

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. A Capital Financing Need, as defined in the Act, exists and will exist in the amount of \$145 million during the City's fiscal year 2004 (or such greater amount not to exceed \$3.1 billion, \$3.1 billion, \$3.0 billion and \$3.1 billion in fiscal years 2004 through 2007, respectively, that the New York City Transitional Finance Authority (the "Authority") may be authorized to finance pursuant to the Act). These figures include bond anticipation notes ("BANs") of the Authority but exclude bonds that defease BANs and bonds and notes issued to pay costs related to or arising from the attack on the World Trade Center on September 11, 2001.

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 pursuant to Section 2799-ff(5) of the Public Authorities Law, as amended by the Act, the Authority is requested to finance, in whole or in part, the capital projects 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 2004 through 2007 exceed 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. The Authority is also requested to consult with the City with respect to the timing and amount of Authority bond issues so that Authority and City financings may be coordinated and to consider the issuance of variable rate debt if, in the judgment of the Authority, the issuance thereof would lower the overall cost of Authority debt. Bonds of the Authority shall be issued when the Authority determines such issuance to be appropriate which determination shall occur at a minimum whenever necessary to reimburse the City for project capital costs incurred by the City.

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 behalf of the Mayor, 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 September 9, 2003; (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 such Director or Deputy Director 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 24th day of July, 2003.


Michael R. Bloomberg
Mayor of The City of New York