

## EXISTING ISSUE REOFFERED

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



**\$32,025,000**

# New York City Transitional Finance Authority Future Tax Secured Subordinate Bonds Fiscal 1999 Subseries A-1

**Conversion Date: December 4, 2012**  
**Interest Rate: 5%**  
**Yield: 0.74%**

**Due: November 15, 2018**  
**CUSIP<sup>(1)</sup> Number: 64971QQ55**

On November 19, 1998, the New York City Transitional Finance Authority (the "Authority") issued its Future Tax Secured Bonds, Fiscal 1999 Subseries A-1 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"), by and between the Authority and The Bank of New York Mellon, New York, New York, as Trustee (the "Trustee"). On December 4, 2012 (the "Conversion Date"), \$32,025,000 principal amount of the outstanding Fiscal 1999 Subseries A-1 Bonds maturing November 15, 2028 (the "Reoffered Bonds") will be converted to bear interest at fixed rates to maturity and reoffered as Post-07 S-1 Parity Debt (defined herein) pursuant to this Reoffering Circular.

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.

Simultaneously with the conversion to fixed rates to maturity of the interest rates of and reoffering of the Reoffered Bonds, the Authority expects to issue its \$100,000,000 Future Tax Secured Tax-Exempt Subordinate Bonds, Fiscal 2013 Subseries C-1 (the "Subseries C-1 Bonds"), its \$100,000,000 Future Tax Secured Taxable Subordinate Bonds (Qualified School Construction Bonds), Fiscal 2013 Subseries C-2 (the "Subseries C-2 Bonds"), its \$130,000,000 Future Tax Secured Taxable Subordinate Bonds, Fiscal 2013 Subseries C-3 (the "Subseries C-3 Bonds" and, together with the Subseries C-1 Bonds and the Subseries C-2 Bonds, the "Series 2013 C Fixed Rate Bonds"), its \$310,900,000 Future Tax Secured Tax-Exempt Subordinate Bonds, Fiscal 2013 Series D (the "Series 2013 D Bonds") and its \$241,905,000 Future Tax Secured Tax-Exempt Subordinate Bonds, Fiscal 2013 Series E (the "Series 2013 E Bonds" and, together with the Series 2013 D Bonds, the "Refunding Bonds" and, together with the Series 2013 C Fixed Rate Bonds, the "Fixed Rate Bonds"). The Fixed Rate Bonds are being offered by a separate offering circular. In addition, simultaneously with the offering of the Fixed Rate Bonds, the Authority expects to issue its \$248,000,000 Future Tax Secured Tax-Exempt Subordinate Bonds (Adjustable Rate Bonds), Fiscal 2013 (the "Adjustable Rate Bonds"). The Adjustable Rate Bonds are being offered by a separate offering circular. The Fixed Rate Bonds and the Adjustable Rate Bonds are sometimes collectively referred to herein as the "Series 2013 Bonds."

The Reoffered Bonds constitute Parity Debt and are being 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 other 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 Reoffered Bonds accrues from the Conversion Date and is payable monthly on May 15 and November 15, commencing May 15, 2013.

The Reoffered Bonds are not subject to redemption prior to maturity.

**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 Reoffered Bonds are being reoffered to the public by the Initial Purchaser as described herein. In connection with the conversion to fixed rates to maturity of the interest rates of the Reoffered Bonds 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 Initial Purchaser by its 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 December 4, 2012.

November 16, 2012

<sup>(1)</sup> 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 conversion of the Reoffered Bonds and none of the Authority 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 conversion 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 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 Initial Purchaser has reviewed the information in this Reoffering Circular in accordance with its responsibilities to investors under the securities laws as applied to the facts and circumstances of this transaction, but the Initial Purchaser does 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 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.**

**DELOITTE & TOUCHE LLP, THE AUTHORITY’S INDEPENDENT AUDITOR, HAS NOT REVIEWED, COMMENTED ON OR APPROVED, AND IS NOT ASSOCIATED WITH, THIS REOFFERING CIRCULAR. THE REPORT OF DELOITTE & TOUCHE LLP RELATING TO THE AUTHORITY’S FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012, WHICH IS A MATTER OF PUBLIC RECORD, IS INCLUDED BY SPECIFIC REFERENCE IN THIS REOFFERING CIRCULAR. HOWEVER, DELOITTE & TOUCHE 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.**

**REOFFERING CIRCULAR**  
**OF**  
**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**  
**Relating to**  
**\$32,025,000**  
**Future Tax Secured Subordinate Bonds**  
**Fiscal 1999 Subseries A-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 \$32,025,000 principal amount of its Future Tax Secured Subordinate Bonds, Fiscal 1999 Subseries A-1 (the “Reoffered Bonds”) from variable rates to fixed rates to maturity and the reoffering of such bonds to the public as Post-07 S-1 Parity Debt (defined herein). Simultaneously with the conversion to fixed rates to maturity of the interest rates of the Reoffered Bonds, the Authority expects to issue its \$100,000,000 Future Tax Secured Tax-Exempt Subordinate Bonds, Fiscal 2013 Subseries C-1 (the “Subseries C-1 Bonds”), its \$100,000,000 Future Tax Secured Taxable Subordinate Bonds (Qualified School Construction Bonds), Fiscal 2013 Subseries C-2 (the “Subseries C-2 Bonds”), its \$130,000,000 Future Tax Secured Taxable Subordinate Bonds, Fiscal 2013 Subseries C-3 (the “Subseries C-3 Bonds” and, together with the Subseries C-1 Bonds and the Subseries C-2 Bonds, the “Series 2013 C Fixed Rate Bonds”), its \$310,900,000 Future Tax Secured Tax-Exempt Subordinate Bonds, Fiscal 2013 Series D (the “Series 2013 D Bonds”) and its \$241,905,000 Future Tax Secured Tax-Exempt Subordinate Bonds, Fiscal 2013 Series E (the “Series 2013 E Bonds” and, together with the Series 2013 D Bonds, the “Refunding Bonds” and, together with the Series 2013 C Fixed Rate Bonds, the “Fixed Rate Bonds”). The Fixed Rate Bonds are being offered by a separate offering circular. In addition, simultaneously with the issuance of the Series 2013 C Fixed Rate Bonds and the Refunding Bonds, the Authority expects to issue its \$248,000,000 Future Tax Secured Tax-Exempt Subordinate Bonds (Adjustable Rate Bonds), Fiscal 2013 (the “Adjustable Rate Bonds”). The Adjustable Rate Bonds are being offered by a separate offering circular. The Fixed Rate Bonds and the Adjustable Rate Bonds are sometimes collectively referred to herein as the “Series 2013 Bonds.” Portions of the Authority’s offering circular relating to the Fixed Rate Bonds (the “Offering Circular”) are included herein by specific reference. See “SECTION I: INCLUSION BY SPECIFIC REFERENCE.”

The Reoffered Bonds were scheduled to mature November 15, 2028, and subject to mandatory redemption on November 15, 2018. As converted, they will mature November 15, 2018.

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, as Trustee (the “Trustee”). The Authority and The City of New York (the “City”) entered into a Financing Agreement (the “Agreement”), dated October 1, 1997, 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 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 Date, the standby bond purchase agreement will be cancelled as to the Reoffered Bonds, the Reoffered Bonds will not be subject to tender for purchase, and the former standby purchase agreement provider will have no liability with respect to the Reoffered Bonds. The Reoffered Bonds constitute Parity Debt and 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 Fixed Rate 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 FIXED RATE BONDS—Debt Service Requirements
SECTION IV:	THE FIXED RATE BONDS—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
APPENDIX C:	VARIABLE RATE BONDS

In addition, all references to the Fixed Rate Bonds, the Future Tax Secured Bonds or the Series 2013 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 variables rates to fixed rates to maturity. The Reoffered Bonds will bear interest at the rates and will mature on the date as set forth on the 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. The Reoffered Bonds are not subject to redemption prior to maturity. See “SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE FUTURE TAX SECURED BONDS” under “SECTION I: INCLUSION BY SPECIFIC REFERENCE.” Terms used under this heading “SECTION II: THE REOFFERED BONDS” and not defined herein are defined in “APPENDIX A—SUMMARY OF INDENTURE AND AGREEMENT” 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.

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 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, 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 Bond Counsel, 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 (i) ownership of such Reoffered Bonds or (ii) 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.

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.

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 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.

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 Initial Purchaser.

#### **SECTION V: REOFFERING**

The Reoffered Bonds are being purchased for reoffering by Goldman, Sachs & Co. (the “Initial Purchaser”) pursuant to a notice of sale at an aggregate discount of \$19,215.

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

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

NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

## PROPOSED FORM OF BOND COUNSEL OPINION

December 4, 2012

**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 Bonds, Fiscal 1999 Subseries A-1 (the "Reoffered Bonds"). The Reoffered Bonds were issued pursuant to Chapter 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. We assume the parties will perform their respective covenants in the Indenture and the Agreement in all material respects.

The Reoffered Bonds are dated, bear interest, mature, and are secured as set forth in the Indenture. The Reoffered Bonds are Subordinate Bonds and Parity Debt payable from the Tax Revenues 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.

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, not 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. Assuming compliance by the Authority and the City with applicable provisions of the Internal Revenue Code of 1986, as amended (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. The Authority and the City have covenanted to comply with such provisions of the Tax Code. Failure by the Authority or the City to comply with such provisions 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 an item of tax preference item for purposes of the federal individual or corporate alternative minimum tax; however, interest on the Reoffered Bonds owned by a corporation will be included in the calculation of the corporation’s alternative minimum tax liability under the Tax Code.



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

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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**\$32,025,000**  
**New York City**  
**Transitional Finance Authority**  
**Future Tax Secured Subordinate Bonds**  
**Fiscal 1999 Subseries A-1**

**REOFFERING CIRCULAR**

November 16, 2012

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