

THE CITY OF NEW YORK
DECLARATION OF NEED

and

PROPOSED TRANSITIONAL CAPITAL PLAN

I, Michael R. Bloomberg, Mayor of the City of New York (the "City"), a municipal corporation of the State of New York, acting pursuant to Section 2799-ff of the Public Authorities Law, added by Chapter 16 of the Laws of 1997 (the "Act"), and relying upon information provided to me by Mark Page, Director of Management and Budget of the City of New York, HEREBY DETERMINE AND CERTIFY as follows:

1. The New York City Transitional Finance Authority (the "Authority") has a Capital Financing Need of \$1.4 billion, \$1.4 billion and \$698 million in fiscal years 2008 through 2010, respectively. The projects to be financed will be limited to those projects within the City's Five Year Educational Facilities Capital Plan (the "Educational Facilities Plan"). Additionally, because the Authority has reached its statutory limit on bond issuances for general City capital, the City is seeking legislation to increase the debt-incurring capacity of the TFA for such purposes. If such capacity were increased, the capital financing need listed above would be increased up to an estimated total amount of \$3.5 billion, \$3.83 billion, \$3.85 billion and \$3.02 billion in fiscal years 2008 through 2011, respectively.

2. A Transitional Capital Plan, as contemplated by the Act, is hereby proposed as follows:

Pursuant to the Act, this Transitional Capital Plan and the Financing Agreement entered into between the City and the Authority, the Authority is requested

to finance, in whole or in part, capital projects identified in the Educational Facilities Plan and, if legislation is passed which increases the debt-incurring capacity of the TFA for general City capital purposes, additional capital projects that are designated "CN" (indicating projects that are not exempt from the limitation on indebtedness imposed by Article VIII, Section 4 of the New York State Constitution) in the City's Capital Budget as in effect from time to time. In no event shall the amount of such financing during fiscal years 2008 through 2011 exceed the lesser of the amount of the Capital Financing Need for such period, as it may be amended from time to time by an amended Declaration of Need, or the amount of debt the Authority is authorized to incur during such period.

3. This certification, request and plan is hereby submitted to the Authority, the Comptroller, the Speaker of the Council, the Governor and the State Comptroller, the chair and ranking minority member of the Senate Finance Committee, the Chair and Ranking Minority Member of the Assembly Ways and Means Committee, and the State Financial Control Board for the City. In addition, (a) the Office of Management and Budget shall publish, on my behalf, notice of the plan and the availability of digests thereof in at least one newspaper of general circulation within the City, which notice shall also state that a public hearing will be held to consider the plan at the Office of Management and Budget at 10:00 a.m. on August 9, 2007; (b) the Director or a Deputy Director of the Office of Management and Budget, as my designee, shall conduct such public hearing; (c) any person shall have the opportunity to present written comments on the plan to me through the City's Office of Management and Budget within 30 days after the date of the public hearing; and (d) after due consideration of such testimony

and comments, if any, I shall affirm, modify or withdraw the plan.

4. The plan shall take effect as and when affirmed or modified. The statement of intention in paragraph 1 hereof is effective immediately, subject to modification in accordance with the plan.

IN WITNESS WHEREOF, I have set my hand this 28th day of June, 2007.

A handwritten signature in black ink, appearing to read "Michael R. Bloomberg", written over a horizontal line.

Michael R. Bloomberg
Mayor of The City of New York