

NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

CURRENT ACTIVITIES, OPERATIONS AND ACCOMPLISHMENTS

The New York City Transitional Finance Authority (the “TFA”) issues Building Aid Bonds, secured by state building aid payable to the City of New York (the “City”), to fund the City’s five year educational facilities capital plan (“Building Aid Bonds”).

The TFA has also issued Future Tax Secured Bonds, secured by City Personal Income Tax revenues and, under certain circumstances, City Sales Tax revenues, to fund general capital purposes of the City. While the TFA has reached its statutory cap on issue Future Tax Secured Bonds, the TFA does expect to issue additional Future Tax Secured Bonds for general capital purposes if state legislative authority is given to increase the statutory cap.

In addition, the TFA issued bonds to pay for costs related to or arising from the attack on the World Trade Center (“Recovery Bonds”). Such bonds are secured by City Personal Income Tax revenues and, under certain circumstances, City Sales Tax revenues. The TFA does not expect to issue additional Recovery Bonds.

The TFA also issues bonds for refinancing purposes from time to time.

In compliance with the TFA’s indenture, the TFA’s ongoing activities include collecting state building aid and Personal Income Tax revenues, issuing Building Aid Bonds and, for refunding purposes only, Future Tax Secured Bonds, applying revenues to pay principal and interest on such bonds, remitting to the City any revenues in excess of those needed by the TFA, complying with federal tax law in order to maintain the tax exemption of its bonds, and maintaining bank facilities and other contractual arrangements necessary to facilitate the ongoing marketing and placement of its floating rate debt. In addition, the TFA complies with annual continuing disclosure requirements, issues annual audited financial statements, and complies with state and local reporting requirements.

On June 16, 2008, the TFA issued \$700 million of new money Building Aid Bonds.

On June 24, 2008, the TFA redeemed \$35 million of TFA Recovery Bonds using monies received from the City in the prior year in order to expend fully the City’s grant within 12 months thereby avoiding yield restriction requirements on the grant funds.