

## EXISTING ISSUE REOFFERED

In the opinion of Fulbright & Jaworski LLP, Bond Counsel to the Authority for Tax Matters, 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 be excludable from the gross income of the owners thereof for federal income tax purposes. See "SECTION III: TAX MATTERS" herein for further information.



**\$41,140,000**  
**New York City Transitional Finance Authority**  
**Future Tax Secured Subordinate Bonds**  
**Fiscal 2001 Series B, Subseries B-3**

Conversion Date: February 4, 2014

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

The New York City Transitional Finance Authority (the "Authority") issued its Future Tax Secured Bonds, Fiscal 2001 Series B (the "Series B Bonds") on March 7, 2001 pursuant to the New York City Transitional Finance Authority Act, as amended (the "Act"), and an Indenture, dated as of October 1, 1997, as supplemented and as amended and restated by an Amended and Restated Original Indenture, as restated December 1, 2010, as supplemented (the "Indenture"), by and between the Authority and The Bank of New York Mellon, New York, New York, as successor trustee (the "Trustee"). On February 4, 2014 (the "Conversion Date"), a portion of the Series B Bonds will be converted to bear interest at fixed rates to maturity, redesignated as Future Tax Secured Subordinate Bonds, Fiscal 2001 Series B, Subseries B-3 (the "Reoffered Bonds") and remarketed as serial bonds.

From the date of issuance of the Series B Bonds through the Conversion Date, payment of the purchase price of the adjustable rate Series B Bonds tendered for purchase has been provided for pursuant to a standby bond purchase agreement. Effective on the Conversion Date, a portion of the outstanding Series B Bonds will be converted to fixed rate bonds and remarketed as the Reoffered Bonds, such standby bond purchase agreement will be terminated with respect to the Reoffered Bonds, the Reoffered Bonds will not be subject to 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 of the interest rates on the Reoffered Bonds, the Authority expects to issue its \$905,000,000 Future Tax Secured Subordinate Bonds, Fiscal 2014 Subseries B-1, Subseries B-2 and Series C (collectively, the "Fixed Rate Bonds") and its \$75,000,000 Future Tax Secured Tax-Exempt Subordinate Bonds (Adjustable Rate Bonds), Fiscal 2014 Subseries B-3 (the "Adjustable Rate Bonds"). The Fixed Rate Bonds and the Adjustable Rate Bonds will be sold pursuant to two separate offering circulars.

The Reoffered Bonds 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" referenced in "SECTION I: INCLUSION BY SPECIFIC REFERENCE" herein. 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" referenced in "SECTION I: INCLUSION BY SPECIFIC REFERENCE" herein.

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" referenced in "SECTION I: INCLUSION BY SPECIFIC REFERENCE" herein.

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 disbursement to the purchasers of the Reoffered Bonds is 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 on February 1 and August 1, commencing August 1, 2014.

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 Reoffered Bonds are being reoffered to the public by the Underwriters. 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 Fulbright & Jaworski LLP, New York, New York, a member of Norton Rose Fulbright, Bond Counsel to the Authority for Tax Matters, and by the New York City Corporation Counsel. Certain legal matters will be passed upon for the Underwriters of the Reoffered Bonds by their co-counsel, Hawkins Delafield & Wood LLP, New York, New York and Gonzalez Saggio & Harlan 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 February 4, 2014.

**BofA Merrill Lynch  
Morgan Stanley**

**Citigroup  
M.R. Beal & Company  
Raymond James  
Roosevelt & Cross Incorporated**

**BNY Mellon Capital Markets, LLC  
Sterne, Agee & Leach, Inc.**

**J.P. Morgan  
Barclays Capital  
Loop Capital Markets LLC**

**Fidelity Capital Markets  
Oppenheimer & Co., Inc.  
RBC Capital Markets  
Siebert Brandford Shank & Co. L.L.C.  
Stifel, Nicolaus & Company, Incorporated**

**Estrada Hinojosa & Company, Inc.  
US Bancorp**

**Goldman, Sachs & Co.  
Wells Fargo Securities**

**Jefferies  
Ramirez & Co., Inc.  
Rice Financial Products Company  
Southwest Securities, Inc.**

**Prager & Co., LLC  
The Williams Capital Group, LP**

**\$41,140,000**  
**New York City Transitional Finance Authority**  
**Future Tax Secured Subordinate Bonds**  
**Fiscal 2001 Series B, Subseries B-3**

<b>Due February 1,</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP Number<sup>(1)</sup></b>
2026 <sup>(2)</sup>	\$6,030,000	5%	3.27%	64971WAF7
2027 <sup>(2)</sup>	6,300,000	5	3.41	64971WAG5
2028 <sup>(2)</sup>	6,660,000	5	3.53	64971WAH3
2029 <sup>(2)</sup>	7,020,000	5	3.63	64971WAJ9
2030 <sup>(2)</sup>	7,385,000	5	3.73	64971WAK6
2031 <sup>(2)</sup>	7,745,000	5	3.82	64971WAL4

(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 reoffering of the Reoffered Bonds, and neither the Authority nor the Underwriters make any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the reoffering 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 first optional call on February 1, 2024.

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

This Reoffering Circular includes by specific reference forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts, projections and estimates were prepared. In light of the important factors that may materially affect economic conditions in the City and the amount of Tax Revenues (as defined herein), the inclusion by specific reference in this Reoffering Circular of such forecasts, projections and estimates should not be regarded as a representation by the Authority or the Underwriters that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

If and when included in this Reoffering Circular, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates” and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Authority. These forward-looking statements speak only as of the date of this Reoffering Circular. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Authority’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

**IN CONNECTION WITH REOFFERS AND SALES OF THE REOFFERED BONDS, NO ACTION HAS BEEN TAKEN BY THE AUTHORITY THAT WOULD PERMIT A PUBLIC REOFFERING OF THE REOFFERED BONDS, OR POSSESSION OR DISTRIBUTION OF ANY INFORMATION RELATING TO THE PRICING OF THE REOFFERED BONDS, THIS REOFFERING CIRCULAR OR ANY OTHER REOFFERING OR PUBLICITY MATERIAL RELATING TO THE REOFFERED BONDS, IN ANY NON-U.S. JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE UNDERWRITERS ARE OBLIGATED TO COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY NON-U.S. JURISDICTION IN WHICH THEY PURCHASE, REOFFER OR SELL THE REOFFERED BONDS OR POSSESS OR DISTRIBUTE THIS REOFFERING CIRCULAR OR ANY OTHER REOFFERING OR PUBLICITY MATERIAL RELATING TO THE REOFFERED BONDS AND WILL OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED BY THEM FOR THE PURCHASE, REOFFER OR SALE BY THEM OF THE REOFFERED BONDS UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY NON-U.S. JURISDICTION TO WHICH THEY ARE SUBJECT OR IN WHICH THEY MAKE SUCH PURCHASES, REOFFERS OR SALES AND THE AUTHORITY SHALL HAVE NO RESPONSIBILITY THEREFOR.**

**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 YEARS ENDED JUNE 30, 2013 AND 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.**

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

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

**\$41,140,000  
Future Tax Secured Subordinate Bonds  
Fiscal 2001 Series B, Subseries B-3**

**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 on February 4, 2014 (the “Conversion Date”) of the interest rates by the Authority on a portion of its outstanding Future Tax Secured Bonds, Fiscal 2001 Series B (the “Series B Bonds”) from adjustable rates to fixed rates to maturity and the serialization and redesignation of such portion of the Series B Bonds as Future Tax Secured Subordinate Bonds, Fiscal 2001 Series B, Subseries B-3 (the “Reoffered Bonds”). Simultaneously with the conversion of the interest rates on the Reoffered Bonds, the Authority expects to issue its \$905,000,000 Future Tax Secured Subordinate Bonds, Fiscal 2014 Subseries B-1, Subseries B-2 and Series C (collectively, the “Fixed Rate Bonds”) and its \$75,000,000 Future Tax Secured Tax-Exempt Subordinate Bonds (Adjustable Rate Bonds), Fiscal 2014 Subseries B-3 (the “Adjustable Rate Bonds”). The Fixed Rate Bonds and the Adjustable Rate Bonds will be sold pursuant to two separate offering circulars. Portions of the Authority’s offering circular relating to the Fixed Rate Bonds dated January 17, 2014 (the “Offering Circular”) are included herein by specific reference. See “SECTION I: INCLUSION BY SPECIFIC REFERENCE.”

The Authority is a corporate governmental agency constituting a public benefit corporation and an instrumentality of the State of New York (the “State”) created by the New York City Transitional Finance Authority Act, as amended (the “Act”). The Reoffered Bonds have been issued pursuant to the Act and an Indenture, dated October 1, 1997, as supplemented and as amended and restated by an Amended and Restated Original Indenture, as restated December 1, 2010, 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 Recovery Costs (as defined in the Indenture) and includes various covenants of the City. A summary of the Indenture and the Agreement, including certain defined terms used therein and in this Reoffering Circular, is contained in “APPENDIX A—SUMMARY OF INDENTURE AND AGREEMENT” referenced in “SECTION I: INCLUSION BY SPECIFIC REFERENCE” herein.

The Reoffered Bonds are being reoffered as Post-07 S-1 Parity Debt. The Reoffered Bonds are payable from Tax Revenues of the Authority which are derived from Personal Income Tax Revenues and Sales Tax Revenues subordinate to Senior Debt Service and operating expenses of the Authority. See “SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE FUTURE TAX SECURED BONDS” referenced in “SECTION I: INCLUSION BY SPECIFIC REFERENCE” herein.

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 adjustable rate Series B Bonds through the Conversion Date, the payment of the purchase price of the Series B Bonds tendered for purchase has been provided for pursuant to a standby bond purchase agreement. Effective on the Conversion Date, a portion of the outstanding adjustable

rate Series B Bonds will be converted to fixed rate bonds and remarketed as the Reoffered Bonds, such standby bond purchase agreement will be terminated with respect to the Reoffered Bonds, the Reoffered Bonds will not be subject to tender for purchase by the owners thereof, and the former standby bond purchase agreement provider will have no liability with respect to the Reoffered Bonds. The Reoffered Bonds will be treated as Post-07 S-1 Parity Debt. See “APPENDIX A— SUMMARY OF INDENTURE AND AGREEMENT” referenced in “SECTION I: INCLUSION BY SPECIFIC REFERENCE” herein.

## **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 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 in the foregoing captions of the Offering Circular shall include the Reoffered Bonds, except for references to the Fixed Rate Bonds under the caption “SECTION IV: THE FIXED RATE BONDS—Debt Service Requirements.”

## **SECTION II: THE REOFFERED BONDS**

### **General**

The interest rates on the Reoffered Bonds are being converted from adjustable rates 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 will be 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” referenced in “SECTION I: INCLUSION BY SPECIFIC REFERENCE” herein.

The Reoffered Bonds are issuable in denominations of \$5,000 or any integral multiples thereof. Interest on the Reoffered Bonds is payable on February 1 and August 1, commencing August 1, 2014 and shall be computed on the basis of a 360-day year of 30-day months.

## **Optional Redemption**

The Reoffered Bonds 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, 2024 at a price of 100% of their principal amount plus accrued interest to the redemption date. In the event that such Reoffered Bonds are defeased to their maturity in the future, the Authority expects that such Reoffered Bonds will remain subject to optional redemption by the Authority.

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

## **Notice of Redemption; Selection of Reoffered Bonds to be Redeemed**

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

The particular maturities and amounts 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 Reoffered Bonds, the Trustee is to give notice of such redemption by mail to the Holders of the 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 the Reoffered Bonds of a maturity and amount 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 Reoffered 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 of the Indenture and —Legal Defeasance of Particular Bonds” referenced in “SECTION I: INCLUSION BY SPECIFIC REFERENCE” herein.

## **Use of Proceeds**

The proceeds of the Reoffered Bonds, when originally issued, were used for general City capital expenditures. Certain expenses of the Authority incurred in connection with the reoffering and sale of the Reoffered Bonds will be paid from the proceeds of the Reoffered Bonds.

## **Other Information**

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

### **SECTION III: TAX MATTERS**

In the opinion of Fulbright & Jaworski LLP, New York, New York, as Bond Counsel to the Authority for Tax Matters (“Tax 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 in Tax Certificates to comply with certain 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 Tax Counsel, assuming compliance by the Authority and the City with such covenants, interest on the Reoffered Bonds will be excludable from the gross income of the owners thereof for purposes of federal income taxation. Failure by the Authority or the City to comply with such covenants may cause interest on the Reoffered Bonds to be includable in the gross income of the owners thereof retroactive to the date of issue of the Reoffered Bonds. Further, Tax 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 Tax Counsel.

In the opinion of Tax Counsel, interest on the Reoffered Bonds is not an item of tax preference for purposes of the federal individual or corporate alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which no opinion will be rendered by Tax Counsel, as a result of ownership of the Reoffered Bonds or the inclusion in certain computations (including, without limitation, those related to the corporate alternative minimum tax) of interest that is excluded from gross income. Interest on the Reoffered Bonds owned by a corporation will be included in such corporation’s adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust (“FASIT”). A corporation’s alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

In rendering the foregoing opinions, Tax Counsel will assume the correctness of the approving opinion delivered by Sidley Austin Brown & Wood LLP in connection with the original issuance of the Reoffered Bonds, which concluded that the Reoffered Bonds are duly authorized and issued and constitute valid and legally binding obligations of the Authority, and will rely on the opinion of Sidley Austin LLP to the effect that the reoffering of the Reoffered Bonds is lawful and permitted. Sidley Austin LLP has not been engaged to review any matter or conduct any investigation or examination relating to the federal, state or local tax consequences with respect to the receipt of interest on the Reoffered Bonds, or the ownership or the disposition of the Reoffered Bonds, and takes no responsibility therefor. Furthermore, Sidley Austin LLP is not expressing any opinion as to any federal, state or local tax consequences arising with respect to the Reoffered Bonds, the receipt of interest thereon or the ownership or disposition thereof, including, without limitation, the exclusion from gross income of interest on the Reoffered Bonds.

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



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

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

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

#### **SECTION IV: RATINGS**

The Reoffered Bonds are rated “Aa1” by Moody’s, “AAA” by Fitch and “AAA” by Standard & Poor’s. 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.

#### **SECTION V: APPROVAL OF LEGALITY**

In connection with the original issuance of the Reoffered Bonds, Brown & Wood LLP, a predecessor firm of Sidley Austin LLP, New York, New York, Bond Counsel to the Authority, delivered its opinion that the Series B Bonds were valid and legally binding obligations of the Authority. A copy of such opinion is contained in APPENDIX A hereto.

The legality of the conversion of a portion of the Series B Bonds will be affirmed by the legal opinion of Sidley Austin LLP, New York, New York, Bond Counsel to the Authority. Reference should be made to the form of such opinion as set forth in APPENDIX B hereto for the matters covered by such opinion and the scope of Bond Counsel’s engagement in relation to the Reoffered Bonds.

The opinion of Fulbright & Jaworski LLP, New York, New York, a member of Norton Rose Fulbright, Bond Counsel to the Authority for Tax Matters, will be substantially in the form of APPENDIX C hereto. Reference should be made to the form of such opinion for the matters covered by such opinion and the scope of Tax Counsel's engagement in relation to the Reoffered Bonds.

Certain legal matters are being passed upon for the Authority by the New York City Corporation Counsel.

Certain legal matters will be passed upon for the Underwriters by Hawkins Delafield & Wood LLP, New York, New York and Gonzalez Saggio & Harlan LLP, New York, New York, co-counsel for the Underwriters.

## **SECTION VI: REOFFERING**

The Reoffered Bonds are being purchased for reoffering by the Underwriters, for whom J.P. Morgan Securities LLC is acting as Lead Manager, at an aggregate discount of \$234,027.78.

The Reoffered Bonds may be reoffered and sold to certain dealers (including the Underwriters) at prices lower than such public reoffering prices, and such public reoffering prices may be changed from time to time by the Underwriters.

In addition, 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 Reoffered Bonds at the original reoffering prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

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

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

## **NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

**ORIGINAL OPINION OF BOND COUNSEL**

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B R O W N & W O O D L L P

ONE WORLD TRADE CENTER  
NEW YORK, NY 10048-0557

TELEPHONE: 212-839-5300  
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March 7, 2001

NEW YORK CITY TRANSITIONAL  
FINANCE AUTHORITY

We have acted as bond counsel to the New York City Transitional Finance Authority (the "Authority"), a public benefit corporation organized under the laws of the State of New York (the "State"), in the Authority's issuance of \$515,000,000 Future Tax Secured Bonds, Fiscal 2001 Series B (the "New Bonds"). The New Bonds are being issued as Senior Bonds pursuant to Chapter 16, Laws of New York, 1997, as amended (the "Act"), to an Indenture dated as of October 1, 1997, as amended and supplemented (the "Indenture"), between the Authority and The Chase Manhattan Bank, as Trustee, and to a Financing Agreement dated October 1, 1997 (the "Agreement"), between the Authority and The City of New York (the "City").

The New Bonds are dated, bear interest, mature, are subject to redemption and are secured as set forth in the Indenture. The Authority is authorized to issue additional Senior Bonds (together with such Senior Bonds heretofore issued and the New Bonds, the "Bonds") only on the terms and conditions set forth in the Indenture and all such Bonds shall with the New Bonds be entitled to the equal benefit, protection and security of the provisions, covenants and agreements in the Indenture. We assume the parties will perform their respective covenants in the Indenture and the Agreement in all material respects.

Based on the foregoing and our examination of existing law, such legal proceedings and such other documents as we deem necessary to render this opinion, we are of the opinion that:

1. The Authority is a public benefit corporation duly organized and existing under the laws of the State, and is authorized under the laws of the State, particularly the Act, to enter into the Indenture and the Agreement and to issue the Bonds. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid with respect to all provisions thereof material to the subject matter of this opinion letter. The New Bonds have been duly authorized, executed, and delivered by the Authority and are valid and binding general obligations of the Authority payable from the Revenues pledged and the other collateral provided therefor in the Indenture. The Bonds do not constitute a debt of the State or the City, and neither the State nor the City shall be liable thereon, nor shall the Bonds be payable out of any funds other than those of the Authority.

2. 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

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authorized by the State to impose and taxes imposed by the State pursuant to §1107 of the Tax Law (the "Alternative Revenues", and to the extent so payable, with the Personal Income Taxes and such other revenues, if any, as the Authority may derive directly from the State from taxes imposed by the City or the State and collected by the State, the "Tax Revenues"), (b) the Authority's pledge to the Trustee of the Tax Revenues and all aid, rents, fees, charges, payments and other income and receipts paid or payable to the Authority or the Trustee (the "Revenues"), and (c) the application of proceeds of the Bonds to finance or refinance capital projects of the City.

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

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

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

6. 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.

7. Pursuant to the Act, the State Comptroller shall pay the Tax Revenues to the Trustee, to be applied first pursuant to the Authority's contracts with the holders of the Bonds, then to pay the Authority's operating expenses, and then pursuant to the Authority's agreements with the City, which shall require the Authority to transfer the balance of such taxes to the City as frequently as practicable; all of which is provided for in the Indenture and the Agreement.

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

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

10. Except as provided in the following sentence, interest on the New Bonds is not includable in the gross income of the owners of the New Bonds for purposes of Federal income taxation under existing law. Interest on the New Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the New Bonds in the event of a failure by the Authority or the City to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and their respective covenants regarding use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the United States Treasury; and we render no opinion as to the exclusion from gross income of interest on the New Bonds for Federal income tax purposes on or after the date on which any action is taken under the Indenture or related proceedings upon the approval of counsel other than ourselves.

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

12. The excess, if any, of the amount payable at maturity of a maturity of the New 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 that is excluded from gross income for Federal income tax purposes to the same extent as interest on the New Bonds. The Tax Code further provides that such original issue discount excluded as interest accrues in accordance with a constant interest method based on the compounding of interest, and that a holder's adjusted basis for purposes of determining a holder's gain or loss on disposition of the New Bonds with original issue discount will be increased by the amount of such accrued interest.

13. No registration with, consent of, or approval by any governmental agency or commission that has not been obtained is necessary for the execution and delivery of the Bonds.

14. The adoption and compliance with all of the terms and conditions of the Indenture and the New Bonds, and the execution and delivery of the New Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law.

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.

*Brown + Wood LLP*



**PROPOSED FORM OF OPINION OF BOND COUNSEL AS TO CONVERSION**

February 4, 2014

New York City Transitional Finance Authority

The Bank of New York Mellon,  
as Trustee

Fulbright & Jaworski LLP  
as Bond Counsel to the Authority for Tax Matters

We have acted as Bond Counsel to the New York City Transitional Finance Authority in connection with actions (all such actions, the “Conversion”) affecting its Future Tax Secured Bonds, Fiscal 2001 Series B (the “Bonds”), pursuant to the Authority’s Seventy-Fifth Series Resolution, dated January 14, 2014, adopted under the Amended and Restated Original Indenture, dated December 1, 2010, between the Authority and The Bank of New York Mellon, as Trustee (the “Original Indenture”). The Original Indenture, as supplemented, is referred to herein as the “Indenture.” Terms not defined herein are used as defined in the Indenture.

As Bond Counsel, we have examined a transcript of proceedings relating to the Conversion and have reviewed such questions of law and made such other inquiries as we have considered appropriate for the purpose of this opinion. In rendering the opinions set forth herein, we reviewed certificates of the Authority 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 accuracy of the factual matters represented, warranted or certified therein.

In our opinion, based upon the foregoing, the Conversion is authorized or permitted by law and the Indenture.

The opinion expressed above is not to be considered our approval of the actions taken in connection with the Conversion with respect to its effect on the exclusion from gross income of interest on the Bonds. The Authority has received the opinion of Fulbright & Jaworski LLP regarding the exclusion from gross income of the interest on the Bonds, and we express no opinion as to such matters. We have not been engaged to investigate, examine, review or opine as to any matter relating to the federal, state or local tax consequences of the Conversion with respect to the Bonds (including the receipt of interest thereon) or the ownership or disposition thereof.

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 update this opinion in light of such actions or events.

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**PROPOSED FORM OF OPINION OF BOND COUNSEL FOR TAX MATTERS**

February 4, 2014

New York City Transitional Finance Authority

We have acted as bond counsel for tax matters 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 connection with the Authority's reoffering on the date hereof of a portion of its Future Tax Secured Bonds, Fiscal 2001 Series B (such reoffered bonds, the "Bonds").

The Bonds have been issued pursuant to Chapter 16, Laws of New York, 1997, as amended (the "Act"), to the Amended and Restated Original Indenture, as restated December 1, 2010, and 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"). We assume the parties will perform their respective covenants in the Indenture and the Agreement in all material respects.

We have examined, and in expressing the opinions hereinafter described we rely upon, certificates of the Authority and the City and such other agreements, documents and matters as we deem 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 authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified copies, the genuineness of all signatures, and the accuracy of the statements contained in such documents.

In rendering the opinions below, we have assumed the correctness of the approving opinion delivered by Sidley Austin LLP or its predecessor firm in connection with the issuance of the Bonds, which concluded that the Bonds are duly authorized and issued and constitute valid and legally binding obligations of the Authority, and are relying on the opinion of Sidley Austin LLP dated the date hereof to the effect that the reoffering of the Bonds is lawful and permitted.

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

1. Interest on the Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.
2. The Authority and the City have covenanted, in Tax Certificates dated the date hereof, to comply with certain provisions of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), relating to the exclusion from gross income of the interest on the Bonds for purposes of federal income taxation. Assuming compliance by the Authority and the City with such covenants, interest on the Bonds will be excludable from the gross income of the owners thereof for federal income tax purposes.
3. Interest on the Bonds is not an item of tax preference 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 the 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.

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or

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

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above. Finally, we express no opinion herein as to the accuracy, completeness or sufficiency of, or any other matter related to, the Reoffering Circular dated January 17, 2014, relating to the Bonds or any other offering material relating to the Bonds.

Very truly yours,

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**\$41,140,000**  
**New York City**  
**Transitional Finance Authority**  
**Future Tax Secured Subordinate Bonds**  
**Fiscal 2001 Subseries B-3**

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**REOFFERING CIRCULAR**

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January 17, 2014