

NEW ISSUE

In the opinion of Bond Counsel, interest on the Series 2003 C Bonds will be exempt from personal income taxes imposed by the State of New York (the "State") or any political subdivision thereof, including The City of New York (the "City"), and assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Series 2003 C Bonds will not be includable in the gross income of the owners thereof for Federal income tax purposes. See "SECTION III: OTHER INFORMATION—TAX MATTERS" herein for further information.



\$150,000,000
New York City Transitional Finance Authority
Future Tax Secured Bonds
Fiscal 2003 Series C
Subseries C2 through Subseries C5
(Adjustable Rate Bonds)

Dated: Date of Delivery

Due: As shown on inside cover

The Future Tax Secured Bonds Fiscal 2003 Series C (the "Series 2003 C Bonds") are being issued by the New York City Transitional Finance Authority (the "Authority") pursuant to Chapter 16 of the Laws of 1997 of the State of New York, as amended (the "Act"), and an Indenture, dated as of October 1, 1997, as amended and supplemented (the "Indenture"), by and between the Authority and State Street Bank and Trust Company, N.A., as trustee (the "Trustee").

The Authority's Series 2003 C Bonds will be on a parity with the \$8,287,294,143 of Outstanding Future Tax Secured Bonds. Provided the statutory and contractual conditions are met, Other Series of Bonds on a parity with or subordinate to the Series 2003 C Bonds may be issued. See "SECTION II: THE ADJUSTABLE RATE BONDS—OTHER SERIES."

The Adjustable Rate Bonds will be issued only as fully registered bonds, and registered in the nominee name of The Depository Trust Company. Purchases of beneficial interests in the Adjustable Rate Bonds will be made in book-entry form in denominations of \$100,000 principal amount or multiples of \$5,000 in excess thereof. Purchasers will not be entitled to receive physical delivery of the Adjustable Rate Bonds. Other terms of the Adjustable Rate Bonds including interest rate modes, interest payment dates, mandatory and optional redemption and tender provisions are described herein.

Payment of the Purchase Price on the Adjustable Rate Bonds tendered for purchase as described herein will be made pursuant and subject to the terms of the Liquidity Facilities described herein provided severally by Landesbank Hessen-Thüringen Girozentrale, acting through its New York Branch, The Bank of Nova Scotia, acting through its New York Agency, and The Toronto-Dominion Bank, acting through its Houston Agency (collectively, the "Liquidity Providers"), representing separate obligations of the respective Liquidity Providers in respect of the applicable Subseries of the Adjustable Rate Bonds as shown on the inside cover.

THE BONDS ARE PAYABLE SOLELY FROM AND SECURED BY A LIEN ON THE REVENUES OF THE AUTHORITY AND THE ACCOUNTS HELD BY THE TRUSTEE. THE BONDS ARE NOT A DEBT OF EITHER THE STATE OR THE CITY, AND NEITHER THE STATE NOR THE CITY SHALL BE LIABLE THEREON, NOR SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OTHER THAN THOSE OF THE AUTHORITY.

The Adjustable Rate Bonds are being offered, subject to prior sale, when, as and if issued by the Authority and accepted by the Underwriters, subject to the approval of legality of the Adjustable Rate Bonds and certain other matters by Sidley Austin Brown & Wood LLP, New York, New York, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by the New York City Corporation Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Clifford Chance US LLP, New York, New York. It is expected that the Series 2003 C Bonds will be available for delivery to DTC in New York, New York, on or about November 7, 2002.

JPMorgan
Remarketing Agent for
Subseries C2 Bonds

Merrill Lynch & Co.
Remarketing Agent for
Subseries C4 Bonds

Lehman Brothers Inc.
Remarketing Agent for
Subseries C3 Bonds

Morgan Stanley
Remarketing Agent for
Subseries C5 Bonds

\$150,000,000
New York City Transitional Finance Authority
Future Tax Secured Bonds
Fiscal 2003 Series C
Adjustable Rate Bonds
Subseries C2 through Subseries C5
Price: 100%
Due: August 1, 2031

Subseries C2 Bonds (1)	Subseries C3 Bonds (2)	Subseries C4 Bonds (3)	Subseries C5 Bonds (4)
Principal Amount	Principal Amount	Principal Amount	Principal Amount
\$37,500,000(t)	\$37,500,000(t)	\$37,500,000(t)	\$37,500,000(t)

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- (t) Term Bond.
- (1) Adjustable Rate Bonds. JP Morgan Securities Inc. is the Remarketing Agent for the Subseries C2 Bonds, which initially will bear interest at a Daily Rate, supported by a Liquidity Facility provided by Landesbank Hessen-Thüringen Girozentrale, acting through its New York Branch, which is scheduled to terminate on November 1, 2005.
- (2) Adjustable Rate Bonds. Lehman Brothers Inc. is the Remarketing Agent for the Subseries C3 Bonds, which initially will bear interest at a Weekly Rate, supported by a Liquidity Facility provided by The Bank of Nova Scotia, acting through its New York Agency, which is scheduled to terminate on November 1, 2005. The initial interest rate will be effective through Tuesday, November 12, 2002.
- (3) Adjustable Rate Bonds. Merrill Lynch, Pierce, Fenner & Smith Incorporated is the Remarketing Agent for the Subseries C4 Bonds, which initially will be in the Daily Rate, supported by a Liquidity Facility provided by Landesbank Hessen-Thüringen Girozentrale, acting through its New York Branch, which is scheduled to terminate on November 1, 2005.
- (4) Adjustable Rate Bonds. Morgan Stanley & Co. Incorporated is the Remarketing Agent for the Subseries C5 Bonds, which initially will bear interest at a Daily Rate, supported by a Liquidity Facility provided by The Toronto-Dominion Bank, acting through its Houston Agency, which is scheduled to terminate on November 1, 2005.

**RATE PERIOD TABLE
FOR ADJUSTABLE RATE BONDS**

	DAILY RATE	WEEKLY RATE	MONTHLY RATE	QUARTERLY RATE	SEMIANNUAL RATE	TERM RATE	MONEY MARKET MUNICIPAL RATE
Interest Payment Date	First Business Day of each February and August	First Business Day of each February and August	First Business Day of each February and August	First Business Day of each February and August	First Business Day of the sixth calendar month following Conversion to the Semiannual Rate Period and the first Business Day of each sixth calendar month thereafter	First Business Day of the sixth calendar month following Conversion to the Term Rate Period and the first Business Day of each sixth calendar month thereafter	First Business Day following a Money Market Municipal Rate Period*
Record Date	Last Business Day of the calendar month next preceding the Interest Payment Date	Last Business Day of the calendar month next preceding the Interest Payment Date	Last Business Day of the calendar month next preceding the Interest Payment Date	Last Business Day of the calendar month next preceding the Interest Payment Date	Fifteenth day of the calendar month next preceding the Interest Payment Date	Fifteenth day of the calendar month next preceding the Interest Payment Date	Interest on presentment*
Date of Interest Rate Determination	Not later than 9:30 a.m. on each Business Day	Not later than 9:30 a.m. on the commencement date of the Weekly Rate Period, or if such day is not a Business Day, the next succeeding Business Day	Not later than 4:00 p.m. on the Business Day immediately preceding the commencement of the Monthly Rate Period	Not later than 4:00 p.m. on the Business Day immediately preceding the commencement of the Quarterly Rate Period	Not later than 4:00 p.m. on the Business Day immediately preceding the commencement of the Semiannual Rate Period	Not later than 4:00 p.m. on the Business Day immediately preceding the commencement of the Term Rate Period	Not later than 12:00 noon on the first Business Day of a Money Market Municipal Rate Period
Commencement of Rate Period	Each Business Day	On Conversion to a Weekly Rate and on each Wednesday thereafter	On Conversion to a Monthly Rate and on the first Business Day of each month thereafter	On Conversion to a Quarterly Rate and thereafter on the first Business Day of each third calendar month thereafter	On Conversion to a Semiannual Rate and thereafter on the first Business Day of each sixth calendar month thereafter	On Conversion to a Term Rate and thereafter on the first Business Day of any subsequent period of twelve months or any integral multiple thereof	Interest Rate Determination Date
Purchase Date	Any Business Day	Any Business Day	First day of each Rate Period	First day of each Rate Period	Any Interest Payment Date	Mandatory Tender	Mandatory Tender
Notice Period for Tender	Telephone notice by 9:00 a.m. on Purchase Date	Written notice not later than 5:00 p.m. on any Business Day not less than seven days prior to the Purchase Date	Written notice not later than 5:00 p.m. on any Business Day not less than seven days prior to the Purchase Date	Written notice not later than 5:00 p.m. on any Business Day not less than 15 days prior to the Purchase Date	Written notice not later than 5:00 p.m. on any Business Day not less than 15 days prior to the Purchase Date	Mandatory Tender	Mandatory Tender
Tender Date for Tendered Bonds	Not later than 10:00 a.m. on the Purchase Date	Not later than 10:00 a.m. on the Purchase Date	Not later than 10:00 a.m. on the Purchase Date	Not later than 10:00 a.m. on the Purchase Date	Not later than 10:00 a.m. on the Purchase Date	Not later than 10:00 a.m. on the commencement of the Term Rate Period or the next succeeding Business Day	Not later than 10:00 a.m. on the commencement of a Money Market Municipal Rate Period
Payment Date for Tendered Bonds	Not later than 3:00 p.m. on the Purchase Date	Not later than 3:00 p.m. on the Purchase Date	Not later than 3:00 p.m. on the Purchase Date	Not later than 3:00 p.m. on the Purchase Date	Not later than 3:00 p.m. on the Purchase Date	Not later than 3:00 p.m. on the commencement of the Term Rate Period or the next succeeding Business Day	Not later than 3:00 p.m. on the commencement of a Money Market Municipal Rate Period

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

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

* In an MMMR Period exceeding six months, interest is also payable on the first Business Day of the sixth calendar month, and the Record Date therefor is the fifteenth day of the calendar month preceding such Interest Payment Date.

WHILE THE ADJUSTABLE RATE BONDS MAY IN THE FUTURE BE CONVERTED TO AUCTION RATES, THIS OFFERING CIRCULAR DOES NOT DESCRIBE THE AUCTION PROCEDURES OR OTHER TERMS SPECIFICALLY APPLICABLE TO ADJUSTABLE RATE BONDS BEARING AUCTION RATES NOR DOES IT DESCRIBE ADJUSTABLE RATE BONDS HELD BY A LIQUIDITY PROVIDER OR BY ANY REGISTERED OWNER OTHER THAN DTC.

The information in this Offering Circular has been provided by the Authority, the City, the Liquidity Providers, and other sources considered by the Authority to be reliable. All estimates and assumptions contained herein are believed to be reliable, but no representation is made that such estimates or assumptions are correct or will be realized. No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriters to give any information or to make any representation with respect to the Adjustable Rate Bonds, other than those contained in this Offering Circular, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof. This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Adjustable Rate Bonds, by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information in Appendix B has been provided by the Liquidity Providers and has not been independently confirmed or verified by the Underwriters or the Authority. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material changes in such information subsequent to the date hereof, or that such information incorporated herein by reference is correct as of any time subsequent to its date.

This Offering Circular 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 and the amount of Statutory Revenues (as defined herein), the inclusion in this Offering Circular of such forecasts, projections and estimates should not be regarded as a representation by the Authority 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 Offering 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 Authority. These forward-looking statements speak only as of the date of this Offering Circular. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Authority's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

THE ADJUSTABLE RATE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY BODY. 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 CONNECTION

WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE ADJUSTABLE RATE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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**OFFERING CIRCULAR
OF
NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

This Offering Circular of the New York City Transitional Finance Authority (the "Authority") sets forth information concerning the Authority in connection with the sale of \$150,000,000 Adjustable Rate Bonds (the "Adjustable Rate Bonds") of the Authority's Future Tax Secured Bonds Fiscal 2003 Series C. The Adjustable Rate Bonds, together with \$441,735,000 of Fixed Rate Bonds, not offered hereby, are herein called the "Series 2003 C Bonds." The Authority is a corporate governmental agency constituting a public benefit corporation and an instrumentality of the State of New York (the "State") created by Chapter 16 of the Laws of 1997, (as amended, the "Act"). Capitalized terms not otherwise defined in this Offering Circular are defined in "Appendix A—Definitions."

INTRODUCTORY STATEMENT

The Adjustable Rate Bonds are being issued pursuant to the Act and an Indenture, dated as of October 1, 1997, as amended and supplemented (the "Indenture") by and between the Authority and State Street Bank and Trust Company, N.A., as Trustee (the "Trustee"). The Authority and The City of New York (the "City") entered into a Financing Agreement (the "Agreement"), dated October 1, 1997, providing for the application of Bond proceeds to fund City capital expenditures and Recovery Costs (as defined in the Indenture).

The Adjustable Rate Bonds are payable from the Revenues of the Authority which are derived from the Personal Income Tax Revenues and Sales Tax Revenues (each as defined herein). See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS" under "SECTION I: INCLUSION BY SPECIFIC REFERENCE."

The factors affecting the Authority and the Adjustable Rate Bonds described throughout this Offering Circular are complex and are not intended to be summarized in this Introductory Statement. This Offering Circular (including the information referred to in "SECTION I: INCLUSION BY SPECIFIC REFERENCE") should be read in its entirety.

SECTION I: INCLUSION BY SPECIFIC REFERENCE

Portions of the Authority's Offering Circular, dated October 30, 2002, delivered herewith relating to the fixed rate portion of the Series 2003 C Bonds, subject to the information contained elsewhere herein, are included herein by specific reference, namely the information under the captions:

SUMMARY OF TERMS

SECTION I:	INTRODUCTION
SECTION II:	SOURCES OF PAYMENT AND SECURITY FOR THE BONDS
SECTION III:	ECONOMIC AND DEMOGRAPHIC INFORMATION
SECTION V:	THE AUTHORITY
SECTION VI:	LITIGATION
SECTION IX:	APPROVAL OF LEGALITY
SECTION X:	FINANCIAL ADVISOR
SECTION XI:	FINANCIAL STATEMENTS
SECTION XIV:	LEGAL INVESTMENT
SECTION XV:	MISCELLANEOUS

APPENDIX A:	SUMMARY OF INDENTURE AND AGREEMENT
APPENDIX B:	FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

SECTION II: THE ADJUSTABLE RATE BONDS

General

The Adjustable Rate Bonds (i) bearing a Money Market Municipal Rate, a Daily Rate, a Weekly Rate, a Monthly Rate or a Quarterly Rate shall be fully registered Bonds in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof, (ii) bearing a Semiannual Rate, a Term Rate or a Fixed Rate and Stepped Coupon Bonds, shall be fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof and (iii) bearing Auction Rates shall be fully registered bonds in the denomination of \$25,000 or any integral multiple thereof unless modified by agreement or Officer's Certificate (in each case, an "Authorized Denomination"). Each Subseries of the Adjustable Rate Bonds shall bear interest from its date of issuance as described on the inside cover page hereof and as described below in "Interest on Adjustable Rate Bonds." The rate of interest for any Rate Period shall be determined as provided in the Indenture and each determination of rate or period shall be conclusive and binding upon the Remarketing Agent, the Authority, the Liquidity Providers, the Trustee, the Paying Agent, the Tender Agent and the Bondholders. All or a portion of the Adjustable Rate Bonds are subject to Conversion to or from Stepped Coupons, Fixed Rates or Auction Rates, or from a Variable Rate Period to a different Variable Rate Period or to the Money Market Mode, or from the Money Market Mode to a Variable Rate Period. The rate of interest for any Rate Period shall be determined as described below, and each determination of rate or period shall be conclusive and binding upon the Remarketing Agent, the Authority, the applicable Liquidity Provider, the Trustee, the Paying Agent, the Tender Agent and the Bondholders.

Use of Proceeds

The proceeds from the sale of the Adjustable Rate Bonds will be used to pay a portion of the Authority's Fiscal 2002 Series 3 Bond Anticipation Notes, the proceeds of which have been used to fund capital expenditures of the City. Certain expenses of the Authority incurred in connection with the issuance and sale of the Series 2003 C Bonds will be paid from the proceeds of the Series 2003 C Bonds.

Other Series

The Bonds and Notes of the Authority may be issued only: (i) as Senior Bonds (or Notes in anticipation thereof) (x) to pay or reimburse Project Capital Costs, but (I) not to exceed \$12 billion in issuance amount, measured by proceeds to the Authority, and (II) subject to a \$330 million limit on Quarterly Debt Service to be payable, or (y) to refund or renew such Bonds or Notes, subject to a \$330 million limit on Quarterly Debt Service to be payable; or (ii) as Subordinate Bonds (or Notes in anticipation thereof), with Rating Confirmation; but (iii) no Series of Senior Bonds shall be authenticated and delivered without Rating Confirmation unless the amount of collections of Statutory Revenues for the twelve consecutive calendar months ended not more than two months prior to the calculation date less the aggregate amount of operating expenses of the Authority for the current fiscal year is at least three times the amount of annual Debt Service, including debt service on the Series of Bonds proposed to be issued, for each fiscal year Bonds will be Outstanding. See "APPENDIX A: SUMMARY OF INDENTURE AND AGREEMENT" included herein by specific reference.

Interest on Adjustable Rate Bonds

Interest for any Rate Period shall accrue from and including the commencement date of such Rate Period through and including the last day thereof. The Interest Payment Dates for the Adjustable Rate Bonds shall be: (a) the first Business Day of each February and August, commencing February 1, 2003, in the case of interest payable at Daily, Weekly, Monthly or Quarterly Rates; (b) the first Business Day of the sixth calendar month following a Conversion to a Semiannual Rate Period or Term Rate Period and the first Business Day of each sixth calendar month thereafter, in the case of interest payable at Semiannual or Term Rates; (c) the first day of each February and August, in the case of interest payable on Stepped-Coupon Bonds or at a Fixed Rate or in any case not otherwise specified herein; (d) the first Business Day of the sixth month in the case of an MMMR Period exceeding six months and the first Business Day following the period during which a specific Money Market Municipal Rate applies (the "MMMR Period"), in the case of interest payable at Money Market Municipal Rates; (e) the date of any redemption or mandatory tender of Adjustable Rate Bonds for purchase; and (f) the date of maturity.

Computations of interest shall be based on 365-day or 366-day years for the actual number of days elapsed; except that interest accruing on Stepped-Coupon Bonds or at Fixed Rates shall be computed on the basis of a year of 360 days and twelve 30-day months.

Variable Rates. Variable Rates shall be determined on the following dates (the "Rate Determination Dates"): (a) not later than 9:30 a.m., New York City time, on the commencement date of each Daily Rate Period; (b) not later than 9:30 a.m., New York City time, on the commencement date of each Weekly Rate Period (or, if such date is not a Business Day, on the immediately succeeding Business Day); and (c) not later than 4:00 p.m., New York City time, on the Business Day immediately preceding the commencement date of each Monthly, Quarterly, Semiannual or Term Rate Period.

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

Each Variable Rate shall be determined by the applicable Remarketing Agent and shall represent the rate which, in the judgment of the applicable Remarketing Agent, is the lowest rate of interest that would cause the Adjustable Rate Bonds to have a market value equal to the principal amount thereof, plus accrued interest (if any), under prevailing market conditions on the commencement date of the applicable Rate Period. In the event that the applicable Remarketing Agent no longer determines, or fails to determine when required, any Variable Rate for any Bond in a Variable Rate Period, or if for any reason such manner of determination shall be determined to be invalid or unenforceable, the Variable Rate for such Period shall be a Daily Rate equal to 105% of the 30-day Dealer Commercial Paper Rate set forth in Federal Reserve Board Statistical Release H.15 (519) as of such day.

Notice of each Variable Rate shall be given by the applicable Remarketing Agent by telephone confirmed in writing to the Authority, the Trustee, the applicable Liquidity Provider, the Tender Agent and the Paying Agent not later than 4:00 p.m., New York City time, on the Rate Determination Date (except that such Remarketing Agent shall give such notice on each Tuesday (or, if not a Business Day, on the next succeeding Business Day) of the Daily Rate applicable to each day of the previous week), and the Tender Agent (or such Remarketing Agent in the case of Daily Rates) shall make such rate or rates available from the time of notification to the owners of the Adjustable Rate Bonds upon request for such information. Notice of interest rates shall be given (a) in the case of Daily Rates and Weekly Rates, by the Paying Agent to the owners of Adjustable Rate Bonds which bear interest at Daily Rates or Weekly Rates on each Interest Payment Date with the distribution of interest on such Bond; and (b) other than for Daily Rates and Weekly Rates, by mail by the Tender Agent by the third Business Day following the applicable Rate Determination Date.

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

(i) Establishment of MMMR Periods. At or prior to 12:00 noon, New York City time, on the date of issue or any Conversion Date upon which Adjustable Rate Bonds will begin to bear interest in the Money Market Mode and on any day immediately after the end of an MMMR Period, the applicable Remarketing Agent shall establish MMMR Periods in accordance with instructions from the Authority with respect to Adjustable Rate Bonds for which no MMMR Period is currently in effect. Any MMMR Period may not exceed 270 days and may not extend beyond the day prior to the maturity date of the Bond or to any applicable mandatory tender date notice of which has been given prior to the establishment of the MMMR Period.

(ii) Setting of Rates. On the first Business Day of each MMMR Period (the “Rate Determination Date”), the applicable Remarketing Agent shall set a rate (a “Money Market Municipal Rate”) by 12:00 noon, New York City time, for each MMMR Period. For each MMMR Period, the Money Market Municipal Rate shall be the rate of interest that, if borne by the Adjustable Rate Bonds, would, in the judgment of such Remarketing Agent, having due regard to the prevailing market conditions as of the Rate Determination Date, be the lowest rate of interest necessary to enable such Remarketing Agent to remarket such Bonds at a price of par on the commencement date of the applicable MMMR Period.

The Authority may change its instructions about the establishment of MMMR Periods pursuant to the preceding paragraph (i) in a written direction from the Authority, which direction must be received by the applicable Remarketing Agent prior to 10:00 a.m., New York City time, on the day prior to any Rate Determination Date to be effective on such date, but only if the Authority receives a Favorable Opinion of Bond Counsel.

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

In the event that the applicable Remarketing Agent no longer determines, or fails to determine when required, any MMMR Period or any Money Market Municipal Rate for any Adjustable Rate Bond in the Money Market Mode, or if for any reason such manner of determination shall be determined to be invalid or unenforceable, the MMMR Period for any such Bond shall automatically extend from the day after the next preceding MMMR Period to but not including the next succeeding Business Day and the

Money Market Municipal Rate for each such MMMR Period shall automatically be equal to 105% of the 30-day Dealer Commercial Paper Rate set forth in Federal Reserve Board Statistical Release H.15 (519) as of such day.

Fixed Rates. The Fixed Rate to be effective to maturity (or prior redemption or purchase in lieu thereof) upon Conversion to such rate shall be determined by the applicable Remarketing Agent on the date (the "Rate Determination Date") specified in the notice of mandatory tender related to such Conversion and shall represent the lowest rate that, in the judgment of such Remarketing Agent, would cause the Adjustable Rate Bonds being converted to have a market value equal to the principal amount thereof as of the commencement date of the applicable Rate Period under prevailing market conditions.

Conversions. Upon the direction of the Authority, all or a portion of the Adjustable Rate Bonds may be Converted on: if from a Fixed Rate or in the case of Conversion of Stepped-Coupon Bonds, a potential optional redemption date; if from a Variable Rate Period other than a Term Rate Period, a regularly scheduled Interest Payment Date for the Rate Period from which the Conversion is to be made, or from Daily or Weekly Rates as specified by Officer's Certificate; if from a Term Rate Period, only on a date on which a new Term Rate Period would have commenced; and if from the Money Market Mode, only on a regularly scheduled Mandatory Tender Date for all Adjustable Rate Bonds to be converted which is at least 30 days after notice of mandatory tender upon Conversion is given to Bondholders.

Not later than the 15th day prior to the Conversion Date (or the immediately succeeding Business Day, if such 15th day is not a Business Day), the Authority may irrevocably withdraw its election to Convert the Adjustable Rate Bonds and its notice of mandatory tender by giving written notice of such withdrawal to the Tender Agent, the Trustee, the Paying Agent, the applicable Remarketing Agent, and the applicable Liquidity Provider. In the event the Authority gives such notice of withdrawal (or upon failure to meet the conditions specified below), (i) the Tender Agent shall promptly give Written Notice to the owners of all Adjustable Rate Bonds that were to be Converted and (ii) such Bonds shall continue to bear interest as previously specified. Failure by the Tender Agent to provide such notice to the owners of the Adjustable Rate Bonds shall not affect the validity of the notice of withdrawal given by the Authority.

Subject to meeting the conditions to such Conversion, the Authority shall Convert to Auction Rates, Stepped Coupons or a Fixed Rate all Bonds bearing interest at a Variable Rate or a Money Market Municipal Rate prior to the mandatory tender that would occur upon expiration of the Liquidity Facility if the Liquidity Facility is not extended or replaced.

Each Conversion is conditioned upon determination of the new rate or rates of interest and delivery to the Authority (not later than 10:00 a.m. on the Conversion Date) of (a) a Favorable Opinion of Bond Counsel and (b) in the case of Conversion to a Variable Rate or to the Money Market Mode, evidence that there is a Liquidity Facility complying with the Act and the Indenture that provides for coverage of principal of the Converted Bonds and interest for a period at least 5 days longer than the period that will extend between Interest Payment Dates after such Conversion.

Tender of Adjustable Rate Bonds

So long as no Liquidity Condition exists, each Adjustable Rate Bond shall be subject to tender for purchase by the Tender Agent or a Liquidity Provider as described herein. In each case, such purchases shall be made at a purchase price (the "Purchase Price") equal to 100% of the principal amount to be purchased, plus all accrued and unpaid interest thereon to the date of purchase thereof (the "Purchase Date"), which principal and interest components shall be applied to the purchase of the rights to receive such principal and interest, when and as the same is or becomes due, from the Owners of such rights.

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

Mandatory tender for purchase of an Adjustable Rate Bond shall occur (a) on the commencement date of an MMMR Period but only with respect to the Adjustable Rate Bond to which such Period relates, (b) on the commencement date of a Term Rate Period for such Bond, (c) on the effective date of any Conversion of such Bond, and (d) as described below under "Mandatory Tender—Mandatory Tender to Liquidity Provider."

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

The purchase price shall be payable (if an Adjustable Rate Bond is delivered to the Tender Agent not later than 10:00 a.m., New York City time, on the Purchase Date) by the Tender Agent by wire transfer or at its designated office in immediately available funds, on the Purchase Date to the Owner thereof.

Optional Tender

So long as no Liquidity Condition exists, the Adjustable Rate Bonds bearing interest at a Variable Rate (other than a Term Rate) are subject to tender for purchase at the applicable Purchase Price by the Tender Agent at the option of the Bondholders as provided therein and herein.

Notice of Optional Tender. Each notice of Optional Tender:

- (i) shall, in a Daily Rate Period, be given telephonically to the Tender Agent not later than 9:00 a.m., New York City time, on the Purchase Date;
- (ii) shall, in a Weekly or Monthly Rate Period, be given in writing not later than 5:00 p.m. on any Business Day not less than seven days prior to the Purchase Date; and
- (iii) shall, in a Quarterly or Semiannual Rate Period, be given in writing not later than 5:00 p.m. on any Business Day not less than 15 days prior to the Purchase Date.

Remarketing of Tendered Bonds. The applicable Remarketing Agent shall, subject to the provisions of the applicable Remarketing Agreement, offer for sale and use its best efforts to find purchasers (at par plus accrued interest, if any) for all Bonds or portions thereof properly tendered. Bonds shall not be remarketed to the Authority or any affiliate thereof except for cancellation. The applicable Remarketing Agent shall cause the purchase price to be paid to the Tender Agent in immediately available funds at or before 2:00 p.m., New York City time, on the Purchase Date. Notwithstanding the foregoing, such Remarketing Agent shall not offer for sale any Bond as to which a notice of redemption or mandatory tender has been given unless such Remarketing Agent has advised the person to whom the offer is made of the notice of redemption or mandatory tender.

Purchase of Tendered Bonds. By 3:00 p.m., New York City time, on the Purchase Date the Tender Agent shall pay the purchase price of such Bonds to the owners thereof at its principal office or by bank wire transfer. Such payments of purchase price shall be made in immediately available funds. The Tender Agent shall apply in order (A) money paid to it by the new purchaser of the Tendered Bonds as proceeds of the remarketing of such Bonds by the applicable Remarketing Agent, (B) money made

available for such purpose by the Authority and (C) money drawn on the applicable Liquidity Provider. If sufficient funds are not available for the purchase of all Tendered Bonds, no purchase shall be consummated.

Mandatory Tender

So long as no Liquidity Condition exists, the Adjustable Rate Bonds bearing interest at a Variable Rate or a Money Market Municipal Rate are subject to mandatory tender for purchase described herein; and the Holders of mandatorily tendered Bonds may not elect to retain such Bonds.

Mandatory Tender upon Conversion. The Adjustable Rate Bonds bearing interest at a Variable Rate or a Money Market Municipal Rate shall be subject to mandatory tender for purchase by the Tender Agent on each Conversion Date for such Bonds at the applicable Purchase Price. Written notice of mandatory tender shall be given to Bondowners. Upon withdrawal of the Authority's election to Convert Bonds or failure to meet the conditions thereto, the Tender Agent shall give Written Notice thereof to the Holders of such Bonds. Unless this condition is waived by the applicable Liquidity Provider, the Authority shall not convert Bonds to a Fixed Rate unless a firm commitment for their purchase, subject only to customary conditions, is in effect at the last date the election to convert may be withdrawn.

Mandatory Tender Following MMMR or Term Rate Period. Each Adjustable Rate Bond is subject to mandatory tender (without notice) for purchase by the Tender Agent on the commencement date of an MMMR Period that follows an MMMR Period, or a Term Rate Period that follows a Term Rate Period, applicable to such Bond, at a purchase price equal to par.

Mandatory Tender to Liquidity Provider. So long as no Liquidity Condition exists, the Adjustable Rate Bonds bearing interest at a Variable Rate or a Money Market Municipal Rate are subject to mandatory tender for purchase by the applicable Liquidity Provider pursuant to the applicable Liquidity Facility, on the Purchase Date following a notice of bank purchase (the "Notice") from the Tender Agent to such Liquidity Provider, at the applicable Purchase Price. If (x) on the 15th day prior to the Expiration Date of a Liquidity Facility, Adjustable Rate Bonds are bearing interest at a Variable Rate or a Money Market Municipal Rate and the Authority has not given Written Notice to the Tender Agent of the extension, or replacement with Rating Confirmation, of the Liquidity Facility or (y) the Tender Agent receives a mandatory tender notice from the applicable Liquidity Provider pursuant to the Liquidity Facility, the Tender Agent shall deliver the Notice on that day (or, at the latest, by 12:30 p.m. on the next Business Day); and the Tender Agent shall promptly notify the registered owners of the Purchase Date (which shall be the last Business Day on or prior to the date of expiration or termination of such Liquidity Provider's commitment); that such Adjustable Rate Bonds shall be required to be surrendered to the Tender Agent on the Purchase Date; that if any such Bond is not so tendered, it shall be deemed to have been tendered on the Purchase Date; and that upon the deposit by the Tender Agent of sufficient money in a special account for the payment of the Purchase Price of such Bond, interest on such Bond shall cease to accrue to the former owner and such Bond shall be deemed purchased by such Liquidity Provider. So long as no Liquidity Condition exists, such Liquidity Provider shall purchase each Adjustable Rate Bond mandatorily tendered pursuant to this paragraph at the Purchase Price (whether or not actually tendered). If Notice is not given as aforesaid, then following expiration or termination of such Liquidity Provider's commitment, such Adjustable Rate Bonds shall bear interest at the highest rate provided by law for interest on accrued claims against municipalities as of such date (that is, the rate stated in subdivision one of Section 3-a of the General Municipal Law, as amended or superseded from time to time) and shall not be subject to optional or mandatory tender for purchase (except upon Conversion).

Purchase; Undelivered Bonds. On the Purchase Date designated for any Adjustable Rate Bond, if sufficient money for the payment of the purchase price of such Bond is held by the Tender Agent, interest on such Bond shall cease to accrue to the former owner, such Bond shall be deemed to have been purchased pursuant hereto, irrespective of whether or not such Bond shall have been presented to the Tender Agent, and the former owners of such Bond or interests therein shall have no claim thereunder or otherwise for any amount other than to receive the Purchase Price therefor.

Inadequate Funds for Tenders; Loss of Liquidity. If either the funds available for purchases of Adjustable Rate Bonds are inadequate for the purchase of all such Bonds tendered on any Purchase Date or a Liquidity Condition shall exist, then all such Adjustable Rate Bonds theretofore subject to tender for purchase shall bear interest from such date at the highest rate provided by law for interest on accrued claims against municipalities as of such date or as Bank Bonds, if applicable, and shall no longer be subject to optional or mandatory tender for purchase (except upon Conversion); and the Trustee or Tender Agent shall immediately: (i) return all such tendered Bonds to the owners thereof; (ii) return all money received for the purchase of such Bonds to the persons providing such money; and (iii) give Written Notice to all Adjustable Rate Bondowners. As long as no Liquidity Condition exists, the obligation to deposit funds in sufficient amounts to purchase Adjustable Rate Bonds from either proceeds of the applicable Liquidity Facility or remarketing proceeds will remain enforceable pursuant to the terms of the Indenture and only be discharged at such time as funds are deposited with the Tender Agent in an amount sufficient to purchase all Adjustable Rate Bonds that were required to be purchased on the prior optional tender date or mandatory tender date, together with any interest which has accrued to such subsequent purchase date.

Liquidity Facilities

So long as such Bonds are subject to tender by the holders thereof for purchase, the Authority shall keep in effect one or more liquidity facility agreements for the benefit of the Bondowners of the Adjustable Rate Bonds, which shall require a financially responsible party or parties other than the Authority to purchase all or any portion of such Bonds tendered by the holders thereof for repurchase prior to the final maturity of such Bonds. A financially responsible party or parties, for the purposes of this paragraph, shall mean a person or persons meeting any applicable statutory requirements and determined by the Directors of the Authority to have sufficient net worth and liquidity to purchase and pay for on a timely basis all of such Bonds which may be tendered for repurchase by the holders thereof.

On or before the date of substitution of a new liquidity facility agreement for the Liquidity Facility previously in effect, the Authority shall either cause a mandatory tender or obtain Rating Confirmation from each Rating Agency. The Authority shall give Written Notice to the Trustee, the applicable Liquidity Provider, the Remarketing Agent and each affected Bondholder at least five days prior to any substitution.

Liquidity Conditions

The Adjustable Rate Bonds are not subject to tender for purchase if a Liquidity Condition exists.

Upon the occurrence of a Liquidity Condition, the applicable Liquidity Provider's obligation under the applicable Liquidity Facility to purchase the related Bonds shall immediately terminate or be suspended without notice or demand to any person, and thereafter such Liquidity Provider shall be under no obligation to purchase such Bonds (nor shall such Bonds be subject to optional or mandatory tender for purchase). Promptly upon the occurrence of such Liquidity Condition, such Liquidity Provider shall give written notice of the same to the Authority, the Tender Agent, the Trustee and the applicable Remarketing Agent and the Tender Agent shall promptly relay such notice to the Bondholders upon

receipt, but such Liquidity Provider shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the termination or suspension of its obligation to purchase such Bonds. For a description of the Liquidity Conditions contained in each of the initial Liquidity Facilities, see “Initial Liquidity Facilities” below.

Miscellaneous

Defeasance. For the purpose of determining whether Adjustable Rate Bonds shall be deemed to have been defeased, the interest to come due on such Adjustable Rate Bonds shall be calculated at the maximum applicable rate; and if, as a result of such Adjustable Rate Bonds having borne interest at less than the maximum rate for any period, the total amount on deposit for the payment of interest on such Adjustable Rate Bonds exceeds the total amount required, the balance shall be paid to the Authority. Prior to defeasing any Adjustable Rate Bonds bearing interest at a Variable Rate or a Money Market Municipal Rate, the Authority shall satisfy any related obligations to the applicable Liquidity Provider, provide to each Rating Agency a cash flow statement demonstrating compliance with the conditions to defeasance and obtain Rating Confirmation from each of them.

Supplements and Amendments. In addition to supplements and amendments otherwise authorized by the Indenture, Adjustable Rate Provisions may be supplemented or amended by Officer’s Certificate:

- (a) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision relating to the Adjustable Rate Bonds;
- (b) to identify particular Adjustable Rate Bonds for purposes not inconsistent with the Indenture, including credit or liquidity support, remarketing, Conversion, redemption, serialization and defeasance; or
- (c) to insert such provisions with respect to the Adjustable Rate Bonds as are necessary or desirable and are not to the prejudice of the Bondholders.

Optional Redemption

Adjustable Rate Bonds bearing interest at Variable Rates or Money Market Municipal Rates are subject to redemption prior to maturity at the option of the Authority, in whole or in part, on any potential Conversion Date following their defeasance, on 30 days’ notice at the principal amount thereof plus any interest accrued and unpaid thereon. The Authority may select amounts, rates and maturities of Bonds to be redeemed in its sole discretion except that Adjustable Rate Bonds shall be selected for redemption: (i) first, from Adjustable Rate Bonds, if any, which are held by or for a Liquidity Provider, (ii) second, from other Adjustable Rate Bonds bearing interest as Bank Bonds or at the highest rate provided by law for interest on accrued claims against municipalities; and (iii) third, by lot.

Mandatory Redemption

The Adjustable Rate Bonds are subject to mandatory redemption at a redemption price equal to the principal amount thereof, plus accrued interest, without premium, on the dates and in the amounts set forth below:

Subseries C2			Subseries C3		
<u>August 1</u>	<u>Amount</u>	<u>August 1</u>	<u>Amount</u>		
2025	\$2,665,000	2025	\$2,665,000		
2026	5,120,000	2026	5,120,000		
2027	5,370,000	2027	5,370,000		
2028	5,645,000	2028	5,645,000		
2029	5,930,000	2029	5,930,000		
2030	6,230,000	2030	6,230,000		
2031*	6,540,000	2031*	6,540,000		

Subseries C4			Subseries C5		
<u>August 1</u>	<u>Amount</u>	<u>August 1</u>	<u>Amount</u>		
2025	\$2,665,000	2025	\$2,665,000		
2026	5,120,000	2026	5,120,000		
2027	5,370,000	2027	5,370,000		
2028	5,645,000	2028	5,645,000		
2029	5,930,000	2029	5,930,000		
2030	6,230,000	2030	6,230,000		
2031*	6,540,000	2031*	6,540,000		

*Stated Maturity

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

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

Initial Liquidity Facilities

The initial Liquidity Facilities for the Adjustable Rate Bonds are listed on the inside cover hereof. The obligations of each Liquidity Provider are several. Each Liquidity Provider's commitment under its Liquidity Facility in the initial mode will be sufficient to pay a Purchase Price equal to the principal of and up to 185 days' interest on the Adjustable Rate Bonds at an assumed rate of 9%.

The term of each Liquidity Facility is set forth on the inside cover hereof. The obligation of a Liquidity Provider may be suspended or may terminate prior to the expiration of the term of the applicable Liquidity Facility as described below.

Each of the following will cause the immediate termination of the obligation of each Liquidity Provider to purchase the Adjustable Rate Bonds under its respective Liquidity Facility (each a "Liquidity Condition"): (i) failure by the Authority to pay when due any interest, principal or redemption premium on any of its bonds or notes; (ii) insolvency of the Authority; (iii) breach, amendment, alteration or repeal of the State Covenant or the State's tax contract in the Act; (iv) amendment or repeal by the State of the law obligating the State to pay over to the Authority Personal Income Taxes or Sales Taxes in accordance with the terms of such law as now in effect; (v) delivery by the Authority of an officer's certificate showing estimated Revenues to be less than 150% of Debt Service; (vi) issuance of a final, nonappealable judgment by a court of competent jurisdiction or initiation by the Authority of legal proceedings asserting that the Bonds or any material provision of the Liquidity Facility or the Indenture is invalid or that the Authority has no liability thereon; or (vii) reduction, withdrawal or suspension by each of S&P, Fitch and Moody's of the Authority's long-term debt or claims-paying ability below BBB- (or its equivalent rating),

in the case of S&P, BBB- (or its equivalent rating), in the case of Fitch and Baa3 (or its equivalent rating), in the case of Moody's.

The following two events will cause the immediate suspension of the obligation of each of the initial Liquidity Providers to purchase the Adjustable Rate Bonds under their respective Liquidity Facilities (each a "Liquidity Condition"): (i) enactment by the State of a moratorium or other similar law affecting the bonds or notes of the Authority; or (ii) failure of the Authority to maintain its existence as a public benefit corporation under the laws of the State with full right and power to issue the Adjustable Rate Bonds and to execute, deliver and perform its obligations under the Applicable Liquidity Facility and each Related Document, as defined in such Liquidity Facility.

The preceding is a summary of certain provisions expected to be included in the Liquidity Facilities and the proceedings under which the Adjustable Rate Bonds are to be issued, and is subject in all respects to the underlying documents, copies of which will be available for inspection during business hours at the office of the Tender Agent. Information regarding the Liquidity Providers is included herein as Appendix B hereto. Neither the Authority nor the Underwriters make any representation with respect to the information in Appendix B hereto.

Book-Entry Only System

Beneficial ownership interests in the Adjustable Rate Bonds will initially be available in book-entry-only form, in the principal amount of \$100,000 or integral multiples of \$5,000 in excess thereof. Purchasers of beneficial ownership interests in the Series 2003 C Bonds will not receive certificates representing their interests in the Series 2003 C Bonds purchased.

DTC, as an automated clearinghouse for securities transactions, will act as securities depository for the Series 2003 C Bonds. The Series 2003 C Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One or more fully-registered bond certificates will be issued for each principal amount of Series 2003 C Bonds maturing on a specified date and bearing interest at a specified interest rate, each in the aggregate principal amount of such quantity of Series 2003 C Bonds 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry changes in Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, also subsidiaries of DTCC, as well as by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Series 2003 C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2003 C Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2003 C Bonds ("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 interest in the Series 2003 C Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bond certificates representing their ownership interests in the Series 2003 C Bonds, except in the event that use of the book-entry system for the Series 2003 C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2003 C Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the Series 2003 C Bonds with DTC and their registration in the name of Cede & Co. effect no change in the beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2003 C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2003 C Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Series 2003 C Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Series 2003 C Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2003 C Bonds, as appropriate, are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2003 C Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on a payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on a payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Authority or the Trustee, disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Trustee to DTC only.

Notwithstanding any other provision of the Indenture to the contrary, so long as any Series C Bond is held in book-entry form, such Series C Bond need not be delivered in connection with any optional or mandatory tender of Series 2003 C Bonds described under "DESCRIPTION OF THE ADJUSTABLE RATE BONDS." In such case, payment of the Purchase Price in connection with such tender shall be made to the registered owner of such Series 2003 C Bonds on the date designated for such payment, without further action by the Beneficial Owner who delivered notice, and, notwithstanding the description of optional and mandatory tender of Series 2003 C Bonds contained under "DESCRIPTION OF THE ADJUSTABLE RATE BONDS," transfer of beneficial ownership shall be made in accordance with the procedures of DTC.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2003 C Bonds registered in its name for the purpose of payment of the principal or interest on the Series 2003 C Bonds, giving any notice permitted or required to be given to registered owners under the Indenture registering the transfer of the Series 2003 C Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2003 C Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the Authority (kept by the Trustee) as being a registered owner, with respect to: the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal or interest on the Series 2003 C Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Authority; or other action taken by DTC as a registered owner. The Trustee will forward interest and principal payments to DTC, or its nominee. Disbursement of such payments to the Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants or the Indirect Participants.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF ALL OF THE SERIES 2003 C BONDS, REFERENCES HEREIN TO THE OWNERS, HOLDERS OR BONDHOLDERS OF THE SERIES 2003 C BONDS (OTHER THAN UNDER "SECTION III: TAX MATTERS" HEREIN) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS.

For every transfer and exchange of beneficial ownership of the Series 2003 C Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its service with respect to the Series 2003 C Bonds at any time by giving notice to the Authority and discharging its responsibilities with respect thereto under applicable law, or the Authority may terminate its participation in the system of book-entry transfer through DTC at any time by giving notice to DTC. In either event the Authority may retain another securities depository for the Series 2003 C Bonds as appropriate, or may direct the Trustee to deliver bond certificates in accordance with instructions from DTC or its successor. If the Authority directs the Trustee to deliver such bond certificates, such Series 2003 C Bonds may thereafter be exchanged as set forth in the Indenture, upon surrender thereof at the principal corporate trust office of the Trustee, who will then be responsible for maintaining the registration books of the Authority.

Unless otherwise noted, certain of the information contained in the preceding paragraphs of this subsection "Book-Entry-Only System" has been extracted from information furnished by DTC. Neither the Authority 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: OTHER INFORMATION

Tax Matters

In the opinion of Sidley Austin Brown & Wood LLP, New York, New York, as Bond Counsel, except as provided in the following sentence, interest on the Series 2003 C Bonds will not be includable in the gross income of the owners of the Series 2003 C Bonds for purposes of Federal income taxation under existing law. Interest on the Series 2003 C Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the Series 2003 C Bonds in the event of a failure by the Authority or the City to comply with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and their respective covenants regarding use, expenditure and investment of the proceeds of the Series 2003 C Bonds and the timely payment of certain investment earnings to the United States Treasury; and no opinion is rendered by Sidley Austin Brown & Wood LLP as to the exclusion from gross income of the interest on the Series 2003 C Bonds for Federal income tax purposes on or after the date on which any action is taken under the Series 2003 C Bonds proceedings upon the approval of counsel other than such firm.

In the opinion of Bond Counsel, interest on the Series 2003 C Bonds will be exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City. In the opinion of Bond Counsel, interest on the Series 2003 C Bonds will not be a specific preference item for purposes of the Federal individual or corporate alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which Sidley Austin Brown & Wood LLP renders no opinion, as a result of ownership of such Series 2003 C 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. Interest on the Series 2003 C Bonds owned by a corporation will be included in the calculation of the corporation's Federal alternative minimum tax liability.

Ownership of tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S Corporations with excess passive income, individual recipients of Social Security or railroad retirement benefits, taxpayers eligible for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2003 C Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

Legislation affecting municipal securities is constantly being considered by the United States Congress. There can be no assurance that legislation enacted after the date of issuance of the Series 2003 C Bonds will not have an adverse effect on the status of the Notes. Legislative or regulatory actions and proposals may also affect the economic value of tax exemption or the market price of the Series 2003 C Bonds.

Underwriting

Subseries C2 through C5 of the Series 2003 C Bonds are being purchased for reoffering by the Underwriters: J.P. Morgan Securities Inc., Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Morgan Stanley & Co. Incorporated. The Underwriters have agreed, severally, subject to certain conditions, to purchase such Series 2003 C Bonds from the Authority at an aggregate underwriters' discount of \$12,138.92 and to make an initial public offering of such Series 2003 C Bonds at par. The Underwriters will be obligated to purchase all such Series 2003 C Bonds if any such Series 2003 C Bonds are purchased.

The Series 2003 C Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the Underwriters.

The delivery of this Offering Circular has been duly authorized by the Authority.

NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

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APPENDIX A

As used in this Offering Circular, the following terms have the meanings set forth below:

“Business Day” means a day (a) other than a day on which commercial banks in The City of New York, New York, and such other cities as may be specified in the Liquidity Facility, are required or authorized by law or executive order to close and (b) on which the City and the New York Stock Exchange are not closed.

“Conversion” means a change in the type of interest Rate Period applicable to the Adjustable Rate Bonds; including a change from a Term Rate Period to a Term Rate Period equal (or approximately equal) in length to a different number of years from the preceding Term Rate Period. A change in the rate of interest borne by Stepped-Coupon Bonds is not a Conversion.

“Direct Obligations” means non-callable direct obligations of the United States of America, non-callable and non-prepayable direct federal agency obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America, non-callable direct obligations of the United States of America which have been stripped by the United States Treasury itself, non-callable “CATS,” non-callable “TIGRS” and the interest components of REFCORP bonds for which the underlying bond is non-callable (or non-callable before the due date of such interest component) for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book-entry form.

“Favorable Opinion of Bond Counsel” means an opinion of nationally recognized bond counsel, to the effect that the action proposed to be taken is authorized or permitted by law and the Indenture and will not adversely affect the exclusion of interest on the Tax-Exempt Bonds from gross income for purposes of federal income taxation.

“Liquidity Condition” means a condition under which the Liquidity Provider is not obligated to purchase Adjustable Rate Bonds and, accordingly, such Bonds are not subject to tender for purchase.

“Liquidity Facility” means each Standby Bond Purchase Agreement between the Authority and a Liquidity Provider with respect to the Adjustable Rate Bonds, as in effect from time to time.

“Money Market Mode” means that Period or sequence of Periods during which Adjustable Rate Bonds bear interest at Money Market Municipal Rates.

“Money Market Municipal Rate” or **“MMMR”** means the interest rate that may be separately determined for each Adjustable Rate Bond. The MMMR shall not exceed 9% per annum.

“Rate Period” or **“Period”** means the period during which a specific rate of interest determined for any Adjustable Rate Bonds will remain in effect.

“Rating Agency” means each of Moody’s Investors Service, Inc. (“Moody’s”), Standard & Poor’s Ratings Services (“S&P”) and Fitch, Inc. (“Fitch”), that has a rating in effect, at the request of the Authority, for the Adjustable Rate Bonds.

“Rating Category” means one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

“Rating Confirmation” means a written notice from each Rating Agency that its rating on the Adjustable Rate Bonds will not be suspended, withdrawn or reduced in Rating Category as a result of action proposed to be taken under the Indenture.

“Record Date” means with respect to each Interest Payment Date (a) during a Daily, Weekly, Monthly or Quarterly Rate Period, the last Business Day of the calendar month next preceding such Interest Payment Date; (b) during a Semiannual or Term Rate Period, or for the Interest Payment Date on the First Business Day of the sixth calendar month in an MMR Period exceeding six months, the fifteenth day of the calendar month next preceding such Interest Payment Date; and (c) for Stepped-Coupon Bonds or during a Fixed Rate Period, the fifteenth day of the calendar month preceding the Interest Payment Date.

“Stepped-Coupon Bonds” means Adjustable Rate Bonds bearing interest at rates and for periods of time that are specified without reference to future events or contingencies. Stepped-Coupon Bonds shall be subject to mandatory tender for purchase in lieu of redemption on any redemption date, but there shall be no optional or mandatory tender for purchase thereof unless provided for in accordance with the Act.

“Tender Agent” means State Street Bank and Trust Company, N.A., New York, New York, and its permitted successors and assigns.

“Tendered Bonds” means all Adjustable Rate Bonds tendered or deemed tendered for optional or mandatory purchase.

“Variable Rate” means, as the context requires, the Daily, Weekly, Monthly, Quarterly, Semiannual or Term Rate applicable to the Adjustable Rate Bonds. The Variable Rate shall not exceed 9% per annum.

Landesbank Hessen-Thüringen Girozentrale, New York Branch

The Subseries C2 and C3 Liquidity Provider is the New York Branch of Landesbank Hessen-Thüringen Girozentrale ("Helaba"). With effect from July 1, 1992, Helaba took its present name. At that date, the Treaty on the Formation of a Joint Savings Banks Organization between the federal states of Hesse and Thuringia came into force. The former Hessische Landesbank was formed in 1953 by the merger of Hessische Landesbank Darmstadt (founded 1940), Nassauische Landesbank Wiesbaden (founded 1840) and of Landeskreditkasse zu Kassel (founded 1832).

Helaba is a legal entity under public law. The owners and guarantors of Helaba are the states of Hesse and Thuringia and the Savings Banks and Giro Association Hesse-Thuringia (Sparkassen- und Giroverband Hessen-Thüringen- SGVHT), a joint institution of the municipal savings banks and their guarantors in Hesse and Thuringia. Executive bodies of Helaba are the Board of Guarantors, the Supervisory Board and the Board of Managing Directors.

In accordance with its Charter, Helaba fulfills the functions of a central bank for the savings banks and those of a state bank for the states of Hesse and Thuringia. Helaba pays an annual dividend to its owners and, in the case of the savings banks, cooperates with them to develop their businesses.

Headquartered in Frankfurt/Main and Erfurt, Helaba concentrates on wholesale financial services offering comprehensive banking facilities for multinational corporations, central banks, public sector entities, and other financial institutions. Outside of Germany, Helaba has branch offices in London, New York, Dublin and Grand Cayman as well as wholly owned subsidiaries in Amsterdam and Dublin. Representative offices are maintained in Madrid, Paris and Hong Kong.

On May 19, 2000, the owners and the chairmen of Helaba and BayernLB announced a strategic cooperation agreement between the two Landesbanks, focusing on selected business activities such as Payment Transactions, Corporate Finance, Asset Management, cooperation at their foreign branches and subsidiaries, E-Commerce, building saving institutions. Several joint projects have already been realized, such as the merger of their subsidiaries in Zurich and Luxembourg - now operating under the names of LB Swiss and LB Lux, respectively, - the formation of a joint M&A company, the integration of their computer centers and of their custodian and securities settlement business in a joint unit for transaction business.

In the year ending December 31, 2001, the consolidated business volume rose by 9.6 % to € 168.5 billion. The off-balance sheet lending, which grew above-average, accounted for roughly half of this growth. This business grew by 35 % to € 30.9 billion. Growth was mainly supported by the dynamic development of loan commitments, in particular in the US Public Finance business. The balance sheet total rose by 5.1 % to € 137.6 billion. The operating result before risk provisions of Helaba and its consolidated subsidiaries (the 'Helaba Group') declined by 37.5 % to € 219.7 million. Adjusted for special effects such as the discontinuation of deferrals for closing fees received by Landesbausparkasse of € 67 million (other operating income), results from operating business are nevertheless at the level of the year 2000. Operating results after risk provisions amounts to € 90.2 million, down 64.2% on the previous year's figure. The cost-income ratio increased from 60.8 % to 73.1 %. The return on equity before taxes declined to 5.6 % (previous year: 15 %).

The profit and loss statement in further detail:

Net interest income declined slightly by 1.9% to € 601.6 million. The contribution from customer's fees and commissions developed very positively. The high-margin business – in particular in the fields of Corporate Finance and Real Estate – was increased with due regards to risks. The discontinuation of one-off effects, such as prepayment penalties and the funding from the purchase of additional shares in GWH, adversely affected results here. Moreover, the effect of the deconsolidation of LB Lux and LB Swiss also negatively influenced net interest income.

The net result from commission and fee-earning business nearly attained the previous year's, amounting to € 119.8 million. Net profit on financial transactions was influenced by a volatile market environment. The Helaba Group succeeded in increasing the result by € 11.1 million to € 23.8 million.

Administrative expense – i.e. personnel expense and non-personnel expense - rose by 9.4 % to € 595.9 million. The average increase during the past five years was in contrast 6.1%. The increase in personnel expense, which rose by 9.4 % to € 304.8 million, is due to a larger pay-roll together with an increase in the number of highly qualified employees. Non-personnel expense increased by 9.4 % to € 291.1 million. This is due to investment concentrating on strategic IT projects and on the improvement of control systems and process workflows.

The risk provisions and valuation expense of the Helaba Group increased by € 29.5 million to € 129.5 million. This amount includes a net contribution to loan loss provisions of € 109 million. Due to the quality of the loan portfolio, no above-average additions to loan loss provisions were required.

Taking into account taxes on income and profits of € 6.5 million, the after-tax result of the Helaba Group amounts to € 83.7 million. For the Helaba Group as a whole, an amount of € 10 million was allocated to the after-tax reserve in accordance with section 340 g HGB (German Commercial Code) and the special reserve for general banking risks. An amount of € 100 million is allocated to the revenue reserves of the Helaba Group and a dividend of 6 % will be distributed to the owners (about € 29 million).

The New York Branch of Helaba, licensed under New York law, provides a full range of wholesale commercial banking services in the New York City metropolitan area and throughout the United States. Upon written request, Helaba will provide without charge a copy of its most recent Annual Report. Requests should be directed to Landesbank Hessen-Thüringen Girozentrale, New York Branch, 420 Fifth Avenue, 24th Floor, New York, NY 10018, Tel: (212) 703-5200, Fax: (212) 703-5256.

Helaba currently has a long-term credit rating of "Aaa" from Moody's Investors Service, Inc., and is rated "AAA" by Standard & Poor's Rating Group and by Fitch Ratings. Helaba's short-term ratings are "P-1" from Moody's, "A-1+" from Standard & Poor's and "F1+" from Fitch. Currently, Standard & Poor's Rating Group maintains a negative outlook on the Landesbank sector as a whole.

Helaba's obligations benefit from guarantor obligation (Gewährträgerhaftung) and statutory liability (Anstaltslast) of its owners.

On July 17, 2001 the Federal Government of Germany reached an agreement with the European Commission on regulations concerning adaptations of state liability obligations for Landesbanks and savings banks. Anstaltslast is scheduled to be modified after a four-year transition period, i.e. after July 18, 2005 to the effect that capital contributions in the event of reorganizations will in future be subjected to the EU regulations governing subsidies. Gewährträgerhaftung is scheduled to expire after the end of the same transition period, subject to the following proviso: Obligations that already existed on July 18, 2001 will also in the future and without limitation in time be subject to the guarantor obligation. This applies

irrespective of their maturity. Obligations incurred after July 18, 2001 but prior to July 19, 2005 will be covered in full by the guarantor obligation, if their maturity ends by December 31, 2015 at the latest.

The federal states of Hesse and Thuringia are currently amending the Treaty on the Formation of a Joint Savings Bank Organization so that it complies with the aforementioned requirements. The legislative amendments will be completed by December 31, 2002 and will become effective on July 19, 2005.

Helaba has supplied information relating to it in the previous paragraphs. Helaba does not accept any responsibility for any information contained in this Official Statement other than the information relating to Helaba.

NOTE: The official (FOREX fixing) exchange rate on December 28, 2001, the last trading day in 2001, was € 1.1339 = US \$1.00

The Bank of Nova Scotia

The Bank of Nova Scotia ("Scotiabank" or the "Bank") was founded in 1832 in Halifax and currently employs 46,804 people in 2,005 branches and offices throughout the world. Scotiabank is a Canadian chartered bank with its principal office located in Toronto, Ontario.

Scotiabank's activities include providing a full range of retail, commercial and corporate banking services through its extensive network of branches located in all Canadian provinces and territories. Outside Canada, Scotiabank has branches and offices in over 50 countries and provides a wide range of banking and related financial services, both directly and through subsidiary and/or associated banks, trust companies and other financial firms.

For the fiscal year ended October 31, 2001, Scotiabank recorded total assets of CDN\$284.4 billion (US\$180.2 billion) and total deposits of CDN\$186.2 billion (US\$118.0 billion). Net income for the fiscal year ended October 31, 2001 equaled CDN\$2.169 billion (US\$1.374 billion), compared to CDN\$1.926 billion (US\$1.220 billion) for the prior fiscal year. Amounts above are shown in Canadian dollars and also reflect the United States dollar equivalent as of October 31, 2001 (1.0000 United States dollar equals 1.5785 Canadian dollars).

For the quarter ended July 31, 2002, Scotiabank recorded total assets of CDN\$299.7 billion (US\$189.2 billion) and total deposits of CDN\$197.5 billion (US\$124.6 billion). Net income for the quarter ended July 31, 2002 equaled CDN\$564 million (US\$356 million), compared to CDN\$554 million (US\$350 million) for the same period the prior year. Amounts above are shown in Canadian dollars and also reflect the United States dollar equivalent as of July 31, 2002 (1.0000 United States dollar equals 1.5840 Canadian dollars).

Scotiabank will provide to anyone, upon written request, a copy of its most recent annual report, as well as a copy of its most recent quarterly financial report. Requests should be directed to: The Bank of Nova Scotia, New York Agency, One Liberty Plaza, 26th Floor, New York, NY, 10006. Attention: Public Finance Department.

The Toronto-Dominion Bank

The Toronto-Dominion Bank, collectively with its subsidiaries referred to as TD Bank Financial Group (the "Bank"), is a Canadian chartered bank subject to the provisions of the Bank Act (Canada). The Bank was formed through the amalgamation on February 1, 1955 of The Bank of Toronto (established 1855) and The Dominion Bank (established 1869). As of January 31, 2002 the Bank was the second largest chartered bank in Canada in terms of assets.

The Bank offers a wide range of financial products and services to customers throughout Canada and around the world. The Bank is organized into four main businesses: TD Canada Trust, providing personal and commercial banking services in Canada; TD Securities, providing investment banking services in Canada, the United States and abroad; TD Waterhouse, providing brokerage services to self-directed investors in Canada, the United States and abroad; and TD Wealth Management, providing investment management services in Canada

Net income on a cash basis and excluding special items for the year ended October 31, 2001 was C\$2,158 million, compared to C\$2,018 million for the year ended October 31, 2000. Net Income on a cash basis and excluding special items for the three months ended January 31, 2002 was C\$526 million, compared to C\$569 million for the three months ended January 31, 2001.

At January 31, 2002, total assets of the Bank were C\$310.4 billion and total shareholders equity and minority interest was C\$14.8 billion.

Recent Developments

On November 15, 2001, the Bank announced the successful completion of its tender offer, through its wholly owned subsidiary, TD Waterhouse Holdings, Inc., for all of the approximately 12% of the outstanding shares of TD Waterhouse Group, Inc.'s common stock that the Bank and TD Waterhouse Holdings, Inc. do not already own. Total consideration was approximately C\$610 million.

On March 1, 2002 the Bank acquired the securities trading technology platform and listed equity options market-making businesses of the Stafford group of firms and LETCO, one of North America's leading equity options market-making firms for an initial purchase of approximately US\$280 million with an additional consideration of up to US\$150 million contingent upon the businesses exceeding certain net income thresholds.

Incorporation by Reference

Copies of the Bank's 2001 Annual Report and first quarter 2002 financial information are available, without charge, upon request by telephone or mail from The Toronto-Dominion Bank, U.S.A. Division, 31 West 52nd Street, New York, N.Y. 10019-6101, Attention: Comptroller, Telephone (212) 827-7300. The 2001 Annual Statement and additional financial information are available under "Investor Relations" on the Bank's website at www.tdbank.ca.

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Proposed Form of Bond Counsel Opinion

November 7, 2002

NEW YORK CITY TRANSITIONAL
FINANCE AUTHORITY

We have acted as bond counsel to the New York City Transitional Finance Authority (the "Authority"), a public benefit corporation organized under the laws of the State of New York (the "State"), in the Authority's issuance of its \$591,735,000 Future Tax Secured Fiscal 2003 Series C (the "New Bonds"). The New Bonds are being issued as Senior Bonds pursuant to Chapter 16, Laws of New York, 1997, as amended (the "Act"), to an Indenture dated as of October 1, 1997, as amended and supplemented (the "Indenture"), between the Authority and State Street Bank and Trust Company, N.A., as Trustee, and to a Financing Agreement dated October 1, 1997, as supplemented (the "Agreement"), between the Authority and The City of New York (the "City"). Terms not defined herein are used as defined in the Indenture.

The New Bonds are dated, bear interest, mature and are secured as set forth in the Indenture. The Authority has outstanding and may issue Senior Bonds to finance and refinance capital projects of the City (including the New Bonds, the "Bonds") on the terms and conditions set forth in the Indenture and all such Bonds shall be entitled to the equal benefit, protection and security of the Indenture. We assume the parties will perform their respective covenants in the Indenture and the Agreement in all material respects.

Based on the foregoing and 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 Authority is a public benefit corporation duly organized and existing under the laws of the State, and is authorized under the laws of the State, particularly the Act, to enter into the Indenture and the Agreement and to issue the Bonds. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid with respect to all provisions thereof material to the subject matter of this opinion letter.
2. The New Bonds have been duly authorized, executed, and delivered by the Authority and are valid and binding obligations of the Authority payable from the Revenues pledged and the other collateral provided therefor in the Indenture. The Bonds do not constitute a debt of the State or the City, and neither the State nor the City shall be liable thereon, nor shall the Bonds be payable out of any funds other than those of the Authority.
3. The Act validly provides for (a) the payment to the Authority (i) of the taxes so payable pursuant to §1313 of the Tax Law (the "Personal Income Taxes"), and (ii) to the extent specified in the Act, of sales and compensating use taxes that the City is authorized by the State to impose and taxes imposed by the State pursuant to §1107 of the Tax Law (the "Alternative Revenues," and to the extent so payable, with the Personal Income Taxes and such other revenues, if any, as the Authority may derive directly from the State from taxes imposed by the City or the State and collected by the State, the "Tax Revenues"), (b) the Authority's pledge to the Trustee of the Tax Revenues and all aid, rents, fees, charges, payments and other income and receipts paid or payable to the Authority or the Trustee (the "Revenues"), and (c) the application of proceeds of the Bonds to finance or refinance capital projects of the City.

4. The Personal Income Taxes are subject neither to appropriation by the City or the State, nor to prior claims in favor of other obligations or purposes of the City or the State except as specified in §1313 of the Tax Law with respect to overpayments and the State's reasonable costs in administering, collecting and distributing such taxes. Alternative Revenues consisting of sales and compensating use taxes imposed by the State, if payable to the Authority pursuant to the Act, are subject to State appropriation and to a prior claim of the Municipal Assistance Corporation for The City of New York. Alternative Revenues consisting of sales and compensating use taxes imposed by the City, if payable to the Authority pursuant to the Act, are not subject to appropriation by the City or the State. Upon any failure of the State Legislature to make required appropriations for State debt obligations, the Tax Revenues would not constitute revenues applicable to the General Fund of the State; hence Article 7, Section 16 of the State Constitution does not mandate such money to be set apart by the State Comptroller for the payment of State obligations.

5. The Indenture (a) has been duly and lawfully authorized, executed and delivered by the Authority, (b) creates the valid pledge of Revenues and other collateral that it purports to create and (c) is a valid and binding agreement, enforceable in accordance with its terms, of the Authority, and to the extent specified in the Act, the State. The Act does not restrict the right of the State to amend, modify, repeal or otherwise alter statutes imposing or relating to the taxes payable to the Authority pursuant to §1313 of the Tax Law, nor does it obligate the State to make any payments not specified in the Act or impose any taxes to satisfy the obligations of the Authority.

6. The lien of the Indenture on the Revenues for the security of the Bonds (and other instruments to the extent specified in the Indenture) is, and pursuant to the covenant of the Authority in the Indenture will be, prior to all other liens thereon. The pledge of Revenues and other collateral made by the Authority in the Indenture is valid, binding and perfected without any physical delivery of the collateral or further act, and the lien thereof is valid, binding and perfected against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of such parties' notice thereof.

7. The Agreement has been duly and lawfully authorized, executed and delivered by the Authority and the City pursuant to the Act, and is a valid and binding agreement of each of them.

8. The Authority is not eligible for protection from its creditors pursuant to Title 11 (the "Bankruptcy Code") of the United States Code. If the debts of the City were adjusted under the Bankruptcy Code, and the City or its creditors asserted a right to the Tax Revenues superior or equal to the rights of the holders of the Bonds, such assertion would not succeed.

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

10. Except as provided in the following sentence, interest on the New Bonds is not includable in the gross income of the owners of the New Bonds for purposes of Federal income taxation under existing law. Interest on the New Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the New Bonds in the event of a failure by the Authority or the City to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and their respective covenants regarding use, expenditure and investment of Authority 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 New Bonds for Federal income tax purposes on or after the date on which any action is taken under the Indenture or related proceedings upon the approval of counsel other than ourselves.

11. Interest on the New Bonds is not a specific preference item for purposes of the Federal individual or corporate alternative minimum tax. The Tax Code contains other provisions that could result in tax consequences, upon which we render no opinion, as a result of ownership of such New 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.

12. The excess, if any, of the stated redemption price at maturity of any maturity of the New Bonds over the issue price thereof constitutes original issue discount. The amount of original issue discount that has accrued and is properly allocable to an owner of any maturity of the New Bonds with original issue discount is excluded from gross income for Federal income tax purposes to the same extent as interest on the New Bonds. In general, the issue price of a maturity of the New Bonds is the first price at which a substantial amount of Bonds of that maturity was sold (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). The Tax Code provides that such original issue discount excluded as interest accrues in accordance with a constant yield 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 the New Bonds with original issue discount will be increased by the amount of such accrued interest.

13. No registration with, consent of, or approval by any governmental agency or commission that has not been obtained is necessary for the execution and delivery of the New Bonds. The adoption and compliance with all of the terms and conditions of the Indenture and the New Bonds, and the execution and delivery of the New Bonds, will not result in a violation of or be in conflict with any existing law.

The rights of the holders of the New 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 except as specifically stated above, and 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.

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\$150,000,000
New York City
Transitional Finance Authority
Future Tax Secured Bonds
Fiscal 2003 Series C
Subseries C2 through Subseries C5
(Adjustable Rate Bonds)

OFFERING CIRCULAR

October 30, 2002
