

EXISTING ISSUES 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 Tax-Exempt Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. Interest on the Taxable Bonds is includable in the gross income of the owners thereof for federal income tax purposes. See "SECTION III: TAX MATTERS" herein for further information.



\$596,115,000

New York City Transitional Finance Authority Future Tax Secured Subordinate Bonds

\$424,145,000

Fiscal 2003 Series B

Tax-Exempt Multi-Modal Bonds

\$171,970,000

Fiscal 2002 Series B

Taxable Adjustable Rate Bonds

Conversion Date: August 23, 2011

Due: As shown on inside cover page

On August 28, 2002, the New York City Transitional Finance Authority (the "Authority") issued its Future Tax Secured Refunding Subordinate Bonds, Fiscal 2003 Series B Tax-Exempt Multi-Modal Bonds (the "Tax-Exempt Bonds") 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 14, 2001, the Authority issued its Future Tax Secured Bonds, Fiscal 2002 Series B Taxable Adjustable Rate Bonds (the "Taxable Bonds" and, together with the Tax-Exempt Bonds, the "Reoffered Bonds") pursuant to the Act and the Indenture. On August 23, 2011 (the "Conversion Date"), the Reoffered Bonds will be converted to bear interest at fixed rates to maturity.

From the date of issuance of the Taxable Bonds through the Conversion Date, payment of the purchase price of the Taxable 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 Taxable Bonds, the Taxable 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 Taxable Bonds. The Tax-Exempt Bonds currently bear interest at an index rate and the payment of the purchase price of the Tax-Exempt Bonds is not provided for pursuant to any liquidity facility. No liquidity facility will be in place with respect to Tax-Exempt Bonds on and subsequent to the Conversion Date.

The Reoffered Bonds will be reoffered as Post-07 S-1 Parity Debt (defined herein). Interest on and principal of 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 other 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. See "SECTION V: THE AUTHORITY—Other Authority Obligations" under "SECTION I: INCLUSION BY SPECIFIC REFERENCE."

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. 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 integral multiples thereof. Interest on the Tax-Exempt Bonds accrues from the Conversion Date and is payable on February 1 and August 1, commencing February 1, 2012. Interest on the Taxable Bonds accrues from the Conversion Date and is payable on May 1 and November 1, commencing November 1, 2011.

The Reoffered Bonds are subject to redemption prior to maturity as described herein.

THE REOFFERED BONDS ARE PAYABLE SOLELY FROM AND SECURED BY A SUBORDINATE 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.

The Tax-Exempt Bonds will be reoffered to the public by the Underwriters as described herein. The Taxable Bonds will be reoffered to the public pursuant to a notice of sale. 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 and the Initial Purchaser by their counsel, 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 August 23, 2011.

**Barclays Capital
Goldman, Sachs & Co.**

**J.P. Morgan
BofA Merrill Lynch**

**Citigroup
Morgan Stanley**

**Cabrera Capital Markets, Inc.
Loop Capital Markets LLC
Rice Financial Products Company**

**Jackson Securities
M.R. Beal & Company
Roosevelt and Cross Incorporated
Wells Fargo Bank, N.A.**

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

**Morgan Keegan
RBC Capital Markets**

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

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

August 5, 2011

\$596,115,000
New York City Transitional Finance Authority
Future Tax Secured Subordinate Bonds

\$424,145,000
Fiscal 2003 Series B
Tax-Exempt Multi-Modal Bonds

<u>Due February 1,</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number⁽¹⁾</u>
2016	\$25,825,000	5 %	1.22%	64971QJH7
2017	26,980,000	5	1.58	64971QJJ3
2018	28,230,000	5	1.98	64971QJK0
2019	29,565,000	5	2.32	64971QJL8
2020	30,995,000	5	2.57	64971QJM6
2021	15,750,000	4	2.77	64971QJN4
2021	16,760,000	5	2.77	64971QJY0
2022 ⁽²⁾	34,160,000	5	2.99	64971QJP9
2023 ⁽²⁾	35,950,000	5	3.17	64971QJQ7
2024 ⁽²⁾	37,855,000	5	3.32	64971QJR5
2025 ⁽²⁾	39,855,000	5	3.43	64971QJS3
2026 ⁽²⁾	41,970,000	5	3.54	64971QJT1
2027 ⁽²⁾	34,200,000	5	3.63	64971QJU8
2028	720,000	3¾	3.86	64971QJV6
2028 ⁽²⁾	11,650,000	5	3.73	64971QJX2
2029 ⁽²⁾	13,680,000	4	3.97	64971QJW4

\$171,970,000
Fiscal 2002 Series B
Taxable Adjustable Rate Bonds

<u>Due May 1,</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number⁽¹⁾</u>
2012	\$ 375,000	0.40%	100%	64971QGM9
2013	80,000	1	0.87	64971QGN7
2014	65,000	1.10	1.09	64971QGP2
2015	3,460,000	1.60	1.57	64971QGQ0
2016	1,780,000	2	1.97	64971QGR8
2017	2,410,000	2.40	2.35	64971QGS6
2018	2,460,000	2¾	2.70	64971QGT4
2019	3,075,000	3.05	3.00	64971QGU1
2020	14,595,000	3.30	3.25	64971QGV9
2021	20,245,000	3.45	3.40	64971QGW7
2022	21,535,000	3.55	3.60	64971QGX5
2023	22,925,000	3.70	3.75	64971QGY3
2024	24,405,000	3.85	3.90	64971QGZ0
2025	25,980,000	4	4.05	64971QHA4
2030	28,580,000	4.60	4.64	64971QHB2

(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 none of the Authority, the Underwriters or the Initial Purchaser makes any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 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.

(2) Priced to the first optional call on February 1, 2021.

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, the Underwriters or the Initial Purchaser 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 and the Initial Purchaser 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 and the Initial Purchaser 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, the Underwriters or the Initial Purchaser 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, 2010 AND 2009, 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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From the date of issuance of the Taxable Bonds through the Conversion Date, the payment of the purchase price of the Taxable Bonds tendered for purchase has been provided for pursuant to a standby bond purchase agreement. Effective on the Conversion Date, the standby bond purchase agreement will be cancelled as to the Taxable Bonds, the Taxable Bonds will not be subject to tender for purchase, and the former standby purchase agreement provider will have no liability with respect to the Taxable Bonds. The Tax-Exempt Bonds currently bear interest at an index rate and the payment of the purchase price of the Tax-Exempt Bonds is not provided for pursuant to any liquidity facility. No liquidity facility will be in place with respect to Tax-Exempt Bonds on and subsequent to the Conversion Date. All of 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 2012 A 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 2012 A BONDS—Debt Service Requirements; —Book-Entry Only System
SECTION V:	THE AUTHORITY
SECTION VI:	LITIGATION
SECTION X:	FINANCIAL ADVISORS
SECTION XI:	FINANCIAL STATEMENTS
SECTION XII:	CONTINUING DISCLOSURE UNDERTAKING
SECTION XV:	LEGAL INVESTMENT
SECTION XVI:	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 2012 A 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 Tax-Exempt Bonds is being converted from an index rate to fixed rates to maturity. The interest rate on the Taxable Bonds is being converted from a weekly 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.

Optional Redemption

Optional Redemption of Tax-Exempt Bonds

The Tax-Exempt Bonds maturing on or before February 1, 2021 are not subject to optional redemption prior to their stated maturity dates. The Tax-Exempt Bonds maturing after February 1, 2021 are subject to optional redemption prior to maturity on 30 days’ notice, at the option of the Authority, in whole or in part, on any date on or

after February 1, 2021 at a price of 100% of their principal amount plus accrued interest to the redemption date. In the event that such Tax-Exempt Bonds are defeased to their maturity in the future, the Authority expects that the Tax-Exempt Bonds will remain subject to optional redemption by the Authority.

Optional Redemption of Taxable Bonds

The Taxable Bonds are subject to redemption prior to their stated maturity dates at the option of the Authority, in whole or in part on any date:

(1) If prior to May 1, 2021, at a make-whole redemption price equal to the greater of:

- (i) the issue price set forth on the inside cover page hereof (but not less than 100%) of the principal amount of such Taxable Bonds to be redeemed; or
- (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Taxable Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Taxable Bonds are to be redeemed, discounted to the date on which such Taxable Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described below) plus 20 basis points;

(2) If on or after May 1, 2021, at a redemption price equal to 100% of the principal amount thereof.

plus, in each case, accrued interest on such Taxable Bonds to be redeemed to the redemption date.

“Treasury Rate” means, with respect to any redemption date for a particular Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Bond to be redeemed, provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

See “— Notice of Redemption; Selection of Bonds to be Redeemed” below for information on the manner of selection of the Reoffered Bonds to be redeemed as described under this subheading “Optional Redemption.”

Notice of Redemption; Selection of Bonds to Be Redeemed

On or after any redemption date, interest will cease to accrue on the Reoffered Bonds called for redemption.

The particular maturities and coupons of the Reoffered Bonds to be redeemed at the option of the Authority will be determined by the Authority in its sole discretion.

Upon receipt of notice from the Authority of its election to redeem the Reoffered Bonds, the Trustee is to give notice of such redemption by mail to the Holders of Reoffered Bonds to be redeemed not less than 30 days or more than 60 days prior to the date set for redemption. Failure by a particular holder to receive notice, or any defect in the notice to such holder, will not affect the redemption of any other Bond.

If less than all of a coupon and maturity of the Reoffered Bonds are called for prior redemption, such Reoffered Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

Defeasance

The Reoffered Bonds are subject to legal defeasance in accordance with the Indenture. As a condition to legal defeasance of any of the Bonds, the Authority must obtain an opinion of counsel to the effect that the owners thereof will not recognize income, gain or loss for federal income tax purposes as a result of such legal defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred. See “APPENDIX A—SUMMARY OF INDENTURE AND AGREEMENT—The Indenture—*Defeasance*” under “SECTION I: INCLUSION BY SPECIFIC REFERENCE.”

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

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

Tax-Exempt Bonds

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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Bonds to be includable in the gross income of the owners thereof retroactive to the date of the issue of the Tax-Exempt Bonds. Further, Bond Counsel will render no opinion as to the effect on the exclusion from gross income of interest on the Tax-Exempt Bonds of any action taken or not taken after the date of such opinion without the approval of Bond Counsel.

Interest on the Tax-Exempt 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 LLP renders no opinion, as a result of ownership of such Tax-Exempt 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 Tax-Exempt Bonds owned by a corporation will be included in the calculation of the corporation’s federal alternative minimum tax liability.

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 Tax-Exempt Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

Original Issue Discount. The excess, if any, of the amount payable at maturity of any maturity of the Tax-Exempt Bonds purchased as part of the initial public offering 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 Tax-Exempt Bonds with original issue discount (a “Discount Bond”) will be excluded from gross income for federal, State and City income tax purposes to the same extent as interest on the Tax-Exempt Bonds. In general, the issue price of a maturity of the Tax-Exempt Bonds is the first price at which a substantial amount of Tax-Exempt 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) and the amount of original

issue discount accrues in accordance with a constant yield method based on the compounding of interest. A purchaser's adjusted basis in a Discount Bond is to be increased by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bonds for federal income tax purposes. A portion of the original issue discount that accrues in each year to an owner of a Discount Bond that is a corporation will be included in the calculation of the corporation's federal alternative minimum tax liability. In addition, original issue discount that accrues in each year to an owner of a Discount Bond may result in some of the collateral federal income tax consequences discussed above. Consequently, owners of any Discount Bond should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

The accrual of original issue discount and its effect on the redemption, sale or other disposition of a Discount Bond that is subject to redemption prior to its stated maturity, or a Discount Bond that is not purchased in the initial offering at the first price at which a substantial amount of such Bonds is sold to the public may be determined according to rules that differ from those described above. An owner of a Discount Bond should consult his tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount with respect to such Discount Bond and with respect to state and local tax consequences of owning and disposing of such Discount Bond.

Premium. The excess, if any, of the tax basis of Tax-Exempt Bonds purchased as part of the initial public offering to a purchaser (other than a purchaser who holds such Tax-Exempt 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 term of such Tax-Exempt 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 Tax-Exempt Bonds are required to decrease their adjusted basis in such Tax-Exempt Bonds by the amount of amortizable bond premium attributable to each taxable year such Tax-Exempt Bonds are held. The amortizable bond premium on such Tax-Exempt 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 Tax-Exempt Bonds. Owners of such Tax-Exempt 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 Tax-Exempt Bonds and with respect to the state and local tax consequences of owning and disposing of such Tax-Exempt Bonds.

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 Tax-Exempt 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.

Taxable Bonds

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Circular 230 Notice. Any discussion of U.S. federal tax issues set forth in this Offering Circular relating to the Taxable Bonds was written in connection with the promotion and marketing of the transactions described in this Offering Circular. Such discussion is not intended or written to be legal or tax advice with respect to the Taxable Bonds to any person and is not intended or written to be used, and cannot be used, by any person for the purpose of

avoiding any U. S. federal tax penalties that may be imposed on such person. Each investor should seek advice based on its particular circumstances from an independent tax advisor.

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In General

Interest on the Taxable Bonds will be includable in the gross income of the owners thereof for purposes of federal income taxation. See “—*Certain U.S. Federal Income Tax Considerations*” below.

Certain U.S. Federal Income Tax Considerations

The following summary of certain United States federal income tax consequences of the purchase, ownership and disposition of the Taxable Bonds is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (including changes in effective dates), which change may be retroactive, or possible differing interpretations. It deals only with the Taxable Bonds held as capital assets and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, dealers in securities or currencies, persons holding the Taxable Bonds as a hedge against currency risks or as a position in a “straddle” for tax purposes, or persons whose functional currency is not the U.S. dollar. It also does not deal with holders other than investors who purchase Taxable Bonds in the initial offering at the first price at which a substantial amount of such substantially identical bonds are sold to the general public (except where otherwise specifically noted). Persons considering the purchase of the Taxable Bonds should consult their own tax advisors concerning the application of U.S. federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Taxable Bonds arising under the laws of any other taxing jurisdiction.

As used herein, the term “U.S. Holder” means a beneficial owner of a Taxable Bond that is for U.S. federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or (b) the trust was in existence on August 20, 1996 and properly elected to continue to be treated as a United States person. Moreover, as used herein, the term “U.S. Holder” includes any holder of a Taxable Bond whose income or gain in respect of its investment in a Taxable Bond is effectively connected with the U.S. trade or business. As used herein, the term “Non-U.S. Holder” means a beneficial Owner of a Taxable Bond (other than an entity that is classified as a partnership) that is not a U.S. Holder.

If a partnership (including for this purpose any entity treated as a partnership for United States federal income tax purposes) is the beneficial owner of any Taxable Bond, the treatment of a partner in that partnership will generally depend upon the status of such partner and the activities of such partnership.

Payments of Interest. Payments of interest on a Taxable Bond generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder’s regular method of tax accounting), provided such interest is “qualified stated interest,” as defined below.

Original Issue Discount. The following summary is a general discussion of the U.S. federal income tax consequences to U.S. Holders of the purchase, ownership and disposition of Taxable Bonds issued with original issue discount (“OID Bonds”), if any. The following summary is based upon final Treasury regulations (the “OID Regulations”) released by the Internal Revenue Service (“IRS”) under the original issue discount provisions of the Code.

For U.S. federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a bond over its issue price, if such excess equals or exceeds a *de minimis* amount (generally $\frac{1}{4}$ of 1% of the bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity from its

issue date or, in the case of a bond providing for the payment of any amount other than qualified stated interest (as defined below) prior to maturity, multiplied by the weighted average maturity of such bond). The issue price of each maturity of substantially identical Taxable Bonds equals the first price at which a substantial amount of such maturity of Taxable Bonds has been sold (ignoring sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The stated redemption price at maturity of a Taxable Bond is the sum of all payments provided by the Taxable Bond other than “qualified stated interest” payments. The term “qualified stated interest” generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate. Payments of qualified stated interest on a Taxable Bond are generally taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder’s regular method of tax accounting).

A U.S. Holder of an OID Bond must include original issue discount in income as ordinary interest income for U.S. federal income tax purposes as it accrues under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of such U.S. Holder’s regular method of tax accounting. In general, the amount of original issue discount included in income by the initial U.S. Holder of an OID Bond is the sum of the daily portions of original issue discount with respect to such OID Bond for each day during the taxable year (or portion of the taxable year) on which such U.S. Holder held such OID Bond. The “daily portion” of original issue discount on any OID Bond is determined by allocating to each day in any accrual period a ratable portion of the original issue discount allocable to that accrual period. An “accrual period” may be of any length and the accrual periods may vary in length over the term of the OID Bond, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period. The amount of original issue discount allocable to each accrual period is generally equal to the difference between (i) the product of the OID Bond’s adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The “adjusted issue price” of an OID Bond at the beginning of any accrual period is the sum of the issue price of the OID Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the OID Bond that were not qualified stated interest payments. Under these rules, U.S. Holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder who purchases an OID Bond for an amount that is greater than its adjusted issue price as of the purchase date and less than or equal to the sum of all amounts payable on the OID Bond after the purchase date, other than payments of qualified stated interest, will be considered to have purchased the OID Bond at an “acquisition premium.” Under the acquisition premium rules, the amount of original issue discount which such U.S. Holder must include in its gross income with respect to such OID Bond for any taxable year (or portion thereof in which the U.S. Holder holds the OID Bond) will be reduced (but not below zero) by the portion of the acquisition premium properly allocable to the period.

U.S. Holders may generally, upon election, include in income all interest (including stated interest, acquisition discount, original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) that accrues on a debt instrument by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions. This election will generally apply only to the debt instrument with respect to which it is made and may be revoked only with the consent of the IRS.

Market Discount. If a U.S. Holder purchases a Taxable Bond, other than an OID Bond, for an amount that is less than its issue price (or, in the case of a subsequent purchaser, its stated redemption price at maturity) or, in the case of an OID Bond, for an amount that is less than its adjusted issue price as of the purchase date, such U.S. Holder will be treated as having purchased such Taxable Bond at a “market discount,” unless the amount of such market discount is less than a specified *de minimis* amount.

Under the market discount rules, a U.S. Holder will be required to treat any partial principal payment (or, in the case of an OID Bond, any payment that does not constitute qualified stated interest) on, or any gain realized on

the sale, exchange, retirement or other disposition of, a Taxable Bond as ordinary income to the extent of the lesser of (i) the amount of such payment or realized gain or (ii) the market discount which has not previously been included in gross income and is treated as having accrued on such Taxable Bonds at the time of such payment or disposition. Market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity date of the Taxable Bonds, unless the U.S. Holder elects to accrue market discount on the basis of semiannual compounding.

A U.S. Holder may be required to defer the deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a Taxable Bond with market discount until the maturity of such Taxable Bond or certain earlier dispositions, because a current deduction is only allowed to the extent the interest expense exceeds an allocable portion of market discount. A U.S. Holder may elect to include market discount in income currently as it accrues (on either a ratable or semiannual compounding basis), in which case the rules described above regarding the treatment as ordinary income or gain upon the disposition of the Taxable Bond and upon the receipt of certain cash payments and regarding the deferral of interest deductions will not apply. Generally, such currently included market discount is treated as ordinary interest for U.S. federal income tax purposes. Such an election will apply to all debt instruments acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

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

The following rules apply to any Taxable Bond that may be optionally redeemed after the U.S. Holder acquires it at a price in excess of its stated redemption price at maturity. The amount of amortizable bond premium attributable to such Taxable Bond is equal to the lesser of (1) the difference between (A) such U.S. Holder’s tax basis in the Taxable Bond and (B) the sum of all amounts payable on such Taxable Bond after the purchase date, other than payments of qualified stated interest or (2) the difference between (X) such U.S. Holder’s tax basis in such Taxable Bond and (Y) the sum of all amounts payable on such Taxable Bond after the purchase date due on or before the early call date, other than payments of qualified stated interest. If a Taxable Bond may be redeemed on more than one date prior to maturity, the early call date and amount payable on the early call date that produces the lowest amount of amortizable bond premium, is the early call date and amount payable that is initially used for purposes of calculating the amount pursuant to clause (2) of the previous sentence. If an early call date is not taken into account in computing premium amortization and the early call is in fact exercised, a U.S. Holder will be allowed a deduction for the excess of the U.S. Holder’s tax basis in the Taxable Bond over the amount realized pursuant to the redemption. If an early call date is taken into account in computing premium amortization and the early call is not exercised, the Taxable Bond will be treated as “reissued” on such early call date for the call price. Following the deemed reissuance, the amount of amortizable bond premium is recalculated pursuant to the rules of this section “Premium.” The rules relating to Taxable Bonds that may be optionally redeemed are complex and, accordingly, prospective purchasers are urged to consult their own tax advisors regarding the application of the amortizable bond premium rules to their particular situation.

Disposition of a Taxable Bond. Except as discussed above, upon the sale, exchange or retirement of a Taxable Bond, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (other than amounts representing accrued and unpaid interest)

and such U.S. Holder's adjusted tax basis in the Taxable Bond. A U.S. Holder's adjusted tax basis in a Taxable Bond generally will equal such U.S. Holder's initial investment in the Taxable Bond increased by any original issue discount included in income (and accrued market discount, if any, if the U.S. Holder has included such market discount in income) and decreased by the amount of any payments, other than qualified stated interest payments, received and amortizable bond premium taken with respect to such Taxable Bond. Such gain or loss generally will be long-term capital gain or loss if the Taxable Bond has been held by the U.S. Holder at the time of disposition for more than one year. If the U.S. Holder is an individual, long-term capital gain will be subject to reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

Medicare Tax. Recently enacted legislation will impose an additional 3.8% tax on the net investment income (which includes interest, original issue discount and gains from a disposition of a Taxable Bond) of certain individuals, trust and estates, for taxable years beginning after December 31, 2012. Prospective investors in the Taxable Bonds should consult their tax advisors regarding the possible applicability of this tax to an investment in the Taxable Bonds.

Non-U.S. Holders

A non-U.S. Holder will not be subject to United States federal income taxes on payments of principal, premium (if any), interest (including original issue discount, if any) on a Taxable Bond, unless such non-U.S. Holder is a bank receiving interest described in section 881(c)(3)(A) of the Code. To qualify for the exemption from taxation, the Withholding Agent, as defined below, must have received a statement from the individual or corporation that:

- is signed by the beneficial owner of the Taxable Bond under penalties of perjury,
- certifies that such owner is not a U.S. Holder, and
- provides the beneficial owner's name and address.

A "Withholding Agent" is the last United States payor (or a non-U.S. payor who is a qualified intermediary, U.S. branch of a foreign person, or withholding foreign partnership) in the chain of payment prior to payment to a non-U.S. Holder (which itself is not a Withholding Agent). Generally, this statement is made on an IRS Form W-8BEN ("W-8BEN"), which is effective for the remainder of the year of signature plus three full calendar years unless a change in circumstances makes any information on the form incorrect. Notwithstanding the preceding sentence, a W-8BEN with a U.S. taxpayer identification number will remain effective until a change in circumstances makes any information on the form incorrect, provided that the Withholding Agent reports at least annually to the beneficial owner on IRS Form 1042-S. The beneficial owner must inform the Withholding Agent within 30 days of such change and furnish a new W-8BEN. A non-U.S. Holder who is not an individual or corporation (or an entity treated as a corporation for federal income tax purposes) holding the Taxable Bonds on its own behalf may have substantially increased reporting requirements. In particular, in the case of Taxable Bonds held by a foreign partnership (or foreign trust), the partners (or beneficiaries) rather than the partnership (or trust) will be required to provide the certification discussed above, and the partnership (or trust) will be required to provide certain additional information.

A non-U.S. Holder whose income with respect to its investment in a Taxable Bond is effectively connected with the conduct of a U.S. trade or business would generally be taxed as if the holder was a U.S. person provided the holder provides to the Withholding Agent an IRS Form W-8ECI.

Certain securities clearing organizations, and other entities who are not beneficial owners, may be able to provide a signed statement to the Withholding Agent. However, in such case, the signed statement may require a copy of the beneficial owner's W-8BEN (or the substitute form).

Generally, a non-U.S. Holder will not be subject to United States federal income taxes on any amount which constitutes capital gain upon retirement or disposition of a Taxable Bond, unless such non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and such

gain is derived from sources within the United States. Certain other exceptions may be applicable, and a non-U.S. Holder should consult its tax advisor in this regard.

The Taxable Bonds will not be includable in the estate of a non-U.S. Holder unless, at the time of such individual's death, payments in respect of the Taxable Bonds would have been effectively connected with the conduct by such individual of a trade or business in the United States.

Backup Withholding

Backup withholding of United States federal income tax may apply to payments made in respect of the Taxable Bonds to registered owners who are not "exempt recipients" and who fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Payments made in respect of the Taxable Bonds to a U.S. Holder must be reported to the IRS, unless the U.S. Holder is an exempt recipient or establishes an exemption. Compliance with the identification procedures described in the preceding section would establish an exemption from backup withholding for those non-U.S. Holders who are not exempt recipients.

In addition, upon the sale of a Taxable Bond to (or through) a broker, the broker must report the sale and withhold on the entire purchase price, unless either (i) the broker determines that the seller is a corporation or other exempt recipient or (ii) the seller certifies that such seller is a non-U.S. Holder (and certain other conditions are met). Certification of the registered owner's non-U.S. status would be made normally on an IRS Form W-8BEN under penalties of perjury, although in certain cases it may be possible to submit other documentary evidence.

Any 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 United States federal income tax 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 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.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and section 4975 of the Code generally prohibit certain transactions between employee benefit plans under ERISA or tax qualified retirement plans and individual retirement accounts under the Code (collectively, the "Plans") and persons who, with respect to a Plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In addition, each fiduciary of a Plan ("Plan Fiduciary") must give appropriate consideration to the facts and circumstances that are relevant to an investment in the Reoffered Bonds, including the role that such an investment in the Reoffered Bonds would play in the Plan's overall investment portfolio. Each Plan Fiduciary, before deciding to invest in the Reoffered Bonds, must be satisfied that such investment in the Reoffered Bonds is a prudent investment for the Plan, that the investments of the Plan, including the investment in the Reoffered Bonds, are diversified so as to minimize the risk of large losses and that an investment in the Reoffered Bonds complies with the documents of the Plan and related trust, to the extent that such documents are consistent with ERISA. All Plan Fiduciaries, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Reoffered Bond.

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 and the Initial Purchaser.

SECTION V: REOFFERING

The Tax-Exempt Bonds are being purchased for reoffering by the Underwriters, for whom J.P. Morgan Securities LLC is acting as Lead Manager. The compensation for services rendered in connection with the reoffering of the Tax-Exempt Bonds shall be \$2,190,296.02. The Underwriters will be obligated to purchase all the Tax-Exempt Bonds if any Tax-Exempt 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.

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

The Taxable Bonds are being purchased by J.P. Morgan Securities LLC (the “Initial Purchaser”) pursuant to a notice of sale at an aggregate discount of \$324,996.47.

SECTION VI: RATINGS

The Reoffered Bonds are expected to be rated “AAA” by Standard & Poor’s and are rated “Aa1” by Moody’s and “AAA” 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

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PROPOSED FORM OF BOND COUNSEL OPINION

August 23, 2011

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 Future Tax Secured Subordinate Bonds, Fiscal 2003 Series B Tax-Exempt Multi-Modal Bonds (the "Tax-Exempt Bonds") and Future Tax Secured Bonds, Fiscal 2002 Series B Taxable Adjustable Rate Bonds (together with the Tax-Exempt Bonds, 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 other Parity Debt. 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.

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

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

1. The 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Bonds to be includable in the gross income of the owners thereof retroactive to the date of the issue of the Tax-Exempt Bonds. Further, we render no opinion as to the effect on the exclusion from gross income of interest on the Tax-Exempt Bonds of any action taken or not taken after the date of this opinion without our approval.

12. Interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which we render no opinion, as a result of ownership of such 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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\$596,115,000
**New York City Transitional
Finance Authority**
Future Tax Secured Subordinate Bonds

\$424,145,000
Fiscal 2003 Series B
Tax-Exempt Multi-Modal Bonds

\$171,970,000
Fiscal 2002 Series B
Taxable Adjustable Rate Bonds

REOFFERING CIRCULAR

August 5, 2011
