

EXISTING ISSUE REOFFERED

In the opinion of Bond Counsel, interest on the Reoffered Bonds is 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 Reoffered Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. See "SECTION III: TAX MATTERS" herein for further information.



\$81,000,000

New York City Transitional Finance Authority

New York City Recovery Bonds

Fiscal 2003 Subseries 3B-1

Conversion Date: November 12, 2009

Due: November 1, as shown on the inside cover page

On October 1, 2002, the New York City Transitional Finance Authority (the "Authority") issued its New York City Recovery Bonds, Fiscal 2003 Subseries 3B pursuant to the New York City Transitional Finance Authority Act, as amended (the "Act"), and an Indenture, dated as of October 1, 1997, as amended and supplemented (the "Indenture"). On November 12, 2009 (the "Conversion Date"), \$81,000,000 principal amount of the outstanding Fiscal 2003 Subseries 3B Bonds, constituting the Fiscal 2003 Subseries 3B-1 Bonds (the "Reoffered Bonds"), will be converted to bear interest at fixed rates to maturity.

From the date of issuance of the Reoffered Bonds through the Conversion Date, payment of the purchase price of the Reoffered Bonds tendered for purchase has been provided for pursuant to a standby bond purchase agreement. Effective on the Conversion Date, such standby bond purchase agreement will be cancelled as to the Reoffered Bonds, the Reoffered Bonds will not be subject to optional tender for purchase by the owners thereof and the former standby bond purchase agreement provider will have no liability with respect to the Reoffered Bonds.

The principal of and interest on the Reoffered Bonds are payable from Tax Revenues of the Authority subordinate to Senior Debt Service and operating expenses of the Authority and on a parity with the Authority's Recovery Obligations and Subordinate Bonds issued on a parity with the Authority's Recovery Obligations. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE FUTURE TAX SECURED BONDS" under "SECTION I: INCLUSION BY SPECIFIC REFERENCE." Provided the statutory and contractual conditions are met, other Series of Bonds senior to or on a parity with the Reoffered Bonds may be issued.

Pursuant to the Act, the Reoffered Bonds are payable from the Tax Revenues of the Authority derived from collections of personal income taxes and of sales and compensating use taxes imposed by The City of New York. Such taxes are imposed pursuant to statutes enacted by the State. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE FUTURE TAX SECURED BONDS" under "SECTION I: INCLUSION BY SPECIFIC REFERENCE."

The Reoffered Bonds are fully registered bonds, registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"). Purchasers will not receive physical delivery of the Reoffered Bonds. The principal of and interest on the Reoffered Bonds will be payable to DTC by the Trustee. Disbursement of such payments to DTC Participants is the responsibility of DTC, and disbursements to the purchasers of the Reoffered Bonds are the responsibility of the DTC Participants.

Purchases of the Reoffered Bonds will be made in book-entry form in denominations of \$5,000 and whole multiples thereof. Interest on the Reoffered Bonds accrues from the Conversion Date and is payable on May 1 and November 1, commencing May 1, 2010.

**THE REOFFERED BONDS ARE PAYABLE SOLELY FROM AND SECURED BY A LIEN ON
TAX REVENUES OF THE AUTHORITY AND CERTAIN ACCOUNTS HELD BY THE TRUSTEE. THE REOFFERED 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 REOFFERED BONDS BE PAYABLE OUT OF ANY FUNDS OTHER THAN
TAX REVENUES OF THE AUTHORITY AND CERTAIN ACCOUNTS HELD BY THE TRUSTEE.**

In connection with the change in the method of determining the interest rates and other modifications of the Reoffered Bonds, certain legal matters will be passed upon by Sidley Austin 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 Winston & Strawn LLP, New York, New York. It is expected that the Reoffered Bonds will be available for delivery in New York, New York, on the Conversion Date which is expected to be on or about November 12, 2009.

**Barclays Capital
Merrill Lynch & Co.**

**Cabrera Capital Markets, Inc.
Jefferies & Company
Ramirez & Co., Inc.
Siebert Brandford Shank & Co. LLC**

**Morgan Keegan & Company, Inc.
RBC Capital Markets**

**Goldman, Sachs & Co.
Citi**

**Fidelity Capital Markets
Loop Capital Markets LLC
Rice Financial Products Company**

**Oppenheimer & Co., Inc.
Southwest Securities, Inc.
Stone & Youngberg**

**J.P. Morgan
Morgan Stanley**

**Jackson Securities
M.R. Beal & Company
Roosevelt and Cross Incorporated
Wachovia Bank, National Association**

**Raymond James & Associates, Inc.
Stifel Nicolaus**

New York City Transitional Finance Authority
\$81,000,000 New York City Recovery Bonds
Fiscal 2003 Subseries 3B-1

<u>November 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number¹</u>
2011	\$ 6,000,000	2%	0.81%	64971MXZ0
2011	6,000,000	5	0.81	64971MYA4
2012	12,500,000	5	1.45	64971MYB2
2013	435,000	3	1.93	64971MYC0
2013	12,765,000	5	1.93	64971MYD8
2014	200,000	3	2.40	64971MYE6
2014	13,500,000	5	2.40	64971MYF3
2015	945,000	4	2.80	64971MYG1
2015	13,555,000	5	2.80	64971MYH9
2016	2,785,000	4	3.06	64971MYJ5
2016	12,315,000	5	3.06	64971MYK2

⁽¹⁾ Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Reoffered Bonds and the Authority and the Underwriters do not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Reoffered Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Reoffered Bonds.

Certain information in this Reoffering Circular has been provided by the City 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 Reoffered Bonds, other than those contained in this Reoffering 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 Reoffering 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 Reoffering Circular does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Reoffered Bonds, by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Underwriters have reviewed the information in this Reoffering Circular in accordance with their responsibilities to investors under the securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guaranty the accuracy or completeness of such information.

This Reoffering Circular includes by specific reference forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts, projections and estimates were prepared. In light of the important factors that may materially affect economic conditions in the City and the amount of Tax Revenues (as defined herein), the inclusion by specific reference in this Reoffering 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 Reoffering Circular, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates” and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Authority. These forward-looking statements speak only as of the date of this Reoffering 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 REOFFERED 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.

MARKS PANETH & SHRON LLP, THE AUTHORITY’S INDEPENDENT AUDITOR, HAS NOT REVIEWED, COMMENTED ON OR APPROVED, AND IS NOT ASSOCIATED WITH, THIS REOFFERING CIRCULAR. THE REPORT OF MARKS PANETH & SHRON LLP RELATING TO THE AUTHORITY’S FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008, WHICH IS A MATTER OF PUBLIC RECORD, IS INCLUDED BY SPECIFIC REFERENCE IN THIS REOFFERING CIRCULAR. HOWEVER, MARKS PANETH & SHRON LLP HAS NOT PERFORMED ANY PROCEDURES ON ANY FINANCIAL STATEMENTS OR OTHER FINANCIAL INFORMATION OF THE AUTHORITY, INCLUDING WITHOUT LIMITATION ANY OF THE INFORMATION CONTAINED BY SPECIFIC REFERENCE IN THIS REOFFERING CIRCULAR, SINCE THE DATE OF SUCH REPORT AND HAS NOT BEEN ASKED TO CONSENT TO THE INCLUSION BY SPECIFIC REFERENCE OF ITS REPORT IN THIS REOFFERING CIRCULAR.

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

**Relating to
\$81,000,000
New York City Transitional Finance Authority
New York City Recovery Bonds
Fiscal 2003 Subseries 3B-1**

INTRODUCTORY STATEMENT

This Reoffering Circular of the New York City Transitional Finance Authority (the “Authority”) sets forth information concerning the Authority in connection with the conversion of the interest rate by the Authority on \$81,000,000 aggregate principal amount of its New York City Recovery Bonds Fiscal 2003 Subseries 3B, constituting the Fiscal 2003 Subseries 3B-1 Bonds, (the “Reoffered Bonds”) from a daily rate to fixed rates to maturity and the reoffering of such bonds to the public. In addition to the conversion of the Reoffered Bonds, the Authority expects to issue its \$85,260,000 Future Tax Secured Bonds, Fiscal 2010 Subseries C-1 Tax-Exempt Subordinate Bonds, and \$689,740,000 Future Tax Secured Bonds, Fiscal 2010 Subseries C-2 Taxable Subordinate Bonds (Build America Bonds), which are collectively called the “Series 2010 C Bonds.” The Series 2010 C Bonds will be sold pursuant to a separate offering circular. Portions of the Authority’s offering circular relating to the Series 2010 C Bonds (the “Offering Circular”) are included herein by specific reference. See “SECTION I: INCLUSION BY SPECIFIC REFERENCE.”

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 the New York City Transitional Finance Authority Act (the “Act”). The Reoffered Bonds have been issued pursuant to the Act and an Indenture, dated October 1, 1997, as supplemented (the “Indenture”), by and between the Authority and The Bank of New York Mellon, New York, New York (the “Trustee”). The Authority and The City of New York (the “City”) entered into a Financing Agreement (the “Agreement”), dated October 1, 1997, as amended, supplemented and in effect from time to time, which provides for the application of the Authority’s Bond proceeds to fund City capital expenditures and Recovery Costs (as defined in the Indenture) and includes various covenants of the City. A summary of the Indenture and the Agreement, including certain defined terms used therein and in this Reoffering Circular, is contained in “APPENDIX A—SUMMARY OF INDENTURE AND AGREEMENT” under “SECTION I: INCLUSION BY SPECIFIC REFERENCE.”

The Reoffered Bonds are payable from Tax Revenues of the Authority which are derived from Personal Income Tax Revenues and Sales Tax Revenues (each as defined herein) subordinate to Senior Debt Service and operating expenses of the Authority. See “SECTION II: SOURCE OF PAYMENT AND SECURITY FOR THE FUTURE TAX SECURED BONDS” under “SECTION I: INCLUSION BY SPECIFIC REFERENCE.”

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

From the date of issuance of the Reoffered Bonds through the Conversion Date, the payment of the purchase price of the Reoffered Bonds tendered for purchase has been provided for pursuant to a standby bond purchase agreement. Effective on the conversion of the Reoffered Bonds, the standby bond purchase agreement will be cancelled as to the Reoffered Bonds, the Reoffered Bonds will not be subject to tender for purchase, the standby purchaser will have no liability with respect to the Reoffered Bonds, and the Reoffered Bonds will be treated as Post-07 S-1 Parity Debt. See “APPENDIX A—SUMMARY OF INDENTURE AND AGREEMENT” under “SECTION I: INCLUSION BY SPECIFIC REFERENCE.”

SECTION I: INCLUSION BY SPECIFIC REFERENCE

Portions of the Authority’s Offering Circular, delivered herewith relating to the Series 2010 C Bonds, subject to the information contained elsewhere herein, are included herein by specific reference, namely the information under the captions:

SECTION I:	INTRODUCTION
SECTION II:	SOURCES OF PAYMENT AND SECURITY FOR THE FUTURE TAX SECURED BONDS
SECTION III:	ECONOMIC AND DEMOGRAPHIC INFORMATION
SECTION IV:	THE SERIES 2010 C BONDS - Debt Service Requirements
SECTION V:	THE AUTHORITY
SECTION VI:	LITIGATION
SECTION X:	FINANCIAL ADVISORS
SECTION XI:	FINANCIAL STATEMENTS
SECTION XII:	CONTINUING DISCLOSURE UNDERTAKING
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

In addition, all references to the Series 2010 C Bonds in the foregoing captions of the Offering Circular shall include the Reoffered Bonds.

SECTION II: THE REOFFERED BONDS

General

The interest rate on the Reoffered Bonds is being converted from a daily rate to fixed rates to maturity. The Reoffered Bonds will bear interest at the rates and will mature on the dates as set forth on the inside cover page of this Reoffering Circular. The Reoffered Bonds have been issued in book-entry only form. Interest on and principal of the Reoffered Bonds are payable from Tax Revenues of the Authority subordinate to the payment of Senior Debt Service and operating expenses of the Authority. See “SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE FUTURE TAX SECURED BONDS” under “SECTION I: INCLUSION BY SPECIFIC REFERENCE.”

The Reoffered Bonds are in denominations of \$5,000 or any integral multiple thereof, and will bear interest calculated on the basis of a 360-day year of 30-day months.

The Reoffered Bonds are subject to defeasance in accordance with the Indenture. See “APPENDIX A—SUMMARY OF INDENTURE AND AGREEMENT—The Indenture—*Defeasance*” under “SECTION I: INCLUSION BY SPECIFIC REFERENCE.”

Book-Entry Only System

Beneficial ownership interests in the Reoffered Bonds (the “Securities”) will be available in book-entry only form. Purchasers of beneficial ownership interests in the Securities will not receive certificates representing their interests in the Securities purchased.

DTC, New York, New York, will act as securities depository for the Securities. The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each principal amount of Securities of each series maturing on a specific date and bearing interest at a specific interest rate, each in the aggregate principal amount of such quantity of Security, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Securities ("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. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts the Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect 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 Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in each installment to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants 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 Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its service as depository with respect to the Securities at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

Unless otherwise noted, certain 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.

THE AUTHORITY AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC OR DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SECURITIES: (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE SECURITIES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SECURITIES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SECURITIES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC OR DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFERING CIRCULAR.

THE AUTHORITY AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE SECURITIES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE INDENTURE; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE SECURITIES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEMS HAS BEEN OBTAINED FROM DTC AND THE AUTHORITY MAKES NO 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.

Other Information

For additional information regarding the Reoffered Bonds and the Indenture, see “APPENDIX A—SUMMARY OF INDENTURE AND AGREEMENT” under “SECTION I: INCLUSION BY SPECIFIC REFERENCE.”

SECTION III: TAX MATTERS

The Authority and the City have covenanted to comply with applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion from gross income of the interest on the Reoffered Bonds for purposes of federal income taxation. In the opinion of Bond Counsel, assuming compliance by the Authority and the City with such provisions of the Code, interest on the Reoffered Bonds is not included in the gross income of the owners thereof for purposes of federal income taxation. Failure by the Authority or the City to comply with such applicable requirements may cause interest on the Reoffered Bonds to be includable in the gross income of the owners thereof retroactive to the date of the issue of the Reoffered Bonds. Further, Bond Counsel will render no opinion

as to the effect on the exclusion from gross income of interest on the Reoffered Bonds of any action taken or not taken after the date of such opinion without the approval of Bond Counsel.

In the opinion of Sidley Austin LLP, New York, New York, as Bond Counsel, interest on the Reoffered Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

Interest on the Reoffered Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which Sidley Austin LLP renders no opinion, as a result of ownership of such Reoffered 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 Reoffered Bonds owned by a corporation will be included in the calculation of the corporation's federal alternative minimum tax liability.

Premium. The excess, if any, of the tax basis of Reoffered Bonds purchased as part of the reoffering to a purchaser (other than a purchaser who holds such Reoffered Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is "bond premium." Bond premium is amortized over the remaining term of such Reoffered Bonds for federal income tax purposes (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). Owners of such Reoffered Bonds are required to decrease their adjusted basis in such Reoffered Bonds by the amount of amortizable bond premium attributable to each taxable year such Reoffered Bonds are held. The amortizable bond premium on such Reoffered Bonds attributable to a taxable year is not deductible for federal income tax purposes; however, U.S. Treasury regulations provide that bond premium is treated as an offset to qualified stated interest received on such Reoffered Bonds. Owners of such Reoffered Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the treatment of bond premium upon sale or other disposition of such Reoffered Bonds and with respect to the state and local tax consequences of owning and disposing of such Reoffered Bonds.

Collateral Consequences. 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 Reoffered Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

Backup Withholding. Interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Reoffered Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

Future Tax Developments

Future legislative proposals, if enacted into law, regulations, rulings or court decisions may cause interest on the Reoffered Bonds to be subject, directly or indirectly, to federal income taxation or interest on the Reoffered Bonds to be subject to State or local income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Further, legislation or regulatory actions and proposals may affect the economic value of the federal or State tax exemption or the market value of the Reoffered Bonds. Prospective purchasers of the Reoffered Bonds should consult their own tax advisors regarding any pending or proposed federal or State tax legislation, regulations, rulings or litigation, as to which Bond Counsel expresses no opinion.

SECTION IV: APPROVAL OF LEGALITY

The legality of the conversion of the Reoffered Bonds will be covered by the approving legal opinion of Sidley Austin LLP, New York, New York, Bond Counsel to the Authority. Certain legal matters are subject to the approval of the New York City Corporation Counsel, and of Winston & Strawn LLP, New York, New York, counsel to the Underwriters.

SECTION V: REOFFERING

The Reoffered Bonds are being purchased for reoffering by the Underwriters, for whom Goldman, Sachs & Co. is acting as Lead Manager. The compensation for services rendered in connection with the reoffering of the Reoffered Bonds shall be \$372,664.27. The Underwriters will be obligated to purchase all the Reoffered Bonds if any Reoffered Bonds are purchased.

The Reoffered Bonds may be reoffered 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 following paragraph has been provided to the Authority by J.P. Morgan Securities Inc. for inclusion in this Reoffering Circular.

J.P. Morgan Securities Inc., one of the Underwriters, has entered into an agreement (the "Distribution Agreement") with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings, including the Reoffered Bonds, at the initial reoffering prices. Pursuant to the Distribution Agreement, J.P. Morgan Securities Inc. will share a portion of its underwriting compensation with respect to the Reoffered Bonds with UBS Financial Services Inc.

The following paragraph has been provided to the Authority by Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. for inclusion in this Reoffering Circular.

Morgan Stanley and Citigroup, Inc., the respective parent companies of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc., each an Underwriter, have entered into a retail brokerage joint venture. As part of the joint venture, each of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts in connection with their respective allocations of Reoffered Bonds.

SECTION VI: RATINGS

The Reoffered Bonds are rated “AAA” by Standard & Poor’s, “Aa2” by Moody’s and “AA+” by Fitch. Such ratings reflect only the views of Standard & Poor’s, Moody’s and Fitch from which an explanation of the significance of such ratings may be obtained. There is no assurance that a particular rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely if, in the judgment of the Rating Agency originally establishing the rating, circumstances so warrant. A revision or withdrawal of such ratings may have an effect on the market price of the Reoffered Bonds.

NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

APPENDIX A

PROPOSED FORM OF OPINION OF BOND COUNSEL

PROPOSED FORM OF OPINION OF BOND COUNSEL

October 22, 2009

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 reoffering of its New York City Recovery Bonds, Fiscal 2003 Subseries 3B-1 (the "Reoffered Bonds"). The Reoffered Bonds were issued pursuant to Charter 16, Laws of New York, 1997, as amended (the "Act"), to the Indenture, dated October 1, 1997, as supplemented (the "Indenture"), between the Authority and The Bank of New York Mellon, as Trustee, and to a Financing Agreement dated October 1, 1997, as amended (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 Reoffered Bonds are dated, bear interest, mature, and are secured as set forth in the Indenture. The Reoffered Bonds are Subordinate Bonds secured on a parity with the Authority's Recovery Obligations and Subordinate Bonds issued on a parity with Recovery Obligations. The Authority is authorized to issue additional bonds (together with such bonds heretofore issued and the Reoffered Bonds, the "Bonds") on the terms and conditions set forth in the Indenture and all such Bonds shall be entitled to the benefit, protection and security of the Indenture in the order of priority set forth therein. 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 Reoffered 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 in all respects material to the security and sources of payment for the Reoffered Bonds.

2. The Reoffered Bonds have been duly authorized, executed, and delivered by the Authority and are valid and binding obligations of the Authority payable from the Tax 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 "Alternate 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 purposes 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 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 Tax 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 Tax Revenues for the security of the Senior 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 Tax 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. 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 Reoffered Bonds. The adoption and compliance with all of the terms and conditions of the Indenture and the Reoffered Bonds, and the execution and delivery of the Reoffered Bonds did not and will not result in a violation of or be in conflict with any existing law.

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

11. The Authority and the City have covenanted to comply with applicable provisions of the Internal Revenue Code of 1986, as amended (the "Tax Code"), relating to the exclusion from gross income of the interest on the Reoffered Bonds for purposes of federal income taxation. Assuming compliance by the Authority and the City with such provision of the Tax Code, interest on the Reoffered Bonds will not be included in the gross income of the owners thereof for purposes of federal income taxation. Failure by the Authority or the City to comply with such applicable requirements may cause interest on the Reoffered Bonds to be includable in the gross income of the owners thereof retroactive to the date of the issue of the Reoffered Bonds. Further, we render no opinion as to the effect on the exclusion from gross income of interest on the Reoffered Bonds of any action taken or not taken after the date of this opinion without our approval.

12. Interest on the Reoffered Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which we render no opinion, as a result of ownership of such Reoffered Bonds or the inclusion in certain computations (including, without limitation, those related to the corporate alternative minimum tax) of interest that is excluded from gross income.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the extent constitutionally applicable and 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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New York City
Transitional Finance Authority
New York City Recovery Bonds
Fiscal 2003 Subseries 3B-1

REOFFERING CIRCULAR

October 16, 2009
