:00 a.m. New York City time, on the Purchase Date, in the case of any Tax-Exempt Adjustable Rate Bond bearing interest at a Daily Rate; or (b) in writing delivered to the designated office of the Tender Agent not later than 5:00 p.m., New York City time, on a Business Day which is not less than (i) seven days prior to the Purchase Date, in the case of any Tax-Exempt Adjustable Rate Bond bearing interest at a Weekly or Monthly Rate or (ii) 15 days prior to the Purchase Date, in the case of any Tax-Exempt Adjustable Rate Bond bearing interest at a Quarterly or Semiannual Rate.

The Remarketing Agent will remarket tendered Tax-Exempt Adjustable Rate Bonds as described therein. The City may, but is not obligated to, purchase tendered Tax-Exempt Adjustable Rate Bonds. Each Bank agrees in the Credit Facility to which it is a party to purchase tendered Tax-Exempt Adjustable Rate Bonds of the stated Subseries (if not defeased) upon timely delivery by the Tender Agent of a Notice demanding such purchase. See below, "Credit Facilities".

The Purchase Price shall be payable, if a Tax-Exempt Adjustable Rate Bond is delivered to the Tender Agent not later than the specified time on the Purchase Date, by the Tender Agent by wire transfer or at its designated office in immediately available funds (or by check or draft drawn on or by a New York Clearing House bank and payable in next-day funds in the case of purchases following a Semiannual or Term Rate Period), on the Purchase Date.

By acceptance of a Tax-Exempt Adjustable Rate Bond, each Bondholder irrevocably agrees that, if a Tax-Exempt Adjustable Rate Bond is to be purchased on any date and sufficient funds are duly deposited for all purchases to be made on such date, then such Tax-Exempt Adjustable Rate Bond shall be deemed to have been purchased for all purposes thereunder and under the Certificate and, thereafter the Bondholder shall have no further rights thereunder or under the Certificate with respect to such Tax-Exempt Adjustable Rate Bond, except to receive the Purchase Price from the funds so deposited upon surrender thereof.

If the funds available for purchases of a Subseries of Tax-Exempt Adjustable Rate Bonds are inadequate for the purchase of all Tax-Exempt Adjustable Rate Bonds of a Subseries tendered on any Purchase Date, all undefeased Tax-Exempt Adjustable Rate Bonds of that Subseries theretofore bearing interest at a Variable Rate or a Money Market Municipal Rate shall bear interest from such date at the highest rate provided by law for interest on accrued claims against municipalities and shall no longer be subject to optional or mandatory tender for purchase; and the Fiscal Agent or Tender Agent shall immediately: (i) return all undefeased tendered Tax-Exempt Adjustable Rate Bonds of that Subseries to the owners thereof; (ii) return all money received for the purchase of such Tax-Exempt Adjustable Rate Bonds to the persons providing such money; and (iii) give Written Notice to all Bondholders of that Subseries.

#### **Mandatory Tender to Banks**

Each of the Tax-Exempt Adjustable Rate Bonds of a Subseries bearing interest at a Variable Rate or a Money Market Municipal Rate (and not defeased) is subject to mandatory tender for purchase by the Subseries Bank pursuant to its Credit Facility, on the Purchase Date following a Notice from the Fiscal Agent to such Subseries Bank, at the applicable Purchase Price. If (x) there is on a payment date for principal of or interest on such Tax-Exempt Adjustable Rate Bonds an insufficiency of funds for such payment, the Fiscal Agent shall give the Notice to such Subseries Bank by a specified time on that day, (y)(i) on the 20th day prior to the Credit Facility Scheduled Expiration Date, Tax-Exempt Adjustable Rate Bonds are bearing

interest at a Variable Rate or a Money Market Municipal Rate and the City has not given Written Notice to the Fiscal Agent of the extension or replacement of the Credit Facility or (ii) the Fiscal Agent receives a Termination Notice from a Subseries Bank, the Fiscal Agent shall give the Notice to such Bank on that day (or, at latest, by a specified time on the next Business Day); and the Fiscal Agent shall promptly notify the registered owners of such Tax-Exempt Adjustable Rate Bonds, by certified mail, postage prepaid, return receipt requested, of its Notice. Such notice to registered owners shall also state the Purchase Date; that such Tax-Exempt Adjustable Rate Bonds shall be required to be surrendered to the Fiscal Agent on the Purchase Date (which, for any purchase of Tax-Exempt Adjustable Rate Bonds pursuant to clause (x) above shall be the Business Day on which the Notice is received by the Subseries Bank, if received not later than the specified time, or if received thereafter, the next Business Day; provided that the Purchase Date is prior to the termination of the applicable Credit Facility for such Tax-Exempt Adjustable Rate Bond; and, for any purchase of Tax-Exempt Adjustable Rate Bonds pursuant to clause (y) above shall, unless the Purchase Date has theretofore occurred pursuant to clause (x), be a Business Day that is at least 5 days prior to the termination of the applicable Credit Facility; that if any such Tax-Exempt Adjustable Rate Bond is not so tendered, it shall be deemed to have been tendered on the Purchase Date; and that upon deposit by the Fiscal Agent of sufficient money in a special custody account for the payment of the Purchase Price of such Tax-Exempt Adjustable Rate Bond, interest on such Tax-Exempt Adjustable Rate Bond shall cease to accrue to the former owner and such Tax-Exempt Adjustable Rate Bond shall be deemed purchased by the Subseries Bank. All Tax-Exempt Adjustable Rate Bonds purchased pursuant to this paragraph shall be paid for from funds furnished under the applicable Credit Facility upon presentation and surrender thereof, together with an instrument of transfer thereof, in form satisfactory to the Fiscal Agent, executed in blank by the registered owner thereof, at the office of the Fiscal Agent. If Notice is not given as specified in clause (y) above, the termination of the Credit Facility shall nonetheless take effect and, beginning on the Termination Date, such Tax-Exempt Adjustable Rate Bonds bearing interest at a Variable Rate or a Money Market Municipal Rate shall bear interest at the highest rate provided by law for interest on accrued claims against municipalities and shall not be subject to optional or mandatory tender for purchase.

#### **Redemption**

Tax-Exempt Adjustable Rate Bonds are subject to redemption prior to maturity at the option of the City, in whole or in part, (a) if bearing interest at a Variable Rate or a Money Market Municipal Rate, on any potential Conversion Date after defeasance of such Tax-Exempt Adjustable Rate Bonds, or (b) if bearing interest as Purchased Bonds or at the highest rate provided by law for interest on accrued claims against municipalities on any date, in each case on 30 days' notice to Bondholders at the principal amount thereof plus any interest accrued and unpaid thereon. The City may select amounts, Subseries and maturities of Tax-Exempt Adjustable Rate Bonds to be redeemed in its sole discretion. In the event that less than all Tax-Exempt Adjustable Rate Bonds of a Subseries and maturity subject to redemption are to be redeemed, Tax-Exempt Adjustable Rate Bonds shall be selected for redemption in the following manner: (i) first, from Tax-Exempt Adjustable Rate Bonds, if any, of any Subseries and maturity subject to such redemption which are held by or for the Subseries Bank, (ii) second, from other Tax-Exempt Adjustable Rate Bonds bearing interest as Purchased Bonds or at the highest rate provided by law for interest on accrued claims against municipalities, and (iii) third, by lot.

Following a Fixed Rate Conversion, the Tax-Exempt Adjustable Rate Bonds of a Subseries and maturity will be subject to redemption at the option of the City, beginning on the tenth anniversary of the Fixed Rate Conversion Date, in whole or in part, by lot within each maturity, on any date at a redemption price of 101%, which price shall decline annually by  $\frac{1}{2}\%$  per annum, until reaching a price of 100% on the twelfth anniversary, to remain in effect thereafter; plus accrued interest to the date of redemption. The City may select amounts, Subseries and maturities of such Bonds for redemption in its sole discretion. Prior to Conversion to a Fixed Rate, such optional redemption provisions may be amended if the City receives an opinion of Bond Counsel to the effect that such amendment is authorized by law and will not adversely affect the exclusion of interest in the Tax-Exempt Adjustable Rate Bonds from gross income for Federal income tax purposes.

Thirty days' notice shall be given to the holders of Bonds to be redeemed prior to maturity. On and after any redemption date, interest will cease to accrue on the Bonds called for redemption.

As Term Bonds, the Subseries J-2 and J-3 Bonds are subject to mandatory redemption, at a redemption price equal to the principal amount thereof, plus accrued interest, without premium, in the amounts set forth below:

<u>February 15</u>	<u>Principal Amount to be Redeemed</u>	
	<u>Subseries J-2</u>	<u>Subseries J-3</u>
2008 .....	\$ 11,000,000	\$ 11,100,000
2009 .....	11,700,000	11,700,000
2010 .....	12,400,000	12,400,000
2011 .....	13,100,000	13,100,000
2012 .....	13,900,000	13,900,000
2013 .....	7,500,000	7,500,000
2014 .....	8,000,000	7,900,000
2015 .....	8,400,000	8,500,000
2016 .....	9,000,000*	8,900,000*

**\* Stated Maturity**

At the option of the City, there shall be applied to or credited against any of the required amounts the principal amount of any such Term Bonds that have been defeased, purchased or redeemed and not previously so applied or credited.

Defeased Term Bonds shall at the option of the City no longer be entitled, but may be subject, to the provisions thereof for mandatory redemption.

**Defeasance**

For the purpose of determining whether Bonds shall be deemed to have been defeased, the interest to come due on such Tax-Exempt Adjustable Rate Bonds shall be calculated at the maximum applicable rate; and if, as a result of such Tax-Exempt Adjustable Rate Bonds having borne interest at less than the maximum rate for any period, the total amount on deposit for the payment of interest on such Tax-Exempt Adjustable Rate Bonds exceeds the total amount required, the balance shall be paid to the City. In addition, Tax-Exempt Adjustable Rate bonds shall be deemed defeased only if there shall have been deposited money in an amount sufficient for the timely payment of the maximum amount of principal of and interest on such Tax-Exempt Adjustable Rate Bonds that could become payable to the Bondholders upon the exercise of any applicable optional or mandatory tender for purchase.

**Credit Facilities**

Prior to and including the Fixed Rate Conversion Date for each Subseries and maturity of Tax-Exempt Adjustable Rate Bonds that is not defeased and is subject to optional or mandatory tender for purchase, the City (a) shall, as required by law, keep in effect one or more letter of credit agreements or liquidity facility agreements for the benefit of the Bondholders of such Subseries and maturity, which shall require a financially responsible party or parties other than the City to purchase all or any portion of such Tax-Exempt Adjustable Rate Bonds duly tendered by the holders thereof for repurchase prior to the maturity of such Tax-Exempt Adjustable Rate Bonds, and (b) shall also provide for the purchase of such Tax-Exempt Adjustable Rate Bonds by a financially responsible party or parties upon any failure of the City to make timely payment of principal or interest thereon. A financial responsible party or parties, for the purposes of this paragraph, shall mean person or persons determined by the Mayor and the Comptroller of the City to have sufficient net worth and liquidity to purchase and pay for on a timely basis all of the Tax-Exempt Adjustable Rate Bonds which may be tendered for repurchase by the holders thereof.

Each owner of a Tax-Exempt Adjustable Rate Bond bearing interest at a Variable Rate or a Money Market Municipal Rate (and not defeased) will be entitled to the benefits and subject to the terms of the Credit Facility for such Bond. Under such Credit Facility, the Subseries Bank agrees to make available to the

Tender Agent or the Fiscal Agent, upon receipt of an appropriate demand for payment, the Purchase Price for Tax-Exempt Adjustable Rate Bonds of the stated Subseries. Each Bank's commitments under the Credit Facilities will be sufficient to pay the Purchase Price of the Tax-Exempt Adjustable Rate Bonds as follows:

<u>Bank</u>	<u>Subseries</u>	<u>Credit Facility Scheduled Expiration Date March 21,</u>
Commerzbank AG, New York Branch .....	J-2	1999
Morgan Guaranty Trust Company of New York .....	J-3	1999

No Bank is responsible for another Bank's performance of its obligations under a Credit Facility.

Mandatory purchase by a Subseries Bank of Tax-Exempt Adjustable Rate Bonds bearing interest at a Variable Rate or a Money Market Municipal Rate (and not defeased) shall occur under the circumstances described in the Tax-Exempt Adjustable Rate Bonds, including failure to extend or replace the Credit Facility relating to such Subseries of Tax-Exempt Adjustable Rate Bonds, a failure of the City to make timely provision for interest or principal due on any such Tax-Exempt Adjustable Rate Bond of the Subseries and (at the option of the Subseries Bank) other events, including without limitation breaches of covenants, defaults on other bonds of the City or other entities, and events of insolvency. Notwithstanding the other provisions of the Tax-Exempt Adjustable Rate Bonds and the Certificate, upon the purchase of a Tax-Exempt Adjustable Rate Bond by a Subseries Bank, all interest accruing thereon from the last date for which interest was paid shall accrue for the benefit of and be payable to such Subseries Bank.

If a Credit Facility is to be extended or replaced, the City shall, not later than 20 days before the effective date of such extension or replacement, deliver to the Fiscal Agent and the Tender Agent Written Notice of the extension or replacement, which shall include (i) copies of the related documentation and (ii) Rating Confirmation with respect thereto. The City shall give Written Notice to each affected Bondholder at least 15 days prior to any extension, replacement or substitution.

The obligation of each Subseries Bank to purchase Tax-Exempt Adjustable Rate Bonds subject to the terms and conditions of the Credit Facility for such Bonds is irrevocable and constitutes an extension of credit to the City for the benefit of the Bondholders of such Subseries at the time such Credit Facility becomes effective, and the obligation of the City to repay amounts advanced by the Bank in respect of such Bank's purchase of Tax-Exempt Adjustable Rate Bonds shall be evidenced by the Bonds so purchased by such Bank.

To the extent described in the Tax-Exempt Adjustable Rate Bonds and the Credit Facilities, if any decrease in the ratings applicable to debt of the Subseries Bank adversely affects the interest rate payable by the City on any Tax-Exempt Adjustable Rate Bonds, the City shall have the right to seek a substitute bank or banks to assume the rights and obligations of such Bank. The holders of the affected Tax-Exempt Adjustable Rate Bonds shall be notified of any assumption of a Bank's rights and obligations.

The preceding is a summary of certain provisions expected to be included in the Credit Facilities and the proceedings under which the 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 Fiscal Agent. Information regarding the Banks is included herein as "APPENDIX B—THE BANKS". Neither the City nor the Underwriters make any representation with respect to the information in "APPENDIX B—THE BANKS".

### **Bond Certificates**

#### *Book-Entry Only System*

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. Reference to the Bonds under the caption "Bond Certificates" shall mean all Bonds that are deposited with DTC from time to time. The Bonds will be issued as one fully-registered Bond certificate for each maturity and Subseries, each in the aggregate principal amount thereof, and will be registered in the name of Cede & Co. (DTC's partnership nominee) and deposited with DTC.

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 direct participants (“Direct 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 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. 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (under this caption, “*Book-Entry Only System*”, a “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 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit 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 the 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 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 Bonds. Under its usual procedures, DTC mails an omnibus proxy (the “Omnibus Proxy”) to the City 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, redemption premium, if any, and interest payments on the Bonds will be made to DTC. DTC’s practice is to credit Direct Participants’ accounts on the 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 the 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 Fiscal Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to DTC is the responsibility of

the City or the Fiscal Agent, 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.

A Beneficial Owner shall give notice to elect to have its Adjustable Rate Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Adjustable Rate Bonds by causing the Direct Participant to transfer the Participant's interest in the Adjustable Rate Bonds on DTC's records to the Tender Agent. The requirement for physical delivery of Adjustable Rate Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Adjustable Rate Bonds are transferred by Direct Participants on DTC's records.

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

The City 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.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

No assurance can be given by the City that DTC will make prompt transfer of payments to the Participants or that Participants will make prompt transfer of payments to Beneficial Owners. The City is not responsible or liable for payment by DTC or Participants or for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or Participants.

For every transfer and exchange of the Bonds, the Beneficial Owners may be charged a sum sufficient to cover any tax, fee or other charge that may be imposed in relation thereto.

#### *Discontinuance of the Book-Entry Only System*

In the event that the book-entry only system is discontinued, the City will authenticate and make available for delivery replacement Bonds in the form of registered certificates. In addition, the following provisions would apply: principal of the Bonds and redemption premium, if any, will be payable in lawful money of the United States of America at the office of the Fiscal Agent, The Chase Manhattan Bank, N.A., if by hand, One Chase Manhattan Plaza—Level 1B, New York, New York 10081, Attn: Municipal Bond Redemption Window; if by mail, 4 Chase Metrotech Center, Brooklyn, New York 11245, Attn: Box 2020, or any successor fiscal agent designated by the City, and interest on the Bonds will be payable by wire transfer or by check mailed to the respective addresses of the registered owners thereof as shown on the registration books of the City as of the close of business on the applicable Record Date.



### SECTION III: OTHER INFORMATION

#### **Tax Exemption**

In the opinion of Brown & Wood, New York, New York, as Bond Counsel, except as provided in the following sentence, interest on the Bonds will not be includable in the gross income of the owners of the Bonds for purposes of Federal income taxation under existing law. Interest on the Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the Bonds in the event of a failure by the City to comply with applicable requirements of the Code, and covenants regarding use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the United States Treasury; and no opinion is rendered by Brown & Wood as to the exclusion from gross income of the interest on the Bonds for Federal income tax purposes on or after the date on which any action is taken under the Bond proceedings upon the approval of counsel other than such firm.

Interest on the Bonds will be exempt from personal income taxes imposed by New York State or any political subdivision thereof, including the City.

Interest on the Bonds will not be a specific preference item for purposes of the Federal individual or corporate alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which Brown & Wood renders no opinion, as a result of ownership of such Bonds or the inclusion in certain computations (including without limitation those related to the corporate alternative minimum tax and environmental tax) of interest that is excluded from gross income. Interest on the Bonds owned by a corporation will be included in the calculation of the corporation's Federal alternative minimum tax liability and Federal environmental tax liability.

Ownership of tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S Corporations with excess passive income, individual recipients of Social Security or railroad retirement benefits, taxpayers eligible for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of such collateral consequences.

Legislation affecting municipal securities is constantly being considered by the United States Congress. There can be no assurance that legislation enacted after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status of the Bonds. Legislative or regulatory actions and proposals may also affect the economic value of tax exemption or the market price of the Bonds.

#### **Ratings**

The City expects that ratings on the Bonds will be received prior to March 21, 1996. The Subseries J-2 Bonds are expected to be rated Aa2/P1 by Moody's Investors Service ("Moody's"), AA-/A-1+ by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's") and AA-/F-1+ by Fitch Investors Service ("Fitch"), and the Subseries J-3 Bonds are expected to be rated Aa1/P1 by Moody's, AAA/A-1+ by Standard & Poor's and AAA/F-1+ by Fitch, in each case based upon the understanding that, upon delivery, the Bonds will be entitled to the benefits of the respective Credit Facilities.

Such ratings reflect only the views of Moody's, Standard & Poor's and Fitch, from which an explanation of the significance of such ratings may be obtained. There is no assurance that such ratings will continue for any given period of time or that they will be revised downward or withdrawn entirely. Any such downward revision or withdrawal could have an adverse effect on the market prices of the Bonds.

In 1975, Standard & Poor's suspended its A rating of unenhanced City bonds. This suspension remained in effect until March 1981, at which time the City received an investment grade rating of BBB from Standard & Poor's. On July 2, 1985, Standard & Poor's revised its rating of City bonds upward to BBB+ and on November 19, 1987, to A-. On July 10, 1995, Standard & Poor's revised its rating of the City's General Obligation Bonds downward to BBB+. Standard & Poor's stated that "structural budgetary balance remains elusive because of persistent softness in the City's economy, highlighted by weak job growth and a growing dependence on the historically volatile financial services sector". Other factors identified by Standard & Poor's in lowering its rating on City bonds included a trend of using one-time measures, including debt

refinancing, to close projected budget gaps, dependence on unratified labor savings to help balance the Financial Plan, optimistic projections on additional Federal and State aid or mandate relief, a history of cash flow difficulties caused by State budget delays and continued high debt levels.

Moody's ratings of unenhanced City bonds were revised in November 1981 from B (in effect since 1977) to Ba1, in November 1983 to Baa, in December 1985 to Baa1, in May 1988 to A and again in February 1991 to Baa1. On March 1, 1996, Moody's stated that the rating for City general obligation bonds remains under review pending the outcome of the adoption of the City's budget for the 1997 fiscal year and in light of the status of the debate on public assistance and Medicaid reform; the enactment of a State budget, upon which major assumptions regarding State aid are dependent, which may be extensively delayed; and the strength and direction of the City's economy in the face of a potential national economic slowdown. Since July 15, 1993, Fitch has rated unenhanced City bonds A-. On February 28, 1996, Fitch placed the City's general obligation bonds on FitchAlert with negative implications.

#### **Underwriting**

The Bonds are being purchased for reoffering by J.P. Morgan Securities Inc. as Underwriter.

The compensation for services rendered in connection with the underwriting of the Bonds shall be \$110,573.55. The Contract of Purchase provides that the Underwriters named therein will purchase all of the Series J Bonds if any are purchased.

Certain of such Underwriters hold substantial amounts of City bonds and notes and MAC bonds and may, from time to time during and after the offering of the Bonds to the public, purchase and sell City bonds and notes (including the Bonds) and MAC bonds for their own accounts or for the accounts of others, or receive payment or prepayments thereon.

#### **Legal Opinions**

The legality of the authorization and issuance of the Bonds will be covered by the approving legal opinion of Brown & Wood, New York, New York, Bond Counsel to the City. Reference should be made to the form of such opinion set forth in Appendix C hereto for the matters covered by such opinion and the scope of Bond Counsel's engagement in relation to the issuance of the Bonds. Such firm is also acting as counsel for and against the City in certain other unrelated matters.

Certain legal matters will be passed upon for the City by its Corporation Counsel.

Morgan, Lewis & Bockius LLP, New York, New York, Special Counsel to the City, will pass upon certain legal matters in connection with the preparation of this Official Statement. A description of those matters and the nature of the review conducted by that firm is set forth in its opinion and accompanying memorandum which are on file at the office of the Corporation Counsel. Such firm is also acting as counsel against the City in certain unrelated matters.

Certain legal matters will be passed upon by Rogers & Wells, New York, New York, counsel for the Underwriter. Such firm is also acting as counsel for and against the City in certain other unrelated matters.

#### **Further Information**

The references herein to, and summaries of, Federal, State and local laws, including but not limited to the State Constitution, the Financial Emergency Act, the Moratorium Act, the MAC Act and the City Charter, and documents, agreements and court decisions, including but not limited to the Financial Plan, 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 which are available for inspection during business hours at the office of the Corporation Counsel.

Copies of the most recent financial plan submitted to the Control Board are available upon written request to the Office of Management and Budget, General Counsel, 6th Floor, 75 Park Place, New York, NY 10007, and copies of the most recent published Comprehensive Annual Report of the Comptroller are available upon written request to the Office of the Comptroller, Deputy Comptroller for finance, 5th Floor, Room 517, Municipal Building, One Centre Street, New York, NY 10007. Financial plans are prepared quarterly, and the Comprehensive Annual Report of the Comptroller is typically prepared at the end of October of each year.

Neither this 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 Bonds.

THE CITY OF NEW YORK

## DEFINITIONS

As used in this Official Statement, the following terms have the meanings set forth below:

*Authorized Denominations:* With respect to Bonds (i) bearing a Money Market Municipal Rate, a Daily Rate, a Weekly Rate, a Monthly Rate or a Quarterly Rate, the denomination of \$100,000 or any integral multiple thereof, and (ii) bearing a Semiannual Rate, a Term Rate or a Fixed Rate, the denomination of \$5,000 or any integral multiple thereof.

*Bond Counsel:* Any nationally recognized bond counsel retained by the City.

*Bondholder or Owner:* The person in whose name any Bond is registered on the books of the City.

*Business Day:* A day (i) other than a day on which banks located in the City are required or authorized by law or executive order to close and (ii) on which the New York Stock Exchange is not closed.

*Certificate:* The certificate of the Deputy Comptroller for Finance under which the Bonds are being issued.

*Conversion:* A change in the type of Rate Period applicable to Tax-Exempt Adjustable Rate Bonds of any Subseries and maturity to a Fixed Rate Period, the Money Market Mode or a Variable Rate, including a change to a different type of Variable Rate Period and including a change from a Term Rate Period to a Term Rate Period equal (or approximately equal) in length to a different number of years from the preceding Term Rate Period.

*Conversion Date:* The effective date of a Conversion.

*Credit Facilities:* The several Letters of Credit and Reimbursement Agreements, between the City and each of the Banks.

*Credit Facility Scheduled Expiration Date:* The Letter of Credit Scheduled Expiration Date, as such term is defined in each Credit Facility.

*Daily Rate:* The interest rate that may be determined for Tax-Exempt Adjustable Rate Bonds of a Subseries and maturity on each Business Day pursuant to the applicable provisions of the Certificate.

*Fixed Rate:* The rate at which Tax-Exempt Adjustable Rate Bonds of any Subseries and maturity shall bear interest from and including the Fixed Rate Conversion Date therefor to the maturity or earlier redemption thereof.

*Interest Payment Date:* (a) the first day of each calendar month, in the case of interest payable at Daily, Weekly or Monthly Rates; (b) the first day of the third calendar month following a Conversion to a Quarterly Rate Period and the first day of each third calendar month thereafter, in the case of interest payable at Quarterly Rates; (c) the first day of the sixth calendar month following a Conversion to a Semiannual Rate Period or Term Rate Period and the first day of each sixth calendar month thereafter, in the case of interest payable at Semiannual or Term Rates; (d) the fifteenth day of each February and August, in the case of interest payable at a Fixed Rate, or in any case not otherwise specified; (e) the first Business Day following an MMMR Period, and the first day of the sixth calendar month in an MMMR Period exceeding 180 days, in the case of interest payable at Money Market Municipal Rates; (f) the date of any redemption or mandatory tender of Tax-Exempt Adjustable Rate Bonds for purchase and (g) the date of maturity.

*MMMR Period:* The period during which a specific Money Market Municipal Rate applies.

*Money Market Mode:* The Period or sequence of Periods during which a maturity of a Subseries of Tax-Exempt Adjustable Rate Bonds bears interest at Money Market Municipal Rates.

*Money Market Municipal Rate:* The interest rate that may be separately determined for each Tax Exempt Adjustable Rate Bond of a Subseries pursuant to the applicable provisions of the Certificate. The Money Market Municipal Rate shall not exceed 9% per annum.

*Monthly Rate:* The interest rate that may be determined for Tax-Exempt Adjustable Rate Bonds of a Subseries and maturity on a monthly basis pursuant to the applicable provisions of the Certificate.

*Notice:* A notice of purchase, pursuant to each Credit Facility.

*Quarterly Rate:* The interest rate that may be determined for Tax-Exempt Adjustable Rate Bonds of a Subseries and maturity on a quarterly basis pursuant to the applicable provisions of the Certificate.

*Rate Period or Period:* With respect to a Money Market Municipal Rate, a Daily Rate, a Weekly Rate, a Monthly Rate, a Quarterly Rate, a Semiannual Rate, a Term Rate or a Fixed Rate, the period during which a specific rate of interest determined for any Tax-Exempt Adjustable Rate Bonds of any Subseries and maturity will remain in effect.

*Rating Agency:* Each of Fitch Investors Service, Moody's Investors Service and Standard & Poor's Ratings Group that has, at the request of the City, a rating in effect for a Subseries of Bonds.

*Rating Confirmation:* Evidence from each Rating Agency that its applicable rating will not be reduced or withdrawn solely as a result of an action to be taken by the City.

*Record Date:* With respect to each Interest Payment Date, (i) during a Daily, Weekly or Monthly Rate Period, the last day of the calendar month next preceding such Interest Payment Date; (ii) during a Quarterly, Semiannual or Term Rate Period, and for the Interest Payment Date in an MMR Period exceeding 180 days, the fifteenth day of the calendar month next preceding such Interest Payment Date; and (iii) during a Fixed Rate Period, the last business day of the calendar month next preceding such Interest Payment Date.

*Remarketing Agent:* J.P. Morgan Securities Inc.

*Semiannual Rate:* The interest rate that may be determined for Tax-Exempt Adjustable Rate Bonds of a Subseries and maturity on a semiannual basis pursuant to the applicable provisions of the Certificate.

*Subseries Bank:* The Bank providing a Credit Facility for a Subseries of Bonds.

*Tender Agent:* The Chase Manhattan Bank, N.A., New York, New York, or any successor appointed pursuant to the Certificate. The Tender Agent's designated office is, if by hand, One Chase Manhattan Plaza—Level 1B, New York, New York 10081, Attn: Municipal Bond Redemption Window; if by mail, 4 Chase Metrotech Center, Brooklyn, New York 11245, Attn: Box 2020.

*Term Rate:* The interest rate that may be determined for Tax-Exempt Adjustable Rate Bonds of any Subseries and maturity for a Period that is equal or approximately equal to (but not more than) one year or any whole multiple thereof.

*Termination Notice:* A Termination Notice, as defined in each Credit Facility.

*Variable Rate:* As the context requires, the Daily Rate, Weekly Rate, Monthly Rate, Quarterly Rate, Semiannual Rate or Term Rate applicable to Tax-Exempt Adjustable Rate Bonds of any Subseries and maturity. No Variable Rate shall exceed 9% per annum.

*Weekly Rate:* The interest rate that may be determined for Tax-Exempt Adjustable Rate Bonds of a Subseries and maturity on a weekly basis pursuant to the applicable provisions of the Certificate.

*Written Notice:* Notice in writing which may be delivered by hand, first class mail, facsimile transmission (such as telecopy), telegram or telex.

## THE BANKS

The information with respect to each Bank contained in this Appendix relates to and has been obtained from such Bank. The City makes no representation as to the accuracy or adequacy of such information. The delivery of this Official Statement shall not create any implication that there has been no change in the affairs of either of the Banks since the date hereof, or that the information contained or referred to in this Appendix is correct as of any time subsequent to the date of such information. For information concerning the Credit Facilities applicable to the Bonds, each between the City and the Subseries Bank, see SECTION II—THE BONDS—CREDIT FACILITIES”.

### **Morgan Guaranty Trust Company of New York**

Morgan Guaranty Trust Company of New York (“Morgan Guaranty”) is a wholly owned subsidiary and the principal asset of J.P. Morgan & Co. Incorporated (“Morgan”), a Delaware corporation whose principal office is located in New York, New York. 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 December 31, 1995, Morgan Guaranty and its subsidiaries had total assets of \$133.0 billion, total net loans of \$19.6 billion, total deposits of \$46.4 billion, and stockholder’s equity of \$8.5 billion. As of December 31, 1994, Morgan Guaranty and its subsidiaries had total assets of \$118.7 billion, total net loans of \$18.4 billion, total deposits of \$44.5 billion, and stockholder’s equity of \$7.3 billion.

The Consolidated statement of condition of Morgan Guaranty as of December 31, 1995, is set forth on page 9 of Exhibit 99 to Form 8-K dated January 11, 1996, as filed by Morgan with the Securities and Exchange Commission. Morgan Guaranty will provide without charge to each person to whom this Official Statement is delivered, on the request of any such person, a copy of the Form 8-K referred to above. Written requests should be directed to Morgan Guaranty Trust Company of New York, 60 Wall Street, New York, New York 10260-0060, Attention: Office of the Secretary.

The information contained in this Appendix under this caption 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.

### **Commerzbank AG, New York Branch**

Commerzbank Aktiengesellschaft (“Commerzbank”) was founded in 1870 in Hamburg, Germany, and currently employs 28,700 people in 1,027 branches and offices throughout the world. Commerzbank is a German chartered bank with its principal office located in Frankfurt am Main, Germany.

Commerzbank and its consolidated subsidiaries (collectively, the “Group”) are engaged in a full range of retail, commercial and corporate banking services including investment banking and asset management services through its extensive network of branches located in all German states. Outside Germany, Commerzbank has branches and offices in over 38 countries, which provide a wide range of banking and subsidiary related financial services.

The capital stock of Commerzbank is publicly held and is quoted on all eight German stock exchanges as well as on the stock exchanges of Amsterdam, Antwerp, Barcelona, Basel, Berne, Brussels, Geneva, Lausanne, London, Luxembourg, Madrid, Milan, Paris, Tokyo, Vienna and Zurich. There is also a sponsored-ADR program in the United States.

Commerzbank's annual accounts, financial statement and the report on both the parent bank and the Group's performance have been examined by the auditors, C&L Treuarbeit Deutsche Revision Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and carry their unqualified legally prescribed certification. The audited consolidated annual accounts are prepared in accordance with the generally accepted accounting principles, practices, laws and regulations of Germany, which differ in certain respects from the generally accepted accounting principles in the United States.

As of December 31, 1994, Commerzbank recorded total assets of DM 342.1 billion and total deposits from customers and banks of DM 219.2 billion. On December 30, 1994, the New York closing exchange rate, according to Bloomberg, was DM 1.5495 to one U.S. dollar. September 30, 1995, unaudited total assets were DM 370.8 billion and total deposits from customers and banks of DM 226.7 billion. On September 30, 1995, the New York closing exchange rate, according to Bloomberg, was DM 1.4275 to one U.S. dollar.

Commerzbank will provide to anyone, upon written request, a copy of its most recent annual report, as well as, a copy of its most recent interim financial report. Requests should be directed to: Commerzbank, 2 World Financial Center, New York, New York 10281-1050, Attention: Public Finance Department.

**B R O W N & W O O D**

**ONE WORLD TRADE CENTER  
NEW YORK, N. Y. 10048-0557**

TELEPHONE: 212-639-5300  
FACSIMILE: 212-639-5599

March 21, 1996

HONORABLE ALAN G. HEVESI  
Comptroller  
The City of New York  
Municipal Building  
New York, New York 10007

Dear Comptroller Hevesi:

We have acted as bond counsel in connection with the issuance on this date by The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), of \$190,000,000 General Obligation Bonds, Fiscal 1996 Series J, Subseries J-2 and J-3 (the "Bonds").

The Bonds are issued pursuant to the provisions of the Constitution of the State, the Local Finance Law of the State, and the Charter of the City, and in accordance with a certificate of the Deputy Comptroller for Finance and related proceedings (the "Certificate").

Based on our examination of existing law, such legal proceedings and such other documents as we deem necessary to render this opinion, we are of the opinion that:

1. The Bonds have been duly authorized, executed and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding obligations of the City for the payment of which the City has validly pledged its faith and credit, and all real property within the City subject to taxation by the City is subject to the levy by the City of ad valorem taxes, without limit as to rate or amount, for payment of the principal of and interest on the Bonds.
2. Interest on the Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.
3. Except as provided in the following sentence, interest on the Bonds is not includable in the gross income of the owners of the Bonds for purposes of Federal income taxation under existing law. Interest on the Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the Bonds in the event of a failure by the City to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and the covenants regarding use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the United States Treasury; and we render no opinion as to the exclusion from gross income of interest on the Bonds for Federal income tax purposes on or after the date on which any action is taken under the Certificate upon the approval of counsel other than ourselves.
4. Interest on the Bonds is not a specific preference item for purposes of the Federal individual or corporate alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which we render no opinion, as a result of ownership of such Bonds or the inclusion in certain computations (including without limitation those related to the corporate alternative minimum tax and environmental tax) of interest that is excluded from gross income.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the extent constitutionally applicable, and the enforcement of related contractual and statutory covenants of the City and the State may also be subject to the exercise of the State's police powers and of judicial discretion in appropriate cases.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur and we have no obligation to update this opinion in light of such actions or events.

Very truly yours,



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# MSRB

63786

DO NOT STAPLE THIS FORM

## FORM G-36(OS) — FOR OFFICIAL STATEMENTS

1. NAME OF ISSUER(S): (1) The City of New York  
(2) \_\_\_\_\_
2. DESCRIPTION OF ISSUE(S): (1) General Obligation Bonds, Fiscal 1996 Series I, Subseries J-2 and J-3 \$190,000,000 Tax Exempt
3. STATE(S) New York
4. DATED DATE(S): (1) 3/21/96 (2) \_\_\_\_\_
5. DATE OF FINAL MATURITY OF OFFERING 2/15/26 6. DATE OF SALE 3/7/96
7. PAR VALUE OF OFFERING \$ 190,000,000
8. PAR AMOUNT UNDERWRITTEN (if there is no underwriting syndicate) \$ 190,000,000
9. IS THIS AN AMENDED OR STICKERED OFFICIAL STATEMENT? Yes  No
10. CHECK ALL THAT APPLY:
- a.  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 nine months until maturity, earlier redemption, or purchase by the issuer or its designated agent.
  - b.  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.
  - c.  This offering is exempt from SEC rule 15c2-12 under section (c)(1) of that rule. Section (c)(1) 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, with a view toward distributing the securities
11. MANAGING UNDERWRITER J.P. Morgan Securities Inc

16. MATURITY DATE

CUSIP NUMBER

MATURITY DATE

CUSIP NUMBER

2/15/2016

649664ZW2

2/15/2016

649664ZX0

17. 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.

Check here if the issue is ineligible for CUSIP number assignment.

State the reason why the issue is ineligible for CUSIP number assignment: \_\_\_\_\_

18. Submit two copies of the completed form along with two copies of the official statement to MSRB, MSIL System, 1640 King Street, Suite 300, Alexandria, VA 22314. Incomplete submissions will be returned for correction.