

NEW ISSUE

In the opinion of Bond Counsel, interest on the Bonds will be exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City, and assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes. See “SECTION III: MISCELLANEOUS—Tax Exemption” for further information.

\$175,000,000

The City of New York

General Obligation Bonds, Fiscal 2012 Series A Subseries A-3, A-4 and A-5

ADJUSTABLE RATE BONDS

Dated: Date of Delivery

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

The Bonds will be issued as registered bonds. The Bonds will be registered in the nominee name of The Depository Trust Company, New York, New York, which will act as securities depository for the Bonds.

The Bonds will be issued initially in Authorized Denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000. Other terms of the Bonds including interest rates, interest payment dates, mandatory and optional redemption and tender provisions are described herein.

The Bonds will initially bear interest in the Daily Rate Mode. The Bonds are subject to redemption and to optional and mandatory tender under the circumstances described herein. Payment of the Purchase Price on the Bonds tendered for purchase as described herein and not remarketed will be made pursuant and subject to the terms of the Liquidity Facilities described herein provided separately by Landesbank Hessen-Thüringen Girozentrale, acting through its New York Branch, and The Bank of Nova Scotia, acting through its New York Agency, and a Credit Facility described herein provided by KBC Bank N.V., acting through its New York Branch (collectively, the “Banks”), representing separate obligations of the respective Banks with respect to the respective Subseries as shown on the inside cover page hereof. The obligation of the providers of the Liquidity Facilities to purchase tendered Bonds pursuant to the terms of the relevant Liquidity Facility can be terminated under certain circumstances. See “SECTION II: THE BONDS—Liquidity Facilities.” In the event of a failure to remarket the Bonds of a Subseries and a failure by the applicable Bank to purchase such Bonds, the City may, but is not obligated to, purchase such Bonds.

The Bonds are offered subject to prior sale, when, as and if issued by the City and accepted by the Underwriter, subject to the approval of the legality of the Bonds by Sidley Austin LLP, New York, New York, Bond Counsel to the City, and to certain other conditions. Certain legal matters in connection with the preparation of this Official Statement will be passed upon for the City by Orrick, Herrington & Sutcliffe LLP, New York, New York, Special Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriter by Hawkins Delafield & Wood LLP, New York, New York, counsel to the Underwriter. It is expected that the Bonds will be available for delivery in New York, New York, on or about August 9, 2011.

Barclays Capital

August 2, 2011

**\$175,000,000 General Obligation Bonds, Fiscal 2012 Series A
Subseries A-3, A-4 and A-5**

Adjustable Rate Bonds

Price: 100%

Subseries A-3 Tax-Exempt Bonds⁽¹⁾⁽²⁾ Due August 1, 2035	Subseries A-4 Tax-Exempt Bonds⁽¹⁾⁽³⁾ Due August 1, 2038	Subseries A-5 Tax-Exempt Bonds⁽¹⁾⁽⁴⁾ Due August 1, 2036
<hr/> Principal Amount	<hr/> Principal Amount	<hr/> Principal Amount
\$25,000,000 CUSIP* 64966JQF6	\$100,000,000 ^(†) CUSIP* 64966JQG4	\$50,000,000 ^(†) CUSIP* 64966JQH2

^(†) Term Bond.

⁽¹⁾ Barclays Capital Inc. is the Remarketing Agent for the Subseries A-3, Subseries A-4 and Subseries A-5 Bonds, which are all Adjustable Rate Bonds and will initially be in the Daily Rate Mode. See "APPENDIX B — MULTI-MODAL BONDS."

⁽²⁾ The Subseries A-3 Bonds will be supported by a Liquidity Facility provided by Landesbank Hessen-Thüringen Girozentrale, acting through its New York Branch, which Liquidity Facility is scheduled to terminate July 15, 2012.

⁽³⁾ The Subseries A-4 Bonds will be supported by a Credit Facility provided by KBC Bank N.V., acting through its New York Branch, which Credit Facility is scheduled to terminate August 8, 2014.

⁽⁴⁾ The Subseries A-5 Bonds will be supported by a Liquidity Facility provided by The Bank of Nova Scotia, acting through its New York Agency, which Liquidity Facility is scheduled to terminate August 8, 2014.

* 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 issuance of the Bonds and the City makes no representation with respect to such numbers nor 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 issuance of the 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 Bonds.

**RATE PERIOD TABLE
FOR ADJUSTABLE RATE BONDS**

	Daily Rate	Two-Day Rate	Weekly Rate	Commercial Paper Rate
Interest Payment Date	First Business Day of each calendar month	First Business Day of each calendar month	First Business Day of each calendar month	First Business Day of each calendar month and the Business Day following the last day of the Rate Period
Record Date	Business Day preceding each Interest Payment Date	Business Day preceding each Interest Payment Date	Business Day preceding each Interest Payment Date	Business Day preceding each Interest Payment Date
Reset Date	Not later than 10:00 a.m. on each Business Day	Not later than 10:00 a.m. on the first day of the Rate Period and, thereafter, on each Monday, Wednesday and Friday that is a Business Day	Not later than 10:00 a.m. on the first day of the Rate Period	No later than 12:30 p.m. on the first day of each Commercial Paper Rate Period
Rate Periods	Commencing on one Business Day extending to, but not including, the next succeeding Business Day	Commencing on a Monday, Wednesday or Friday that is a Business Day and extending to, but not including, the next day on which a Two-Day Rate is required to be reset	The Rate Period will be a period of seven days beginning on the day of the week specified therefor	A period of 1 to 365 days
Notice Period for Optional Tenders	Written notice not later than 11:00 a.m. on the Optional Tender Date	Written notice by 3:00 p.m. not less than two Business Days prior to the Optional Tender Date	Written notice by 5:00 p.m. not less than seven days prior to the Optional Tender Date	Not subject to optional tender
Optional Tender Date and Time	On any Business Day not later than 1:00 p.m.	On any Business Day not later than 1:00 p.m.	On any Business Day not later than 1:00 p.m.	Not subject to optional tender
Payment Date for Bonds subject to optional tender	Not later than 3:00 p.m. on the Optional Tender Date	Not later than 3:00 p.m. on the Optional Tender Date	Not later than 3:00 p.m. on the Optional Tender Date	Not subject to optional tender
Payment Date for Tendered Bonds upon Mandatory Tender	Not later than 3:00 p.m. on the Mandatory Tender Date	Not later than 3:00 p.m. on the Mandatory Tender Date	Not later than 3:00 p.m. on the Mandatory Tender Date	Not later than 3:00 p.m. on the Mandatory Tender Date

Note: All time references given above refer to New York City time.

The information in this Rate Period Table is provided for the convenience of the Bondholders and is not meant to be comprehensive. See "APPENDIX B—MULTI-MODAL BONDS" for a description of the Adjustable Rate Bonds.

WHILE THE ADJUSTABLE RATE BONDS MAY IN THE FUTURE BE CONVERTED TO AUCTION RATE BONDS, TERM RATE BONDS, FIXED RATE BONDS OR STEPPED COUPON BONDS, THIS OFFICIAL STATEMENT DOES NOT DESCRIBE TERMS SPECIFICALLY APPLICABLE TO BONDS BEARING INTEREST AT RATES OTHER THAN THE DAILY RATE, TWO-DAY RATE, WEEKLY RATE OR COMMERCIAL PAPER RATE, NOR DOES IT DESCRIBE ADJUSTABLE RATE BONDS HELD BY ANY OF THE BANKS OR BY ANY REGISTERED OWNER OTHER THAN DTC.

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations in connection with the Bonds or the matters described herein, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter. No representations are made or implied by the City or the Underwriter as to any offering of any derivative instruments.

The factors affecting the City’s financial condition are complex. This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its location herein. Where agreements, reports or other documents are referred to herein, reference should be made to such agreements, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof. Any electronic reproduction of this Official Statement may contain computer-generated errors or other deviations from the printed Official Statement. In any such case, the printed version controls.

This Official Statement 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, the inclusion by specific reference in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the City, its independent auditors or the Underwriter 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 by specific reference in this Official Statement, 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 City. These forward-looking statements speak only as of the date they were prepared. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement included herein by specific reference to reflect any change in the City’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based between modifications to the City’s financial plan required by law.

Deloitte & Touche LLP, the City’s independent auditor, has not reviewed, commented on or approved, and is not associated with, this Official Statement. The report of Deloitte & Touche LLP relating to the City’s financial statements for the fiscal years ended June 30, 2010 and 2009, which is a matter of public record, is included in this Official Statement. However, Deloitte & Touche LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained in this Official Statement, since the date of such report and has not been asked to consent to the inclusion of its report in this Official Statement.

**OFFICIAL STATEMENT OF THE CITY OF NEW YORK
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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. 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. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THIS OFFICIAL STATEMENT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

**OFFICIAL STATEMENT
OF
THE CITY OF NEW YORK**

This Official Statement provides certain information concerning The City of New York (the “City”) in connection with the sale of the City’s General Obligation Bonds, Fiscal 2012 Series A, Subseries A-3, A-4 and A-5 (the “Adjustable Rate Bonds” or the “Bonds”), consisting of \$25,000,000 tax-exempt bonds, Subseries A-3 (the “Subseries A-3 Bonds”), \$100,000,000 tax-exempt bonds, Subseries A-4 (the “Subseries A-4 Bonds”) and \$50,000,000 tax-exempt bonds, Subseries A-5 (the “Subseries A-5 Bonds”). In addition to the Adjustable Rate Bonds, \$515,000,000 of the City’s tax-exempt General Obligation Bonds, Fiscal 2012 Series A, Subseries A-1, \$85,000,000 of the City’s taxable General Obligation Bonds, Fiscal 2012 Series A, Subseries A-2, \$182,240,000 of the City’s tax-exempt General Obligation Bonds, Fiscal 2012 Series B, and \$17,475,000 of the City’s tax-exempt General Obligation Bonds, Fiscal 2012 Series C (collectively, the “Fixed Rate Bonds”) will be issued as fixed rate bonds, which are described in a separate official statement and are not offered hereby. The delivery of the Adjustable Rate Bonds is contingent upon the delivery of all of the Fixed Rate Bonds.

The Bonds will be general obligations of the City for the payment of which the City will pledge its faith and credit. All real property subject to taxation by the City will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, to pay the principal of and interest on the Bonds.

The factors affecting the City’s financial condition described throughout this Official Statement are complex and are not intended to be summarized in this Introductory Statement. The economic and financial condition of the City may be affected by various financial, social, economic, geo-political and other factors which could have a material effect on the City. This Official Statement (including the information referred to in “SECTION I: INCLUSION BY SPECIFIC REFERENCE”) should be read in its entirety.

Neither this Official Statement nor any statement which may have been made orally or in writing shall be construed as a contract or as a part of a contract with the original purchaser or any holders of the Bonds.

SECTION I: INCLUSION BY SPECIFIC REFERENCE

Portions of the City’s Official Statement dated July 22, 2011 (the “Fixed Rate Official Statement”), delivered herewith and 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:

- INTRODUCTORY STATEMENT (excluding the first and last paragraphs thereof)
- SECTION I: RECENT FINANCIAL DEVELOPMENTS
- SECTION III: GOVERNMENT AND FINANCIAL CONTROLS
- SECTION IV: SOURCES OF CITY REVENUES
- SECTION V: CITY SERVICES AND EXPENDITURES
- SECTION VI: FINANCIAL OPERATIONS
- SECTION VII: FINANCIAL PLAN (excluding the subsection entitled “Certain Reports”)
- SECTION VIII: INDEBTEDNESS
- SECTION IX: OTHER INFORMATION
 - Pension Systems
 - Litigation
 - Environmental Regulation
 - Continuing Disclosure Undertaking
 - Financial Statements
 - Further Information (excluding the last paragraph thereof)
- APPENDIX A—ECONOMIC AND DEMOGRAPHIC INFORMATION
- APPENDIX B—FINANCIAL STATEMENTS
- APPENDIX D—FORM OF LEGAL OPINION OF BOND COUNSEL

The Fixed Rate Bonds described in the Fixed Rate Official Statement are not offered by this Official Statement.

SECTION II: THE BONDS

General

The Bonds will be general obligations of the City issued pursuant to the Constitution and laws of the State, including the Local Finance Law (the “LFL”), and the New York City Charter (the “City Charter”) and in accordance with bond resolutions of the Mayor and a certificate of the Deputy Comptroller for Public Finance (the “Certificate”). The Bonds will mature and bear interest as described on the inside cover pages of this Official Statement and will contain a pledge of the City’s faith and credit for the payment of the principal of, redemption premium, if any, and interest on the Bonds. All real property subject to taxation by the City will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, to pay the principal of and interest on the Bonds.

Adjustable Rate Bonds

For the terms of the Adjustable Rate Bonds, including optional and mandatory tender provisions, see the inside cover pages, “APPENDIX A—DEFINITIONS” and “APPENDIX B—MULTI-MODAL BONDS.” The Adjustable Rate Bonds may be converted to other Rate Modes as described in “APPENDIX B—MULTI-MODAL BONDS—Conversion to an Alternate Rate Mode.” Any such conversion would result in a mandatory tender of the Bonds being so converted. This Official Statement only describes the Adjustable Rate Bonds bearing interest at a Daily Rate, Two-Day Rate, Weekly Rate or Commercial Paper Rate. It is currently anticipated that, should any Adjustable Rate Bonds be converted to a Term Rate, Fixed Rate, Stepped Coupon Rate or Auction Rate, a remarketing circular will be distributed describing such Term Rate, Fixed Rate, Stepped Coupon Rate or Auction Rate.

Payment Mechanism

Pursuant to the New York State Financial Emergency Act For The City of New York (the “Financial Emergency Act” or the “Act”), a general debt service fund (the “General Debt Service Fund” or the “Fund”) has been established for City bonds and certain City notes. Pursuant to the Act, payments of the City real estate tax must be deposited upon receipt in the Fund, and retained under a statutory formula, for the payment of debt service (with exceptions for debt service, such as principal of seasonal borrowings, that is set aside under other procedures). The statutory formula has in recent years resulted in retention of sufficient real estate taxes to comply with the City Covenants (as defined in “Certain Covenants and Agreements below”). If the statutory formula does not result in retention of sufficient real estate taxes to comply with the City Covenants, the City will comply with the City Covenants either by providing for early retention of real estate taxes or by making cash payments into the Fund. The principal of and interest on the Bonds will be paid from the Fund until the Act expires, and thereafter from a separate fund maintained in accordance with the City Covenants. Since its inception in 1978, the Fund has been fully funded at the beginning of each payment period.

If the Control Board determines that retentions in the Fund are likely to be insufficient to provide for the debt service payable therefrom, it must require that additional real estate tax revenues be retained or other cash resources of the City be paid into the Fund. In addition, the Control Board is required to take such action as it determines to be necessary so that the money in the Fund is adequate to meet debt service requirements. For information regarding the termination date of the Act, see “SECTION III: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*Financial Emergency Act and City Charter*” included by specific reference herein.

Enforceability of City Obligations

As required by the State Constitution and applicable law, the City pledges its faith and credit for the payment of the principal of and interest on all City indebtedness. Holders of City debt obligations have a contractual right to full payment of principal and interest at maturity. If the City fails to pay principal or interest, the holder has the right to sue and is entitled to the full amount due, including interest to maturity at the stated rate and at the rate authorized by law thereafter until payment. Under the General Municipal Law, if the City fails to pay any money judgment, it is the duty of the City to assess, levy and cause to be collected amounts sufficient to pay the judgment. Decisions indicate that judicial enforcement of statutes such as this provision in the General Municipal Law is within the

discretion of a court. Other judicial decisions also indicate that a money judgment against a municipality may not be enforceable against municipal property devoted to public use.

The rights of the owners of Bonds to receive interest, principal and redemption premium, if any, from the City could be adversely affected by a restructuring of the City's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of City securities (including the Bonds) to payment from money retained in the Fund or from other sources would be recognized if a petition were filed by or on behalf of the City under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such money might then be available for the payment of all City creditors generally. Judicial enforcement of the City's obligation to make payments into the Fund, of the obligation to retain money in the Fund, of the rights of holders of bonds and notes of the City to money in the Fund, of the obligations of the City under the City Covenants and of the State under the State Pledge and Agreement (in each case, as defined in "—Certain Covenants and Agreements") may be within the discretion of a court. For further information concerning rights of owners of Bonds against the City, see "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities" included herein by specific reference.

Certain Covenants and Agreements

The City will covenant that: (i) a separate fund or funds for the purpose of paying principal of and interest on bonds and interest on notes of the City (including required payments into, but not from, City sinking funds) shall be maintained by an officer or agency of the State or by a bank or trust company; and (ii) not later than the last day of each month, there shall be on deposit in a separate fund or funds an amount sufficient to pay principal of and interest on bonds and interest on notes of the City due and payable in the next succeeding month. The City currently uses the debt service payment mechanism described above to perform these covenants. The City will further covenant in the Bonds to provide a general reserve for each fiscal year to cover potential reductions in its projected revenues or increases in its projected expenditures during each such fiscal year, to comply with the financial reporting requirements of the Act, as in effect from time to time, to limit its issuance of bond anticipation notes as required by the Act, as in effect from time to time, to include as terms of the Adjustable Rate Bonds the applicable variable rate provisions and to comply with such provisions and with the statutory restrictions on variable rate bonds in effect from time to time.

The State pledges and agrees in the Financial Emergency Act that the State will not take any action that will impair the power of the City to comply with the covenants described in the preceding paragraph (the "City Covenants") or any right or remedy of any owner of the Bonds to enforce the City Covenants (the "State Pledge and Agreement"). In the opinion of Bond Counsel, the enforceability of the City Covenants and the State Pledge and Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of the State's police powers and of judicial discretion in appropriate cases. The City Covenants and the State Pledge and Agreement shall be of no force and effect with respect to any Bond if there is a deposit in trust with a bank or trust company of sufficient cash or cash equivalents to pay when due all principal of, applicable redemption premium, if any, and interest on such Bond.

Use of Proceeds

The proceeds of the Bonds will be used for capital purposes, including payment of the expenses of the City incurred in connection with the issuance and sale of the Bonds.

Credit Facility

KBC Bank N.V., acting through its New York Branch (the "Letter of Credit Bank"), has agreed to provide a Credit Facility in the form of an irrevocable letter of credit with respect to the Subseries A-4 Bonds. For a description of certain provisions of the Credit Facility to be provided by the Letter of Credit Bank, see "APPENDIX B—MULTI-MODAL BONDS." The form of the Credit Facility to be provided by the Letter of Credit Bank is attached hereto as "APPENDIX D—THE CREDIT FACILITY." For information regarding the Letter of Credit Bank, see "APPENDIX C—THE BANKS."

Liquidity Facilities

The following summary of the Liquidity Facilities does not purport to be comprehensive or definitive and is subject in all respects to all of the terms and provisions of the Liquidity Facilities, to which reference is made hereby. Investors are urged to obtain and review copies of the Liquidity Facilities in order to understand all of their terms. Copies of the Liquidity Facilities may be obtained from the Remarketing Agent. For information regarding the Liquidity Providers, see “APPENDIX C—THE BANKS.”

General. Each of the Liquidity Providers listed on the inside cover page has agreed to provide a Liquidity Facility in the form of a standby bond purchase agreement with respect to the Subseries of Bonds designated on the inside cover page hereof. Each such Liquidity Facility provides coverage for the principal of tendered Bonds of the related Subseries and up to 35 days interest on such Bonds at a maximum interest rate of 9% based upon a year of 365 days. The scheduled expiration date for each of the Liquidity Facilities is listed on the inside cover page. Each Liquidity Facility secures only payment of the purchase price of the respective Subseries of Bonds bearing interest at a Daily Rate, Two-Day Rate or Weekly Rate optionally tendered for purchase as described below (other than in connection with a mandatory tender of the Bonds on an optional redemption date as described under “APPENDIX B—MULTI-MODAL BONDS—Mandatory Tender for Purchase”), and does not otherwise secure payment of the principal of or interest on the Bonds. Each Liquidity Facility is subject to termination, in some events with notice and in some events without notice, as described below.

Each Liquidity Facility contains various provisions, covenants and conditions, certain of which are summarized below. Capitalized terms used in the following summary are defined in this Official Statement (except those definitions included herein by specific reference, as described under “SECTION I: INCLUSION BY SPECIFIC REFERENCE”) or the applicable Liquidity Facility and reference thereto is made for full understanding of their import.

On the date of issuance of the Bonds, the City will enter into the Liquidity Facilities with the Liquidity Providers. Upon compliance with the terms and conditions of the Liquidity Facilities, and subject to the terms and conditions set forth therein, the Liquidity Facilities require the Liquidity Providers to purchase tendered Bonds from time to time during the Purchase Period (as hereinafter set forth) at the Purchase Price (as defined in the applicable Liquidity Facility). Tendered Bonds which are purchased and held by a Liquidity Provider will bear interest at the Bank Rate (as defined in the applicable Liquidity Facility) commencing on and including the date on which such Liquidity Provider has purchased such Purchased Bonds, in accordance with the applicable Liquidity Facility.

The Purchase Period with respect to the Scotiabank Standby Agreement is the period from the effective date to and including the earliest of (i) the scheduled termination date listed on the inside cover page (or such later date to which the Scotiabank Standby Agreement is extended at the sole discretion of Scotiabank) (or if such date is not a Business Day (as defined in the Scotiabank Standby Agreement), the Business Day immediately succeeding such date), (ii) the opening of business of Scotiabank on the Business Day immediately succeeding the date on which all Subseries A-5 Bonds have been paid in full (not including a defeasance in which such Bonds continue to be subject to optional or mandatory tender for purchase), redeemed, or converted to an interest rate other than a Daily Rate, Two-Day Rate or Weekly Rate in accordance with the terms of such Bonds (the Purchase Period to include the date of such conversion), (iii) the opening of business of Scotiabank on the Business Day immediately succeeding the date on which the Scotiabank Standby Agreement is substituted with a substitute liquidity facility in accordance with the terms of the Certificate, and (iv) the date on which the Available Commitment with respect to the Subseries A-5 Bonds is terminated pursuant to the terms of the Scotiabank Standby Agreement.

The Purchase Period with respect to the Helaba Standby Agreement is the period from its effective date to and including the earliest of (i) the scheduled termination date listed on the inside cover page (or such later date to which the Helaba Standby Agreement is extended at the sole discretion of Helaba) (or, if such date is not a Business Day (as defined in the Helaba Standby Agreement), the Business Day immediately succeeding such date), (ii) the Business Day following the date of delivery of a substitute liquidity facility for the Helaba Standby Agreement in accordance with the Certificate, (iii) the date on which all Subseries A-3 Bonds have been paid in full (not including a defeasance in which such Bonds continue to be subject to optional or mandatory tender for purchase) or redeemed, (iv) the second Business Day after all Subseries A-3 Bonds have been converted to a Rate Mode other than the Daily Mode, Two-Day Mode or Weekly Mode in accordance with the terms of such Bonds, and (v) the date on

which the Available Commitment with respect to the Subseries A-3 Bonds is terminated pursuant to the terms of the Helaba Standby Agreement.

Commitment to Purchase Bonds. If on any Purchase Date during the Purchase Period, a Liquidity Provider receives a Notice of Purchase from the Tender Agent at the location specified under the related Liquidity Facility not later than 12:15 p.m. (New York time) (12:00 p.m. for Bonds in the Two-Day Mode or the Weekly Rate Mode), such Liquidity Provider will, subject to the satisfaction of certain requirements set forth in such Liquidity Facility, transfer to the Tender Agent not later than 2:30 p.m. (New York time) on such Purchase Date, in immediately available funds, an amount equal to the aggregate Purchase Price (as defined in the applicable Liquidity Facility) of tendered Bonds bearing interest at the Daily Rate, Two-Day Rate or Weekly Rate with respect to which the Remarketing Agent has not, as of 11:45 a.m. (11:30 a.m. for Bonds in the Two-Day Mode or Weekly Rate Mode), arranged a remarketing.

Description of the Scotiabank Standby Agreement

Events of Default Under the Scotiabank Standby Agreement. Upon the occurrence of any event (each an “Event of Default”) set forth under the subheadings below entitled “*Events of Default Resulting in Immediate Termination Under the Scotiabank Standby Agreement,*” “*Events Resulting in Immediate Suspension Under the Scotiabank Standby Agreement*” and “*Other Events of Default Under the Scotiabank Standby Agreement,*” Scotiabank may exercise those rights and remedies provided under the subheading “*Remedies Under the Scotiabank Standby Agreement*” below.

Events of Default Resulting in Immediate Termination Under the Scotiabank Standby Agreement. Upon the occurrence of any of the following events, Scotiabank may terminate the Scotiabank Standby Agreement, effective immediately, without notice or demand to any person:

(a) any default by the City shall have occurred and be continuing in the payment of principal or premium, if any, or interest on any long-term general obligation bond indebtedness (other than the Subseries A-5 Bonds) of the City, which is supported by the full faith, credit and taxing power of the City, issued, assumed or guaranteed (provided, however, that the failure to pay any such guarantee as a result of any set-off, recoupment, counterclaim or any other defense of the City shall not constitute a default) by the City that is on a parity with the Subseries A-5 Bonds; provided, however, that such a payment default by the City shall not constitute an Event of Default if (x) the default was caused solely by an error or omission of an administrative or operational nature, (y) funds were available to enable the City to make the payment when due, and (z) the payment is made within two (2) Business Days of the City’s actual knowledge of its failure to pay;

(b) the City shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or becomes insolvent within the meaning of Section 101(32) of the Bankruptcy Code, or shall declare a debt moratorium, or shall take any action to authorize any of the foregoing;

(c) an involuntary case or other proceeding shall be commenced against the City seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the City under the federal bankruptcy laws as now or hereafter in effect;

(d) any provision of the Scotiabank Standby Agreement, the Certificate or the Subseries A-5 Bonds relating to the payment of principal or interest on the Subseries A-5 Bonds (including Purchased Bonds) as provided therein shall at any time for any reason cease to be valid and binding on the City as a result of a ruling,

finding, decree, order or legislative act or similar action by a governmental authority having jurisdiction over the City, or shall be declared in a final non-appealable judgment by any court having jurisdiction over the City to be null and void, invalid or unenforceable;

(e) the City shall fail to pay when due the principal of or interest on the Subseries A-5 Bonds (regardless of any waiver thereof by the holders of the Subseries A-5 Bonds) or the Purchased Bonds; provided, however, that such a payment default by the City shall not constitute an Event of Default if (x) the default was caused solely by an error or omission of an administrative or operational nature, (y) funds were available to enable the City to make the payment when due, and (z) the payment is made within two (2) Business Days of the City's actual knowledge of its failure to pay;

(f) a debt moratorium shall have been imposed or commenced by the United States government, the State or the City with respect to the payment of principal or interest on the Subseries A-5 Bonds; or

(g) the long-term unenhanced ratings assigned by Moody's, S&P and Fitch to the Subseries A-5 Bonds or any other long-term general obligation bond indebtedness of the City, which is supported by the full faith, credit and taxing power of the City, are withdrawn or suspended (for credit related reasons) or reduced below "Baa3," "BBB-" and "BBB-," respectively.

Events Resulting in Immediate Suspension Under the Scotiabank Standby Agreement. The obligation of Scotiabank to purchase Subseries A-5 Bonds shall be suspended immediately without notice or demand to any person, and thereafter Scotiabank shall be under no obligation to purchase Subseries A-5 Bonds, until such obligation is reinstated as provided below, in the event the City shall repudiate its obligations under the Scotiabank Standby Agreement or publicly contest (whether by legal proceedings or other similar proceedings or otherwise) any provision of the Scotiabank Standby Agreement, the Certificate or the Subseries A-5 Bonds relating to the payment of principal or interest on the Subseries A-5 Bonds (including Purchased Bonds), or the City, acting through any official of the City having the authority to do so, shall publicly deny that it has any obligation to make payments on the Subseries A-5 Bonds (including Purchased Bonds) or the City shall claim that any of its general obligation debt is not a valid, binding and enforceable general obligation of the City for any reason whatsoever. The obligation of Scotiabank to purchase Subseries A-5 Bonds shall also be suspended immediately without notice or demand upon the occurrence of certain Defaults as described below under "*Remedies Under the Scotiabank Standby Agreement.*"

Other Events of Default Under the Scotiabank Standby Agreement. There are various other Events of Default listed in the Scotiabank Standby Agreement which can result in a termination of the Scotiabank Standby Agreement after notice and a mandatory tender of the Subseries A-5 Bonds.

Remedies Under the Scotiabank Standby Agreement. In the case of an Event of Default as specified above under "*Events of Default Resulting in Immediate Termination Under the Scotiabank Standby Agreement*" (each, an "Event of Termination"), the Available Commitment with respect to the Subseries A-5 Bonds and the obligation of Scotiabank under the Scotiabank Standby Agreement to purchase Subseries A-5 Bonds shall immediately terminate without notice or demand to any Person, and thereafter Scotiabank shall be under no obligation to purchase such Bonds. Promptly upon the occurrence of such Event of Termination, Scotiabank shall give written notice of the same to the City, the Tender Agent, the Fiscal Agent and the Remarketing Agent; but Scotiabank shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the termination of the Available Commitment with respect to the Subseries A-5 Bonds and its obligation to purchase such Subseries A-5 Bonds pursuant to the Scotiabank Standby Agreement.

In the case of any Event of Default under the Scotiabank Standby Agreement, Scotiabank, in its sole discretion, may (i) give written notice (a "Notice of Default") of such Event of Default to the Remarketing Agent, the Fiscal Agent and the Tender Agent requesting a mandatory tender of all of the Subseries A-5 Bonds pursuant to the Certificate on a date not later than the last Business Day which is less than 15 calendar days after the Tender Agent receives notice of such mandatory tender and stating that the obligation of Scotiabank to purchase such Bonds shall terminate 15 days after such notice is received by the Tender Agent and on such date the related Available Commitment shall terminate and Scotiabank shall be under no obligation to purchase

such Bonds after such date or (ii) give a written notice to the City directing the City to convert to a Fixed Rate all or any portion of such Bonds. Upon conversion to the Fixed Rate, Scotiabank agrees to pay an amount equal to the Purchase Price of Subseries A-5 Bonds so converted and not remarketed, subject to and in accordance with the terms of the Scotiabank Standby Agreement.

Upon the occurrence of the Event of Default set forth under “*Events Resulting in Immediate Suspension Under the Scotiabank Standby Agreement*” above, the obligations of Scotiabank under the Scotiabank Standby Agreement shall be suspended from the time of the occurrence of such Event of Default, and in the event any provision of the Scotiabank Standby Agreement, the Subseries A-5 Bonds and the Certificate related to the City’s ability to pay principal or interest on the Subseries A-5 Bonds or Purchased Bonds is declared to be null and void in a final non-appealable judgment, or it is determined that the City has no liability under the Scotiabank Standby Agreement, the Subseries A-5 Bonds or the Certificate, in either case by a court or other Governmental Agency or authority with competent jurisdiction, then the obligations of Scotiabank under the Scotiabank Standby Agreement will terminate in accordance with the terms thereof; provided, however, that if such provisions are upheld in their entirety, then Scotiabank’s obligations under the Scotiabank Standby Agreement shall be automatically reinstated and the terms of the Scotiabank Standby Agreement will continue in full force and effect (unless the Purchase Period shall have otherwise expired or the Available Commitment been terminated in accordance with its terms) as if there had been no such suspension. If the Event of Default which gave rise to the suspension of the obligations of Scotiabank has not been cured or does not cease to exist prior to the earlier to occur of the (i) Scheduled Termination Date of the Scotiabank Standby Agreement and (ii) one (1) year anniversary of such occurrence, the obligations of Scotiabank under the Scotiabank Standby Agreement shall be terminated upon written notice from Scotiabank to the City, and thereafter Scotiabank shall have no further obligations thereunder.

Upon the occurrence of a Default (which has not yet become an Event of Default) described in paragraph (c) under “*Events of Default Resulting in Immediate Termination Under the Scotiabank Standby Agreement*” above, the obligation of Scotiabank to purchase Subseries A-5 Bonds under the Scotiabank Standby Agreement shall be immediately suspended until the proceeding referred to therein is terminated prior to the court entering an order granting the relief sought in such proceeding. In the event such proceeding is so terminated, the obligations of Scotiabank to purchase Subseries A-5 Bonds under the Scotiabank Standby Agreement shall be reinstated and the terms of the Scotiabank Standby Agreement will continue in full force and effect (unless the obligations of Scotiabank to purchase Subseries A-5 Bonds under the Scotiabank Standby Agreement shall have otherwise terminated in accordance with the terms thereof) as if there had been no such suspension.

In the case of the occurrence of a Default described in paragraph (a) or (e) under “*Events of Default Resulting in Immediate Termination Under the Scotiabank Standby Agreement*” above, the Available Commitment and the obligations of Scotiabank under the Scotiabank Standby Agreement to purchase the Subseries A-5 Bonds shall immediately be suspended without notice or demand to any person from and after the date of such failure to make such payment, and thereafter Scotiabank shall be under no obligation to purchase such Bonds, until such obligation is reinstated as specified in the following sentence. The Available Commitment and the obligations of Scotiabank under the Scotiabank Standby Agreement immediately shall be reinstated and the terms of the Scotiabank Standby Agreement will continue in full force and effect (unless the Scotiabank Standby Agreement shall otherwise have terminated by its terms) as if there had been no such suspension on the date on which, prior to the expiration of the time period specified in paragraph (a) or (e) under “*Events of Default Resulting in Immediate Termination Under the Scotiabank Standby Agreement*” above, as applicable, the relevant payment is made. In the event the City fails to cure any such payment default, the Available Commitment and the obligations of Scotiabank under the Scotiabank Standby Agreement immediately shall be terminated at the close of business upon the second (2nd) Business Day after the City has actual knowledge of such failure to make such payment thereunder.

Upon the occurrence of any Event of Default, the Bank Rate shall automatically equal the Default Rate and Scotiabank may take any other actions permitted by applicable law. Scotiabank shall not have the right to declare any amount due and payable under the Scotiabank Standby Agreement, or to accelerate the maturity date of any Subseries A-5 Bonds. Upon the occurrence of any Event of Default, Scotiabank may deliver a

notice to the Remarketing Agent not to remarket any of the Purchased Bonds. Scotiabank may, at any time, in its discretion, revoke such notice by written notice to the City and the Remarketing Agent.

Description of the Helaba Standby Agreement

Events of Default Under the Helaba Standby Agreement. Upon the occurrence of any event (each an “Event of Default”) set forth under the subheadings below entitled “*Events of Default Resulting in Immediate Termination Under the Helaba Standby Agreement,*” “*Events of Default Resulting in Immediate Suspension Under the Helaba Standby Agreement*” and “*Other Events of Default Under the Helaba Standby Agreement,*” Helaba may exercise those rights and remedies provided under the subheading “*Remedies Under the Helaba Standby Agreement*” below.

Events of Default Resulting in Immediate Termination Under the Helaba Standby Agreement. Upon the occurrence of any of the following events, Helaba may terminate the Helaba Standby Agreement, effective immediately, without notice or demand to any person:

(a) (i) any default by the City shall have occurred and be continuing in the payment of principal or premium, if any, or interest on any general obligation bond or note of the City or other similar evidence of indebtedness issued by the City that is on a parity with the City’s general obligation debt; (ii) pursuant to the provisions of any resolution, indenture, contract or other instrument, the maturity of any bond, note or other similar evidence of indebtedness issued or assumed by the City that is on a parity with the City’s general obligation debt, as the result of an occurrence of any default with respect to the payment of any principal or interest thereunder, shall be accelerated or required to be paid prior to the stated maturity thereof; or (iii) any default shall have occurred and be continuing in the payment of any regularly scheduled payment (excluding any termination payment thereunder) on any interest rate swap agreement relating to any bond, note or other similar evidence of indebtedness issued by the City that is on a parity with the City’s general obligation debt and such payment is on a parity with the City’s general obligation debt; *provided, however,* that such a payment default by the City shall not constitute an Event of Default if (x) the default was caused solely by an error or omission of an administrative or operational nature, (y) funds were available to enable the City to make the payment when due, and (z) the payment is made within two (2) Business Days of the City’s receipt of written notice of its failure to pay;

(b) the City shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts, or shall become insolvent within the meaning of Section 101(32) of the Bankruptcy Code, or shall take any action to authorize any of the foregoing;

(c) an involuntary case or other proceeding shall be commenced against the City seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the City under the federal bankruptcy laws as now or hereafter in effect;

(d) any provision of the Helaba Standby Agreement, the Certificate or the Subseries A-3 Bonds relating to the payment of principal or interest on the Subseries A-3 Bonds (including Purchased Bonds) as provided in the Helaba Standby Agreement shall at any time for any reason cease to be valid and binding on the City as a result of a ruling, finding, decree, order, legislative act or similar action (which is final or non-appealable) by a governmental authority having jurisdiction over the City, or shall be declared in a final non-appealable judgment by any court having jurisdiction over the City to be null and void or invalid;

(e) the City shall fail to pay when due any principal or interest payable under the Subseries A-3 Bonds (regardless of any waiver thereof by the holders of the Subseries A-3 Bonds) or the Purchased Bonds; *provided, however,* that such a payment default by the City shall not constitute an Event of Default if (x) the default was caused solely by an error or omission of an administrative or operational nature, (y) funds were available to enable the City to make the payment when due, and (z) the payment is made within two (2) Business Days of the City's receipt of written notice of its failure to pay;

(f) (i) the United States government or the State or any other governmental authority having jurisdiction over the City shall declare or impose a moratorium with respect to the payment of principal of or premium, if any, or interest on the Subseries A-3 Bonds or on all of the City's debt obligations or (ii) the City shall have declared or commenced a moratorium with respect to the payment of principal of or premium, if any, or interest on any general obligation bond or note of the City or other similar evidence of indebtedness issued by the City that is on a parity with the City's general obligation debt; or

(g) the ratings assigned by Moody's, S&P and Fitch to the Subseries A-3 Bonds or any general obligation bond or note of the City or other evidence of indebtedness issued, assumed or guaranteed by the City that is on a parity with the City's general obligation debt, are withdrawn or suspended for credit related reasons or reduced below "Baa3," "BBB-" and "BBB-," respectively.

Events of Default Resulting in Immediate Suspension Under the Helaba Standby Agreement. The obligation of Helaba to purchase Subseries A-3 Bonds shall be suspended immediately without notice or demand to any person, and thereafter Helaba shall be under no obligation to purchase Subseries A-3 Bonds, until such obligation is reinstated as provided below, in the event (i) a judgment described in clause (d) above under "*Events of Default Resulting in Immediate Termination Under the Helaba Standby Agreement*" that is appealable or not final shall be issued by a court of competent jurisdiction, and not overturned or stayed upon appeal within 30 days after issuance thereof or (ii) the City shall publicly contest any provision of the Helaba Standby Agreement, the Certificate or the Subseries A-3 Bonds relating to the payment of principal or interest on the Subseries A-3 Bonds (including Purchased Bonds), or the City shall publicly deny that it has any obligation to make payments on the Subseries A-3 Bonds (including Purchased Bonds) or the City shall claim that any of its general obligation debt is not a valid, binding and enforceable general obligation of the City for any reason whatsoever. The obligation of Helaba to purchase Subseries A-3 Bonds shall also be suspended immediately without notice or demand upon the occurrence of certain Defaults as described below under "*Remedies Under the Helaba Standby Agreement.*"

Other Events of Default Under the Helaba Standby Agreement. There are various Events of Default listed in the Helaba Standby Agreement which can result in a termination of the Helaba Standby Agreement after notice and a mandatory tender of the Subseries A-3 Bonds.

Remedies Under the Helaba Standby Agreement. In the case of an Event of Default as specified above under "*Events of Default Resulting in Immediate Termination Under the Helaba Standby Agreement*" (each, an "Event of Termination"), the Available Commitment with respect to the Subseries A-3 Bonds and the obligation of Helaba under the Helaba Standby Agreement to purchase Subseries A-3 Bonds shall immediately terminate without notice or demand to any Person, and thereafter Helaba shall be under no obligation to purchase such Bonds. Promptly upon the occurrence of such Event of Termination, Helaba shall give written notice of the same to the City, the Tender Agent, the Fiscal Agent and the Remarketing Agent; but Helaba shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the termination of the Available Commitment with respect to the Subseries A-3 Bonds and its obligation to purchase Subseries A-3 Bonds pursuant to the Helaba Standby Agreement.

In the case of certain Events of Default under the Helaba Standby Agreement, Helaba, in its sole discretion, may (i) give written notice (a "Notice of Default") of such Event of Default to the Remarketing Agent, the Fiscal Agent and the Tender Agent requesting a mandatory tender of all of the Subseries A-3 Bonds pursuant to the Certificate and stating that the obligation of Helaba to purchase such Bonds shall terminate 30 days after such notice is received by the Tender Agent and on such date the related Available Commitment shall terminate and Helaba shall be under no obligation to purchase such Bonds after such date or (ii) give a written notice to the City directing the City to convert to a Fixed Rate all or any portion of such Bonds. Upon

conversion to the Fixed Rate, Helaba agrees to pay an amount equal to the Purchase Price of Subseries A-3 Bonds so converted and not remarketed, subject to and in accordance with the terms of the Helaba Standby Agreement.

Upon the occurrence of an Event of Default set forth under “*Events of Default Resulting in Immediate Suspension Under the Helaba Standby Agreement*” above, the obligations of Helaba under the Helaba Standby Agreement shall be suspended from the time of the occurrence of such Event of Default, and in the event any provision of the Helaba Standby Agreement, the Subseries A-3 Bonds and the Certificate related to the City’s ability to pay principal or interest on the Subseries A-3 Bonds or Purchased Bonds is declared to be null and void in a final non-appealable judgment, or it is determined that the City has no liability under the Helaba Standby Agreement, the Subseries A-3 Bonds or the Certificate, in either case by a court or other Governmental Agency or authority with competent jurisdiction, then the obligations of Helaba under the Helaba Standby Agreement will terminate in accordance with the terms thereof; provided, however, that if such provisions are upheld in their entirety, then Helaba’s obligations under the Helaba Standby Agreement shall be automatically reinstated and the terms of the Helaba Standby Agreement will continue in full force and effect (unless the Helaba Standby Agreement shall have otherwise expired or been terminated in accordance with its terms) as if there had been no such suspension. If the event which gave rise to the suspension of the obligations of Helaba has not been cured or does not cease to exist prior to the three (3) year anniversary of such occurrence, the obligations of Helaba under the Helaba Standby Agreement shall be terminated upon written notice from Helaba to the City, and thereafter Helaba shall have no further obligations thereunder.

Upon the occurrence of a Default (which has not yet become an Event of Default) described in paragraph (c) under “*Events of Default Resulting in Immediate Termination Under the Helaba Standby Agreement*” above, the obligation of Helaba to purchase Subseries A-3 Bonds under the Helaba Standby Agreement shall be immediately suspended until the proceeding referred to therein is terminated prior to the court entering an order granting the relief sought in such proceeding. In the event such proceeding is so terminated, the obligations of Helaba to purchase Subseries A-3 Bonds under the Helaba Standby Agreement shall be reinstated and the terms of the Helaba Standby Agreement will continue in full force and effect (unless the obligations of Helaba to purchase Subseries A-3 Bonds under the Helaba Standby Agreement shall have otherwise terminated in accordance with the terms thereof) as if there had been no such suspension.

In the case of the occurrence of an event described in paragraph (a)(i) or (e) under “*Events of Default Resulting in Immediate Termination Under the Helaba Standby Agreement*” above, in each case without regard to the proviso, the Available Commitment and the obligation of Helaba under the Helaba Standby Agreement to purchase the Subseries A-3 Bonds shall immediately be suspended without notice or demand to any person, and thereafter Helaba shall be under no obligation to purchase such Bonds, until such obligation is reinstated as specified in the following sentence. The Available Commitment and the obligation of Helaba under the Helaba Standby Agreement immediately shall be reinstated and the terms of the Helaba Standby Agreement will continue in full force and effect (unless the Helaba Standby Agreement shall otherwise have terminated by its terms) as if there had been no such suspension on the date on which, prior to the expiration of the time period specified in paragraph (a)(i) or (e) under “*Events of Default Resulting in Immediate Termination Under the Helaba Standby Agreement*” above, as applicable, the relevant payment is made.

Upon the occurrence of any Event of Default, all amounts payable to Helaba under the Helaba Standby Agreement shall bear interest at the Default Rate and Helaba may take any other actions permitted by applicable law. Helaba shall not have the right to declare any amount due and payable under the Helaba Standby Agreement, or to accelerate the maturity date of any Subseries A-3 Bonds. Upon the occurrence of any Event of Default, Helaba may deliver a notice to the Remarketing Agent not to remarket any of the Purchased Bonds. Helaba may, at any time, in its discretion, revoke such notice by written notice to the City and the Remarketing Agent.

Optional Redemption

Each Subseries of Bonds is subject to redemption (or purchase in lieu thereof if permitted by the Certificate) prior to maturity, without premium, at the option of the City, in whole or in part, on any Optional Redemption Date,

which, for Bonds in the Daily Rate Mode, Two-Day Rate Mode or the Weekly Rate Mode, or in any case not specified, is any Business Day, upon 30 days' written notice to Bondholders.

The City may select Subseries, Rate Modes and amounts of Bonds for optional redemption in its sole discretion. In the event that less than all the Bonds of a Subseries, Rate Mode and maturity subject to redemption are to be redeemed, the Bonds shall be selected for redemption as prescribed by the Certificate.

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

Mandatory Redemption

The Subseries A-4 Bonds and Subseries A-5 Bonds are Term Bonds subject to mandatory redemption upon 30 days' (but not more than 60 days') notice to Bondholders, by lot within each stated maturity, on each August 1 (or other Mandatory Redemption Date specified in the applicable Rate Mode) at a redemption price equal to the principal amount thereof, plus accrued interest, without premium, in the amounts set forth below:

Subseries A-4		Subseries A-5	
August 1	Amount	August 1	Amount
2036	\$11,655,000	2035	\$14,395,000
2037	49,455,000	2036*	35,605,000
2038*	38,890,000		

* Stated maturity.

At the option of the City, there shall be applied to or credited against any of the required amounts the principal amount of any such Term Bonds that have been defeased, purchased or redeemed and not previously so applied or credited.

Defeased Term Bonds shall, at the option of the City, no longer be entitled, but may be subject, to the provisions thereof for mandatory redemption.

Notice of Redemption

When Bonds are redeemed, the City will give notice of redemption only to DTC (not to the Beneficial Owners of the Bonds) not less than 30 or more than 60 days prior to the date fixed for redemption.

Mandatory and Optional Tender

The Bonds are subject to mandatory and optional tender as described in "APPENDIX B—MULTI-MODAL BONDS."

Special Considerations Relating to the Bonds

The Remarketing Agent is Paid By the City. The responsibilities of the Remarketing Agent include determining the interest rate from time to time and remarketing Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Certificate and the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the City and is paid by the City for its services. As a result, the interests of the Remarketing Agent may differ from those of existing Holders and potential purchasers of Bonds.

The Remarketing Agent Routinely Purchases Bonds for its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Bonds for its own account and, in its sole discretion, may routinely acquire such tendered Bonds in order to achieve a successful remarketing of the Bonds (i.e., because there otherwise are not enough buyers to purchase the Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Bonds by routinely purchasing and selling Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and

sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Bonds. The Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Bonds. The purchase of Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case. The practices described above also may result in fewer Bonds being tendered in a remarketing.

Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date. Pursuant to the Certificate and the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Bonds it remarkets at par plus accrued interest, if any, on the applicable interest rate determination date. The interest rate will reflect, among other factors, the level of market demand for the Bonds (including whether the Remarketing Agent is willing to purchase Bonds for its own account). There may or may not be Bonds tendered and remarketed on an interest rate determination date, the Remarketing Agent may or may not be able to remarket any Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Bonds it remarkets at the remarketing price. In the event a Remarketing Agent owns any Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Bonds on any date, including the interest rate determination date, at a discount to par to some investors.

The Ability to Sell the Bonds Other Than Through the Tender Process May Be Limited. The Remarketing Agent may buy and sell Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require Holders that wish to tender their Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process.

Bond Certificates

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, acts as securities depository for the Bonds. Reference to the Bonds under the caption “Bond Certificates” shall mean all Bonds that are deposited with DTC from time to time. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC National Securities Clearing Corporation, and Fixed Income Securities Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to both U.S. and non-U.S. securities brokers and dealers, bank, trust companies and clearing corporations that clear through or maintain a custodial

relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (under this caption, “*Book-Entry Only System*,” a “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s procedures. Under its usual procedures, DTC mails an omnibus proxy (the “Omnibus Proxy”) to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Payment of redemption proceeds and principal and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City or Fiscal Agent, The Bank of New York Mellon, on the payment date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Fiscal Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Fiscal Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Tender Agent and the Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant’s interest in the Bonds, on DTC’s records, to the Tender Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC’s records and followed by a book-entry credit of tendered Bonds to the Tender Agent’s DTC account.

The services of DTC as securities depository with respect to the Bonds may be discontinued at any time by giving reasonable notice to the City or the Fiscal Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates will be printed and delivered.

No assurance can be given by the City that DTC will make prompt transfer of payments to the Participants or that Participants will make prompt transfer of payments to Beneficial Owners. The City is not responsible or liable for payment by DTC or Participants or for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or Participants.

For every transfer and exchange of the Bonds, the Beneficial Owners may be charged a sum sufficient to cover any tax, fee or other charge that may be imposed in relation thereto.

Unless otherwise noted, certain of the information contained in this subsection "*Book-Entry Only System*" has been extracted from information furnished by DTC. Neither the City nor the Underwriter of the Bonds makes any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

SECTION III: MISCELLANEOUS

Certain Reports

From time to time, the Control Board staff, OSDC, the City Comptroller, the IBO and others issue reports and make public statements regarding the City's financial condition, commenting on, among other matters, the City's financial plans, projected revenues and expenditures and actions by the City to eliminate projected operating deficits. Some of these reports and statements have warned that the City may have underestimated certain expenditures and overestimated certain revenues and have suggested that the City may not have adequately provided for future contingencies. Certain of these reports have analyzed the City's future economic and social conditions and have questioned whether the City has the capacity to generate sufficient revenues in the future to meet the costs of its expenditure increases and to provide necessary services. It is reasonable to expect that reports and statements will continue to be issued and to engender public comment.

On July 25, 2011, the City Comptroller released a report commenting on the City's adopted budget for fiscal year 2012 and the Financial Plan. In his report, the City Comptroller identified net risks for fiscal years 2012 through 2015 which, when added to the results projected in the Financial Plan, would result in gaps of \$1.97 billion, \$5.30 billion, \$5.07 billion and \$5.09 billion, respectively. The differences from the Financial Plan projections result in part from the City Comptroller's expenditure projections, which exceed those in the Financial Plan by \$1.85 billion, \$912 million, \$1.02 billion and \$1.10 billion in fiscal years 2012 through 2015, respectively, resulting from: (i) wage increases as a result of collective bargaining with the City's teacher and school administrator unions, which would result in increased costs of \$1.70 billion, \$897 million, \$900 million and \$900 million in fiscal years 2012 through 2015, respectively; (ii) increased overtime expenditures of \$210 million in fiscal year 2012 and \$100 million in each of fiscal years 2013 through 2015; (iii) uncertainty of savings from planned pension reform of \$131 million and \$252 million in fiscal years 2014 and 2015, respectively; and (iv) projected savings in judgments and claims expenditures of \$55 million, \$85 million, \$115 million and \$150 million in fiscal years 2012 through 2015, respectively. The differences from the Financial Plan also result from the City Comptroller's revenue projections. The report estimates that (i) property tax revenues will be lower by \$39 million and \$17 million in fiscal years 2013 and 2014, respectively, and higher by \$14 million in fiscal year 2015; (ii) personal income tax revenues will be lower by \$27 million in fiscal year 2012 and higher by \$65 million, \$314 million and \$191 million in fiscal years 2013 through 2015, respectively; (iii) business tax revenues will be lower by \$231 million and \$116 million in fiscal years 2012 and 2013, respectively, and higher by \$95 million and \$252 million in fiscal years 2014 and 2015, respectively; (iv) sales tax revenues will be higher by \$19 million, \$87 million and \$156 million in fiscal years 2013 through 2015, respectively; and (v) real-estate related tax revenues will be higher by \$140 million, \$318 million, \$308 million and \$325 million in fiscal years 2012 through 2015, respectively. The revenue projections result in lower net tax revenues of \$118 million in fiscal year 2012, and higher net tax revenues of \$247 million, \$787 million and \$938 million in fiscal years 2013 through 2015, respectively.

On July 25, 2011, the staff of OSDC released a report on the Financial Plan. The report notes that while the budget is balanced, it relies on \$5.1 billion in nonrecurring resources, including the fiscal year 2011 surplus and a drawdown from the Retiree Health Benefits Trust, which will have to be replaced in subsequent years. The report also notes that though the Financial Plan includes few immediate risks, a number of issues require close monitoring, including: future State and federal governments actions could reduce the amount of financial assistance to the City; the costs of implementing potential changes recommended in a report to be prepared by the City's actuarial consultant could exceed the \$1 billion reserve budgeted for such costs; despite the restoration of funding for teacher positions and fire companies, the fiscal year 2012 budget still includes 1,000 non-teacher layoffs and significant budget cuts; and debt service and other nondiscretionary costs such as employee benefits are projected to rise by more than 40 percent during the Financial Plan period. The report states that while historically the City has relied on budget surpluses to help balance future budgets, the likelihood of a large surplus in fiscal year 2012 is diminished, and that closing the structural budget gap, in the absence of a stronger recovery or relief from federal and State mandates, will be challenging.

The report quantifies certain risks, partially offset by possible additional resources, to the Financial Plan. The report identifies a possible net risk to the Financial Plan of \$125 million in fiscal year 2012 and additional revenue of \$25 million, \$33 million and \$41 million in fiscal years 2013 through 2015, respectively. When combined with the results projected in the Financial Plan, the report estimates that such risk and additional revenue could result in budget gaps of \$125 million, \$4.61 billion, \$4.81 billion and \$4.88 billion in fiscal years 2012 through 2015, respectively. The report identifies possible additional resources resulting from unanticipated pension investment earnings that could lower the City's planned contributions by \$150 million, \$289 million and \$418 million in fiscal years 2013 through 2015, respectively. The risks to the Financial Plan identified in the report include (i) increased overtime costs of \$125 million in each of fiscal years 2012 through 2015 and (ii) decreased savings of \$131 million and \$252 million in fiscal years 2014 and 2015, respectively, as a result of failing to achieve pension reform.

In addition to the adjustments to the Financial Plan projections set forth above, the OSDC report identifies two additional risks that could have a significant impact on the City. First, the OSDC report identifies risks to the Financial Plan resulting from increased costs as a result of collective bargaining with the teachers' union of \$1.70 billion, \$898 million, \$900 million and \$900 million in fiscal years 2012 through 2015, respectively. Second, if wages for all City employees were to increase at the projected rate of inflation without any offsetting savings, costs would increase by \$1.51 billion, \$1.61 billion, \$2.18 billion and \$2.70 billion in fiscal years 2012 through 2015, respectively. As a potential offset to the projected gaps, the report identifies increased revenue of \$300 million in each of fiscal years 2013 through 2015, respectively, resulting from the sale of 1,500 taxi medallions if the Governor approves legislation expanding taxi service in the City.

On July 21, 2011, the staff of the Control Board issued a report on the Financial Plan. The report observes that at budget adoption the City identified increased revenues from business taxes and tax audits and certain decreased expenditures, which allowed it to increase the fiscal year 2011 surplus to \$3.7 billion and apply the entire surplus towards balancing the fiscal year 2012 budget. The Control Board notes that while its risk assessment for fiscal year 2012 is low, the lack of a projected surplus to help balance the out-year budgets could be problematic. Additionally, the report notes that unidentified problems, such as additional reductions in federal and State aid and the potential effects of the federal government's failing to raise the debt ceiling, could provide further pressure on the fiscal year 2012 budget. The report cites Medicaid, pension, healthcare, other fringe benefit and debt service costs as areas of significant expenditure growth that continue to create the out-year budget gaps, and reduced federal and State aid as areas of uncertain revenue risk.

The report quantifies certain risks, partially offset by possible additional resources, to the Financial Plan. The report identifies possible net risks of \$107 million, \$161 million, \$281 million and \$377 million in fiscal years 2012 through 2015, respectively. When combined with the results projected in the Financial Plan, these net risks would result in estimated gaps of \$107 million, \$4.80 billion, \$5.13 billion and \$5.30 billion in fiscal years 2012 through 2015, respectively. The possible additional resources identified in the report result from increased miscellaneous revenues of \$60 million, \$60 million, \$75 million and \$100 million in fiscal years 2012 through 2015, respectively. The risks to the Financial Plan identified in the report include: (i) increased uniformed services overtime expenses of \$167 million, \$221 million, \$225 million and \$225 million in fiscal years 2012 through 2015, respectively; and

(ii) decreased savings of \$131 million and \$125 million in fiscal years 2014 and 2015, respectively, as a result of failing to achieve pension reforms.

Supplemental Certificates

For any one or more of the following purposes and at any time or from time to time, the City may enter into a supplement to the Certificate:

- (a) to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision relating to the Adjustable Rate Bonds;
- (b) to identify particular Adjustable Rate Bonds for purposes not inconsistent with the Certificate, including credit or liquidity support, remarketing, serialization and defeasance; or
- (c) to insert such provisions with respect to the Adjustable Rate Bonds as are necessary or desirable and are not to the prejudice of the Bondholders.

Each supplement is conditioned upon delivery to the City of a Favorable Opinion of Bond Counsel.

Tax Exemption

In the opinion of Sidley Austin LLP, New York, New York, as Bond Counsel, interest on the Bonds will be exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

The City has covenanted to comply with applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion from gross income of the interest on the Bonds for purposes of federal income taxation. In the opinion of Bond Counsel, assuming compliance by the City with such provisions of the Code, interest on the Bonds will not be included in the gross income of the owners thereof for purposes of federal income taxation. Failure by the City to comply with such applicable requirements may cause interest on the Bonds to be includable in the gross income of the owners thereof retroactive to the date of issue of the Bonds. Further, Bond Counsel will render 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 such opinion without the approval of Bond Counsel.

In the opinion of Bond Counsel, interest on the Bonds will not be a specific preference item 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 Bond Counsel, 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. Interest on the Bonds owned by a corporation will be included in the calculation of the corporation's alternative minimum tax liability.

Ownership of tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S Corporations with excess passive income, individual recipients of Social Security or railroad retirement benefits, taxpayers eligible for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

Interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of interest on the Bonds from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the Bonds to be subject to backup withholding if such interest is paid to registered owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner or have been identified by the Internal Revenue Service (the "IRS") as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

Future Tax Developments

Future legislative proposals, if enacted into law, regulations, rulings or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or interest on the Bonds to be subject to State or local income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Further, legislation or regulatory actions and proposals may affect the economic value of the federal or state tax exemption or the market value of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or State tax legislation, regulations, rulings or litigation, as to which Bond Counsel expresses no opinion.

Ratings

The Subseries A-3 Bonds are expected to be assigned ratings of “Aa2/VMIG 1” by Moody’s, “AA/A-1” by S&P and “AA/F1+” by Fitch. The Subseries A-4 Bonds are expected to be assigned ratings of “Aa1/VMIG 1” by Moody’s, “AAA/A-1” by S&P and “AAA/F1” by Fitch. The Subseries A-5 Bonds are expected to be assigned ratings of “Aa2/VMIG 1” by Moody’s, “AA/A-1+” by S&P and “AA/F1+” by Fitch. Such short-term ratings are based on the issuance of the Credit Facility and the respective Liquidity Facilities and the creditworthiness of the respective Banks. Such ratings reflect only the views of Moody’s, S&P and Fitch from which an explanation of the significance of such ratings may be obtained. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely. Any such downward revision or withdrawal could have an adverse effect on the market prices of such bonds.

Legal Opinions

The legality of the authorization and issuance of the Bonds will be covered by the approving legal opinion of Sidley Austin LLP, New York, New York, Bond Counsel to the City. Reference should be made to the form of such opinion set forth in Appendix D to the Fixed Rate Official Statement for the matters covered by such opinion and the scope of Bond Counsel’s engagement in relation to the issuance of the Bonds.

Certain legal matters will be passed upon for the City by its Corporation Counsel.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Special Disclosure Counsel to the City, will pass upon certain legal matters in connection with the preparation of this Official Statement. A description of those matters and the nature of the review conducted by that firm is set forth in its opinion which is on file at the office of the Corporation Counsel.

Certain legal matters will be passed upon by Hawkins Delafield & Wood LLP, New York, New York, counsel for the Underwriter.

Certain legal matters for each Bank will be passed upon by their respective counsels.

Underwriting

The Bonds are being purchased for reoffering by Barclays Capital Inc. (“Barclays”) who has agreed, subject to certain conditions, to purchase such Bonds from the City at an aggregate underwriter’s discount of \$14,633.83 and to make an initial public offering of such Bonds at prices that are not in excess of the initial public offering price set forth on the inside cover page of this Official Statement. Barclays will be obligated to purchase all such Bonds if any such Bonds are purchased.

Financial Advisors

The City has retained Public Resources Advisory Group and A.C. Advisory, Inc. to act as financial advisors with respect to the City’s financing program and the issuance of the Bonds.

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DEFINITIONS

“*Adjustable Rate Bonds*” means the Multi-Modal Bonds that are not Auction Rate Bonds.

“*Authorized Denominations*” means during any Daily Rate Period, Two-Day Rate Period, Commercial Paper Rate Period, or Weekly Rate Period, \$100,000 or any integral multiple of \$5,000 in excess of \$100,000.

“*Authorizing Document*” means the Certificate of the Deputy Comptroller for Public Finance of the City of New York With Respect to General Obligation Bonds, Fiscal 2012 Series A dated the Issue Date.

“*Authorized Officer*” means the Deputy Comptroller for Public Finance of the City and, when used with reference to the performance of any act, the discharge of any duty or the execution of any certificate or other document, any officer, employee or other person authorized to perform such act, discharge such duty or execute such certificate or other document.

“*Bank Bond*” or “*Purchased Bond*” means any Multi-Modal Bond held pursuant to a Standby Agreement. The terms of Purchased Bonds are not described in detail in this Official Statement.

“*Bank Rate*” or “*Purchased Bond Rate*” means the rate set forth in a Standby Agreement as the rate applicable to a Bond purchased by the related Standby Purchaser.

“*Bondholder*” or “*Holder*” or “*Owner*” means any person who shall be the registered owner of any Multi-Modal Bonds.

“*Bonds*” means the City’s General Obligation Bonds, Fiscal 2012 Series A, Subseries A-3, A-4 and A-5.

“*Book Entry Form*” or “*Book Entry System*” means a form or system under which physical Multi-Modal Bond certificates in fully registered form are registered only in the name of the Securities Depository, with the physical certificates “immobilized” in the custody of the Securities Depository.

“*Business Day*” means a day other than (i) a Saturday and Sunday or (ii) a day on which the City, the New York Stock Exchange, the Federal Reserve Bank of New York, the Fiscal Agent, the Tender Agent, the Remarketing Agent or banks and trust companies in New York, New York, are authorized or required to remain closed.

“*Calculation Agent*” means the calculation agent appointed by the City.

“*Calculation Agent Agreement*” means any Calculation Agent Agreement, as amended or supplemented from time to time, between the City and a Calculation Agent whereby the Calculation Agent undertakes to perform the duties of the Calculation Agent with respect to the Bonds.

“*Certificate*” means, as applicable, the Authorizing Document with all Exhibits, Schedules, appendices and related proceedings, including any supplemental certificates.

“*City Account*” means the account so designated in the Purchase and Remarketing Fund.

“*Commercial Paper Mode*” means a Rate Mode in which a Multi-Modal Bond for its Commercial Paper Rate Period bears interest at a Commercial Paper Rate.

“*Commercial Paper Rate*” means each rate at which a Multi-Modal Bond bears interest during a Commercial Paper Rate Period.

“*Commercial Paper Rate Period*” means, with respect to a particular Multi-Modal Bond, a period of one to 365 days during which such Bond bears interest at a Commercial Paper Rate; and the first day immediately following the last day of each Commercial Paper Rate Period shall be a Business Day and, with respect to at least the amount of such Bonds to be redeemed by mandatory redemption, shall be not later than the redemption date.

“*Conversion*” means a change in the Rate Mode of a Multi-Modal Bond. To “Convert” is the act of Conversion.

“*Conversion Date*” means the Business Day of a Conversion or proposed Conversion, which shall be an eligible Optional Redemption Date for the Rate Mode in effect.

“*Conversion Notice*” means a notice of a change in the Rate Mode.

“*Credit Facility*” means a Standby Agreement that specifies no Liquidity Conditions and provides for the purchase of Bonds in the event of the City’s failure to pay interest or principal when due.

“*Daily Rate*” means the rate at which Multi-Modal Bonds bear interest during a Daily Rate Period.

“*Daily Rate Mode*” means a Rate Mode in which Multi-Modal Bonds bear interest at a Daily Rate.

“*Daily Rate Period*” means a period commencing on one Business Day and extending to, but not including, the next succeeding Business Day, during which Multi-Modal Bonds bear interest at the Daily Rate.

“*Default Notice*” or “*Termination Notice*” means, with respect to a notice given by a Standby Purchaser pursuant to a Standby Agreement to the effect that an event of default thereunder has occurred and that the Standby Agreement issued by such Standby Purchaser will terminate on the date specified in such notice or any comparable notice.

“*Direct Participant*” means a participant in the book-entry system of recording ownership interests in the Multi-Modal Bonds.

“*DTC*” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as Depository for the Multi-Modal Bonds, or any successor Depository for any Multi-Modal Bonds; and includes each nominee thereof.

“*Electronic Means*” means facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

“*Expiration Date*” means the fixed date on which a Standby Agreement will expire, as such date may be extended from time to time; and includes the date of an early termination of a Standby Agreement caused by the City (excluding a Termination Date).

“*Favorable Opinion of Bond Counsel*” shall mean an opinion of nationally recognized bond counsel to the effect that the action proposed to be taken is authorized or permitted by the Certificate and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

“*Fiduciary*” means each Fiscal Agent, Paying Agent or Tender Agent.

“*Fiscal Agent*” means The Bank of New York Mellon and its successors as the City’s fiscal agent.

“*Fitch*” means Fitch, Inc., and its successors and assigns; references to Fitch are effective so long as Fitch is a Rating Agency.

“*Helaba*” means Landesbank Hessen-Thüringen Girozentrale, acting through its New York Branch.

“*Helaba Standby Agreement*” means the Liquidity Facility provided by Helaba with respect to the Subseries A-3 Bonds.

“*Initial Period*” means a period specified by the City, beginning on the Issue Date or a Conversion Date. The day following an Initial Period shall be a Business Day and shall not be treated as a Conversion Date.

“*Initial Rate*” means each rate of interest to be paid in an Initial Period as set forth in the Certificate.

“*Interest Payment Date*” means with respect to (a) any Daily Rate Period, any Two-Day Rate Period, any Weekly Rate Period, or any case not specified, the first Business Day of each month; (b) any Commercial Paper Rate Period, the first Business Day of each month and the Business Day following the last day of the Rate Period; or (c) any Rate Period, as may be specified by the City. With respect to all Multi-Modal Bonds, interest shall be payable on each Mandatory Tender Date, redemption date or maturity date.

“*Issue Date*” means the date of delivery of the Bonds.

“LFL” means the Local Finance Law of the State, as in effect from time to time.

“LIBOR” means (except as may be otherwise provided in an applicable Standby Agreement) the rate per annum determined on the basis of the rate of deposits in U.S. dollars offered for a term of one month, which rate appears on the display designated on the Reuters LIBOR01 Page (or such other page as may replace the Reuters LIBOR01 Page or such other service or services as may be nominated by the British Bankers’ Association for the purpose of displaying London interbank offered rates in U.S. dollar deposits), determined at approximately 11:00 a.m., London time, on the date of determination, or if such rate is not available, another rate determined by the Calculation Agent or other entity appointed by the City.

“Liquidity Condition” means an event of immediate termination or suspension as specified in a Liquidity Facility, upon the occurrence of which the Standby Purchaser is not obligated to purchase Multi-Modal Bonds, and, accordingly, such Bonds are not subject to tender for purchase.

“Liquidity Enhanced Bonds” means the Multi-Modal Bonds bearing interest in the Daily Rate Mode, Two-Day Mode, Weekly Rate Mode or Commercial Paper Mode.

“Liquidity Facility” means a Standby Agreement that is not a Credit Facility.

“Mandatory Redemption Date” means, in each year so specified in the Bonds in the Daily Rate Mode, the Two-Day Mode, the Weekly Rate Mode or the Commercial Paper Mode, or in any case not specified, the first Business Day in the Maturity Month (which will be an Interest Payment Date).

“Mandatory Tender Date” means any date on which a Multi-Modal Bond is subject to mandatory tender in accordance with the Certificate.

“Maturity Month” and “Opposite Month” mean the respective months indicated below:

<u>Maturity Month</u>	<u>Opposite Month</u>
August	February

“Maximum Rate” means, with respect to the Bonds, 9%, or such Maximum Rate not exceeding 25% as may be specified by the City.

“Moody’s” means Moody’s Investors Service, and its successors and assigns; references to Moody’s are effective so long as Moody’s is a Rating Agency.

“Multi-Modal Bonds” means the Bonds.

“Optional Redemption Date” means: (i) for Bonds in the Daily Rate Mode, Weekly Rate Mode or Two-Day Mode, any Business Day and (ii) for Bonds in the Commercial Paper Mode, each Mandatory Tender Date.

“Optional Tender Date” means any Business Day during a Daily Rate Period, Two-Day Rate Period or Weekly Rate Period.

“Paying Agent” means the Fiscal Agent and any additional paying agent for the Multi-Modal Bonds designated by the City.

“Purchase Account” means the account so designated in each Purchase and Remarketing Fund.

“Purchase and Remarketing Fund” means the Purchase and Remarketing Fund established pursuant to the Certificate.

“Purchase Price” means 100% of the principal amount of any Tendered Bond, plus (if not otherwise provided for) accrued and unpaid interest thereon to the Tender Date.

“Rate” means each Initial Rate, Daily Rate, Two-Day Rate, Commercial Paper Rate, Weekly Rate, or Bank Rate.

“Rate Mode” or “Mode” means the Daily Rate Mode, Two-Day Mode, Commercial Paper Rate Mode or Weekly Rate Mode.

“Rate Period” means any Initial Period, Daily Rate Period, Two-Day Rate Period, Commercial Paper Rate Period or Weekly Rate Period.

“*Rating Agency*” means each nationally recognized statistical rating organization that has, at the request of the City, a short-term rating in effect for the Multi-Modal Bonds.

“*Rating Category*” means one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

“*Rating Confirmation*” means a written notice from each Rating Agency that its rating on the Multi-Modal Bonds will not be suspended, withdrawn or reduced (by Moody’s) or reduced in Rating Category (by other Rating Agencies) solely as a result of action proposed to be taken under the Certificate.

“*Record Date*” means, with respect to each Interest Payment Date (unless otherwise specified by an Authorized Officer of the City), for each Initial Period, Daily Rate Period, Two-Day Rate Period, Commercial Paper Rate Period or Weekly Rate Period the close of business on the Business Day preceding such Interest Payment Date.

“*Remarketing Agent*” means each remarketing agent for Multi-Modal Bonds appointed and serving in such capacity.

“*Remarketing Agreement*” means each Remarketing Agreement between the City and the Remarketing Agent for a Liquidity Enhanced Bond, as in effect from time to time.

“*Remarketing Proceeds Account*” means the account so designated in the Purchase and Remarketing Fund which may consist of one or more accounts established for the deposit of remarketing proceeds from the remarketing of one or more subseries of the City’s bonds into which such remarketing proceeds may be deposited prior to the withdrawal of such proceeds to pay the purchase price of tendered bonds of that subseries.

“*Reset Date*” means the date on which the interest rate on an Adjustable Rate Bond is to be determined.

“*S&P*” means Standard & Poor’s Ratings Services and its successors and assigns; references to S&P are effective so long as S&P is a Rating Agency.

“*Scotiabank*” means The Bank of Nova Scotia, acting through its New York agency.

“*Scotiabank Standby Agreement*” means the Liquidity Facility provided by Scotiabank with respect to the Subseries A-5 Bonds.

“*Securities Depository*” or “*Depository*” or “*DTC*” means The Depository Trust Company and its nominees, successors and assigns or any other securities depository selected by the City which agrees to follow the procedures required to be followed by such securities depository in connection with the Multi-Modal Bonds.

“*S&P Weekly High Grade Index*” (formerly the J.J. Kenny Index) means the index of such name maintained by Standard & Poor’s Securities Evaluations Inc. for weekly obligations.

“*SIFMA Municipal Index*” or “*SIFMA*” means, as of any particular date of determination, the Securities Industry and Financial Markets Association Municipal Swap Index (previously known as the “Bond Market Association Municipal Swap Index” and the “PSA Municipal Swap Index”) announced by Municipal Market Data on the most recent date based upon the weekly rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meets specified criteria established by the Securities Industry and Financial Markets Association. The SIFMA Index shall be based upon current yields of high-quality weekly adjustable variable rate demand bonds which are subject to tender upon seven days’ notice, the interest on which is tax-exempt and not subject to any personal “alternative minimum tax” or similar tax under the Code unless all tax-exempt securities are subject to such tax. In the event that Municipal Market Data no longer provides an index satisfying the requirements of the preceding sentence, references herein to the SIFMA Index shall mean the S&P Weekly High Grade Index. If the SIFMA Index is no longer published, and if the S&P Weekly High Grade Index is no longer available, an alternate index shall be calculated based upon the criteria for the SIFMA Index by an entity (which may be the Calculation Agent) selected in good faith by the City.

“*Standby Agreement*” means an agreement providing, to the extent required by the LFL, for the purchase of any Multi-Modal Bonds, as in effect from time to time.

“*Standby Purchaser*,” “*Credit Facility Provider*,” “*Liquidity Provider*,” “*Provider*” “*Subseries Bank*” or “*Bank*” means any provider of a Standby Agreement then in effect.

“*Subseries*” shall mean the Subseries A-3, A-4 or A-5 Bonds.

“*Tender Agent*” means the Fiscal Agent and any additional Tender Agent appointed by the City.

“*Tender Date*” means each Optional Tender Date or Mandatory Tender Date.

“*Tender Notice*” means the notice delivered by the Holder of a Liquidity Enhanced Bond subject to optional tender pursuant to the Certificate.

“*Tendered Bond*” means a Bond mandatorily tendered or tendered at the option of the Holder thereof for purchase in accordance with the Certificate, including a Bond deemed tendered, but not surrendered on the applicable Tender Date.

“*Termination Date*” means the date on which a Standby Agreement will terminate as set forth in a Default Notice delivered by the Standby Purchaser in accordance with the Standby Agreement.

“*Two-Day Mode*” means a Rate Mode in which Multi-Modal Bonds bear interest at a Two-Day Rate.

“*Two-Day Rate*” means the rate at which Multi-Modal Bonds bear interest during a Two-Day Rate Period.

“*Two-Day Rate Period*” means a period during which Multi-Modal Bonds bear interest at the Two-Day Rate.

“*Weekly Rate*” means the rate at which Multi-Modal Bonds bear interest during a Weekly Rate Period.

“*Weekly Rate Mode*” means a Rate Mode in which a Multi-Modal Bonds bear interest at a Weekly Rate.

“*Weekly Rate Period*” means a period of 7 days commencing on the Issue Date, on a Conversion Date or on the date (Thursday unless otherwise specified by an Authorized Officer of the City) following an Initial Period or a Weekly Rate Period.

“*Written Notice*,” “*written notice*” or “*notice in writing*” means notice in writing which may be delivered by hand or first class mail and includes Electronic Means.

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MULTI-MODAL BONDS

The Multi-Modal Bonds are subject to the provisions summarized below. Capitalized terms used in this “APPENDIX B—MULTI-MODAL BONDS” which are not otherwise defined in the Official Statement are defined in “APPENDIX A—DEFINITIONS.”

General

The Multi-Modal Bonds are subject to mandatory tender for purchase as described under “Mandatory Tender for Purchase” and, if such Bonds are in a Daily Rate Mode, Two-Day Mode or Weekly Rate Mode, are subject to optional tender for purchase as described under “Optional Tender for Purchase.” The Multi-Modal Bonds of a Subseries will continue in a Rate Mode until converted to another Rate Mode and will bear interest at a rate determined in accordance with the procedures for determining the interest rate during such Rate Mode. See “Conversion to an Alternate Rate Mode” and “Interest Rates and Reset Dates” below.

During any Initial Period for the Liquidity Enhanced Bonds, a Daily Rate Period, a Two-Day Rate Period, a Commercial Paper Rate Period or a Weekly Rate Period, interest will be computed on the basis of a 365-day or 366-day year for the actual number of days elapsed.

Interest on the Multi-Modal Bonds will be the interest accruing and unpaid through and including the day preceding the Interest Payment Date and will be payable on each Interest Payment Date to the registered owner thereof as shown on the registration books kept by the Fiscal Agent at the close of business on the applicable Record Date.

Conversion to an Alternate Rate Mode

Subject to the conditions in the Certificate, the City may convert all or a portion of the Multi-Modal Bonds in one Rate Mode to a different Rate Mode by delivering a Conversion Notice to, as applicable, the Remarketing Agent, the applicable Standby Purchaser, DTC, the Fiscal Agent and the Tender Agent specifying the Subseries of Multi-Modal Bonds to be converted, the Conversion Date and the Rate Mode that will be effective on the Conversion Date. The City must deliver such Conversion Notice not less than 15 days prior to the Conversion Date or a shorter period (of at least 10 days) if acceptable to the Fiscal Agent and DTC.

The Tender Agent, no later than three days after receipt of the Conversion Notice, is to give notice by first-class mail to the Holders of the Liquidity Enhanced Bonds to be converted, which notice must state (i) the Conversion Date; (ii) that the Rate Mode will not be converted unless the City receives on the Conversion Date a Favorable Opinion of Bond Counsel; (iii) the name and address of the principal corporate trust offices of the Fiscal Agent and Tender Agent; (iv) that the Liquidity Enhanced Bonds to be converted will be subject to mandatory tender for purchase on the Conversion Date at the Purchase Price; and (v) that upon the Conversion, if there is on deposit with the Tender Agent on the Conversion Date an amount sufficient to pay the Purchase Price of the Multi-Modal Bonds so converted, such Bonds not delivered to the Tender Agent on the Conversion Date will be deemed to have been properly tendered for purchase and will cease to represent a right on behalf of the Holder thereof to the payment of principal of or interest thereon and shall represent only the right to payment of the Purchase Price on deposit with the Tender Agent, without interest accruing thereon from and after the Conversion Date.

If less than all of the Multi-Modal Bonds of a Subseries then subject to a particular Rate Mode are to be converted to a new Rate Mode, the particular Multi-Modal Bonds which are to be converted to a new Rate Mode will be selected by the Fiscal Agent (or, if the City so elects, the City) subject to the provisions of the Certificate regarding Authorized Denominations.

If a Favorable Opinion of Bond Counsel cannot be obtained, or if the election to convert was withdrawn by the City, or if the Remarketing Agent has notified the Fiscal Agent, the City and the applicable Standby Purchaser that it has been unable to remarket the Multi-Modal Bonds on the Conversion Date, the affected Multi-Modal Bonds will

bear interest in the Rate Mode previously in effect or, with a Favorable Opinion of Bond Counsel, any other Rate Mode selected by the City.

Interest Rates and Reset Dates

General. The rate at which the Adjustable Rate Bonds will bear interest during any Rate Period will be the rate of interest that, if borne by the Adjustable Rate Bonds for such Rate Period, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for bonds or other securities which are comparable as to federal income tax treatment, credit and maturity or tender dates with the federal income tax treatment, credit and maturity or tender dates of the Adjustable Rate Bonds, would be the lowest interest rate that would enable the Adjustable Rate Bonds to be sold at a price equal to the principal amount thereof, plus accrued interest thereon, if any. No Rate Period for Liquidity Enhanced Bonds of a Subseries will extend beyond the scheduled Expiration Date of the related Standby Agreement then in effect.

Maximum Rate. The Liquidity Enhanced Bonds may not bear interest at a rate greater than the Maximum Rate.

Daily Rate. The Daily Rate for any Business Day is to be determined by the Remarketing Agent and announced by 10:00 a.m., New York City time, on such Business Day. For any day which is not a Business Day, the Daily Rate will be the Daily Rate for the immediately preceding Business Day.

If (i) a Daily Rate for a Daily Rate Period has not been determined by the Remarketing Agent, (ii) no Remarketing Agent is serving under the Certificate, (iii) the Daily Rate so established is held to be invalid or unenforceable with respect to a Daily Rate Period, or (iv) pursuant to the Remarketing Agreement the Remarketing Agent is not then required to establish a Daily Rate, the Daily Rate for such Daily Rate Period will be the SIFMA Municipal Index on the date such Daily Rate was to have been determined by the Remarketing Agent.

Two-Day Rate. When interest on a Subseries of Adjustable Rate Bonds is payable at a Two-Day Rate, the Remarketing Agent will set a Two-Day Rate on or before 10:00 a.m., New York City time, on the first day of a period during which such Bonds bear interest at a Two-Day Rate and on each Monday, Wednesday and Friday thereafter so long as interest on such Bonds is to be payable at a Two-Day Rate or, if any Monday, Wednesday or Friday is not a Business Day, on the next Monday, Wednesday or Friday that is a Business Day. The Two-Day Rate set on any Business Day will be effective as of such Business Day and will remain in effect until the next day on which a Two-Day Rate is required to be set in accordance with the preceding sentence.

If (i) a Two-Day Rate for a Two-Day Rate Period has not been determined by the Remarketing Agent, (ii) no Remarketing Agent is serving under the Certificate, (iii) the Two-Day Rate determined by the Remarketing Agent is held to be invalid or unenforceable or (iv) pursuant to the Remarketing Agreement the Remarketing Agent is not then required to establish a Two-Day Rate, the Two-Day Rate in effect during the preceding Two-Day Rate Period will continue in effect on such Bonds until a new Two-Day Rate is determined but in no event for more than two weeks, and thereafter such Bonds will bear interest at the Purchased Bond Rate until a Rate has been duly established by the Remarketing Agent.

Weekly Rate. Unless otherwise provided by the City pursuant to the Certificate, the Weekly Rate is to be determined by the Remarketing Agent and announced by 10:00 a.m., New York City time, on the first day of the Weekly Rate Period. The Weekly Rate Period means a period commencing on the day specified by the City and extending to and including the sixth day thereafter, e.g. if commencing on a Thursday then extending to and including the next Wednesday.

If (i) a Weekly Rate has not been determined by the Remarketing Agent, (ii) no Remarketing Agent is serving under the Certificate, (iii) the Weekly Rate determined by the Remarketing Agent is held to be invalid or unenforceable with respect to a Weekly Rate Period, or (iv) pursuant to the Remarketing Agreement, the Remarketing Agent is not then required to establish a Weekly Rate, the Weekly Rate for such Weekly Rate Period will continue in effect on such Bonds for two weeks, and thereafter, such Bonds will bear interest at the Purchased Bond Rate until a Rate has been duly established by the Remarketing Agent.

Commercial Paper Rate. The Commercial Paper Rate Period for each Adjustable Rate Bond in a Commercial Paper Rate Mode is to be determined by the Remarketing Agent and announced by 12:30 p.m., New York City time, on the first day of each Commercial Paper Rate Period. Commercial Paper Rate Periods may be from 1 to 365 days. If the Remarketing Agent fails to specify the next succeeding Commercial Paper Rate Period, such Commercial Paper Rate Period will be the shorter of (i) seven days or (ii) the period remaining to but not including the maturity or redemption date of such Bond. Each Adjustable Rate Bond in a Commercial Paper Mode is to bear interest during a particular Commercial Paper Rate Period at a rate per annum equal to the interest rate determined above corresponding to the Commercial Paper Rate Period. An Adjustable Rate Bond can have a Commercial Paper Rate Period and bear interest at a Commercial Paper Rate that differs from other Adjustable Rate Bonds in the Commercial Paper Rate Mode.

If (i) a Commercial Paper Rate for a Commercial Paper Rate Period has not been determined by the Remarketing Agent, (ii) no Remarketing Agent is serving under the Certificate, (iii) the Commercial Paper Rate determined by the Remarketing Agent is held to be invalid or unenforceable with respect to a Commercial Paper Rate Period, or (iv) pursuant to the Remarketing Agreement, the Remarketing Agent is not then required to establish a Commercial Paper Rate, the Commercial Paper Rate for such Commercial Paper Rate Period will continue in effect on such Bonds for two weeks, and thereafter, such Bonds will bear interest at the Purchased Bond Rate until a Rate has been duly established by the Remarketing Agent.

Optional Tender for Purchase

General. If a Subseries of Adjustable Rate Bonds is supported by a Credit Facility, or by a Liquidity Facility and no Liquidity Condition is in effect, an Adjustable Rate Bond of such Subseries or any portion thereof equal to an Authorized Denomination may be tendered for purchase, at the Purchase Price, at the option of its registered owner on any Business Day during a Daily Rate Mode, Two-Day Mode or Weekly Rate Mode upon giving notice of the registered owner's election to tender in the manner and at the times described below. Notice of an election to tender an Adjustable Rate Bond registered in the name of DTC is to be given by the DTC Participant on behalf of the Beneficial Owner of the Adjustable Rate Bond and will not be given by DTC. Notice of the election to tender for purchase of an Adjustable Rate Bond registered in any other name is to be given by the registered owner of such Adjustable Rate Bond or its attorney-in-fact.

A DTC Participant or the registered owner of an Adjustable Rate Bond must give written notice of its irrevocable election to tender such Adjustable Rate Bond or a portion thereof for purchase at its option to the Tender Agent and the Remarketing Agent at their respective principal offices, in the case of Adjustable Rate Bonds bearing interest in a Daily Rate Mode, by no later than 11:00 a.m. on the Optional Tender Date, in the case of Adjustable Rate Bonds bearing interest in a Two-Day Mode, not later than 3:00 p.m. of a Business Day at least two Business Days prior to the Optional Tender Date, and in the case of Adjustable Rate Bonds bearing interest in a Weekly Rate Mode, by no later than 5:00 p.m., New York City time, on a Business Day at least 7 days prior to the Optional Tender Date. In addition, the registered owner of an Adjustable Rate Bond is required to deliver such Bond to the Tender Agent at its principal corporate trust office at or prior to 1:00 p.m., New York City time, on such Optional Tender Date.

Mandatory Tender for Purchase

If a Credit Facility is in effect (or if a Subseries is supported by a Liquidity Facility and there is no existing Liquidity Condition), the Liquidity Enhanced Bonds which are affected by the following actions are subject to mandatory tender and purchase at the Purchase Price on the following dates (each, a "Mandatory Tender Date"):

- (a) on each Conversion Date for the Adjustable Rate Bonds of such Subseries being converted to a different Rate Mode;
- (b) on the Business Day following each Rate Period for the Adjustable Rate Bonds of such Subseries in the Commercial Paper Mode or the Term Rate Mode;

- (c) on a Business Day specified by the Tender Agent, at the direction of the City, which shall be not less than one Business Day prior to the substitution of a Standby Agreement or the Expiration Date of any Standby Agreement (which Standby Agreement will be drawn upon to pay the Purchase Price of unremarketed Tendered Bonds), unless Rating Confirmation has been delivered by Moody's (at least 15 days prior to any substitution date or Expiration Date not directed by the City) and either (A) Rating Confirmation by each Rating Agency has been delivered prior to substitution (at least 15 days prior to any substitution date or Expiration Date not directed by the City) or (B) 15 days' Written Notice of the substitution has been given to the Holders of affected Adjustable Rate Bonds in the Daily Rate Mode, the Two-Day Mode or the Weekly Rate Mode, which notice shall be given in any event;
- (d) on a Business Day that is not less than one Business Day prior to the Termination Date of a Standby Agreement relating to a Subseries of Adjustable Rate Bonds specified in a Default Notice delivered in accordance with the related Standby Agreement.

Should a Credit Facility be in effect for a Subseries of Bonds, in addition to the preceding, upon any failure by the City to provide funds to the Fiscal Agent for the timely payment of principal or interest on the maturity or mandatory redemption date or Interest Payment Date for such Subseries of Bonds, the Tender Agent shall cause a draw to be made upon each Credit Facility for the immediate purchase of the applicable Bonds and notice of mandatory tender to be given to each Holder of such Bonds.

The Adjustable Rate Bonds of a Subseries are also subject to mandatory tender for purchase on any Optional Redemption Date, upon 10 days' notice to Holders of such Bonds, if the City has provided a source of payment therefor in accordance with the Certificate and State law; provided, however that under such circumstances, the Purchase Price is not payable by the Liquidity Facility.

Whenever Adjustable Rate Bonds are to be tendered for purchase in accordance with (a) above, the Tender Agent is to give notice to the Holders of such Adjustable Rate Bonds indicating that such Bonds are subject to mandatory tender for purchase on the date specified in such notice. The failure of any Holder of any portion of Adjustable Rate Bonds to receive such notice will not affect the validity of such Conversion to a new Rate Mode.

Whenever Adjustable Rate Bonds are to be tendered for purchase in accordance with (c) or (d) above, the Tender Agent is to give notice to the Holders of such Adjustable Rate Bonds indicating that such Bonds are subject to mandatory tender for purchase on the date specified in such notice. The Tender Agent is to give such notice by first-class mail and not less than five calendar days prior to the Expiration Date or Termination Date. The failure of any Holder of any portion of such Adjustable Rate Bonds to receive such notice will not affect the validity of the proceedings in connection with the effectiveness of the affected Standby Agreement.

Bonds Deemed Purchased

The Adjustable Rate Bonds or portions thereof required to be purchased upon a tender at the option of the registered owner thereof or upon a mandatory tender will be deemed to have been tendered and purchased for all purposes of the Certificate, irrespective of whether such Adjustable Rate Bonds have been presented and surrendered to the Tender Agent, if on the Tender Date money sufficient to pay the Purchase Price thereof is held by the Tender Agent. The former registered owner of a Tendered Bond or an Adjustable Rate Bond deemed to have been tendered and purchased will have no claim thereunder or under the Certificate or otherwise for payment of any amount other than the Purchase Price.

Purchase Price and Payment

On each Tender Date, a Tendered Bond will be purchased at the applicable Purchase Price. The Purchase Price of a Tendered Bond is the principal amount of the Adjustable Rate Bond to be tendered or the amount payable to the registered owner of a Purchased Bond following receipt by such owner of a purchase notice from the Remarketing Agent, plus accrued and unpaid interest from the immediately preceding Interest Payment Date. If the date of purchase is an Interest Payment Date, then the Purchase Price will not include accrued and unpaid interest, which will be paid to the Holder of record on the applicable Record Date.

The Purchase Price of a Tendered Bond held in a book-entry-only system will be paid, in same-day funds, to DTC in accordance with DTC's standard procedures for effecting same-day payments, as described herein under the heading "Book-Entry Only System." Payment will be made without presentation and surrender of the Tendered Bonds to the Tender Agent and DTC will be responsible for effecting payment of the Purchase Price to the DTC Participants.

The Purchase Price of any other Adjustable Rate Bond will be paid, in same-day funds, only after presentation and surrender of the Adjustable Rate Bond to the Tender Agent at its designated office. Payment will be made by 3:00 p.m., New York City time, on the Tender Date on which an Adjustable Rate Bond is presented and surrendered to the Tender Agent.

The Purchase Price is payable solely from, and in the following order of priority, the proceeds of the remarketing of Adjustable Rate Bonds tendered for purchase, money made available by the Standby Purchaser under the related Standby Agreement then in effect, and money furnished by or on behalf of the City (which has no obligation to do so).

No Extinguishment

Adjustable Rate Bonds held by any Standby Purchaser or by a Fiduciary for the account of any Standby Purchaser following payment of the Purchase Price of such Bonds by the Fiduciary with money provided by any Standby Purchaser shall not be deemed to be retired, extinguished or paid and shall for all purposes remain outstanding.

Liquidity Conditions

Upon the occurrence of a suspension condition, as specified in a Liquidity Facility, the Standby Purchaser's obligations to purchase the related Bonds shall immediately be suspended (but not terminated) without notice or demand to any person and thereafter the Standby Purchaser shall be under no obligation to purchase such Bonds (nor shall such Bonds be subject to optional or mandatory tender for purchase) unless and until the Standby Purchaser's commitment is reinstated pursuant to the related Liquidity Facility. Promptly upon the occurrence of such suspension condition, the Standby Purchaser shall notify the City, the Tender Agent and the Remarketing Agent of such suspension in writing and the Tender Agent shall promptly relay such notice to the affected Bondholders upon receipt; but the Standby Purchaser shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the suspension of its obligation to purchase such Bonds. If the suspension condition shall be cured as described in the related Liquidity Facility, the obligations of the Standby Purchaser under such Liquidity Facility shall be reinstated (unless the Standby Purchaser's obligations shall have expired or shall otherwise have been terminated or suspended as provided in such Liquidity Facility).

Upon the occurrence of an event of immediate termination, as specified in a Liquidity Facility, a Standby Purchaser's obligation under the related Liquidity Facility to purchase the related Bonds shall immediately terminate without notice or demand to any person, and thereafter the Standby Purchaser shall be under no obligation to purchase such Bonds (nor shall such Bonds be subject to optional or mandatory tender for purchase). Promptly upon the occurrence of such event the affected Standby Purchaser shall give written notice of the same to the City, the Tender Agent and the Remarketing Agent and the Tender Agent shall promptly relay such notice to the affected Bondholders upon receipt; but the affected Standby Purchaser shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the termination of its obligation to purchase such Bonds.

Inadequate Funds for Tender

If the funds available for purchase of Liquidity Enhanced Bonds are inadequate for the purchase of all such Bonds tendered on any Tender Date, or a Liquidity Condition shall exist under a Liquidity Facility, then the affected Holders shall not have the right to require the City or other persons to repurchase such Bonds and the Tender Agent shall give written notice to all affected Bondholders of the Subseries. However, such Holders may submit their Bonds

for remarketing pursuant to the procedures described herein and the Certificate and Remarketing Agreement. Any such Bonds that cannot be remarketed shall immediately be returned to the owners thereof and shall bear interest from such Tender Date at the Maximum Rate. Under a Credit Facility, or a Liquidity Facility as long as no Liquidity Condition exists, the obligation to deposit funds in sufficient amounts to purchase such Bonds pursuant to the applicable Standby Agreement shall remain enforceable, and shall only be discharged at such time as funds are deposited with the Tender Agent in an amount sufficient to purchase all such Bonds that were required to be purchased on such Tender Date, together with any interest which has accrued to the subsequent purchase date.

Remarketing of Bonds Upon Tender

Pursuant to the Remarketing Agreement, the Remarketing Agent is required to use its best efforts to remarket a Tendered Bond on its Tender Date at a price equal to the Purchase Price. The Remarketing Agreement sets forth, among other things, certain conditions to the Remarketing Agent's obligation to remarket Tendered Bonds.

On each Tender Date, the Remarketing Agent is to give notice by Electronic Means to the related Liquidity Provider, the Fiscal Agent, the Tender Agent and the City specifying the principal amount of Tendered Bonds for which it has arranged a remarketing, along with the principal amount of Tendered Bonds, if any, for which it has not arranged a remarketing, and shall transfer to the Tender Agent the proceeds of the remarketing of the Tendered Bonds. The Tender Agent is, on such Tender Date, to obtain funds under the applicable Standby Agreement in accordance with its terms in an amount equal to the difference between the Purchase Price of the Tendered Bonds subject to purchase and the remarketing proceeds available to the Tender Agent.

Defeasance

For the purpose of determining whether Multi-Modal Bonds shall be deemed to have been defeased, the interest to come due on such Multi-Modal Bonds shall be calculated at the Maximum Rate; and if, as a result of such Multi-Modal Bonds having borne interest at less than the Maximum Rate for any period, the total amount on deposit for the payment of interest on such Multi-Modal Bonds exceeds the total amount required, the balance shall be paid to the City. In addition, Multi-Modal Bonds shall be deemed defeased only if there shall have been deposited in trust money in an amount sufficient for the timely payment of the maximum Purchase Price that could become payable to the Bondholders upon the exercise of any applicable optional or mandatory tender for purchase.

Liquidity or Credit Facility

For each Subseries of Adjustable Rate Bonds that is not defeased and is subject to optional or mandatory tender for purchase, the City shall, as required by law, keep in effect one or more letter of credit agreements or liquidity facility agreements for the benefit of the Bondholders of such Subseries, which shall require a financially responsible party or parties other than the City to purchase all or any portion of such Adjustable Rate Bonds duly tendered by the holders thereof for repurchase prior to the maturity of such Adjustable Rate Bonds. A financially responsible party or parties, for the purposes of this paragraph, shall mean a person or persons determined by the Mayor and the Comptroller of the City to have sufficient net worth and liquidity to purchase and pay for on a timely basis all of the Adjustable Rate Bonds which may be tendered for repurchase by the holders thereof.

Each owner of an Adjustable Rate Bond bearing interest at a Daily, Two-Day or Weekly Rate will be entitled to the benefits and subject to the terms of the Liquidity Facility or Credit Facility for such Bond. Under such Credit Facility or Liquidity Facility, the Bank agrees to make available to the Tender Agent, upon receipt of an appropriate demand for payment, the Purchase Price for Adjustable Rate Bonds of the stated Subseries. Each Bank's

commitments under its initial Credit Facility or Liquidity Facility will be sufficient to pay the Purchase Price of the Adjustable Rate Bonds as follows:

<u>Bank</u>	<u>Subseries</u>	<u>Facility Scheduled Expiration Date</u>
Landesbank Hessen-Thüringen Girozentrale, acting through its New York Branch.	A-3	July 15, 2012
KBC Bank N.V., acting through its New York Branch	A-4	August 8, 2014
The Bank of Nova Scotia, acting through its New York Agency	A-5	August 8, 2014

No Bank is responsible for another Bank’s performance of its obligations under a Credit Facility or Liquidity Facility.

Mandatory purchase by a Bank of Adjustable Rate Bonds shall occur under the circumstances provided therefor, including, so long as a Credit Facility is provided or no Liquidity Condition exists, failure to extend or replace the Credit Facility or Liquidity Facility relating to such Subseries of Adjustable Rate Bonds, and (at the option of the Bank) other events, including without limitation breaches of covenants, defaults on other bonds of the City or other entities, and events of insolvency. Notwithstanding the other provisions of the Adjustable Rate Bonds and the Certificate, upon the purchase of an Adjustable Rate Bond by a Bank, all interest accruing thereon from the last date for which interest was paid shall accrue for the benefit of and be payable to such Bank.

If a Credit Facility or Liquidity Facility is to be extended or replaced, the City shall give Written Notice to each affected Bondholder at least 15 days prior to any replacement or substitution.

The obligation of each Bank to purchase Adjustable Rate Bonds pursuant and subject to the terms and conditions of the Credit Facility or Liquidity Facility for such Bonds is effective so long as a Credit Facility is provided or there exists no Liquidity Condition. The obligation of the City to repay amounts advanced by the Bank in respect of such Bank’s purchase of Adjustable Rate Bonds shall be evidenced by the Bonds so purchased by such Bank.

The preceding is a summary of certain provisions expected to be included in the Credit Facility and Liquidity Facilities and proceedings under which the Multi-Modal Bonds are to be offered, and is subject in all respects to the underlying documents, copies of which will be available for inspection during business hours at the office of the Fiscal Agent. Information regarding the Banks is included herein as “APPENDIX C — THE BANKS.” Neither the City nor the Underwriter makes any representation with respect to the information in “APPENDIX C — THE BANKS.”

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THE BANKS

Landesbank Hessen-Thüringen Girozentrale, New York Branch

The Liquidity Provider with respect to the Subseries A-3 Bonds is the New York Branch of Landesbank Hessen-Thüringen Girozentrale (“Helaba”). Helaba took its present name on July 1, 1992 upon the effectiveness of the Treaty on the Formation of a Joint Savings Banks Organization (the “State Treaty”) between the German federal states of Hesse and Thuringia. The former Hessische Landesbank was formed in 1953 by the merger of Hessische Landesbank Darmstadt (founded 1940), Nassauische Landesbank Wiesbaden (founded 1840), and Landeskreditkasse zu Kassel (founded 1832).

Helaba is a legal entity under German public law. Helaba is owned by the German states of Hesse and Thuringia as well as the Savings Banks and Giro Association Hesse-Thuringia (Sparkassen- und Giroverband Hessen-Thüringen—SGVHT) (the “Association”), a joint institution of the municipal savings banks in the states of Hesse and Thuringia. The savings banks are at the same time customers, owners and partners of Helaba.

Helaba is subject to governmental supervision and regulation by the Federal Financial Services Supervisory Authority, an independent authority with regulatory powers, with the assistance of the Deutsche Bundesbank under the German Banking Act of July 10, 1961, as amended. State supervision of Helaba and the Association is exercised by the Thuringian Ministry of Finance and the Hessian Ministry for Economics. Executive bodies of Helaba are the Board of Owners, the Supervisory Board and the Board of Managing Directors.

Helaba is dual headquartered in Frankfurt/Main and Erfurt with its primary business office in Frankfurt/Main. Helaba has the following three lines of business:

- “Wholesale Business” activities concentrate on Financial Institutions and Public Finance, Real Estate, Corporate Finance, Global Markets, Asset Management and Transactions Business.
- “Private Customers and SME Business” serves as a central product supplier and services platform for savings banks. Additionally, this line of business includes the wholly-owned subsidiary Frankfurter Sparkasse as well as Landesbausparkasse Hessen-Thüringen and Frankfurter Bankgesellschaft (Switzerland) Ltd.
- “Public Development and Infrastructure Business” undertakes public development functions on behalf of the State of Hesse via the “*Wirtschafts- und Infrastrukturbank Hessen*” (*WIBank*)—a legally dependent entity within Helaba with statutory guarantee of the State of Hesse.

Helaba’s business outside of Germany is conducted by branches in New York, London, Paris and Dublin, by subsidiaries Helaba Dublin Landesbank Hessen-Thüringen International and Frankfurter Bankgesellschaft (Switzerland) Ltd., Zurich and representative offices in Madrid, Moscow and Shanghai. The New York Branch of Helaba, licensed under New York law, was established over 30 years ago and provides a full range of wholesale commercial banking services throughout North America.

For 2010, Helaba Group generated a net profit before taxes of € 398 million. By year-end 2010, regulatory Tier 1 capital rose to 9.6% and the total capital ratio to 14.4%. The Helaba Group’s total assets declined slightly to € 166 billion (US\$222 billion*).

Helaba’s long-term credit ratings for obligations incurred after July 18, 2005 (i.e. without benefit of the prior statutory guarantee) are currently ‘Aa2’ (under review for possible downgrade) from Moody’s Investors Service, ‘A’ from Standard & Poor’s Rating Services, and ‘A+’ from Fitch Ratings. Helaba’s short-term credit ratings are ‘P-1’ from Moody’s, ‘A-1’ from Standard & Poor’s and ‘F1+’ from Fitch.

* The exchange rate from Bloomberg on December 31, 2010 was €1.00 = US\$1.3384

The prior statutory guarantee continues to apply to certain of Helaba's obligations as follows:

- obligations that existed on July 18, 2001 will continue to be subject to statutory guarantee, irrespective of their maturity.
- obligations incurred after July 18, 2001 but prior to July 19, 2005 are covered in full by statutory guarantee so long as their maturity is on or before December 31, 2015.

Long-term credit ratings of 'Aa1' from Moody's, 'AAA' from Fitch, 'AA' from Standard & Poor's apply for Helaba's obligations that are subject to statutory guarantee.

Helaba does not accept any responsibility for any information contained in this Official Statement other than the information relating to Helaba. Helaba will provide without charge a copy of its most recent Annual Report.

Requests should be directed to Landesbank Hessen-Thüringen Girozentrale, *New York Branch, 420 Fifth Avenue, 24th Floor, New York, NY 10018, Tel: (212) 703-5200, Fax: (212) 703-5256, Attention: Public Finance and Financial Institutions. The most current published financial information may also be obtained via Helaba's website: www.helaba.de.*

KBC BANK N.V.

KBC Bank N.V., New York Branch (“KBC NYB”) is an unincorporated branch of KBC Bank N.V., a naamloze vennootschap (public company of limited liability) organized under the laws of Belgium, whose principal office is located in Brussels, Belgium. KBC Bank N.V. conducts operations through additional offices and agencies in the United States and around the world. Created on June 4, 1998 through the combination of two predecessor Belgian banks, Kredietbank N.V. and CERA Bank C.V., KBC Bank N.V. is subject to regulation by the Belgium Banking Commission and to Belgian banking and accounting law. KBC Bank N.V. maintains its records and prepares its financial statements in accordance with accounting principles generally accepted in Belgium. Such records and financial statements are maintained and prepared in Euro currency (EUR).

One of the largest commercial banks in Belgium, KBC Bank N.V. operates as a universal bank, engaged in commercial and investment banking, and offers comprehensive financial services. KBC Bank N.V.’s branches in Belgium are located exclusively in Brussels and the Flanders region of Belgium. KBC Bank N.V. is indirectly represented through CBC Banque S.A., a majority-owned subsidiary with branches in Brussels and the Walloon region of Belgium.

KBC NYB was originally established in 1977 as a New York Branch of Kredietbank N.V., and has been relicensed by the Banking Department of the State of New York as a New York Branch of KBC Bank N.V. to provide a full range of services in New York. In addition to handling foreign exchange transactions, KBC NYB is active in international payment transactions and the clearing of commercial payments and professional transactions in U.S. Dollars. KBC NYB is also involved in providing financial services, particularly credit, for European (including Belgian) companies operating in the United States, as well as for United States corporations and municipalities.

Selected Consolidated Financial Data of KBC Bank N.V.

	<u>Year Ended</u> <u>December 31, 2010</u> (EUR Millions)
Total Assets	320,823
Amounts Owed to Customers	197,870
Loans and Advances to Customers	150,666
Total Equity	18,147
Net Income	1,860

Conversion Rate: As of December 31, 2010, EUR 0.7485 = US\$1.00

KBC NYB will provide, upon written request and without charge, a copy of KBC Bank N.V.’s Annual Report for the year ended December 31, 2010. Written requests should be directed to: KBC Bank N.V., New York Branch, 1177 Avenue of the Americas, New York, New York 10036, Attention: Controller.

The delivery of this Official Statement shall not create any implication that there has been no change in the affairs of KBC Bank N.V. since December 31, 2010 or that information contained or referred to in this Appendix is current as of any time subsequent to such date.



The Bank of Nova Scotia (“Scotiabank” or the “Bank”), founded in 1832, is a Canadian chartered bank with its principal office located in Toronto, Ontario. Scotiabank is one of North America’s premier financial institutions and Canada’s most international bank. With over 73,000 employees, Scotiabank and its affiliates serve over 18.6 million customers in more than 50 countries around the world.

Scotiabank provides a full range of personal, commercial, corporate and investment banking services through its network of branches located in all Canadian provinces and territories. Outside Canada, Scotiabank has branches and offices in over 50 countries and provides a wide range of banking and related financial services, both directly and through subsidiary and associated banks, trust companies and other financial firms.

For the fiscal year ended October 31, 2010, Scotiabank recorded total assets of CDN\$526.7 billion (US\$517.0 billion) and total deposits of CDN\$361.7 billion (US\$355.0 billion). Net income for the fiscal year ended October 31, 2010 equaled CDN\$4.239 billion (US\$4.161 billion), compared to CDN\$3.547 billion (US\$3.482 billion) for the prior fiscal year. Amounts above are shown in Canadian dollars and also reflect the United States dollar equivalent as of October 29, 2010 (1.0000 United States dollar equals 1.0188 Canadian dollars).

For the quarter ended April 30, 2011, Scotiabank recorded total assets of CDN\$571.5 billion (US\$602.5 billion) and total deposits of CDN\$396.1 billion (US\$417.6 billion). Net income for the quarter ended April 30, 2011 equaled CDN\$1.543 billion (US\$1.626 billion), compared to CDN\$1.097 billion (US\$1.156 billion) for the same period of the prior year. Amounts above are shown in Canadian dollars and also reflect the United States dollar equivalent as of April 29, 2011 (1.0000 United States dollar equals 0.9486 Canadian dollars).

Scotiabank will provide to anyone, upon written request, a copy of its most recent annual report, as well as a copy of its most recent quarterly financial report. Requests should be directed to: The Bank of Nova Scotia, New York Agency, One Liberty Plaza, 26th Floor, New York, NY, 10006.

The information concerning the Bank contained herein is furnished solely to provide limited introductory information regarding the Bank and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced above.

The delivery of this disclosure information by the Bank shall not create any implication that there has been no change in the affairs of the Bank since the date hereof, or that the information contained or referred to in this disclosure information is correct as of any time subsequent to its date.

THE CREDIT FACILITY

FORM OF LETTER OF CREDIT

IRREVOCABLE LETTER OF CREDIT
KBC BANK N.V.

Letter of Credit No. _____

August 9, 2011

The Bank of New York Mellon, as
Tender Agent
Attn: Corporate Trust Department
Municipal Finance Northeast Unit
101 Barclay Street, 8W
New York, New York 10286

Dear Sirs:

We hereby establish, at the request and for the account of THE CITY OF NEW YORK, a New York municipal corporation (the “*Issuer*”), in favor of The Bank of New York Mellon, as Tender Agent, an Irrevocable Letter of Credit (the “*Letter of Credit*”). In accordance with the Certificate (including all attachments thereto, the “*Certificate*”) of the Deputy Comptroller for Public Finance of the Issuer, and pursuant to the provisions of the Constitution and laws of the State of New York (the “*State*”), \$100,000,000 aggregate principal amount of the General Obligation Bonds Fiscal 2012, Subseries A-4 (the “*Bonds*”) which mature on [**1, 20**]. The Letter of Credit is for the benefit of the holders of the Bonds, is in the total amount of \$100,863,014 (as more fully described below), is effective as of the date hereof and expires on the Termination Date. As used herein, “*Termination Date*” shall mean the earliest of (i) August 8, 2014, or the date to which the Letter of Credit may be extended by us substantially in the form of Annex 6, (ii) the date on which the Principal Portion of the Letter of Credit Amount is reduced to zero pursuant to the terms hereof (other than as a result of a Tender Drawing), (iii) the date five days after we receive notice in the form of Annex 4 hereto directing us to terminate the Letter of Credit, (iv) the date on which the Letter of Credit is surrendered by the Tender Agent to us for cancellation and (v) the date which is eight days (or if such day is not a Business Day, the immediately succeeding Business Day) after the date on which you receive the Notice of Termination from us in the form of Annex 8 hereof.

Our obligation to make payments under this Letter of Credit shall be limited to the Letter of Credit Amount. The “*Letter of Credit Amount*” and the “*Principal Portion*” and “*Interest Portion*” thereof shall initially be the amounts set forth in Schedule I hereto, and shall thereafter, at any time, be equal to such amounts adjusted as set forth in this Letter of Credit.

Notwithstanding any other provision of this Letter of Credit, at no time shall (i) the Principal Portion of the Letter of Credit Amount exceed the outstanding principal amount of the Bonds, (ii) the Interest Portion of the Letter of Credit Amount exceed 35 days interest at a per annum interest rate of 9% and a year of 365 days, or (iii) the Letter of Credit Amount exceed the sum of the amounts described in clause (i) and clause (ii) of this paragraph.

We hereby irrevocably authorize you to draw on us in accordance with the terms and conditions hereinafter set forth, by your draft, an aggregate amount not exceeding the Letter of Credit Amount, of which (i) an aggregate amount not exceeding the Principal Portion may be drawn with respect to payment of the portion of the purchase price equal to the principal amount of Bonds tendered or deemed tendered for purchase (“*Tendered Bonds*”), pursuant to Annex 2 or 3 hereof, as appropriate, and (ii) an aggregate amount not exceeding the Interest Portion (but no more in the case of any drawing than an amount equal to the interest accrued on the Bonds for the 35 days immediately preceding the date on which such interest is to be paid) may be drawn with respect to payment of the portion of the purchase price of Tendered Bonds representing interest accrued thereon, pursuant to Annex 2 or 3

KBC BANK N.V.
LETTER OF CREDIT NO. _____

hereof, as appropriate. The Letter of Credit Amount shall be reduced (y) immediately upon any drawing hereunder by the amount of such drawing (each such drawing, or portion thereof, allocable to principal or interest, as the case may be, to result in a reduction of the Principal Portion or Interest Portion, as appropriate) and (z) effective upon receipt by us of a notice of reduction from the Tender Agent substantially in the form of Annex 4 to this Letter of Credit, by the amount specified in such notice, allocated between the Principal Portion and Interest Portion in accordance with such notice. We will pay drawings hereunder with our own funds.

Only you as Tender Agent, as the case may be, may make drawings under this Letter of Credit. Upon the payment to you or your account of the amount specified in a draft drawn hereunder, we shall be fully discharged on our obligations under this Letter of Credit with respect to such draft, and we shall not thereafter be obligated to make any further payments under this Letter of Credit in respect of such draft to you.

Upon our receipt from you of a notice in the form of Annex 7 with respect to the sale of any Tendered Bond held by us or for our account through you, as Tender Agent, the Principal Portion and Interest Portion previously drawn pursuant to a drawing under the Certificate relating to (i) Optional Tenders or (ii) Mandatory Tenders (in either case, a "*Tender Drawing*") with respect to such Tendered Bonds shall be automatically reinstated in the amount set forth in such Annex 7 to the extent such amount is actually received by us. Subject to the preceding sentence, drawings in respect of payments hereunder honored by us shall not, in the aggregate, exceed the Letter of Credit Amount as hereinabove provided.

Funds under this Letter of Credit are available to you against (a) your draft in the form of Annex 1 hereto, appropriately completed and (b) (i) if the drawing is being made with respect to a Mandatory Tender pursuant to the Certificate, a certificate signed by you in the form of Annex 2 attached hereto appropriately completed and (ii) if a drawing is being made with respect to an Optional Tender pursuant to the Certificate, a certificate signed by you in the form of Annex 3 attached hereto appropriately completed. Such draft(s) and certificate(s) shall be dated the date of presentation. The original of each such draft and certificate shall be filed at our office located at KBC Bank N.V., NY Branch, 1177 Avenue of the Americas, New York, New York 10036, Attention: Loan Administration, Reference: The City of New York General Obligation Bonds, Fiscal 2012, Subseries A-4 (or at any other office which may be designated by written notice delivered to you). If we receive your draft(s) and certificate(s) at such office, all in strict conformity with the terms and conditions of this Letter of Credit, prior to 12:00 p.m. (New York City time) (or 12:15 p.m. (New York City time) for Bonds bearing interest at a Daily Rate) on a Business Day on or prior to the Termination Date, we will honor the same (to the extent required by this Letter of Credit) by making payment in accordance with your payment instructions in immediately available funds by 2:30 p.m. (New York City time) on the Purchase Date. The "*Purchase Date*" for any drawing shall be the date specified in the applicable draft; but in no event shall the Purchase Date be (i) before the day the draft and certificate are received by the Bank or on the same day the draft and certificate are received if such draft and certificate are received by the Bank at or after 12:00 p.m. (New York City time) (or 12:15 p.m. (New York City time) for Bonds bearing interest at a Daily Rate) or (ii) after the Termination Date.

Each draft and certificate may be delivered to us in person, by mail, by a delivery service or by telecopy transmission at such number as is indicated below or as we shall notify you in writing from time to time. Such a draft or certificate shall be deemed to have been presented on the date actually received by us. Any draft or certificate you submit to us by telecopy transmission (with the original of any such draft or certificate to be delivered to us on the next succeeding Business Day) shall be sent to (212) 956-5581, Attention: Loan Administration. We shall have no duty to and will not examine original documents confirming presentation by telecopy.

As used herein or in the Annexes hereto, (i) "*Business Day*" means a day other than (a) a Saturday and Sunday or (b) a day on which the City, the New York Stock Exchange, the Federal Reserve Bank of New York, the Fiscal Agent, the Tender Agent, the Remarketing Agent or banks and trust companies in New York, New York, are authorized or required to remain closed; and (ii) "*Affiliate of the Issuer*" means any person, firm, corporation or other entity which is in control of or controlled by, or under common control by the same person as, the Issuer or any other Affiliate of the Issuer. For purposes of the preceding sentence, "*control*" means the power to direct the

KBC BANK N.V.
LETTER OF CREDIT NO. _____

management and policies of a person, firm, corporation or other entity through the ownership of a majority of its voting securities, the right to determine or elect a majority of the members of its board of directors or other governing body or by contract or otherwise.

This Letter of Credit shall automatically terminate at the close of business on the Termination Date.

This Letter of Credit is subject to the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 (“ISP98”), and as to matters not governed by ISP98, be governed and construed in accordance with the laws of the State, including, without limitation, the Uniform Commercial Code as in effect in the State. Communications with respect to this Letter of Credit shall be in writing and shall be addressed to us at KBC Bank N.V., NY Branch, 1177 Avenue of the Americas, New York, New York 10036, Attention: Loan Administration, Telephone: (212) 956-0660, Telecopy (212) 956-5581, Reference: The City of New York General Obligation Bonds, Fiscal 2012, Subseries A-4 (or at any other office that we may designate by prior written notice to you), specifically referring to the number of this Letter of Credit.

This Letter of Credit is transferable in its entirety (but not in part) and may be successively transferred. Transfer of the available balance under this Letter of Credit to such transferee shall be effected by the presentation to us of this Letter of Credit accompanied by a certificate substantially in the form of Annex 5 attached hereto appropriately completed.

In connection with any drawing hereunder or transfer, the Issuer shall pay the Bank a fee, in accordance with the Bank’s schedule of customary fees for such transactions, in connection with the Bank’s processing of such drawing or transfer.

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KBC BANK N.V.
LETTER OF CREDIT NO. _____

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein, except only the annexes, the certificates and the drafts referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such annexes, such certificates and such drafts.

Very truly yours,

KBC BANK N.V., acting through its New York Branch

By: _____

Name:

Title:

SCHEDULE 1
To
KBC BANK N.V.
LETTER OF CREDIT
No. _____

ALLOCATED LETTER OF CREDIT AMOUNT

<u>SUBSERIES</u>	<u>MATURITY</u>	<u>PRINCIPAL PORTION</u>	<u>INTEREST PORTION</u>	<u>LETTER OF CREDIT AMOUNT</u>
A-4	_____ 1, 20__	\$100,000,000	\$863,014	\$100,863,014