

The City of New York

Supplement dated March 10, 2021

to the Official Statement, dated March 4, 2021
Relating to

\$1,100,000,000

General Obligation Bonds, Fiscal 2021 Series F
\$900,000,000 Tax-Exempt Bonds, Subseries F-1
\$107,655,000 Taxable Bonds, Subseries F-2
\$92,345,000 Taxable Bonds, Subseries F-3

to the Reoffering Circular, dated March 4, 2021
Relating to

\$361,385,000

General Obligation Bonds
\$113,190,000 Fiscal 2008 Series L,
Subseries L-5
\$248,195,000 Fiscal 2021 Series 1

to the Reoffering Circular, dated March 5, 2021
Relating to

\$85,730,000

General Obligation Bonds
Fiscal 2015 Series F, Subseries F-4

to the Reoffering Circular, dated March 8, 2021
Relating to

\$259,350,000

General Obligation Bonds, Fiscal 2021
Series 2 and 3
\$129,675,000 Tax-Exempt Bonds, Series 2
\$129,675,000 Tax-Exempt Bonds, Series 3
ADJUSTABLE RATE REMARKETED SECURITIESSM
(ARRSSM)

The information under “SECTION I - RECENT DEVELOPMENTS” in the above-referenced Official Statement, which is incorporated by specific reference in each of the above-referenced Reoffering Circulars, is hereby supplemented as follows:

If the American Rescue Plan Act of 2021 is signed by President Biden as expected, the City expects to receive additional federal stimulus aid of approximately \$2.9 billion in each of fiscal years 2021 and 2022. Such federal aid is expected to be available for purposes related to the COVID-19 pandemic including replacing reduced tax revenues, and is not currently assumed in the Financial Plan.

Section 1518 of the City Charter provides that tax warrants authorizing the imposition of property taxes by the City are to be signed by the Public Advocate and counter-signed by the City Clerk. On July 1, 2020, Public Advocate Jumaane Williams announced he would not sign tax warrants for City property taxes due on January 1, 2021 and April 1, 2021 for policy reasons related to the City budget but unrelated to the imposition of property taxes and, to date, has not signed the tax warrants. The City issued bills for property taxes due on January 1, 2021 and April 1, 2021 and intends to collect payments on all such bills. On March 8, 2021, the Public Advocate filed an Article 78 petition in New York State Supreme Court in New York County asking the Court to issue an order prohibiting the City from filing borough property tax assessment rolls and warrants or issuing adjusted property tax bills and quarterly statements unless the related tax warrants have been signed by the Public Advocate and countersigned by the City Clerk. The City maintains that the City Charter requirement that the Public Advocate sign the tax warrants is ministerial in nature and that the property taxes were properly imposed. The City intends to vigorously challenge the Public Advocate’s petition.

EXISTING ISSUES REOFFERED

In the opinion of Norton Rose Fulbright US LLP and Bryant Rabbino LLP, Co-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, and assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Bonds will be excludable from the gross income of the owners thereof for federal income tax purposes. See “SECTION III: MISCELLANEOUS—Tax Matters” herein for further information.

\$361,385,000
THE CITY OF NEW YORK
General Obligation Bonds
\$113,190,000 Fiscal 2008 Series L, Subseries L-5
\$248,195,000 Fiscal 2021 Series 1

Conversion Date: March 24, 2021

Due: As shown on the inside cover page

On the Conversion Date, the above-referenced outstanding Fiscal 2008 Series L, Subseries L-5 adjustable rate bonds (the “Subseries L-5 Bonds”) are expected to be converted to the Fixed Rate Mode and portions of the outstanding Fiscal 2012 Series G, Subseries G-3 adjustable rate bonds, Fiscal 2012 Series G, Subseries G-4 adjustable rate bonds, Fiscal 2012 Series G, Subseries G-6 adjustable rate bonds and Fiscal 2012 Series G, Subseries G-7 adjustable rate bonds are expected to be converted to the Fixed Rate Mode and redesignated as the Fiscal 2021 Series 1 Bonds (the “Series 1 Bonds” and with the Subseries L-5 Bonds, the “Bonds”).

The Bonds are registered in the nominee name of The Depository Trust Company, New York, New York, which acts as securities depository for the Bonds.

Interest on the Bonds will be payable on each April 1 and October 1, commencing October 1, 2021. The Bonds can be purchased in principal amounts of \$5,000 or any integral multiple thereof. Other terms of the Bonds including redemption provisions are described herein. *A detailed schedule of the Bonds is set forth on the inside cover page.*

Effective upon the conversion of the Bonds to the Fixed Rate Mode, the former credit and liquidity providers for the Bonds will have no liability with respect to the Bonds.

In connection with the conversion to fixed interest rates and other modifications of the Bonds, certain legal matters will be passed upon by Norton Rose Fulbright US LLP, New York, New York, and Bryant Rabbino LLP, New York, New York, Co-Bond Counsel. Certain legal matters will be passed upon for the City by its Corporation Counsel. Certain legal matters in connection with the preparation of this Reoffering Circular will be passed upon for the City by Orrick, Herrington & Sutcliffe LLP, New York, New York, and Law Offices of Joseph C. Reid, P.A., New York, New York, Co-Special Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by Nixon Peabody LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., New York, New York, Co-Counsel to the Underwriters. It is expected that the Bonds will be available for delivery in New York, New York, on their date of conversion which is expected to be on March 24, 2021.

Citigroup	BofA Securities	Jefferies
Loop Capital Markets	J.P. Morgan	RBC Capital Markets
Siebert Williams Shank & Co., LLC	Ramirez & Co., Inc.	Wells Fargo Securities
Academy Securities Inc.	Barclays	Blaylock Van, LLC
BNY Mellon Capital Markets, LLC	Cabrera Capital Markets LLC	Drexel Hamilton, LLC
Fidelity Capital Markets	Goldman Sachs & Co. LLC	Great Pacific Securities
Janney Montgomery Scott	Morgan Stanley	Oppenheimer & Co.
Raymond James	Rice Financial Products Company	Roosevelt & Cross Incorporated
Stern Brothers & Co.	Stifel, Nicolaus & Company, Incorporated	TD Securities
	UBS	

March 4, 2021

\$361,385,000 General Obligation Bonds, Fiscal 2008 Series L and Fiscal 2021 Series 1

**Fiscal 2008 Series L, Subseries L-5
\$113,190,000 Tax-Exempt Bonds**

April 1,	Principal Amount	Interest Rate	Yield	CUSIP⁽¹⁾ (Base CUSIP 64966Q)
2032	\$22,170,000	5%	1.72% ⁽²⁾	WG1
2033	37,590,000	5	1.79 ⁽²⁾	WH9
2034	41,780,000	5	1.87 ⁽²⁾	WJ5
2035	11,650,000	5	1.96 ⁽²⁾	WK2

**Fiscal 2021 Series 1
\$248,195,000 Tax-Exempt Bonds**

April 1,	Principal Amount	Interest Rate	Yield	CUSIP⁽¹⁾ (Base CUSIP 64966Q)
2028	\$15,040,000	5%	1.20%	VY3
2029	14,715,000	5	1.38	VZ0
2030	33,320,000	5	1.51	WA4
2031	34,470,000	5	1.63	WB2
2032	35,685,000	5	1.72 ⁽²⁾	WC0
2033	36,955,000	5	1.79 ⁽²⁾	WD8
2034	38,295,000	5	1.87 ⁽²⁾	WE6
2035	39,715,000	5	1.96 ⁽²⁾	WF3

⁽¹⁾ Copyright, American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services ("CGS"), operated on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. These data are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP numbers listed above have been assigned by an independent company not affiliated with the City and are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds, and neither City nor the Underwriters makes any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

⁽²⁾ Priced to the first optional call date on April 1, 2031.

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriters 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 Reoffering Circular, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriters. This Reoffering Circular 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 Reoffering Circular, 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 Reoffering Circular 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. The Underwriters may offer and sell Bonds to certain dealers and others at prices lower than the reoffering prices stated on the inside cover page hereof. The reoffering prices may be changed from time to time by the Underwriters. No representations are made or implied by the City or the Underwriters as to any offering of any derivative instruments.

The factors affecting the City's financial condition are complex. This Reoffering Circular should be considered in its entirety (including the information referred to in "SECTION I: INCLUSION BY SPECIFIC REFERENCE") 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. Any electronic reproduction of this Reoffering Circular may contain computer-generated errors or other deviations from the printed Reoffering Circular. In any such case, the printed version controls.

This Reoffering Circular includes by specific reference forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts, projections and estimates were prepared. In light of the important factors that may materially affect economic conditions in the City, the inclusion in this Reoffering Circular of such forecasts, projections and estimates should not be regarded as a representation by the City, its independent auditors or the Underwriters that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. If and when included in this Reoffering Circular, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the City. These forward-looking statements speak only as of the date they were prepared. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the City's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based between modifications to the City's financial plan required by law.

Grant Thornton LLP, the City's independent auditor, has not reviewed, commented on or approved, and is not associated with, this Reoffering Circular. The report of Grant Thornton LLP relating to the City's financial statements for the fiscal years ended June 30, 2020 and 2019, which is a matter of public record, is included in the CAFR for the fiscal year ended June 30, 2020, which is included by specific reference in this Reoffering Circular. However, Grant Thornton LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained, or included by specific reference, in this Reoffering Circular, since the date of such report and has not been asked to consent to the inclusion of its report by specific reference in this Reoffering Circular.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Reoffering Circular

for purposes of Rule 15c2-12 adopted by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934.

IN CONNECTION WITH THIS REOFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THIS REOFFERING CIRCULAR AND THE TERMS OF THE REOFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

**REOFFERING CIRCULAR OF THE CITY OF NEW YORK
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**REOFFERING CIRCULAR
OF
THE CITY OF NEW YORK**

The purpose of this Reoffering Circular, including the cover page, inside cover pages and appendices, is to provide information concerning The City of New York (the “City”) in connection with the conversion to the Fixed Rate Mode and reoffering by the City of certain of its tax-exempt General Obligation Bonds. On the Conversion Date, \$113,190,000 aggregate principal amount of the outstanding Fiscal 2008 Series L, Subseries L-5 adjustable rate bonds (the “Subseries L-5 Bonds”) are expected to be converted to the Fixed Rate Mode and \$248,195,000 aggregate principal amount of the outstanding Fiscal 2012 Series G, Subseries G-3 adjustable rate bonds, Fiscal 2012 Series G, Subseries G-4 adjustable rate bonds, Fiscal 2012 Series G, Subseries G-6 adjustable rate bonds and Fiscal 2012 Series G, Subseries G-7 adjustable rate bonds are expected to be converted to the Fixed Rate Mode and redesignated as the Fiscal 2021 Series 1 Bonds (the “Series 1 Bonds” and with the Subseries L-5 Bonds, the “Bonds”).

If certain conditions are met on the conversion date set forth on the cover page of this Reoffering Circular (the “Conversion Date”), from and after the Conversion Date, the Bonds will bear interest in the Fixed Rate Mode. On the Conversion Date, the Bonds will be mandatorily tendered by the Holders thereof for purchase at a price of par, plus accrued interest to the Conversion Date. The Bonds are being reoffered by this Reoffering Circular.

The Bonds are general obligations of the City for the payment of which the City has pledged its faith and credit. All real property subject to taxation by the City is 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 described throughout this Reoffering Circular are complex and are not intended to be summarized in the Introductory Statement below. The economic and financial condition of the City may be affected by various changes in laws, including tax law, financial, social, economic, political, geopolitical and environmental factors, cybersecurity threats, terrorist events, hostilities or war, outbreak of infectious diseases, and other factors which could have a material effect on the City’s economic and financial condition. This Reoffering Circular (including the information referred to in “SECTION I: INCLUSION BY SPECIFIC REFERENCE”) should be read in its entirety. For a discussion of additional factors affecting the City’s financial condition, see “INTRODUCTORY STATEMENT” and “SECTION VII: FINANCIAL PLAN—Assumptions” in the City’s Official Statement referred to in “SECTION I: INCLUSION BY SPECIFIC REFERENCE” below.

Neither this Reoffering Circular 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. Any terms used in this Reoffering Circular and not defined herein shall have the meanings ascribed to them in the City’s Official Statement referred to in the first paragraph under “SECTION I: INCLUSION BY SPECIFIC REFERENCE” below.

SECTION I: INCLUSION BY SPECIFIC REFERENCE

On or about March 24, 2021, the City expects to deliver \$1,100,000,000 aggregate principal amount of its General Obligation Bonds, Fiscal 2021 Series F (the “Fiscal 2021 Series F Bonds”). Such bonds will be offered by a separate Official Statement. Portions of the City’s Official Statement, dated March 4, 2021, delivered herewith and relating to the Fiscal 2021 Series F Bonds (the “2021 Series F Official Statement”), subject to the information contained elsewhere herein, are included herein by specific reference, namely the information in the paragraph immediately preceding the caption “INTRODUCTORY STATEMENT” and under the captions:

INTRODUCTORY STATEMENT (excluding the first paragraph 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: FINANCIAL PLAN
SECTION VIII: INDEBTEDNESS
SECTION IX: PENSION SYSTEMS AND OPEB

SECTION X: OTHER INFORMATION

Litigation

Environmental Matters

Cybersecurity

Continuing Disclosure Undertaking (except that any reference therein to “Bonds” or “Bondholders” will be deemed to be a reference to Bonds and Bondholders as used in this Reoffering Circular)

Financial Advisors

Financial Statements

Further Information (excluding the last paragraph thereof)

APPENDIX A—ECONOMIC AND DEMOGRAPHIC INFORMATION

APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT

APPENDIX D—VARIABLE RATE BONDS

The Fiscal 2021 Series F Bonds described in the 2021 Series F Official Statement are not offered by this Reoffering Circular.

SECTION II: THE BONDS

General

The Bonds are general obligations of the City issued pursuant to the Constitution and laws of the State, including the Local Finance Law (the “LFL”), and the New York City Charter (the “City Charter”) and in accordance with bond resolutions of the Mayor and a certificate of the Deputy Comptroller for Public Finance (the “Certificate”). The Bonds mature and bear interest as described on the inside cover page of this Reoffering Circular and contain a pledge of the City’s faith and credit for the payment of the principal of and interest on the Bonds. All real property subject to taxation by the City is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, to pay the principal of and interest on the Bonds. Interest on the Bonds, calculated on a 30/360 day basis, will be payable to the registered owners thereof as shown on the registration books of the City on the Record Date (the fifteenth day of the calendar month immediately preceding the applicable interest payment date).

Effective upon the conversion of the Bonds to the Fixed Rate Mode, the Bonds will not be subject to optional tender for purchase and the former liquidity and credit providers for the Bonds will have no liability with respect to the Bonds.

Payment Mechanism

Pursuant to the Financial Emergency 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 in recent years resulted in retention of sufficient real estate taxes to comply with the City Covenants (as defined in “—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 terminates, 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. For information regarding the termination date of the Act, see “SECTION III: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*Financial Emergency Act and City Charter*” 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 when due. 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 New York 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 New York 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.

The rights of the owners of Bonds to receive interest and principal 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 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 "—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—Indebtedness of the City and Certain Other Entities" included herein by specific reference.

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 provide a general reserve for each fiscal year to cover potential reductions in its projected revenues or increases in its projected expenditures during each such fiscal year, to comply with the financial reporting requirements of the Act, as in effect from time to time and to limit its issuance of bond anticipation notes and tax anticipation notes as required by the Act, as in effect from time to time, to include as terms of the Bonds the applicable multi-modal provisions and to comply with such provisions and with the statutory restrictions on multi-modal rate bonds in effect from time to time.

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"). The City will covenant to make continuing disclosure with respect to the Bonds (the "Undertaking") to the extent summarized in "SECTION III: MISCELLANEOUS—Continuing Disclosure Undertaking." In the opinion of Co-Bond Counsel, the enforceability of the City Covenants, the Undertaking 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. The City Covenants, the Undertaking and the State Pledge and Agreement shall be of no force and effect with respect to any Bond if there is a deposit in trust with a bank or trust company of sufficient cash or cash equivalents to pay when due all principal of and interest on such Bond.

Optional Redemption and Mandatory Tender

The Bonds maturing on or before April 1, 2031 are not subject to optional redemption or mandatory tender prior to their stated maturity dates. The Bonds maturing after April 1, 2031 are subject to redemption or mandatory tender,

at the option of the City, in whole or in part, on any date on or after April 1, 2031 (the “Call Date”) upon 30 days’ notice, at a price of 100% of their principal amount plus accrued interest to the Call Date.

Any Bonds that are subject to optional redemption or mandatory tender and are escrowed to maturity will remain subject to optional redemption or mandatory tender by the City.

Tender of Multi-Modal Bonds in the Fixed Rate Mode

The Bonds are being reoffered as multi-modal bonds in the Fixed Rate Mode. The City may cause a mandatory tender of the Bonds at the applicable optional redemption price on any date such Bonds are subject to optional redemption by giving 30 days’ written notice to the Holders, subject to the City’s providing a source of payment therefor in accordance with law. If notice of mandatory tender has been given and funds prove insufficient, the Bonds not purchased shall continue in the Fixed Rate Mode, without change in interest rate, maturity date or other terms. Other modes to which the Bonds may be converted following a mandatory tender are not described in this Reoffering Circular.

Notice of Redemption or Tender; Selection of Bonds to be Redeemed or Tendered

On or after any redemption date or successful tender date, interest will cease to accrue on the Bonds called for redemption or successfully tendered.

The particular series, maturities, amounts and interest rates of the Bonds to be redeemed or called for mandatory tender at the option of the City will be determined by the City in its sole discretion.

Notice of redemption or tender will be given by mail to the Holders of the Bonds to be redeemed or tendered not less than 30 days prior to the date set for redemption or tender. Failure by a particular Holder to receive notice, or any defect in the notice to such Holder, will not affect the redemption or purchase of any other Bond.

If less than all of the Bonds of a series and maturity, amount and interest rate are called for prior redemption or tender, such Bonds will be selected for redemption or tender, in accordance with DTC procedures, by lot.

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 this caption shall mean all Bonds that are deposited with DTC from time to time. The Bonds have been issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate has been issued for each maturity of the Bonds of a series or subseries, each in the aggregate principal amount of such maturity, and will be 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 and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or

indirectly (“Indirect Participants”). The DTC rules applicable to 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, 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 Direct and Indirect 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 Direct Participants with DTC are registered in the name of Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee 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 Direct 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.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s procedures. 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).

Redemption notices will be sent to DTC. 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.

Payment of redemption proceeds and principal and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City or its Fiscal Agent, The Bank of New York Mellon, on the payment date in accordance with their respective holdings shown on DTC’s records. 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 redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of 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.

The services of DTC as securities depository with respect to the Bonds of a Subseries may be discontinued 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 of such Subseries 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.

Unless otherwise noted, certain of the information contained under this caption has been extracted from information furnished by DTC. Neither the City nor the Underwriters make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

SECTION III: MISCELLANEOUS

Tax Matters

On the respective original issuance dates of the Bonds, Sidley Austin LLP delivered its approving opinions in the forms attached hereto as APPENDIX A (collectively, the “Original Opinions”).

In the opinion of Co-Bond Counsel, interest on the Bonds will be exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

The City will covenant in a tax certificate to comply with applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”) relating to the exclusion from gross income of the interest on the Bonds for purposes of federal income taxation. In the opinion of Co-Bond Counsel, assuming compliance by the City with such covenants, interest on the Bonds will be excludable from the gross income of the owners thereof for purposes of federal income taxation. Failure by the City to comply with such covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof retroactive to the respective dates of issue of such Bonds. Further, Co-Bond Counsel will render no opinion as to the effect on the exclusion from gross income of interest on the Bonds of any action taken or not taken after the date of such opinion without the approval of Co-Bond Counsel.

In the opinion of Co-Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which no opinion will be rendered by Co-Bond Counsel, as a result of ownership of the Bonds or the inclusion in certain computations of interest that is excluded from gross income. The forms of such opinions are contained in APPENDIX B to this Reoffering Circular. In rendering the foregoing opinions, Co-Bond Counsel will assume the correctness of the Original Opinions.

Except as described above, Co-Bond Counsel express no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

The purchase price of certain Bonds (the “Premium Bonds”) paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser’s tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although

no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

The opinions of Co-Bond Counsel are not a guarantee of result, but represent their legal judgment based upon their review of existing statutes, regulations, published rulings and court decisions and certain covenants of the City. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinions of Co-Bond Counsel, and such opinions are not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the City may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Existing law may change so as to reduce or eliminate the benefit to holders of the Bonds of the exclusion of interest thereon from gross income for federal income tax purposes. Proposed legislative or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed changes in tax law.

Legal Opinions

The Original Opinions are attached hereto in APPENDIX A.

The opinions of Norton Rose Fulbright US LLP and Bryant Rabbino LLP, Co-Bond Counsel to the City, with respect to the Bonds will be substantially in the forms attached hereto as APPENDIX B. Reference should be made to the forms of such opinions for the matters covered by such opinions and the scope of Co-Bond Counsel's engagement in relation to the issuance of the Bonds.

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

Orrick, Herrington & Sutcliffe LLP, New York, New York, and Law Offices of Joseph C. Reid, P.A., New York, New York, Co-Special Disclosure Counsel to the City, will pass upon certain legal matters in connection with the preparation of this Reoffering Circular.

Certain legal matters will be passed upon for the Underwriters by Nixon Peabody LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., New York, New York, Co-Counsel for the Underwriters.

Underwriting

The Bonds are being purchased for reoffering by the Underwriters for whom BofA Securities, Inc., Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Jefferies LLC, Loop Capital Markets, LLC, RBC Capital Markets, LLC, Samuel A. Ramirez & Co., Inc., Siebert Williams Shank & Co., LLC and Wells Fargo Bank, National Association are acting as lead managers. The compensation for services rendered in connection with the reoffering of such Bonds will be \$1,629,575.77, inclusive of expenses.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the City as Underwriters) for the distribution of the Bonds at the original reoffering prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

Ratings

The Bonds have been rated “Aa2” (negative outlook) by Moody’s Investors Service, Inc. (“Moody’s”), “AA” (negative outlook) by S&P Global Ratings (“S&P”) and “AA-” (negative outlook) by Fitch, Inc. (“Fitch”). Such ratings reflect only the views of Moody’s, S&P 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 not be revised downward or withdrawn entirely. Any such downward revision or withdrawal could have an adverse effect on the market prices of such bonds. A securities rating is not a recommendation to buy, sell or hold securities.

THE CITY OF NEW YORK



SIDLEY AUSTIN LLP
 787 SEVENTH AVENUE
 NEW YORK, NY 10019
 (212) 839 5300
 (212) 839 5599 FAX

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FOUNDED 1886

April 23, 2008

HONORABLE WILLIAM C. THOMPSON, JR.
 COMPTROLLER
 The City of New York
 Municipal Building
 New York, New York 10007

Dear Comptroller Thompson:

We have acted as counsel to The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), in the issuance of its General Obligation Bonds, Fiscal 2008 Series L (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 Public 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 Subseries L-1 and L-3 through L-6 Bonds (the "Tax-Exempt Bonds") is not includable in the gross income of the owners of the Tax-Exempt Bonds for purposes of federal income taxation under existing law. Interest on the Tax-Exempt Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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) of interest that is excluded from gross income.

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5. The excess, if any, of the amount payable at maturity of any maturity of the Tax-Exempt Bonds over the initial offering price of such Tax-Exempt Bonds to the public at which price a substantial amount of such maturity is sold represents original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Tax-Exempt Bonds. The Code further provides that such original issue discount excluded as interest accrues in accordance with a constant interest method based on the compounding of interest, and that a holder's adjusted basis for purposes of determining a holder's gain or loss on disposition of Tax-Exempt Bonds with original issue discount will be increased by the amount of such accrued interest.

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,

Sidley Austin LLP



SIDLEY AUSTIN LLP
787 SEVENTH AVENUE
NEW YORK, NY 10019
(212) 839 5300
(212) 839 5599 FAX

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LOS ANGELES
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PALO ALTO
SAN FRANCISCO
SHANGHAI
SINGAPORE
SYDNEY
TOKYO
WASHINGTON, D.C.

April 5, 2012

HONORABLE JOHN C. LIU
COMPTROLLER
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Liu:

We have acted as counsel to The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), in the issuance of its General Obligation Bonds, Fiscal 2012 Series G, Subseries G-3, G-4, G-5, G-6 and G-7 (the "Bonds").

The Bonds are issued pursuant to 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 Public Finance and related proceedings. In rendering the opinions set forth herein, we reviewed certificates of the City and such other agreements, documents and matters to the extent we deemed necessary to render our opinions. We have not undertaken an independent audit or investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the genuineness of all documents and signatures presented to us; the due and legal execution and delivery thereof by, and validity against, any parties other than the City; and the accuracy of the factual matters represented, warranted or certified therein.

Based on the foregoing and our examination of existing law, 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. The City has covenanted to comply with applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion from gross income of the interest on the Bonds for purposes of federal income taxation. Assuming compliance by the City with such provisions of the

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Code, interest on the Bonds will not be included in the gross income of the owners thereof for purposes of federal income taxation. Failure by the City to comply with such applicable requirements may cause interest on the Bonds to be includable in the gross income of the owners thereof retroactive to the date of issue of the Bonds. Further, we render no opinion as to the effect on the exclusion from gross income of interest on the Bonds of any action taken or not taken after the date of this opinion without our approval.

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) 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,

Sidley Austin LLP



Norton Rose Fulbright US LLP
1301 Avenue of the Americas
New York, New York 10019-6022
United States

Tel +1 212 318 3000
Fax +1 212 318 3400
nortonrosefulbright.com

March 24, 2021

Honorable Scott M. Stringer
Comptroller
The City of New York Municipal Building
New York, New York 10007

Dear Comptroller Stringer:

We have acted as Co-Bond Counsel to The City of New York (the “City”), a municipal corporation of the State of New York (the “State”), in connection with the adoption of the Supplemental Certificate of the Deputy Comptroller for Public Finance, dated March 24, 2021 (the “Supplemental Certificate”), with respect to the City’s General Obligation Bonds, Fiscal 2008 Series L, Subseries L-5 (the “2008 L-5 Bonds”), Fiscal 2012 Series G, Subseries G-3 (the “2012 G-3 Bonds”), Fiscal 2012 Series G, Subseries G-4 (the “2012 G-4 Bonds”), Fiscal 2012 Series G, Subseries G-6 (the “2012 G-6 Bonds”), and Fiscal 2012 Series G, Subseries G-7 (such 2012 G-7 Bonds, together with the 2012 G-3 Bonds, the 2012 G-4 Bonds and the 2012 G-6 Bonds, the “2012 G Bonds”). The Supplemental Certificate supplements the Certificates of the Deputy Comptroller for Public Finance relating to the original issuance of the Bonds (the “Certificates”) to provide for the conversion of the 2008 L-5 Bonds and a portion of the 2012 G Bonds to bear interest at fixed rates and to redesignate such portion of the 2012 G Bonds as the “Fiscal 2021 Series 1 Bonds.” The 2008 L-5 Bonds and the Fiscal 2021 Series 1 Bonds are referred to herein collectively as the “Bonds.”

This letter is delivered pursuant to the Supplemental Certificate and the Certificates.

We have examined, and in expressing the opinions hereinafter described we rely upon, certificates of the City and such other agreements, documents and matters as we deem necessary to render our opinions. We have not undertaken an independent investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified copies, the genuineness of all signatures, and the accuracy of the statements contained in such documents.

In rendering the opinions below, we have assumed the correctness of the approving opinions delivered by Sidley Austin LLP in connection with the original issuance of each of the Bonds, which concluded that the Bonds were duly authorized 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.

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com.

Based upon the foregoing and our examination of existing law, we are of the opinion that:

1. The Supplemental Certificate and the actions ordered thereby are authorized by law and the Certificates.
2. 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.
3. Interest on the Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.
4. The City has covenanted in a tax certificate dated the date hereof to comply with certain provisions of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), relating to the exclusion from gross income of the interest on the Bonds for purposes of federal income taxation. Assuming compliance by the City with such covenants, interest on the Bonds will be excludable from the gross income of the owners thereof for federal income tax purposes.
5. Interest on the Bonds is not an item of tax preference for purposes of the federal 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 of interest that is excluded from gross income.

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Furthermore, we express no opinion as to the effect on the exclusion from gross income of interest on the Bonds of any action (including without limitation a change in the interest rate made with respect to any of the Bonds) taken or not taken after the date of this opinion without our approval. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, "S" corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

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.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Very truly yours,

March 24, 2021

Honorable Scott M. Stringer
Comptroller
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Stringer:

We have acted as Co-Bond Counsel to The City of New York (the “City”), a municipal corporation of the State of New York (the “State”), in connection with the adoption of the Supplemental Certificate of the Deputy Comptroller for Public Finance, dated March 24, 2021 (the “Supplemental Certificate”), with respect to the City’s General Obligation Bonds, Fiscal 2008 Series L, Subseries L-5 (the “2008 L-5 Bonds”), Fiscal 2012 Series G, Subseries G-3 (the “2012 G-3 Bonds”), Fiscal 2012 Series G, Subseries G-4 (the “2012 G-4 Bonds”), Fiscal 2012 Series G, Subseries G-6 (the “2012 G-6 Bonds”), and Fiscal 2012 Series G, Subseries G-7 (such 2012 G-7 Bonds, together with the 2012 G-3 Bonds, the 2012 G-4 Bonds and the 2012 G-6 Bonds, the “2012 G Bonds”). The Supplemental Certificate supplements the Certificates of the Deputy Comptroller for Public Finance relating to the original issuance of the Bonds (the “Certificates”) to provide for the conversion of the 2008 L-5 Bonds and a portion of the 2012 G Bonds to bear interest at fixed rates and to redesignate such portion of the 2012 G Bonds as the “Fiscal 2021 Series 1 Bonds.” The 2008 L-5 Bonds and the Fiscal 2021 Series 1 Bonds are referred to herein collectively as the “Bonds.”

This letter is delivered pursuant to the Supplemental Certificate and the Certificates.

We have examined, and in expressing the opinions hereinafter described we rely upon, certificates of the City and such other agreements, documents and matters as we deem necessary to render our opinions. We have assumed, with your permission, that capital projects of the City to be financed with proceeds of the Bonds, and reviewed by other bond counsel for the City, have been properly designated by the City in the City’s financial management system as eligible for financing with such proceeds under applicable State law, including the Local Finance Law, and under the Code (as defined below). We have not undertaken an independent investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified copies, the genuineness of all signatures, and the accuracy of the statements contained in such documents.

In rendering the opinions below, we have assumed the correctness of the approving opinions delivered by Sidley Austin LLP in connection with the original issuance of each of the Bonds, which concluded that the Bonds were duly authorized 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.

Based upon the foregoing and our examination of existing law, we are of the opinion that:

1. The Supplemental Certificate and the actions ordered thereby are authorized by law and the Certificates.
2. 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.
3. Interest on the Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

4. The City has covenanted in a tax certificate dated the date hereof to comply with certain provisions of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), relating to the exclusion from gross income of the interest on the Bonds for purposes of federal income taxation. Assuming compliance by the City with such covenants, interest on the Bonds will be excludable from the gross income of the owners thereof for federal income tax purposes.

5. Interest on the Bonds is not an item of tax preference for purposes of the federal 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 of interest that is excluded from gross income.

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Furthermore, we express no opinion as to the effect on the exclusion from gross income of interest on the Bonds of any action (including without limitation a change in the interest rate mode with respect to any of the Bonds) taken or not taken after the date of this opinion without our approval. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, "S" corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

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.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Very truly yours,

NEW ISSUE

In the opinion of Norton Rose Fulbright US LLP and Bryant Rabbino LLP, Co-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, and assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended, with respect to the Tax-Exempt Bonds, as described herein, interest on the Tax-Exempt Bonds will be excludable from the gross income of the owners thereof for federal income tax purposes. Interest on the Taxable Bonds will be includable in gross income for federal income tax purposes. See “SECTION X: OTHER INFORMATION—Tax Matters” herein for further information.

\$1,100,000,000
THE CITY OF NEW YORK
General Obligation Bonds, Fiscal 2021 Series F
\$900,000,000 Tax-Exempt Bonds, Subseries F-1
\$107,655,000 Taxable Bonds, Subseries F-2
\$92,345,000 Taxable Bonds, Subseries F-3

Dated: Date of Delivery

Due: As shown on the inside cover page

The Bonds will be issued as registered bonds. The Bonds will be registered in the nominee name of The Depository Trust Company, New York, New York, which will act as securities depository for the Bonds.

Interest on the Bonds will be payable on each March 1 and September 1, commencing September 1, 2021. The Bonds can be purchased in principal amounts of \$5,000 or any integral multiple thereof. Other terms of the Bonds including redemption provisions are described herein. *A detailed schedule of the Bonds is set forth on the inside cover page.*

The Tax-Exempt Bonds are offered subject to prior sale, when, as and if issued by the City and accepted by the Underwriters. The Taxable Bonds are being sold by public letting on the basis of electronic competitive bids in accordance with the Notice of Sale dated February 23, 2021, as supplemented. The issuance of the Bonds is subject to the approval of the legality of the Bonds by Norton Rose Fulbright US LLP, New York, New York, and Bryant Rabbino LLP, New York, New York, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the City by its Corporation Counsel. Certain legal matters in connection with the preparation of this Official Statement will be passed upon for the City by Orrick, Herrington & Sutcliffe LLP, New York, New York, and Law Offices of Joseph C. Reid, P.A., New York, New York, Co-Special Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters and the Original Purchasers by Nixon Peabody LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., New York, New York, Co-Counsel to the Underwriters and the Original Purchasers. It is expected that the Bonds will be available for delivery in New York, New York, on or about March 24, 2021.

Citigroup	BofA Securities	Jefferies
Loop Capital Markets	J.P. Morgan	RBC Capital Markets
Siebert Williams Shank & Co., LLC	Ramirez & Co., Inc.	Wells Fargo Securities
Academy Securities Inc.	Barclays	Blaylock Van, LLC
BNY Mellon Capital Markets, LLC	Cabrera Capital Markets LLC	Drexel Hamilton, LLC
Fidelity Capital Markets	Goldman Sachs & Co. LLC	Great Pacific Securities
Janney Montgomery Scott	Morgan Stanley	Oppenheimer & Co.
Raymond James	Rice Financial Products Company	Roosevelt & Cross Incorporated
Stern Brothers & Co.	Stifel, Nicolaus & Company, Incorporated	TD Securities
	UBS	

March 4, 2021

\$1,100,000,000 General Obligation Bonds, Fiscal 2021 Series F⁽¹⁾

Base CUSIP⁽²⁾: 64966Q

Base ISIN⁽²⁾: US64966Q

\$900,000,000

Subseries F-1 Tax-Exempt Bonds

March 1,	Principal Amount	Interest Rate	Yield	CUSIP⁽²⁾ Suffix
2023	\$4,930,000	3%	0.29%	VC1
2023	14,680,000	5	0.29	VD9
2024	20,475,000	5	0.53	VE7
2025	21,500,000	4	0.71	VF4
2026	25,510,000	5	0.87	VG2
2027	26,790,000	5	1.03	VH0
2028	6,800,000	3	1.19	VJ6
2035	32,570,000	3	2.22 ⁽³⁾	VK3
2036	33,550,000	5	2.00 ⁽³⁾	VL1
2037	35,225,000	5	2.04 ⁽³⁾	VM9
2038	36,985,000	4	2.23 ⁽³⁾	VN7
2039	38,465,000	5	2.12 ⁽³⁾	VP2
2040	40,390,000	4	2.31 ⁽³⁾	VQ0
2041	42,005,000	3	2.60 ⁽³⁾	VR8
2042	43,265,000	5	2.26 ⁽³⁾	VS6
2043	45,430,000	5	2.30 ⁽³⁾	VT4
2044	47,700,000	5	2.33 ⁽³⁾	VU1
2051	63,335,000	3	2.83 ⁽³⁾	VX5

\$156,345,000 4% Term Bonds due March 1, 2047, Yield 2.53%⁽³⁾, CUSIP No.⁽²⁾ 64966QVV9

\$164,050,000 5% Term Bonds due March 1, 2050, Yield 2.41%⁽³⁾, CUSIP No.⁽²⁾ 64966QVW7

\$107,655,000

Subseries F-2 Taxable Bonds

\$92,345,000

Subseries F-3 Taxable Bonds

March 1,	Principal Amount	Interest Rate	Price	CUSIP⁽²⁾ Suffix	ISIN⁽²⁾ Suffix	Common Code⁽⁴⁾	Principal Amount	Interest Rate	Price	CUSIP⁽²⁾ Suffix	ISIN⁽²⁾ Suffix
2028	\$21,325,000	1.71%	100%	UV0	UV03	231479775					
2029	28,180,000	1.94	100	UW8	UW85	231479929					
2030	28,765,000	2.04	100	UX6	UX68	231479953					
2031	29,385,000	2.14	100	UY4	UY42	231479937					
2032							\$30,055,000	2¼%	100.5% ⁽³⁾	UZ1	UZ17
2033							30,765,000	2¼	99.25	VA5	VA56
2034							31,525,000	2.36	100	VB3	VB30

⁽¹⁾ In addition to the Bonds offered hereby, the City expects to (i) reoffer \$361,385,000 aggregate principal amount and convert from variable rates to fixed rates its Fiscal 2008 Series L, Subseries L-5 Bonds, Fiscal 2012 Series G, Subseries G-3 Bonds, Fiscal 2012 Series G, Subseries G-4 Bonds, Fiscal 2012 Series G, Subseries G-6 Bonds and Fiscal 2012 Series G, Subseries G-7 Bonds, (ii) reoffer \$85,730,000 aggregate principal amount and convert from variable rate to a stepped coupon rate its Fiscal 2015 Series F, Subseries F-4 Bonds, and (iii) reoffer approximately \$259,350,000 aggregate principal amount and convert from variable rates to Adjustable Rate Remarketed SecuritiesSM its Fiscal 2012 Series G, Subseries G-3 Bonds, Fiscal 2012 Series G, Subseries G-4 Bonds and Fiscal 2012 Series G, Subseries G-7 Bonds. Such bonds will be reoffered by separate reoffering circulars and are not offered hereby.

⁽²⁾ Copyright, American Bankers Association (the "ABA"). CUSIP and ISIN data herein are provided by CUSIP Global Services ("CGS"), operated on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. These data are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP and ISIN numbers listed above have been assigned by an independent company not affiliated with the City and are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds, and neither the City nor the Underwriters make any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP and/or ISIN number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

⁽³⁾ Priced to the first optional par call date on March 1, 2031.

⁽⁴⁾ The Common Codes are provided herein by Euroclear Bank S.A./N.V. Common Codes are provided for convenience of reference only. Neither the City nor the Underwriters are responsible for the selection or uses of these Common Codes, and no representation is made as to their correctness on the applicable Bonds or as included herein.

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No dealer, broker, salesperson or other person has been authorized by the City, the Underwriters or the Original Purchasers 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, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the Underwriters or the Original Purchasers. 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. The Underwriters and the Original Purchasers may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriters or the Original Purchasers. No representations are made or implied by the City, the Underwriters or the Original Purchasers as to any offering 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. Any electronic reproduction of this Official Statement may contain computer-generated errors or other deviations from the printed Official Statement. In any such case, the printed version controls.

This Official Statement contains forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts, projections and estimates were prepared. In light of the important factors that may materially affect economic conditions in the City, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the City, its independent auditors, the Underwriters or the Original Purchasers that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the City. These forward-looking statements speak only as of the date they were prepared. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the City's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based between modifications to the City's financial plan required by law.

Grant Thornton LLP, the City's independent auditor, has not reviewed, commented on or approved, and is not associated with, this Official Statement. The report of Grant Thornton LLP relating to the City's financial statements for the fiscal years ended June 30, 2020 and 2019, which is a matter of public record, is included in the CAFR for the fiscal year ended June 30, 2020, which is included by specific reference in this Official Statement. However, Grant Thornton LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained, or included by specific reference, in this Official Statement, since the date of such report and has not been asked to consent to the inclusion of its report in this Official Statement.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement

for purposes of Rule 15c2-12 adopted by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”).

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS AND THE ORIGINAL PURCHASERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THIS OFFICIAL STATEMENT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

THE CITY OF NEW YORK (REFERRED TO IN THESE LEGENDS AS THE “ISSUER”) MAKES NO REPRESENTATION AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION. REFERENCES UNDER THIS CAPTION TO “BONDS” OR “SECURITIES” MEAN THE BONDS OFFERED HEREBY, AND REFERENCES TO THE “UNDERWRITERS” MEAN THE UNDERWRITERS AND ORIGINAL PURCHASERS.

Minimum Unit Sales

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF \$5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING 30 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF \$150,000).

Notice to Prospective Investors in the European Economic Area

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (“EEA”). FOR THESE PURPOSES, A “RETAIL INVESTOR” MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “MIFID II”); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (AS AMENDED, THE “INSURANCE DISTRIBUTION DIRECTIVE”), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR (“QUALIFIED INVESTOR”) AS DEFINED IN REGULATION (EU) 2017/1129 (AS AMENDED OR SUPERSEDED, THE “EU PROSPECTUS REGULATION”). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE “EU PRIIPS REGULATION”) FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA OR IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR IN THE UK MAY BE UNLAWFUL UNDER THE EU PRIIPS REGULATION.

THIS OFFICIAL STATEMENT IS NOT A PROSPECTUS FOR PURPOSES OF THE EU PROSPECTUS REGULATION. THIS OFFICIAL STATEMENT AND ANY OTHER OFFERING MATERIAL RELATING TO THE BONDS DESCRIBED HEREIN HAVE BEEN PREPARED ON THE

BASIS THAT ALL OFFERS OF BONDS IN ANY MEMBER STATE OF THE EEA (EACH, A “RELEVANT STATE”) WILL BE MADE ONLY TO A QUALIFIED INVESTOR. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THAT RELEVANT STATE OF BONDS WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED IN THIS OFFICIAL STATEMENT MAY ONLY DO SO WITH RESPECT TO QUALIFIED INVESTORS. NONE OF THE ISSUER OR THE INITIAL PURCHASERS HAS AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF THE BONDS OTHER THAN TO QUALIFIED INVESTORS.

Notice to Prospective Investors in the United Kingdom

THE BONDS MUST NOT BE OFFERED OR SOLD AND THIS OFFICIAL STATEMENT AND ANY OTHER DOCUMENT IN CONNECTION WITH THE OFFERING AND ISSUANCE OF THE BONDS MUST NOT BE COMMUNICATED OR CAUSED TO BE COMMUNICATED IN THE UNITED KINGDOM EXCEPT TO PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND QUALIFY AS INVESTMENT PROFESSIONALS UNDER ARTICLE 19 (INVESTMENT PROFESSIONALS) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, (AS AMENDED) (THE “ORDER”) OR ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A)-(D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER OR WHO OTHERWISE FALL WITHIN AN EXEMPTION SET FORTH IN SUCH ORDER SUCH THAT SECTION 21(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED) (“FSMA”) DOES NOT APPLY TO THE ISSUER OR ARE PERSONS TO WHOM THIS OFFICIAL STATEMENT OR ANY OTHER SUCH DOCUMENT MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

NEITHER THIS OFFICIAL STATEMENT NOR THE BONDS ARE OR WILL BE AVAILABLE TO PERSONS WHO ARE NOT RELEVANT PERSONS AND THIS OFFICIAL STATEMENT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. THE COMMUNICATION OF THIS OFFICIAL STATEMENT TO ANY PERSON IN THE UNITED KINGDOM WHO IS NOT A RELEVANT PERSON IS UNAUTHORIZED AND MAY CONTRAVENE THE FSMA.

EACH UNDERWRITER HAS REPRESENTED AND AGREED THAT: (A) IT ONLY COMMUNICATED OR CAUSED TO BE COMMUNICATED AND WILL ONLY COMMUNICATE OR CAUSE TO BE COMMUNICATED AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE BONDS IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO THE ISSUER; AND (B) IT HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FSMA WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE BONDS IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO, AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO, ANY RETAIL INVESTOR IN THE UNITED KINGDOM (“UK”). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF THE FOLLOWING: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565, AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE “EUWA”); OR (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FSMA AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014, AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA, AND AS AMENDED; OR (III) NOT A QUALIFIED INVESTOR (“UK QUALIFIED INVESTOR”) AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129, AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA (THE “UK

PROSPECTUS REGULATION”). CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014, AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA, AND AS AMENDED (THE “UK PRIIPS REGULATION”) FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

POTENTIAL INVESTORS IN THE UNITED KINGDOM ARE ADVISED THAT ALL, OR MOST, OF THE PROTECTIONS AFFORDED BY THE UNITED KINGDOM REGULATORY SYSTEM WILL NOT APPLY TO AN INVESTMENT IN THE BONDS AND THAT COMPENSATION WILL NOT BE AVAILABLE UNDER THE UNITED KINGDOM FINANCIAL SERVICES COMPENSATION SCHEME.

Notice to Prospective Investors in Taiwan

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN (THE “FSC”) PURSUANT TO APPLICABLE SECURITIES LAWS AND REGULATIONS OF TAIWAN AND THE BONDS, INCLUDING ANY COPY OF THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENTS RELATING TO THE BONDS, MAY NOT BE OFFERED, SOLD, DELIVERED OR DISTRIBUTED WITHIN TAIWAN (THE REPUBLIC OF CHINA) THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION WITH OR APPROVAL OF THE FSC. NO PERSON OR ENTITY IN TAIWAN (THE REPUBLIC OF CHINA) HAS BEEN AUTHORIZED TO OFFER, SELL, DISTRIBUTE, GIVE ADVICE REGARDING OR OTHERWISE INTERMEDIATE THE OFFERING, SALE OR DISTRIBUTION OF THE BONDS. TAIWAN INVESTORS WHO SUBSCRIBE AND PURCHASE THE BONDS SHALL COMPLY WITH ALL RELEVANT SECURITIES, TAX AND FOREIGN EXCHANGE LAWS AND REGULATIONS IN EFFECT IN TAIWAN.

Notice to Prospective Investors in Switzerland

THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE AN OFFER OR A SOLICITATION TO PURCHASE OR INVEST IN THE BONDS DESCRIBED HEREIN. THE BONDS MAY NOT BE PUBLICLY OFFERED, SOLD OR ADVERTISED, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM SWITZERLAND AND WILL NOT BE LISTED ON THE SIX SWISS EXCHANGE LTD. OR ON ANY OTHER EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS CONSTITUTES A PROSPECTUS OR A KEY INFORMATION DOCUMENT AS SUCH TERMS ARE UNDERSTOOD PURSUANT TO ARTICLES 35 ET SEQ. AND 58 SEQ. OF THE SWISS FEDERAL ACT ON FINANCIAL SERVICES OR A LISTING PROSPECTUS WITHIN THE MEANING OF THE LISTING RULES OF THE SIX SWISS EXCHANGE LTD. OR ANY OTHER REGULATED TRADING FACILITY IN SWITZERLAND, AND NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS MAY BE PUBLICLY OFFERED OR OTHERWISE MADE PUBLICLY AVAILABLE IN OR FROM SWITZERLAND. ACCORDINGLY, THIS OFFICIAL STATEMENT IS COMMUNICATED IN OR FROM SWITZERLAND TO A LIMITED NUMBER OF SELECTED INVESTORS ONLY. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, NOR THE ISSUER, NOR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. THE BONDS ARE NOT SUBJECT TO SUPERVISION BY ANY SWISS REGULATORY AUTHORITY, E.G., THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY FINMA, AND INVESTORS IN THE BONDS WILL NOT BENEFIT FROM PROTECTION OR SUPERVISION BY SUCH AUTHORITY.

Notice to Prospective Investors in Hong Kong

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE BONDS AND TO THE OFFERING CONTEMPLATED IN THIS OFFICIAL STATEMENT. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS OFFICIAL STATEMENT HAS NOT BEEN AND WILL NOT BE REGISTERED BY THE REGISTRAR OF COMPANIES IN HONG KONG PURSUANT TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CHAPTER 32) OF THE LAWS OF HONG KONG (“CWMO”).

ACCORDINGLY: (I) THE BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN TO PERSONS WHO ARE “PROFESSIONAL INVESTORS” AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571) OF THE LAWS OF HONG KONG (“SFO”) AND ANY RULES MADE UNDER THE SFO, OR IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A “PROSPECTUS” AS DEFINED IN SECTION 2(1) OF THE CWMO OR WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE CWMO OR AN INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE SFO; AND (II) THIS OFFICIAL STATEMENT MUST NOT BE ISSUED, CIRCULATED OR DISTRIBUTED IN HONG KONG OTHER THAN (1) TO “PROFESSIONAL INVESTORS” AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO, (2) TO PERSONS AND IN CIRCUMSTANCES WHICH DO NOT RESULT IN THIS OFFICIAL STATEMENT BEING A “PROSPECTUS” AS DEFINED IN SECTION 2(1) OF THE CWMO OR WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE CWMO OR AN INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE SFO OR (3) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISIONS OF THE SFO AND CWMO. IN ADDITION, UNLESS PERMITTED BY THE SECURITIES LAWS OF HONG KONG, NO PERSON MAY ISSUE OR DISTRIBUTE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE OR DISTRIBUTION, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY (A) TO PERSONS OUTSIDE HONG KONG, AND (B) TO “PROFESSIONAL INVESTORS” AS DEFINED IN THE SFO AND ANY RULES AND REGULATIONS THEREUNDER.

Notice to Prospective Investors in Japan

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (NO. 25 OF 1948, AS AMENDED, THE “FIEA”). NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE 6 OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FIEA. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF A QUALIFIED INSTITUTIONAL INVESTOR (“QII”) DEFINED IN ARTICLE 10 OF THE CABINET ORDINANCE CONCERNING DEFINITIONS UNDER ARTICLE 2 OF THE FIEA (ORDINANCE NO. 14 OF

1993, AS AMENDED). A PERSON WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

Notice to Prospective Investors in Korea

THIS OFFICIAL STATEMENT IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSIDERED AS, A PUBLIC OFFERING OF SECURITIES IN KOREA FOR THE PURPOSES OF THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKET ACT OF KOREA. THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF SOUTH KOREA FOR PUBLIC OFFERING IN SOUTH KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT AND ITS SUBORDINATE DECREES AND REGULATIONS (COLLECTIVELY, THE “FSCMA”). THE BONDS MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, OR OFFERED OR SOLD TO ANY PERSON FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN SOUTH KOREA OR TO ANY RESIDENT OF SOUTH KOREA EXCEPT AS OTHERWISE PERMITTED UNDER THE APPLICABLE LAWS AND REGULATIONS OF SOUTH KOREA, INCLUDING THE FSCMA AND THE FOREIGN EXCHANGE TRANSACTION LAW AND ITS SUBORDINATE DECREES AND REGULATIONS (COLLECTIVELY, THE “FETL”). WITHOUT PREJUDICE TO THE FOREGOING, THE NUMBER OF INVESTORS (AS CALCULATED PURSUANT TO THE FSCMA) TO WHICH BONDS HAVE BEEN OFFERED IN SOUTH KOREA OR THE NUMBER OF INVESTORS WHO ARE RESIDENTS IN SOUTH KOREA SHALL BE LESS THAN FIFTY AND NO UNIT OF BONDS MAY BE DIVIDED RESULTING IN MORE THAN FORTY-NINE INVESTORS (AS CALCULATED PURSUANT TO THE FSCMA). FURTHERMORE, THE BONDS MAY NOT BE RESOLD TO SOUTH KOREAN RESIDENTS UNLESS THE PURCHASER OF THE BONDS COMPLIES WITH ALL APPLICABLE REGULATORY REQUIREMENTS (INCLUDING BUT NOT LIMITED TO GOVERNMENT REPORTING REQUIREMENTS UNDER THE FETL) IN CONNECTION WITH THE PURCHASE OF THE BONDS.

Notice to Prospective Investors in Singapore

NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH ANY OFFER OF THE BONDS HAS BEEN OR WILL BE LODGED OR REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE (MAS) UNDER THE SECURITIES AND FUTURES ACT (CAP. 289) OF SINGAPORE (SFA). ACCORDINGLY, MAS ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THIS OFFICIAL STATEMENT. THIS OFFICIAL STATEMENT IS NOT A PROSPECTUS AS DEFINED IN THE SFA AND STATUTORY LIABILITY UNDER THE SFA IN RELATION TO THE CONTENTS OF PROSPECTUSES WOULD NOT APPLY. PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY WHETHER THE INVESTMENT IS SUITABLE FOR IT.

THIS OFFICIAL STATEMENT AND ANY OTHER DOCUMENTS OR MATERIALS IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE BONDS MAY NOT BE DIRECTLY OR INDIRECTLY ISSUED, CIRCULATED OR DISTRIBUTED, NOR MAY THE BONDS BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR (AS DEFINED IN SECTION 4A(1)(C) OF THE SFA) (INSTITUTIONAL INVESTOR) PURSUANT TO SECTION 274 OF THE SFA; (II) TO A RELEVANT PERSON (AS DEFINED IN SECTION 275(2) OF THE SFA) (RELEVANT PERSON) PURSUANT TO SECTION 275(1) OF THE SFA, AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275 OF THE SFA; (III) TO ANY PERSON PURSUANT TO THE CONDITIONS OF SECTION 275(1A) OF THE SFA (PRESCRIBED INVESTOR); OR (IV) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISIONS OF THE SFA.

UNLESS SUCH BONDS ARE OF THE SAME CLASS AS OTHER BONDS OF THE ISSUER THAT ARE LISTED FOR QUOTATION ON AN APPROVED EXCHANGE (AS DEFINED IN SECTION 2(1) OF

THE SFA) (APPROVED EXCHANGE) AND IN RESPECT OF WHICH ANY OFFER INFORMATION STATEMENT, INTRODUCTORY DOCUMENT, SHAREHOLDERS' CIRCULAR FOR A REVERSE TAKE-OVER, DOCUMENT ISSUED FOR THE PURPOSES OF A SCHEME OF ARRANGEMENT, PROSPECTUS, OR ANY OTHER SIMILAR DOCUMENT APPROVED BY AN APPROVED EXCHANGE, WAS ISSUED IN CONNECTION WITH AN OFFER, OR THE LISTING FOR QUOTATION, OF THOSE BONDS, ANY SUBSEQUENT OFFERS IN SINGAPORE OF BONDS ACQUIRED PURSUANT TO AN INITIAL OFFER MADE IN RELIANCE ON AN EXEMPTION UNDER SECTION 274 OF THE SFA OR SECTION 275 OF THE SFA MAY ONLY BE MADE, PURSUANT TO THE REQUIREMENTS OF SECTION 276 OF THE SFA, FOR THE INITIAL SIX MONTH PERIOD AFTER SUCH ACQUISITION, TO PERSONS WHO ARE INSTITUTIONAL INVESTORS, RELEVANT PERSONS, OR PRESCRIBED INVESTORS. ANY TRANSFER AFTER SUCH INITIAL SIX-MONTH PERIOD IN SINGAPORE SHALL BE MADE IN RELIANCE ON ANY APPLICABLE EXEMPTION UNDER SUBDIVISION (4) OF DIVISION 1 OF PART XIII OF THE SFA (OTHER THAN SECTION 280 OF THE SFA).

IN ADDITION TO THE ABOVE, WHERE THE BONDS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 OF THE SFA BY A RELEVANT PERSON WHICH IS:

- (1) A CORPORATION (OTHER THAN A CORPORATION THAT IS AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A(1)(A) OF THE SFA) (ACCREDITED INVESTOR)), THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR; OR**
- (2) A TRUST (OTHER THAN A TRUST THE TRUSTEE OF WHICH IS AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR,**

SECURITIES (AS DEFINED IN SECTION 2(1) OF THE SFA) OR SECURITIES-BASED DERIVATIVES CONTRACTS (AS DEFINED IN SECTION 2(1) OF THE SFA) OF THAT CORPORATION OR THE BENEFICIARIES' RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL NOT BE TRANSFERRED WITHIN SIX MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED THE BONDS PURSUANT TO AN OFFER MADE UNDER SECTION 275 OF THE SFA EXCEPT:

- (a) TO INSTITUTIONAL INVESTORS;**
- (b) TO RELEVANT PERSONS;**
- (c) WHERE SUCH TRANSFER ARISES FROM AN OFFER MADE ON TERMS THAT SUCH SECURITIES OR SECURITIES-BASED DERIVATIVES CONTRACTS OF THAT CORPORATION OR SUCH BENEFICIARIES' RIGHTS AND INTEREST IN THAT TRUST, THE SUBJECT OF TRANSFER, ARE ACQUIRED AT A CONSIDERATION OF NOT LESS THAN S\$200,000 (OR ITS EQUIVALENT IN A FOREIGN CURRENCY) FOR EACH TRANSACTION, PROVIDED THAT THE PERSON ACQUIRING SECURITIES OR SECURITIES-BASED DERIVATIVES CONTRACTS OF SUCH CORPORATION MUST ACT AS PRINCIPAL;**
- (d) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER;**
- (e) WHERE THE TRANSFER IS BY OPERATION OF LAW; OR**
- (f) WHERE SUCH BONDS ARE OF THE SAME CLASS AS OTHER BONDS OF THE ISSUER THAT ARE LISTED FOR QUOTATION ON AN APPROVED EXCHANGE AND IN RESPECT OF WHICH ANY OFFER INFORMATION STATEMENT, INTRODUCTORY DOCUMENT, SHAREHOLDERS' CIRCULAR FOR A REVERSE TAKE-OVER, DOCUMENT ISSUED FOR THE PURPOSES OF A SCHEME OF ARRANGEMENT, PROSPECTUS, OR ANY OTHER**

SIMILAR DOCUMENT APPROVED BY AN APPROVED EXCHANGE, WAS ISSUED IN CONNECTION WITH AN OFFER, OR THE LISTING FOR QUOTATION, OF THOSE BONDS.

AS THE BONDS ARE ONLY OFFERED TO PERSONS IN SINGAPORE WHO QUALIFY AS AN ACCREDITED INVESTOR, AN EXPERT INVESTOR (AS DEFINED IN SECTION 4A(1)(B) OF THE SFA), AN INSTITUTIONAL INVESTOR AND/OR ANY OTHER PERSON THAT IS NOT AN INDIVIDUAL, THE ISSUER IS NOT REQUIRED TO DETERMINE THE CLASSIFICATION OF THE BONDS PURSUANT TO SECTION 309B OF THE SFA.

NOTHING SET OUT IN THIS NOTICE SHALL BE CONSTRUED AS LEGAL ADVICE AND EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL COUNSEL. THIS NOTICE IS FURTHER SUBJECT TO THE PROVISIONS OF THE SFA AND ITS REGULATIONS, AS THE SAME MAY BE AMENDED OR CONSOLIDATED FROM TIME TO TIME, AND DOES NOT PURPORT TO BE EXHAUSTIVE IN ANY RESPECT.

Notice to Prospective Investors in Canada

THE BONDS MAY BE SOLD ONLY TO PURCHASERS PURCHASING, OR DEEMED TO BE PURCHASING, AS PRINCIPAL THAT ARE ACCREDITED INVESTORS, AS DEFINED IN NATIONAL INSTRUMENT 45-106 PROSPECTUS EXEMPTIONS OR SUBSECTION 73.3(1) OF THE SECURITIES ACT (ONTARIO), AND ARE PERMITTED CLIENTS, AS DEFINED IN NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS. ANY RESALE OF THE BONDS MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS.

SECURITIES LEGISLATION IN CERTAIN PROVINCES OR TERRITORIES OF CANADA MAY PROVIDE A PURCHASER WITH REMEDIES FOR RESCISSION OR DAMAGES IF THIS OFFICIAL STATEMENT (INCLUDING ANY AMENDMENT THERETO) CONTAINS A MISREPRESENTATION, PROVIDED THAT THE REMEDIES FOR RESCISSION OR DAMAGES ARE EXERCISED BY THE PURCHASER WITHIN THE TIME LIMIT PRESCRIBED BY THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY. THE PURCHASER SHOULD REFER TO ANY APPLICABLE PROVISIONS OF THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY FOR PARTICULARS OF THESE RIGHTS OR CONSULT WITH A LEGAL ADVISOR.

PURSUANT TO SECTION 3A.3 (OR, IN THE CASE OF SECURITIES ISSUED OR GUARANTEED BY THE GOVERNMENT OF A NON-CANADIAN JURISDICTION, SECTION 3A.4) OF NATIONAL INSTRUMENT 33-105 UNDERWRITING CONFLICTS (NI 33-105), THE INITIAL PURCHASERS ARE NOT REQUIRED TO COMPLY WITH THE DISCLOSURE REQUIREMENTS OF NI 33-105 REGARDING INITIAL PURCHASERS' CONFLICTS OF INTEREST IN CONNECTION WITH THIS OFFERING.

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**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 \$1,100,000,000 aggregate principal amount of the City’s General Obligation Bonds, Fiscal 2021 Series F (the “Bonds”), consisting of \$900,000,000 tax-exempt bonds, Subseries F-1 (the “Subseries F-1 Bonds” or the “Tax-Exempt Bonds”), \$107,655,000 taxable bonds, Subseries F-2 (the “Subseries F-2 Bonds”) and \$92,345,000 taxable bonds, Subseries F-3 (the “Subseries F-3 Bonds” and with the Subseries F-2 Bonds, the “Taxable Bonds”). Concurrently with the delivery of the Bonds, the City expects to (i) reoffer \$361,385,000 aggregate principal amount and convert from variable rates to fixed rates its Fiscal 2008 Series L, Subseries L-5 Bonds, Fiscal 2012 Series G, Subseries G-3 Bonds, Fiscal 2012 Series G, Subseries G-4 Bonds, Fiscal 2012 Series G, Subseries G-6 Bonds and Fiscal 2012 Series G, Subseries G-7 Bonds, (ii) reoffer \$85,730,000 aggregate principal amount and convert from variable rate to a stepped coupon rate its Fiscal 2015 Series F, Subseries F-4 Bonds, and (iii) reoffer approximately \$259,350,000 aggregate principal amount and convert from variable rates to Adjustable Rate Remarketed SecuritiesSM its Fiscal 2012 Series G, Subseries G-3 Bonds, Fiscal 2012 Series G, Subseries G-4 Bonds and Fiscal 2012 Series G, Subseries G-7 Bonds. Such bonds will be reoffered by separate reoffering circulars and are not offered hereby.

The factors affecting the City’s financial condition described throughout this Official Statement are complex and are not intended to be summarized in the Introductory Statement below. The economic and financial condition of the City may be affected by various changes in laws, including tax law, financial, social, economic, political, geo-political and environmental factors, cybersecurity threats, terrorist events, hostilities or war, outbreak of infectious diseases, and other factors which could have a material effect on the City’s economic and financial condition. For a discussion of additional factors affecting the City’s financial condition, see below under “INTRODUCTORY STATEMENT,” “SECTION I: RECENT FINANCIAL DEVELOPMENTS—COVID-19” and “SECTION VII: FINANCIAL PLAN—Assumptions.” This Official Statement should be read in its entirety.

Because the City is a large and complex entity, information about it changes on an ongoing basis. This Official Statement has been updated to include certain information reflecting changes since the Preliminary Official Statement dated February 23, 2021. “SECTION I: RECENT FINANCIAL DEVELOPMENTS—2021-2025 Financial Plan” and “SECTION IV: SOURCE OF CITY REVENUES—Real Estate Tax—*Collection of the Real Estate Tax*” have been updated to reflect the extension of the City’s tax lien sale authorization. “SECTION I: RECENT FINANCIAL DEVELOPMENTS—2021-2025 Financial Plan” has been updated to reflect issuance of property tax bills due April 1, 2021. “SECTION VII: FINANCIAL PLAN—Certain Reports” has been updated to describe a recently released report commenting on the Financial Plan (as defined below). “SECTION X: OTHER INFORMATION—Litigation—*Miscellaneous*” has been updated to describe recent litigation developments.

INTRODUCTORY STATEMENT

The Bonds are general obligations of the City for the payment of which the City has pledged its faith and credit. All real property subject to taxation by the City is 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 City, with an estimated population of approximately 8.3 million, is an international center of business and culture. Its non-manufacturing economy is broadly based, with the banking, securities, insurance, technology, information, publishing, fashion, design, retailing, education and health care industries accounting for a significant portion of the City's total employment earnings. Additionally, the City is a leading tourist destination. Manufacturing activity in the City is conducted primarily in apparel and printing.

For each of the 1981 through 2020 fiscal years, the City's General Fund had an operating surplus, before discretionary and other transfers, and achieved balanced operating results as reported in accordance with generally accepted accounting principles ("GAAP"), after discretionary and other transfers and except for the application of Governmental Accounting Standards Board ("GASB") Statement No. 49 ("GASB 49") and without regard to changes in certain fund balances described in GML Section 25 (as defined below), as described below. City fiscal years end on June 30 and are referred to by the calendar year in which they end. The City has been required to close substantial gaps between forecast revenues and forecast expenditures in order to maintain balanced operating results. There can be no assurance that the City will continue to maintain balanced operating results as required by New York State (the "State") law without proposed tax or other revenue increases or reductions in City services or entitlement programs, which could adversely affect the City's economic base.

As required by the New York State Financial Emergency Act For The City of New York (the "Financial Emergency Act" or the "Act") and the New York City Charter (the "City Charter"), the City prepares a four-year annual financial plan, which is reviewed and revised on a quarterly basis and which includes the City's capital, revenue and expense projections and outlines proposed gap-closing programs for years with projected budget gaps. The City's current financial plan projects budget balance in the 2021 and 2022 fiscal years in accordance with GAAP except for the application of GASB 49 and without regard to changes in certain fund balances pursuant to GML Section 25 (as defined below). In 2010, the Financial Emergency Act was amended to waive the budgetary impact of GASB 49 by enabling the City to continue to finance with bond proceeds certain pollution remediation costs. In 2019, Section 25 of the State General Municipal Law ("GML Section 25") was amended to address the application to the City of GASB Statement No. 84, which contained updated requirements for fiduciary funds of state and local governments. Pursuant to GML Section 25, the City may, without violating Expense Budget (as defined below) balance requirements, carry forward to a subsequent fiscal year unspent fund balances that are restricted as to their use by requirements of State or federal law or regulation or by requirements of private or other governmental parties. The City may also continue to carry forward unspent balances held in its Health Stabilization Fund, School Crossing Guards Health Insurance Fund and Management Benefits Fund. The City's current financial plan projects budget gaps for the 2023 through 2025 fiscal years. A pattern of current year balance and projected future year budget gaps has been consistent through the entire period since 1982, during which the City has achieved an excess of revenues over expenditures, before discretionary transfers, for each fiscal year. For information regarding the current financial plan, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS" and "SECTION VII: FINANCIAL PLAN." For information regarding the June 2010 amendment of the Financial Emergency Act with respect to the application of GASB 49 to the City budget, see "SECTION III: GOVERNMENT AND FINANCIAL CONTROLS." The City is required to submit its financial plans to the New York State Financial Control Board (the "Control Board"). For further information regarding the Control Board, see "SECTION III: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*Financial Review and Oversight.*"

For its normal operations, the City depends on aid from the State both to enable the City to balance its budget and to meet its cash requirements. There can be no assurance that there will not be delays or reductions in State aid to the City from amounts currently projected; that State budgets for future State fiscal years will be adopted by the April 1 statutory deadline, or interim appropriations will be enacted; or that any such reductions or delays will not have adverse effects on the City's cash flow or expenditures. In addition, the City and the State have made various assumptions with respect to federal aid. Future federal actions or inactions could have adverse effects on the City, both directly and indirectly through State aid to localities reductions that will need to be taken in the absence of additional federal aid to the State. See "SECTION I: RECENT FINANCIAL DEVELOPMENTS—2021-2025 Financial Plan."

The Mayor is responsible for preparing the City's financial plan which relates to the City and certain entities that receive funds from the City. The financial plan is modified quarterly. The City's projections set forth in the financial plan are based on various assumptions and contingencies which are uncertain and which may not materialize. Such assumptions and contingencies include the condition of the international, national, regional and local economies, the provision of State and federal aid, the impact on City revenues and expenditures of any future federal or State legislation and policies affecting the City and the cost of pension structures and healthcare. See "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

Implementation of the financial plan is dependent on the City's ability to market successfully its bonds and notes. Implementation of the financial plan is also dependent upon the ability to market the securities of other financing entities including the New York City Municipal Water Finance Authority (the "Water Authority") and the New York City Transitional Finance Authority ("TFA"). See "SECTION VII: FINANCIAL PLAN—Financing Program." The success of projected public sales of City, Water Authority, TFA and other bonds and notes will be subject to prevailing market conditions. Future developments in the financial markets generally, as well as future developments concerning the City, and public discussion of such developments, may affect the market for outstanding City general obligation bonds and notes.

The City Comptroller and other agencies and public officials, from time to time, issue reports and make public statements which, among other things, state that projected revenues and expenditures may be different from those forecast in the City's financial plans. See "SECTION VII: FINANCIAL PLAN—Certain Reports."

SECTION I: RECENT FINANCIAL DEVELOPMENTS

For the 2020 fiscal year, the City's General Fund had a total surplus of \$3.8 billion, before discretionary and other transfers, and achieved balanced operating results in accordance with GAAP, except for the application of GASB 49 and without regard to changes in certain fund balances pursuant to GML Section 25 as described above, after discretionary and other transfers. The 2020 fiscal year was the fortieth consecutive year that the City achieved balanced operating results when reported in accordance with GAAP, except for the application of GASB 49 and without regard to changes in certain fund balances pursuant to GML Section 25 as described above.

COVID-19

The City has been severely affected by the coronavirus disease, referred to herein as "COVID-19." The Governor declared a state of emergency in the State on March 7, 2020 and the Mayor declared a state of emergency in the City on March 12, 2020, each of which remains in effect. During the pandemic, many businesses in the City have been ordered to close, public schools have operated at various levels of remote and in-person learning, and limitations have been imposed on large gatherings.

The City experienced a surge in cases and deaths during the spring of 2020. Although cases and deaths declined during the late spring and summer of 2020, they increased again in the fall and winter of 2020-2021. As of February 15, 2021, the City reported a cumulative total of 571,336 COVID-19 cases and 28,341 deaths, including those that were confirmed and those that were probably related to COVID-19, representing approximately 2.1% of COVID-19 cases in the U.S., 5.8% of deaths in the U.S., and 1.2% of deaths globally, with communities of color suffering disproportionately. COVID-19 cases, hospitalizations and death rates will likely fluctuate in the future, and there can be no assurance that COVID-19 cases, hospitalizations and deaths in the City will not increase above current levels or that business closures and other restrictions will not be expanded during the course of the pandemic.

In December 2020, the United States Food and Drug Administration issued emergency use authorizations for COVID-19 vaccines developed by two manufacturers. Through February 15, 2021, 925,204 individuals have received at least one dose (of the two recommended doses) of a COVID-19 vaccine in the City, based on eligibility criteria established by the State.

As a result of the COVID-19 pandemic, unemployment applications throughout the State increased substantially, with approximately 2.4 million in the City between mid-March 2020 and mid-February 2021, as compared to approximately 300,000 for the same period in 2019 and 2020. Following a period of historically low unemployment in late 2019 and the first two months of 2020, the City's unemployment rate reached 20.4% in June 2020 and was 11.0% as of December 2020, compared to 3.9% in June 2019 and 3.1% in December 2019. The sudden cessation of business activity, travel and tourism resulting from the pandemic, and the government's response to it, has had a devastating impact on the retail, cultural, hospitality and entertainment sectors in the City.

The City's hotel occupancy rate declined by approximately 80% at the end of March and beginning of April 2020 compared to the same period in 2019. For the month of December 2020, the City's hotel occupancy rate declined approximately 58.3% compared to December 2019. International arrivals to City airports declined 99% in both April and May 2020 compared to the same period in 2019, and declined 86% in October 2020, the most recent month for which such data is available, compared to the same period in 2019.

Higher unemployment as well as increased numbers of employees working from home due to the pandemic, have stressed the City's office market. Strict COVID-19 prevention mandates, as well as an essential shutdown of tourism activity, have reduced income for retail stores and hotels. Residential rent delinquencies significantly higher than average have been reported. Residential sales in the City were down approximately 37% in April through December 2020 compared to the same period in 2019. The City's property tax revenue projections have declined, as further described below. The longer term impact on commercial real estate will depend on decisions of major office tenants regarding density, remote work and relocation of operations out of the City.

The COVID-19 pandemic and economic disruption resulting from measures to contain it have resulted in reductions in the City's fiscal year 2020 revenues and projected revenues. Total Revenues from City funds are

projected to be \$4.6 billion (6.5%), \$5.7 billion (7.8%), \$5.1 billion (6.8%) and \$4.86 billion (6.8%) lower in fiscal years 2021 through 2024, respectively, than projected in the financial plan in January 2020. Such reductions include projected reductions in property tax revenues of \$324 million (1%), \$2.9 billion (9%), \$3.2 billion (9.7%) and \$3.5 billion (10.2%) in fiscal years 2021 through 2025, respectively, from amounts projected in the financial plan in January 2020. The ultimate impact of the COVID-19 pandemic on the amount and timing of collections of City revenues cannot be determined at this time. Further reductions in property tax revenues may occur. Additional changes in employment and earnings subject to the personal income tax, as well as reductions in economic activity subject to the sales tax, may also occur, including, but not limited to, reductions in personal income tax revenues due to changes in residency status resulting from remote work outside the City and other employment-related changes. No assurance can be provided that the COVID-19 pandemic and resulting economic disruption will not result in revenues to the City that are lower than projected herein.

2021-2025 Financial Plan

On June 30, 2020, the City submitted to the Control Board the financial plan for the 2021 through 2024 fiscal years (the “June Financial Plan”), which was consistent with the City’s capital and expense budgets as adopted for the 2020 fiscal year. On November 23, 2020, the City submitted to the Control Board a modification to the June Financial Plan (as so modified, the “November Financial Plan”). On January 14, 2021, the Mayor released his preliminary budget for the 2022 fiscal year and the City submitted to the Control Board a modification to the financial plan for the 2021 through 2025 fiscal years (as so modified, the “Financial Plan”).

The Financial Plan projects revenues and expenses for the 2021 and 2022 fiscal years balanced in accordance with GAAP, except for the application of GASB 49 and without regard to changes in certain fund balances pursuant to GML Section 25, and projects gaps of approximately \$4.31 billion, \$4.19 billion and \$4.28 billion in fiscal years 2023 through 2025, respectively. The June Financial Plan had projected revenues and expenses for the 2021 fiscal year balanced in accordance with GAAP, except for the application of GASB 49 and without regard to changes in certain fund balances pursuant to GML Section 25, and had projected gaps of approximately \$4.18 billion, \$3.04 billion and \$3.18 billion in fiscal years 2022 through 2024, respectively.

The Financial Plan reflects, since the June Financial Plan, an increase in projected net revenues of \$2.50 billion in fiscal year 2021 and decreases in projected net revenues of \$1.58 billion, \$1.88 billion and \$1.22 billion in fiscal years 2022 through 2024, respectively. Changes in projected revenues include: (i) decreases in real property tax revenues of \$2.50 billion, \$2.70 billion and \$2.64 billion in fiscal years 2022 through 2024, respectively; (ii) increases in personal income tax revenues of \$1.07 billion, \$531 million, \$528 million and \$506 million in fiscal years 2021 through 2024, respectively; (iii) increases in business tax revenues of \$1.04 billion, \$637 million, \$529 million and \$613 million in fiscal years 2021 through 2024, respectively; (iv) decreases in sales tax revenues of \$213 million, \$441 million and \$253 million in fiscal years 2021 through 2023, respectively, and an increase in sales tax revenues of \$76 million in fiscal year 2024; (v) increases in real estate transaction tax revenues of \$348 million, \$336 million, \$308 million and \$372 million in fiscal years 2021 through 2024, respectively; (vi) decreases in hotel tax revenues of \$193 million, \$335 million, \$297 million and \$139 million in fiscal years 2021 through 2024, respectively; (vii) decreases in State School Tax Relief Program (the “STAR Program”) revenues of \$8 million in fiscal year 2021 and \$7 million in each of fiscal years 2022 through 2024; and (viii) an increase in other tax revenues of \$116 million in fiscal year 2021 and decreases in other tax revenues of \$5 million, \$3 million and \$19 million in fiscal years 2022 through 2024, respectively. Changes in projected revenues also include (i) increases in tax audit revenues of \$250 million and \$200 million in fiscal years 2021 and 2022, respectively; (ii) an increase of \$212 million representing a debt service reimbursement payment from New York City Health and Hospitals (“NYCHH”); (iii) increases in various revenues included in the Citywide Savings Program (described below) of \$19 million, \$36 million, \$48 million and \$48 million in fiscal years 2021 through 2024, respectively; and (iv) net decreases in non-tax revenues of \$145 million, \$36 million, \$33 million and \$32 million in fiscal years 2021 through 2024, respectively.

The Financial Plan also reflects, since the June Financial Plan, decreases in projected net expenditures of \$855 million, \$2.40 billion, \$616 million and \$211 million in fiscal years 2021 through 2024, respectively. Changes in projected expenditures include: (i) increases in agency expenses of \$1.53 billion, \$140 million, \$81 million and \$92 million in fiscal years 2021 through 2024, respectively; (ii) decreases in various expenses included in the Citywide Savings Program of \$424 million, \$1.24 billion, \$585 million and \$592 million in fiscal years 2021 through 2024, respectively (including savings of \$57.2 million and \$292.1 million in fiscal years 2021 and 2022, respectively, related

to a hiring plan which only allows for the hiring of one employee for every three departures); (iii) decreases in debt service of \$900 million, \$625 million, \$206 million and \$301 million in fiscal years 2021 through 2024, respectively, primarily as a result of lower interest rates and debt refinancing; (iv) a decrease of \$100 million in reimbursement of prior year's Medicaid expenses in fiscal year 2021; (v) decreases in pension contributions of \$430 million and \$220 million in fiscal years 2021 and 2022, respectively, and increases in pension contributions of \$94 million and \$590 million in fiscal years 2023 and 2024, respectively, primarily as a result of the net impact of changes in assumptions and methods proposed by the City Actuary and subject to adoption by the respective pension boards, whereby gains from investments (fiscal year 2019 and prior) are recognized immediately instead of over a six year period and the costs of a phased-in reduction over four years of the actuarial interest rate assumption from 7% (which is expiring) to 6.8%, subject to State legislative approval; (vi) decreases in the general reserve of \$50 million and \$900 million in fiscal years 2021 and 2022, respectively; (vii) a decrease in the capital stabilization reserve of \$250 million in fiscal year 2022; and (viii) a decrease of \$421 million in fiscal year 2021 reflecting a re-estimate of prior years' expenses and receivables. For more information of changes to pension assumptions, see "SECTION IX: PENSION SYSTEMS AND OPEB."

The Financial Plan reflects, since the June Financial Plan, provision for \$3.36 billion for the prepayment in fiscal year 2021 of fiscal year 2022 expenses and an expenditure reduction of \$3.36 billion in fiscal year 2022.

The Financial Plan reflects the deferral of \$691 million in fiscal year 2021 labor cost into fiscal year 2022 as agreed to with various municipal unions through voluntary agreements or arbitration decisions. This includes the United Federation of Teachers ("UFT"), the District Council 37 of AFSME ("DC 37"), and Council of School Supervisors & Administrators. The Financial Plan also recognizes approximately \$60 million in labor savings in fiscal year 2021 for costs that were to be paid by the City which are now being funded by NYCHH. In addition the Financial Plan continues to recognize an additional \$290 million of as yet to be identified labor savings in fiscal year 2021. For further information, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—1. PERSONAL SERVICE COSTS."

The Financial Plan reflects total federal aid of \$11.87 billion, \$7.01 billion, \$6.95 billion, \$6.93 billion and \$6.92 billion in fiscal years 2021 through 2025, respectively, including \$3.54 billion of federal aid in fiscal year 2021 relating to the outbreak of COVID-19, all of which has been authorized. Although the City is seeking additional federal aid to address the impact of COVID-19, such additional aid is not reflected in the Financial Plan. Although the City previously sought State legislation authorizing the issuance of bonds to finance costs arising from the COVID-19 pandemic, it is not seeking such legislation at this time.

The Financial Plan reflects \$41 million in fiscal year 2021 and \$53 million in fiscal year 2022 for the cost of the Fair Fares Program, which provides reduced fares to low income subway and bus riders, but does not reflect funding beyond fiscal year 2022. It is expected that funding sources for the continuation of the program will be identified in coordination with the City Council.

The Financial Plan reflects the intercept by the State of \$250 million and \$150 million in sales taxes in fiscal years 2021 and 2022, respectively, otherwise payable to the City, to provide assistance to distressed hospitals and nursing homes.

The Financial Plan assumes the continued sale of real property tax liens through the lien sale program in each fiscal year, with the exception of fiscal year 2021, for which no lien sale is assumed. The Financial Plan reflects revenues in fiscal year 2021 from the lien sale program of \$16 million from trusts established in connection with prior lien sales, along with a deferral of \$96 million until fiscal year 2022. The Financial Plan further assumes that, due to COVID-19, real property tax delinquencies as a percentage of property tax levy will change from 1.8% in fiscal year 2020 to 2.6%, 2.5%, 1.6% 1.5 % and 1.4% in fiscal years 2021 through 2025, respectively. The authorization to sell real property tax liens expired on December 31, 2020. On January 28, 2021, the City Council passed a bill extending the City's lien sale authorization through March 1, 2022. In the event that the program is not re-authorized beyond such date, real property tax delinquencies could increase beyond the rates assumed in the Financial Plan. Each 1% increase in delinquencies would reduce property tax revenues by \$318 million in fiscal year 2022, \$323 million in fiscal year 2023, \$328 million in fiscal year 2024 and \$332 million in fiscal year 2025. For further information, see "SECTION IV: SOURCES OF CITY REVENUES—Collection of the Real Estate Tax."

The Financial Plan does not reflect the potential impact of proposals contained in the Governor’s Executive Budget, which was released on January 19, 2021 (the “Governor’s Executive Budget”). Such proposals, if enacted, are projected to have a total cost to the City of \$310 million and \$309 million in fiscal years 2021 and 2022, respectively, and \$251 million in each of fiscal years 2023 through 2025. Such costs include (i) elimination of charter school facilities aid of \$150 million in fiscal year 2021 and \$100 million in each of fiscal years 2022 through 2025; (ii) no reimbursement from the State for \$92 million in transportation expenses incurred during school closures due to COVID-19 in fiscal year 2021; (iii) a reduction in the charter school per-pupil tuition rate of \$29 million in fiscal year 2021; (iv) reduction of reimbursement for public health services of approximately \$35 million in each of fiscal years 2022 through 2025; (v) a 5% across the board reduction in Office of Children and Family Services and the Office of Temporary and Disability Assistance funding, which would result in combined payments to the City of \$28.3 million in fiscal year 2021 and \$43.75 million in each of fiscal years 2022 through 2025 lower than assumed in the Financial Plan; (vi) a reduction of annual State funding that offsets the City’s subsidies for MTA Bus and the Staten Island Ferry, which would reduce payments to the City by \$6.35 million in fiscal year 2021, and \$25.38 million each of fiscal years 2022 through 2025. The Financial Plan also does not reflect the Governor’s proposal to require employers to provide eight hours of paid time off for COVID-19 vaccinations, which is one additional hour beyond the City’s proposal and would cost \$10 million in fiscal year 2021 and \$20 million in fiscal year 2022 beyond the amounts assumed in the Financial Plan. The Governor’s Executive Budget also includes proposed legislation which would enable to State to discontinue its annual payments covering debt service on STAR Corp. bonds if such bonds were refinanced with State supported debt. For additional information on STAR Corp., see “SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities.”

State legislation authorizes the State Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State 2021 Budget is balanced during three “measurement periods”: April 1 to April 30, May 1 to June 30, and July 1 to December 31. According to the legislation, if a State General Fund imbalance has occurred during any measurement period, the State Budget Director will be empowered to adjust or reduce any general fund and/or State special revenue fund appropriation and related cash disbursement by any amount needed to maintain a balanced budget. The legislation further provides that prior to making any adjustments or reductions, the State Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the State Budget Director’s reductions will take effect automatically. Additionally, the State Budget Director may withhold State aid in the event there is a budgetary imbalance and such withholdings are necessary to address the financial, economic, and social effects of COVID-19. A budgetary imbalance is defined as actual State revenues being below 99% of estimates or if actual disbursements exceed 101% of estimates, for any period during the State fiscal year. Withholdings made under this authorization require notification to the legislature but the legislature does not have an opportunity to approve any alternative withholding plan. On April 25, 2020, the State projected a \$13.3 billion shortfall as a consequence of the COVID-19 pandemic, and in October 2020 increased the projected shortfall to \$14.9 billion. To address budget gaps the State has delayed payments of at least \$800 million to the City in fiscal year 2021. However, the Governor announced that 75% of such withholdings will be restored by March 2021. Additionally, the Governor’s Executive Budget contains authorization for the New York State Division of the Budget to withhold appropriations in the State’s 2021-2022 fiscal year if the State does not receive at least \$3 billion in unrestricted federal aid by August 31, 2021. Reductions or continued delays in the payment of State aid as described above could adversely affect the financial condition of the City.

The Financial Plan does not reflect (i) estimated school aid that is at least \$721 million, \$827 million, \$497 million, and \$152 million lower than assumed in the Financial Plan in fiscal years 2022 through 2025, respectively; (ii) the potential impact on the City of a State initiative to redesign its Medicaid program to achieve \$2.5 billion in savings Statewide, which is unknown at this time; and (iii) \$2.8 billion of the \$3 billion the City is required to contribute to the MTA 2020-2024 capital plan, on a schedule concurrent with the State’s \$3 billion contribution to be set by the State Budget Director. The Financial Plan also does not reflect the impact, in fiscal years 2022 through 2024, respectively, of a requirement that the City increase its funding of the MTA’s net paratransit operating deficit from 33% to 50%. The Financial Plan reflects \$238 million in fiscal year 2021 and \$175 million in each of fiscal years 2022 through 2024 to cover the City’s contributions for paratransit services, compared to MTA’s estimate of such costs of \$201 million, \$256 million, \$285 million and \$304 million in such fiscal years. For further information on New York City Transit, see “SECTION VII: FINANCIAL PLAN—Assumptions—*New York City Transit*.”

The Financial Plan does not reflect future increases in the charter school per-pupil tuition rate, which, if not offset by changes to State education aid to the City that occur each year during the State budget process, are preliminarily estimated to cost the City \$154 million in fiscal year 2022, \$282 million in fiscal year 2023, \$433 million in fiscal year 2024 and \$625 million in fiscal year 2025. These figures are based on preliminary data. Final figures that would determine the actual costs to the City will not be finalized until the time of the State budget process for the applicable year. The Financial Plan also does not reflect approximately \$70 million in increased charter school costs in fiscal year 2021 attributable to an increase in enrollment for such year.

The Financial Plan does not reflect funding to cover projected increases in the annual operating deficit of the MTA Bus Company, which the City is obligated to fund. The Financial Plan reflects \$456 million in each of fiscal years 2021 through 2024, compared to MTA's estimate of such costs of \$588 million, \$726 million, \$701 million and \$693 million in such fiscal years, based on the MTA's financial plan released in November 2020.

The Financial Plan does not reflect: (i) the restoration of Fair Student Funding, which provides direct funding to support schools, at a cost of \$150 million in fiscal year 2022; (ii) the restoration of the expansion for the 3K pre-school program at a cost of approximately \$44 million in fiscal year 2022; and (iii) funding for a tax rebate for certain one-to-three family homes currently estimated to be up to \$90 million in fiscal year 2022, each of which was proposed by the Mayor after the release of the Financial Plan.

State legislation provides for congestion tolling for vehicles entering a designated congestion zone in Manhattan below 60th Street, the revenues from which will be directed to the MTA for transit improvements. Details of the plan, including pricing and the start date, have yet to be determined. The start date could be delayed until 2023 due to a delay in receiving guidance from the federal government on an environmental assessment.

The Financial Plan reflects no wage increases for two years following the expiration of the current labor contracts covering the 2017-2021 round of collective bargaining, followed by annual 1% wage increases. For further information, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—1. PERSONAL SERVICE COSTS."

The Financial Plan assumes that the City's direct costs (including costs of NYCHH and NYCHA) as a result of Superstorm Sandy ("Sandy") will largely be paid from non-City sources, primarily the federal government. In addition to such direct costs, the City is delivering Sandy-related disaster recovery assistance services, benefiting impacted communities, businesses, homeowners and renters ("Community Costs"). The City anticipates that funding for Community Costs will be primarily reimbursed with federal funds. However, the City is responsible for \$134 million of such Community Costs, which are reflected the Financial Plan. The City may also be responsible for up to approximately \$150 million of additional Community Costs, which are not currently reflected in the Financial Plan. For further information, see "SECTION X: OTHER INFORMATION—Environmental Matters."

On January 31, 2019, New York City Housing Authority ("NYCHA"), the City and the U.S. Department of Housing and Urban Development ("HUD") entered into an agreement relating to lead-based paint and other health and safety concerns in NYCHA's properties. Pursuant to this agreement, a federal monitor has been appointed to oversee NYCHA's compliance with the terms of the agreement and federal regulations and the City will provide additional funding. Pursuant to the agreement, the 2021-2024 Capital Commitment Plan (defined herein) reflects \$1.2 billion in additional City capital funds, with an additional \$1 billion in City capital funds reflected in the remaining years of the Ten-Year Capital Strategy for fiscal years 2020 through 2029. NYCHA has announced that it may be out of compliance with federal requirements beyond the regulations concerning lead-based paint and other health and safety concerns that were the subject of such agreement. NYCHA's 2017 Physical Needs Assessment estimated its projected capital costs at approximately \$32 billion over the next five years. In January 2020, NYCHA's Chairman and Chief Executive Officer stated that such costs were \$40 billion. In July 2020, NYCHA announced a plan to carry out capital improvements to approximately 110,000 public housing units through a federal disposition process that would utilize a newly created public entity, the creation of which would require State legislative approval. The plan seeks to generate funds by borrowing against pooled federal Tenant Protection Vouchers, which are federal rental vouchers with a higher value than the Section 9 operating subsidy that NYCHA currently receives. The plan does not explicitly require City investment or directly impact the Financial Plan.

On May 31, 2018, the Mayor and the Speaker of the City Council established the New York City Advisory Commission on Property Tax Reform (the “Commission”) to consider changes to the City’s property taxation system, without reducing property tax revenues to the City. On January 31, 2020, the Commission released its preliminary report and recommendations which, among other things, would align the taxable value of certain properties more closely with market value. The Commission is expected to hold public hearings to solicit public input on its preliminary report. The implementation of a new property tax system would require State legislation.

On February 11, 2021, the Mayor signed an Executive Order establishing a Revenue Stabilization Account, which had been previously authorized by an amendment to the City Charter and the enactment of enabling State legislation. The initial deposit into such Revenue Stabilization Account consists of approximately \$493 million, representing accumulated surpluses from prior fiscal years.

Section 1518 of the City Charter provides that tax warrants authorizing the imposition of property taxes by the City are to be signed by the Public Advocate and counter-signed by the City Clerk. On July 1, 2020, Public Advocate Jumaane Williams announced he would not sign tax warrants for City property taxes due on January 1, 2021 and April 1, 2021 for policy reasons related to the City budget but unrelated to the imposition of property taxes. The City maintains that the City Charter requirement that the Public Advocate sign the tax warrants is ministerial in nature. The City issued bills for property taxes due on January 1, 2021 and April 1, 2021 and intends to collect payments on all such bills.

The City’s Preliminary Ten-Year Capital Strategy (as defined below) reflects approximately \$1.6 billion for reconstruction work on the Brooklyn Queens Expressway Triple Cantilever. The ultimate cost and scope of such reconstruction are uncertain at this time, but costs could be significantly higher than currently provided in the City’s Capital Budget.

From time to time, the City Comptroller, the Control Board staff, the Office of the State Deputy Comptroller for the City of New York (“OSDC”), the Independent Budget Office (“IBO”) and others issue reports and make public statements regarding the City’s financial condition, commenting on, among other matters, the City’s financial plans, projected revenues and expenditures and actions by the City to eliminate projected operating deficits. It is reasonable to expect that reports and statements will continue to be issued and may contain different perspectives on the City’s budget and economy and may engender public comment. For information on reports issued on the November Financial Plan and the Financial Plan and to be issued on the Financial Plan by the City Comptroller and others reviewing, commenting on and identifying various risks therein, see “SECTION VII: FINANCIAL PLAN—Certain Reports.”

The State

The State ended its 2020 fiscal year with a balance of \$8.9 billion in its general fund (the “General Fund”), an increase of \$1.7 billion from fiscal year 2019. The State Legislature completed action on the \$177.5 billion State 2021 Budget for its 2021 fiscal year on April 2, 2020 (the “State 2021 Budget”). The State 2021 Budget provided for balanced operations on a cash basis in the General Fund, as required by law. The State Annual Information Statement, dated June 3, 2020 and as updated by the Update to the Annual Information Statement dated October 1, 2020 and the Update to the Annual Information Statement dated December 3, 2020 (the “Annual Information Statement”), reflects the State 2021 Budget, as updated by the FY 2021 Mid-Year Update to the State Financial Plan for fiscal years 2021-2024 released on October 30, 2020 (the “Mid-Year Update”). The upcoming third quarterly update to the Annual Information Statement will reflect the State’s Fiscal Year 2022 Executive Budget Financial Plan released on January 19, 2021 (the “State Financial Plan”).

The Annual Information Statement and the State Financial Plan reflect assumptions at the respective times of publication concerning the financial impact of the COVID-19 pandemic. The State Financial Plan states that it is impossible to assess or forecast with any degree of certainty or precision the long-term impacts of COVID-19 on commuting patterns, remote working, social gathering, tourism, use of public transportation, aviation and more. Adverse results could have long-term trend impacts on the sources of revenues in the State’s financial plan. The estimates in the State Financial Plan for General Fund receipts for fiscal years 2021 and 2022 are \$11.5 billion lower and \$9.8 billion lower, respectively, in comparison to the State’s Fiscal Year 2021 Executive Budget Financial Plan proposed in January 2020 and amended in February 2020, and a cumulative loss of \$39 billion is projected through fiscal year 2024 compared to the Fiscal Year 2021 Executive Budget.

In the State Financial Plan, the State projects a balanced budget, on a cash basis, in fiscal years 2021 and 2022 and budget gaps of \$2.9 billion, \$6.0 billion and \$8.6 billion in fiscal years 2023 through 2025, respectively. Those projected results reflect actions outlined in a gap-closing plan. The gap-closing plan for fiscal years 2021 and 2022 must cover total estimated General Fund receipts shortfalls of \$15 billion. The estimates for balanced budgets in fiscal years 2021 and 2022 are dependent on many factors, including the accuracy of the tax receipts forecast, which is subject to many uncertainties as a result of the COVID-19 pandemic and recession; the successful implementation of the gap-closing plan, including reduction to aid-to-localities disbursements described below; and the receipt of federal funding. In addition, the State's projections for fiscal year 2022 and thereafter reflect an assumption that the Governor will continue to propose, and the State Legislature will continue to enact, balanced budgets in future years that limit annual growth in State operating funds to no greater than 2%.

The gap-closing plan for fiscal years 2021 and 2022 outlined in the State Financial Plan includes: spending reductions of \$2.8 billion and \$3.6 billion in fiscal years 2021 and 2022, respectively, including reductions in planned local aid spending of \$2.2 billion and \$3.4 billion in fiscal years 2021 and 2022, respectively, and savings from State agency operations; new revenues of \$17 million and \$2.0 billion in fiscal years 2021 and 2022, respectively, resulting from proposed personal income tax law changes and certain other tax actions; available federal resources of \$2.0 billion and \$1.6 billion in fiscal years 2021 and 2022, respectively; and new unrestricted federal aid of \$3 billion in fiscal year 2022.

The State 2021 Budget granted the State Budget Director the authority to reduce aid-to-localities appropriation and disbursements by any amount needed to achieve a balanced State budget, as estimated by the State Department of the Budget. In addition the State Budget Director was authorized to withhold and reduce specific local aid payments during fiscal year 2021 if the State budget was deemed unbalanced and the State Budget Director deems, in his sole discretion, that such withholding is necessary to respond to the direct and indirect economic, financial, and social effects of the COVID-19 pandemic. The State budget was deemed out of balance for the fiscal year, and the State Budget Director's powers are activated, if actual tax receipts are less than 99 percent of estimated tax receipts, or actual disbursements are more than 101 percent of estimated disbursements, as measured at three points during 2020 (April 1-30, May 1-June 30, and July 1-December 31). As of the initial measurement period (April 1-30), the State budget was deemed out of balance for the fiscal year and the State Budget Director's powers were activated and are in force for the entire State fiscal year 2021. The State Budget Director has been withholding a minimum of 20 percent of most local aid payments to achieve the cash flow savings anticipated in the Mid-Year Update pursuant to the reduction authority. The State Financial Plan notes that \$2.9 billion of payments initially planned through December 31 were withheld or not paid. The State Financial Plan states that most local aid payments are now expected to be reduced by a total of 5 percent from the State 2021 Budget estimate, rather than the 20 percent anticipated in the Mid-Year Update and executed to date. Amounts that have been withheld in excess of the 5 percent are expected to be reconciled and repaid in the final quarter of fiscal year 2021. Local aid reductions would be executed pursuant to authority granted to the State Budget Director in the Governor's Fiscal Year 2022 Executive Budget to withhold payments in response to the direct and indirect financial effects of the COVID-19 pandemic. The State Financial Plan notes that the wide-ranging economic, health, and social disruptions caused by the COVID-19 pandemic are having an adverse impact on State authorities and localities, including the MTA and the City, and that the aid-to-localities reductions may materially and adversely affect the financial position of the MTA, the City, and other localities.

The State Financial Plan notes that the timing and amount of federal aid will ultimately determine the level of spending cuts and tax increases that must be enacted in fiscal year 2022. The State Financial Plan estimates \$3 billion in new federal aid in each of fiscal years 2022 and 2023. The Governor's Fiscal Year 2022 Executive Budget includes a provision that will trigger automatic across-the-board reductions to planned local assistance appropriations and cash disbursements if unrestricted federal aid is not approved by August 31, 2021 or is approved at an amount less than the amount budgeted in the State Financial Plan, which reductions would be calculated to generate savings equal to the difference between the federal aid assumed in the State Financial Plan and the amount approved.

The Governor's Fiscal Year 2022 Executive Budget is a proposal and there can be no assurance that the State Legislature will not make changes that have an adverse impact on the budgetary projections contained therein or that it will take final action on the Governor's Fiscal Year 2022 Executive Budget prior to the start of the State's 2022 fiscal year on April 1, 2021.

The Annual Information Statement and the State Financial Plan identify a number of additional risks inherent in the implementation of the State 2021 Budget and the State Financial Plan. Such risks include, but are not limited to, the performance of the national and State economies, and the collection of economically sensitive tax receipts in the amounts projected; national and international events; ongoing financial risks in the Euro-zone; changes in consumer confidence, oil supplies and oil prices; cybersecurity threats; major terrorist events, hostilities or war; climate change and extreme weather events; federal statutory and regulatory changes concerning financial sector activities; changes to federal programs; changes concerning financial sector bonus payouts and any future legislation governing the structure of compensation; shifts in monetary policy affecting interest rates and the financial markets; credit rating agency actions; the impact of financial and real estate market developments on bonus income and capital gains realizations; tech industry developments and employment; the effect of household debt on consumer spending and State tax collections; the outcome of litigation and other claims affecting the State; wage and benefit increases for State employees that exceed projected annual costs; changes in the size of the State's workforce; the realization of the projected rate of return for pension fund assets and current assumptions with respect to wages for State employees affecting the State's required pension fund contributions; the willingness and ability of the federal government to provide the aid expected in the State Financial Plan; the ability of the State to implement cost reduction initiatives and the success with which the State controls expenditures; and the ability of the State and public authorities to issue securities successfully in the public credit markets.

SECTION II: THE BONDS

General

The Bonds will be general obligations of the City issued pursuant to the Constitution and laws of the State, including the Local Finance Law (the “LFL”), and the City Charter and in accordance with bond resolutions of the Mayor and a certificate of the Deputy Comptroller for Public Finance (with related proceedings, the “Certificate”). The Bonds will mature and bear interest as described on the cover and inside cover page of this Official Statement. Interest on the Bonds, calculated on the basis of a 360-day year of 30-day months, will be payable to the registered owners thereof as shown on the registration books of the City on the Record Date, the fifteenth day of the calendar month immediately preceding the applicable interest payment date.

The State Constitution requires that the City pledge its faith and credit to the payment of its bonds and notes. 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 and interest on the Bonds. The City is not permitted by the State Constitution to issue revenue bonds.

Payment Mechanism

Pursuant to the Financial Emergency 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 in recent years resulted in retention of sufficient real estate taxes to comply with the City Covenants (as defined in “—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 terminates, 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. For information regarding the termination date of the Act, see “SECTION III: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*Financial Emergency Act and City Charter*.”

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 when due. 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 New York 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 New York 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.

The rights of the owners of Bonds to receive interest, principal and applicable 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 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 “—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—Indebtedness of the City and Certain Other Entities.”

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 provide a general reserve for each fiscal year to cover potential reductions in its projected revenues or increases in its projected expenditures during each such fiscal year, to comply with the financial reporting requirements of the Act, as in effect from time to time, and to limit its issuance of bond anticipation notes and tax anticipation notes as required by the Act, as in effect from time to time, and to include as terms of the Bonds the applicable multi-modal provisions and to comply with such provisions and with the statutory restrictions on multi-modal rate bonds in effect from time to time.

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”). The City will covenant to make continuing disclosure with respect to the Bonds (the “Undertaking”) to the extent summarized in “SECTION X: OTHER INFORMATION—Continuing Disclosure Undertaking.” In the opinion of Co-Bond Counsel, the enforceability of the City Covenants, the Undertaking 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. The City Covenants, the Undertaking and the State Pledge and Agreement shall be of no force and effect with respect to any Bond if there is a deposit in trust with a bank or trust company of sufficient cash or equivalents to pay when due all principal of, applicable redemption premium, if any, and interest on such Bond.

Use of Proceeds

The proceeds of the Bonds will be used for capital purposes and for the payment of certain costs of issuance.

Mandatory Sinking Fund Redemption of Tax-Exempt Bonds

The Tax-Exempt Bonds maturing on March 1, 2047 and the Tax-Exempt Bonds maturing on March 1, 2050 are subject to mandatory redemption prior to maturity in part, by lot, in such manner as the City may reasonably determine, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on March 1 in the years and in the respective principal amounts, as follows.

<u>Bonds Maturing March 1, 2047</u>		<u>Bonds Maturing March 1, 2050</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2045	\$50,085,000	2048	\$52,040,000
2046	52,090,000	2049	54,640,000
2047 ⁽¹⁾	54,170,000	2050 ⁽¹⁾	57,370,000

⁽¹⁾ Stated maturity.

The City may from time to time purchase Tax-Exempt Bonds subject to sinking fund installments and apply such Tax-Exempt Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of succeeding sinking fund installments as the City may direct. To the extent that the City’s obligation to make sinking

fund installments in a particular year is fulfilled through such purchases, the likelihood of redemption through mandatory sinking fund installments of Tax-Exempt Bonds will be reduced for such year.

Optional Par Redemption and Mandatory Tender of Tax-Exempt Bonds

The Tax-Exempt Bonds maturing on or after March 1, 2035 are subject to redemption or mandatory tender, at the option of the City, in whole or in part, on any date (the “Subseries F-1 Call Date”) on or after March 1, 2031 upon 30 days’ notice, at a price of 100% of their principal amount plus accrued interest to the Subseries F-1 Call Date.

Make-Whole Optional Redemption and Mandatory Tender of Subseries F-2 Bonds

Make-Whole Optional Redemption and Mandatory Tender. The Subseries F-2 Bonds are subject to redemption or mandatory tender at the option of the City, in whole or in part, on any date, at a redemption price equal to the greater of:

- (a) the issue price set forth on the inside cover page hereof (but not less than 100%) of the principal amount of such Subseries F-2 Bonds to be redeemed or tendered; or
- (b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Subseries F-2 Bonds to be redeemed or tendered, not including any portion of those payments of interest accrued and unpaid as of the date on which such Subseries F-2 Bonds are to be redeemed or tendered, discounted to the date on which such Subseries F-2 Bonds are to be redeemed or tendered on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 25 basis points;

plus in each case accrued interest to the redemption or tender date.

“Treasury Rate” means, with respect to any redemption or tender date for a particular Subseries F-2 Bond, the yield to maturity as of such redemption or tender 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 60 calendar days, prior to the redemption or tender 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 or tender date to the maturity date of the Subseries F-2 Bond to be redeemed or tendered.

Any Subseries F-2 Bonds that are escrowed to maturity will remain subject to optional redemption or mandatory tender by the City.

Par and Make-Whole Optional Redemption and Mandatory Tender of Subseries F-3 Bonds

Par Optional Redemption and Mandatory Tender. The Subseries F-3 Bonds are subject to redemption or mandatory tender at the option of the City, in whole or in part, on any date on or after March 1, 2031 (the “Subseries F-3 Call Date”) at par, plus accrued interest to the date of redemption or tender.

Make-Whole Optional Redemption and Mandatory Tender. The Subseries F-3 Bonds are also subject to redemption or mandatory tender at the option of the City, in whole or in part, on any date prior to the Subseries F-3 Par Call Date, at a redemption price equal to the greater of:

- (a) the issue price set forth on the inside cover page hereof (but not less than 100%) of the principal amount of such Subseries F-3 Bonds to be redeemed or tendered; or

(b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Subseries F-3 Bonds to be redeemed or tendered, not including any portion of those payments of interest accrued and unpaid as of the date on which such Subseries F-3 Bonds are to be redeemed or tendered, discounted to the date on which such Subseries F-3 Bonds are to be redeemed or tendered on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 30 basis points;

plus in each case accrued interest to the redemption or tender date.

“Treasury Rate” means, with respect to any redemption or tender date for a particular Subseries F-3 Bond, the yield to maturity as of such redemption or tender 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 60 calendar days, prior to the redemption or tender 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 or tender date to the maturity date of the Subseries F-3 Bond to be redeemed or tendered.

Any Subseries F-3 Bonds that are escrowed to maturity will remain subject to optional redemption or mandatory tender by the City.

Tender of Multi-Modal Bonds in the Fixed Rate Mode

The Bonds are being issued as multi-modal bonds in the Fixed Rate Mode. The City may cause a mandatory tender of the Bonds at the applicable optional redemption price on any date such Bonds are subject to optional redemption by giving 30 days’ written notice to the Holders, subject to the City’s providing a source of payment therefor in accordance with law. If notice of mandatory tender has been given and funds prove insufficient, the Bonds not purchased shall continue in the Fixed Rate Mode, without change in interest rate, maturity date or other terms. Other modes to which the Bonds may be converted following a mandatory tender are not described in this Official Statement.

Notice of Redemption or Tender; Selection of Bonds to be Redeemed or Tendered

On or after any redemption date or successful tender date, interest will cease to accrue on the Bonds called for redemption or successfully tendered.

The particular series and subseries, if applicable, maturities, amounts and interest rates of the Bonds to be redeemed or called for mandatory tender at the option of the City will be determined by the City in its sole discretion.

Notice of redemption or tender will be given by mail to the Holders of the Bonds to be redeemed or tendered not less than 30 days prior to the date set for redemption or tender. Failure by a particular Holder to receive notice, or any defect in the notice to such Holder, will not affect the redemption or purchase of any other Bond.

If less than all of the Bonds of a series and maturity, amount and interest rate are called for prior redemption or tender, such Bonds will be selected for redemption or tender, in accordance with DTC procedures, by lot.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, acts as securities depository for the Bonds. Reference to the Bonds under this caption “Book-Entry Only System” shall mean all Bonds held through DTC. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds of a series or subseries, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchasers may own beneficial interests in the Bonds through DTC, Clearstream Banking, S.A. (“Clearstream”) or Euroclear Bank S.A./N.V. as operator of the Euroclear System (“Euroclear”).

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 and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC rules applicable to 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 Direct and Indirect 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 Direct Participants with DTC are registered in the name of Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee 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 Direct 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s procedures. 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).

Redemption notices will be sent to DTC. If less than all of the Bonds within a series, subseries, maturity or interest rate are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such series, subseries, maturity or interest rate to be redeemed.

Payment of redemption proceeds and principal and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City or its Fiscal Agent, The Bank of New York Mellon, on the payment date in accordance with their respective holdings shown on DTC’s records. 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 redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of 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.

The services of DTC as securities depository with respect to the Bonds of a series or subseries may be discontinued 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 of such series or subseries will be printed and delivered.

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.

Unless otherwise noted, certain of the information contained under this caption “Book-Entry Only System” has been extracted from information furnished by DTC. Neither the City nor the Underwriters make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

Global Clearance Procedures

Euroclear and Clearstream. Euroclear and Clearstream have advised the City as follows:

Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures. The Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, or Clearstream and Euroclear in Europe if the investors are participants in those systems, or indirectly through organizations that are participants in the systems. For any of such Bonds, the record holder will be DTC’s nominee. Clearstream and Euroclear will hold omnibus positions on behalf of their participants through customers’ securities accounts in Clearstream’s and Euroclear’s names on the books of their respective depositories.

The depositories, in turn, will hold positions in customers’ securities accounts in the depositories’ names on the books of DTC. Because of time zone differences, the securities account of a Clearstream or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities

settled during the processing will be reported to the relevant Euroclear participant or Clearstream participant on that business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants or Euroclear participants may not deliver instructions directly to the depositories.

The City will not impose any fees in respect of holding the Bonds; however, holders of book-entry interests in the Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the DTC, Euroclear and Clearstream.

Initial Settlement. Interests in the Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Bonds through Euroclear and Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Bonds will be credited to Euroclear and Clearstream participants' securities clearance accounts on the business day following the date of delivery of the Bonds against payment (value as on the date of delivery of the Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Bonds following confirmation of receipt of payment to the City on the date of delivery of the Bonds.

Secondary Market Trading. Secondary market trades in the Bonds will be settled by transfer of title to book-entry interests in Euroclear, Clearstream or DTC, as the case may be. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Bonds may be transferred within Euroclear and within Clearstream and between Euroclear and Clearstream in accordance with procedures established for these purposes by Euroclear and Clearstream. Book-entry interests in the Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Bonds between Euroclear or Clearstream and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream and DTC.

Special Timing Considerations. Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Bonds through Euroclear or Clearstream on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Bonds, or to receive or make a payment or delivery of Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

General. Neither Euroclear or Clearstream is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the City nor any of its agents will have any responsibility for the performance by Euroclear or Clearstream or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

The information in this subsection concerning DTC, Euroclear and Clearstream has been obtained from sources that the City, the Underwriters believe to be reliable, but neither the City nor the Underwriters take any responsibility for the accuracy thereof or make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

SECTION III: GOVERNMENT AND FINANCIAL CONTROLS

Structure of City Government

The City of New York is divided into five counties, which correspond to its five boroughs. The City, however, is the only unit of local government within its territorial jurisdiction with authority to levy and collect taxes, and is the unit of local government primarily responsible for service delivery. Responsibility for governing the City is currently vested by the City Charter in the Mayor, the City Comptroller, the City Council, the Public Advocate and the Borough Presidents.

- *The Mayor.* Bill de Blasio, the Mayor of the City, took office on January 1, 2014 and was elected to a second term commencing on January 1, 2018. The Mayor is elected in a general election for a four-year term and is the chief executive officer of the City. The Mayor has the power to appoint the commissioners of the City's various departments. The Mayor is responsible for preparing and administering the City's annual Expense and Capital Budgets (as defined below) and financial plan. The Mayor has the power to veto local laws enacted by the City Council, but such a veto may be overridden by a two-thirds vote of the City Council. The Mayor has powers and responsibilities relating to land use and City contracts and all residual powers of the City government not otherwise delegated by law to some other public official or body. The Mayor is also a member of the Control Board.
- *The City Comptroller.* Scott M. Stringer, the Comptroller of the City, took office on January 1, 2014 and was elected to a second term commencing on January 1, 2018. The City Comptroller is elected in a general election for a four-year term and is the chief fiscal officer of the City. The City Comptroller has extensive investigative and audit powers and responsibilities which include keeping the financial books and records of the City. The City Comptroller's audit responsibilities include a program of performance audits of City agencies in connection with the City's management, planning and control of operations. In addition, the City Comptroller is required to evaluate the Mayor's budget, including the assumptions and methodology used in the budget. The Office of the City Comptroller is responsible under the City Charter and pursuant to State law and City investment guidelines for managing and investing City funds for operating and capital purposes. The City Comptroller is also a member of the Control Board and is a trustee, the custodian and the delegated investment advisor of the City's five pension systems.
- *The City Council.* The City Council is the legislative body of the City and consists of the Public Advocate and 51 members elected for four-year terms who represent various geographic districts of the City. Under the City Charter, the City Council must annually adopt a resolution fixing the amount of the real estate tax and adopt the City's annual Expense Budget and Capital Budget. The City Council does not, however, have the power to enact local laws imposing other taxes, unless such taxes have been authorized by State legislation. The City Council has powers and responsibilities relating to franchises and land use and as provided by State law.
- *The Public Advocate.* Jumaane Williams was elected as Public Advocate in a special election and took office in March 2019 to hold office until December 31, 2019. Through a second special election held in November 2019, Mr. Williams was elected to complete the remainder of a four year term which began on January 1, 2018. The Public Advocate is elected in a general election for a four-year term. The Public Advocate is first in the line of succession to the Mayor in the event of the disability of the Mayor or a vacancy in the office, pending an election to fill the vacancy. The Public Advocate appoints a member of the City Planning Commission and has various responsibilities relating to, among other things, monitoring the activities of City agencies, the investigation and resolution of certain complaints made by members of the public concerning City agencies and ensuring appropriate public access to government information and meetings.
- *The Borough Presidents.* Each of the City's five boroughs elects a Borough President who serves for a four-year term concurrent with other City elected officials. The Borough Presidents consult with the Mayor in the preparation of the City's annual Expense Budget and Capital Budget. Five percent of discretionary increases proposed by the Mayor in the Expense Budget and, with certain exceptions, five percent of the appropriations supported by funds over which the City has substantial discretion proposed by the Mayor in the Capital

Budget, must be based on appropriations proposed by the Borough Presidents. Each Borough President also appoints one member to the Panel for Educational Policy (as described below) and has various responsibilities relating to, among other things, reviewing and making recommendations regarding applications for the use, development or improvement of land located within the borough, monitoring and making recommendations regarding the performance of contracts providing for the delivery of services in the borough and overseeing the coordination of a borough-wide public service complaint program.

On November 2, 2010, the City Charter was amended to provide that no person shall be eligible to be elected to or serve in the office of Mayor, Public Advocate, City Comptroller, Borough President or Council member if that person has previously held such office for two or more consecutive full terms, unless one full term or more has elapsed since that person last held such office. Such term limit applies only to officials first elected to office on or after November 2, 2010.

City Financial Management, Budgeting and Controls

The Mayor is responsible under the City Charter for preparing the City's annual expense and capital budgets (as adopted, the "Expense Budget" and the "Capital Budget," respectively, and collectively, the "Budgets") and for submitting the Budgets to the City Council for its review and adoption. The Expense Budget covers the City's annual operating expenditures for municipal services, while the Capital Budget covers expenditures for capital projects, as defined in the City Charter. Operations under the Expense Budget must reflect the aggregate expenditure limitations contained in financial plans.

The City Council is responsible for adopting the Expense Budget and the Capital Budget. Pursuant to the City Charter, the City Council may increase, decrease, add or omit specific units of appropriation in the Budgets submitted by the Mayor and add, omit or change any terms or conditions related to such appropriations. The City Council is also responsible, pursuant to the City Charter, for approving modifications to the Expense Budget and adopting amendments to the Capital Budget beyond certain latitudes allowed to the Mayor under the City Charter. However, the Mayor has the power to veto any increase or addition to the Budgets or any change in any term or condition of the Budgets approved by the City Council, which veto is subject to an override by a two-thirds vote of the City Council, and the Mayor has the power to implement expenditure reductions subsequent to adoption of the Expense Budget in order to maintain a balanced budget. In addition, the Mayor has the power to determine the non-property tax revenue forecast on which the City Council must rely in setting the property tax rates for adopting a balanced City budget.

Office of Management and Budget

The City's Office of Management and Budget ("OMB"), with a staff of approximately 340, is the Mayor's primary advisory group on fiscal issues and is also responsible for the preparation, monitoring and control of the City's Budgets and four-year financial plans which encompass the City's revenue, expenditure, cash flow and capital projections. In addition, OMB is responsible for the preparation of a Ten-Year Capital Strategy.

State law and the City Charter require the City to maintain its Expense Budget balanced when reported in accordance with GAAP with the exception of GASB 49 and without regard to changes in certain fund balances pursuant to GML Section 25. All Covered Organizations (as defined below) are also required to maintain budgets that are balanced when reported in accordance with GAAP. From time to time certain Covered Organizations have had budgets providing for operations on a cash basis but not balanced under GAAP.

To assist in achieving the goals of the financial plan and budget, the City reviews its financial plan periodically and, if necessary, prepares modifications to incorporate actual results and revisions to projections and assumptions to reflect current information. The City's revenue projections are continually reviewed and periodically updated with the benefit of discussions with a panel of private economists analyzing the effects of changes in economic indicators on City revenues and information from various economic forecasting services.

Office of the Comptroller

The City Comptroller is the City's chief fiscal officer and is responsible under the City Charter for reviewing and commenting on the City's Budgets and financial plans, including the assumptions and methodologies used in their preparation. The City Comptroller, as an independently elected public official, is required to report annually to the City Council on the state of the City's economy and finances and periodically to the Mayor and the City Council on the financial condition of the City and to make recommendations, comments and criticisms on the operations, fiscal policies and financial transactions of the City. Such reports, among other things, have differed with certain of the economic, revenue and expenditure assumptions and projections in the City's financial plans and Budgets. See "SECTION VII: FINANCIAL PLAN—Certain Reports."

The Office of the City Comptroller establishes the City's accounting and financial reporting practices and internal control procedures. The City Comptroller is also responsible for the preparation of the City's annual financial statements, which, since 1978, have been required to be reported in accordance with GAAP.

The Comprehensive Annual Financial Report of the Comptroller (the "CAFR") for the 2020 fiscal year, which includes, among other things, the City's financial statements for the 2020 and 2019 fiscal years, was issued on October 30, 2020. The CAFR for the 2019 fiscal year received the Government Finance Officers Association award of the Certificate of Achievement for Excellence in Financial Reporting, the fortieth consecutive year the CAFR has won such award.

All contracts for goods and services requiring the expenditure of City monies must be registered with the City Comptroller. No contract can be registered unless funds for its payment have been appropriated by the City Council or otherwise authorized. The City Comptroller also prepares vouchers for payments for such goods and services and cannot prepare a voucher unless funds are available in the Budgets for its payment.

The City Comptroller is also required by the City Charter to audit all City agencies and has the power to audit all City contracts. The Office of the Comptroller conducts both financial and management audits and has the power to investigate corruption in connection with City contracts or contractors.

The Mayor and City Comptroller are responsible for the issuance of City indebtedness. The City Comptroller oversees the payment of such indebtedness and is responsible for the custody of certain sinking funds.

Financial Reporting and Control Systems

Since 1978, the City's financial statements have been required to be audited by independent certified public accountants and to be presented in accordance with GAAP. The City has completed forty consecutive fiscal years with a General Fund surplus when reported in accordance with then applicable GAAP, except with regard to the application of GASB 49 and without regard to changes in certain fund balances pursuant to GML Section 25 as described herein.

Both OMB and the Office of the Comptroller utilize a financial management system which provides comprehensive current and historical information regarding the City's financial condition. This information, which is independently evaluated by each office, provides a basis for City action required to maintain a balanced budget and continued financial stability.

The City's operating results and forecasts are analyzed, reviewed and reported on by each of OMB and the Office of the Comptroller as part of the City's overall system of internal control. Internal control systems are reviewed regularly, and the City Comptroller requires an annual report on internal control and accountability from each agency. Comprehensive service level and productivity targets are formulated and monitored for each agency by the Mayor's Office of Operations and reported publicly in a semiannual management report.

The City has developed and utilizes a cash forecasting system which forecasts its daily cash balances. This enables the City to predict its short-term borrowing needs and maximize its return on the investment of available cash balances. Monthly statements of operating revenues and expenditures, capital revenues and expenditures and cash flow are reported after each month's end, and major variances from the financial plan are identified and explained.

City funds held for operating and capital purposes are managed by the Office of the City Comptroller, with specific guidelines as to investment vehicles. The City invests primarily in obligations of the United States Government, its agencies and instrumentalities, high grade commercial paper and repurchase agreements with primary dealers. The repurchase agreements are collateralized by United States Government treasuries, agencies and instrumentalities, held by the City's custodian bank and marked to market daily.

More than 97% of the aggregate assets of the City's five defined benefit pension systems are managed by outside managers, supervised by the Office of the City Comptroller, and the remainder is held in cash or managed by the City Comptroller. Allocations of investment assets are determined by each fund's board of trustees. As of November 30, 2020, aggregate pension assets were allocated approximately as follows: 31% U.S. equity; 24% fixed income; 20% international equity; 9% alternative credit; 6% private equity; 5% private real estate; 2% hedge funds; 1% infrastructure investments; and 2% cash (percentages may not add to 100% due to rounding).

Financial Emergency Act and City Charter

The Financial Emergency Act requires that the City submit to the Control Board, at least 50 days prior to the beginning of each fiscal year (or on such other date as the Control Board may approve), a financial plan for the City and certain State governmental agencies, public authorities or public benefit corporations which receive or may receive monies from the City directly, indirectly or contingently (the "Covered Organizations") covering the four-year period beginning with such fiscal year. The New York City Transit Authority and the Manhattan and Bronx Surface Transit Operating Authority (collectively, "New York City Transit" or "NYCT" or "Transit Authority"), NYCHH and NYCHA are examples of Covered Organizations. The Act requires that the City's four-year financial plans conform to a number of standards. Subject to certain conditions, the Financial Emergency Act and the City Charter require the City to prepare and balance its budget covering all expenditures other than capital items so that the results of such budget will not show a deficit when reported in accordance with GAAP. Provision must be made, among other things, for the payment in full of the debt service on all City securities. The budget and operations of the City and the Covered Organizations must be in conformance with the financial plan then in effect.

From 1975 to June 30, 1986, the City was subject to a Control Period, as defined in the Act, which was terminated upon the satisfaction of the statutory conditions for termination, including the termination of all federal guarantees of obligations of the City, a determination by the Control Board that the City had maintained a balanced budget in accordance with GAAP for each of the three immediately preceding fiscal years and a certification by the State and City Comptrollers that sales of securities by or for the benefit of the City satisfied its capital and seasonal financing requirements in the public credit markets and were expected to satisfy such requirements in the 1987 fiscal year. With the termination of the Control Period, certain Control Board powers were suspended including, among others, its power to approve or disapprove certain contracts (including collective bargaining agreements), long-term and short-term borrowings, and the four-year financial plan and modifications thereto of the City and the Covered Organizations. Pursuant to the Act and the City Charter, the City is required to develop a four-year financial plan each year and to modify the plan as changing circumstances require. Under current law, prior to July 1, 2008, the Control Board was required to reimpose a Control Period upon the occurrence or substantial likelihood and imminence of the occurrence of any one of certain events specified in the Act. These events were (i) failure by the City to pay principal of or interest on any of its notes or bonds when due or payable, (ii) the existence of a City operating deficit of more than \$100 million, (iii) issuance by the City of notes in violation of certain restrictions on short-term borrowing imposed by the Act, (iv) any violation by the City of any provision of the Act which substantially impaired the ability of the City to pay principal of or interest on its bonds or notes when due and payable or its ability to adopt or adhere to an operating budget balanced in accordance with the Act, or (v) joint certification by the State and City Comptrollers that they could not at that time make a joint certification that sales of securities in the public credit market by or for the benefit of the City during the immediately preceding fiscal year and the current fiscal year satisfied its capital and seasonal financing requirements during such period and that there was a substantial likelihood that such securities could be sold in the general public market from the date of the joint certification through the end of the next succeeding fiscal year in amounts that would satisfy substantially all of the capital and seasonal financing requirements of the City during such period in accordance with the financial plan then in effect.

In 2003, the State Legislature amended the Act to change its termination date from the *earlier* of July 1, 2008 or the date on which certain bonds are discharged to the *later* of July 1, 2008 or the date on which such bonds are

discharged. The bonds referred to in the amended section of the Act are all bonds containing the State pledge and agreement authorized under section 5415 of the Act (the “State Covenant”).

The State Covenant is authorized to be included in bonds of the City. Since the 2003 enactment of this amendment to the Act, the City has not issued bonds containing the State Covenant. However, many City bonds issued prior to the amendment do contain the State Covenant. Because the City has issued such bonds with maturities as long as 30 years, the effect of the amendment was to postpone termination of the Act from July 1, 2008 to 2033 (or earlier if all City bonds containing the State Covenant are discharged). The State Legislature could, without violation of the State Covenant contained in the City’s outstanding bonds, enact legislation that would terminate the Control Board and the Act because, at the time of issuance of those bonds, the latest termination date of the Act was July 1, 2008.

While the State Legislature amended the Act to extend the termination date of the Control Board, the power to impose or continue a Control Period terminated July 1, 2008. The power to impose or continue a Control Period is covered by a section of the Act that provides that no Control Period shall continue beyond July 1, 2008. The State Legislature did not amend this provision. Therefore, under current law, although the Act continues in effect, no Control Period may be imposed.

Financial Review and Oversight

The Control Board, with the OSDC, reviews and monitors revenues and expenditures of the City and the Covered Organizations. In addition, the IBO has been established pursuant to the City Charter to provide analysis to elected officials and the public on relevant fiscal and budgetary issues affecting the City.

The Control Board is required to: (i) review the four-year financial plan of the City and of the Covered Organizations and modifications thereto; (ii) review the operations of the City and the Covered Organizations, including their compliance with the financial plan; and (iii) review certain contracts, including collective bargaining agreements, of the City and the Covered Organizations. The requirement to submit four-year financial plans and budgets for review was in response to the severe financial difficulties and loss of access to the credit markets encountered by the City in 1975. The Control Board must reexamine the financial plan on at least a quarterly basis to determine its conformance to statutory standards.

The *ex officio* members of the Control Board are the Governor of the State of New York (Chairman); the Comptroller of the State of New York; the Mayor of The City of New York; and the Comptroller of The City of New York. In addition, there are three private members appointed by the Governor. The Executive Director of the Control Board is appointed jointly by the Governor and the Mayor. The Control Board is assisted in the exercise of its responsibilities and powers under the Financial Emergency Act by the State Deputy Comptroller for The City of New York.

SECTION IV: SOURCES OF CITY REVENUES

The City derives its revenues from a variety of local taxes, user charges and miscellaneous revenues, as well as from federal and State unrestricted and categorical grants. State aid as a percentage of the City's revenues has remained relatively constant over the period from 1980 to 2020, while federal aid has been sharply reduced. The City projects that local revenues will provide approximately 71.6% of total revenues in the 2021 fiscal year, while federal aid, including categorical grants, will provide 12.5%, and State aid, including unrestricted aid and categorical grants, will provide 15.9%. Adjusting the data for comparability, local revenues provided approximately 60% of total revenues in 1980, while federal and State aid each provided approximately 20%. A discussion of the City's principal revenue sources follows. For additional information regarding assumptions on which the City's revenue projections are based, see "SECTION VII: FINANCIAL PLAN—Assumptions." For information regarding the City's tax base, see "APPENDIX A—ECONOMIC AND DEMOGRAPHIC INFORMATION."

Real Estate Tax

The real estate tax, the single largest source of the City's revenues, is the primary source of funds for the City's General Debt Service Fund. The City expects to derive approximately 49.7% of its total tax revenues and 32.3% of its total revenues for the 2021 fiscal year from the real estate tax. For information concerning tax revenues and total revenues of the City for prior fiscal years, see "SECTION VI: FINANCIAL OPERATIONS—2016-2020 Summary of Operations."

The State Constitution authorizes the City to levy a real estate tax without limit as to rate or amount (the "debt service levy") to cover scheduled payments of the principal of and interest on indebtedness of the City. However, the State Constitution limits the amount of revenue which the City can raise from the real estate tax for operating purposes (the "operating limit") to 2.5% of the average full value of taxable real estate in the City for the current and the last four fiscal years, which amount may be further limited by the State Constitution or laws. On June 24, 2011 the Governor signed into law the State's tax levy limitation law which restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a municipality in a particular year. Such law does not apply to the City. Although legislation applying such law to the City has been proposed in each year since it was enacted, it has never passed. Were it to be enacted into law, it would have a material adverse impact on projected City revenues. The table below sets forth the percentage the debt service levy represents of the total levy. The City Council has adopted a distinct tax rate for each of the four categories of real property established by State legislation.

On April 24, 2017, a lawsuit was filed challenging the City's real property tax system and valuation methodology. See "SECTION X: OTHER INFORMATION—Litigation—*Taxes*."

On May 31, 2018, the Mayor and the Speaker of the City Council established the Commission to consider changes to the City's property taxation system, without reducing property tax revenues to the City. See "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

COMPARISON OF REAL ESTATE TAX LEVIES, TAX LIMITS AND TAX RATES

Fiscal Year	Total Levy⁽¹⁾	Levy Within Operating Limit	Debt Service Levy⁽²⁾	Debt Service Levy as a Total Levy	Operating Limit	Levy Within Operating Limit as a Percentage of Operating Limit	Rate Per \$100 of Full Valuation⁽³⁾	Average Tax Rate Per \$100 of Assessed Valuation
(Dollars in Millions, except for Tax Rates)								
2016	\$ 24,145.0	\$ 20,761.2	\$ 2,310.6	9.6%	\$ 21,130.6	98.3%	\$ 2.45	\$ 12.28
2017	25,794.1	22,303.5	2,353.6	9.1	22,377.8	99.7	2.45	12.28
2018	27,726.2	24,005.2	2,599.9	9.4	24,448.7	98.2	2.38	12.28
2019	29,574.7	26,274.6	2,095.6	7.1	26,437.7	99.4	2.36	12.28
2020	31,629.8	27,803.8	2,448.5	7.7	28,936.2	96.1	2.30	12.28
2021	33,371.4	28,960.9	2,872.0	8.6	30,614.3	94.6	2.34	12.28

⁽¹⁾ As approved by the City Council.

⁽²⁾ The debt service levy includes a portion of the total reserve for uncollected real estate taxes.

⁽³⁾ Full valuation is based on the special equalization ratios (discussed below) and the billable assessed valuation. Special equalization ratios and full valuations are revised periodically as a result of surveys by the State Office of Real Property Tax Services.

Assessment

The City has traditionally assessed real property at less than market value. The State Office of Real Property Tax Services (the “State Office”) is required by law to determine annually the relationship between taxable assessed value and market value which is expressed as the “special equalization ratio.” The special equalization ratio is used to compute full value for the purpose of measuring the City’s compliance with the operating limit and general debt limit. For a discussion of the City’s debt limit, see “SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities—*Limitations on the City’s Authority to Contract Indebtedness.*” The ratios are calculated by using the most recent market value surveys available and a projection of market value based on recent survey trends, in accordance with methodologies established by the State Office from time to time. Ratios, and therefore full values, may be revised when new surveys are completed. The ratios and full values shown in the table below, which were used to compute the 2021 fiscal year operating limit and general debt limit, have been established by the State Office and include the results of the fiscal year 2019 market value survey.

BILLABLE ASSESSED AND FULL VALUE OF TAXABLE REAL ESTATE⁽¹⁾

Fiscal Year	Billable Assessed Valuation of Taxable Real Estate⁽²⁾	÷	Special Equalization Ratio	=	Full Valuation⁽²⁾
2017	\$ 210,130,499,481		0.1981		\$ 1,060,729,426,961
2018	225,863,036,909		0.1937		1,166,045,621,626
2019	240,777,862,121		0.1990		1,209,939,005,633
2020	257,509,634,870		0.1997		1,289,482,397,947
2021	271,688,749,747		0.1907		1,424,691,923,162
				Average:	\$ 1,230,177,675,066

⁽¹⁾ Also assessed by the City, but excluded from the computation of taxable real estate, are various categories of property exempt from taxation under State law. For the 2020 fiscal year (the most recent fiscal year for which such categorical data are available), the billable assessed value of all real estate (taxable and exempt) was \$418.6 billion, comprised of \$138.0 billion of fully exempt real estate, \$76.2 billion of partially taxable real estate (including both taxable and exempt real estate) and \$204.4 billion of fully taxable real estate.

⁽²⁾ Figures are based on estimates of the special equalization ratio which are revised annually. These figures are derived from official City Council Tax Resolutions adopted with respect to the 2021 fiscal year. These figures differ from the assessed and full valuation of taxable real estate reported in the CAFR, which excludes veterans’ property subject to tax for school purposes and is based on estimates of the special equalization ratio which are not revised annually.

State law provides for the classification of all real property in the City into one of four statutory classes. Class one primarily includes one-, two- and three-family homes; class two includes certain other residential property not included in class one; class three includes most utility real property; and class four includes all other real property. The total tax levy consists of four tax levies, one for each class. Once the tax levy is set for each class, the tax rate for each class is then fixed annually by the City Council by dividing the levy for such class by the billable assessed value for such class.

Assessment procedures differ for each class of property. For fiscal year 2021, class one was assessed at approximately 6% of market value and classes two, three and four were each assessed at 45% of market value. In addition, individual assessments on class one parcels cannot increase by more than 6% per year or 20% over a five-year period. Market value increases and decreases for most of class two and all of class four are phased in over a period of five years. Increases in class one market value in excess of applicable limitations are not phased in over subsequent years. There is also no phase in for class three property.

Class two and class four real property have three assessed values: actual, transitional and billable. Actual assessed value is established for all tax classes without regard to the five-year phase-in requirement applicable to most class two and all class four properties. The transitional assessed value reflects this phase-in. Billable assessed value is the basis for tax liability and is the lower of the actual or transitional assessment.

The share of the total levy that can be borne by each class is regulated by the provisions of the State Real Property Tax Law. Each class share of the total tax levy is updated annually to reflect new construction, demolition, alterations or changes in taxable status and is subject to limited adjustment to reflect market value changes among the four classes. Class share adjustments are limited to a 5% maximum increase per year. Maximum class increases below 5% must be, and typically are, approved by the State Legislature. For fiscal year 2021, the State had pre-authorized the City to approve any rate of increase as long as the increase is below 5%. Fiscal year 2021 tax rates were set on June 30, 2020 and reflect a 0.5% limitation on class share adjustment for 2020. The average tax rate for fiscal year 2021 was maintained at \$12.28 per \$100 of assessed value. Property tax bills sent out during the second week of June 2020 with fiscal year 2020 tax rates were revised to reflect the new tax rates for fiscal year 2021 and sent out to taxpayers in November 2020.

City real estate tax revenues may be reduced in future fiscal years as a result of tax refund claims asserting overvaluation, inequality of assessment and illegality. The State Office annually certifies various class ratios and class equalization rates relating to the four classes of real property in the City. "Class ratios" are determined for each class by the State Office by calculating the ratio of assessed value to market value. Various proceedings challenging assessments of real property for real estate tax purposes, and one action challenging the constitutionality of the real property tax system, are pending. For further information regarding the City's potential exposure in certain of these proceedings, see "SECTION X: OTHER INFORMATION—Litigation—Taxes" and "APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT—Notes to Financial Statements—Note D.5."

Trend in Taxable Assessed Value

State law provides for increases in assessed values of most properties to be phased into property tax bills over five-year periods. The billable assessed valuation, as determined by the City Department of Finance, rose to \$208.6 billion, \$224.5 billion, \$239.7 billion, \$256.6 billion and \$270.8 billion for fiscal years 2017 through 2021, respectively. The Department of Finance released the tentative assessment roll for fiscal year 2022 on January 15, 2021, reflecting a billable assessed value of \$260.3 billion. The billable assessed value declined by \$10.5 billion over the fiscal year 2021 assessment roll of \$270.8 billion, reflecting a decline of 3.9%. However, the final roll for fiscal year 2022, which is expected to be released in late May 2021, is expected to show a decline of 4.9 percent. With a weaker outlook in the class two and class four market values combined with a deflated level of existing pipeline of deferred assessment increases yet to be phased in, the billable assessed valuations are forecast to grow by 1.6%, 1.4% and 1.4% in fiscal years 2023 through 2025, respectively.

Collection of the Real Estate Tax

Real estate tax payments are due each July 1 and January 1. Owners of all properties assessed at \$250,000 or less are eligible to make tax payments in quarterly installments on July 1, October 1, January 1 and April 1. An annual

interest rate as approved by the City Council is imposed upon late payments on properties with an assessed value of \$250,000 or less except in the case of (i) any parcel with respect to which the real estate taxes are held in escrow and paid by a mortgage escrow agent and (ii) parcels consisting of vacant or unimproved land. In addition, a separate annual interest rate as approved by the City Council is imposed upon late payments on all other properties.

In order to provide relief to property owners due to the impact of COVID-19, the City has lowered the above-referenced late payment interest rates as follows. For eligible property owners with an assessed value of less than \$250,000, the late payment interest rate has been decreased from 5% to 0% for the first quarterly installment. For other property owners with an assessed value of less than \$250,000, the late payment interest rate has been decreased from 5% to 3.25% for the first quarterly installment. The late payment interest rate for the subsequent quarters for property owners with an assessed value under \$250,000 will be 5%. For eligible property owners with an assessed value of greater than \$250,000, the late payment interest rate has been decreased from 18% to 7.5% from July to September. For other property owners with an assessed value of greater than \$250,000 the late interest rate will be 18%.

The City primarily uses two methods to enforce the collection of real estate taxes. The City has been authorized to sell real estate tax liens on class one properties which are delinquent for at least three years and class two, three and four properties which are delinquent for at least one year. In addition, the City is entitled to foreclose delinquent tax liens by in rem proceedings after one year of delinquency with respect to properties other than one- and two-family dwellings and condominium apartments for which the annual tax bills do not exceed \$2,750, as to which a three-year delinquency rule is in effect. The City's authority to sell tax liens expired on December 31, 2020, and has been reauthorized with a new expiration date of March 1, 2022. The renewed authorization includes changes to the eligibility of certain accounts subject to lien sale, including an exemption from any tax lien sale held in calendar year 2021 for an owner of 10 or fewer residential units, where one of such units is owner-occupied and the remaining units are occupied by a tenant or are available for rent, and where the owner certifies, in writing, that they are experiencing a COVID-19-related financial hardship. It is assumed that this exemption is a deferral, and that such properties would become eligible for a lien sale in the following year if the accounts remained delinquent and if the authority to sell tax liens is re-authorized by March 1, 2022.

The real estate tax is accounted for on a modified accrual basis in the General Fund. Revenue accrued is limited to prior year payments received, offset by refunds made, within the first two months of the following fiscal year. In deriving the real estate tax revenue forecast, a reserve is provided for cancellations or abatements of taxes and for nonpayment of current year taxes owed and outstanding as of the end of the fiscal year.

The following table sets forth the amount of delinquent real estate taxes (owed and outstanding as of the end of the fiscal year of levy) for each of the fiscal years indicated. Delinquent real estate taxes do not include real estate taxes subject to cancellation or abatement under various exemption or abatement programs. Delinquent real estate taxes generally increase during a recession and when the real estate market deteriorates. Delinquent real estate taxes generally decrease as the City's economy and real estate market recover. For additional information on real property tax delinquencies, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

From time to time, the City sells tax liens to separate statutory trusts. In fiscal years 2016 through 2020, the City's tax lien program resulted in net proceeds of approximately \$80 million, \$95.5 million, \$101.1 million, \$60.8 million and \$96.7 million, respectively. Due to the outbreak of COVID-19, the tax lien sale for fiscal year 2020 was delayed. The Financial Plan, which includes the impacts of the delay of the fiscal year 2020 and fiscal year 2021 tax lien sales to fiscal year 2022, reflects receipt of \$16.0 million in fiscal year 2021 from trusts established in connection with prior lien sales. See "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

REAL ESTATE TAX COLLECTIONS AND DELINQUENCIES

Fiscal Year	Tax Levy⁽¹⁾	Tax Collections on Current Year Levy	Tax Collections as Percentage of Tax Levy	Prior Year (Delinquent Tax) Collections	Refunds	Cancellations, Net Credits, Abatements, Exempt Property Restored and Shelter Rent	Delinquent as of End of Fiscal Year	Delinquency as a Percentage of Tax Levy	Lien Sale Program
(Dollars In Millions)									
2016.....	\$ 24,145.0	\$ 22,835.8	94.6%	\$ 281.0	\$ (222.9)	\$ (975.4)	\$ (333.8)	1.38%	\$ 80.0
2017.....	25,794.1	24,283.6	94.1	317.1	(220.7)	(1,185.9)	(324.6)	1.26	95.5
2018.....	27,726.2	26,166.0	94.4	324.0	(372.2)	(1,219.2)	(341.0)	1.23	101.1
2019.....	29,574.7	27,681.2	93.6	338.8	(377.4)	(1,529.1)	(364.4)	1.24	60.8
2020.....	31,629.8	29,532.2	93.4	370.7	(349.1)	(1,513.7)	(583.9)	1.84	96.7
2021 ⁽²⁾	33,371.4	30,780.0	92.2	295.0	(400.0)	(1,730.4)	(861.0)	2.58	16.0

⁽¹⁾ As approved by the City Council.

⁽²⁾ Forecast.

Other Taxes

The City expects to derive 49.7% of its total tax revenues for the 2021 fiscal year from a variety of taxes other than the real estate tax, such as: (i) the 4.5% sales and compensating use tax, which commenced August 1, 2009, in addition to the 4% sales and use tax imposed by the State upon receipts from retail sales of tangible personal property and certain services in the City; (ii) the personal income tax on City residents; (iii) a general corporation tax levied on the income of corporations doing business in the City; and (iv) a banking corporation tax imposed on the income of banking corporations doing business in the City.

For local taxes other than the real estate tax, the City may adopt and amend local laws for the levy of local taxes to the extent authorized by the State. This authority can be withdrawn, amended or expanded by State legislation.

Revenues from taxes other than the real estate tax in the 2020 fiscal year decreased by \$335 million from the 2019 fiscal year. The following table sets forth, by category, revenues from taxes, other than the real estate tax, for each of the City’s 2016 through 2020 fiscal years.

	2016	2017	2018	2019	2020
(In Millions)					
Personal Income ⁽¹⁾	\$ 11,340	\$ 11,230	\$ 13,372	\$ 13,344	\$ 13,551
General Corporation	3,354	3,527	3,454	4,269	4,547
Banking Corporation ⁽²⁾	268	(82)	(17)	(70)	(38)
Unincorporated Business Income	2,040	2,005	2,182	2,029	1,939
Sales ⁽³⁾	6,911	7,017	7,443	7,810	7,372
Commercial Rent.....	779	816	853	907	864
Real Property Transfer	1,775	1,415	1,388	1,547	1,135
Mortgage Recording	1,234	1,118	1,050	1,097	975
Utility	354	371	371	369	356
Cigarette	45	37	36	30	25
Hotel.....	565	579	597	625	468
All Other ⁽⁴⁾	614	654	630	833	1,054
Audits	1,161	1,296	1,337	818	1,026
Total.....	\$ 30,440	\$ 29,983	\$ 32,696	\$ 33,609	\$ 33,274

Note: Totals may not add due to rounding.

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- (1) Personal Income includes the personal income tax revenues of \$180 million, \$297 million, \$181 million, \$444 million and \$512 million in fiscal years 2016 through 2020, respectively, retained by the TFA for funding requirements associated with TFA Future Tax Secured Bonds. Personal income taxes flow directly from the State to the TFA, and from the TFA to the City only to the extent not required by the TFA for debt service, operating expenses and contractual and other obligations incurred pursuant to the TFA indenture. In fiscal years 2016 through 2017, Personal Income includes \$607 million and \$166 million, respectively, which was provided to the City by the State as a reimbursement for the reduced personal income tax revenues resulting from the STAR Program.
- (2) With the enactment of corporate tax reform that merged the general corporation tax with the banking corporation tax in 2015, most banking corporation tax payments are now being reported as business corporation taxes. However, refunds arising from prior year returns filed as banking corporation taxes are still paid out as refunds under the banking corporation tax. In fiscal years 2017, 2018, 2019 and 2020, the amount refunded exceeded the gross receipts resulting in net negative revenues for such fiscal years.
- (3) A portion of sales tax revenues payable to the City would be paid to the TFA if personal income tax revenues did not satisfy specified debt service ratios.
- (4) All Other includes, among others, beer and liquor taxes and the automobile use tax, but excludes the STAR Program aid of \$814 million, \$370 million, \$189 million, \$181 million and \$165 million in fiscal years 2016 through 2020, respectively.

Miscellaneous Revenues

Miscellaneous revenues include revenue sources such as charges collected by the City for the issuance of licenses, permits and franchises, interest earned by the City on the investment of City cash balances, tuition and fees at the Community Colleges, reimbursement to the City from the proceeds of water and sewer rates charged by the New York City Water Board (the “Water Board”) for costs of delivery of water and sewer services and paid to the City by the Water Board for its lease interest in the water and sewer system, rents collected from tenants in City-owned property and from The Port Authority of New York and New Jersey (the “Port Authority”) with respect to airports and the collection of fines. The following table sets forth amounts of miscellaneous revenues for each of the City’s 2016 through 2020 fiscal years.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	(In Millions)				
Licenses, Permits and Franchises	\$ 728	\$ 770	\$ 776	\$ 802	\$ 699
Interest.....	79	73	125	226	137
Charges for Services.....	1,001	1,033	1,027	1,030	951
Water and Sewer	1,297	1,385	1,390	1,470	1,615
Rental	279	253	261	273	258
Fines and Forfeitures	995	985	1,027	1,109	1,079
Other.....	725	565	413	1,087	530
Total	<u>\$ 5,104</u>	<u>\$ 5,064</u>	<u>\$ 5,019</u>	<u>\$ 5,997</u>	<u>\$ 5,269</u>

Note: Totals may not add due to rounding.

Rental income in fiscal years 2016 through 2020 includes approximately \$128.5 million, \$144.5 million, \$153.6 million, \$153.6 million and \$153.6 million, respectively, in Port Authority lease payments for the City airports.

Fees and charges collected from the users of the water and sewer system of the City are revenues of the Water Board, a body corporate and politic, constituting a public benefit corporation, all of the members of which are appointed by the Mayor. The Water Board currently holds a long-term leasehold interest in the water and sewer system pursuant to a lease between the Water Board and the City.

Other miscellaneous revenues for fiscal years 2016 through 2020 include \$229 million, \$100.3 million, \$108.7 million, \$103 million and \$118 million, respectively, of tobacco settlement revenues (“TSRs”) from the settlement of litigation with certain cigarette manufacturers that were not retained by TSASC. Other miscellaneous revenues for fiscal years 2016 through 2020 do not include TSRs retained by TSASC for debt service and operating expenses totaling \$137 million, \$60 million, \$65 million, \$61 million and \$70 million, respectively. Pursuant to the TSASC indenture, less than 40% of the TSRs are pledged to the TSASC bondholders and the remainder flow to the City. For further information see “SECTION VII: FINANCIAL PLAN—Assumptions—Revenue Assumptions—4. MISCELLANEOUS REVENUES” and “SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities.”

Other miscellaneous revenues for fiscal year 2016 include \$74 million from a deferred prosecution agreement under the Manhattan District Attorney’s Office and the US Department of Justice related to sanctions violations against Credit Agricole and Investment Bank. Other miscellaneous revenues for fiscal year 2017 include \$78 million from the Department of Education and \$30 million from the sale of the Brooklyn Heights library development rights. Other miscellaneous revenues for fiscal year 2018 include \$39 million from affordable housing development fees.

Other miscellaneous revenues for fiscal year 2019 include \$78 million and \$142 million from a deferred prosecution agreement under the Manhattan District Attorney’s office and the US Department of Justice related to sanctions violations by Societe Generale and Standard Chartered Bank, and the sale of a building located at 101 Barclay Street for \$117 million.

Other miscellaneous revenues for fiscal year 2020 include \$45 million from the refund from a collateral reserve relating to an insurance policy issued by Chubb Insurance and \$10.8 million from a rental payment from the United Nation Development Corporation.

Unrestricted Intergovernmental Aid

Unrestricted federal and State aid are not subject to any substantial restriction as to their use and are used by the City as general support for its Expense Budget. For a further discussion of federal and State aid, see “SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—5. FEDERAL AND STATE CATEGORICAL GRANTS.”

The following table sets forth amounts of unrestricted federal and State aid received by the City in each of its 2016 through 2020 fiscal years.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	(In Millions)				
Unrestricted Intergovernmental Aid.....	\$6	\$59	—	\$151	\$11

Federal and State Categorical Grants

The City makes certain expenditures for services required by federal and State mandates which are then wholly or partially reimbursed through federal and State categorical grants. State categorical grants are received by the City primarily in connection with City welfare, education, higher education, health and mental health expenditures. The City also receives substantial federal categorical grants in connection with the federal Community Development Block Grant Program (“Community Development”). The federal government also provides the City with substantial public assistance, social service and education grants as well as reimbursement for all or a portion of certain costs incurred by the City in maintaining programs in a number of areas, including housing, criminal justice and health. All City claims for federal and State grants are subject to subsequent audit by federal and State authorities. Certain claims submitted to the State Medicaid program by the City are the subject of investigation by the Office of the Inspector General of the United States Department of Health and Human Services (“OIG”). For a discussion of claims for which a final audit report has been issued by OIG, see “SECTION X: OTHER INFORMATION—Litigation—*Miscellaneous*.” The City provides a reserve for disallowances resulting from these audits which could be asserted in subsequent years. Federal grants are also subject to audit under the Single Audit Act Amendments of 1996. For a further discussion of federal and State categorical grants, see “SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—5. FEDERAL AND STATE CATEGORICAL GRANTS.” For information regarding certain recent developments relating to federal aid, see “SECTION I: RECENT FINANCIAL DEVELOPMENTS.”

The following table sets forth amounts of federal and State categorical grants received by the City for each of the City's 2016 through 2020 fiscal years.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	(In Millions)				
Federal⁽¹⁾					
Community Development ⁽²⁾	\$ 780	\$ 1,108	\$ 1,081	\$ 506	\$ 558
Social Services.....	3,225	3,454	3,362	3,553	2,918
Education.....	1,698	1,709	1,786	1,876	1,672
Other ⁽³⁾	1,691	1,656	1,737	1,784	4,433
Total.....	<u>\$ 7,394</u>	<u>\$ 7,927</u>	<u>\$ 7,966</u>	<u>\$ 7,719</u>	<u>\$ 9,581</u>
State					
Social Services.....	\$ 1,490	\$ 1,709	\$ 1,611	\$ 1,698	\$ 1,750
Education.....	9,612	10,250	10,710	11,185	11,493
Higher Education.....	239	248	255	263	246
Health and Mental Health.....	535	573	535	523	428
Other.....	1,126	1,210	1,342	1,301	1,417
Total.....	<u>\$ 13,002</u>	<u>\$ 13,990</u>	<u>\$ 14,453</u>	<u>\$ 14,970</u>	<u>\$ 15,334</u>

⁽¹⁾ Federal funding includes amounts received under the American Recovery and Reinvestment Act of \$203 million, \$199.8 million, \$198 million, \$197 million and \$186 million in fiscal years 2016 through 2020, respectively.

⁽²⁾ Amounts represent actual funds received and may be lower or higher than the appropriation of funds actually provided by the federal government for the particular fiscal year due either to underspending or the spending of funds carried forward from prior fiscal years. Community Development includes \$669.4 million, \$874.8 million, \$884.4 million, \$432.6 million and \$215.2 million in fiscal years 2016 through 2020, respectively, in disaster recovery funding for storm damage remediation as a result of Superstorm Sandy.

⁽³⁾ Other includes \$74.5 million, \$51.7 million, \$20.1 million, \$70.9 million and \$61.0 million in fiscal years 2016 through 2020, respectively, of FEMA funding for expenditures for storm damage remediation as a result of Superstorm Sandy.

SECTION V: CITY SERVICES AND EXPENDITURES

Expenditures for City Services

Three types of governmental agencies provide public services within the City's borders and receive financial support from the City. One category is the mayoral agencies established by the City Charter which include, among others, the Police, Fire and Sanitation Departments. Another is the independent agencies which are funded in whole or in part through the City Budget by the City but which have greater independence in the use of appropriated funds than the mayoral agencies. Included in this category are certain Covered Organizations such as NYCHH and the Transit Authority. A third category consists of certain public benefit corporations ("PBCs") which were created to finance the construction of housing, hospitals, dormitories and other facilities and to provide other governmental services in the City. The legislation establishing this type of agency contemplates that annual payments from the City, appropriated through its Expense Budget, may or will constitute a substantial part of the revenues of the agency. Included in this category is, among others, the City University Construction Fund ("CUCF"). For information regarding expenditures for City services, see "SECTION VI: FINANCIAL OPERATIONS—2016-2020 Summary of Operations."

Federal and State laws require the City to provide certain social services for needy individuals and families who qualify for such assistance. The City receives federal Temporary Assistance for Needy Families ("TANF") block grant funds through the State for the Family Assistance Program. The Family Assistance Program provides benefits for households with minor children subject, in most cases, to a five-year time limit. The Safety Net Assistance Program provides benefits for adults without minor children, families who have reached the Family Assistance Program time limit, and others, including certain immigrants, who are ineligible for the Family Assistance Program but are eligible for public assistance. Historically, the cost of the Safety Net Assistance Program was borne equally by the City and the State. In the 2011-2012 State Budget the State implemented new funding formulas, increasing the City share of the Safety Net Assistance Program to 71% and eliminating the City Share of 25% for the Family Assistance Program by fully funding it with TANF block grant funds.

The City also provides funding for many other social services, such as day care, foster care, family planning, services for the elderly and special employment services for welfare recipients, some of which are mandated, and may be wholly or partially subsidized, by either the federal or State government. See "SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—5. FEDERAL AND STATE CATEGORICAL GRANTS."

In July 2002, the Board of Education was replaced by the City's Department of Education (the "DOE") which is overseen by a Chancellor, appointed by the Mayor, and the 13-member Panel for Educational Policy where the Mayor appoints eight members including the Chancellor, and the Borough Presidents each appoint one member. The number of pupils in the school system is estimated to be approximately 1.1 million in each of the 2021 through 2024 fiscal years, which is subject to change due to the potential impacts of COVID-19. Actual enrollment in fiscal years 2016 through 2020 has been 1,081,324, 1,086,672, 1,082,555, 1,074,318 and 1,071,807, respectively. See "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. OTHER THAN PERSONAL SERVICES COSTS—*Department of Education*." The City's system of higher education, consisting of its Senior Colleges and Community Colleges, is operated under the supervision of the City University of New York ("CUNY"). The City is projected to provide approximately 43.9% of the costs of the Community Colleges in the 2021 fiscal year. The State has full responsibility for the costs of operating the Senior Colleges, although the City is required initially to fund these costs which are then reimbursed by the State.

The City administers health services programs for the care of the physically and mentally ill and the aged. NYCHH maintains and operates the City's 11 municipal acute care hospitals, five long-term care facilities, six free standing diagnostic and treatment centers, a certified home health-care program, many hospital-based and neighborhood clinics and a health maintenance organization. NYCHH is funded primarily by third party reimbursement collections from Medicare and Medicaid and by payments from bad debt/charity care pools, with significant contributions from the City. See "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. OTHER THAN PERSONAL SERVICES COSTS—*New York City Health and Hospitals*."

Medicaid provides basic medical assistance to needy persons. The City is required by State law to furnish medical assistance through Medicaid to all City residents meeting eligibility requirements established by the State. Prior to

State legislation in fiscal year 2006 capping City Medicaid payments, the State had assumed 81.2% of the non-federal share of long-term care costs, all of the costs of providing medical assistance to the mentally disabled, and 50% of the non-federal share of Medicaid costs for all other clients. As a result of State legislation in fiscal years 2006 and 2012 capping City Medicaid payments, the State percentage of the non-federal share may vary. The federal government pays 50% of Medicaid costs for federally eligible recipients and a higher share for federally eligible childless adults.

The City's Expense Budget increased during the five-year period ended June 30, 2020, due to, among other factors, the increasing costs of pensions and Medicaid, the costs of labor settlements and the impact of inflation on various other than personal services costs.

Employees and Labor Relations

Employees

The following table presents the number of full-time and full-time equivalent employees of the City, including the mayoral agencies, the DOE and CUNY, at the end of each of the City's 2016 through 2020 fiscal years.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Education.....	141,311	144,740	146,134	146,776	147,792
Police.....	51,929	52,976	53,755	53,486	53,416
Social Services, Homeless and Children's Services.....	21,805	22,047	22,003	22,145	21,698
City University Community Colleges and Hunter Campus Schools.....	8,979	9,184	9,414	9,385	8,314
Environmental Protection and Sanitation	15,710	16,000	16,152	16,545	16,031
Fire.....	16,845	17,463	17,228	17,405	17,480
All Other.....	56,513	59,997	60,983	60,997	59,305
Total.....	<u>313,092</u>	<u>322,407</u>	<u>325,669</u>	<u>326,739</u>	<u>324,036</u>

The following table presents the number of full-time employees of certain Covered Organizations, as reported by such Organizations, at the end of each of the City's 2016 through 2020 fiscal years.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Transit Authority	47,354	48,495	49,415	49,283	47,056
Housing Authority	10,796	10,737	10,491	10,597	11,024
NYCHH.....	37,650	36,213	35,484	36,735	38,918
Total ⁽¹⁾	<u>95,800</u>	<u>95,445</u>	<u>95,390</u>	<u>96,615</u>	<u>96,998</u>

⁽¹⁾ The definition of "full-time employees" varies among the Covered Organizations and the City.

The foregoing tables include persons whose salaries or wages are paid by certain public employment programs, including programs funded under the Workforce Investment Act, which support employees in non-profit and State agencies as well as in the mayoral agencies and the Covered Organizations.

Labor Relations

Substantially all of the City's employees are members of labor unions. For those employees, wages, hours or working conditions may be changed only as provided for under collective bargaining agreements. Although State law prohibits strikes by municipal employees, strikes and work stoppages by employees of the City and the Covered Organizations have occurred.

Collective bargaining for City employees is under the jurisdiction of either the New York City Office of Collective Bargaining, which was created under the New York City Collective Bargaining Law, or the New York State Public Employment Relations Board ("PERB"), which was created under the State Employees Fair Employment Act. Collective bargaining matters relating to police, firefighters and pedagogical employees are under the jurisdiction of

PERB. Under applicable law, the terms of future wage settlements could be determined through an impasse procedure which, except in the case of pedagogical employees, can result in the imposition of a binding decision. Pedagogical employees do not have access to binding arbitration but are covered by a fact-finding impasse procedure under which a binding decision may not be imposed. Although the impasse procedure may not impose a binding settlement, it may influence ongoing collective bargaining.

For information regarding the City's assumptions with respect to the current status of the City's agreements with its labor unions, the cost of future labor settlements and related effects on the Financial Plan, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—1. PERSONAL SERVICES COSTS."

Pensions

The City maintains a number of pension systems providing benefits for its employees and employees of various independent agencies (including certain Covered Organizations). For further information regarding the City's pension systems and the City's obligations thereto, see "SECTION IX: PENSION SYSTEMS AND OPEB."

Capital Expenditures

The City makes substantial capital expenditures to reconstruct, rehabilitate and expand the City's infrastructure and physical assets, including City mass transit facilities, water and sewer facilities, streets, bridges and tunnels, and to make capital investments that will improve productivity in City operations. For additional information regarding the City's infrastructure, physical assets and capital program, see "SECTION VII: FINANCIAL PLAN—Long-Term Capital Program" and "—Financing Program."

The City utilizes a three-tiered capital planning process consisting of the Ten-Year Capital Strategy (previously, the Ten-Year Capital Plan), the four-year capital plan and the current-year Capital Budget. The Ten-Year Capital Strategy, which is published once every two years in conjunction with the Executive Budget as required by the City Charter, is a long-term planning tool designed to reflect fundamental allocation choices and basic policy objectives. The four-year capital plan, which is updated three times a year, as required by the City Charter, translates mid-range policy goals into specific projects. The Capital Budget defines for each fiscal year specific projects and the timing of their initiation, design, construction and completion.

On January 14, 2021, the City published the Preliminary Ten-Year Capital Strategy for fiscal years 2022 through 2031. The Preliminary Ten-Year Capital Strategy totals \$118.8 billion, of which approximately 95% would be financed with City funds. See "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities—*Limitations on the City's Authority to Contract Indebtedness.*"

The Preliminary Ten-Year Capital Strategy includes, among other items: (i) \$21.7 billion to construct new schools and improve existing educational facilities, including CUNY; (ii) \$20.8 billion for improvements to the water and sewer system; (iii) \$12.9 billion for expanding and upgrading the City's housing stock; (iv) \$7.1 billion for reconstruction or resurfacing of City streets; (v) \$400.0 million for continued City-funded investment in mass transit; (vi) \$10.0 billion for the continued reconstruction and rehabilitation of all four East River bridges and 108 other bridge structures; (vii) \$9.4 billion to design and construct new jail facilities as well as to upgrade equipment, vehicles, and necessary systems; and (viii) \$2.3 billion for construction and improvement of court facilities.

Those programs in the Preliminary Ten-Year Capital Strategy financed with City funds are currently expected to be funded primarily from the issuance of bonds by the City, the Water Authority and the TFA. From time to time, during recessionary periods when operating revenues have come under increasing pressure, capital funding levels have been reduced from those previously contemplated in order to reduce debt service costs. For information concerning the City's long-term financing program for capital expenditures, see "SECTION VII: FINANCIAL PLAN—Financing Program."

The City's capital expenditures, including expenditures funded by State and federal grants, totaled \$47.2 billion during the 2016 through 2020 fiscal years. City-funded expenditures, which totaled \$41.6 billion during the 2016 through 2020 fiscal years, have been financed through the issuance of bonds by the City, the TFA and the Water

Authority. The following table summarizes the major categories of capital expenditures in the City’s 2016 through 2020 fiscal years.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
	(In Millions)					
Education.....	\$ 2,475	\$ 2,706	\$ 2,353	\$ 2,830	\$ 2,853	\$ 13,217
Environmental Protection.....	1,378	1,454	1,688	1,992	1,846	8,358
Transportation	1,032	1,139	1,461	1,301	1,341	6,274
Transit Authority ⁽¹⁾	231	91	55	311	95	783
Housing	753	950	1,412	1,681	904	5,700
Hospitals.....	104	130	217	306	363	1,120
Sanitation.....	324	324	290	243	202	1,383
All Other ⁽²⁾	1,784	2,032	2,164	2,185	2,169	10,332
Total Expenditures ⁽³⁾	<u>\$ 8,080</u>	<u>\$ 8,826</u>	<u>\$ 9,640</u>	<u>\$ 10,848</u>	<u>\$ 9,774</u>	<u>\$ 47,168</u>
City-funded Expenditures ⁽⁴⁾	<u>\$ 6,676</u>	<u>\$ 7,444</u>	<u>\$ 8,887</u>	<u>\$ 9,278</u>	<u>\$ 9,331</u>	<u>\$ 41,616</u>

⁽¹⁾ Excludes the Transit Authority’s non-City portion of the MTA capital program.

⁽²⁾ All Other includes, among other things, parks, correction facilities, public structures and equipment.

⁽³⁾ Total Expenditures for the 2016 through 2020 fiscal years include City, State and federal funding and represent amounts which include an accrual for work-in-progress. These figures are derived from the CAFR.

⁽⁴⁾ City-funded Expenditures do not include accruals, but represent actual cash disbursements occurring during the fiscal year.

The City annually issues a condition assessment and a proposed maintenance schedule for the major portion of its assets and asset systems which have a replacement cost of \$10 million or more and a useful life of at least ten years, as required by the City Charter. For information concerning a report which sets forth the recommended capital investment to bring certain identified assets of the City to a state of good repair, see “SECTION VII: FINANCIAL PLAN—Long-Term Capital Program.”

SECTION VI: FINANCIAL OPERATIONS

The City's CAFR for the fiscal year ended June 30, 2020 is included by specific reference in this Official Statement as "APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT." The CAFR for the fiscal year ended June 30, 2020 is available for inspection at the Office of the City Comptroller and at <https://comptroller.nyc.gov/reports/comprehensive-annual-financial-reports/> and is available on EMMA (as defined herein) (<https://emma.msrb.org>). For a summary of the City's significant accounting policies, see "APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT—Notes to Financial Statements—Note A." For a summary of the City's operating results for the previous five fiscal years, see "2016-2020 Summary of Operations" below.

Except as otherwise indicated, all of the financial data relating to the City's operations contained herein, although derived from the City's books and records, are unaudited. In addition, neither the City's independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the Financial Plan or other estimates or projections contained elsewhere herein, nor have they expressed any opinion or any other form of assurance on such prospective financial information or its achievability, and assume no responsibility for, and disclaim any association with, all such prospective financial information.

The Financial Plan is prepared in accordance with standards set forth in the Financial Emergency Act and the City Charter. The Financial Plan contains projections and estimates that are based on expectations and assumptions which existed at the time such projections and estimates were prepared. The estimates and projections contained in this Section and elsewhere herein are based on, among other factors, evaluations of historical revenue and expenditure data, analyses of economic trends and current and anticipated federal and State legislation affecting the City's finances. The City's financial projections are based upon numerous assumptions and are subject to certain contingencies and periodic revisions which may involve substantial change. This prospective information is not fact and should not be relied upon as being necessarily indicative of future results. The City makes no representation or warranty that these estimates and projections will be realized. The estimates and projections contained in this Section and elsewhere herein were not prepared with a view towards compliance with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information.

2016-2020 Summary of Operations

The following table sets forth the City's results of operations for its 2016 through 2020 fiscal years in accordance with GAAP.

The information regarding the 2016 through 2020 fiscal years has been derived from the City's audited financial statements and should be read in conjunction with the notes accompanying this table and the City's 2019 and 2020 financial statements included in "APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT." The 2016 through 2018 financial statements are not separately presented herein. For further information regarding the City's revenues and expenditures, see "SECTION IV: SOURCES OF CITY REVENUES" and "SECTION V: CITY SERVICES AND EXPENDITURES."

	Fiscal Year ⁽¹⁾				
	Actual				
	2016	2017	2018	2019	2020
	(In Millions)				
Revenues and Transfers					
Real Estate Tax ⁽²⁾	\$ 23,181	\$ 24,679	\$ 26,408	\$ 27,885	\$ 29,816
Other Taxes ⁽³⁾⁽⁴⁾	30,440	29,983	32,696	33,609	33,274
Miscellaneous Revenues ⁽³⁾	5,104	5,064	5,019	5,997	5,269
Other Categorical Grants.....	861	1,208	1,255	1,340	1,105
Unrestricted Federal and State Aid	6	59	—	151	5
Federal Categorical Grants.....	7,394	7,927	7,966	7,719	9,561
State Categorical Grants.....	13,002	13,990	14,453	14,970	15,334
Disallowances Against Categorical Grants	(1)	558	139	113	299
Total Revenues and Transfers⁽⁵⁾	\$ 79,987	\$ 83,468	\$ 87,936	\$ 91,784	\$ 94,385
Expenditures and Transfers					
Social Services.....	\$ 13,801	\$ 14,485	\$ 15,208	\$ 15,833	\$ 15,631
Board of Education	21,974	23,318	25,026	26,905	27,903
City University.....	956	1,067	1,087	1,114	1,117
Public Safety and Judicial	9,326	9,694	10,024	10,358	10,791
Health Services	2,667	2,233	2,401	2,656	2,520
Pensions ⁽⁶⁾	9,171	9,281	9,513	9,829	9,672
Debt Service ⁽³⁾⁽⁷⁾	5,874	5,890	6,673	6,373	6,554
All Other ⁽⁸⁾	16,213	17,495	17,999	18,711	20,192
Total Expenditures and Transfers⁽⁵⁾	\$ 79,982	\$ 83,463	\$ 87,931	\$ 91,779	\$ 94,380
Surplus⁽⁹⁾	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5

- (1) The City's results of operations refer to the City's General Fund revenues and transfers reduced by expenditures and transfers. The revenues and assets of PBCs included in the City's audited financial statements do not constitute revenues and assets of the City's General Fund, and, accordingly, the revenues of such PBCs are not included in the City's results of operations. Expenditures required to be made and revenues earned by the City with respect to such PBCs are included in the City's results of operations. For further information regarding the particular PBCs included in the City's financial statements, see "APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT—Notes to Financial Statements—Note A."
- (2) In fiscal years 2016 through 2020, Real Estate Tax includes \$207 million, \$204 million, \$188.7 million, \$181.3 million and \$165.5 million, respectively, which was provided to the City by the State as a reimbursement for the reduced property tax revenues resulting from the State's STAR Program.
- (3) Other Taxes includes as revenues to the City the personal income tax revenues retained by the TFA of \$180 million, \$297 million, \$181 million, \$444 million and \$512 million in fiscal years 2016 through 2020, respectively. Debt Service includes as a debt service expense the funding requirements associated with TFA Future Tax Secured Bonds of \$180 million, \$297 million, \$181 million, \$444 million and \$512 million in fiscal years 2016 through 2020, respectively. Debt Service does not include debt service on TSASC bonds. Miscellaneous Revenues includes TSRs that are not retained by TSASC for debt service and operating expenses.
- (4) Other Taxes includes tax audit revenues. For further information regarding the City's revenues from Other Taxes, see "SECTION IV: SOURCES OF CITY REVENUES—Other Taxes."
- (5) Total Revenues and Transfers and Total Expenditures and Transfers exclude Inter-Fund Revenues.
- (6) For information regarding pension expenditures, see "SECTION X: OTHER INFORMATION."
- (7) Debt Service includes discretionary transfers of \$1.760 billion, \$1.560 billion, \$1.902 billion, \$1.702 billion and \$1.269 billion into the General Debt Service Fund in fiscal years 2016 through 2020, respectively, and grants from the City to the TFA of \$1.734 billion, \$1.909 billion, \$2.174 billion, \$2.319 billion and \$2.550 billion in fiscal years 2016 through 2020, respectively, which were used by the TFA to pay debt service in the following fiscal year thereby decreasing the TFA funding requirements.
- (8) All Other includes payments into the Retiree Health Benefits Trust Fund of \$500 million, \$100 million, \$100 million and \$100 million in fiscal years 2016, 2017, 2018 and 2019, respectively, a payment from the Retiree Health Benefits Trust of approximately \$1 billion in the Retiree Health Benefits Trust to pay for OPEB costs in fiscal year 2020, and payment of \$200 million of subsidies to NYCHH in fiscal year 2019 otherwise due in fiscal year 2020.
- (9) Surplus is the surplus after discretionary and other transfers and expenditures. The City had general fund operating revenues exceeding expenditures of \$4.043 billion, \$4.185 billion, \$4.581 billion, \$4.226 billion and \$3.824 billion before discretionary and other transfers and expenditures for the 2016 through 2020 fiscal years, respectively. Discretionary and other transfers are included in Debt Service and All Other.

Forecast of 2021 Results

The following table compares the forecast for the 2021 fiscal year contained in the financial plan, submitted to the Control Board in June 2020 (the “June 2020 Forecast”), with the forecast contained in the Financial Plan, which was submitted to the Control Board on January 14, 2021 (the “January 2021 Forecast”). Each forecast was prepared on a basis consistent with GAAP except for the application of GASB 49 and GASB 84. For information regarding recent developments, see “SECTION I: RECENT FINANCIAL DEVELOPMENTS.”

	June 2020 Forecast	January 2021 Forecast	Increase/(Decrease) from June 2020 Forecast
	(In Millions)		
REVENUES			
Taxes			
General Property Tax.....	\$ 30,691	\$ 30,691	\$ —
Other Taxes	27,030	29,197	2,167 ⁽¹⁾
Tax Audit Revenues	921	1,171	250 ⁽²⁾
Subtotal – Taxes.....	<u>\$ 58,642</u>	<u>\$ 61,059</u>	<u>\$ 2,417</u>
Miscellaneous Revenues	6,960	7,265	305 ⁽³⁾
Unrestricted Intergovernmental Aid.....	—	—	—
Less: Intra-City Revenue.....	(1,842)	(2,061)	(219)
Disallowances Against Categorical Grants	(15)	(15)	—
Subtotal – City Funds.....	<u>\$ 63,745</u>	<u>\$ 66,248</u>	<u>\$ 2,503</u>
Other Categorical Grants.....	975	1,133	158 ⁽⁴⁾
Inter-Fund Revenues	677	695	18
Federal Categorical Grants.....	7,370	11,866	4,496 ⁽⁵⁾
State Categorical Grants.....	<u>15,425</u>	<u>15,111</u>	<u>(314)⁽⁶⁾</u>
Total Revenues.....	<u>\$ 88,192</u>	<u>\$ 95,053</u>	<u>\$ 6,861</u>
EXPENDITURES			
Personal Services			
Salaries and Wages.....	\$ 29,749	\$ 29,179	\$ (570) ⁽⁷⁾
Pensions	9,932	9,503	(429) ⁽⁸⁾
Fringe Benefits	10,565	11,130	565 ⁽⁹⁾
Retiree Health Benefits Trust	(1,600)	(1,600)	—
Subtotal – Personal Services.....	<u>\$ 48,646</u>	<u>\$ 48,212</u>	<u>\$ (434)</u>
Other Than Personal Services			
Medical Assistance	5,238	5,553	315 ⁽¹⁰⁾
Public Assistance.....	1,628	1,611	(17)
All Other	<u>30,871</u>	<u>35,692</u>	<u>4,821⁽¹¹⁾</u>
Subtotal – Other Than Personal Services.....	<u>\$ 37,737</u>	<u>\$ 42,856</u>	<u>\$ 5,119</u>
Debt Service.....	7,370	6,457	(913) ⁽¹²⁾
FY 2020 Budget Stabilization	(3,819)	(3,819)	— ⁽¹³⁾
FY 2021 Budget Stabilization	—	3,358	3,358 ⁽¹⁴⁾
Capital Stabilization Reserve	—	—	—
General Reserve	100	50	(50)
Less: Intra-City Revenue.....	<u>(1,842)</u>	<u>(2,061)</u>	<u>(219)</u>
Net Total Expenditures	<u>\$ 88,192</u>	<u>\$ 95,053</u>	<u>\$ 6,861</u>

Footnotes on next page

Footnotes from previous page

- (1) The increase in Other Taxes is due to increases of \$1.073 billion in personal income tax, \$769 million in general corporation tax, \$275 million in unincorporated business tax, \$206 million in mortgage recording tax, \$142 million in real property transfer tax, \$63 million in commercial rent tax and \$59 million in other taxes, offset by decreases of \$213 million in sales tax, \$193 million in hotel tax, \$8 million in STAR Program aid, \$4 million in utility tax and \$2 million in cigarette tax.
- (2) The increase in Tax Audit Revenues is due to increase in audits from business taxes of \$200 million, commercial rent tax of \$20 million hotel tax of \$15 million and sales tax of \$17 million, offset by a reduction in audits from cigarette tax of \$2 million.
- (3) The increase in Miscellaneous Revenues is due to increases of \$255 million in miscellaneous and other revenues, \$219 million in intra-city revenues and \$2 million in interest income, offset by decreases of \$75 million in fine and forfeitures, \$45 million in charges for services, \$31 million in permit revenues, \$12 million in franchises, \$6 million in water and sewer charges and \$2 million in license revenues.
- (4) The increase in Other Categorical Grants is due to increases of \$45 million in education funding, \$19 million in board of elections funding, \$16 million in fire department funding, \$15 million in health and mental hygiene funding, \$14 million in technology and telecommunications funding, \$14 million in parks department funding and \$35 million in other agencies funding.
- (5) The increase in Federal Categorical Grants is due to increases of \$1.920 billion in funding relating to the outbreak of COVID-19, \$782 million in health and mental hygiene funding, \$595 million in education funding, \$468 million in community development funding, primarily disaster recovery funding, \$189 million in social services funding, \$158 million in children services funding, \$150 million in police funding, \$57 million in fire department funding, \$47 million in youth and community development funding, \$39 million in CUNY funding, \$34 million in emergency management funding, \$17 million in small business services funding, \$10 million in transportation department funding and \$43 million in other agencies funding, offset by a decrease of \$13 million in debt service funding.
- (6) The decrease in State Categorical Grants is due to increases of \$106 million in miscellaneous agency funding, \$49 million in health and mental hygiene funding, \$39 million in children services funding, \$36 million in social services funding, \$30 million in police funding and \$26 million in other agencies funding, offset by a decrease of \$600 million in education funding.
- (7) The decrease in Salaries and Wages is primarily due to negotiated wage deferrals from fiscal year 2021 to fiscal year 2022.
- (8) The decrease in Pensions is primarily due to the net savings arising from proposed changes by the City Actuary in assumptions and methods and a phased in reduction over a four year period of the actuarial interest rate assumption from 7% to 6.8%.
- (9) The increase in Fringe Benefits is primarily due to a re-allocation of labor savings originally allocated to Fringe Benefits, but now expected to be achieved in Salaries and Wages.
- (10) The increase in Medical Assistance is primarily to an increase in supplemental Medicaid payments.
- (11) The increase in Other Than Personal Services—All Other is due to expense increases to be funded in part by \$4.253 billion of Federal Categorical Grants, \$253 million of State Categorical Grants and \$343 million of other funds, offset by expense decreases of \$28 million to be funded by City Funds.
- (12) The decrease in General Obligation, Lease and TFA Debt Service is primarily due to savings from refinancing transactions executed in the current fiscal year and lower actual interest rates on floating rate obligations.
- (13) FY 2020 Budget Stabilization reflects the discretionary transfer of \$1.27 billion into the General Debt Service Fund and a grant of \$2.55 billion to the TFA in fiscal year 2020 for debt service due in fiscal year 2021.
- (14) FY 2021 Budget Stabilization reflects the discretionary transfer of \$675 million into the General Debt Service Fund and a grant of \$2.68 billion to the TFA in fiscal year 2021 for debt service due in fiscal year 2022.

SECTION VII: FINANCIAL PLAN

The following table sets forth the City’s projected operations on a basis consistent with GAAP, except for the application of GASB 49 and without regard to changes in certain fund balances described in GML Section 25, for the 2021 through 2025 fiscal years as contained in the Financial Plan. This table should be read in conjunction with the accompanying notes, “Actions to Close the Remaining Gaps” and “Assumptions” below. For information regarding recent developments, see “SECTION I: RECENT FINANCIAL DEVELOPMENTS.”

	Fiscal Years ⁽¹⁾⁽²⁾				
	2021	2022	2023	2024	2025
	(In Millions)				
REVENUES					
Taxes					
General Property Tax ⁽³⁾	\$ 30,691	\$ 29,370	\$ 30,042	\$ 30,471	\$ 30,881
Other Taxes ⁽⁴⁾	29,197	31,901	34,041	35,552	36,976
Tax Audit Revenue.....	1,171	921	721	721	721
Subtotal – Taxes.....	<u>\$ 61,059</u>	<u>\$ 62,192</u>	<u>\$ 64,804</u>	<u>\$ 66,744</u>	<u>\$ 68,578</u>
Miscellaneous Revenues ⁽⁵⁾	7,265	6,790	6,777	6,777	6,775
Unrestricted Intergovernmental Aid.....	—	—	—	—	—
Less: Intra-City Revenue.....	(2,061)	(1,811)	(1,807)	(1,806)	(1,806)
Disallowances Against Categorical Grants.....	(15)	(15)	(15)	(15)	(15)
Subtotal – City Funds.....	<u>\$ 66,248</u>	<u>\$ 67,156</u>	<u>\$ 69,759</u>	<u>\$ 71,700</u>	<u>\$ 73,532</u>
Other Categorical Grants.....	1,133	1,020	988	986	985
Inter-Fund Revenues ⁽⁶⁾	695	706	656	656	656
Federal Categorical Grants.....	11,866	7,076	6,946	6,929	6,924
State Categorical Grants.....	15,111	16,327	16,765	16,814	16,814
Total Revenues.....	<u>\$ 95,053</u>	<u>\$ 92,285</u>	<u>\$ 95,114</u>	<u>\$ 97,085</u>	<u>\$ 98,911</u>
EXPENDITURES					
Personal Service					
Salaries and Wages.....	\$ 29,179	\$ 29,684	\$ 30,017	\$ 30,288	\$ 30,751
Pensions.....	9,503	10,263	10,468	10,660	10,597
Fringe Benefits.....	11,130	11,579	12,242	13,045	13,819
Retiree Health Benefits Trust.....	(1,600)	—	—	—	—
Subtotal – Personal Service.....	<u>\$ 48,212</u>	<u>\$ 51,526</u>	<u>\$ 52,727</u>	<u>\$ 53,993</u>	<u>\$ 55,167</u>
Other Than Personal Service					
Medical Assistance.....	5,553	5,915	5,915	5,915	5,915
Public Assistance.....	1,611	1,651	1,650	1,650	1,650
All Other ⁽⁷⁾	<u>35,692</u>	<u>30,904</u>	<u>31,207</u>	<u>31,454</u>	<u>\$ 31,634</u>
Subtotal – Other Than Personal Service.....	<u>\$ 42,865</u>	<u>\$ 38,470</u>	<u>\$ 38,772</u>	<u>\$ 39,019</u>	<u>\$ 39,199</u>
Debt Service ⁽⁸⁾	6,457	7,358	8,483	8,822	9,379
FY 2020 Budget Stabilization & Discretionary Transfers ⁽⁹⁾ ...	(3,819)	—	—	—	—
FY 2021 Budget Stabilization ⁽¹⁰⁾	3,358	(3,358)	—	—	—
Capital Stabilization Reserve ⁽¹¹⁾	—	—	250	250	250
General Reserve.....	50	100	1,000	1,000	1,000
Less: Intra-City Expenses.....	<u>(2,061)</u>	<u>(1,811)</u>	<u>(1,807)</u>	<u>(1,806)</u>	<u>(1,806)</u>
Total Expenditures.....	<u>\$ 95,053</u>	<u>\$ 92,285</u>	<u>\$ 99,425</u>	<u>\$ 101,278</u>	<u>\$ 103,189</u>
Gap to be Closed.....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (4,311)</u>	<u>\$ (4,193)</u>	<u>\$ (4,278)</u>

⁽¹⁾ The four year financial plan for the 2021 through 2024 fiscal years, as submitted to the Control Board on June 30, 2020, contained the following projections for the 2021-2024 fiscal years: (i) for 2021, total revenues of \$88.192 billion and total expenditures of \$88.192 billion; (ii) for 2022, total revenues of \$93.654 billion and total expenditures of \$97.834 billion, with a gap to be closed of \$4.180 billion; (iii) for 2023, total revenues of \$96.967 billion and total expenditures of \$100.010 billion, with a gap to be closed of \$3.043 billion; and (iv) for 2024, total revenues of \$98.288 billion and total expenditures of \$101.470 billion, with a gap to be closed of \$3.182 billion.

The four year financial plan for the 2020 through 2023 fiscal years, as submitted to the Control Board on June 19, 2019, contained the following projections for the 2020-2023 fiscal years: (i) for 2020, total revenues of \$92.772 billion and total expenditures of \$92.772 billion; (ii) for 2021, total revenues of \$94.421 billion and total expenditures of \$97.942 billion, with a gap to be closed of \$3.521 billion; (iii) for

2022, total revenues of \$96.992 billion and total expenditures of \$99.871 billion, with a gap to be closed of \$2.879 billion; and (iv) for 2023, total revenues of \$99.352 billion and total expenditures of \$102.493 billion, with a gap to be closed of \$3.141 billion.

The four year financial plan for the 2019 through 2022 fiscal years, as submitted to the Control Board on June 14, 2018, contained the following projections for the 2019-2022 fiscal years: (i) for 2019, total revenues of \$89.158 billion and total expenditures of \$89.158 billion; (ii) for 2020, total revenues of \$91.238 billion and total expenditures of \$94.498 billion, with a gap to be closed of \$3.260 billion; (iii) for 2021, total revenues of \$94.048 billion and total expenditures of \$96.973 billion, with a gap to be closed of \$2.925 billion; and (iv) for 2022, total revenues of \$96.257 billion and total expenditures of \$98.542 billion, with a gap to be closed of \$2.285 billion.

The four year financial plan for the 2018 through 2021 fiscal years, as submitted to the Control Board on June 7, 2017, contained the following projections for the 2018-2021 fiscal years: (i) for 2018, total revenues of \$85.239 billion and total expenditures of \$85.239 billion; (ii) for 2019, total revenues of \$87.820 billion and total expenditures of \$91.293 billion, with a gap to be closed of \$3.473 billion; (iii) for 2020, total revenues of \$90.941 billion and total expenditures of \$93.748 billion, with a gap to be closed of \$2.807 billion; and (iv) for 2021, total revenues of \$93.614 billion and total expenditures of \$95.944 billion, with a gap to be closed of \$2.330 billion.

- (2) The Financial Plan combines the operating revenues and expenditures of the City, the DOE and CUNY. The Financial Plan does not include the total operations of NYCHH, but does include the City's subsidy to NYCHH and the City's share of NYCHH revenues and expenditures related to NYCHH's role as a Medicaid provider. Certain Covered Organizations and PBCs which provide governmental services to the City, such as the Transit Authority, are separately constituted and their revenues, are not included in the Financial Plan; however, City subsidies and certain other payments to these organizations are included. Revenues and expenditures are presented net of intra-City items, which are revenues and expenditures arising from transactions between City agencies.
- (3) For a description of the STAR Program, and other real estate tax assumptions, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—2. REAL ESTATE TAX."
- (4) Personal income taxes flow directly from the State to the TFA, and from the TFA to the City only to the extent not required by the TFA for debt service, reserves, operating expenses and contractual and other obligations incurred pursuant to the TFA indenture. Sales taxes will flow directly from the State to the TFA to the extent necessary to provide statutory coverage. Other Taxes includes amounts that are expected to be retained by the TFA for its funding requirements associated with TFA Future Tax Secured Bonds.
- (5) Miscellaneous Revenues reflects the receipt by the City of TSRs not used by TSASC for debt service and other expenses. For information on TSASC, see "SECTION IV: SOURCES OF CITY REVENUES—Miscellaneous Revenues."
- (6) Inter-Fund Revenues represents General Fund expenditures, properly includable in the Capital Budget, made on behalf of the Capital Projects Fund pursuant to inter-fund agreements.
- (7) For a discussion of the categories of expenditures in Other Than Personal Services—All Other, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. OTHER THAN PERSONAL SERVICES COSTS."
- (8) For a discussion of the debt service in General Obligation, Lease and TFA Debt Service, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—3. GENERAL OBLIGATION, LEASE AND TFA DEBT SERVICE."
- (9) FY 2020 Budget Stabilization reflects the discretionary transfer of \$1.27 billion into the General Debt Service Fund and a grant of \$2.55 billion to the TFA in fiscal year 2020 for debt service due in fiscal year 2021.
- (10) FY 2021 Budget Stabilization reflects the discretionary transfer of \$675 million into the General Debt Service Fund and a grant of \$2.68 billion to the TFA in fiscal year 2021 for debt service due in fiscal year 2022.
- (11) The Capital Stabilization Reserve reflects a capital reserve which will be available to make capital projects more efficient or for debt retirement in an economic downturn.

Implementation of various measures in the Financial Plan may be uncertain. If these measures cannot be implemented, the City will be required to take actions to decrease expenditures or increase revenues to maintain a balanced financial plan. See "Assumptions" and "Certain Reports" below.

Actions to Close the Remaining Gaps

Although the City has maintained balanced budgets in each of its last 40 fiscal years, except for the application of GASB 49 with respect to fiscal years 2010 through 2020, and without regard to changes in certain fund balances described in GML Section 25 in fiscal year 2020, and is projected to achieve balanced operating results for the 2021 and 2022 fiscal years, except for the application of GASB 49 and without regard to changes in certain fund balances described in GML Section 25, there can be no assurance that the Financial Plan or future actions to close projected outyear gaps can be successfully implemented or that the City will maintain a balanced budget in future years without additional federal or State aid, revenue increases or expenditure reductions. Additional tax increases and reductions in essential City services could adversely affect the City's economic base.

Assumptions

The Financial Plan is based on numerous assumptions, including the condition of the City's and the region's economies and the concomitant receipt of economically sensitive tax revenues in the amounts projected. The Financial Plan is subject to various other uncertainties and contingencies relating to, among other factors, the extent, if any, to which wage increases for City employees exceed the annual wage costs assumed; realization of projected earnings for pension fund assets and current assumptions with respect to wages for City employees affecting the City's required pension fund contributions; the willingness and ability of the State to provide the aid contemplated by the Financial

Plan and to take various other actions to assist the City; the ability of NYCHH and other such entities to maintain balanced budgets; the willingness of the federal government to provide the amount of federal aid contemplated in the Financial Plan; the impact on City revenues and expenditures of federal and State legislation affecting Medicare or other entitlement programs; adoption of the City’s budgets by the City Council in substantially the forms submitted by the Mayor; the ability of the City to implement cost reduction initiatives, and the success with which the City controls expenditures; the impact of conditions in the real estate market on real estate tax revenues; the ability of the City and other financing entities to market their securities successfully in the public credit markets; the impact of the outbreak of COVID-19; and the extension of the authorization to sell real property tax liens. See “SECTION I: RECENT FINANCIAL DEVELOPMENTS.” Certain of these assumptions are reviewed in reports issued by the City Comptroller and other public officials. See “SECTION VII: FINANCIAL PLAN—Certain Reports.”

The projections and assumptions contained in the Financial Plan are subject to revision, which may be substantial. No assurance can be given that these estimates and projections, which include actions the City expects will be taken but are not within the City’s control, will be realized. For information regarding certain recent developments, see “SECTION I: RECENT FINANCIAL DEVELOPMENTS.”

Revenue Assumptions

I. GENERAL ECONOMIC CONDITIONS

The Financial Plan assumes an increase in economic activity in calendar year 2021 compared to calendar year 2020. The following table presents a forecast of the key economic indicators for the calendar years 2020 through 2025. This forecast is based upon information available in January 2021.

FORECAST OF KEY ECONOMIC INDICATORS

	Calendar Years					
	2020	2021	2022	2023	2024	2025
<u>U.S. ECONOMY</u>						
Real GDP (billions of 2012 dollars):.....	18,434	19,217	19,918	20,427	20,954	21,507
Percent Change	-3.4	4.3	3.6	2.6	2.6	2.6
Non-Agricultural Employment (millions).....	142.3	146.3	151.3	153.2	154.8	156.1
Percent Change	-5.7	2.9	3.4	1.3	1.0	0.9
CPI-All Urban (1982-84=100).....	259	264	271	276	282	288
Percent Change	1.2	2.1	2.5	2.0	2.0	2.1
Wage Rate (\$ per year).....	65,815	67,721	68,556	70,541	73,166	76,127
Percent Change	6.7	2.9	1.2	2.9	3.7	4.0
Personal Income (\$ billions).....	19,708	19,790	20,435	21,301	22,285	23,351
Percent Change	6.2	0.4	3.3	4.2	4.6	4.8
Pre-Tax Corp Profits (\$ billions).....	2,106	2,092	2,223	2,376	2,539	2,707
Percent Change	-5.9	-0.7	6.2	6.9	6.9	6.6
Unemployment Rate (Percent).....	8.1	5.9	4.6	4.4	4.1	3.9
10-year Treasury Bond Rate.....	0.9	1.0	1.3	1.5	1.6	1.9
Federal Funds Rate.....	0.4	0.1	0.1	0.1	0.1	0.1
<u>NYC ECONOMY</u>						
Real Gross City Product (billions of 2012 dollars):.....	817	852	909	935	948	967
Percent Change	-8.8	4.23	6.6	2.9	1.4	2.0
Non-Agricultural Employment (thousands).....	4,147	4,332	4,585	4,684	4,741	4,805
Percent Change	-10.9	4.5	5.8	2.2	1.2	1.4
CPI- All Urban NY-NJ Area (1982-84=100).....	283	289	296	302	308	315
Percent Change	1.8	2.0	2.4	2.1	2.1	2.1
Wage Rate (\$ per year).....	99,872	102,765	105,189	107,875	110,552	113,719
Percent Change	4.4	2.9	2.4	2.6	2.5	2.9
Personal Income	691	702	728	759	791	823
Percent Change	3.1	1.6	3.7	4.3	4.1	4.1

	Calendar Years					
	2020	2021	2022	2023	2024	2025
NYC REAL ESTATE MARKET						
<i>Manhattan Primary Office Market</i>						
Asking Rental Rate (\$ per square feet).....	70.57	70.09	70.06	72.41	73.84	75.82
Percent Change	-11.6	-0.7	0.0	3.4	2.0	2.7
Vacancy Rate – Percent.....	17.0	16.5	17.4	16.3	15.5	14.8

Source: OMB

2. REAL ESTATE TAX

Projections of real estate tax revenues are based on a number of assumptions, including, among others, assumptions relating to the tax rate, the assessed valuation of the City’s taxable real estate, the delinquency rate, debt service needs, a reserve for uncollectible taxes, the operating limit and the impact of the outbreak of COVID-19. See “SECTION IV: SOURCES OF CITY REVENUES—Real Estate Tax.”

Projections of real estate tax revenues include net revenues from the sale of real property tax liens of \$16 million in fiscal year 2021, \$128 million in fiscal year 2022 and \$80 million in each of fiscal years 2023 through 2025. Projections of real estate tax revenues include the effects of the STAR Program which will reduce the real estate tax revenues by an estimated \$154 million in fiscal year 2021 and \$152 million, \$150 million, \$148 million and \$146 million in fiscal years 2022 through 2025, respectively. Projections of real estate tax revenues reflect the estimated cost of extending the current tax reduction for owners of cooperative and condominium apartments amounting to \$667 million, \$614 million, \$624 million, \$632 million and \$639 million in fiscal years 2021 through 2025, respectively.

The delinquency rate was 1.4% in fiscal year 2016, 1.3% in fiscal year 2017, 1.2% in fiscal year 2018, 1.2% in fiscal year 2019 and 1.8% in fiscal year 2020. The Financial Plan projects delinquency rates of 2.6% in fiscal year 2021, 2.5% in fiscal year 2022, 1.6% in fiscal year 2023, 1.5% in fiscal year 2024 and 1.4% in fiscal year 2025. For information concerning the delinquency rates for prior years, see “SECTION IV: SOURCES OF CITY REVENUES—Real Estate Tax—*Collection of the Real Estate Tax.*” For a description of proceedings seeking real estate tax refunds from the City, see “SECTION X: OTHER INFORMATION—Litigation—*Taxes.*” For information on the potential impact of the lapse of lien sale authorization on real property tax delinquencies, see “SECTION I: RECENT FINANCIAL DEVELOPMENTS.”

On April 24, 2017, a lawsuit was filed challenging the City’s real property tax system and valuation methodology. See “SECTION X: OTHER INFORMATION—Litigation—*Taxes.*”

3. OTHER TAXES

The following table sets forth amounts of revenues (net of refunds) from taxes other than the real estate tax projected to be received by the City in the Financial Plan. The amounts set forth below exclude the Criminal Justice Fund and audit revenues.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	(In Millions)				
Personal Income ⁽¹⁾	\$12,744	\$13,506	\$14,257	\$14,776	\$15,333
General Corporation.....	3,930	4,235	4,397	4,383	4,410
Banking Corporation.....	—	—	—	—	—
Unincorporated Business Income.....	1,932	2,005	2,090	2,170	2,253
Sales ⁽²⁾	6,551	7,648	8,414	8,992	9,451
Commercial Rent	831	874	902	925	946
Real Property Transfer	936	1,141	1,332	1,421	1,516
Mortgage Recording.....	770	885	917	979	1,045
Utility	359	374	377	384	393
Cigarette	24	23	22	21	20
Hotel Tax ⁽³⁾	75	225	350	520	630
All Other ⁽⁴⁾	1,045	985	983	981	979
Total.....	<u>\$29,197</u>	<u>\$31,901</u>	<u>\$34,041</u>	<u>\$35,552</u>	<u>\$36,976</u>

Note: Totals may not add due to rounding.

- (1) Personal Income includes \$283 million, \$652 million, \$3.876 billion, \$3.969 billion and \$4.336 billion of personal income tax revenues projected to be retained by the TFA for debt service and other expenses in fiscal years 2021 through 2025, respectively.
- (2) Sales Tax reflects the imposition of sales tax on certain additional internet sales and providing that sales tax revenues in the amount of \$170 million in State fiscal year 2021 and thereafter increasing by one percent per year, will be directed to the MTA for transit improvements. Revenues from such additional sales tax are currently estimated to be approximately \$170 million per year and are in addition to existing sales taxes attributable to certain other internet transactions. In addition, fiscal years 2021 and 2022 reflect State intercept of \$250 million and \$150 million, respectively, to fund the “Distressed Provider Assistance Account” to provide assistance to hospitals and nursing homes.
- (3) Hotel includes the impact of an additional temporary hotel occupancy tax of 0.875 percent resulting in additional revenues of \$11 million, \$34 million, \$52 million, \$77 million and \$93 million in fiscal years 2021 through 2025, respectively.
- (4) All Other includes, among others, beer and liquor taxes and the automobile use tax. All Other also includes \$153 million, \$152 million, \$150 million, \$148 million and \$146 million in fiscal years 2021 through 2025, respectively, to be provided to the City by the State as reimbursement for the reduced property tax resulting from the STAR Program.

The Financial Plan reflects the following assumptions regarding projected baseline revenues from Other Taxes: (i) with respect to the personal income tax, a steep drop in fiscal year 2021 revenues triggered by both a lower forecast for total wages and lower non-wage sources attributable to the continued effects of COVID-19, moderate to strong growth in fiscal year 2022 revenues, as total wages are expected to recover, and continued moderate growth on average in fiscal years 2023 through 2025; (ii) with respect to the business corporation tax, a steep decline in fiscal year 2021 reflecting the losses both Main Street and Wall Street businesses face due to the worsening economy resulting from COVID-19, strong growth in fiscal year 2022 as the impact of COVID-19 wanes, and moderate to slightly negative changes in fiscal years 2023 through 2025; (iii) with respect to the unincorporated business income tax, a small decline in growth for fiscal year 2021 following the prior year’s decline, reflecting a drop in tax payments due to the impact of COVID-19 on many industry sectors such as hospitality, entertainment, food and beverage and general retail, a return to more average growth in fiscal year 2022 reflecting an improved economic situation in the City, and a return to moderate growth in fiscal years 2023 through 2025 reflecting the control of the pandemic and consequently, economic growth; (iv) with respect to the sales tax, a decline in growth in fiscal year 2021 following the prior year’s decline, reflecting that consumer spending due to the pandemic will remain constrained through most of fiscal year 2021 as economic uncertainty and job loss will influence individuals to save and spend mainly on essentials, with tourism, hospitality and entertainment spending remaining severely hampered due to COVID-19, a rebound in growth in fiscal years 2022 and 2023 from increased consumer spending due to pent-up demand and the recovery of the tourism, hospitality and entertainment industries as COVID-19 is controlled, and moderate growth in fiscal years 2024 and 2025 reflecting economic growth; (v) with respect to the real property transfer tax, a steep decline in fiscal year 2021 reflecting a drop in the number of transactions due to the impact of COVID-19 as well as weakness in high end residential transactions that existed before the COVID-19 shut-down, strong growth in fiscal years 2022 and 2023 as the City’s economy rebounds and steady trend growth in fiscal years 2024 and 2025 reflecting steady economic growth; (vi) with respect to the mortgage recording tax, a decline in fiscal year 2021 mirroring weakness in transaction activity, a strong rebound in fiscal year 2022 before returning to the long term trend growth rate in fiscal years 2023 through 2025 reflecting steady economic growth; and (vii) with respect to the commercial rent tax, a decline in fiscal year 2021 reflecting the COVID-19 impact with growth returning in fiscal years 2022 through 2025, as the local office market improves with employment gains.

4. MISCELLANEOUS REVENUES

The following table sets forth amounts of miscellaneous revenues projected to be received by the City in the Financial Plan.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	(In Millions)				
Licenses, Permits and Franchises	\$ 649	\$ 686	\$ 685	\$ 687	\$ 685
Interest Income	14	10	11	12	13
Charges for Services	968	1,033	1,033	1,033	1,033
Water and Sewer Payments ⁽¹⁾	1,720	1,561	1,558	1,557	1,557
Rental Income	245	243	243	243	243
Fines and Forfeitures	953	1,103	1,098	1,098	1,098
Other	655	343	342	341	340
Intra-City Revenues	2,061	1,811	1,807	1,806	1,806
	<u>\$ 7,265</u>	<u>\$ 6,790</u>	<u>\$ 6,777</u>	<u>\$ 6,777</u>	<u>\$ 6,775</u>

⁽¹⁾ Received from the Water Board. The Financial Plan reflects a request by the City for rental payments from the Water Board of \$137 million in fiscal year 2021, with no additional rental payment requests for fiscal years 2022 through 2025. For further information regarding the Water Board, see “SECTION VII: FINANCIAL PLAN—Financing Program.”

Rental Income reflects approximately \$153.6 million in each of fiscal years 2021 through 2025 for lease payments for the City’s airports.

Other reflects \$120.8 million, \$119.6 million, \$118.6 million, \$117.8 million and \$117.2 million of projected resources in fiscal years 2021 through 2025, respectively, from the receipt by the City of TSRs. For more information, see “SECTION IV: SOURCES OF CITY REVENUES—Miscellaneous Revenues.” Economic and legal uncertainties relating to the tobacco industry and the settlement may significantly affect the receipt of TSRs by TSASC and the City.

5. FEDERAL AND STATE CATEGORICAL GRANTS

The following table sets forth amounts of federal and State categorical grants projected to be received by the City in the Financial Plan.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	(In Millions)				
Federal					
Community Development	\$ 879	\$ 297	\$ 261	\$ 261	\$ 261
Social Services	3,777	3,441	3,441	3,441	3,441
Education	2,720	2,000	1,962	1,962	1,962
Other	4,490	1,338	1,282	1,265	1,260
Total	<u>\$ 11,866</u>	<u>\$ 7,076</u>	<u>\$ 6,946</u>	<u>\$ 6,929</u>	<u>\$ 6,924</u>
State					
Social Services	\$ 1,885	\$ 1,826	\$ 1,818	\$ 1,818	\$ 1,818
Education	10,848	12,252	12,705	12,705	12,705
Higher Education	283	283	282	282	282
Health and Mental Hygiene	558	548	546	546	546
Other	1,537	1,418	1,414	1,463	1,463
Total	<u>\$ 15,111</u>	<u>\$ 16,327</u>	<u>\$ 16,765</u>	<u>\$ 16,814</u>	<u>\$ 16,814</u>

The Financial Plan assumes that all existing federal and State categorical grant programs will continue, unless specific legislation provides for their termination or adjustment, and assumes increases in aid where increased costs are projected for existing grant programs. For information concerning federal and State aid and the possible impacts on the Financial Plan, see “INTRODUCTORY STATEMENT” and “SECTION I: RECENT FINANCIAL DEVELOPMENTS.”

As of December 31, 2020, approximately 15.6% of the City’s full-time and full-time equivalent employees (consisting of employees of the mayoral agencies and the DOE) were paid by Community Development funds, water and sewer funds and from other sources not funded by unrestricted revenues of the City.

A major component of federal categorical aid to the City is the Community Development program. Pursuant to federal legislation, Community Development grants are provided to cities primarily to aid low and moderate income persons by improving housing facilities, parks and other improvements, by providing certain social programs and by promoting economic development. These grants are based on a formula that takes into consideration such factors as population, age of housing and poverty.

The City’s receipt of categorical aid is contingent upon the satisfaction of certain statutory conditions and is subject to subsequent audits, possible disallowances and possible prior claims by the State or federal governments. The general practice of the State and federal governments has been to deduct the amount of any disallowances against the current year’s payment, although in some cases the City remits payment for disallowed amounts to the grantor. Substantial disallowances of aid claims may be asserted during the course of the Financial Plan. The City estimates probable amounts of disallowances of recognized grant revenues and makes the appropriate adjustments to recognized grant revenue for each fiscal year. The amounts of such downward adjustments to revenue for disallowances attributable to prior years increased from \$124 million in the 1977 fiscal year to \$542 million in the 2006 fiscal year. The amounts of such disallowances were \$103 million and \$114 million in fiscal years 2007 and 2008, respectively. There were no adjustments for estimated disallowances in fiscal years 2009 and 2010. In fiscal year 2011 the downward adjustment for disallowances was \$113 million and in fiscal year 2012 an upward adjustment of \$166 million was made, reflecting a reduced estimate of disallowances attributable to prior years as of June 30, 2012. In fiscal years 2013, 2014, 2015, 2016, 2018 and 2020, downward adjustments of \$59 million, \$19 million, \$110 million, \$1 million, \$558 million \$139 million and \$5 million, respectively, were made. In fiscal years 2017 and 2019, upward adjustments of \$558 million and \$113 million, respectively, were made. As of June 30, 2020, the City had an accumulated reserve of \$299 million for all disallowances of categorical aid.

Expenditure Assumptions

1. PERSONAL SERVICES COSTS

The following table sets forth projected expenditures for personal services costs contained in the Financial Plan.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	(In Millions)				
Wages and Salaries.....	\$ 28,364	\$ 28,373	\$ 29,062	\$ 29,146	\$ 29,232
Pensions.....	9,503	10,263	10,468	10,660	10,597
Other Fringe Benefits	11,130	11,579	12,242	13,045	13,819
Retiree Health Benefits Trust	(1,600)	—	—	—	—
Reserve for Collective Bargaining.....	815	1,311	955	1,142	1,519
Total.....	<u>\$ 48,212</u>	<u>\$ 51,526</u>	<u>\$ 52,727</u>	<u>\$ 53,993</u>	<u>\$ 55,167</u>

The Financial Plan projects that the authorized number of City-funded full-time and full-time equivalent employees will decrease from an estimated level of 270,999 as of June 30, 2021 to an estimated level of 270,512 by June 30, 2025.

Other Fringe Benefits includes \$2.751 billion, \$3.075 billion, \$3.219 billion, \$3.426 billion and \$3.592 billion in fiscal years 2021 through 2025, respectively, for post-employment benefits other than pensions (“OPEB”) expenditures for current retirees, which costs are currently paid by the City on a pay-as-you-go basis. For information on deposits to the Retiree Health Benefits Trust to fund a portion of the future cost of OPEB for current and future retirees, see “SECTION VI: FINANCIAL OPERATIONS—2016-2020 Summary of Operations.”

The Financial Plan reflects contract settlements with DC 37 and the UFT and others (which, together, represent nearly 84% of the City’s unionized workforce) and the application of the pattern increases established in those settlements to the entire workforce over a 43-month contract period. The pattern framework provides for a 2% wage

increase on the first month of the contract, a 2.25% wage increase on the 13th month, and a 3% wage increase on the 26th month. The pattern also provides funding equivalent to 0.5% of wages to be used to fund benefit items. The DC 37 Settlement covers the period from September 26, 2017 through May 25, 2021. The UFT Settlement covers the period from February 14, 2019 through September 13, 2022. Such settlements also include health insurance savings as part of a new Municipal Labor Committee (“MLC”) agreement (the “2018 MLC Agreement”), in addition to those previously agreed upon.

In December 2019, the Uniformed Officers Coalition, consisting of eight uniformed unions, reached a settlement with the City. The settlement set the pattern for uniformed force employees in the 2017-2021 round of collective bargaining over a 36-month period, with increases of 2.25% effective the first day, 2.5% as of the 13th month, and 3% as of the 25th month. The cost of the uniformed pattern settlement is reflected in the reserve for collective bargaining in the Financial Plan. Contracts with the five remaining uniformed unions remain unsettled. One of the unsettled unions, the Police Benevolent Association, has filed for arbitration over new contract terms. Arbitration proceedings are currently on hold as a result of the COVID-19 pandemic.

The amounts in the Financial Plan reflect the offsets from health insurance savings of \$600 million in fiscal year 2021 and thereafter. These savings are pursuant to the 2018 MLC Agreement. The City has the right to enforce the agreement through a binding arbitration process. If total health insurance savings in fiscal year 2021 are greater than \$600 million, the first \$68 million of such additional savings will be used by the City to make a \$100 per member per year increase to welfare funds effective July 1, 2021. If a savings amount over \$600 million but less than \$668 million is achieved, the \$100 per member per year increase will be prorated. Any savings thereafter are to be divided equally between the City and the unions.

These savings are in addition to the \$3.4 billion of health insurance savings the City achieved in fiscal years 2015 through 2018, \$1.3 billion of which are recurring, which were negotiated pursuant to a previous MLC agreement.

The Financial Plan reflects no wage increases for two years following the expiration of the current labor contracts covering the 2017-2021 round of collective bargaining, followed by annual 1% wage increases. The Financial Plan further reflects decreases in labor expenses of \$1 billion in each of fiscal years 2021 through 2025. The Financial Plan reflects the deferral of \$691 million in fiscal year 2021 labor cost into fiscal year 2022 as agreed to with various municipal unions through voluntary agreements or arbitration decisions. This includes the UFT, DC 37, and Council of School Supervisors & Administrators. The Financial Plan also recognizes approximately \$20 million in savings from more than 9,000 unrepresented employees being furloughed for five days between October 2020 and March 2021. The Financial Plan also reflects savings of \$57.2 million, \$292.1 million, \$351.0 million, \$357.4 million and \$363.8 million in fiscal years 2021, 2022, 2023, 2024 and 2025, respectively, related to a hiring plan which only allows for the hiring of one employee for every three departures. In fiscal year 2022, the hiring plan is expected to reduce City headcount by approximately 5,000 positions. In addition, the Financial Plan continues to recognize an additional \$290 million of as yet to be identified labor savings in fiscal year 2021. The unions covered by the deferrals are covered by a no layoff pledge that expires on June 30, 2021 unless the City receives federal stimulus or borrowing authority totaling \$5 billion in which case the no layoff pledge would be extended to June 30, 2022. Employees not represented by those groups are not covered by the no layoff pledge

For a discussion of the City’s pension systems, see “SECTION IX: PENSION SYSTEMS AND OPEB” and “APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT—Notes to Financial Statements—Note E.5.”

2. OTHER THAN PERSONAL SERVICES COSTS

The following table sets forth projected other than personal services (“OTPS”) expenditures contained in the Financial Plan.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	(In Millions)				
Administrative OTPS and Energy	\$ 28,627	\$ 24,702	\$ 24,964	\$ 25,114	\$ 25,264
Public Assistance.....	1,611	1,651	1,650	1,650	1,650
Medical Assistance.....	5,553	5,915	5,915	5,915	5,915
NYCHH Support	1,644	1,276	1,258	1,267	1,267
Other.....	5,421	4,926	4,985	5,073	5,103
Total.....	<u>\$ 42,856</u>	<u>\$ 38,470</u>	<u>\$ 38,772</u>	<u>\$ 39,019</u>	<u>\$ 39,199</u>

Administrative OTPS and Energy

The Financial Plan contains estimates of the City’s administrative OTPS expenditures for general supplies and materials, equipment and selected contractual services, and the impact of agency gap-closing actions relating to such expenditures in the 2021 fiscal year. Thereafter, to account for inflation, administrative OTPS expenditures are projected to rise by 2.5% annually in fiscal years 2021 through 2025. Energy costs for each of the 2021 through 2025 fiscal years are assumed to vary annually, with total energy expenditures projected at \$884 million in fiscal year 2021 and increasing to \$1.1 billion by fiscal year 2025.

Public Assistance

Of total cash assistance expenditures in the City, the City-funded portion is projected to be \$845 million in fiscal year 2021 and \$890 million in each of fiscal years 2022 through 2025.

Medical Assistance

Medical assistance payments projected in the Financial Plan consist of payments to voluntary hospitals, skilled nursing facilities, intermediate care facilities, home care providers, pharmacies, managed care organizations, physicians and other medical practitioners. The City-funded portion of medical assistance payments is estimated at \$5.5 billion for the 2021 fiscal year.

The City-funded portion of medical assistance payments is expected to be \$5.8 billion in each of fiscal years 2022 through 2025. Such payments include the City’s capped share of local Medicaid expenditures as well as Supplemental Medicaid payments to NYCHH.

New York City Health and Hospitals

NYCHH, which provides essential services to over 1.1 million New Yorkers annually, faces near- and long-term financial challenges resulting from, among other things, changes in hospital reimbursement under the Affordable Care Act and the statewide transition to managed care. On April 26, 2016, the City released “One New York: Health Care for Our Neighborhoods,” a report outlining the City’s plan to address NYCHH’s financial shortfall.

In February 2021, NYCHH released a cash-based financial plan, which projected City-funded expenditures of \$1.9 billion and \$1.5 billion in fiscal years 2021 and 2022, respectively, and \$1.3 billion in each of fiscal years 2023 through 2025, in addition to the forgiveness of debt service in fiscal years 2022 through 2025 and the City’s contribution to supplemental Medicaid payments which is consistent with the City’s Financial Plan. NYCHH’s financial plan projected total receipts of \$11.0 billion, \$8.8 billion, \$9.0 billion, \$8.5 billion and \$8.4 billion, and total disbursements of \$11.1 billion, \$9.1 billion, \$8.8 billion, \$8.7 billion and \$8.6 billion in fiscal years 2021 through 2025, respectively.

NYCHH relies on significant projected revenue from Medicaid, Medicare and other third-party payor programs. Future changes to such programs could have adverse impacts on NYCHH's financial condition.

Other

The projections set forth in the Financial Plan for OTPS-Other include the City's contributions to NYCT, NYCHA and CUNY and subsidies to libraries and various cultural institutions. They also include projections for the cost of future judgments and claims which are discussed below under "Judgments and Claims." In the past, the City has provided additional assistance to certain Covered Organizations which had exhausted their financial resources prior to the end of the fiscal year. No assurance can be given that similar additional assistance will not be required in the future.

New York City Transit

NYCT operates under its own section of the Financial Plan as a Covered Organization. A financial plan for NYCT covering its 2021 through 2024 fiscal years was published in November 2020 (the "2021 NYCT Financial Plan"). An updated NYCT Financial Plan was released on February 18, 2021 and is currently under review by OMB. The statement below presents information from the NYCT Financial Plan released in November 2020. The NYCT fiscal year coincides with the calendar year. The 2021 NYCT Financial Plan reflects the impacts of the outbreak of COVID-19 on MTA costs and the resulting ridership decline. The 2021 NYCT Financial Plan reflects City assistance to the NYCT operating budget of \$366.8 million in 2020, increasing to \$536.3 million in 2024. In addition, the 2021 NYCT Financial Plan projects real estate transfer tax revenue dedicated for NYCT use of \$384.3 million in 2020, increasing to \$438.2 million in 2024. The 2020 NYCT Financial Plan includes decreased expected fare box revenue based on projected lower ridership and reflects funding for MTA's COVID relief efforts. Based on OMB review and analysis, the NYCT accrual-based financial plan reflects \$9.0 billion in revenues and \$14.3 billion in expenses for 2020, leaving a budget gap of \$5.3 billion. After accounting for accrual adjustments and cash carried over from 2019, operating budget gaps of \$1.6 billion in 2020, \$6.5 billion in 2021, \$9.2 billion in 2021, \$11.1 billion in 2023 and \$13.1 billion in 2024 are projected.

In 2009, a Payroll Mobility Tax ("PMT") was enacted into State law to provide \$0.34 for every \$100 of payroll in the MTA's twelve-county service area. The PMT is currently expected to generate revenues for the MTA in the amount of \$637.0 million in 2020, increasing to \$851.7 million in 2024.

The MTA faces serious budget shortfalls from historic declines in fare, toll, and tax revenues as a result of the outbreak of COVID-19. City-subsidized services such as Paratransit, the MTA Bus Company, and Staten Island Rapid Transit Operating Authority have been negatively impacted by the outbreak of COVID-19. While CARES Act funding has offset shortfalls in revenues and helped to pay for additional cleaning costs, the impact on the City's payments to the MTA is dependent on future uncertainties such as additional federal funding, ridership trends, ongoing cleaning costs, and service adjustments. The MTA expects to receive an additional \$4 billion from the Consolidated Appropriations Act of 2021, signed into law by President Trump on December 27, 2020. After the new federal aid is applied in 2021, the MTA anticipates a remaining \$8 billion cumulative operating deficit through 2024 based on the financial plan published in November 2020.

The 2015-2019 Capital Program currently includes \$33.9 billion for all MTA agencies, including \$16.7 billion to be invested in the NYCT core system and \$1.7 billion for NYCT network expansion.

The State has agreed to contribute \$9.1 billion towards the 2015-2019 Capital Program. The City has agreed to contribute \$2.656 billion. Of the City's contribution, \$2.056 billion has been reflected in the City's Capital Commitment Plan, including \$164.0 million for the Subway Action Plan. The remaining \$600 million will come from joint ventures, such as development deals, which will not flow through the City budget.

On September 19, 2019, the MTA released its 2020-2024 Capital Program, which took effect by default in January 2020. The program includes \$54.8 billion for all MTA agencies, including \$37.3 billion to be invested in subways and \$3.5 billion for buses. The entire 2020-2024 Capital Program is on hold indefinitely as the MTA seeks emergency federal funding.

Legislation adopted in 2019 includes the enactment of congestion tolling for vehicles entering a designated congestion zone in Manhattan below 60th Street, with a start date no earlier than December 31, 2020, the revenues from which will be directed to the MTA for transit improvements. Details of the plan, including pricing and the start date, have yet to be determined. The December 31, 2020 start date was not achieved given federal government inaction on providing guidance on environmental assessment, and the program could be delayed until 2023.

In addition, the State 2020 Budget included legislation authorizing the imposition of sales tax on certain additional internet sales and providing that City sales tax revenues in the amount of \$127.5 million in State fiscal year 2020 (reflecting the portion of the year in which it is effective) and \$170 million in State fiscal year 2021 and thereafter increasing by one percent per year, will be directed to the MTA for transit improvements. Revenues from such additional sales tax are currently estimated to be approximately \$170 million per year and are in addition to existing sales taxes attributable to certain other internet transactions. Additionally, such legislation provides that State sales tax revenues in the amount of \$112.5 million in State fiscal year 2020 and \$150 million in State fiscal year 2021 and thereafter increasing by one percent per year, will be directed to the MTA for transit improvements. The State 2020 Budget also includes legislation increasing real estate transfer taxes on properties valued at more than \$2 million, which will also be directed to the MTA for transit improvements.

The State 2021 Budget requires the City to contribute \$3 billion towards the 2020-2024 Capital Program, concurrent with the State's \$3 billion contribution. Neither the City nor the State can use operating funds dedicated to the MTA to supplant their capital commitment and must pay on a schedule determined by the State Budget Director. \$2.8 billion of the City's \$3 billion contribution has not yet been appropriated. OMB does not anticipate the appropriations will be needed within the current City fiscal year.

The State 2021 Budget included a requirement that the City increase its funding of the MTA's net paratransit operating deficit from 33% to 50%. The Financial Plan reflects \$238 million in fiscal year 2021 and \$175 million in each of fiscal years 2022 through 2024 to cover the City's contributions for paratransit services, compared to MTA's estimate of such costs of \$201 million, \$256 million, \$285 million and \$304 million in fiscal years 2021 through 2024. Spending on paratransit is significantly impacted by ridership levels, and it is unknown what the long-term impacts of COVID-19 will be on use. The City will continue to monitor the anticipated paratransit costs for future years.

Department of Education

State law requires the City to provide City funds for the DOE each year in an amount not less than the amount appropriated for the preceding fiscal year, excluding amounts for debt service and pensions for the DOE. Such City funding must be maintained, unless total City funds for the fiscal year are estimated to be lower than in the preceding fiscal year, in which case the mandated City funding for the DOE may be reduced by an amount up to the percentage reduction in total City funds.

Judgments and Claims

In the fiscal year ended on June 30, 2020, the City expended \$709.0 million for judgments and claims. The Financial Plan includes provisions for judgments and claims of \$727.1 million, \$742.3 million, \$758.2 million, \$774.6 million and \$791.2 million for the 2021 through 2025 fiscal years, respectively. These projections incorporate a substantial amount of claims costs attributed to NYCHH, estimated to be \$140 million in each year of the Financial Plan, for which NYCHH reimburses the City unless otherwise forgiven by the City, which was the case in fiscal years 2013 and 2016. The City is a party to numerous lawsuits and is the subject of numerous claims and investigations. The City has estimated that its potential future liability on account of outstanding claims against it as of June 30, 2020 amounted to approximately \$7.1 billion. This estimate was made by categorizing the various claims and applying a statistical model, based primarily on actual settlements by type of claim during the preceding ten fiscal years, and by supplementing the estimated liability with information supplied by the City's Corporation Counsel. For further information regarding certain of these claims, see "SECTION X: OTHER INFORMATION—Litigation."

In addition to the above claims, numerous real estate tax *certiorari* proceedings involving allegations of inequality of assessment, illegality and overvaluation are currently pending against the City. The City's Financial Statements for the fiscal year ended June 30, 2020 include an estimate that the City's liability in the *certiorari* proceedings, as of June 30, 2020, could amount to approximately \$1.124 billion. Provision has been made in the Financial Plan for

estimated refunds of \$400 million in each of fiscal years 2021 through 2025, respectively. For further information concerning these claims, certain remedial legislation related thereto and the City's estimates of potential liability, see "SECTION X: OTHER INFORMATION—Litigation—Taxes" and "APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT—Notes to Financial Statements—Note D.5."

3. GENERAL OBLIGATION, LEASE AND TFA DEBT SERVICE

Debt service estimates for fiscal years 2021 through 2025 include debt service on outstanding general obligation bonds and conduit debt, and the funding requirements associated with outstanding TFA Future Tax Secured Bonds, and estimates of debt service costs of, or funding requirements associated with, future general obligation, conduit and TFA Future Tax Secured debt issuances based on projected future market conditions. Such debt service estimates also include estimated payments pursuant to interest rate exchange agreements but do not reflect receipts pursuant to such agreements.

In July 2009, the State amended the New York City Transitional Finance Authority Act to expand the borrowing capacity of the TFA by providing that it may have outstanding \$13.5 billion of Future Tax Secured Bonds (excluding Recovery Bonds) and may issue additional Future Tax Secured Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, does not exceed the debt limit of the City. The City currently expects to continue to finance approximately half of its capital program through the TFA, exclusive of Department of Environmental Protection capital budget items financed by the Water Authority.

The Financial Plan reflects general obligation debt service of \$3.50 billion, \$3.90 billion, \$4.46 billion, \$4.74 billion and \$4.93 billion in fiscal years 2021 through 2025, respectively, conduit debt service of \$125 million, \$125 million, \$148 million, \$118 million and \$116 million in fiscal years 2021 through 2025, respectively, and TFA debt service of \$2.83 billion, \$3.33 billion, \$3.88 billion, \$3.97 billion and \$4.34 billion in fiscal years 2021 through 2025, respectively, in each case prior to giving effect to prepayments. Such debt service requirements are projected to be below 15% of projected City tax revenues for each year of the Financial Plan.

Certain Reports

On March 2, 2021, the City Comptroller released a report entitled "Comments on New York City's Preliminary Budget for Fiscal Year 2022 and Financial Plan for Fiscal Years 2021-2025." The report notes that, since the November Financial Plan, there have been several positive developments with implications for the City's recovery and fiscal outlook, including Congressional approval of stimulus payments, the extension of unemployment benefits and the rollout of the vaccination efforts. However, the report also notes that challenges to a full economic recovery remain. Seasonally adjusted December private employment in the City is more than 600,000 jobs below the pre-pandemic peak and declined by over 31,000 in the last two months of 2020.

The report notes that the City's preliminary budget for fiscal year 2022 is balanced and closes the \$3.75 billion gap projected in the November Financial Plan. Overall, tax revenues in fiscal year 2022 are \$1.58 billion less than projected in the November Financial Plan. While the City has benefited from stronger income and business tax receipts than previously anticipated, the impact of the pandemic on property values was greater than expected, resulting in a reduction of property tax revenues by about \$2.5 billion annually beginning in fiscal year 2022. A decline from the November Financial Plan in City-funds expenditures offset the drop in tax revenue and balanced the budget. More than half of the reduction in City-funds spending is from an increase of \$2.75 billion in the fiscal year 2021 budget stabilization account for the prepayment of fiscal year 2022 debt service.

In the report, the City Comptroller projects additional resources of \$396 million in fiscal year 2021 and net risks of \$1.43 billion, \$2.13 billion, \$2.29 billion and \$2.61 billion in fiscal years 2022 through 2025, respectively, which, when added to the results projected in the Financial Plan, would result in a surplus of \$396 million in fiscal year 2021 and gaps of approximately \$1.43 billion, \$6.44 billion, \$6.48 billion and \$6.89 billion in fiscal years 2022 through 2025, respectively.

The differences from the Financial Plan projections result in part from the City Comptroller's net expenditure projections, which are higher than the Financial Plan projections by \$472 million, \$1.50 billion, \$1.73 billion, \$1.90

billion and \$2.09 billion in fiscal years 2021 through 2025, respectively, as a result of: (i) additional overtime expenditures of \$287 million and \$107 million in fiscal years 2021 and 2022, respectively, and \$130 million in each of fiscal years 2023 through 2025; (ii) increased expenditures associated with increases in charter school tuition rates of \$154 million, \$282 million, \$433 million and \$600 million in fiscal years 2022 through 2025, respectively; (iii) increased expenditures associated with payments to parents who legally seek reimbursement for placing special needs children in non-public schools of \$150 million in each of fiscal years 2022 through 2025; (iv) increased expenditures for student transportation of \$75 million in each of fiscal years 2022 through 2025; (v) uncertainty of federal Medicaid reimbursement for special education services of \$20 million in each of fiscal years 2021 through 2025; (vi) increased expenditures to fund the Fair Fares program of \$47 million in fiscal year 2022 and \$100 million in each of fiscal years 2023 through 2025; (vii) increased homeless shelter operation expenditures of \$12 million in each of fiscal years 2022 through 2025; (viii) increased expenditures associated with unspecified labor savings of \$290 million in fiscal year 2021 and \$1 billion in each of fiscal years 2022 through 2025; and (ix) increased expenditures associated with paratransit funding of \$81 million, \$111 million, \$130 million and \$150 million in fiscal years 2022 through 2025, respectively.

The report also projects: (i) decreased expenditures associated with pre-K special education of \$50 million in each of fiscal years 2021 through 2025; (ii) anticipated debt service savings from low interest rates on variable rate bonds of \$25 million in fiscal year 2021 and \$100 million in each of fiscal years 2022 through 2025; and (iii) anticipated savings in the general reserve of \$50 million in fiscal year 2021.

The differences from the Financial Plan projections also result from the City Comptroller's net revenue projections, which are higher than the Financial Plan projections by \$868 million and \$70 million in fiscal years 2021 and 2022, and lower than the Financial Plan projections by \$400 million, \$387 million and \$527 million in fiscal years 2023 through 2025, respectively. The report projects that: (i) personal income tax revenues will be higher by \$495 million and \$29 million in fiscal years 2021 and 2022, respectively; (ii) business tax revenue will be higher by \$350 million in fiscal year 2021; (iii) sales tax revenue will be higher by \$24 million, \$66 million, \$89 million, \$142 million and \$131 million in fiscal years 2021 through 2025, respectively; (iv) real-estate-related tax revenues will be higher by \$15 million in fiscal year 2022; and (v) revenues from audit collections will be higher by \$200 million in each of fiscal years 2023 through 2025.

The report also identifies certain risks to projected revenues that result in the following differences from the Financial Plan: (i) personal income revenues will be lower by \$237 million, \$77 million and \$51 million in fiscal years 2023 through 2025, respectively; (ii) business tax revenues will be lower by \$40 million, \$178 million, \$187 million and \$173 million in fiscal years 2022 through 2025, respectively; and (iii) real estate-related tax revenues will be lower by \$1 million in fiscal year 2021 and \$274 million, \$465 million and \$634 million in fiscal years 2023 through 2025, respectively.

The report notes that the Financial Plan does not reflect potential federal budget relief from actions taken by the Biden administration, although it does assume FEMA reimbursement for 75 percent of eligible expenditures, which has since been increased to 100 percent of eligible COVID-19 related spending. This additional reimbursement is estimated to provide an additional \$1 billion of FEMA funding to the City and will allow the City to rescind or reduce some of the service reductions in the Financial Plan and use the balance towards budget relief. In addition, the House of Representatives passed a \$1.9 trillion stimulus bill which includes a reported \$5.6 billion for the City. However, the report notes that the Governor's Executive Budget includes provisions to shift costs to the City, including the use of STAR Program reimbursement to offset some of the federal relief. Since many of these cost shifts extend beyond the expiration of federal COVID-19 relief, the Governor's Executive Budget if adopted as proposed, would have a negative impact on the City in the long term.

On February 23, 2021, the OSDC released a review of the Financial Plan. The report notes that the City was able to balance the fiscal year 2021 budget by one-shot actions, noting the use of retiree health reserves, spending cuts, \$1 billion in unidentified labor savings and federal pandemic relief funds. While the gross city product is expected to decline by only 0.6% in 2020, due to the limited impact of COVID-19 on higher-income workers who are able to rely on telework, the City's unemployment rate is well behind the national rate as demand for leisure and accommodations services remains low. At the same time there is increased demand for social safety net services with significant increases in unemployment compensation, Medicaid and cash assistance rolls.

The report notes that the City should be able to generate a surplus of nearly \$3.4 billion for fiscal year 2021 due to better than projected revenues from income and corporate taxes, front-loaded debt service savings from refinancings and deferred labor costs. The City's outlook for Financial Plan years beyond 2021 has worsened as the City expects declines in property tax collections in fiscal year 2022 and not returning to pre-pandemic levels until fiscal year 2025. The report states that the City needs to close projected outyear budget gaps but has few good options for doing so. The report recommends that the best short-term option is savvy management of federal relief to enable recovery.

The OSDC report quantifies certain risks to the Financial Plan. The report identifies net risks of \$384 million, \$1.99 billion, \$4.25 billion, \$3.57 billion and \$2.58 billion in fiscal years 2021 through 2025, respectively. When combined with the results projected in the Financial Plan, the report estimates budget gaps of \$384 million, \$1.99 billion, \$8.56 billion, \$7.76 billion and \$6.86 billion in fiscal years 2021 through 2025, respectively. These estimates include reductions to planned local assistance appropriations as proposed in the Governor's Executive Budget of \$94 million in fiscal year 2021 and \$333 million in each of fiscal years 2023 through 2025, as well as additional appropriations of \$378 million in fiscal year 2022.

The risks to the Financial Plan identified in the report include: (i) reductions in tax revenues of \$816 million, \$726 million and \$436 million in fiscal years 2022 through 2024, respectively; (ii) reductions in labor savings of \$290 million in fiscal year 2021 and \$1.00 billion in each of fiscal years 2022 through 2025; (iii) increased expenditures associated with education funding of \$380 million, \$1.88 billion, \$1.47 billion and \$980 million in fiscal years 2022 through 2025, respectively; (iv) increased uniform services overtime costs of \$100 million in fiscal year 2021 and \$200 million in each of fiscal years 2022 through 2025; and (v) increased cost of providing MTA paratransit funding of \$81 million and \$110 million in fiscal years 2022 and 2023, respectively, and \$129 million in each of fiscal years 2024 and 2025. The report also identifies (i) additional tax revenues of \$100 million and \$61 million in fiscal years 2021 and 2025, respectively, and (ii) additional debt service savings of \$100 million in fiscal year 2022.

On December 30, 2020, the staff of the Control Board issued a report reviewing the November Financial Plan. The report states that COVID-19 and the resulting containment efforts continue to negatively impact the City's economy and revenues. The report also notes that while the November Financial Plan recognized some improvement to non-property tax collections and a budget surplus in fiscal year 2021, the City has yet to develop either material recurring actions to constrain agency spending over the years of the November Financial Plan or a larger surplus in fiscal year 2021 that can be applied to subsequent years.

The report finds the City's plan to deal with the COVID-19 crisis to be deficient in several areas. It states that the City has relied on employee payment deferment, furlough, debt service savings and the use of reserves early in the budget process to keep fiscal year 2021 in balance with only the statutorily required amount maintained in the general reserve. There are large risks surrounding future proposed labor savings and the deferment of employee payments reduces expenditures in fiscal year 2021 while simultaneously increasing the fiscal year 2022 budget gap. Additionally, projected agency savings are comprised primarily of debt service reductions, vacancy reductions in headcount and re-estimates of personal and other than personal services expenditures, with few initiatives of recurring value. The City is relying on good budget practice to create debt service savings, but is not proactively managing agency spending in the operating budget. Given the uncertainty surrounding State and federal aid and tax revenue growth, the report suggests that it is in the City's best interest to develop a plan with recurring savings to deal with the projected budget deficits in fiscal years 2022 through 2024.

The report identifies net risks to the November Financial Plan of \$304 million and \$1.68 billion in fiscal years 2021 and 2022, respectively, and \$1.56 billion in each of fiscal years 2023 and 2024. When combined with the gaps estimated in the November Financial Plan, the total estimated gaps are \$304 million, \$5.44 billion, \$4.53 billion and \$4.66 billion in fiscal years 2021 through 2024, respectively. Such net risks and offsets result from: (i) an increase in tax revenues of \$200 million in fiscal years 2021, followed by a reduction in tax revenues of \$300 million in fiscal year 2022 and \$200 million in each of fiscal years 2023 and 2024; (ii) a reduction in miscellaneous revenue of \$25 million in each of fiscal years 2021 and 2022; (iii) increased uniform services overtime expenses of \$137 million in fiscal year 2021; (iv) increased expenses due to reductions in State education aid of \$360 million in each of fiscal years 2022 through 2024; and (v) uncertainty with respect to the implementation of unspecified labor savings of \$342 million in fiscal year 2021 and \$1 billion in each of fiscal years 2022 through 2024. The report also notes that the risks could be higher if there are additional State aid cuts due to the lack of federal assistance.

The Control Board expects to release a report on the Financial Plan on or about March 18, 2021.

Long-Term Capital Program

The City makes substantial capital expenditures to reconstruct and rehabilitate the City’s infrastructure and physical assets, including City mass transit facilities, water and sewer facilities, streets, bridges and tunnels, and to make capital investments that will improve productivity in City operations.

The City utilizes a three-tiered capital planning process consisting of the Ten-Year Capital Strategy, the four-year capital plan and the current-year Capital Budget. The Ten-Year Capital Strategy is a long-term planning tool designed to reflect fundamental allocation choices and basic policy objectives. The four-year capital plan, which is updated three times a year as required by the City Charter, translates mid-range policy goals into specific projects. The Capital Budget defines specific projects and the timing of their initiation, design, construction and completion. On January 14, 2021, the City released the five-year capital commitment plan for fiscal years 2021 through 2025 which covers the current fiscal year and the four-year capital plan for fiscal years 2022 through 2025 (the “2021-2025 Capital Commitment Plan”).

City-funded commitments, which were \$344 million in fiscal year 1979, are projected to reach \$11.0 billion in fiscal year 2021. City-funded expenditures are forecast at \$9.2 billion in fiscal year 2021; total expenditures are forecast at \$10.4 billion in fiscal year 2021. For additional information concerning the City’s capital expenditures and the Preliminary Ten-Year Capital Strategy covering fiscal years 2022 through 2031, see “SECTION V: CITY SERVICES AND EXPENDITURES—Capital Expenditures.”

The following table sets forth the major areas of capital commitment projected in the 2021-2025 Capital Commitment Plan.

	2021-2025 CAPITAL COMMITMENT PLAN											
	2021		2022		2023		2024		2025		TOTALS	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
	(In Millions)											
Mass Transit ⁽¹⁾	\$ 1,338	\$ 1,356	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 1,498	\$ 1,516
Roadway, Bridges	830	981	1,511	1,859	1,437	1,593	2,119	2,198	2,056	2,079	7,953	8,711
Environmental Protection ⁽²⁾	2,619	2,688	2,238	2,391	2,058	2,117	2,467	2,485	2,980	2,980	12,361	12,662
Education	2,686	3,217	4,310	4,636	4,188	4,514	3,414	3,740	899	1,174	15,497	17,281
Housing	1,400	1,432	1,418	1,450	1,171	1,203	1,108	1,140	747	779	5,843	6,003
Sanitation	301	303	182	185	479	487	579	579	429	429	1,971	1,982
City Operations/Facilities	5,814	6,831	5,138	5,899	5,505	5,942	6,426	6,898	7,546	7,628	30,429	33,198
Economic Development	616	781	535	649	406	409	324	336	565	597	2,445	2,773
Subtotal Commitments	15,603	17,589	15,371	17,108	15,284	16,306	16,477	17,417	15,262	15,707	77,998	84,126
Reserve for Unattained Commitments	(4,544)	(4,544)	(1,643)	(1,643)	(1,328)	(1,328)	(882)	(882)	117	117	(8,281)	(8,279)
Total Commitments ⁽³⁾	<u>\$11,059</u>	<u>\$13,044</u>	<u>\$13,728</u>	<u>\$15,465</u>	<u>\$13,956</u>	<u>\$14,977</u>	<u>\$15,595</u>	<u>\$16,535</u>	<u>\$15,379</u>	<u>\$15,823</u>	<u>\$69,717</u>	<u>\$75,844</u>
Total Expenditures ⁽⁴⁾	<u>\$9,173</u>	<u>\$10,427</u>	<u>\$10,201</u>	<u>\$11,700</u>	<u>\$11,337</u>	<u>\$12,542</u>	<u>\$11,876</u>	<u>\$12,940</u>	<u>\$12,734</u>	<u>\$13,628</u>	<u>\$55,321</u>	<u>\$61,237</u>

Note: Individual items may not add to totals due to rounding.

(1) Excludes NYCT’s non-City portion of the MTA capital program.

(2) Includes water supply, water mains, water pollution control, sewer projects and related equipment.

(3) Commitments represent contracts registered with the City Comptroller, except for certain projects which are undertaken jointly by the City and State.

(4) Expenditures represent cash payments and appropriations planned to be expended for capital costs, excluding amounts for original issue discount.

Currently, if all City capital projects were implemented, expenditures would exceed the City’s financing projections in the current fiscal year and subsequent years. The City has therefore established capital budgeting priorities to maintain capital expenditures within the available long-term financing. Due to the size and complexity of the City’s capital program, it is difficult to forecast precisely the timing of capital project activity so that actual capital expenditures may vary from the planned annual amounts.

On November 15, 2017, the Mayor issued Housing New York 2.0, which updates and revises the Mayor’s previously announced affordable housing initiatives. The updated plan, inclusive of prior commitments, proposes to build or preserve 300,000 affordable units by 2026, reflecting an increase of 100,000 units above what was previously announced. The expected costs associated with these revisions are reflected in the 2021-2025 Capital Commitment Plan, with additional resources as necessary to be reflected in future commitment plans.

On February 4, 2016, the Mayor announced a plan to build the Brooklyn-Queens Connector, a streetcar line which would run along the East River waterfront between Astoria, Queens and Red Hook, Brooklyn. The project is suspended indefinitely due to financial constraints of the COVID-19 pandemic, and the direct costs of the project are not reflected in the Financial Plan or the Preliminary Ten-Year Capital Strategy.

In January 2021, the City issued an Asset Information Management System Report (the “AIMS Report”), which is its annual assessment of the asset condition and a proposed maintenance schedule for its assets and asset systems which have a replacement cost of \$10 million or more and a useful life of at least ten years, as required by the City Charter. This report does not reflect any policy considerations which could affect the appropriate amount of investment, such as whether there is a continuing need for a particular facility or whether there have been changes in the use of a facility. The AIMS Report estimated that \$10.4 billion in capital investment would be needed for fiscal years 2022 through 2025 to bring the assets to a state of good repair. The report also estimated that \$550 million, \$224 million, \$293 million and \$258 million should be spent on maintenance in fiscal years 2022 through 2025, respectively.

The recommended capital investment for each inventoried asset is not readily comparable to the capital spending allocated by the City in the 2021-2025 Capital Commitment Plan and the Preliminary Ten-Year Capital Strategy. Only a portion of the funding set forth in the 2021-2025 Capital Commitment Plan is allocated to specifically identified assets, and funding in the subsequent years of the Preliminary Ten-Year Capital Strategy is even less identifiable with individual assets. Therefore, there is a substantial difference between the amount of investment recommended in the report for all inventoried City assets and amounts allocated to the specifically identified inventoried assets in the 2021-2025 Capital Commitment Plan. The City also issues an annual report (the “Reconciliation Report”) that compares the recommended capital investment with the capital spending allocated by the City in the four-year capital plan to the specifically identified inventoried assets.

The most recent Reconciliation Report, issued in October 2020, concluded that the capital investment in the five-year capital plan for fiscal years 2020 through 2024, released on April 16, 2020, for the specifically identified inventoried assets, funded 70% of the total investment recommended in the preceding AIMS Report issued in December 2019. Capital investment allocated in the Ten-Year Capital Strategy published in April 2019 funded an additional portion of the recommended investment. In the same Reconciliation Report, OMB estimated that 56% of the expense maintenance levels recommended were included in the financial plan.

Financing Program

The following table sets forth the amount of bonds issued and expected to be issued during the 2021 through 2025 fiscal years (as set forth in the Financial Plan) to implement the 2021-2025 Capital Commitment Plan. See “SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities.” From time to time, the City and its related issuers also issue bonds to refinance existing debt for economic savings. Such refunding bonds are not included in the following table.

2021-2025 FINANCING PROGRAM

	2021	2022	2023	2024	2025	Total
	(In Millions)					
City General Obligation Bonds	\$ 2,188	\$ 4,140	\$ 4,730	\$ 4,950	\$ 5,240	\$ 21,248
TFA Future Tax Secured Bonds	4,553	4,140	4,730	4,950	5,240	23,613
Water Authority Bonds.....	1,563	1,414	1,577	1,685	1,963	8,202
Total	\$ 8,304	\$ 9,694	\$ 11,037	\$ 11,585	\$ 12,443	\$ 53,063

Note: Totals may not add due to rounding.

The City’s financing program includes the issuance of water and sewer revenue bonds by the Water Authority which is authorized to issue bonds to finance capital investment in the City’s water and sewer system. Pursuant to State law, debt service on Water Authority indebtedness is secured by water and sewer fees paid by users of the water and sewer system. Such fees are revenues of the Water Board, which holds a lease interest in the City’s water and sewer system. After providing for debt service on obligations of the Water Authority and certain incidental costs, the revenues of the Water Board are paid to the City to cover the City’s costs of operating the water and sewer system and as rental for the system. In fiscal years 2017, 2018 and 2019, the City did not request the rental payment due to the City from the Water Board. In fiscal year 2020, on account of the outbreak of COVID-19, the City requested a rental payment of \$128 million. The Financial Plan further reflects the City requesting a rental payment of \$137 million in fiscal year 2021, with no additional rental payment requests for fiscal years 2022 through 2025. The City’s Preliminary Ten-Year Capital Strategy applicable to the City’s water and sewer system covering fiscal years 2022 through 2031, projects City-funded water and sewer investment (which is expected to be financed with proceeds of Water Authority debt) at approximately \$23.1 billion. The 2021-2025 Capital Commitment Plan reflects total anticipated City-funded water and sewer commitments of \$12.4 billion which are expected to be financed with the proceeds of Water Authority debt.

The TFA is authorized to have outstanding \$13.5 billion of Future Tax Secured Bonds (excluding Recovery Bonds). The TFA may have outstanding Future Tax Secured Bonds in excess of \$13.5 billion provided that the amount of the Future Tax Secured Bonds, together with the amount of indebtedness contracted by the City, do not exceed the debt limit of the City. Future Tax Secured Bonds are issued for general City capital purposes and are secured by the City’s personal income tax revenues and, to the extent such revenues do not satisfy specified debt ratios, sales tax revenues. In addition, the TFA is authorized to have outstanding \$9.4 billion of Building Aid Revenue Bonds to pay for a portion of the City’s five-year educational facilities capital plan. Building Aid Revenue Bonds are secured by State building aid, which the Mayor has assigned to the TFA. The Financial Plan reflects the issuance of \$200 million, \$194 million, \$197 million, \$204 million and \$186 million of Building Aid Revenue Bonds by TFA in fiscal years 2021 through 2025.

Implementation of the financing program is dependent upon the ability of the City and other financing entities to market their securities successfully in the public credit markets which will be subject to prevailing market conditions at the times of sale. No assurance can be given that the credit markets will absorb the projected amounts of public bond sales. A significant portion of bond financing is used to reimburse the City’s General Fund for capital expenditures already incurred. If the City and such other entities are unable to sell such amounts of bonds, it would have an adverse effect on the City’s cash position. In addition, the need of the City to fund future debt service costs from current operations may also limit the City’s capital program. The Preliminary Ten-Year Capital Strategy for fiscal years 2022 through 2031 totals \$118.8 billion, of which approximately 95% is to be financed with funds borrowed by the City and such other entities. See “INTRODUCTORY STATEMENT” and “SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities—*Limitations on the City’s Authority to Contract Indebtedness.*” Congressional developments affecting federal taxation generally could reduce the market value of tax-favored investments and increase the debt-service costs of carrying out the major portion of the City’s capital plan which is currently eligible for tax-exempt financing.

Interest Rate Exchange Agreements

In an effort to reduce its borrowing costs over the life of its bonds, the City began entering into interest rate exchange agreements commencing in fiscal year 2003. For a description of such agreements, see “APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT—Notes to Financial Statements—Note A.12.” As of December 31, 2020, the aggregate notional amount of the City’s interest rate exchange agreements was \$416,175,000 and the total marked-to-market value of such agreements was (\$75,697,413).

In addition, in connection with its Courts Facilities Lease Revenue Bonds (The City of New York Issue) Series 2005A and B, the Dormitory Authority of the State of New York (“DASNY”) entered into interest rate exchange agreements with Goldman Sachs Mitsui Marine Derivative Products, L.P. and JPMorgan Chase Bank, National Association. The City is obligated, subject to appropriation, to make lease payments to DASNY reflecting DASNY’s obligations under these interest rate exchange agreements. Under such agreements, with a notional amount of \$125,500,000, an effective date of June 15, 2005 and a termination date of May 15, 2039, DASNY pays a fixed rate of 3.017% and receives payments based on a LIBOR-indexed variable rate. As of December 31, 2020, the total marked-to-market value of the DASNY agreements was (\$42,348,822).

Seasonal Financing Requirements

The City since 1981 has fully satisfied its seasonal financing needs, when necessary, in the public credit markets, repaying all short-term obligations within their fiscal year of issuance. The City has not issued short-term obligations to finance projected cash flow needs since fiscal year 2004. The City regularly reviews its cash position and the need for short-term borrowing. The Financial Plan does not reflect the issuance of short-term obligations.

SECTION VIII: INDEBTEDNESS

Indebtedness of the City and Certain Other Entities

Outstanding City and PBC Indebtedness

The following table sets forth outstanding City and PBC indebtedness as of December 31, 2020. “City indebtedness” refers to general obligation debt of the City, net of reserves. “PBC indebtedness” refers to obligations of the City, net of reserves, to the following PBCs: the New York City Educational Construction Fund (“ECF”), and DASNY (for health facilities, court facilities and CUCF as described below). PBC indebtedness is not debt of the City. However, the City has entered into agreements to make payments, subject to appropriation, to PBCs to be used for debt service on certain obligations constituting PBC indebtedness. Neither City indebtedness nor PBC indebtedness includes outstanding debt of the TFA, TSASC or STAR Corp., which are not obligations of, and are not paid by, the City; nor does such indebtedness include obligations of the Hudson Yards Infrastructure Corporation (“HYIC”), for which the City has agreed to pay, as needed and subject to appropriation, interest on but not principal of such obligations. For additional information on STAR Corp., See “SECTION I: RECENT FINANCIAL DEVELOPMENTS—2021-2025 Financial Plan.”

	(In Thousands)	
Gross City Long-Term Indebtedness.....	\$ 37,593,340	
Less: Assets Held for Debt Service ⁽¹⁾	(135,546)	
Net City Long-Term Indebtedness		37,457,794
PBC Indebtedness.....		
Bonds Payable	247,939	
Capital Lease Obligations	758,245	
Gross PBC Indebtedness.....	1,006,184	
Less: Assets Held for Debt Service	(87,924)	
Net PBC Indebtedness		918,260
Combined Net City and PBC Indebtedness		<u>\$ 38,376,054</u>

⁽¹⁾ Assets Held for Debt Service consists of General Debt Service Fund assets.

Trend in Outstanding Net City and PBC Indebtedness

The following table shows the trend in the outstanding net City and PBC indebtedness as of June 30 of each of the fiscal years 2011 through 2020 and at December 31, 2020.

	<u>City Indebtedness</u>		<u>PBC</u>	<u>Total</u>
	<u>Long-Term</u>	<u>Short-Term</u>		
	(In Millions)			
2011.....	\$ 41,737	—	\$ 1,550	\$ 43,287
2012.....	40,913	—	1,486	42,399
2013.....	38,844	—	1,413	40,257
2014.....	41,033	—	1,347	42,380
2015.....	38,497	—	1,261	39,758
2016.....	36,147	—	1,236	37,383
2017.....	36,324	—	1,182	37,506
2018.....	36,725	—	1,155	37,880
2019.....	35,817	—	997	36,813
2020.....	37,515	—	935	38,450
December 31, 2020.....	37,458	—	918	38,376

(1) Includes obligations of New York State Urban Development Corporation (“UDC”) through June 30, 2016.

Rapidity of Principal Retirement

The following table details, as of December 31, 2020, the cumulative percentage of total City indebtedness that is scheduled to be retired in accordance with its terms in each prospective five-year period.

<u>Period</u>	<u>Cumulative Percentage of Debt Scheduled for Retirement</u>
5 years	25.68%
10 years	52.33
15 years	72.84
20 years	87.46
25 years	97.35
30 years	100.00

City and PBC Debt Service Requirements

The following table summarizes future debt service requirements, as of December 31, 2020, on City and PBC indebtedness.

<u>Fiscal Years</u>	<u>City Long-Term Debt</u>		<u>PBC</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Indebtedness</u>	<u>Interest</u>	
			<u>(In Thousands)</u>		
2021.....	\$ 135,546	\$ 832,320	\$ 58,755	\$ 24,231	\$ 1,050,853
2022.....	2,305,290	1,579,718	63,085	45,465	3,993,558
2023.....	2,408,941	1,479,951	88,826	42,495	4,020,213
2024 through 2147.....	32,743,563	12,522,964	795,518	275,396	46,337,442
Total.....	<u>\$37,593,340</u>	<u>\$16,414,953</u>	<u>\$ 1,006,184</u>	<u>\$ 387,589</u>	<u>\$ 55,402,066</u>

Certain Debt Ratios

The following table sets forth the approximate ratio of City net general obligation bonded debt to assessed taxable property value as of June 30 of each of the fiscal years 2011 through 2020.

<u>Fiscal Year</u>	<u>City General Obligation Bonded Debt⁽¹⁾</u>	<u>Debt Service Restricted Cash⁽²⁾</u>	<u>City General Obligation Bonded Debt Net of Debt Service Restricted Cash</u>	<u>City Net General Obligation Bonded Debt as a Percentage of Assessed Taxable Value of Property⁽³⁾</u>	<u>Per Capita</u>
	<u>(in millions)</u>	<u>(in millions)</u>	<u>(in millions)</u>		
2011.....	\$ 41,785	\$ 2,818	\$ 38,967	24.40%	\$ 4,710
2012.....	42,286	1,374	40,912	23.88	4,902
2013.....	41,592	2,766	38,826	21.68	4,624
2014.....	41,665	639	41,026	21.57	4,864
2015.....	40,460	1,970	38,490	18.97	4,548
2016.....	38,073	1,775	36,298	16.68	4,286
2017.....	37,891	1,583	36,308	15.48	4,303
2018.....	38,628	1,922	36,706	14.60	4,375
2019.....	37,519	1,727	35,792	13.37	4,293
2020.....	38,784	1,229	37,555	13.36	4,505

Source: CAFR for the fiscal year ended June 30, 2020; New York City Comptroller’s Office.

⁽¹⁾ General Obligation Bonded Debt is presented at par value and does not reflect GASB 44 reporting methodology netting premium and discount. See “APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT—Notes to Financial Statements—Note D.5—Changes in Long-term liabilities.”

⁽²⁾ Primarily comprised of restricted cash and investments held in the General Debt Service Fund.

⁽³⁾ Based on full valuations for each fiscal year derived from the application of the special equalization ratio reported by the State Office of Real Property Tax Services for such fiscal year.

Indebtedness of the City and Related Issuers

The following table sets forth obligations of the City and other issuers as of June 30 of each of the fiscal years 2011 through 2020. General obligation bonds are debt of the City. Although IDA Stock Exchange bonds and PBC indebtedness are not debt of the City, the City has entered into agreements to make payments, subject to appropriation, to the respective issuers to be used for debt service on the indebtedness included in the following table. ECF bonds are also not debt of the City. ECF bonds are expected to be paid from revenues of ECF, provided, however, that if such revenues are insufficient, the City has agreed to make payments, subject to appropriation, to ECF for debt service on its bonds. Indebtedness of the TFA, TSASC and STAR Corp. does not constitute debt of, and is not paid by, the City.

Fiscal Year	General Obligation Bonds	ECF	TFA	TSASC	STAR	HYIC	PBC Indebted ness and Other⁽¹⁾	IDA Stock Exchange
(In Millions)								
2011.....	\$ 41,785	\$ 281	\$ 23,820	\$ 1,260	\$ 2,117	\$2,000	\$ 1,895	\$ 98
2012.....	42,286	274	26,268	1,253	2,054	3,000	1,818	95
2013.....	41,592	268	29,202	1,245	1,985	3,000	1,739	93
2014.....	41,665	266	31,038	1,228	1,975	3,000	1,701	90
2015.....	40,460	264	33,850	1,222	2,035	3,000	1,639	87
2016.....	38,073	240	37,358	1,145	1,961	3,000	1,571	84
2017.....	37,891	236	40,696	1,089	1,884	2,751	1,549	80
2018.....	38,628	231	43,355	1,071	1,805	2,724	1,659	77
2019.....	37,519	218	46,624	1,053	1,721	2,724	1,553	62
2020.....	38,784	213	48,978	1,023	1,634	2,724	1,547	60

Source: CAFR for the fiscal year ended June 30, 2020; New York City Comptroller’s Office.

⁽¹⁾ PBC Indebtedness and Other includes capital lease obligations of the City and excludes Fiscal Year 2005 Securitization Corporation and Tax Lien Collateralized Bonds.

As of December 31, 2020, approximately \$37.59 billion of City general obligation bonds were outstanding. For information regarding the City’s variable rate bonds, see APPENDIX D hereto.

Currently, HYIC has outstanding approximately \$2.72 billion aggregate principal amount of bonds. In addition, HYIC has entered into a term loan facility with Bank of America, N.A. pursuant to which HYIC may draw up to an aggregate amount of \$200 million, approximately \$1 million of which has been drawn. The bonds financed the extension of the Number 7 subway line and other public improvements in the Hudson Yards area, and the term loan will be used to finance any remaining costs of completion of the original project and the expansion of the park in the Hudson Yards area. HYIC’s bonds and, on a subordinate basis, draws under the term loan facility are secured by and payable from payments in lieu of taxes and other revenues generated by development in the Hudson Yards area. However, HYIC expects to repay amounts drawn under the term loan facility with the proceeds of its long-term bonds prior to maturity on June 30, 2022. To the extent payments in lieu of taxes and other HYIC revenues are insufficient to pay interest on the HYIC bonds or the term loan, the City has agreed to pay the amount of any shortfall in interest, subject to appropriation. The Financial Plan does not reflect the need for such interest support payments. The City has no obligation to pay the principal of such bonds or of such term loan.

Certain Provisions for the Payment of City Indebtedness

The State Constitution requires the City to make an annual appropriation for: (i) payment of interest on all City indebtedness; (ii) redemption or amortization of bonds; and (iii) redemption of short-term indebtedness issued in anticipation of the collection of taxes or other revenues, such as tax anticipation notes (“TANs”) and revenue anticipation notes (“RANs”) which (with permitted renewals thereof) are not retired within five years of the date of original issue. If this appropriation is not made, a sum sufficient for such purposes must be set apart from the first revenues thereafter received by the City and must be applied for these purposes.

The City’s debt service appropriation would provide for the interest on, but not the principal of, short-term indebtedness, if any. If such principal were not provided for from the anticipated sources, it would be, like debt service on City bonds, a general obligation of the City.

Pursuant to the Financial Emergency Act, a general debt service fund (the “General Debt Service Fund” or the “Fund”) has been established for the purpose of paying Monthly Debt Service, as defined in the Act. In addition, as required under the Act, accounts have been established by the State Comptroller within the Fund to pay the principal of City TANs and RANs when outstanding. For the expiration date of the Financial Emergency Act, see “SECTION III: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*Financial Emergency Act and City Charter*.”

Limitations on the City’s Authority to Contract Indebtedness

The Financial Emergency Act imposes various limitations on the issuance of City indebtedness. No TANs may be issued by the City which would cause the principal amount of such issue of TANs to exceed 90% of the “available tax levy,” as defined in the Act, with respect to such issue; TANs and renewals thereof must mature not later than the last day of the fiscal year in which they were issued. No RANs may be issued by the City which would cause the principal amount of RANs outstanding to exceed 90% of the “available revenues,” as defined in the Act, for that fiscal year; RANs must mature not later than the last day of the fiscal year in which they were issued; and in no event may renewals of RANs mature later than one year subsequent to the last day of the fiscal year in which such RANs were originally issued. No bond anticipation notes (“BANs”) may be issued by the City in any fiscal year which would cause the principal amount of BANs outstanding, together with interest due or to become due thereon, to exceed 50% of the principal amount of bonds issued by the City in the twelve months immediately preceding the month in which such BANs are to be issued.

The State Constitution provides that, with certain exceptions, the City may not contract indebtedness, including contracts for capital projects to be paid with the proceeds of City bonds (“contracts for capital projects”), in an amount greater than 10% of the average full value of taxable real estate in the City for the most recent five years (the “general debt limit”). See “SECTION IV: SOURCES OF CITY REVENUES—Real Estate Tax—Assessment.” Certain indebtedness (“excluded debt”) is excluded in ascertaining the City’s authority to contract indebtedness within the constitutional limit. TANs, RANs and BANs, and long-term indebtedness issued for specified purposes are considered excluded debt. The City’s authority for variable rate bonds is currently limited, with statutory exceptions, to 25% of the general debt limit. The State Constitution also provides that, subject to legislative implementation, the City may contract indebtedness for low-rent housing, nursing homes for persons of low income and urban renewal purposes in an amount not to exceed 2% of the average assessed valuation of the taxable real estate of the City for the most recent five years (the “2% debt limit”). Excluded from the 2% debt limit, after approval by the State Comptroller, is indebtedness for certain self-supporting programs aided by City guarantees or loans.

Water Authority and TSASC indebtedness and the City’s commitments with other PBCs or related issuers are not chargeable against the City’s constitutional debt limit. The TFA and TSASC were created to provide financing for the City’s capital program. Without the TFA and TSASC, or other legislative relief, new contractual commitments for the City’s general obligation financed capital program would have been virtually brought to a halt during the financial plan period beginning early in the 1998 fiscal year. As of December 31, 2020, TSASC has approximately \$1.0 billion of bonds outstanding that are payable from TSRs. The TFA is permitted to have outstanding \$13.5 billion of Future Tax Secured Bonds (excluding Recovery Bonds) and the TFA may have outstanding Future Tax Secured Bonds in excess of \$13.5 billion, provided that the amount of such additional Future Tax Secured Bonds, together with the amount of indebtedness contracted by the City, do not exceed the debt limit of the City. Future Tax Secured Bonds are secured by the City’s personal income tax revenues and sales tax revenues, if personal income tax revenues do not satisfy specified debt ratios. The TFA, as of December 31, 2020, has outstanding approximately \$40.8 billion of Future Tax Secured Bonds (excluding Recovery Bonds). The TFA is authorized to have outstanding \$9.4 billion of Building Aid Revenue Bonds, which are secured by State building aid and are not chargeable against the City’s constitutional debt limit.

The following table sets forth the calculation of debt-incurring power as of January 31, 2021.

	(In Thousands)	
Total City Debt-Incurring Power under General Debt Limit.....		\$123,017,767
Gross Debt-Funded ⁽¹⁾	\$37,672,291	
Less: Excluded Debt.....	(35,325)	
	<u>37,636,966</u>	
Less: Appropriations for Payment of Principal	(133,737)	
	<u>37,503,229</u>	
Contracts and Other Liabilities, Net of Prior Financings Thereof.....	12,995,583	
Less: Total City Indebtedness.....		(50,498,812)
Less: TFA Debt Outstanding above \$13.5 billion		(27,152,815)
Debt-Incurring Power.....		<u>\$45,366,140</u>

Note: Numbers may not add due to rounding.

⁽¹⁾ Debt issued at an original issue discount is reflected at the discounted amount rather than the par amount.

Federal Bankruptcy Code

Under the Federal Bankruptcy Code, a petition may be filed in the federal bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. The filing of such a petition would operate as a stay of any proceeding to enforce a claim against the City. Under such circumstances, the Federal Bankruptcy Code requires the municipality to file a plan for the adjustment of its debts, which may modify or alter the rights of creditors and may provide for the municipality to issue indebtedness, which could have priority over existing creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite majority of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it. Pursuant to authorization by the State, each of the City and the Control Board, acting on behalf of the City pursuant to the Financial Emergency Act, has the legal capacity to file a petition under the Federal Bankruptcy Code. For the expiration date of the Financial Emergency Act, see “SECTION III: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*Financial Emergency Act and City Charter.*”

Public Benefit Corporation Indebtedness

City Financial Commitments to PBCs

PBCs are corporate governmental agencies created by or under State law to finance and operate projects of a governmental nature or to provide governmental services. Generally, PBCs issue bonds and notes to finance construction of housing, hospitals, dormitories and other facilities and receive revenues from the collection of fees, charges or rentals for the use of their facilities, including subsidies and other payments from the governmental entity whose residents have benefited from the services and facilities provided by the PBC. These bonds and notes do not constitute debt of the City.

The City has undertaken various types of financial commitments with certain PBCs which, although they do not represent City indebtedness, have a similar budgetary effect. The principal forms of the City’s financial commitments with respect to PBC debt obligations are as follows:

1. *Capital Lease Obligations*—These are leases of facilities by the City or a Covered Organization, entered into with PBCs, under which the City has no liability beyond monies legally available for lease payments. State law generally provides, however, that in the event the City fails to make any required lease payment, the amount of such payment will be deducted from State aid otherwise payable to the City and will be paid to the PBC.
2. *Executed Leases*—These are leases pursuant to which the City is legally obligated to make the required rental payments.

3. *Capital Reserve Fund Arrangements*—Under these arrangements, State law requires the PBC to maintain a capital reserve fund in a specified minimum amount to be used solely for the payment of the PBC’s obligations. State law further provides that in the event the capital reserve fund is depleted, State aid otherwise payable to the City may be paid to the PBC to restore such fund.

Certain PBCs are further described below.

New York City Educational Construction Fund

As of December 31, 2020, \$213.5 million principal amount of ECF bonds to finance costs related to the school portions of combined occupancy structures was outstanding. Under ECF’s leases with the City, debt service on the ECF bonds is payable by the City to the extent third party revenues are not sufficient to pay such debt service.

Dormitory Authority of the State of New York

As of December 31, 2020, \$331.5 million principal amount and \$426.7 million principal amount of DASNY bonds issued to finance the design, construction and renovation of court facilities and health facilities, respectively, in the City were outstanding. The court facilities and health facilities are leased to the City by DASNY, with lease payments made by the City in amounts sufficient to pay debt service on DASNY bonds and certain fees and expenses of DASNY.

City University Construction Fund

As of December 31, 2020, approximately \$33.4 million principal amount of DASNY bonds, relating to Community College facilities, subject to capital lease arrangements was outstanding. The City and the State are each responsible for approximately one-half of the CUCF’s annual rental payments to DASNY for Community College facilities which are applied to the payment of debt service on the DASNY’s bonds issued to finance the leased projects plus related overhead and administrative expenses of DASNY.

For further information regarding the particular PBCs included in the City’s financial statements, see “APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT—Notes to Financial Statements—Note A.”

SECTION IX: PENSION SYSTEMS AND OPEB

Pension Systems

The City maintains five actuarial pension systems, providing benefits for its employees and employees of various independent agencies (including certain Covered Organizations). Such systems consist of the New York City Employees' Retirement System ("NYCERS"), the Teachers' Retirement System of the City of New York ("TRS"), the New York City Board of Education Retirement System ("BERS"), the New York City Police Pension Fund ("PPF") and the New York City Fire Pension Fund ("FPF") (together, the New York City Retirement Systems, "NYCRS"). Members of these actuarial pension systems are categorized into tiers depending on date of membership. The systems combine features of defined benefit pension plans with those of defined contribution pension plans. Three of the five actuarial pension systems (NYCERS, TRS and BERS) are cost-sharing multiple employer systems that include public employees who are not City employees. Each public employer in these multiple employer systems has primary responsibility for funding and reporting in the employer's financial statements on its share of the systems' liabilities. Total membership in the City's five actuarial pension systems on June 30, 2019 consisted of 388,307 active employees, 369,298 retirees and beneficiaries receiving benefits and other vested members terminated but not receiving benefits, and 52,537 other inactive. Of the total membership of 810,142, City membership was 619,659. The City also contributes to three other pension systems, maintains a closed non-actuarial retirement program for certain retired individuals not covered by the five actuarial pension systems, provides other supplemental benefits to retirees and makes contributions to certain union annuity funds.

Each of the City's five actuarial pension systems is managed by a board of trustees which includes representatives of the City and the employees covered by such system. The City Comptroller is the custodian of, and has been delegated investment responsibilities for, the actuarial pension systems, subject to the policies established by the boards of trustees of the systems and State law. The City Actuary (the "Actuary"), an independent professional who is also the Chief Actuary of each of the five actuarial pension systems, determines annual employer contributions and prepares other actuarial analyses and reports that are used by the City for Financial Plan and financial reporting purposes, as further described below. The State Constitution provides that pension rights of public employees are contractual and shall not be diminished or impaired. Constitutional protection applies only to the basic pension benefits provided through each pension system's Qualified Pension Plan ("QPP") and does not extend to the Variable Supplements Funds ("VSFs") or Tax-Deferred Annuity Programs ("TDA Programs") that are also administered by some of the pension systems, as discussed below.

City Pension Contributions

The City has consistently made its full statutorily required pension contributions based on then-current actuarial valuations. For fiscal years 2019 and 2020, the City's pension contributions for the five actuarial pension systems, plus other pension expenditures, were approximately \$9.9 billion and \$9.8 billion, respectively, and were in addition to employee contributions. For fiscal years 2019 and 2020, 55% and 53% of the City pension contributions for such years, respectively, were attributable to the amortizations of Unfunded Accrued Liability ("UAL") described herein, see "*—Actuarial Assumptions and Methods*" below.

For the 2020 fiscal year, the City's total annual pension contribution expenditures, including pension costs not associated with the five actuarial pension systems, plus Social Security tax payments by the City for the year, were approximately 40% of total wage and salary costs. In addition, contributions are made by certain component units of the City and other government units directly to the three cost-sharing multiple employer actuarial pension systems on behalf of their participating employees and retirees.

Annual pension contributions for each system are determined by the Actuary using actuarial methods and assumptions that provide for orderly budgeting and planning, and that differ from the assumptions and methodologies used in financial reporting. The annual statutorily required pension contribution has four major cost components: (i) the service or normal cost, which is the cost of the future liability associated with pension benefits earned that year; (ii) scheduled amortization of the initial UAL established as of June 30, 2010; (iii) amortization of positive or negative adjustments to UAL from factors such as net investment returns above or below the assumed rate of return, changes in or deviations from actuarial assumptions and methods, and changes in benefits; and (iv) administrative expenses. Investment earnings reflect the impact of transfers within each pension system between the QPP and other employee

benefit funds, including TDA Programs and VSFs, and within each QPP with regard to certain supplemental, voluntary member contribution accounts, as discussed below.

For further information on phasing in of changes in UAL, see “—Actuarial Assumptions and Methods” below. For further information on potential transfers within the pension systems, see “—Fiduciary Fund Reporting” below.

Each year, the Actuary provides each NYCERS with preliminary and final appropriation amounts equal to the statutorily required pension contribution for its respective QPP. For the NYCERS that are multi-employer plans, the Actuary also provides a schedule of allocations among the participating employers. The Boards of Trustees of each QPP vote to adopt the appropriation amount and the participating employers are billed. Interest is charged on late payments, if any.

The New York City Off-Track Betting Corporation (“OTB”) was a participating employer in NYCERS. OTB, which operated off-track betting facilities in the City, functioned under the direction of a board appointed by the Governor with input from leaders of the State Legislature at the time it ceased operations in December 2010. The pension obligations of OTB have continued to accrue since it ceased operations, and the cumulative unfunded liability as of January 1, 2019 was approximately \$132 million. The City is currently paying half of OTB’s required contributions, which is comprised of an amortization of this unfunded liability over 15 years beginning in fiscal year 2019 and the cost for the current year. The Office of the Actuary has recently proposed that the City fund the other half of OTB’s required contributions as well. The City will continue to seek full reimbursement from the State for any OTB contributions made by the City.

The following tables summarize the components of City pension contributions by system for fiscal years 2019, 2020 and 2021 (preliminary).

**New York City Retirement Systems
Components of Employer Contribution—City Share
Fiscal Year 2019
(\$ in Millions)**

	<u>NYCERS⁽¹⁾</u>	<u>TRS⁽²⁾</u>	<u>BERS⁽³⁾</u>	<u>POLICE</u>	<u>FIRE</u>
Entry age Normal Cost	\$ 853.3	\$ 1,265.2	\$ 133.0	\$ 1,449.3	\$ 577.1
Initial UAAL Contribution	\$ 1,023.8	\$ 1,849.7	\$ 121.2	\$ 1,220.8	\$ 655.7
Subsequent UAAL Contribution	\$ 123.7	\$ 447.9	\$ (2.3)	\$ (133.5)	\$ 165.8
Administrative Expenses	\$ 35.8	\$ 56.4	\$ 17.7	\$ 21.7	N/A
Interest on Late Employer Contributions	\$ —	\$ —	\$ —	\$ —	\$ —
Total	<u>\$ 2,036.6</u>	<u>\$ 3,619.2</u>	<u>\$ 269.6</u>	<u>\$ 2,558.3</u>	<u>\$1,398.6</u>

**Fiscal Year 2020
(\$ in Millions)**

	<u>NYCERS⁽¹⁾</u>	<u>TRS⁽²⁾</u>	<u>BERS⁽³⁾</u>	<u>POLICE</u>	<u>FIRE</u>
Entry age Normal Cost	\$ 878.5	\$ 1,317.3	\$ 139.0	\$ 1,485.7	\$ 592.0
Initial UAAL Contribution	\$ 1,059.9	\$ 1,905.2	\$ 124.9	\$ 1,257.4	\$ 675.3
Subsequent UAAL Contribution	\$ 112.1	\$ 235.9	\$ (21.6)	\$ (308.4)	\$ 144.6
Administrative Expenses	\$ 36.0	\$ 54.5	\$ 15.1	\$ 24.2	\$ 7.3
Interest on Late Employer Contributions	\$ —	\$ —	\$ —	\$ —	\$ —
Total	<u>\$ 2,086.5</u>	<u>\$ 3,512.9</u>	<u>\$ 257.4</u>	<u>\$ 2,458.9</u>	<u>\$1,419.2</u>

Fiscal Year 2021 (Preliminary)⁽⁴⁾
(\$ in Millions)

	<u>NYCERS⁽¹⁾</u>	<u>TRS⁽²⁾</u>	<u>BERS⁽³⁾</u>	<u>POLICE</u>	<u>FIRE</u>
Entry age Normal Cost	\$ 897.5	\$ 1,357.2	\$ 144.6	\$ 1,523.0	\$ 599.9
Initial UAAL Contribution	\$ 1,091.7	\$ 1,962.3	\$ 128.6	\$ 1,295.1	\$ 695.6
Subsequent UAAL Contribution	\$ 222.2	\$ 41.7	\$ (62.9)	\$ (348.2)	\$ 129.6
Administrative Expenses	\$ 50.3	\$ 55.7	\$ 19.9	\$ 33.2	\$ 11.3
Interest on Late Employer Contributions	\$ —	\$ —	\$ —	\$ —	\$ —
Total	\$ 2,261.7	\$ 3,416.9	\$ 230.2	\$ 2,503.1	\$ 1,436.4

⁽¹⁾ Includes New York City School Construction Authority, Transit Police and CUNY Community Colleges. Fiscal Years 2020 and 2021 include City portion of the OTB contributions.

⁽²⁾ Includes CUNY Community Colleges. Does not reflect the credit for the Annuity Savings Accumulation Fund contribution paid by the DOE.

⁽³⁾ Includes New York City School Construction and CUNY Community Colleges.

⁽⁴⁾ Based on pre-2021 A&M.

The Financial Plan reflects projected City pension contributions of \$9.503 billion, \$10.263 billion, \$10.468 billion, \$10.660 billion and \$10.597 billion for fiscal years 2021 through 2025, respectively. These projections are based on the valuation from the Actuary as of June 30, 2019 and reflect changes to funding assumptions and methods first implemented in 2019 and new changes to the actuarial assumptions and methods, referred to as the 2021 A&M, proposed by the Chief Actuary as discussed below. The actuarial tables contained in the 2021 A&M are subject to the approval of each of the NYCERS' Boards of Trustees. The actuarial interest rate assumption described in "SECTION IX: PENSION SYSTEMS AND OPEB" expires on June 30, 2021, and changes to or continuation of such rate require enactment of State legislation. The Financial Plan also reflects costs of legislation related to COVID-19 (which established additional accidental death benefits for families of public employees who die due to the disease and contracted the disease within 45 days of reporting to work), costs associated with a proposed change to keep NYCERS, TRS and BERS in compliance with the Older Workers Benefit Protection Act (effective beginning with Fiscal Year 2022), a change in the method for determining the Actuarial Value of Assets for TRS and BERS (effective beginning with Fiscal Year 2021), and the phase-in of QPP investment earnings in fiscal years 2014—2019, as calculated by the Actuary. Investment earnings vary by system and are calculated differently from the investment performance reported by the City Comptroller's office, as described below.

The City Comptroller's office reports investment returns using the time-weighted calculation methodology, which facilitates measurement of relative performance across systems. Using this methodology, aggregate returns on investment assets advised by the Comptroller's office for fiscal years 2012 to 2020 were 1.37%, 12.12%, 17.48%, 3.15%, 1.46%, 12.95%, 8.67%, 7.24%, and 4.44%, respectively. Returns in fiscal years 2012 through 2014 were gross of public market fees and net of private market fees. Returns for fiscal years 2015 to 2020 were net of all investment manager fees. These returns varied by pension system. These reported returns refer only to those investment assets of the pension systems for which the City Comptroller's office is the investment advisor. These investment assets exclude certain QPP funds advised outside the City Comptroller's office, and include pension system assets outside the QPPs. The returns do not reflect the impact of transfers within each pension system between the QPP and other employee benefit funds, such as TDAs and VSFs, or within each QPP with regard to certain supplemental, voluntary member contribution accounts. Such transfers can be material, and, as such, the earnings used by the Actuary in determining required City contributions may differ materially from the earnings implied by the investment-only rates of return above.

Actuarial Assumptions and Methods

This section describes the actuarial assumptions and methods used for determining the City's pension contributions. As mentioned previously, these actuarial assumptions and methods may differ from those used for financial reporting, or for other pension system administrative purposes.

An actuarial valuation requires an initial set of information and assumptions about future events. Pursuant to the City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarial pension systems are

conducted by an independent actuarial firm every two years. Such studies assess the reasonableness of the Actuary's calculations of the employer contributions and make recommendations about actuarial methods and assumptions. The Actuary may recommend changes to methods and assumptions based on these studies. Bolton, Inc., an independent actuarial firm, completed their final reports in June 2019. Partially as a result of this study, the Actuary recommended changes to several of the assumptions for each of the NYCERS. These recommendations, which were primarily changes to the demographic assumptions (i.e., rates of mortality, turnover, disability, etc.), were presented in reports that were adopted by each of the NYCERS Boards of Trustees. This new set of actuarial assumptions and methods are referred to as the "2019 A&M" and were used by the Actuary for determining employer contributions to the NYCERS, and where applicable, Net Pension Liabilities of the NYCERS, beginning in fiscal year 2019.

The 2019 A&M report for each of the NYCERS is available on the web site of the New York City Office of the Actuary (www.nyc.gov/actuary). Such website, and the information and links contained therein, are not incorporated into, and are not part of, this Official Statement. Other actuarial methods and assumptions currently in effect include an Actuarial Interest (discount) Rate assumption of 7% per annum which is based on investment earnings net of investment expenses, and the use of the Entry Age Actuarial Cost Method. The initial UAL recognized as of June 30, 2010 is being amortized, with interest of 7% through City contributions over a 22-year period that commenced in fiscal year 2012 with dollar payments increasing at a rate of 3% per year.

Also under the current funding method, emerging unfunded liabilities are recognized and amortized over closed, fixed periods using level dollar payments. Future UAL attributable to actuarial gains and losses is amortized over 15 years; future UAL attributable to changes in actuarial assumptions and methods is amortized over 20 years; and future changes in UAL attributed to benefit improvements is generally amortized over periods reasonably consistent with the remaining working lifetimes of those impacted. Investment earnings above or below expectation are reflected in City pension contributions in two stages: first, the annual earnings above or below expectation are phased in to the actuarial value of assets over a six-year period, with 15% of the total recognized per year in years 1-4 and 20% per year in years 5 and 6. Second, the portion recognized in each year is then amortized over a 15-year period for the purpose of calculating the City's annual pension contributions. The Actuary uses investment earnings in this calculation and does not calculate an investment rate of return.

The 2019 A&M includes the continued use of the One Year Lag methodology, where census data and asset information as of the June 30 second preceding a fiscal year is used to determine the employer contribution for that fiscal year. For example, for the fiscal year 2020 pension contribution calculation, employee data and the Actuarial Asset Valuation as of June 30, 2018 were used.

The 2021 A&M proposal lowers the CPI assumption from 2.5% to 2.3% by reducing it 0.05% each year for four years beginning fiscal year 2021. Lowering the CPI assumption would result in a phased in reduction over four years of the Actuarial Interest Rate Assumption from 7% to 6.8%, and would result in similar 0.05% annual phased-in reductions to the General Wage Increase and Cost of Living Assumption, since inflation is a component of each. In addition, the 2021 A&M includes updating post-retirement mortality assumptions to reflect the latest improvement scale released by the Society of Actuaries (MP-2020).

The 2021 A&M also includes resetting the actuarial value of assets equal to the market value of assets, and changing the phase-in schedule for investment performance from the current six-year period to a five-year period at 20% per year going forward. Other changes include amending certain death benefits under NYCERS, TRS, and BERS in order to keep the plans in compliance with OWBPA.

Financial Reporting

City Pension Fund Financial Reporting

The City accounts for its pensions consistent with the requirements of GASB. In fiscal year 2014, the City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68"). The GASB 68 standards apply to actuarial calculations for financial reporting but not to the actuarial calculation of annual City employer pension contributions, which continue to be determined as described above.

In broad terms, GASB 68 separates pension accounting in the City’s government-wide financial statements from the phased or smoothed asset and liability figures that the Actuary uses in determining the City’s annual pension contributions, as described above. For financial reporting purposes, most changes in assets and liabilities are reflected in the year in which they occur. As a result, pension fund accounting under GASB 68 has increased year-to-year volatility in reported net pension liability. Under GASB 68, net pension liabilities are reported on employers’ Government-Wide Statements of Net Assets when the fair value of pension assets falls short of actuarially calculated liabilities, when both are measured as of the same date (fiscal year end). For the cost-sharing multiple employer pension systems, only the City share of net pension liabilities is reported in the Government-Wide Statement of Net Assets. As reported in the Government-Wide financial statements for fiscal years 2016 through 2020, the City membership (active, inactive and retired) and the City’s share of total pension liability, Plan fiduciary net position, net pension liability, and plan fiduciary net position as a percent of total pension liability, aggregated across the five pension systems, were as follows:

Summary of City Pension Information, Fiscal Years 2016-2020⁽¹⁾
(Dollars in billions)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City Membership (active, inactive, retired) ⁽²⁾	551,080	559,210	572,755	609,420	619,659
Total Pension Liability (TPL).....	\$ 188.2	\$ 195.2	\$ 198.2	\$ 203.1	\$ 210.7
Less Plan Fiduciary Net Position (PFNP).....	123.4	138.9	150.4	159.8	164.3
Net Pension Liability (NPL).....	\$ 64.8	\$ 56.3	\$ 47.8	\$ 43.3	\$ 46.4
PFNP as percent of TPL	65.6%	71.2%	75.9%	78.7%	77.9%

Source: NYC CAFRs

- (1) Data are aggregated across the five pension systems. Funding amounts and percentages vary between systems. Data for NYCERS, PPF, and PPF include the QPP and VSFs, and data for TRS and BRS are QPP only.
- (2) Membership data for fiscal year 2016 through 2018 is as of the June 30th of two years prior. Membership data for fiscal year 2019 and 2020 is as of June 30th of the prior year as a result of a change in methodology beginning with fiscal year 2019.

The reported net pension liabilities do not include future payments on fixed return TDA funds, described below, where the statutory rate of interest for members is higher than the assumed 7% return on QPP assets.

For further information see “APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT.”

Fiduciary Fund Reporting

The fiscal year 2020 CAFR contains Fiduciary Funds financial statements for each of the five actuarial pension systems. These financial statements report on the entirety of the five systems, not just the City share. Each of the five actuarial pension systems administers programs in addition to its respective QPP, and these programs are also reported as part of each system’s financial statements in the Fiduciary Fund financial statements. The City CAFRs for fiscal years 2016 through 2020 report a net position (assets plus deferred outflows, less liabilities and deferred inflows), for the five actuarial pension systems, in aggregate, restricted for QPPs, restricted for TDAs, and restricted for VSFs as shown in the following chart. For further information, see “APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT—Pension and Other Employee Benefit Trust Funds Combining Statement of Fiduciary Net Position.”

New York City Retirement Systems
Aggregate Net Position,
Fiscal Years 2016-2020
(In Millions)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Net Position:</u>					
Restricted for QPPs.	\$146,917.9	\$163,025.5	\$175,638.0	\$185,963.2	\$190,773.8
Restricted for VSFs.	2,642.2	4,911.9	5,926.4	6,135.8	6,137.3
Restricted for TDAs	30,074.4	32,851.8	35,349.8	37,460.8	39,360.3
Total Net Position.....	<u>\$179,634.5</u>	<u>\$200,789.2</u>	<u>\$216,914.2</u>	<u>\$229,559.8</u>	<u>\$236,271.3</u>

Source: NYC CAFRs

In addition to the QPPs, TRS and BERS administer TDA Programs. Benefits provided under the TDA programs are derived from members' accumulated contributions. No direct contributions are provided by employers. However certain investment and benefit options, if selected by TDA members, may indirectly affect employer financial obligations, as described below. As of June 30, 2019 and 2020, the total fiduciary net position restricted for TDA benefits was \$37.5 billion and \$39.4 billion, respectively. Each of the TDA Programs has at least two investment options, broadly categorized as a fixed return fund and one or more variable return funds.

Deposits from members' TDA Program accounts into the fixed return funds are used by the respective QPP to purchase investments, and such TDA Program accounts are credited with a statutory rate of interest, currently 7% for United Federation of Teachers members and 8.25% for all other members. If earnings on the respective QPP are less than the amount credited to the TDA Program members' accounts, the higher cost to the QPP could require additional payments by the City to the pension funds. If the earnings are higher, then lower payments by the City to the pension funds could be required. The Actuary recognizes the difference between the guaranteed rate of 8.25% and the Actuarial Interest Rate of 7.0% in the calculation of the employer contributions to the QPPs each year.

All investment securities purchased and invested by the QPPs with TDA Programs' fixed return funds' balances are owned and reported by the QPP. A receivable due from the respective QPP equal in amount to the aggregate original principal amounts contributed by TDA Programs' members to the respective fixed return funds, plus accrued interest at the statutory rate, is owned by each of the TDA Programs. The balances of TDA Program fixed return funds held by the TRS QPP as of June 30, 2019 and 2020 were \$25.6 billion and \$27.7 billion, respectively, and interest paid on TDA Program fixed return funds by the TRS QPP for the years then ended were \$1.7 billion and \$1.8 billion, respectively. The balances of TDA Program fixed return funds held by the BERS QPP as of June 30, 2019 and 2020 were \$1.8 billion and \$2.0 billion, respectively, and interest paid on TDA Program fixed return funds by the BERS QPP for the years then ended were \$141.7 million and \$155.7 million, respectively. Deposits from members' TDA Program accounts into the variable return funds are credited with actual returns on the underlying investments of the specific fund selected. Members may reallocate all or a part of their TDA Program contributions between the fixed and variable return funds on a quarterly basis. Retired TDA members may make withdrawals from their TDA accounts or elect to take the balance in the form of an annuity that is calculated based on a statutory rate of interest and mortality assumptions, which are separate and different from the mortality assumptions used in pension liability calculations. Once an annuity has been selected by a member, the payment of those benefits is guaranteed by the QPP.

In addition, certain Tier I and Tier II pension plan members have the right to make supplemental, voluntary member contributions into the QPPs. These contributions are credited with interest at rates set by statute or, for certain employees that may choose variable return investments, the actual return, and may be withdrawn or annuitized at retirement. In general, the assets and liabilities associated with these member contributions are included in the reported assets and actuarially-determined net pension obligations of the respective plans. There were approximately 300 active Tier I and Tier II members remaining in TRS and BERS as of June 30, 2019.

Ultimately, investment earnings of the fixed rate funds that are less than the amounts credited to the members could result in additional required contributions by the City to the pension funds and investment earnings that are greater than the amounts credited to the members could result in lower required contributions by the City to the pension funds.

Pursuant to State law, certain retirees of NYCERS, PPF and FPF are eligible to receive scheduled supplemental benefits from VSFs. Where assets in the VSFs are insufficient, NYCERS, PPF and FPF are required to transfer assets to their respective VSFs to fund those payments that are statutorily guaranteed. The effects of these transfers are included by the Office of the Actuary in calculating required employer contributions to the pension funds. However under current State law, the VSFs are not pension funds or retirement systems and are subject to change by the State Legislature.

For further information regarding the City’s pension systems see “APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT—Notes to Financial Statements—Note E.5,” “—Pension and Other Employee Benefit Trust Funds—Combining Statement of Fiduciary Net Position” and “—Required Supplementary Information.” For information regarding investment allocation of pension assets, see “SECTION III: GOVERNMENTAL AND FINANCIAL CONTROLS—Office of the Comptroller.”

Other Post-Employment Benefits

Post-employment benefits other than pensions (referred to as OPEB), which include health insurance, Medicare Part B premium reimbursements and welfare fund contributions, are provided to eligible retirees of the City and their eligible beneficiaries and dependents.

City OPEB Contributions

OPEB costs are currently paid in each fiscal year on a pay-as-you-go basis. The vast majority of such payments are made through the Retiree Health Benefits Trust (“RHBT”) discussed below. The City is not required by law or contractual agreement to fund the OPEB obligation other than the pay-as-you-go amounts necessary to provide current benefits to eligible retirees of the City and their eligible beneficiaries and dependents. OPEB costs were \$2.700 billion for fiscal year 2020, and are projected at \$2.751 billion, \$3.075 billion, \$3.219 billion, \$3.426 billion and \$3.592 billion for fiscal years 2021 through 2025, respectively.

In 2006, the City created the RHBT which is used to receive, hold, and disburse assets accumulated to address the OPEB liabilities. Amounts contributed to the RHBT by the City are held in an irrevocable trust and may not be used for any purpose other than to fund the costs of health and welfare benefits of its eligible participants. In fiscal years 2017 and 2018, the City paid approximately \$400 million and approximately \$300 million, respectively, for OPEB costs otherwise due in fiscal years 2018 and 2019, respectively. In addition to such payments, in fiscal years 2014 through 2019, the City contributed \$864 million, \$955 million, \$500 million, \$100 million, \$100 million and \$100 million, respectively, to the RHBT in excess of the City’s contributions for OPEB costs due in those fiscal years. In fiscal year 2020, the City contributed approximately \$1.7 billion to the RHBT towards fiscal year 2020 OPEB costs due of approximately \$2.7 billion. As a result, the balance in the RHBT was reduced by approximately \$1 billion in fiscal year 2020. In fiscal year 2021, the City expects to contribute approximately \$1.2 billion to the RHBT towards projected fiscal year 2021 OPEB costs of approximately \$2.8 billion. As a result, the balance in the RHBT is expected to be further reduced by approximately \$1.6 billion in fiscal year 2021. In each of fiscal years 2022 through 2025, the City expects to contribute the full amount of the projected OPEB costs, without reducing the balance in the RHBT in such years. The following table shows the net position of the RHBT as of the end of each of fiscal years 2015 through 2020.

**Retiree Health Benefits Trust
Net Position
(In Millions)**

2015	\$3,397
2016	4,036
2017	4,654
2018	4,766
2019	4,680
2020	3,800

Source: NYC CAFRs

Actuarial Assumptions and Methods

In June 2015, GASB issued Statement No. 74 (“GASB 74”) and Statement No. 75 (“GASB 75”), which update financial reporting standards for state and local government OPEB Plans. GASB 74 applies to financial reporting by post-employment benefit plans and GASB 75 covers reporting on post-employment benefit plans by employers. The City implemented GASB 74 and GASB 75 for its financial statements beginning in fiscal year 2017. The fiscal year 2020 CAFR reported the City’s net OPEB liabilities as \$107.8 billion and \$109.5 billion as of June 30, 2019 and 2020, respectively.

The actuarial assumptions and methods used in the OPEB valuations are a combination of those used in the NYCERS pension valuations, such as the Entry Age Actuarial Cost Method, and certain demographic and economic assumptions proposed by the Actuary that were adopted by each respective Board of Trustees of NYCERS during fiscal year 2019 as discussed above in “City Pension Contributions—Actuarial Assumptions and Methods,” in addition to those specific to the OPEB valuations, such as the discount rate described below. As required under GASB 75, the net OPEB liability attributable to benefit changes is now recognized in the current reporting period, investment earnings above or below expectations are recognized over a five year period, and other actuarial liability gains and losses are amortized over the average remaining working lifetimes of all plan members, including inactive plan members. In addition, as required under GASB 75, OPEB valuations assume a discount rate based on a long-term expected rate of return on assets and the index rate for certain highly rated municipal bonds. The fiscal year 2020 OPEB measurement assumed a discount rate of 2.68% per annum.

Summary OPEB Information

As reported in the City’s financial statements, the following table summarizes City OPEB information for fiscal years 2018 through 2020.

**Summary of City OPEB Information, Fiscal Years 2018 - 2020
(Dollars in billions)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Participants (active/inactive plan members receiving or eligible to receive benefits).....	563,901	583,645	596,681
Total OPEB Liability (TOL)	\$ 103.26	\$ 112.47	\$ 113.26
Less Fiduciary Net Position (FNP).....	(4.77)	(4.68)	(3.80)
Net OPEB Liability (NOL).....	98.50	107.79	109.46
FNP as percent of TOL.....	4.6%	4.2%	3.4%
Covered Employee Payroll	\$ 26.30	\$ 27.76	\$ 28.20
NOL as a percent of Covered Employee Payroll.....	374.5%	388.3%	388.1%

Source: NYC CAFRs. Totals may not add due to rounding.

For further information regarding OPEB, see “APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT—Notes to Financial Statements—Note E.4,” “—Pension and Other Employee Benefit Trust Funds—Combining Statement of Fiduciary Net Position” and “—Required Supplementary Information.”

SECTION X: OTHER INFORMATION

Litigation

The following paragraphs describe certain material legal proceedings and claims involving the City and Covered Organizations other than routine litigation incidental to the performance of their governmental and other functions and certain other litigation arising out of alleged constitutional violations, torts, breaches of contract and other violations of law and condemnation proceedings. While the ultimate outcome and fiscal impact, if any, on the City of the proceedings and claims described below are not currently predictable, adverse determinations in certain of them might have a material adverse effect upon the City's ability to carry out the Financial Plan. The City has estimated that its potential future liability on account of outstanding claims against it as of June 30, 2020 amounted to approximately \$7.1 billion. See "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. OTHER THAN PERSONAL SERVICES COSTS—*Judgments and Claims*."

The City has received in excess of 150 notices of claim from putative plaintiffs and been named as a defendant in approximately 20 legal actions to date relating to the COVID-19 outbreak in the City. The notices of claim and legal actions include claims that wrongful actions or omissions of the City and/or certain City restrictions related to COVID-19 have resulted in severe medical, psychological and economic damages and/or death. Going forward, the City expects to receive additional legal claims related to COVID-19. The City cannot predict its potential monetary liability from such claims at this time or whether such liability will have a material effect on the finances of the City.

Taxes

1. Numerous real estate tax *certiorari* proceedings alleging overvaluation, inequality and illegality are pending against the City. Based on historical settlement activity, and including an estimated premium for inequality of assessment, the City estimates its potential future liability for outstanding *certiorari* proceedings to be \$1.124 billion at June 30, 2020. For a discussion of the City's accounting treatment of its inequality and overvaluation exposure, see "APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT—Notes to Financial Statements—Note D.5."

2. Con Edison has challenged the City's method of valuation for determining assessments of certain of its properties in two separate actions. Con Edison has challenged the City's tax assessments on its Manhattan power plants and equipment for tax years 1994/95 through 2016/17 and the special franchise assessments on its electric, gas and steam equipment located in the public right of way for tax years 2009/10 through 2016/17 and 2018/19 through 2020/21. As of February 18, 2021 there are now seven tax years pending in litigation, 2013/14-2016/17 and 2018/19-2020/21. Con Edison and the City have settled the East 60th Street Steam Plant. A monetary settlement in the approximate amount of \$5,000,000 was made from City monies appropriated for such expenditures. The remaining challenges could result in substantial real property tax refunds for taxes paid in fiscal years 2021 and beyond. The trial is scheduled to begin on September 22, 2021 for the challenges to tax years 2013/14 and 2016/17 in the special franchise litigation.

3. Tax Equity Now New York LLC (composed of certain advocacy groups and owners and tenants of properties in the City) commenced an action in New York State Supreme Court on April 24, 2017 against the City and the State. The action alleges that the City's real property tax system violates the State and federal constitutions as well as the Fair Housing Act. The action further alleges the valuation methodology as mandated by certain provisions of the State Real Property Tax Law results in a disparity and inequality in the amount of taxes paid by Black and Hispanic Class 1 property owners and renters. The City and State defendants moved to dismiss the case. In a decision dated September 24, 2018, the Court denied the City's motion to dismiss the complaint and partially granted the State's motion to dismiss the complaint. The City and State filed respective Notices of Appeal of the lower court decision on October 5, 2018 and on November 1, 2018 the City made a motion before the trial court for a declaration that a statutory stay of the lower court proceeding was in effect by virtue of its filing the Notice of Appeal, or in the alternative, for a discretionary stay of all proceedings pending the appeal. The State joined in seeking a discretionary stay of the lower court proceedings pending appeal. In a decision dated November 30, 2018, and released on December 4, 2018, the lower court granted the respective motions of the City and State to stay all proceedings pending appeal of the court's decision denying the motions to dismiss the complaint in its entirety. Tax Equity Now New York LLC shortly thereafter appealed the lower court's stay decision to the Appellate Division, First Department and the matter has been fully briefed by the parties. On May 16, 2019, the City perfected its appeal from the order denying its

motion to dismiss. In a decision dated June 6, 2019, the Appellate Division, First Department held that the City was not entitled to an automatic stay; however, the Court nonetheless granted a stay pursuant to its inherent judicial powers. Oral argument took place before the Appellate Division, First Department on the appeal of the denial of the City's motion to dismiss in October 2019. In a decision dated February 27, 2020, the First Department granted the City's motion to dismiss and dismissed all claims against the City. The First Department further dismissed the remaining claims against the State. On September 15, 2020, the New York Court of Appeals dismissed the plaintiff's purported appeal as of right of the First Department rulings. Plaintiff has indicated that it intends to explore its further appellate options.

Miscellaneous

1. Complaints on behalf of approximately 11,900 plaintiffs alleging respiratory or other injuries from alleged exposures to World Trade Center dust and debris at the World Trade Center site or the Fresh Kills landfill were commenced against the City and other entities involved in the post-September 11 rescue and recovery process. Plaintiffs include, among others, Department of Sanitation employees, firefighters, police officers, construction workers and building clean-up workers. The actions were consolidated in federal District Court pursuant to the Air Transportation and System Stabilization Act, which grants exclusive federal jurisdiction for all claims related to or resulting from the September 11 attack. A not-for-profit "captive" insurance company, WTC Captive Insurance Company, Inc. (the "WTC Insurance Company") was formed to cover claims against the City and its private contractors relating to debris removal work at the World Trade Center site and the Fresh Kills landfill. The WTC Insurance Company was funded by a grant from the Federal Emergency Management Agency in the amount of \$999,900,000. On June 10, 2010, the WTC Insurance Company announced that a settlement was reached with attorneys for the plaintiffs. On November 19, 2010, District Court Judge Hellerstein announced that more than the required 95% of plaintiffs agreed to the settlement, thus making it effective. Approximately \$700 million has been paid under the settlement, leaving residual funds of approximately \$290 million to insure and defend the City and its contractors against any new claims. Since the applicable statute of limitations runs from the time a person learns of his or her injury or should reasonably be aware of the injury, additional plaintiffs may bring lawsuits in the future for late emerging cancers, which could result in substantial damages. In 2019, Congress enacted legislation extending the September 11 Victim Compensation Fund through October 1, 2022, which provides a non-litigation alternative for claimants to obtain compensation. While the passage of this legislation has diminished the likelihood of future claims and suits being filed against the City, no assurance can be given that additional claims against the City will not be filed or that the remaining insurance will be sufficient to cover all liability that might arise from such claims.

2. In 1996, a class action was brought against the City Board of Education and the State in federal district court of the Southern District of New York under Title VII of the Civil Rights Act of 1964 alleging that the use by the Board of Education of a teacher certification examination mandated by the State from 1996 to 2004, the Liberal Arts and Science Test ("LAST"), and a second version of the teacher certification examination mandated by the State from 2004 to 2014, the Liberal Arts and Science Test 2 ("LAST-2"), had a disparate impact on minority candidates. In 2006, the United States Court of Appeals for the Second Circuit dismissed the claims against the State. The District Court ruled in 2012 and 2015, respectively, that each of LAST and LAST-2 violated Title VII because it did not measure the skills necessary to do the job. Currently, approximately 4,700 LAST and LAST-2 class members have submitted claim forms and may be eligible for damages. Approximately 1,700 judgments have been entered in favor of the claimants and the City has appealed approximately 1,330 of those judgments. On January 28, 2021, the Second Circuit denied 347 of the City's appeals. With respect to those denied appeals, the City has indicated it intends to explore its further legal options. Hearings to determine each claimant's damages are ongoing. While the City cannot currently estimate the potential costs of this litigation, such costs are expected to be substantial.

3. The Office of Inspector General of the United States Department of Health and Human Services ("OIG") conducted a review of Medicaid Personal Care Services claims made by providers in the City from January 1, 2004 through December 31, 2006, and concluded that 18 out of 100 sampled claims by providers failed to comply with federal and State requirements. The Medicaid Personal Care Services program in the City is administered by the City's Human Resources Administration. In its audit report issued in June 2009, the OIG, extrapolating from the case sample, estimated that the State improperly claimed \$275.3 million in federal Medicaid reimbursement during the audit period and recommended to the Centers for Medicare and Medicaid Services ("CMS") that it seek to recoup that amount from the State. To the City's knowledge, CMS has not taken any action to recover amounts from the State based on the findings in this audit, but no assurance can be given that it will not do so in the future.

Section 22 of Part B of Chapter 109 of the Laws of 2010 amended an earlier unconsolidated State law to set forth a process under which the State Department of Health may recover from a social services district, including the City, the amount of a federal Medicaid disallowance or recovery that the State Commissioner of Health “determines was caused by a district’s failure to properly administer, supervise or operate the Medicaid program.” Such a determination would require a finding that the local agency had “violated a statute, regulation or clearly articulated written policy and that such violation was a direct cause of the federal disallowance or recovery.” It is not clear whether the recovery process set out in the amendment can be applied to a federal disallowance against the State based upon a pre-existing audit; however, in the event that it does, and results in a final determination by the State Commissioner of Health against the City, such a determination could result in substantial liability for the City as a result of the audit.

4. On December 21, 2015, the United States Attorney for the Southern District of New York (“USAO-SDNY”) sent a findings letter to the DOE indicating various areas in which he alleged that the City elementary schools were not accessible to students with disabilities in violation of the Americans with Disabilities Act of 1990. The City and USAO-SDNY are currently in discussion as to the matters raised in the letter. While the City has an ongoing program to make smaller schools accessible, an acceleration of alterations to City elementary schools to address concerns raised in the findings letter could result in a substantial acceleration of compliance costs to the City but not damages.

5. In late 2015, a putative class action was filed against the City and the New York City Taxi and Limousine Commission (“TLC”) alleging numerous commercial claims in connection with the November 2013 and February 2014 auctions of wheelchair accessible taxi medallions. Plaintiffs allege that the TLC negligently posted false information about average medallion transfer prices in advance of the auction falsely inducing plaintiffs to bid higher amounts for their medallions as well as failed to inform prospective bidders that the TLC would allow black cars to utilize electronic apps to prearrange rides, which plaintiffs argue violates their street hail exclusivity. In June 2017, the City’s motion for summary judgment was granted due to plaintiffs’ failure to file notices of claim with the Office of the City Comptroller. Plaintiffs withdrew their appeal of that ruling to pursue related actions subsequently filed.

On January 31, 2017 and on March 23, 2017 in State Supreme Court, Queens County, a second and a third putative class action were filed alleging similar claims. In September 2017, the Court dismissed all but the breach of contract rescission and implied covenant of good faith and fair dealing claims in the second filed action. In the second filed action, the trial court’s decision on the City’s motion to dismiss has been appealed by both sides. On December 30, 2020, the Appellate Division, Second Department ruled that the plaintiff’s causes of action should have been dismissed in their entirety. The plaintiffs have filed a motion to reargue or leave for appeal. In the second filed action, the Court also denied plaintiffs’ motion for class certification as premature.

In November 2017, the Court dismissed the third filed action, which plaintiffs appealed. In March 2019, the Court granted the plaintiffs’ motion to reargue the third filed action, and reinstated the implied covenant, rescission and New York State General Business Law claims. In November 2019, the Court granted plaintiffs’ motion for class certification. At present, the Court in the third filed action has defined the class as all purchasers at the 2013 and 2014 auctions, and their successors or assigns. If the class were to prevail on any of the remaining claims, damages of several hundred million dollars could be sought. The Court recently denied the plaintiffs’ motion for partial summary judgment and granted in part, and denied in part, the City’s summary judgment motion in the third filed action, allowing the rescission and implied covenant of good faith and fair dealing claims to proceed to trial.

6. In an action filed in December 2015, plaintiffs that include owners of taxi medallions, taxi drivers, groups that finance taxi medallions, and taxi medallion interest groups, raised numerous constitutional claims challenging regulations on taxi medallions that allegedly are not applied to for-hire vehicles (“FHV’s”) that operate via electronic apps. The plaintiffs also claimed that such FHV’s benefit from additional TLC regulations that effected an alleged taking of the plaintiffs’ taxi medallions. In March 2017, the City was granted its motion to dismiss. The U.S. Court of Appeals for the Second Circuit upheld the dismissal of all federal claims in May 2018, while indicating that it would not rule on plaintiffs’ takings claim because plaintiffs failed to avail themselves of State procedures for seeking remedy. Although plaintiffs may elect to file a takings claim in State court, in a May 2018 decision on a similar case that did not seek monetary relief, the Supreme Court of the State of New York, Appellate Division, Second Judicial Department opined that the TLC’s actions permitting FHV’s to operate via electronic apps do not constitute a taking under State law. If the plaintiffs were to ultimately prevail on a takings claim, the City could be subject to substantial liability.

7. In June, 2018, a class action on behalf of blind and visually impaired persons commenced in the United States District Court for the Southern District of New York (*American Council of the Blind, et al. v. City of New York, et al.*) and by Order dated July 22, 2019 the class was certified. The plaintiffs allege that the City is violating the Americans with Disabilities Act, the Rehabilitation Act and the New York City Human Rights Law by not installing Accessible Pedestrian Signals (“APS”) at all intersections that have a pedestrian control signal for sighted pedestrians. Plaintiffs further argue that under these statutes the City is required at a minimum to install APS whenever it installs a new pedestrian control signal and to install APS whenever it alters an existing pedestrian control signal. By Opinion and Order dated October 20, 2020, the Court granted plaintiffs’ motion for partial summary judgment as to liability in most respects. The Court determined that the current amount of APS in the City did not provide the plaintiffs with meaningful access under the Americans with Disabilities Act, the Rehabilitation Act and the New York City Human Rights Law. However, the Court found that plaintiffs’ claims are time-barred as to any new intersections or alterations completed prior to June 27, 2015. Currently, the parties are in the midst of remedial discovery, with both sides due to submit proposed remedial plans to the court by March 19, 2021. Resolution of this litigation could subject the City to substantial liability.

8. In 2010, a single claimant sued the City for improper jail detention resulting from the City honoring a federal ICE detainer request. By 2017, the Court certified a class of similarly situated individuals who were allegedly wrongfully detained in City jails between 2007 and 2012. Various courts around the country, over the same time period, determined that holding detainees past their scheduled release date based on an ICE detainer request was unconstitutional, except under certain limited circumstances. During discovery, plaintiffs have asserted that potentially over 10,000 individuals were held in City jails in alleged contravention of these circumstances, allegedly totaling approximately 75,000 additional days past their scheduled release dates. The City is pursuing settlement of the suit. It is too early at this stage of the litigation to provide an accurate estimate of the potential cost to the City; however, the exposure could be substantial.

9. On February 20, 2020, the New York State Attorney General’s Office filed a notice with the New York City Comptroller’s Office that it planned to file a legal action that would claim, among other things, that beginning no later than 2004, the New York City Taxi and Limousine Commission (the “TLC”) marketed taxicab medallions to purchasers, prospective purchasers, brokers and financial institutions as investments and conducted auctions of taxicab medallions in a manner that artificially inflated the price of the medallions and, in or about 2004, permitted collusive bidding in its auctions of taxicab medallions and failed to take necessary action to prevent further collusion. Additionally, the Attorney General says it will claim that beginning on or about January 19, 2011, the TLC failed to disclose and concealed information that the price of taxicab medallions outstripped the underlying value of the taxicab medallions and that the City gave the impression that the price of taxicab medallions would only increase. The notice further states the Attorney General will seek damages from the City in the amount of \$810 million plus interest and costs. The City believes the claims described in the notice of claim are without merit and are time barred under State law. The City will evaluate and vigorously defend against any complaint when and if filed by the Attorney General.

10. In a putative class action filed on August 29, 2019 in New York County Supreme Court, *Street v. City*, plaintiff challenged the processing of vehicular red light camera tickets issued by the City under the Red Light Camera Program authorized pursuant to New York Vehicle and Traffic Law (“VTL”) section 1111-a. Plaintiff claimed, among other things, that the technician certificates issued by the City to verify vehicular red light violations were not notarized as plaintiff alleged is required by VTL section 1111-a(d), and therefore said certificates and the related fines were invalid. Plaintiff, on behalf of the class, seeks refunds of fines paid under the Red Light Camera Program from August 2013 to present. In a decision issued on August 12, 2020, the Court declared that the certificate at issue in plaintiff’s case was invalid since it was not notarized; in the same decision, the Court declined to certify a class of similarly situated vehicle owners that received red light camera tickets. Plaintiff has filed a notice of appeal of the denial of class certification. The City has filed a notice of appeal regarding the notarization of the technician’s certificate. In a decision dated March 3, 2021, the trial court denied plaintiff’s motion to reargue that court’s denial of class certification. If a class were to be certified by the Court and the City was ordered to pay refunds for fiscal year 2014 to fiscal year 2020 for said violations, the potential monetary liability could be substantial.

In a putative class action filed in September 2020 in New York County Supreme Court, *Mulhadzhanov v. City*, plaintiffs challenged the processing of vehicular speeding tickets issued by the City under the Speed Camera Program authorized pursuant to VTL section 1180-b. Plaintiffs claimed, among other things, that certificates issued by the City to verify speeding violations were not notarized as plaintiffs allege is required by VTL section 1180-b(d) and therefore

said certificates and the related fines were invalid. Plaintiffs seek refunds of fines paid under the Speed Camera Program from August 2013 to August 2018 and from July 2019 to present. If a class were to be certified by the Court and the City was ordered to pay refunds for fiscal year 2014 to fiscal year 2020 for said violations, the potential monetary liability could be substantial. The City defendants have filed a motion to dismiss.

Environmental Matters

The City has more than 500 miles of coastline, bordering the Atlantic Ocean as well as rivers, bays, and inlets. Two of its five Boroughs, Manhattan and Staten Island, are islands and water forms the principal boundary of the remaining three. As a result, the City is directly affected by rising sea levels and exposed to intensifying coastal storms.

Sandy

On Monday, October 29, 2012, Sandy hit the Mid-Atlantic East Coast. The storm caused widespread damage to the coastal and other low lying areas of the City and power failures in various parts of the City, including most of downtown Manhattan. On January 29, 2013, President Obama signed legislation providing for approximately \$50.5 billion in storm-related aid for the region affected by the storm. Although it is not possible for the City to quantify the full, long-term impact of the storm on the City and its economy, the current estimate of the direct costs to the City, NYCHH and NYCHA is approximately \$10.7 billion (comprised of approximately \$1.8 billion of expense costs and approximately \$8.9 billion of capital project costs). Such direct costs represent funding for emergency response, debris removal, emergency protective measures, repair of damaged infrastructure and long-term hazard mitigation investments. In addition to such direct costs, the City is delivering Sandy-related disaster recovery assistance services, benefiting impacted communities, businesses, homeowners and renters (“Community Costs”). The City anticipates that funding for Community Costs will be primarily reimbursed with federal funds. However, the City is responsible for \$134 million of such Community Costs, which are reflected in the Financial Plan. In addition, the City may be responsible for up to approximately \$150 million of additional Community Costs, which are not reflected in the Financial Plan.

The Financial Plan assumes that the direct costs described above will largely be paid from non-City sources, primarily the federal government, and that the Community Costs described above will be primarily reimbursed by federal funds. The City expects reimbursements to come from two separate federal sources of funding, FEMA and HUD. The City has secured approximately \$10.7 billion in FEMA assistance and other federal emergency response grants (“FEMA Funding”). The maximum reimbursement rate from FEMA is 90% of total costs. Other federal emergency response grants may have larger local share percentages. The City expects to use \$720 million of Community Development Block Grant Disaster Recovery funding allocated by HUD to meet the local share requirements of the FEMA funding, as well as recovery work not funded by FEMA or other federal sources. This allocation would be available to fill gaps in such FEMA funding. As of December 31, 2020, the City, NYCHH and NYCHA have received \$4.2 billion in reimbursements from FEMA for the direct costs described above. In addition to the FEMA Funding described above, HUD has made available over \$4.4 billion for Community Costs, of which approximately \$3.7 billion has been received through December 31, 2020. No assurance can be given that the City will be reimbursed for all of its costs or that such reimbursements will be received within the time periods assumed in the Financial Plan. There is no assurance, if the City were to experience a similar storm in the future, that non-City sources, including the federal government, would pay the costs.

Climate Change

The 2007 strategic plan *plaNyC, A Greener, Greater New York*, recognized climate change as a new challenge facing the City cutting across all of the issues covered in the plan. The 2007 strategic plan described the City’s climate change strategy as the sum of all the initiatives in the plan and announced initiation of a long-term effort to develop a comprehensive climate change adaptation strategy to prepare the City for the climate shifts that are unavoidable. Many actions undertaken by the City followed, including initiation of work with FEMA to ensure that City floodplain maps reflect the most current information and creation of the New York City Panel on Climate Change (“NPCC”). NPCC is a body of more than a dozen leading independent climate and social scientists appointed by the Mayor. Since 2008, NPCC has analyzed climate trends, developed projections, explored key impacts, and advised on response strategies for City planning. NPCC is required to make recommendations to the City regarding climate change projections at least every three years and produced its first report in 2010, with subsequent reports in 2015 and 2019

(collectively, the “NPCC Reports”). The NPCC has identified that the City is already experiencing the impacts of climate change and projects dramatic impacts from climate change on the City in the future.

A Greener, Greater New York was updated in 2011, in June 2013 by *plANYC A Stronger, More Resilient New York*, and expanded in April 2015 in *One New York: the Plan for a Strong and Just City*, and in April 2019 by OneNYC 2050 (the “OneNYC Reports”). NPCC projections form the basis for the City’s climate resiliency planning and are reflected in the OneNYC Reports. Many of the resiliency and other undertakings included in the OneNYC Reports involve coordination and cooperation with multiple public and private stakeholders, and expansion of ongoing maintenance and development, as well as specific initiatives such as those described below.

Building on the recommendations contained in the OneNYC Reports, the City is in the process of implementing, over the next ten years, climate resiliency projects costing in excess of \$20 billion, most of which are dedicated to areas previously affected by Sandy and some of which are directed toward mitigating the risks identified in the NPCC Reports. Such plans include both stand-alone resiliency projects and the integration of resiliency protection into the City’s ongoing investments. These projects are in various stages of feasibility review, design and construction and/or implementation. Funding for these projects is expected to come from City, State and federal sources. Some projects are expected to require additional funding to the extent that they are in the planning stages or current funding does not provide for the costs of construction.

Several major coastal resiliency projects are currently underway throughout the City, including the East Side Coastal Resiliency Project (“ESCR”), the South Shore of Staten Island Coastal Storm Risk Management Project (the “Staten Island Project”) and the Rockaways Shorefront and Back Bay Projects (the “Rockaways Project”).

Through ESCR, which is expected to break ground in 2021, the City will construct an integrated coastal flood protection system for which it will seek FEMA accreditation, create resilient open spaces, and improve waterfront access on Manhattan’s east side, from East 25th Street at the north to Montgomery Street at the south. The City anticipates the entire flood protection system will be in place and operational by the 2023 Atlantic hurricane season. The expected cost of ESCR is \$1.45 billion, with \$1.12 billion being paid for by the City and \$338 million being paid for with Community Development Block Grant Disaster Recovery funding allocated by HUD. Other projects in Lower Manhattan include flood walls and deployable flip-up barriers to protect the Two Bridges neighborhood, which lies south of Montgomery Street at the north to the Brooklyn Bridge at the south, developing a plan that contemplates extending the Manhattan shoreline from the Brooklyn Bridge to the Battery into the East River to protect the Seaport and Financial District area, and an elevated waterfront esplanade in the Battery and flood barriers in Battery Park City. On February 10, 2020, litigation was filed in New York Supreme Court challenging the project on the theory that the project constitutes alienation of parkland, and therefore would require State legislative approval. On August 20, 2020, the litigation was dismissed. On August 28, 2020, petitioners filed a notice of appeal.

The Staten Island Project, which is being designed and constructed by the U.S. Army Corps of Engineers (“USACE”), will create a 5.5-mile line of coastal protection on Staten Island between Fort Wadsworth and Oakwood Beach. USACE currently estimates that the project will cost \$615 million, with the City responsible for 10.5% of the project costs, and the remaining project costs to be paid for with federal and State funds. USACE expects to bid out contracts for the project in 2021.

The Rockaways Project, which is also being designed and constructed by USACE, consists of coastal protection elements on the Atlantic shorefront and on the Jamaica Bay side of the Rockaways. Construction has begun on the project, which will be fully funded by the federal government, with an expected cost of approximately \$590 million.

The City expects that additional resiliency projects will be identified and implemented in the coming years, including projects inside and outside of the areas affected by Sandy and addressing risks identified in the NPCC Reports including coastal storms, sea level rise, extreme heat and intense rainfall.

In 2015, FEMA issued preliminary updated flood insurance rate maps (FIRMs), which would have expanded the 100-year floodplain beyond the areas designated in the flood maps issued in 2007. The City appealed the 2015 preliminary flood maps challenging the modelling FEMA used to develop them. The 2015 preliminary flood maps were adopted into the building code, but the prior 2007 flood maps remain in effect for flood insurance purposes. In 2016, FEMA agreed with the City’s appeal, and the City is currently working with FEMA to update the maps. The

new maps are expected to generally expand the 100-year floodplain from the 2007 flood maps and may cover different areas than the 2015 preliminary flood maps. Such expansion could negatively impact property values in those newly designated areas. In addition, an increase in areas of the City susceptible to flooding resulting from climate change could result in greater recovery costs to the City if flooding were to occur within such larger areas.

Despite the efforts described above, the magnitude of the impact on the City's operations, economy, or financial condition from climate change is indeterminate and unpredictable. No assurance can be given that the City will not encounter natural disaster risks, such as hurricanes, tropical storms, heatwaves or catastrophic sea level rise in the future, or that such risks will not have an adverse effect on the operations, economy or financial condition of the City.

Superfund Designations

On March 2, 2010, the United States Environmental Protection Agency ("EPA") listed the Gowanus Canal (the "Canal"), a waterway located in the City, as a federal Superfund site under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). EPA considers the City a potentially responsible party ("PRP") under CERCLA, based on contaminants from currently and formerly City-owned and operated properties, as well as from the City's combined sewer overflows ("CSOs"). On September 30, 2013 EPA issued the Record of Decision ("ROD") for the Canal, setting forth requirements for dredging contaminated sediment in the Canal and covering it with a cap as well as source control requirements. Separate from the in-Canal remedy, the ROD also requires that two CSO retention tanks be constructed as part of the source control component of the remedy. The City anticipates that the actual cleanup costs – including both the in-Canal portion and the CSO portion – will substantially exceed EPA's original cost estimate for the ROD.

On May 28, 2014, EPA issued a unilateral administrative order ("Unilateral Order") requiring the City to design the CSO retention tanks and other storm water control measures, and remediation of the First Street basin (a currently filled-in portion of the Canal). The City estimates that the tanks will actually cost in excess of \$735 million, which is included in the City's capital plan. The City has notified EPA of potential delays due to the COVID-19 pandemic and is monitoring impacts on its ability to meet the requirements of the ROD. The New York City Department of Environmental Protection ("DEP") is in discussions with EPA to resolve these issues and is subject to penalties under the Unilateral Order and CERCLA. In November 2020, EPA sent a letter urging DEP to prioritize the CSO tanks.

With respect to the in-Canal portion of the remedy, an allocation process has been completed between the City and approximately 20 other parties to allocate costs of the design, which includes dredging and capping the canal. Prior to completion of the allocation process, the City paid a portion of the design costs based on an estimate of the City's potential share of the costs. As a result of the agreed upon allocation process, the City will be required to provide additional funding through the completion of the design, estimated in 2022. Such additional funding for design costs is not expected to be a material cost.

On January 28, 2020, EPA issued a new Unilateral Order to the six largest PRPs, including the City and National Grid, requiring these parties to implement the in-Canal remedy (consisting of dredging and capping of sediments) in the upper reach of the Canal.

EPA estimates that the cost of this work, the first of the three phases, is \$125 million, an estimate that the City believes is low. The City's liability for the in-Canal work is unknown at this time, and may ultimately be determined through litigation.

On September 27, 2010, EPA listed Newtown Creek, the waterway on the border between Brooklyn and Queens, New York, as a Superfund site. On April 6, 2010, EPA notified the City that EPA considers the City a PRP under CERCLA for hazardous substances in Newtown Creek. In its Newtown Creek PRP notice letter, EPA identified historical City activities that filled former wetlands and low lying areas in and around Newtown Creek and releases from formerly City-owned and operated facilities, including municipal incinerators, as well as discharges from sewers and CSO outfalls, as potential sources of hazardous substances in Newtown Creek. In July, 2011, the City entered into an Administrative Settlement Agreement and Order on Consent with EPA and five other PRPs to conduct an investigation of conditions in Newtown Creek and evaluate feasible remedies. The investigation and feasibility study is expected to take approximately eleven years. The City's share will be determined in a future allocation proceeding.

The settlement does not cover any remedy that may ultimately be chosen by EPA to address the contamination identified as a result of the investigation and evaluation.

On May 12, 2014, EPA listed the former Wolff-Alport Chemical Company site (“Wolff-Alport Site”) in Ridgewood, Queens, as a Superfund site. The designation is based on radioactive contamination resulting from the operations of the Wolff-Alport Chemical Company during the 1920s to 1950s, which, among other things, disposed of radioactive material on-site, on the adjacent right-of-way, and via the sewer system. In 2013, EPA, in cooperation with City and State agencies, completed a response action to implement certain interim remedial measures at the Wolff-Alport Site to address the site’s short-term public health risks. In 2015 to 2017, EPA undertook a remedial investigation and feasibility study that assessed, among other things, impacts to the sewer system and City right-of-way from operations at the Wolff-Alport Site, and evaluated a range of remedial alternatives. In September 2017, EPA issued its ROD identifying its selected remedy. The ROD requires jet washing and replacement of sewers, and excavation of contaminated portions of the right-of-way. EPA estimated work for the entire Wolff-Alport Site to cost \$39 million. The City anticipates that the costs for work in the sewers and the right-of-way could significantly exceed that estimate. In December 2017, EPA notified the City of its status as a PRP for the work on City property and sought to have the City perform some of the work. In February 2018, the City notified EPA that, subject to certain conditions, it was willing to undertake such work and, on September 24, 2019, EPA issued a Unilateral Administrative Order requiring the City to conduct additional pre-design investigatory work and develop a Remedial Design consistent with the ROD.

The National Park Service (“NPS”) is undertaking a CERCLA removal action at Great Kills Park on Staten Island to address radioactive contamination that has been detected at the site. Great Kills Park was owned by the City until roughly 1972, when it was transferred to NPS for inclusion in the Gateway National Recreation Area. While owned by the City, the site was used as a sanitary landfill, and the park was also expanded using urban fill. NPS believes that the radioactive contamination is the result of City activities and that the City is therefore liable for the investigation and remediation under CERCLA. The City has negotiated a settlement with NPS to address a remedial investigation and feasibility study. No other PRPs have been identified at this time.

Under CERCLA, a responsible party may be held responsible for monies expended for response actions at a Superfund site, including investigative, planning, removal, remedial and EPA enforcement actions. A responsible party may also be ordered by EPA to take response actions itself. Responsible parties include, among others, past or current owners or operators of a facility from which there is a release of a hazardous substance that causes the incurrence of response costs. The nature, extent, and cost of response actions at either the Canal, Newtown Creek, the Wolff-Alport site or Great Kills Park, the contribution, if any, of discharges from the City’s sewer system or other municipal operations, and the extent of the City’s liability, if any, for monies expended for such response actions, will likely not be determined for several years and could be material.

Cybersecurity

The City relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private or sensitive information, the City and its agencies and offices face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. In 2017, pursuant to a Mayoral Executive Order, the Mayor established the New York City Cyber Command (“Cyber Command”), led by the City’s Chief Information Security Officer, to protect the people and technological assets of the City.

In collaboration with the City’s Department of Information Technology and Telecommunications (“DoITT”), Cyber Command is charged with setting information security policies and standards, directing citywide cyber defense and incident response, deploying defensive technical and administrative controls and providing guidance to the Mayor and City agencies on cyber defense. Cyber Command has over 100 full-time employees and works with designated cybersecurity contacts at each City agency as part of the Citywide Cybersecurity Program. The Financial Plan reflects funding for Cyber Command of \$118 million in fiscal year 2021, \$127 million in fiscal year 2022 and \$132 million in each of fiscal years 2023 through 2025. Such funding does not account for cybersecurity funding at other City agencies, including DoITT. Cyber Command is built around three core cybersecurity functions: threat management, which manages incident response and cyber threat intelligence; security sciences, which manages strategic and tactical

cyber defense technologies and initiatives; and urban technology, which identifies unpatched systems in the City's networks and helps agencies prioritize remediation efforts on those systems.

In carrying out its functions, Cyber Command works with a range of City, State, and federal law enforcement agencies, including the New York City Police Department and the Federal Bureau of Investigation's Joint Terrorism Task Force. Cyber Command regularly works with other states and municipalities throughout the country to share cybersecurity threat intelligence and best practices, as well as with non-governmental entities such as utilities, telecommunications providers and financial services companies for the purpose of enhancing collective cyber defenses. The City has developed standard cybersecurity policies and standards for third party vendors of the City to follow, and security provisions for contracts with vendors, which help ensure that the City is notified of cyber breaches and suspected cyber breaches of a vendor's network environment. The City has also developed a Citywide Incident Response Policy, which requires City agencies to develop incident response plans in accordance with Cyber Command policies and standards.

While the City conducts periodic tests and reviews of its networks, no assurances can be given that such security and operational control measures will be successful in guarding against all cyber threats and attacks. New technical cyber vulnerabilities are discovered in the United States daily. In addition, cyber attacks have become more sophisticated and increasingly are capable of impacting municipal control systems and components. The techniques used to obtain unauthorized access to, or to disable or degrade, electronic networks, computers, systems and solutions are rapidly evolving and have become increasingly complex and sophisticated. In addition, there is heightened risk due to an increase in remote access to City systems by City employees as a result of the outbreak of COVID-19. As cybersecurity threats continue to evolve, the City may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks. The results of any successful attack on the City's computer and information technology systems could impact its operations and damage the City's digital networks and systems, and the costs of remedying any such damage could be substantial. Consistent with the City's general policy to self-insure, the City does not carry insurance against cyber attacks.

Tax Matters

The Bonds—New York Personal Income Tax Exemption

In the opinion of Norton Rose Fulbright US LLP, New York, New York, and Bryant Rabbino LLP, New York, New York, as Co-Bond Counsel to the City ("Co-Bond Counsel"), interest on the Bonds will be exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

Tax-Exempt Bonds

The City will covenant in a tax certificate to comply with applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion from gross income of the interest on the Tax-Exempt Bonds for purposes of federal income taxation. In the opinion of Co-Bond Counsel, assuming compliance by the City with such covenants, interest on the Tax-Exempt Bonds will be excludable from the gross income of the owners thereof for purposes of federal income taxation. Failure by the City to comply with such covenants may cause interest on the Tax-Exempt Bonds to be includable in the gross income of the owners thereof retroactive to the date of the issue of the Tax-Exempt Bonds. Further, Co-Bond Counsel will render no opinion as to the effect on the exclusion from gross income of interest on the Tax-Exempt Bonds of any action (including without limitation a change in the interest rate mode with respect to any of the Tax-Exempt Bonds) taken or not taken after the date of such opinion without the approval of Co-Bond Counsel.

In the opinion of Co-Bond Counsel, interest on the Tax-Exempt Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which no opinion will be rendered by Co-Bond Counsel, as a result of ownership of the Tax-Exempt Bonds or the inclusion in certain computations of interest that is excluded from gross income.

Co-Bond Counsel's opinions are not a guarantee of a result, but represent their legal judgment based upon their review of existing statutes, regulations, published rulings and court decisions and the covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS" or the "Service") with respect to the matters addressed in the opinions of Co-Bond Counsel, and Co-Bond Counsel's opinions are not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax- exempt obligations. If an audit of the Tax-Exempt Bonds is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Tax-Exempt Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Tax-Exempt Bonds, the City may have different or conflicting interests from the owners of the Tax-Exempt Bonds. Public awareness of any future audit of the Tax-Exempt Bonds could adversely affect the value and liquidity of the Tax-Exempt Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Co-Bond Counsel will express no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should be aware that the ownership of tax-exempt obligations such as the Tax-Exempt Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (FASIT), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax- exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

The purchase price of certain Tax-Exempt Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such Tax-Exempt Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Existing law may change so as to reduce or eliminate the benefit to holders of the Tax-Exempt Bonds of the exclusion of interest thereon from gross income for federal income tax purposes. Proposed legislative or administrative action, whether or not taken, could also affect the value and marketability of the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult with their own tax advisors with respect to any proposed changes in tax law.

Taxable Bonds

General. The following is a general summary of certain federal income tax consequences of the purchase and ownership of the Taxable Bonds. The discussion is based upon the Code, U.S. Treasury Regulations, rulings, and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretation. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a Taxable Bond by a Beneficial Owner thereof. Further, this summary does not discuss all aspects of federal income taxation that may be relevant to a particular investor in the Taxable Bonds in light of the investor's particular circumstances (for example, persons subject to the alternative minimum tax provisions of the Code), or to certain types of investors subject to special treatment under the federal income tax laws (including insurance companies, tax-exempt organizations and entities, financial institutions, broker-dealers, persons who have hedged the risk of owning the Taxable Bonds, traders in securities that elect to use a mark-to-market method of accounting, thrifts, regulated investment companies, pension

and other employee benefit plans, partnerships and other pass-through entities, certain hybrid entities and owners of interests therein, persons who acquire Taxable Bonds in connection with the performance of services, or persons deemed to sell Taxable Bonds under the constructive sale provisions of the Code). The discussion below also does not discuss any aspect of state, local, or foreign law or U.S. federal tax laws other than U.S. federal income tax law. The summary is limited to certain issues relating to initial investors who will hold the Taxable Bonds as “capital assets” within the meaning of Section 1221 of the Code, and acquire such Taxable Bonds for investment and not as a dealer or for resale. This summary addresses certain federal income tax consequences applicable to Beneficial Owners of the Taxable Bonds who are United States persons within the meaning of Section 7701(a)(30) of the Code (“United States persons”) and, except as discussed below, does not address any consequences to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the Service with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN, AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF THE TAXABLE BONDS.

Stated Interest and Reporting of Interest Payments. The stated interest on the Taxable Bonds will be included in the gross income, as defined in Section 61 of the Code, of the Beneficial Owners thereof as ordinary income for federal income tax purposes at the time it is paid or accrued, depending on the tax accounting method applicable to the Beneficial Owners thereof. Subject to certain exceptions, the stated interest on the Taxable Bonds will be reported to the Service. Such information will be filed each year with the Service on Form 1099 which will reflect the name, address, and taxpayer identification number (“TIN”) of the Beneficial Owner. A copy of Form 1099 will be sent to each Beneficial Owner of a Taxable Bond for federal income tax purposes.

Premium. If a Beneficial Owner purchases a Taxable Bond for an amount that is greater than its stated redemption price at maturity, such Beneficial Owner will be considered to have purchased the Taxable Bond with “amortizable bond premium” equal in amount to such excess. A Beneficial Owner may elect to amortize such premium using a constant yield method over the remaining term of the Taxable Bond and may offset interest otherwise required to be included in respect of the Taxable Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Taxable Bond held by a Beneficial Owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Taxable Bond. However, if the Taxable Bond may be optionally redeemed after the Beneficial Owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Taxable Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the Beneficial Owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the Service.

Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Beneficial Owners of the Taxable Bonds should consult with their own tax advisors concerning this additional tax, as it may apply to interest earned on the Taxable Bonds as well as gain on the sale of a Taxable Bond.

Backup Withholding. Under Section 3406 of the Code, a Beneficial Owner of the Taxable Bonds who is a United States person may, under certain circumstances, be subject to “backup withholding” (currently at a rate of 24 percent) on current or accrued interest on the Taxable Bonds or with respect to proceeds received from a disposition of the Taxable Bonds. This withholding applies if such Beneficial Owner of Taxable Bonds: (i) fails to furnish to the payor such Beneficial Owner’s social security number or other TIN; (ii) furnishes the payor an incorrect TIN; (iii) fails to report interest properly; or (iv) under certain circumstances, fails to provide the payor or such Beneficial Owner’s broker with a certified statement, signed under penalty of perjury, that the TIN provided to the payor or broker is

correct and that such Beneficial Owner is not subject to backup withholding. To establish status as an exempt person, a Beneficial Owner will generally be required to provide certification on IRS Form W-9 (or substitute form).

Backup withholding will not apply, however, if the Beneficial Owner is a corporation or falls within certain tax-exempt categories and, when required, demonstrates such fact. BENEFICIAL OWNERS OF THE TAXABLE BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THEIR QUALIFICATION FOR EXEMPTION FROM BACKUP WITHHOLDING AND THE PROCEDURE FOR OBTAINING SUCH EXEMPTION, IF APPLICABLE. The backup withholding tax is not an additional tax and taxpayers may use amounts withheld as a credit against their federal income tax liability or may claim a refund as long as they timely provide certain information to the Service.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under Sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding of U.S. federal income tax by the payor at the rate of 30 percent on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest income of such a Beneficial Owner of the Taxable Bonds is not treated as effectively connected income within the meaning of Section 864 of the Code, such interest will be subject to 30 percent withholding, or any lower rate specified in an income tax treaty, unless such income is treated as “portfolio interest.” Interest will be treated as portfolio interest if (i) the Beneficial Owner provides a statement to the payor certifying, under penalties of perjury, that such Beneficial Owner is not a United States person and providing the name and address of such Beneficial Owner, (ii) such interest is treated as not effectively connected with the Beneficial Owner’s United States trade or business, (iii) interest payments are not made to a person within a foreign country which the Service has included on a list of countries having provisions inadequate to prevent United States tax evasion, (iv) interest payable with respect to the Taxable Bonds is not deemed contingent interest within the meaning of the portfolio debt provision, (v) such Beneficial Owner is not a controlled foreign corporation within the meaning of Section 957 of the Code, and (vi) such Beneficial Owner is not a bank receiving interest on the Taxable Bonds pursuant to a loan agreement entered into in the ordinary course of the bank’s trade or business.

Assuming payments on the Taxable Bonds are treated as portfolio interest within the meaning of Sections 871 and 881 of the Code, then no withholding under Section 1441 and 1442 of the Code, and no backup withholding under Section 3406 of the Code is required with respect to Beneficial Owners or intermediaries who have furnished Form W-8 BEN, Form W-8 BEN-E, Form W-8 EXP, or Form W-8 IMY, as applicable, provided the payor has no actual knowledge or reason to know that such person is a United States person.

Foreign Account Tax Compliance Act. Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act (“FATCA”) imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Taxable Bonds and sales proceeds of Taxable Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including original issue discount) and will apply to “foreign passthru payments” but no earlier than two years after the date of publication of final regulations defining the term “foreign passthru payment.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The preceding discussion of certain U.S. federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the Taxable Bonds, including the applicability and effect of any state, local, or foreign tax laws, and of any proposed changes in applicable laws.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the Code generally prohibit certain transactions between employee benefit plans under ERISA or tax qualified retirement plans and individual retirement accounts under the Code (collectively, the “Plans”) and persons who, with respect to a Plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In addition, each fiduciary of a Plan (“Plan Fiduciary”) must give appropriate consideration to the facts and circumstances that are relevant to an investment in the Bonds, including the role that such an investment in the Bonds would play in the Plan’s overall investment portfolio. Each Plan Fiduciary, before deciding to invest in the Bonds, must be satisfied that such investment in the Bonds is a prudent investment for the Plan, that the investments of the Plan, including the investment in the Bonds, are diversified so as to minimize the risk of large losses and that an investment in the Bonds complies with the documents of the Plan and related trust, to the extent such documents are consistent with ERISA. All Plan Fiduciaries, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Bond.

Ratings

The Bonds have been rated “Aa2” (negative outlook) by Moody’s Investors Service, Inc. (“Moody’s”), “AA” (negative outlook) by S&P Global Ratings (“S&P”) and “AA-” (negative outlook) by Fitch, Inc. (“Fitch”). Such ratings reflect only the views of Moody’s, S&P 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 not be revised downward or withdrawn entirely. Any such downward revision or withdrawal could have an adverse effect on the market prices of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities.

Legal Opinions

The legality of the authorization and issuance of the Bonds will be affirmed by the approving legal opinions of Norton Rose Fulbright US LLP and Bryant Rabbino LLP, Co-Bond Counsel to the City. Reference should be made to the forms of such opinions as set forth in Appendix C hereto for the matters covered by such opinions and the scope of Co-Bond Counsel’s engagement in relation to the issuance of the Bonds.

Certain legal matters are being passed upon for the City by its Corporation Counsel.

Orrick, Herrington & Sutcliffe LLP, New York, New York, and Law Offices of Joseph C. Reid, P.A., New York, New York, Co-Special Disclosure Counsel to the City, will pass upon certain legal matters in connection with the preparation of this Official Statement.

Certain legal matters will be passed upon for the Underwriters by Nixon Peabody LLP, New York, New York, and D. Seaton and Associates, P.A. P.C., New York, New York, Co-Counsel for the Underwriters.

Underwriting

The Tax-Exempt Bonds are being purchased for reoffering by the Underwriters for whom BofA Securities, Inc., Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Jefferies LLC, Loop Capital Markets, LLC, RBC Capital Markets, LLC, Samuel A. Ramirez & Co., Inc., Siebert Williams Shank & Co., LLC and Wells Fargo Bank, National Association are acting as lead managers. The compensation for services rendered in connection with the underwriting of the Bonds will be \$4,010,697.57, inclusive of expenses.

The Subseries F-2 Bonds will be purchased for reoffering by Barclays Capital Inc., the Original Purchaser of such Bonds. The compensation for services rendered in connection with such Bonds will be \$493,059.90, inclusive of expenses.

The Subseries F-3 Bonds will be purchased for reoffering by BofA Securities, Inc., the Original Purchaser of such Bonds. The compensation for services rendered in connection with such Bonds will be \$377,371.81, inclusive of expenses.

The issuance of each subseries of Bonds is contingent on the other subseries of Bonds being issued.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the City as Underwriters) for the distribution of the Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

Continuing Disclosure Undertaking

As authorized by the Act, and to the extent that (i) Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as amended (the “1934 Act”) requires the underwriters (as defined in the Rule) of securities offered hereby (under this caption, if subject to the Rule, the “securities”) to determine, as a condition to purchasing the securities, that the City will covenant to the effect of the Undertaking, and (ii) the Rule as so applied is authorized by a federal law that as so construed is within the powers of Congress, the City agrees with the record and beneficial owners from time to time of the outstanding securities (under this caption, if subject to the Rule, “Bondholders”) to provide:

(a) within 185 days after the end of each fiscal year, to the Electronic Municipal Market Access system (“EMMA”) (www.emma.msrb.org) established by the Municipal Securities Rulemaking Board (the “MSRB”), core financial information and operating data for the prior fiscal year, including, (i) the City’s audited general purpose financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) material historical quantitative data on the City’s revenues, expenditures, financial operations and indebtedness generally of the type found herein in Sections IV, V, VIII and IX, and under the caption “2016-2020 Summary of Operations” in Section VI, provided that if the inclusion or format of such information is changed or new information is added in such sections in any future official statement, thereafter the information provided to EMMA will contain or include by reference information of the type included in that official statement as so changed or added; and

(b) in a timely manner, not in excess of 10 Business Days after the occurrence of any event described below, notice to EMMA, of any of the following events with respect to the securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material

notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (7) modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City; which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional Fiscal Agent or the change of name of a Fiscal Agent, if material;
- (15) incurrence of a Financial Obligation (as defined below) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect Holders of the Bonds, if material;
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties; and
- (17) failure of the City to comply with clause (a) above.

Event (3) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (3) may not be applicable, since the terms of the securities do not provide for “debt service reserves.”

Events (4) and (5). The City does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the securities, unless the City applies for or participates in obtaining the enhancement.

Event (6) is relevant only to the extent interest on the securities is tax-exempt.

Event (8). The City does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the final official statement (as defined in the Rule), (ii) the only open issue is which securities will be redeemed in the case of a partial redemption, (iii) notice of redemption is given to the Bondholders as required under the terms of the securities and (iv) public notice of redemption is given pursuant to

Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced prior to optional redemptions or security purchases.

Events (15) and (16). “Financial Obligation” (i) means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B) but (ii) shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

No Bondholder may institute any suit, action or proceeding at law or in equity (“Proceeding”) for the enforcement of the Undertaking or for any remedy for breach thereof, unless such Bondholder shall have filed with the Corporation Counsel of the City evidence of ownership and a written notice of and request to cure such breach, and the City shall have refused to comply within a reasonable time. All Proceedings shall be instituted only as specified herein, in the federal or State courts located in the Borough of Manhattan, State and City of New York, and for the equal benefit of all holders of the outstanding securities benefitted by the same or a substantially similar covenant, and no remedy shall be sought or granted other than specific performance of the covenant at issue.

Any amendment to the Undertaking may only take effect if:

(a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted; the Undertaking, as amended, would have complied with the requirements of the Rule at the time of award of the securities after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the City (such as, but without limitation, the City’s financial advisor or bond counsel); and the annual financial information containing (if applicable) the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the “impact” (as that word is used in the letter from the staff of the SEC to the National Association of Bond Lawyers dated June 23, 1995) of the change in the type of operating data or financial information being provided; or

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

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

Financial Advisors

The City has retained Public Resources Advisory Group and Acacia Financial Group, Inc. to act as financial advisors with respect to the City’s general obligation bond financing program and the issuance of the Bonds.

Financial Statements

The City’s CAFR for the fiscal year ended June 30, 2020 is included by specific reference in this Official Statement as APPENDIX B. Grant Thornton LLP, the City’s independent auditor, has not reviewed, commented on or approved, and is not associated with, this Official Statement. The report of Grant Thornton LLP relating to the City’s financial statements for the fiscal years ended June 30, 2020 and 2019, which is a matter of public record, is included in the CAFR for the fiscal year ended June 30, 2020, which is included by specific reference in this Official Statement. However, Grant Thornton LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained, or included by specific reference, in this Official Statement, since the date of such report and has not been asked to consent to the inclusion of its report in this Official Statement.

Further Information

The references herein to, and summaries of, provisions of federal, State and local laws, including but not limited to the State Constitution, the Financial Emergency 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 at www.nyc.gov/omb. Copies of the published Comprehensive Annual Financial Reports of the Comptroller are available at www.comptroller.nyc.gov or upon written request to the Office of the Comptroller, Deputy Comptroller for Public Finance, Municipal Building, One Centre Street, New York, New York 10007 and are available on EMMA (<https://emma.msrb.org>). Financial plans are prepared quarterly, and the Comprehensive Annual Financial Report of the Comptroller is published at the end of October of each year, as required by the City Charter.

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 any purchaser or any holders of the Bonds.

THE CITY OF NEW YORK

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ECONOMIC AND DEMOGRAPHIC INFORMATION

This section presents certain economic and demographic information about the City. All information is presented on a calendar year basis unless otherwise indicated. The data set forth are the latest available. Sources of information are indicated in the text or immediately following the tables. Although the City considers the sources to be reliable, the City has made no independent verification of the information provided by non-City sources and does not warrant its accuracy.

New York City Economy

The City has a diversified economic base, with a substantial volume of business activity in the financial, professional service, education, health care, hospitality, wholesale and retail trade, technology, information services, and manufacturing industries, and is the location of many securities, banking, law, accounting, new media, and advertising firms.

The City is a major seaport and focal point for international business. Many of the major corporations headquartered in the City are multinational in scope and have extensive foreign operations. Numerous foreign-owned companies in the United States are also headquartered in the City. These firms, which have increased substantially in number over the past decade, are found in all sectors of the City's economy, but are concentrated in trade, professional and business services, tourism, and finance. The City is the location of the headquarters of the United Nations and several affiliated organizations maintain their principal offices in the City. A large diplomatic community exists in the City to staff the missions to the United Nations and the foreign consulates. No single assessed property in the City accounts for more than 0.5% of the City's real property tax revenue.

Economic activity in the City has experienced periods of growth and recession and can be expected to experience periods of growth and recession in the future. The City experienced a recession in the early 1970s through the middle of that decade, followed by a period of expansion in the late 1970s through the late 1980s. The City fell into recession again in the early 1990s which was followed by an expansion that lasted until 2001. The economic slowdown that began in 2001 as a result of the September 11 attack, a national economic recession, and a downturn in the securities industry came to an end in 2003. Subsequently, Wall Street activity, tourism, and the real estate market drove a broad-based economic recovery until the second half of 2007. The financial crisis spurred by the collapse of the housing market and subsequent Great Recession brought the expansion to a halt in 2008. By 2010 the City began to recover and enjoyed a robust 10-year economic expansion but is now facing significant challenges due to the shut-down of entire sectors of the economy resulting from the COVID-19 pandemic.

The United States Department of Commerce Bureau of Economic Analysis produces measures of Gross Domestic Product ("GDP") by metropolitan area. The New York metropolitan area – defined geographically as New York City; Long Island; the Lower Hudson Valley, New York; parts of Northern and Central New Jersey; and Pike County Pennsylvania – is the largest metropolitan economy in the United States.

	TOP TEN GDP BY METROPOLITAN AREA					GDP PER CAPITA
	(millions of current dollars)					(current dollars)
	2015	2016	2017	2018	2019*	2019*
United States (metropolitan areas)	\$16,278,285	\$16,794,933	\$17,510,246	\$18,470,553	\$19,221,576	\$67,962
New York-Newark-Jersey City, NY-NJ-PA	1,576,387	1,640,016	1,699,894	1,799,148	1,861,147	96,853
Los Angeles-Long Beach-Anaheim, CA	918,856	953,307	1,002,932	1,041,691	1,088,676	82,383
Chicago-Naperville-Elgin, IL-IN-WI	632,200	641,567	658,633	691,288	709,160	74,976
San Francisco-Oakland-Berkeley, CA	452,980	484,077	528,287	562,156	591,945	125,099
Washington-Arlington-Alexandria, DC-VA-MD-WV	483,745	502,935	519,059	539,008	559,062	89,016
Dallas-Fort Worth-Arlington, TX	435,858	453,858	478,176	505,769	523,862	69,174
Houston-The Woodlands-Sugar Land, TX	458,707	449,040	468,643	498,008	512,222	72,490
Boston-Cambridge-Newton, MA-NH	405,651	420,059	437,795	464,426	484,621	99,450
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	406,215	414,966	419,201	436,693	454,692	74,510
Seattle-Tacoma-Bellevue, WA	323,494	339,662	363,289	396,751	424,750	106,725

Source: U.S. Bureau of Economic Analysis

* Advance statistics.

Personal Income

From 2010 through 2019 (the most recent year for which City personal income data are available), total personal income for City residents, unadjusted for the effects of inflation, grew at a compounded annual average rate of 5.2% and 4.4% for the City and the nation, respectively. The City's total personal income per capita grew at a compounded annual average rate of 4.9% per year for the same period. In 2019, total personal income per capita in the City exceeded that of the U.S. by 42%.

The following table sets forth information regarding personal income in the City from 2010 to 2019.

PERSONAL INCOME⁽¹⁾				
Year	Total NYC Personal Income (billions)	Per Capita Personal Income NYC	Per Capita Personal Income U.S.	NYC as a Percent of U.S.
2010	\$426.1	\$52,024	\$40,547	128%
2011	457.2	55,266	42,739	129
2012	479.4	57,440	44,605	129
2013	492.4	58,651	44,860	131
2014	518.2	61,443	47,071	131
2015	542.2	64,065	49,019	131
2016	568.9	67,173	50,015	134
2017	617.6	73,203	52,118	140
2018	643.4	76,690	54,606	140
2019	669.6	80,321	56,490	142

Sources: U.S. Department of Commerce, Bureau of Economic Analysis and the Bureau of the Census.

⁽¹⁾ In current dollars. Personal Income is based on the place of residence and is measured from income which includes wages and salaries, supplements to wages and salaries, proprietors' income, personal dividend income, personal interest income, rental income of persons, and transfer payments.

Employment

The City is a leading center for the banking and securities industry, life insurance, communications, fashion design, health care, education, technology, information services, hospitality and retail fields. Over the past two decades the City has experienced a number of business cycles. From 1992 to 2000, the City added 456,500 private sector jobs (growth of 17%). From 2000 to 2003, the City lost 173,200 private sector jobs (decline of 5%). From 2003 to 2008, the City added 257,600 private sector jobs (growth of 9%). From 2008 to 2009, the City lost 103,200 private sector jobs (decline of 3%). From 2009 to 2019, the City added 918,800 private sector jobs (growth of 29%). All such changes are based on average annual employment levels through and including the years referenced.

As of December 2020, total employment in the City was 4,161,800 compared to 4,739,800 in December 2019, a decrease of approximately 12.2% based on data provided by the New York State Department of Labor, which is not seasonally adjusted. Following the onset of the COVID-19 pandemic and the City and State actions to mitigate the spread of COVID-19, the City has seen a large increase in initial claims for unemployment. Since the week ending March 14, 2020 through the week ending February 6, 2021, there have been 2,379,605 initial claims for unemployment insurance in New York City, compared to 299,522 over the same period a year prior.

The table below shows the distribution of employment from 2011 to 2020.

EMPLOYMENT DISTRIBUTION

	Average Annual Employment (In thousands)									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Goods Producing Sectors										
Construction	112.4	116.2	122.3	129.3	139.4	147.2	152.5	158.8	159.9	134.2
Manufacturing	75.7	76.4	76.4	76.6	77.9	76.2	73.2	70.3	67.3	56.5
Service Producing Sectors										
Trade, Transportation & Utilities	574.9	589.7	603.9	619.2	628.6	628.3	631.5	633.4	632.7	548.0
Information	171.5	176.5	180.2	186.3	190.4	194.2	200.5	205.1	211.2	204.4
Financial Activities	438.2	437.7	436.4	448.0	458.0	464.6	467.5	474.9	482.4	459.7
Professional & Business Services	597.4	619.2	643.0	669.1	700.0	722.7	742.8	765.4	794.1	723.8
Education & Health Services	789.2	805.6	831.1	866.4	896.9	928.7	961.9	1,006.3	1,055.0	1,002.8
Leisure & Hospitality	343.2	366.7	386.6	409.7	429.1	441.6	458.4	464.0	466.2	274.8
Other Services	165.2	170.4	174.9	180.2	185.7	190.1	191.6	192.9	194.7	165.3
Total Private	3,267.5	3,358.5	3,454.5	3,584.6	3,705.9	3,793.5	3,880.0	3,971.1	4,063.4	3,569.5
Total Government	573.3	570.6	570.6	573.3	579.5	583.7	584.7	584.7	588.0	574.9
Total	3,840.8	3,929.0	4,025.1	4,157.9	4,285.4	4,377.2	4,464.7	4,555.8	4,651.4	4,144.3

Note: Totals may not add due to rounding.

Source: New York State Department of Labor. Data are presented using the North American Industry Classification System ("NAICS").

Sectoral Distribution of Employment and Earnings

In 2019, the City's service producing sectors provided approximately 3.8 million jobs and accounted for approximately 82% of total employment. Figures on the sectoral distribution of employment in the City from 1980 to 2000 reflect a significant shift to the service producing sectors and a shrinking manufacturing base relative to the nation.

The structural shift to the service-producing sectors affects the total earnings as well as the average wage per employee because employee compensation in certain of those sectors, such as financial activities and professional and business services, tends to be considerably higher than in most other sectors. Moreover, average wage rates in these sectors are significantly higher in the City than in the nation. In the City in 2019, the employment share for the financial activities and professional and business services sectors was approximately 27% while the earnings share for those same sectors was approximately 44%. In the nation, those same service producing sectors accounted for only approximately 20% of employment and 27% of earnings in 2019. Due to the earnings distribution in the City, sudden or large shocks in the financial markets may have a disproportionately adverse effect on the City relative to the nation.

The City's and the nation's employment and earnings by sector for 2019 are set forth in the following table.

SECTORAL DISTRIBUTION OF EMPLOYMENT AND EARNINGS IN 2019⁽¹⁾

	Employment		Earnings⁽²⁾	
	NYC	U.S.	NYC	U.S.
Goods-Producing Sectors				
Mining and Logging	0.0%	0.5%	0.2%	1.6%
Construction	3.4%	5.0%	3.2%	6.2%
Manufacturing	1.4%	8.5%	0.9%	9.1%
Total Goods-Producing	4.9%	14.0%	4.4%	16.9%
Service-Producing Sectors				
Trade, Transportation and Utilities	13.6%	18.4%	8.7%	15.2%
Information	4.5%	1.9%	8.7%	3.7%
Financial Activities	10.4%	5.8%	23.1%	9.5%
Professional and Business Services	17.1%	14.1%	21.2%	17.7%
Education and Health Services	22.7%	16.0%	11.8%	12.8%
Leisure & Hospitality	10.0%	11.0%	6.0%	4.8%
Other Services	4.2%	3.9%	2.8%	3.6%
Total Service-Producing	82.5%	71.1%	82.4%	67.2%
Total Private Sector	87.4%	85.0%	88.1%	84.2%
Government⁽³⁾	12.6%	15.0%	11.9%	15.8%

Note: Data may not add due to rounding or subsector disclosure limitations. Data are presented using NAICS.

Sources: The primary sources are the New York State Department of Labor; the U.S. Department of Labor, Bureau of Labor Statistics; and the U.S. Department of Commerce, Bureau of Economic Analysis.

- ⁽¹⁾ The sectoral distributions are obtained by dividing each industry’s employment or earnings by total non-agricultural employment or earnings.
- ⁽²⁾ Includes the sum of wage and salary disbursements, other labor income, and proprietors’ income. The latest information available is 2019 data.
- ⁽³⁾ Excludes military establishments.

The comparison of employment and earnings in 1980 and 2000 set forth below is presented using the industry classification system which was in use until the adoption of NAICS in the late 1990’s. Though NAICS has been implemented for most government industry statistical reporting, most historical earnings data have not been converted. Furthermore, it is not possible to compare data from the two classification systems except in the general categorization of government, private and total employment. The table below reflects the overall increase in the service-producing sectors and the declining manufacturing base in the City from 1980 to 2000.

The City’s and the nation’s employment and earnings by industry are set forth in the following table.

SECTORAL DISTRIBUTION OF EMPLOYMENT AND EARNINGS⁽¹⁾

	Employment				Earnings ⁽²⁾			
	1980		2000		1980		2000	
	NYC	U.S.	NYC	U.S.	NYC	U.S.	NYC	U.S.
Private Sector:								
Non-Manufacturing:								
Services	27.0%	19.8%	39.1%	30.7%	26.0%	18.4%	30.2%	28.7%
Wholesale and Retail Trade	18.6	22.5	16.8	23.0	15.1	16.6	9.3	14.9
Finance, Insurance and Real Estate	13.6	5.7	13.2	5.7	17.6	5.9	35.5	10.0
Transportation and Public Utilities.....	7.8	5.7	5.7	5.3	10.1	7.6	5.2	6.8
Contract Construction	2.3	4.8	3.3	5.1	2.6	6.3	2.9	5.9
Mining.....	0.0	1.1	0.0	0.4	0.4	2.1	0.1	1.0
Total Non-Manufacturing	69.3	59.6	78.1	70.3	71.8	56.9	83.2	67.3
Manufacturing:								
Durable.....	4.4	13.4	1.6	8.4	3.7	15.9	1.3	10.5
Non-Durable	10.6	9.0	4.9	5.6	9.5	8.9	4.8	6.1
Total Manufacturing	15.0	22.4	6.5	14.0	13.2	24.8	6.1	16.6
Total Private Sector.....	84.3	82.0	84.7	84.3	85.2	82.1	89.8	84.6
Government⁽³⁾.....	15.7	18.0	15.3	15.7	14.8	17.9	10.3	15.4

Note: Totals may not add due to rounding. Data are presented using the Standard Industrial Classification System ("SICS").

Sources: The two primary sources of employment and earnings information are the U.S. Department of Labor, Bureau of Labor Statistics and the U.S. Department of Commerce, Bureau of Economic Analysis.

- ⁽¹⁾ The sectoral distributions are obtained by dividing each industry's employment or earnings by total non-agricultural employment or earnings.
- ⁽²⁾ Includes the sum of wage and salary disbursements, other labor income, and proprietors' income. The latest information available for the City is 2000 data.
- ⁽³⁾ Excludes military establishments.

Unemployment

As of December 2020, the total unemployment rate in the City was 11.0%, compared to 3.1% in December 2019, based on data provided by the New York State Department of Labor, which is not seasonally adjusted.

The monthly unemployment rate of the City's resident labor force for 2019 and 2020 is shown in the following table.

MONTHLY UNEMPLOYMENT RATE⁽¹⁾

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
2019	4.9	4.6	4.3	3.7	3.8	3.9	4.3	4.2	3.5	3.7	3.4	3.1
2020	3.5	3.4	4.0	14.7	18.1	20.4	20.1	16.2	13.8	12.9	11.9	11.0

Source: New York State Department of Labor and U.S. Department of Labor, Bureau of Labor Statistics.

- ⁽¹⁾ Percentage of civilian labor force unemployed: excludes those persons unable to work and discouraged workers (i.e., persons not actively seeking work because they believe no suitable work is available).

The average annual unemployment rate of the City's resident labor force is shown in the following table.

ANNUAL UNEMPLOYMENT RATE⁽¹⁾ (Average Annual)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
New York City	9.1	9.3	8.8	7.3	5.7	5.2	4.6	4.2	3.9	12.4
United States.....	8.9	8.1	7.4	6.2	5.3	4.9	4.4	3.9	3.7	8.1

Source: New York State Department of Labor and U.S. Department of Labor, Bureau of Labor Statistics.

- ⁽¹⁾ Percentage of civilian labor force unemployed: excludes those persons unable to work and discouraged workers (i.e., persons not actively seeking work because they believe no suitable work is available).

Public Assistance

As of December 2020, the number of persons receiving cash assistance in the City was 375,566 compared to 328,618 in December 2019. The following table sets forth the number of persons receiving public assistance in the City.

PUBLIC ASSISTANCE

(Annual Averages in Thousands)

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
360.8	341.8	346.9	350.5	351.7	353.9	356.0	342.3	361.9	370.5	366.3	356.1	334.7	363.7

Taxable Sales

The City is a major retail trade market with the greatest volume of retail sales of any city in the nation. The sales tax is levied on a variety of economic activities including retail sales, utility and communication sales, services and manufacturing. Taxable sales and purchases reflects data from the State Department of Taxation and Finance publication “Taxable Sales and Purchases, County and Industry Data.” The yearly data presented in this paragraph and the table below covers the period from March 1 of the year prior to the listed year through the last day of February of the listed year. Between 2003 and 2008, total taxable sales volume growth rate averaged 7.0%. From 2009 to 2010, total taxable sales volume decreased by 6.3%, reflecting a decline in consumption, as a result of local employment losses and the local and national recessions. Between 2011 and 2020, total taxable sales volume growth rate averaged 5.1% primarily as a result of an increase in consumption as a result of local employment gains and the local and national recoveries, as well as two sales tax base expansions enacted by the City, effective August 1, 2009.

The following table illustrates the volume of sales and purchases subject to the sales tax from 2008 to 2020.

TAXABLE SALES AND PURCHASES SUBJECT TO SALES TAX (In Billions)

Year ⁽¹⁾	Retail ⁽²⁾	Utility & Communication Sales ⁽³⁾	Services ⁽⁴⁾	Manufacturing	Other ⁽⁵⁾	All Total
2008.....	\$33.3	\$20.6	\$31.5	\$2.8	\$26.7	\$115.0
2009.....	31.3	22.0	31.8	2.7	25.9	113.6
2010.....	31.0	20.6	30.1	2.2	22.5	106.4
2011.....	36.6	21.4	33.7	4.6	20.1	116.4
2012.....	41.3	20.9	37.2	4.9	22.0	126.3
2013.....	41.2	20.6	39.2	5.2	23.3	129.5
2014.....	46.1	22.8	43.9	5.6	20.7	139.1
2015.....	47.4	23.1	47.5	5.8	21.9	145.7
2016.....	47.8	22.1	51.1	5.7	23.2	149.9
2017.....	48.3	22.8	53.1	6.1	25.2	155.5
2018.....	49.8	23.2	55.4	6.8	27.4	162.4
2019.....	52.0	24.1	58.8	7.1	30.1	172.2
2020.....	55.0	25.2	62.0	7.5	31.6	181.4

Source: State Department of Taxation and Finance publication “Taxable Sales and Purchases, County and Industry Data.” Data are presented using NAICS.

⁽¹⁾ The yearly data is for the period from March 1 of the year prior to the listed year through the last day of February of the listed year.

⁽²⁾ Retail sales include building materials, general merchandise, food, auto dealers/gas stations, apparel, furniture, eating and drinking and miscellaneous retail.

⁽³⁾ Utility and Communication Sales include both residential and non-residential electric, and residential and non-residential gas and communication.

⁽⁴⁾ Services include business services, hotel occupancy services (stays for the first 90 days), and other services (auto repair, parking and others).

⁽⁵⁾ Other includes construction, wholesale trade, arts, entertainment and recreation, and others. Also included in other are local tax base components of City taxable sales and purchases which include Manhattan parking services, hotel occupancy services (stays 91 to 180 days), and miscellaneous services (credit rating and reporting services, miscellaneous personal services, and other services). Other includes items previously identified as “City Other” except for residential utility, which is reflected in “Utility & Communication Sales.”

Population

The City has been the most populous city in the United States since 1790. The City’s population is larger than the combined population of Los Angeles and Chicago, the next most populous cities in the nation.

POPULATION

Year	Total Population
1970	7,895,563
1980	7,071,639
1990	7,322,564
2000	8,008,278
2010	8,175,133

Note: Figures do not include an undetermined number of undocumented aliens. Source: U.S. Department of Commerce, Bureau of the Census.

The United States Census Bureau estimates the City’s population to be 8,336,817 as of July 2019.

The following table sets forth the distribution of the City’s population by age between 2000 and 2010.

DISTRIBUTION OF POPULATION BY AGE

Age	2000		2010	
		% of Total		% of Total
Under 5	540,878	6.8	517,724	6.3
5 to 14.....	1,091,931	13.6	941,313	11.5
15 to 19.....	520,641	6.5	535,833	6.6
20 to 24.....	589,831	7.4	642,585	7.9
25 to 34.....	1,368,021	17.1	1,392,445	17.0
35 to 44.....	1,263,280	15.8	1,154,687	14.1
45 to 54.....	1,012,385	12.6	1,107,376	13.5
55 to 64.....	683,454	8.5	890,012	10.9
65 and Over	937,857	11.7	993,158	12.1

Source: U.S. Department of Commerce, Bureau of the Census.

Housing

In 2017, the housing stock in the City consisted of approximately 3,469,240 housing units, excluding certain special types of units primarily in institutions such as hospitals and universities (“Housing Units”) according to the 2017 Housing and Vacancy Survey released February 9, 2018. The 2017 housing inventory represented an increase of approximately 69,000 units, or 2.0%, since 2014. The 2017 Housing and Vacancy Survey indicates that rental housing units continue to predominate in the City. Of all occupied housing units in 2017, approximately 32.4% were conventional home-ownership units, cooperatives or condominiums and approximately 67.6% were rental units. Due to changes in the inventory basis beginning in 2002, it is not possible to accurately compare Housing and Vacancy Survey results beginning in 2002 to the results of earlier Surveys until such time as the data is reweighted. The following table presents trends in the housing inventory in the City.

HOUSING INVENTORY
(In Thousands)

<u>Ownership/Occupancy Status</u>	<u>1993</u>	<u>1996</u>	<u>1999</u>	<u>2002</u>	<u>2005</u>	<u>2008</u>	<u>2011</u>	<u>2014</u>	<u>2017</u>
Total Housing Units.....	2,977	2,995	3,039	3,209	3,261	3,328	3,352	3,400	3,469
Owner Units.....	825	858	932	997	1,032	1,046	1,015	1,033	1,038
Owner-Occupied.....	805	834	915	982	1,010	1,019	984	1,015	1,006
Vacant for Sale.....	20	24	17	15	21	26	31	18	32
Rental Units.....	2,040	2,027	2,018	2,085	2,092	2,144	2,173	2,184	2,183
Renter-Occupied.....	1,970	1,946	1,953	2,024	2,027	2,082	2,105	2,109	2,104
Vacant for Rent.....	70	81	64	61	65	62	68	75	79
Vacant Not Available for Sale or Rent ⁽¹⁾	111	110	89	127	137	138	164	183	248

Note: Details may not add up to totals due to rounding.

Sources: U.S. Bureau of the Census, 1993, 1996, 1999, 2002, 2005, 2008, 2011, 2014 and 2017 New York City Housing and Vacancy Surveys.

⁽¹⁾ Vacant units that are dilapidated, intended for seasonal use, held for occasional use, held for maintenance purposes or other reasons.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

The CAFR for the fiscal year ended June 30, 2020 is included by specific reference in this Official Statement as Appendix B. The report of Grant Thornton LLP relating to the City's financial statements for the fiscal years ended June 30, 2020 and 2019, which is a matter of public record, is included in the CAFR for the fiscal year ended June 30, 2020, which is included by specific reference in this Official Statement. However, Grant Thornton LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained in this Official Statement, since the date of such report and has not been asked to consent to the inclusion of its report in this Official Statement.

The CAFR for the fiscal year ended June 30, 2020 is available for inspection at the Office of the City Comptroller and at <https://comptroller.nyc.gov/reports/comprehensive-annual-financial-reports/> and is available on EMMA (<https://emma.msrb.org>).

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Norton Rose Fulbright US LLP
1301 Avenue of the Americas
New York, New York 10019-6022
United States

Tel +1 212 318 3000
Fax +1 212 318 3400
nortonrosefulbright.com

March 24, 2021

Honorable Scott M. Stringer
Comptroller
The City of New York Municipal Building
New York, New York 10007

Dear Comptroller Stringer:

We have acted as Co-Bond Counsel to The City of New York (the “City”), a municipal corporation of the State of New York (the “State”), in connection with the issuance by the City on the date hereof of its General Obligation Bonds, Fiscal 2021 Subseries F-1 (the “Tax-Exempt Bonds”), General Obligation Bonds, Fiscal 2021 Subseries F-2 and General Obligation Bonds, Fiscal 2021 Subseries F-3 (said Subseries F-2 Bonds and Subseries F-3 Bonds, together with the Tax-Exempt Bonds, the “Bonds”).

The Bonds are issued pursuant to 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 Public Finance of the City dated the date hereof and related proceedings. We have examined, and in expressing the opinions hereinafter described we rely upon, certificates of the City and such other agreements, documents and matters as we deem necessary to render our opinions. We have not undertaken an independent investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified copies, the genuineness of all signatures, the due and legal execution and delivery thereof by, and validity against, any parties other than the City, and the accuracy of the statements contained in such documents.

Based upon the foregoing and our examination of existing law, 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.

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com.

2. Interest on the Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

3. The City has covenanted in a tax certificate dated the date hereof to comply with certain provisions of the Internal Revenue Code of 1986, as amended to the date hereof (the “Code”), relating to the exclusion from gross income of the interest on the Tax-Exempt Bonds for purposes of federal income taxation. Assuming compliance by the City with such covenants, interest on the Tax-Exempt Bonds will be excludable from the gross income of the owners thereof for federal income tax purposes.

4. Interest on the Tax-Exempt Bonds is not an item of tax preference for purposes of the federal 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 Tax-Exempt Bonds or the inclusion in certain computations of interest that is excluded from gross income.

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Furthermore, we express no opinion as to the effect on the exclusion from gross income of interest on the Tax-Exempt Bonds of any action (including without limitation a change in the interest rate mode with respect to any of the Tax-Exempt Bonds) taken or not taken after the date of this opinion without our approval. Ownership of tax-exempt obligations such as the Tax-Exempt Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, “S” corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

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.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Very truly yours,

March 24, 2021

Honorable Scott M. Stringer
Comptroller
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Stringer:

We have acted as Co-Bond Counsel to The City of New York (the “City”), a municipal corporation of the State of New York (the “State”), in connection with the issuance by the City on the date hereof of its General Obligation Bonds, Fiscal 2021 Subseries F-1 (the “Tax-Exempt Bonds”), General Obligation Bonds, Fiscal 2021 Subseries F-2 and General Obligation Bonds, Fiscal 2021 Subseries F-3 (said Subseries F-2 Bonds and Subseries F-3 Bonds, together with the Tax-Exempt Bonds, the “Bonds”).

The Bonds are issued pursuant to 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 Public Finance of the City dated the date hereof and related proceedings. We have examined, and in expressing the opinions hereinafter described we rely upon, certificates of the City and such other agreements, documents and matters as we deem necessary to render our opinions. We have assumed, with your permission, that capital projects of the City to be financed with proceeds of the Bonds, and reviewed by other bond counsel for the City, have been properly designated by the City in the City’s financial management system as eligible for financing with such proceeds under applicable State law, including the Local Finance Law, and, with respect to projects to be financed with proceeds of the Tax-Exempt Bonds, under the Code (as defined below). We have not undertaken an independent investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified copies, the genuineness of all signatures, the due and legal execution and delivery thereof by, and validity against, any parties other than the City, and the accuracy of the statements contained in such documents.

Based upon the foregoing and our examination of existing law, 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. The City has covenanted in a tax certificate dated the date hereof to comply with certain provisions of the Internal Revenue Code of 1986, as amended to the date hereof (the “Code”), relating to the exclusion from gross income of the interest on the Tax-Exempt Bonds for purposes of federal income taxation. Assuming compliance by the City with such covenants, interest on the Tax-Exempt Bonds will be excludable from the gross income of the owners thereof for federal income tax purposes.
4. Interest on the Tax-Exempt Bonds is not an item of tax preference for purposes of the federal 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 Tax-Exempt Bonds or the inclusion in certain computations of interest that is excluded from gross income.

Honorable Scott M. Stringer
Comptroller
The City of New York
Page 2
March 24, 2021

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Furthermore, we express no opinion as to the effect on the exclusion from gross income of interest on the Tax-Exempt Bonds of any action (including without limitation a change in the interest rate mode with respect to any of the Tax-Exempt Bonds) taken or not taken after the date of this opinion without our approval. Ownership of tax-exempt obligations such as the Tax-Exempt Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, "S" corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

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.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Very truly yours,

VARIABLE RATE BONDS

Variable Rate Demand Bonds

Series	Outstanding Principal Amount	Provider	Facility Type	Expiration
2004H-6	\$ 25,320,000	Bank of America, N.A.	LOC ⁽¹⁾	February 28, 2022
2004H-8	17,040,000	Bank of America, N.A.	LOC	February 28, 2022
2006E-2	87,530,000	Bank of America, N.A.	LOC	August 1, 2022
2006E-3	87,530,000	Bank of America, N.A.	LOC	August 1, 2022
2006E-4	87,525,000	Bank of America, N.A.	LOC	August 1, 2022
2006F-3	75,000,000	Sumitomo Mitsui Banking Corporation	LOC	September 17, 2021
2006F-4A	40,000,000	Sumitomo Mitsui Banking Corporation	LOC	September 17, 2021
2006I-4	125,000,000	TD Bank, N.A.	LOC	May 24, 2024
2006I-8	50,000,000	State Street Bank and Trust Company	SBPA ⁽²⁾	September 9, 2022
2008L-3	80,000,000	Bank of America, N.A.	LOC	July 30, 2021
2008L-4	100,000,000	US Bank, N.A.	LOC	June 8, 2023
2008L-5 ⁽³⁾	145,400,000	Bank of America, N.A.	SBPA	April 19, 2021
2009B-3	100,000,000	TD Bank, N.A.	LOC	January 15, 2025
2010G-4	150,000,000	Barclays Bank, PLC	SBPA	March 29, 2024
2012A-4	100,000,000	MUFG Bank, LTD.	LOC	June 25, 2021
2012D-3A	76,665,000	The Bank of New York Mellon	SBPA	October 30, 2023
2012G-3 ⁽⁴⁾	300,000,000	Citibank, N.A.	LOC	March 30, 2021
2012G-4 ⁽⁴⁾	100,000,000	Citibank, N.A.	LOC	March 30, 2021
2012G-6 ⁽⁵⁾	200,000,000	Mizuho Bank, Ltd.	LOC	March 16, 2021
2012G-7 ⁽⁴⁾	85,000,000	MUFG Bank, LTD.	LOC	April 1, 2021
2013A-2	100,000,000	Mizuho Bank, Ltd.	LOC	October 9, 2021
2013A-3	100,000,000	Mizuho Bank, Ltd.	LOC	October 9, 2021
2013A-4	75,000,000	Sumitomo Mitsui Banking Corporation	LOC	October 15, 2025
2013A-5	50,000,000	Sumitomo Mitsui Banking Corporation	LOC	October 15, 2025
2013F-3	180,000,000	Bank of America, N.A.	SBPA	March 15, 2022
2014D-4	100,000,000	TD Bank, N.A.	LOC	October 16, 2023
2014D-5	75,000,000	PNC Bank, National Association	LOC	October 13, 2022
2014I-2	100,000,000	JPMorgan Chase Bank, N.A.	SBPA	March 24, 2025
2014I-3	200,000,000	Citibank, N.A.	LOC	August 12, 2022
2015F-4 ⁽⁶⁾	100,000,000	MUFG Bank, LTD.	LOC	June 14, 2021
2015F-5	100,000,000	Barclays Bank, PLC	SBPA	June 18, 2024
2015F-6	100,000,000	JPMorgan Chase Bank, N.A.	SBPA	June 17, 2022
2017A-4	200,000,000	Citibank, N.A.	LOC	August 16, 2022
2017A-5	81,000,000	Landesbank Hessen-Thüringen Girozentrale	SBPA	August 17, 2021
2017A-6	50,000,000	Landesbank Hessen-Thüringen Girozentrale	SBPA	August 17, 2021
2017A-7	50,000,000	Bank of the West	LOC	August 16, 2022
2018B-4	100,000,000	Barclays Bank, PLC	SBPA	October 1, 2021
2018B-5	100,000,000	Barclays Bank, PLC	SBPA	October 1, 2021
2018E-5	50,000,000	TD Bank, N.A.	LOC	March 10, 2023
2019D-4	150,000,000	Barclays Bank, PLC	SBPA	December 16, 2022
	<u>\$ 4,093,010,000</u>			

Index Rate Bonds⁽⁷⁾

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Step up Date</u>
1994E-4.....	\$ 50,000,000	none
2006I-5.....	75,000,000	May 16, 2024
2006I-6.....	75,000,000	May 16, 2022
2012A-5.....	50,000,000	June 28, 2022
2012D-3B.....	50,000,000	June 28, 2022
2012G-5.....	75,000,000	September 22, 2023
2015F-7.....	50,000,000	June 28, 2022
2018E-4.....	200,000,000	March 1, 2023
	<u>\$ 625,000,000</u>	

Fixed Rate Stepped Coupon Bonds⁽⁸⁾

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Step up Date</u>
2014D-3.....	\$ 196,920,000	February 1, 2024

Adjustable Rate Remarketed Securities^{SM(9)}

<u>Series</u>	<u>Outstanding Principal Amount</u>
2020B-3.....	\$ 100,000,000

Auction Rate Bonds

<u>Series</u>	<u>Outstanding Principal Amount</u>
Various.....	\$ 634,900,000

(1) Letter of Credit.
 (2) Standby Bond Purchase Agreement.
 (3) Expected to be converted to fixed rate on the date of delivery of the Bonds.
 (4) A portion of such bonds is expected to be converted to fixed rate on the date of delivery of the Bonds and the remaining portion of such bonds is expected to be converted to Adjustable Rate Remarketed SecuritiesSM on the date of delivery of the Bonds.
 (5) A portion of such bonds is expected to be converted to fixed rate on the date of delivery of the Bonds.
 (6) Expected to be reoffered as fixed rate stepped coupon bonds on the date of delivery of the Bonds.
 (7) The City’s index rate bonds pay interest based on a specified index. Such bonds, other than the Series 1994E-4 Bonds, also provide for an increased rate of interest commencing on an identified step up date if such bonds are not converted or refunded.
 (8) The City’s fixed rate step coupon bonds provide for an increased rate of interest commencing on the step up date if such bonds are not converted or refunded.
 (9) The City’s Adjustable Rate Remarketed SecuritiesSM provide for an increased rate of interest if tendered bonds cannot be remarketed for a specified number of days.

