

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
OF THE NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

September 28, 2010

A meeting of the Board of Directors (the “Board”) of the New York City Transitional Finance Authority (the “Authority”) was held on September 28, 2010 at approximately 3:45 p.m. at 75 Park Place, Room 6M4, New York, New York.

The following director was present:

Mark Page, Director of Management and Budget of The City of New York (the “City”); and

the following directors were represented by their designees:

John C. Liu, Comptroller of the City, represented by Michael Stern;

Christine C. Quinn, Speaker of the City Council, represented by Raymond Majewski; and

David M. Frankel, Commissioner of the Department of Finance of the City, represented by Dara Jaffee;

constituting a quorum of the Board. Kathy Blyn served as secretary of the meeting.

Also in attendance were members of the public, officers of the Authority, and employees of various agencies of the City and the State of New York.

The meeting was called to order by Mr. Page.

Approval of Minutes

The first item on the agenda was the approval of the minutes of the meeting of the Board of Directors which occurred on August 2, 2010. Upon motion duly made and seconded, there being no objections, the following resolution to adopt such minutes was duly approved:

WHEREAS, the Board of Directors of the New York City Transitional Finance Authority has reviewed the minutes of its meeting held on August 2, 2010; it is therefore

RESOLVED, that the minutes of the meeting of August 2, 2010 be, and they hereby are, approved.

Defeasance of Certain Building Aid Revenue Bonds

The second item on the agenda was the legal defeasance of certain Building Aid Revenue Bonds (“BARBs”) of the Authority. Mr. Page explained the resolution and a brief discussion ensued. A motion was made to approve the resolution set forth below with respect to the defeasance. The motion was seconded and, there being no objections, approved.

WHEREAS, the Board of Directors of the New York City Transitional Finance Authority (the “Authority”) has previously issued certain outstanding Building Aid Revenue Bonds with the Series Designations, Maturity Dates, Principal Amounts and Coupons shown on the attached Schedule A in the aggregate principal amount of \$75,850,000 (the “Bonds”);

WHEREAS, the Authority has deposited the sum of \$81,334,396.44 with The Bank of New York Mellon, as escrow holder (the “Escrow Holder”), under the terms of an Escrow Deposit Agreement between the Authority and the Escrow Holder dated September 10, 2010;

WHEREAS, The Escrow Holder has purchased and now holds in escrow securities constituting “Defeasance Collateral” within the meaning of the Amended and Restated Original Indenture between the Authority and the Escrow Holder, as trustee, as in effect at the time of the issuance of the Bonds and as currently in effect (the “Indenture”), bearing interest payable at the times and in the amounts calculated by the Authority to be sufficient, together with maturing principal of such investments, without the need for the reinvestment or sale of such investments, and cash held uninvested, to pay the remaining interest and principal payments on the Bonds;

WHEREAS, upon i) the delivery of a verification report of a nationally recognized firm of independent certified public accountants, confirming the Authority’s calculations, as described in

Section 203 of the Indenture (the “Verification Report”), ii) the delivery of an opinion of counsel as described in Section 203 of the Indenture (the “Defeasance Opinion”), and iii) the identification of the Bonds in a resolution of the Authority, as required by Section 203 of the Indenture, the Bonds will be “legally defeased” within the meaning of the Indenture;

WHEREAS, the Board desires to enable the legal defeasance of the Bonds, and it is therefore

RESOLVED, that the Bonds are hereby identified as legally defeased for purposes of Section 203 of the Indenture, and such defeasance shall become effective for all purposes upon delivery of the Verification Report and the Defeasance Opinion, and

FURTHER RESOLVED, that this resolution, which is effective immediately, shall constitute a “Series Resolution” supplementing the Indenture for purposes of Section 203 of the Indenture.

Schedule A

	Maturity Date	Principal	Coupon
2007S-1	7/15/2012	13,145,000	4.000%
2007S-2	1/15/2013	8,350,000	3.600%
2007S-2	1/15/2013	4,750,000	5.000%
2008S-1	1/15/2013	9,285,000	3.200%
2008S-1	1/15/2013	4,420,000	5.000%
2009S-1	7/15/2012	4,555,000	5.000%
2009S-2	7/15/2012	5,905,000	4.000%
2009S-3	1/15/2013	4,745,000	3.000%
2009S-3	1/15/2013	5,220,000	5.000%
2009S-4	1/15/2013	6,090,000	3.000%
2009S-5	1/15/2013	7,310,000	3.000%
2009S-5	1/15/2013	2,075,000	4.000%
		75,850,000	

Acceptance of the Independent Auditors’ Report on the Audited Financial Statements for the Fiscal Years Ended June 30, 2010 and June 30, 2009 and Authorization to Release Such Financial Statements

The third item on the agenda was acceptance of the report of the Authority’s independent auditors on the audited financial statements of the Authority for the fiscal years ended June 30, 2010 and June 30, 2009 and the authorization to release such financial statements. Mr. Page informed the Board that such acceptance and authorization has been

recommended by the Audit Committee of the Authority subsequent to a meeting with the auditors and management. A motion was made to approve the resolution set forth below with respect to the financial statements. The motion was seconded and, there being no objections, approved.

WHEREAS, the Audit Committee has met with the independent auditors of the New York City Transitional Finance Authority (the “Authority”) and has reviewed the independent auditors’ report on the audited financial statements of the Authority for the fiscal years ended June 30, 2010 and June 30, 2009 and such financial statements; and

WHEREAS, the Audit Committee believes the independent auditors’ report and the financial statements are reasonable and appropriate and has recommended that the Board accept the independent auditors’ report and authorize the release of the financial statements; it is therefore

RESOLVED, that the Board hereby accepts the independent auditors’ report on the audited financial statements of the Authority for the fiscal years ended June 30, 2010 and June 30, 2009 and authorizes the release of such audited financial statements; provided that both the independent auditors’ report and the audited financial statements may be amended to reflect non-material changes acceptable to the Comptroller of the Authority.

Approval of Extension of Financial Advisor Contracts

The fourth item on the agenda was approval of extensions of the Authority’s contracts with Public Resources Advisory Group and A. C. Advisory, Inc., the Authority’s financial advisors. Mr. Page explained that the proposed extensions would cover the period from October 1, 2010 through March 31, 2011 at current rates. He further explained that this would conform the terms of these contracts to the terms of the financial advisors for the City and the New York City Municipal Water Finance Authority. A motion was made to approve the resolution set forth below with respect to such contracts. The motion was seconded and, there being no objections, duly adopted.

WHEREAS, the New York City Transitional Finance Authority (the “Authority”) is authorized, pursuant to Section 2799-ee of the New York City Transitional Finance Authority Act (the “Act”), to make and execute contracts and agreements necessary and convenient to carry out its powers and functions; and

WHEREAS, the Authority, at the direction of the Board of Directors, previously entered into contracts for financial advisor services with Public Resources Advisory Group (“PRAG”) and A.C. Advisory, Inc. (“A.C. Advisory”), respectively, following a Request for Proposals process; and

WHEREAS, the Board of Directors previously authorized several extensions to the contracts with PRAG and A.C. Advisory, respectively, through September 30, 2010; and

WHEREAS, the Board of Directors believes that it is in the best interest of the Authority to approve additional extensions to the contracts with PRAG and A.C. Advisory, respectively, for the period from October 1, 2010 through March 31, 2011, on the terms set forth in Schedule I, attached hereto, and to provide for the not-to-exceed amounts set forth therein so as to properly compensate both firms; it is therefore

RESOLVED, that the extensions of the contracts with PRAG and A.C. Advisory, respectively, for the period from October 1, 2010 through March 31, 2011, are hereby approved and ratified on the terms set forth in Schedule I, attached hereto, including the not-to-exceed amounts specified therein, and the Executive Director of the Authority is authorized to enter into contracts on such terms, and all actions taken by such officers consistent with the terms provided herein are hereby ratified.

Approval of Graphic Design Consultant Contract

The fifth item on the agenda was the selection of a graphic design consultant in connection with the Authority’s Comprehensive Annual Financial Report (the “CAFR”). Mr. Page explained that Creative Source, Inc. was selected through a request for proposals process. He further explained that it is a women owned firm and was selected based on price and prior experience. He briefly described the terms of the proposed contract and indicated that the firm would also sub-contract for printing services in connection with the CAFR, subject to the Authority’s oversight and approval. A brief discussion ensued. A motion was made to approve the resolution set forth below with respect to the graphic design consultant contract. The motion was seconded and, there being no objections, approved.

WHEREAS, the Transitional Finance Authority (the “Authority”) conducted a Request for Proposals process for a graphic design consultant to work with the Authority in connection with the preparation of the Authority’s Comprehensive Annual Financial Report (“CAFR”); and

WHEREAS, Creative Source, Inc. was selected based on price, experience and prior demonstrated ability to provide excellent service; and

WHEREAS, the Board of Directors believes that it is in the best interests of the Authority to authorize a contract with Creative Source, Inc.; it is therefore

RESOLVED, that the Executive Director or the Treasurer of the Authority is each hereby authorized and directed to enter into an agreement in the name of the Authority whereby Creative Source, Inc. will serve as graphic design consultant to the Authority upon such terms as the Executive Director or the Treasurer deems reasonable and appropriate; provided, however, that such agreement shall be limited to work on the fiscal year 2010 CAFR; and provided, further, that compensation to Creative Source, Inc. shall be in the amount of \$11,800 and not to exceed \$14,800, plus an amount not to exceed \$30,000 to be pre-approved by the Executive Director or Treasurer of the Authority for payment of printing services to be performed under a sub-contract managed by Creative Source, Inc..

Approval of Amended List of Financially Responsible Insurers and Liquidity Agreement and Letter of Credit Providers

The sixth item on the agenda was approval of an amended list of financially responsible bond insurers and liquidity agreement and letter of credit providers. Mr. Page explained that the marketplace for these services is difficult and we are constantly reviewing our ability to acquire such services. A brief discussion ensued. A motion was made to approve the resolution set forth below with respect these entities. The motion was seconded and, there being no objections, approved.

WHEREAS, in accordance with Section 2799-gg(2) of the New York City Transitional Finance Authority Act (the “Act”), the Authority expects from time to time to obtain credit or liquidity facilities and insurance facilities relating to bonds issued by the Authority; and

WHEREAS, the Board of Directors is required to make a determination that the parties to such agreements which will provide credit or liquidity support or insurance to the Authority’s bonds are “financially responsible parties” in accordance with paragraph a and paragraphs c through g of Section 168.00 of the Local Finance Law; and

WHEREAS, the Board has determined that a credit or liquidity provider meeting the criteria set forth below shall be deemed to be a financially responsible party in compliance with Section 2799-gg(2) of the Act, it is therefore

RESOLVED, that the financial institutions listed on Schedule I hereto shall be deemed to be financially responsible parties in accordance with paragraph a and paragraphs c through g of Section 168.00 of the Local Finance Law, provided that such repurchase obligation shall not exceed \$2 billion with respect to any single financial institution listed on Schedule I hereto except as otherwise provided therein; and

FURTHER RESOLVED, that a financial institution not listed on Schedule I but otherwise meeting the following criteria shall be deemed to be a financially responsible party in accordance with paragraph a and paragraphs c through g of Section 168.00 of the Local Finance Law, provided that such repurchase obligation shall not exceed \$1 billion with respect to such financial institution and:

- With respect to institutions providing letters of credit or insurance in connection with bonds, the long-term credit ratings of such financial institution are AA- or above by each of Standard & Poor's Ratings Services and Fitch, Inc, or their successors, and Aa3 or above by Moody's Investor's Service, Inc., or its successor (unless a rating is not issued by any of such rating agencies);

- With respect to institutions providing liquidity facilities, the short-term ratings of such financial institution are A-1 or above by Standard & Poor's Ratings Services, or its successor, F1 by Fitch, Inc., or its successor, and P-1 by Moody's Investor's Services, Inc., or its successor (unless a rating is not issued by any of such rating agencies); and

- In each case, such financial institution shall have capital of at least \$500 million dollars.

Annual Approval of Investment Guidelines

The seventh item on the agenda was the annual approval of Investment Guidelines for the Authority. Mr. Page explained that there have been no changes to such guidelines since their approval last year. A motion was made to approve the resolution set forth below with respect to the Investment Guidelines. The motion was seconded and, there being no objections, approved.

WHEREAS, the New York City Transitional Finance Authority (the “Authority”), adopted Investment Guidelines on November 18, 2008 to establish policies for the investment of its funds and subsequently amended the Investment Guidelines on June 25, 2001, August 1, 2001, March 14, 2005 and March 16, 2009; and

WHEREAS, the Authority is required annually to review its Investment Guidelines; and

WHEREAS, the Board of Directors has reviewed the attached Investment Guidelines and has deemed them to be reasonable and appropriate; it is therefore

RESOLVED, that the Investment Guidelines, a copy of which will be filed with the Minutes of the Meeting, are hereby approved.

Approval of Investment Report

The eighth item on the agenda was approval of the Investment Report, a copy of which was in the packet provided to the Directors. Mr. Page explained that the Authority is required to annually prepare and approve an Investment Report. A motion was made to approve the resolution set forth below with respect to the Investment Report. The motion was seconded and, there being no objections, approved.

WHEREAS, the New York City Transitional Finance Authority (the “Authority”), pursuant to the Authority’s Investment Guidelines, is required to annually prepare and approve an Investment Report; and

WHEREAS, the Board has reviewed the attached Investment Report and has deemed it to be reasonable and appropriate, it is therefore

RESOLVED, that the Investment Report is hereby approved.

Presentation by Governance Committee Chair

The ninth item on the agenda was a presentation by the Chairperson of the Governance Committee. Mr. Page explained that this presentation is required pursuant to the Charter of the Governance Committee as well as pursuant to State law. Raymond Majewski, the Chairperson of the Governance Committee, presented such report, referring to the material in the

packet provided to the Board and indicating that the Committee was satisfied with its performance.

Distribution of Financial Plan

The tenth and final item on the agenda was the distribution of the Authority's financial plan. Mr. Page explained that state law requires that the Authority prepare a four year financial plan, a copy of which was in the packet provided to the Board. He stated that this plan is consistent with the Authority's budget.

Adjournment

There being no further business to come before the Board, upon motion duly made and seconded, there being no objections, the meeting was duly adjourned.


GENERAL COUNSEL