

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.

\$126,665,000

The City of New York

**General Obligation Bonds, Fiscal 2012 Series D
Subseries D-3**

ADJUSTABLE RATE BONDS

Dated: Date of Delivery

Due: October 1, 2039

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 initially bear interest in the Daily Rate Mode. BNY Mellon Capital Markets, LLC is the Underwriter and Remarketing Agent for the Bonds. 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 Credit Facility described herein provided by The Bank of New York Mellon (in such capacity, the “Bank”), which is scheduled to terminate on October 31, 2014. In the event of a failure to remarket the Bonds and a failure by the Bank to purchase such Bonds, the City may, but is not obligated to, purchase such Bonds. Upon any such failure the Bonds will continue to be held by the tendering holders and will bear interest at the Maximum Rate.

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 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 October 13, 2011.

BNY Mellon Capital Markets, LLC

October 5, 2011

**\$126,665,000 General Obligation Bonds, Fiscal 2012 Series D
Subseries D-3**

Adjustable Rate Bonds

Subseries D-3 Term Bonds

<u>Principal Amount</u>	<u>Price</u>	<u>CUSIP*</u>
\$126,665,000	100%	64966J QR0

* 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 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 the Bonds 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 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 10:30 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 THE BANK 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 by the City of \$126,665,000 aggregate principal amount of its tax-exempt General Obligation Bonds, Fiscal 2012 Series D, Subseries D-3 (the “Adjustable Rate Bonds” or the “Bonds”). In addition to the Adjustable Rate Bonds, \$528,640,000 of the City’s tax-exempt General Obligation Bonds, Fiscal 2012 Series D, Subseries D-1 and \$65,000,000 of the City’s taxable General Obligation Bonds, Fiscal 2012 Series D, Subseries D-2 (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 September 28, 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
- 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—VARIABLE RATE DEMAND BONDS

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

The Bank of New York Mellon (in such capacity, the "Letter of Credit Bank" or the "Bank"), has agreed to provide a Credit Facility in the form of an irrevocable letter of credit with respect to the 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 E—THE CREDIT FACILITY." For information regarding the Letter of Credit Bank, see "APPENDIX D—THE BANK."

Optional Redemption

The Bonds are subject to redemption (or purchase in lieu thereof if permitted by the Certificate) prior to maturity, at a redemption price equal to the principal amount thereof, plus accrued interest, 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 is any Business Day, upon 30 days’ written notice to Bondholders.

The City may select the amounts of Bonds for optional redemption in its sole discretion. In the event that less than all the Bonds 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 Bonds are Term Bonds subject to mandatory redemption upon 30 days’ (but not more than 60 days’) notice to Bondholders, by lot, on each October 1 (or other Mandatory Redemption Date specified for 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:

<u>October 1</u>	<u>Amount</u>
2027	\$10,400,000
2028	21,800,000
2037	36,000,000
2038	36,000,000
2039*	22,465,000

* 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 the 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.

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 this caption “Book-Entry Only System” shall mean all Bonds held through DTC. 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 Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to both U.S. and non-U.S. securities brokers and dealers, banks, 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 its 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 under this caption "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

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, regulations, rulings or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to State or local income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Legislation or regulatory actions and proposals may also 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 tax advisors regarding any pending or proposed federal or State tax legislation, regulations, rulings or litigation as to which Bond Counsel expresses no opinion.

Based on a proposal by the President, the Senate Majority Leader introduced a bill, S. 1549 (the “Proposed Legislation”), which, if enacted, would subject interest on bonds that is otherwise excludable from gross income for federal income tax purposes, including interest on the Bonds, to a tax payable by certain bondholders that are individuals, estates or trusts with adjusted gross income in excess of thresholds specified in the Proposed Legislation in tax years beginning after December 31, 2012. The Proposed Legislation would also provide special rules for such bondholders that are also subject to the alternative minimum tax. It is unclear if the Proposed Legislation will be enacted, whether in its current or an amended form, or if other legislation that would subject interest on the Bonds to a tax or cause interest on the Bonds to be included in the computation of a tax, will be introduced or enacted. Prospective purchasers should consult their tax advisors as to the effect of the Proposed Legislation, if enacted, in its current form or as it may be amended, or such other legislation on their individual situations.

Ratings

The Bonds have been assigned ratings of “Aaa/VMIG 1” by Moody’s and are expected to be assigned ratings of “AAA/A-1+” by S&P and “AAA/F1+” by Fitch. Such short-term ratings are based on the issuance of the Credit Facility and the creditworthiness of the Bank. 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 C hereto 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.

Underwriting

The Bonds are being purchased for reoffering by BNY Mellon Capital Markets, LLC (the "Underwriter") who has agreed, subject to certain conditions, to purchase the Bonds from the City and to make an initial public offering of the 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. The Underwriter will be obligated to purchase all the Bonds if any of the Bonds are purchased. The Underwriter is not being paid a fee to underwrite the Bonds but will receive a fee as Remarketing Agent.

The delivery of the Bonds is contingent upon the delivery of the Fixed Rate Bonds and vice-versa.

The Bank of New York Mellon (the Letter of Credit Bank as provider of the Credit Facility), BNY Mellon Capital Markets, LLC (the Underwriter and Remarketing Agent) and The Bank of New York Mellon (as the Fiscal Agent and Tender Agent) are all affiliated entities and direct or indirect subsidiaries of The Bank of New York Mellon Corporation.

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.

THE CITY OF NEW YORK

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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 D 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 D, Subseries D-3.

“*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 the Authorizing Document with all Exhibits, Schedules, appendices and related proceedings, including the Bonds and all 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.

“*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.

“*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>
October	April

“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.

"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.

"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 D-3 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.

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 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, then the Daily Rate in effect during the preceding Daily Rate Period will continue in effect until a new Daily Rate is determined, but in no event for more than two weeks, and thereafter at the Maximum Rate until a Rate has been established 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 Maximum 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 Maximum 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 Maximum 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 Direct 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 Direct 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 10:30 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 a substitution is occurring, Rating Confirmation has been received from Moody's and either (A) Rating Confirmation has been received from each Rating Agency or (B) the Bonds are in the Daily Rate Mode, the Two-Day Mode or the Weekly Rate Mode and 15 days' Written Notice of the substitution has been given to the Holders of such Bonds;
- (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 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 such 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.

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 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 such 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 Standby 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. 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 the Bank, all interest accruing thereon from the last date for which interest was paid shall accrue for the benefit of and be payable to the 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 extension or substitution.

The obligation of the 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 initial Credit Facility 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 Bank is included herein as "APPENDIX D — THE BANK." Neither the City nor the Underwriter makes any representation with respect to the information in "APPENDIX D — THE BANK."

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SAN FRANCISCO
SHANGHAI
SINGAPORE
SYDNEY
TOKYO
WASHINGTON, D.C.

FOUNDED 1866

October 13, 2011

HONORABLE JOHN C. LIU
COMPTROLLER
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Liu:

We have acted as counsel to The City of New York (the “City”), a municipal corporation of the State of New York (the “State”), in the issuance of its General Obligation Bonds, Fiscal 2012 Series D, Subseries D-3 (the “Bonds”).

The Bonds are issued pursuant to the Constitution of the State, the Local Finance Law of the State, and the Charter of the City, and in accordance with a certificate of the Deputy Comptroller for Public Finance and related proceedings. In rendering the opinions set forth herein, we reviewed certificates of the City and such other agreements, documents and matters to the extent we deemed necessary to render our opinions. We have not undertaken an independent audit or investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the genuineness of all documents and signatures presented to us; the due and legal execution and delivery thereof by, and validity against, any parties other than the City; and the accuracy of the factual matters represented, warranted or certified therein.

Based on the foregoing and our examination of existing law, we are of the opinion that:

1. The Bonds have been duly authorized, executed and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding obligations of the City for the payment of which the City has validly pledged its faith and credit, and all real property within the City subject to taxation by the City is subject to the levy by the City of ad valorem taxes, without limit as to rate or amount, for payment of the principal of and interest on the Bonds.
2. Interest on the Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.
3. 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. 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, we 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 this opinion without our approval.

4. Interest on the Bonds is not 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 we render no opinion, 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.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the extent constitutionally applicable, and the enforcement of related contractual and statutory covenants of the City and the State may also be subject to the exercise of the State's police powers and of judicial discretion in appropriate cases.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur and we have no obligation to update this opinion in light of such actions or events.

Very truly yours,

THE BANK

The Bank of New York Mellon, a New York state chartered bank (the “Bank”), is one of the two principal banking subsidiaries of The Bank of New York Mellon Corporation (NYSE: BK), a bank holding company and a financial holding company (“BNY Mellon”). BNY Mellon is a global financial services company focused on helping clients manage and service their financial assets, operating in 36 countries and serving more than 100 markets. BNY Mellon is a leading provider of financial services for institutions, corporations and high-net-worth individuals, offering investment management and investment services through a worldwide team.

As of June 30, 2011, it had \$26.3 trillion in assets under custody and administration, \$1.3 trillion in assets under management, serviced \$11.8 trillion in outstanding debt and processed global payments averaging \$1.7 trillion per day. Additional information is available at www.bnymellon.com.

The Bank has long-term senior debt ratings of “Aaa”, “AA”, “AA-” and “AA” and short-term deposit ratings of “P1”, “A-1+”, “F1+” and “R-1 (high)” from Moody’s Investors Service, Inc., Standard & Poor’s Rating Services, Fitch Ratings and DBRS, respectively. A debt rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

BNY Mellon’s principal office is located at One Wall Street, New York, New York 10286. A copy of the most recent Annual Report on Form 10-K of BNY Mellon may be obtained from BNY Mellon’s Public Relations Department, One Wall Street, 31st Floor, (212) 635-1569.

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THE CREDIT FACILITY
FORM OF LETTER OF CREDIT
IRREVOCABLE LETTER OF CREDIT
THE BANK OF NEW YORK MELLON
525 WILLIAM PENN PLACE
TWO BNY MELLON CENTER
SUITE 1715
PITTSBURGH, PENNSYLVANIA 15259-0001

Letter of Credit No. S _____

October 13, 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

Ladies and Gentlemen:

We hereby issue an Irrevocable Letter of Credit (this "*Letter of Credit*"), 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, pursuant to that certain Reimbursement Agreement, dated as of October 1, 2011, between the Issuer and us (the "*Reimbursement Agreement*"). Definitions of terms in the Reimbursement Agreement apply to terms that are used without definition in this Letter of Credit.

We have been informed that, 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*"), \$126,665,000 aggregate principal amount of the General Obligation Bonds Fiscal 2012 Subseries D-3 (the "*Bonds*") which mature on October 1, 2039 are being issued by the Issuer. This Letter of Credit is for the benefit of the holders of the Bonds, is in the total amount of \$127,758,137 (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) 5:00 p.m., New York City time, on October 31, 2014 (or if such date is not a Business Day (as hereinafter defined), on the next succeeding Business Day), or the date to which this Letter of Credit may be extended by us as set forth in a notice to you substantially in the form of Annex 6 hereto, (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 a notice in the form of Annex 4 hereto directing us to terminate this Letter of Credit, (iv) the date on which this Letter of Credit is surrendered by you 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 a Notice of Termination from us in the form of Annex 8 hereto.

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 that are subject to Mandatory Tender or Optional Tender under, and as defined in, the Certificate, (ii) the Interest Portion of the Letter of Credit Amount exceed 35 days' interest on the Principal Portion 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*”), if accompanied by a certificate in the form of Annex 2 or 3 hereto, 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, if accompanied by a certificate in the form of Annex 2 or 3 hereto, 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 (as set forth in the certificate furnished to us in connection with such drawing), 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 you 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; *provided* that in the event that you shall have failed to deliver a notice of reduction as and when required to do so, no drawing shall be available in excess of the amount that would have been available had the notice of reduction been so delivered. In no event shall drawings be available with respect to Bonds bearing interest in a Rate Mode other than the Daily Rate, the Weekly Rate, or the Two-Day Rate (as each such term is defined in the Certificate). We will pay drawings hereunder with our own funds.

Only you as Tender Agent 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 of 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 or any other person (whether natural or juridical).

Upon our receipt from you of a notice in the form of Annex 7 hereto with respect to the sale of any Tendered Bond held by us or by our assignee, or for our or our assignee’s account, through you, as Tender Agent, pursuant to Section 2(b)(iii) of the Reimbursement Agreement, the Principal Portion and Interest Portion previously drawn pursuant to a drawing by means of a certificate in the form of Annex 2 or Annex 3 hereto (in either case, a “*Tender Drawing*”) with respect to such Tendered Bonds shall be automatically reinstated in the amount set forth in such certificate 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 presented at our office located at:

The Bank of New York Mellon
525 William Penn Place
Two BNY Mellon Center
Suite 1715
Pittsburgh, Pennsylvania 15259-0001
Attention: Manager, Standby Letter of Credit Department
Reference: Letter of Credit No. S _____

(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 11:30 a.m. (New York City time) 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; provided that in no event shall the Purchase Date be (i) before the day the draft and certificate are received by us, (ii) on the same day the draft and certificate are received if such draft and certificate are received by us at or after 11:30 a.m. (New York City time), or (iii) after the Termination Date. In the event of any conflict between the Purchase Date set forth such draft and the Purchase Date determined pursuant to the proviso to the preceding sentence, the Purchase Date determined pursuant to such proviso shall control.

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 shall be sent to (732) 667-6383 or (615) 932-4121 (or such other telecopier number as we notify you in writing), Attention: Manager, Standby Letter of Credit Department, Reference: Letter of Credit No. _____, with prompt oral confirmation of transmission to (412) 234-6882 (or such other telephone number as we notify you in writing). 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, you, 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 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, shall 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:

The Bank of New York Mellon
525 William Penn Place
Two BNY Mellon Center
Suite 1715
Pittsburgh, Pennsylvania 15259-0001
Attention: Manager, Standby Letter of Credit Department
Reference: Letter of Credit No. _____
Telephone: (412) 234-6882
Facsimile: (732) 667-6383 or (615) 932-4121

(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 the original of this Letter of Credit, including all amendments (if any) hereto, accompanied by a certificate substantially in the form of Annex 5 attached hereto appropriately completed.

In connection with any drawing hereunder or transfer or substitution hereof, 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 or substitution.

Presentation of document(s) that are not in compliance with applicable anti-boycott, anti-money laundering, anti-terrorism, anti-drug trafficking, economic sanctions and similar laws and regulations is not acceptable. Applicable laws vary depending on the transaction and may include United Nations, United States and/or local laws.

This Letter of Credit sets forth in full our undertaking, but not any of our rights (whether under applicable law or otherwise) and such undertaking, but not any of our rights (whether under applicable law or otherwise) shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Bonds, the Certificate, and the Reimbursement Agreement), 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. Without limiting the foregoing, in issuing this Letter of Credit and reviewing drafts and certificates submitted to us hereunder, we undertake no obligation to ascertain, and shall not be responsible for, the accuracy of any representation, fact, or calculation of amounts set forth in such drafts or certificates nor shall we have any obligation to make any determination of any fact, including, without limitation, the Principal Portion (or whether the Principal Portion exceeds the amount specified therefor in the second sentence of the third paragraph of this Letter of Credit), the Interest Portion (or whether the Interest Portion exceeds the amount specified therefor in the second sentence of the third paragraph of this Letter of Credit), the interest rate mode applicable to the Bonds, whether any drawing for interest on the Bonds exceeds the amount specified in clause (ii) of the first sentence of the fourth paragraph of this Letter of Credit, whether, at any time, a notice of reduction was required to have been delivered to us by you at such time, whether such drafts and certificates are being presented in connection with an Optional Tender or a Mandatory Tender or in compliance with the applicable provisions of the Certificate, the Bonds, or the Reimbursement Agreement, or any other matter other than to determine (subject to the foregoing) whether or not a presentation appears on its face to comply with the terms and conditions of this Letter of Credit.

Very truly yours,

THE BANK OF NEW YORK MELLON

By: _____
Name: _____
Title: _____

SCHEDULE 1
TO
THE BANK OF NEW YORK MELLON
LETTER OF CREDIT NO. S _____

ALLOCATED LETTER OF CREDIT AMOUNT

SUBSERIES	MATURITY	PRINCIPAL PORTION	INTEREST PORTION	LETTER OF CREDIT AMOUNT
2012 D-3	October 1, 2039	\$126,665,000	\$1,093,137	\$127,758,137

