

**EXISTING ISSUE REOFFERED**

On the dates of original issuance of the Bonds, Sidley Austin LLP, Bond Counsel, delivered its opinions that interest on the Bonds would 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 (the “Code”), interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. In connection with the reoffering, Fulbright & Jaworski LLP, Bond Counsel to the City for Tax Matters, will deliver its opinion that certain actions described herein will not in and of themselves adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. See “Section III: MISCELLANEOUS—Tax Matters” herein for further information.

**\$247,575,000**

**The City of New York**

**General Obligation Bonds**

**\$60,455,000 Fiscal 2004 Series H, Subseries H-2**  
**\$60,455,000 Fiscal 2004 Series H, Subseries H-3**  
**\$76,665,000 Fiscal 2012 Series D, Subseries D-3A**  
**\$50,000,000 Fiscal 2012 Series D, Subseries D-3B**

**ADJUSTABLE RATE BONDS**

Reoffering Date: October 15, 2014

Due: As shown on inside cover

The Bonds are registered in the nominee name of The Depository Trust Company, New York, New York, which acts as securities depository for the Bonds.

The Bonds have initially been issued 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. *A detailed schedule of the Bonds is set forth on the inside cover page.*

The Bonds of a Subseries are subject to redemption and to optional and mandatory tender under the circumstances described herein. Effective on the Reoffering Date, payment of the Purchase Price of the Bonds of a Subseries tendered for purchase as described herein and not remarketed will be made pursuant and subject to the terms of the respective Credit Facilities described herein issued separately by California Public Employees’ Retirement System and Royal Bank of Canada, acting through its branch located at 200 Vesey Street, New York, New York (each a “Credit Provider”), representing separate obligations of the respective Credit Providers in respect of the respective Subseries as shown on the inside cover. In the event of a failure to remarket Bonds of a Subseries and a failure by the respective Credit Provider to purchase such Bonds, the City may, but is not obligated to, purchase such Bonds. Upon any such failure, such Bonds, if not purchased by the City, will continue to be held by the tendering holders and will bear interest at the Maximum Rate.

In connection with the reoffering of the Bonds, certain legal matters will be passed upon by Sidley Austin LLP, New York, New York, Bond Counsel to the City. Certain legal matters will be passed upon for the City by Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, New York, New York, Bond Counsel to the City for Tax Matters. Certain legal matters in connection with the preparation of this Reoffering Circular 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 Remarketing Agents by Squire Patton Boggs (US) LLP, New York, New York, and D. Seaton and Associates, New York, New York, Co-Counsel to the Remarketing Agents. It is expected that the Bonds will be available for delivery in New York, New York, on their date of reoffering which is expected to be on or about October 15, 2014.

**BNY Mellon Capital Markets, LLC**  
**(Remarketing Agent for**  
**Subseries H-2 and H-3 Bonds)**

**RBC Capital Markets, LLC**  
**(Remarketing Agent for**  
**Subseries D-3A and D-3B Bonds)**

October 8, 2014

**\$247,575,000 General Obligation Bonds**  
**Fiscal 2004 Series H, Subseries H-2 and H-3**  
**Fiscal 2012 Series D, Subseries D-3A and D-3B**  
**Adjustable Rate Term Bonds**  
**Price: 100%**

<b>\$60,455,000 Subseries H-2</b>	<b>\$60,455,000 Subseries H-3</b>
Rate Mode at Reoffering Date: Weekly First Interest Payment Date: November 3, 2014 Credit Facility Provider: California Public Employees' Retirement System Scheduled Expiration Date: October 31, 2017 Remarketing Agent: BNY Mellon Capital Markets, LLC  Due: March 1, 2034 CUSIP Number <sup>(1)</sup> : 64966CG62	Rate Mode at Reoffering Date: Weekly First Interest Payment Date: November 3, 2014 Credit Facility Provider: California Public Employees' Retirement System Scheduled Expiration Date: October 31, 2017 Remarketing Agent: BNY Mellon Capital Markets, LLC  Due: March 1, 2034 CUSIP Number <sup>(1)</sup> : 64966CG70
<b>\$76,665,000 Subseries D-3A</b>	<b>\$50,000,000 Subseries D-3B</b>
Rate Mode At Reoffering Date: Daily First Interest Payment Date: November 3, 2014 Credit Facility Provider: California Public Employees' Retirement System Scheduled Expiration Date: October 31, 2017 Remarketing Agent: RBC Capital Markets, LLC Due: October 1, 2039 CUSIP Number <sup>(1)</sup> : 64966LYH8	Rate Mode At Reoffering Date: Daily First Interest Payment Date: November 3, 2014 Credit Facility Provider: Royal Bank of Canada Scheduled Expiration Date: October 31, 2017 Remarketing Agent: RBC Capital Markets, LLC Due: October 1, 2039 CUSIP Number <sup>(1)</sup> : 64966LYJ4

<sup>(1)</sup> Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the City makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific Subseries is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Subseries 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.

**REOFFERING CIRCULAR OF THE CITY OF NEW YORK**

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No dealer, broker, salesperson or other person has been authorized by the City or the Remarketing Agents 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 Reoffering Circular, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Remarketing Agents. This Reoffering Circular 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 Reoffering Circular, 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 Reoffering Circular 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 Remarketing Agents may reoffer and sell Bonds to certain dealers and others at prices lower than the reoffering price stated on the inside cover page hereof. The reoffering prices may be changed from time to time by the Remarketing Agents. No representations are made or implied by the City or the Remarketing Agents as to any offering of any derivative instruments.

The factors affecting the City's financial condition are complex. This Reoffering Circular 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 Reoffering Circular may contain computer-generated errors or other deviations from the printed Reoffering Circular. In any such case, the printed version controls.

This Reoffering Circular contains 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 in this Reoffering Circular of such forecasts, projections and estimates should not be regarded as a representation by the City, its independent auditors or the Remarketing Agents 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 in this Reoffering Circular, 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 contained herein 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.

The following sentence has been provided by the Remarketing Agents: The Remarketing Agents have reviewed the information in this Reoffering Circular pursuant to their responsibilities to investors under the federal securities laws, but the Remarketing Agents do not guarantee the accuracy or completeness of such information.

Deloitte & Touche LLP, the City's independent auditor, has not reviewed, commented on or approved, and is not associated with, this Reoffering Circular. The report of Deloitte & Touche LLP relating to the City's financial statements for the fiscal years ended June 30, 2013 and 2012, which is a matter of public record, is included in this Reoffering Circular. 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 Reoffering Circular, since the date of such report and has not been asked to consent to the inclusion of its report in this Reoffering Circular.

**IN CONNECTION WITH THIS REOFFERING, THE REMARKETING AGENTS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN MARKET PRICE 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 REOFFERING CIRCULAR AND THE TERMS OF THE REOFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.**

**RATE PERIOD TABLE  
FOR ADJUSTABLE RATE BONDS**

	<b>Daily Rate</b>	<b>Two-Day Rate</b>	<b>Weekly Rate</b>	<b>Commercial Paper Rate</b>
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 Wednesday or other 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. on a Business Day not less than two Business Days prior to the Optional Tender Date	Written notice by 5:00 p.m. on a Business Day not less than seven days prior to the Optional Tender Date	Not subject to optional tender
Optional Tender Date and Time (after Initial Period)	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, INDEX RATE BONDS OR STEPPED COUPON BONDS, THIS REOFFERING CIRCULAR 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 CREDIT PROVIDERS OR BY ANY REGISTERED OWNER OTHER THAN DTC.

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**REOFFERING CIRCULAR  
OF  
THE CITY OF NEW YORK**

This Reoffering Circular provides certain information concerning The City of New York (the “City”) in connection with the reoffering by the City of \$247,575,000 aggregate principal amount of its tax-exempt General Obligation Bonds (the “Bonds”), consisting of \$60,455,000 Fiscal 2004 Series H, Subseries H-2 (the “Subseries H-2 Bonds”), \$60,455,000 Fiscal 2004 Series H, Subseries H-3 (the “Subseries H-3 Bonds”), \$76,665,000 Fiscal 2012 Series D, Subseries D-3A (the “Subseries D-3A Bonds”) and \$50,000,000 Fiscal 2012 Series D, Subseries D-3B (the “Subseries D-3B Bonds”).

By this Reoffering Circular, the Bonds are being reoffered. Such Bonds are expected to be delivered to their purchasers on the Reoffering Date set forth on the cover page hereof (the “Reoffering Date”). Certain capitalized terms used herein and not otherwise defined will have the meanings ascribed thereto in “APPENDIX A—DEFINITIONS”.

The Bonds are general obligations of the City for the payment of which the City has pledged its faith and credit. All real property subject to taxation by the City is 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 Reoffering Circular, including information included by specific reference as described below, 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, environmental and other factors which could have a material effect on the City. This Reoffering Circular (including the information referred to in “SECTION I: INCLUSION BY SPECIFIC REFERENCE”) should be read in its entirety.

Neither this Reoffering Circular 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 August 14, 2014 (the "Official Statement"), delivered herewith and relating to the City's Fiscal 2015 Series A and B 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 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

Other Post-Employment Benefits

Continuing Disclosure Undertaking (All references to "Bond" or "Bonds" under "Continuing Disclosure Undertaking" should be read as referring to the Subseries D-3A and Subseries D-3B Bonds only.)

Financial Statements

Further Information (excluding the last paragraph thereof)

APPENDIX A—ECONOMIC AND DEMOGRAPHIC INFORMATION

APPENDIX B—FINANCIAL STATEMENTS

**The Fiscal 2015 Series A and B Bonds described in the Official Statement are not offered by this Reoffering Circular.**

## SECTION II: RECENT FINANCIAL DEVELOPMENTS

For the 2013 fiscal year, the City's General Fund had a total surplus of \$2.812 billion, before discretionary and other transfers, and achieved balanced operating results in accordance with GAAP, except for the application of GASB 49 as described above, after discretionary and other transfers. The 2013 fiscal year is the thirty-third consecutive year that the City has achieved balanced operating results when reported in accordance with GAAP, except for the application of GASB 49.

### **2014-2018 Financial Plan**

On June 27, 2013, the City submitted to the Control Board the financial plan for the 2014 through 2017 fiscal years (the "June 2013 Financial Plan"), which was consistent with the City's capital and expense budgets as adopted for the 2014 fiscal year. The June 2013 Financial Plan projected revenues and expenses for the 2014 fiscal year balanced in accordance with GAAP, except for the application of GASB 49. Subsequently, the June 2013 Financial Plan was modified quarterly during the 2014 fiscal year. On June 26, 2014, the City submitted to the Control Board the financial plan for the 2015 through 2018 fiscal years, which is consistent with the City's capital and expense budgets as adopted for the 2015 fiscal year, and a modification to the June 2013 Financial Plan with respect to the 2014 fiscal year (together, the "Financial Plan").

The Financial Plan projects revenues and expenses for the 2014 and 2015 fiscal years balanced in accordance with GAAP, except for the application of GASB 49. The June 2013 Financial Plan had projected gaps of approximately \$1.97 billion, \$1.77 billion and \$1.38 billion in fiscal years 2015 through 2017,



respectively. The Financial Plan currently projects gaps of approximately \$2.6 billion, \$1.9 billion and \$3.1 billion in fiscal years 2016 through 2018, respectively. The gaps projected in the Financial Plan for each year are below the average gaps projected for the comparable years at the time of the adopted budget during the previous twelve years, both as a percent of revenues and as a stated dollar amount.

The Financial Plan reflects, since the June 2013 Financial Plan, increases in projected net revenues of \$3.7 billion, \$1.9 million, \$1.2 billion and \$1.1 billion in fiscal years 2014 through 2017, respectively. Changes in projected revenues include: (i) increases in real property tax revenues of \$429 million, \$451 million, \$595 million and \$772 million in fiscal years 2014 through 2017, respectively; (ii) increases in personal income tax revenues of \$1.33 billion, \$146 million, \$220 million and \$225 million in fiscal years 2014 through 2017, respectively; (iii) an increase in business tax revenues of \$181 million in fiscal year 2014, and decreases in business tax revenues of \$31 million, \$4 million and \$142 million in fiscal years 2015 through 2017, respectively; (iv) increases in real property transfer and mortgage recording tax revenues of \$655 million, \$132 million, \$174 million and \$46 million in fiscal years 2014 through 2017 respectively; (v) increases in sales tax revenues of \$137 million, \$76 million, \$117 million and \$168 million in fiscal years 2014 through 2017, respectively; (vi) increases in all other tax revenues of \$75 million in fiscal year 2014 and decreases in all other tax revenues of \$3 million, \$12 million and \$8 million in fiscal years 2015 through 2017, respectively; (vii) an increase in tax audit revenues of \$176 million in fiscal year 2014; (viii) a decrease in lunch-program fees of \$3 million in fiscal year 2015 as a result of City Council initiatives; (ix) an increase in other revenues of \$1 billion in fiscal year 2015 from the release of reserves from the health stabilization fund to offset the cost of the collective bargaining agreements described below; (x) a net increase in other revenues of \$714 million in fiscal year 2014, resulting primarily from the sale of two city office buildings, the reconciliation of prior years' health insurance premiums, a vendor settlement payment and increased taxi medallion sales, net increases in other revenues of \$170 million and \$115 million in fiscal years 2015 and 2016, respectively, and a net decrease in other revenues of \$6 million in fiscal year 2017.

The Financial Plan also reflects, since the June 2013 Financial Plan, increases in projected net expenditures of \$1.9 billion, \$1.8 billion, \$2.1 billion and \$1.5 billion in fiscal years 2014 through 2017, respectively. Changes in projected expenditures include: (i) net increases in agency expenses of \$197 million, \$860 million, \$699 million and \$702 million in fiscal years 2014 through 2017, respectively; (ii) net decreases of \$2 million in each of fiscal years 2015 through 2017 reflecting increased State aid for transit services; (iii) a decrease in pension contributions of \$47 million in fiscal year 2014, an increase in pension contributions of \$25 million in fiscal year 2015, and decreases in pension contributions of \$84 million and \$236 million in fiscal years 2016 and 2017, respectively, primarily as a result of higher than assumed investment returns in fiscal year 2013; (iv) decreases in debt service of \$618 million, \$398 million, \$155 million and \$138 million in fiscal years 2014 through 2017, respectively, primarily as a result of lower interest rates and debt refinancing; (v) decreases in employer health insurance costs of \$21 million, \$364 million, \$399 million and \$437 million in fiscal years 2014 through 2017, respectively, as a result of lower than assumed health insurance rates; (vi) a decrease in the general reserve of \$410 million in fiscal year 2014 and increases in the general reserve of \$450 million in each of fiscal years 2015 through 2017; (vii) an increase of \$1.864 billion in the Retiree Health Benefits Trust Fund (the "Trust Fund") in fiscal year 2014 reflecting the maintenance in the Trust Fund of \$1 billion which was previously projected to be drawn down in fiscal year 2014, and the deposit of \$864 million into the Trust Fund for the payment of future other post-employment benefits; (viii) increases of \$93 million, \$477 million, \$502 million and \$502 million in fiscal years 2014 through 2017, respectively, resulting primarily from the restoration of certain expense reductions and other actions; (ix) a reduction in the reserve for claims from past periods of \$993 million in fiscal year 2014; (x) net decreases in other expenses of \$109 million in fiscal year 2014 and \$174 million in each of fiscal years 2015 through 2017; (xi) an increase of \$1.896 billion in fiscal year 2014, a decrease of \$344 million in fiscal year 2015 and increases of \$1.224 billion and \$877 million in fiscal years 2016 and 2017, respectively, for the net additional cost of labor settlements as described below, above the amounts already provided for in the reserve for collective bargaining; (xii) an increase of \$1.0 billion in the reserve for collective bargaining in fiscal year 2015 offset by the release of reserves of \$1.0 billion from the health stabilization fund described above; and (xiii) an increase of \$284 million (for a total of \$287 million, when combined with the \$3 million decrease in revenues for lunch program fees described above) in fiscal year 2015 for City Council initiatives.

The Financial Plan also reflects, since the June 2013 Financial Plan, an increase of \$1.84 billion in the provision for the prepayment in fiscal year 2014 of fiscal year 2015 expenses. The increase, when added to the \$142 million provision for prepayments in the June Financial Plan, results in total prepayment of future expenses of \$1.98 billion in fiscal year 2014 resulting in net expenditure reductions of \$1.98 billion in fiscal year 2015.

The Financial Plan reflects funding to cover the cost of the collective bargaining agreement (“UFT Agreement” or the “Agreement”) between the City and the United Federation of Teachers (“UFT”) ratified on June 3, 2014, covering the period November 1, 2009 through October 31, 2018, as well as estimated costs of settlements with other collective bargaining units, as described below. For the 2008-2010 round of collective bargaining, the Agreement provides for the restructuring of increases that were previously granted to much of the municipal workforce, as four 2% increases in each of fiscal years 2015 through 2018. In addition, the Agreement provides for five lump-sum payments which together approximate the wages that would have been paid to employees who worked throughout the period, and to those who worked part of the period and then retired from active service, had the settlement been reached during the 2008-2010 round. Of the total of such lump-sum payments, 12.5% will be paid in each of fiscal years 2016 and 2018 and 25% will be paid in each of fiscal years 2019 through 2021. For the collective bargaining round covering the period 2010-2017, the Agreement provides for wage increases of 0%, 1%, 1%, 1%, 1.5%, 2.5% and 3% in fiscal years 2012 through 2018, respectively. A one-time \$1,000 per person ratification payment was paid in fiscal year 2014. The fiscal year 2013 and 2014 increases will be paid in fiscal year 2015. The Financial Plan reflects funding for the total cost of all of the wage increases, two of the lump-sum payments and the \$1,000 ratification payment, that are offset by: (i) contractually-enforceable savings from reform of City health insurance of \$130 million, \$230 million, \$330 million and \$420 million in fiscal years 2015 through 2018, respectively, and (ii) the release of reserves from a health stabilization fund of approximately \$330 million in fiscal year 2015. The net costs of \$1.09 billion, \$926 million, \$758 million and \$1.69 billion in fiscal years 2014, 2016, 2017 and 2018, respectively, combined with the net offset of \$55 million in fiscal year 2015, result in a total net cost of \$4.4 billion during the Financial Plan period.

Settlements with Local 1199 SEIU, the New York State Nurses Association, District Council 37, Local 237 of the Teamsters, Local 300 SEIU, and the United Probation Officers have been ratified. Each of these settlements is consistent with the pattern reflected in the UFT Agreement.

The Financial Plan also assumes that settlements with other collective bargaining units that remain unsettled for the 2008-2010 round of collective bargaining will be consistent with the restructuring reflected in the UFT Agreement for the 2008-2010 round and that wage settlements with all collective bargaining units will follow the pattern of the wage increases for the subsequent seven-year portion of the Agreement. The Financial Plan funding for the net cost of all of the elements of the Agreement as applied to the entire municipal workforce (including the UFT as described above) is \$1.96 billion, \$43 million, \$1.92 billion, \$1.92 billion and \$3.3 billion in fiscal years 2014 through 2018, respectively, for a total net cost of \$9.16 billion. Such net amounts reflect the offsets from the release of \$1 billion of reserves from a health stabilization fund in fiscal year 2015 and health insurance savings of \$400 million, \$700 million, \$1.0 billion and \$1.3 billion in fiscal years 2015 through 2018, respectively, which have been approved by the Municipal Labor Committee. The City has the right to enforce such health insurance savings through a binding arbitration process. If health insurance savings during the Financial Plan period are greater than \$3.4 billion, the first \$365 million of such additional savings is payable to union members as a one-time bonus or may be used for other purposes subject to negotiation. Any additional savings beyond such \$365 million is to be divided equally between the City and the unions.

The Financial Plan reflects \$300 million in State aid to the City in fiscal year 2015 for the implementation and expansion of universal pre-kindergarten. Such amount is expected to fully cover the costs of creating or converting new classroom seats, paying enhanced salaries and other start-up costs. The cost of such program is expected to increase to \$340 million in fiscal year 2016.

The Financial Plan assumes that all of the City’s costs relating to emergency services and the repair of damaged infrastructure as a result of Superstorm Sandy (“Sandy”) will ultimately be paid from non-City sources,

primarily the federal government. Although it is not possible for the City to quantify the full, long-term impact of the storm on the City and its economy, the current estimate of costs to the City and the New York City Health and Hospitals Corporation (“HHC”) is approximately \$5.2 billion. Of such amount, approximately \$1.9 billion represents expense funding for emergency response, debris removal and emergency protective measures, and approximately \$3.3 billion represents capital funding of long-term permanent work to repair damaged infrastructure. No assurance can be given that the City will be reimbursed for all of its costs or that such reimbursements will be received within the time periods assumed in the Financial Plan. In addition, the City may incur costs relating to flood insurance that are not reflected in the Financial Plan, which could offset some reimbursements. For further information, see “SECTION IX: OTHER INFORMATION—Environmental Matters.”

The City is expected to benefit from a portion of the recent \$8.9 billion penalty from the bank BNP Paribas in connection with a State and federal criminal proceeding. The amount of the portion to benefit the City, which will be subject to use restrictions, is \$895.5 million.

In October, the City expects to release the 2015-2018 Capital Commitment Plan which is expected to reflect approximately \$600 million of additions to the fiscal year 2015 capital budget made during the fiscal year 2015 budget adoption process. The Mayor of the City has announced a plan to drastically reduce greenhouse gas emissions in the City by 2050, the costs of which are not yet reflected in the Financial Plan, capital budget or Capital Commitment Plan.

From time to time, the Control Board staff, the Office of the State Deputy Comptroller for the City of New York (“OSDC”), the City Comptroller, the Independent Budget Office (“IBO”) and others issue reports and make public statements regarding the City’s financial condition, commenting on, among other matters, the City’s financial plans, projected revenues and expenditures and actions by the City to eliminate projected operating deficits. Some of these reports and statements have warned that the City may have underestimated certain expenditures and overestimated certain revenues and have suggested that the City may not have adequately provided for future contingencies. Certain of these reports have analyzed the City’s future economic and social conditions and have questioned whether the City has the capacity to generate sufficient revenues in the future to meet the costs of its expenditure increases and to provide necessary services. It is reasonable to expect that reports and statements will continue to be issued and to engender public comment. For information on reports issued on the Financial Plan by the City Comptroller and others reviewing, commenting on and identifying various risks therein, see “SECTION VII: FINANCIAL PLAN—Certain Reports.”

## **The State**

The State ended the 2013-2014 fiscal year with a general fund balance of \$2.24 billion, an increase of \$432 million above the estimate in the Governor’s 2014-2015 Executive Budget released on January 21, 2014, reflecting stronger than expected tax collections. The State Legislature completed action on the \$138 billion budget for the 2014-2015 fiscal year on March 31, 2014 (the “Enacted Budget”). The Enacted Budget provides for balanced operations on a cash basis in the State’s General Fund (the “General Fund”), as required by law. The State released its Annual Information Statement, which reflects the Enacted Budget and the State’s financial plan for fiscal years 2015 through 2018 (the “State Financial Plan”), on June 13, 2014 (the “Annual Information Statement”). The State released its First Quarterly Update to the State Financial Plan in August 2014 which is described in the Update to the Annual Information Statement dated September 4, 2014, as supplemented September 30, 2014 (the “AIS Update”). The State expects to update the Annual Information Statement quarterly.

The State forecasts ending the 2014-2015 fiscal year in balance on a cash basis of accounting with a General Fund balance of \$6.2 billion, an increase of \$4.2 billion from the Enacted Budget estimate due to a series of unbudgeted financial settlements reached with banks and insurance companies in the first four months of the fiscal year. The State projects the General Fund budget surplus for fiscal years 2015-2016, 2016-2017 and 2017-2018 to be approximately \$243 million, \$1.07 billion and \$1.43 billion, respectively. The AIS Update projections for fiscal year 2016 and thereafter reflect an assumption that the Governor will continue to propose, and the State Legislature will continue to enact, balanced budgets in future years that limit annual growth in State operating

funds to no greater than 2 percent. By adhering to the 2 percent spending benchmark, the State Division of the Budget expects that the State is positioned to fully fund the tax reductions and spending commitments described in the AIS Update and accrue surpluses in future years, based on updated projections. The tax actions consist of tax and assessment reductions intended to provide property, business and estate tax relief, and include a residential property tax credit and renter's credit, corporate tax reform and the elimination of the tax on net income for corporate manufacturers, the elimination of the temporary utility assessment, and an increase in the estate tax filing threshold.

The Annual Information Statement and AIS Update identify a number of risks inherent in the implementation of the budget and the State Financial Plan. Such risks include, but are not limited to, the strength and duration of the economic recovery; the impact of federal deficit reduction measures; the performance of the national and State economies; the impact of international events on consumer confidence, oil supplies and oil prices; changes in the size of the State's workforce; the realization of the projected rate of return for pension fund assets and current assumptions with respect to wages for State employees affecting the State's required pension fund contributions; the impact of behavioral changes concerning financial sector profitability and the structure of financial sector bonuses, as well as any future legislation governing the structure of compensation; the impact of financial and real estate market developments on bonus income and capital gains realizations; shifts in monetary policy affecting interest rates and the financial markets; the impact of consumer spending on State tax collections; increased demand in entitlement-based and claims-based programs such as Medicaid, public assistance and general public health; the ability of the State to successfully market its securities; litigation against the State; actions taken by the federal government, including audits, disallowances, and changes in aid levels; changes to Medicaid rules; environmental and weather related events; and risks concerning the implementation of gap-closing actions, including reductions in State agency spending.

### **SECTION III: THE BONDS**

#### **General**

The Bonds are 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, as amended (the "Certificate"). The Bonds mature and bear interest as described on the inside cover page of this Reoffering Circular and 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 is 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 additional terms of the Bonds not included in this SECTION II see the cover page, the inside cover page, "APPENDIX A—DEFINITIONS" and "APPENDIX B—MULTI-MODAL BONDS." All or a portion of the 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 Reoffering Circular only describes the Bonds bearing interest at a Daily Rate, Two-Day Rate, Weekly Rate or Commercial Paper Rate. The initial Credit Facilities do not cover the Bonds bearing interest at a Commercial Paper Rate. Under the Certificate, it is a condition to conversion to the Commercial Paper Rate Mode that the City provide a liquidity facility covering the Bonds in such Mode. It is currently anticipated that, should any Bonds be converted to a Term Rate, Fixed Rate, Stepped Coupon Rate, Index Rate or Auction Rate, or supported by a Liquidity Facility, a new remarketing circular will be distributed at that time.

#### **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 herein by specific reference.

The Bonds are subject to mandatory tender for purchase by the applicable Credit Facility Provider upon a failure by the City to pay principal of or interest on such Subseries of Bonds when due.

### **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 has covenanted 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 has further covenanted 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.

### **Credit Facilities**

Each of the Credit Facility Providers listed on the inside cover page has agreed to provide a Credit Facility in the form of an irrevocable letter of credit with respect to the Bonds as designated on the inside cover page hereof. Each such Credit Facility provides coverage for the principal of the applicable Subseries of tendered Bonds and up to 35 days accrued interest on such Subseries of Bonds at a maximum interest rate of 9%. Each Subseries of Bonds secured by a Credit Facility is subject to mandatory tender upon a failure by the City to pay principal or interest on such Subseries of Bonds when due. The scheduled expiration date for each Credit Facility is listed on the inside cover page hereof. For a description of certain provisions of the Credit Facilities to be provided by the Credit Facility Providers, see “APPENDIX B—MULTI-MODAL BONDS.” The form of each Letter of Credit issued pursuant to the respective Credit Facility is attached hereto as “APPENDIX G—THE CREDIT FACILITIES.” For information regarding the Credit Facility Providers, see “APPENDIX F—THE CREDIT PROVIDERS.”

### **Optional Redemption**

The Bonds are subject to redemption (or purchase in lieu thereof) 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 written notice to Bondholders as provided in the Certificate. Bonds in the Commercial Paper Rate Mode are subject to optional redemption only on a Mandatory Tender Date.

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

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

## Mandatory Redemption

The Bonds are Term Bonds subject to mandatory redemption upon 30 days' (but not more than 60 days') notice to Bondholders, by lot, on each March 1 or October 1, as applicable (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>Subseries H-2 Bonds</u>		<u>Subseries H-3 Bonds</u>	
<u>March 1,</u>	<u>Amount</u>	<u>March 1,</u>	<u>Amount</u>
2021	\$3,165,000	2021	\$3,165,000
2022	3,305,000	2022	3,305,000
2023	3,460,000	2023	3,460,000
2024	3,615,000	2024	3,615,000
2025	3,785,000	2025	3,785,000
2026	3,965,000	2026	3,965,000
2027	4,150,000	2027	4,150,000
2028	4,340,000	2028	4,340,000
2029	4,545,000	2029	4,545,000
2030	4,755,000	2030	4,755,000
2031	4,980,000	2031	4,980,000
2032	5,215,000	2032	5,215,000
2033	5,460,000	2033	5,460,000
2034*	5,715,000	2034*	5,715,000

  

<u>Subseries D-3A Bonds</u>		<u>Subseries D-3B Bonds</u>	
<u>October 1,</u>	<u>Amount</u>	<u>October 1,</u>	<u>Amount</u>
2027	\$ 6,250,000	2027	\$ 4,150,000
2028	13,200,000	2028	8,600,000
2037	21,800,000	2037	14,200,000
2038	21,800,000	2038	14,200,000
2039*	13,615,000	2039*	8,850,000

\* 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 information under this caption "Special Considerations Relating to the Bonds" was provided by the Remarketing Agents and is not the responsibility of the City.

*The Remarketing Agents are Paid By the City.* The responsibilities of the Remarketing Agents 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 Agreements), all as further described in this Reoffering Circular. The Remarketing Agents are appointed by the City and are paid by the City for their services. As a result, the interests of the Remarketing Agents may differ from those of existing Holders and potential purchasers of Bonds.

*The Remarketing Agents May Purchase Bonds for their Own Account.* The Remarketing Agents act as remarketing agents for a variety of variable rate demand obligations and, in their sole discretion may purchase such obligations for their own accounts. The Remarketing Agents are permitted, but not obligated, to purchase tendered Bonds for their own accounts and, in its sole discretion, may 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 Agents are not obligated to purchase Bonds, and may cease doing so at any time without notice. The Remarketing Agents may also make a market in the Bonds by 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 Agents are not required to make a market in the Bonds. The Remarketing Agents may also sell any Bonds they have purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce their exposure to the Bonds. The purchase of Bonds by the Remarketing Agents 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 each Remarketing Agreement, each 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 Agents are not obligated to advise purchasers in a remarketing if they do not have third party buyers for all of the Bonds they remarket at the remarketing price. In the event a Remarketing Agent owns any Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Bonds on any date, including the interest rate determination date, at a discount to par to some investors.

*The Ability to Sell the Bonds Other Than Through the Tender Process May Be Limited.* The Remarketing Agents may buy and sell Bonds other than through the tender process. However, they are 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. The Credit Facilities are available only to purchase Bonds tendered in accordance with the tender process.

*Remarketing Agents May Cease Remarketing the Bonds.* Under certain circumstances the Remarketing Agents may cease remarketing the Bonds, subject to the terms of the Remarketing Agreements.

### **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 subseries of the Bonds 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 subseries are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such subseries 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 Remarketing Agent 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 IV: MISCELLANEOUS

### Litigation

The following paragraphs describe certain material legal proceedings and claims involving the City and Covered Organizations other than routine litigation incidental to the performance of their governmental and other functions and certain other litigation arising out of alleged constitutional violations, torts, breaches of contract and other violations of law and condemnation proceedings. While the ultimate outcome and fiscal impact, if any, on the City of the proceedings and claims described below are not currently predictable, adverse determinations in certain of them might have a material adverse effect upon the City's ability to carry out the Financial Plan. The City has estimated that its potential future liability on account of outstanding claims against it as of June 30, 2013 amounted to approximately \$6.2 billion. See "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. Other Than Personal Services Costs—*Judgments and Claims*."

#### *Taxes*

1. Numerous real estate tax *certiorari* proceedings alleging overvaluation, inequality and illegality are pending against the City. Based on historical settlement activity, and including an estimated premium for inequality of assessment, the City estimates its potential future liability for outstanding *certiorari* proceedings to be \$880 million at June 30, 2013. For a discussion of the City's accounting treatment of its inequality and overvaluation exposure, see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note D.4."

2. Con Edison has challenged the City's method of valuation for determining assessments of certain of its properties in two separate actions. Con Edison has challenged the City's tax assessments on its Manhattan East River plants for tax years 1994/1995 through 2013/2014 and the City's special franchise assessment on its electric grid located in the public right of way for tax years 2009/2010 and 2013/2014. The challenges could result in substantial real property tax refunds in fiscal years 2014 and 2015.

3. In 2014, a class action seeking declaratory and injunctive relief was filed on the basis that the City's real property tax classification system as prescribed by State law violates the Fair Housing Act, denies plaintiffs equal protection and due process rights and results in disparate, adverse and discriminatory treatment of the City's African-American and Hispanic renters. The City believes this case has no merit.

#### *Miscellaneous*

1. Complaints on behalf of approximately 11,900 plaintiffs alleging respiratory or other injuries from alleged exposures to World Trade Center dust and debris at the World Trade Center site or the Fresh Kills landfill were commenced against the City and other entities involved in the post-September 11 rescue and recovery process. Plaintiffs include, among others, Department of Sanitation employees, firefighters, police officers, construction workers and building clean-up workers. The actions were consolidated in federal District Court pursuant to the Air Transportation and System Stabilization Act, which grants exclusive federal jurisdiction for all claims related to or resulting from the September 11 attack. A not-for-profit "captive" insurance company, WTC Captive Insurance Company, Inc. (the "WTC Insurance Company") was formed to cover claims against the City and its private contractors relating to debris removal work at the World Trade Center site and the Fresh Kills landfill. The WTC Insurance Company was funded by a grant from the Federal Emergency Management Agency in the amount of \$999,900,000. On June 10, 2010, the WTC Insurance Company announced that a settlement was reached with attorneys for the plaintiffs. On November 19, 2010, District Court Judge Hellerstein announced that more than the required 95% of plaintiffs agreed to the settlement, thus making it effective. Approximately \$642.5 million has been paid under the settlement, leaving residual funds of approximately \$335 million to insure and defend the City and its contractors against any new claims. Additionally, the City is threatened with third-party claims in more than 1,000 building clean-up cases to which it is currently not a party. Since the applicable statute of limitations runs from the time a person learns of his or her injury or should reasonably be aware of the injury, additional plaintiffs may bring lawsuits in the future, which could result in substantial damages. No assurance can be given that the insurance will be sufficient to cover all liability that might arise from such claims.

2. In 1996, a class action was brought against the City and the State under Title VII of the Civil Rights Act of 1964 alleging that the use by the City Board of Education of two teacher certification examinations mandated by the State had a disparate impact on minority candidates. The District Court dismissed the case following a bench trial. Plaintiffs appealed, and in 2006, the United States Court of Appeals for the Second Circuit reversed the District Court's ruling, dismissed the claims against the State, and remanded for further proceedings. On remand in December 2012 the District Court decertified the class with respect to plaintiffs' claims for monetary relief and individualized injunctive relief. The District Court, however, left open the possibility that plaintiffs' claims for monetary relief, in the form of back pay, and individualized injunctive relief could be certified as a class during a remedies phase. The District Court found that the class survived as to plaintiffs' claims for classwide declaratory and injunctive relief and decided that the Board of Education had not violated Title VII by reducing plaintiffs' salaries, benefits, and seniority if they failed to pass the Core Battery exam, the earlier of the two exams at issue, which was last used by the State in 1996. The court, however, found that the City had violated Title VII by requiring plaintiffs to pass the Liberal Arts and Sciences Test ("LAST"), a certification examination that was once, but is no longer, being utilized by the New York State Department of Education. As of Spring 2014, the State has required an entirely new set of certification requirements, one of which is passage of the Academic Literacy Skills Test ("ALST"), a New York State certification examination aligned with the new Common Core curriculum. On August 29, 2013, the District Court certified an individual damages class. The number of class members is not ascertainable at this time, nor, at this time, is it possible to estimate possible class-wide damages given the highly individualized nature of each individual plaintiff's damages claim and of DOE's defense of mitigation. In addition, plaintiffs are seeking to add a category of plaintiffs, day-to-day substitutes, that would increase the number of individuals seeking monetary recovery. Finally, although the current class period ends on February 14, 2004, the class could be expanded to the present. Specifically, the Court has directed the appointment of a neutral expert, whose opinion the parties will have an opportunity to address, to advise the Court as to whether the LAST administered after February 14, 2004, and possibly the ALST were properly validated as job-related. If the Court, after reviewing the neutral expert's opinion, determines that they were not properly validated, the plaintiffs may seek to expand the damages class to include people who failed to pass those examinations. On January 28, 2013, the District Court granted the City's motion for leave to file an interlocutory appeal from the District Court's December 2012 decision which ruled against the City with respect to the controlling legal question of whether an employer's compliance with a facially neutral state licensing requirement that allegedly has a disparate impact on members of a protected class may subject it to liability under Title VII. On March 19, 2013, the Second Circuit granted the City's motion for an interlocutory appeal. By Summary Order, dated February 4, 2013, the Second Circuit affirmed the District Court's December 2012 decision, deciding the controlling legal question against the City.

3. The federal Department of Health and Human Services Office of Inspector General ("HHS OIG") conducted a review of Medicaid Personal Care Services claims made by providers in the City from January 1, 2004 through December 31, 2006, and concluded that 18 out of 100 sampled claims by providers failed to comply with federal and State requirements. The Medicaid Personal Care Services program in the City is administered by the City's Human Resources Administration. In its audit report issued in June 2009, the HHS OIG, extrapolating from the case sample, estimated that the State improperly claimed \$275.3 million in federal Medicaid reimbursement during the audit period and recommended to the Center for Medicare and Medicaid Services ("CMS") that it seek to recoup that amount from the State. To the City's knowledge, CMS has not taken any action to recover amounts from the State based on the findings in this audit, but no assurance can be given that it will not do so in the future.

Section 22 of Part B of Chapter 109 of the Laws of 2010 amended an earlier unconsolidated State law to set forth a process under which the State Department of Health may recover from a social services district, including the City, the amount of a federal Medicaid disallowance or recovery that the State Commissioner of Health "determines was caused by a district's failure to properly administer, supervise or operate the Medicaid program." Such a determination would require a finding that the local agency had "violated a statute, regulation or clearly articulated written policy and that such violation was a direct cause of the federal disallowance or recovery." It is not clear whether the recovery process set out in the amendment can be applied to a federal

disallowance against the State based upon a pre-existing audit; however, in the event that it does, and results in a final determination by the State Commissioner of Health against the City, such a determination could result in substantial liability for the City as a result of the audit.

4. A lawsuit has been brought against the City in the United States District Court for the Southern District of New York by School Safety Agents alleging violation of the federal Equal Pay Act, Title VII of the Civil Rights Act of 1964 and provisions of State law. Plaintiffs claim that School Safety Agents (who are predominantly female) earn less pay than Special Officers (who are predominantly male) although both jobs require substantially equal skill, effort and responsibility. The case has been certified as a class action. Although the case was commenced by three named plaintiffs in 2010, 4,900 plaintiffs subsequently opted into the lawsuit. Plaintiffs seek injunctive relief and damages. A tentative settlement has been reached in this case, subject to a fairness hearing and approval by the Court. The estimated settlement amount is \$32-35 million plus reasonable attorney's fees to be determined by the Court. If plaintiffs were to ultimately prevail, the City could be subject to substantial liability.

5. In May 2007, the United States filed an action under Title VII of the Civil Rights Act of 1964 in the United States District Court for the Eastern District of New York challenging the City's use of two written examinations for the entry-level position of firefighter on the ground that use of the tests on a pass/fail basis and to rank-order applicants for selection resulted in a disparate impact on black and Hispanic candidates and that the tests were not "job related and consistent with business necessity." In September 2007, the Vulcan Society, a fraternal organization of black firefighters, and three black applicants intervened as plaintiffs and also asserted intentional discrimination claims. In July 2009, the Court found the City liable on the disparate impact claims. In January 2010, the Court ruled that the City had engaged in intentional discrimination and found that absent the discriminatory tests, the City would have hired an additional 293 black and Hispanic candidates from the two civil service lists generated by the two challenged exams. The Court also determined that all black and Hispanic candidates who took the discriminatory tests who can show they were otherwise qualified to be firefighters are entitled to a portion of the backwages and benefits which would have been paid to the 293 candidates had they been hired. The finding of intentional discrimination was vacated on appeal in May 2013, and a trial was scheduled to begin in late March 2014. Prior to the trial, the City agreed to settle the intentional discrimination claims for injunctive relief only and agreed to pay \$98 million in economic damages to resolve the disparate impact claims. A proposed Consent Order has been submitted to the Court and a fairness hearing was held on October 1, 2014. The Court will decide whether to approve the settlement.

6. A lawsuit against the DOE and other school districts throughout the State alleging that claims by the districts seeking Medicaid reimbursement for their respective Targeted Case Management programs violated the federal False Claims Act was unsealed in July 2012 and served on the City in October 2012. The Targeted Case Management program is a program that coordinates services for children with disabilities. The relators (plaintiffs) allege that the districts submitted false and fraudulent claims for reimbursement. The federal government is not participating in this action. The relators seek treble damages as well as civil penalties. By order dated March 2, 2014, all of the relators' claims were dismissed. The relators filed a notice of appeal relating to that order on April 10, 2014. If the relators were to ultimately prevail, the City could be subject to substantial damages.

7. The City has received Civil Investigative Demands from the United States Department of Justice in connection with a False Claims Act investigation of claims relating to Medicaid reimbursement for the City's Early Intervention Program. If the City were to be a defendant in a False Claims Act lawsuit relating to the investigation it could be subject to substantial liability.

8. A personal injury lawsuit brought in 1998 alleges that a 12 year-old female suffered brain injuries as a result of the negligent actions of City emergency medical technicians. On May 28, 2014, a Bronx jury awarded plaintiffs a \$172 million judgment. The City intends to appeal the verdict.

9. In July 2014 disability rights advocates organizations and disabled individuals commenced a putative class action against the City in the United States District Court for the Southern District of New York. Plaintiffs allege, among other matters, that the City has not complied with certain requirements of the Americans with Disabilities Act with respect to the installation, configuration and maintenance of curb ramps on sidewalks and



requirements for sidewalk walkways in general in Manhattan south of 14<sup>th</sup> Street. If plaintiffs were to prevail, the City could be subject to substantial compliance costs.

### **Environmental Matters**

On Monday, October 29, 2012, Sandy hit the Mid-Atlantic East Coast. The storm caused widespread damage to the coastal and other low lying areas of the City and power failures in various parts of the City, including most of downtown Manhattan. Although it is not possible for the City to quantify the full, long-term impact of the storm on the City and its economy, the current estimate of costs to the City and HHC is approximately \$5.2 billion. Of such amount, approximately \$1.9 billion represents expense funding for emergency response, debris removal and emergency protective measures, and approximately \$3.3 billion represents capital funding of long-term permanent work to restore damaged infrastructure.

The Financial Plan assumes that all of the City's costs relating to emergency services and the repair of damaged infrastructure as a result of the storm will ultimately be paid from non-City sources, primarily the federal government. On January 29, 2013, President Obama signed legislation providing for approximately \$50.5 billion in storm-related aid for the region affected by the storm. The maximum reimbursement rate from the Federal Emergency Management Agency ("FEMA") is 90% of total costs. Other funding sources may have larger local share percentages. In addition to the \$5.2 billion of costs to the City and HHC described above, which the City expects to be predominately funded by FEMA, the City has received an allocation of \$805 million from the U.S. Department of Housing and Urban Development of Community Development—Disaster Recovery funding. This allocation would be available to fill gaps in such FEMA funding. No assurance can be given that the City will be reimbursed for all of its costs or that such reimbursements will be received within the time periods assumed in the Financial Plan. In addition, the City may incur costs relating to flood insurance that are not reflected in the Financial Plan, which could offset some reimbursements.

In June 2013, the City released a report that analyzed the City's climate risks and outlined certain recommendations to address those risks. The report included a first phase of recommendations with a total estimated cost of nearly \$20 billion. Such recommendations involve City and non-City assets and programs, and reflect both expense and capital funding from the City along with other sources. The report identified approximately \$10 billion to be provided through a combination of \$5.5 billion of City capital funding already included in the Ten Year Capital Strategy for City infrastructure and coastal protection and federal relief already appropriated by Congress and allocated to the City. In addition, the report expected an additional \$5 billion of funding, in part from federal support already appropriated by Congress but not yet allocated to the City. Additional costs would require increased federal or other funding and increased City capital or expense funding.

On March 2, 2010, the United States Environmental Protection Agency ("EPA") listed the Gowanus Canal (the "Canal"), a waterway located in the City, as a federal Superfund site under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). EPA considers the City a potentially responsible party ("PRP") under CERCLA, based on contaminants from currently and formerly City-owned and operated properties, as well as from the City's combined sewer overflows ("CSOs"). EPA's 2013 Record of Decision ("ROD") for the remediation requires dredging the contaminated sediment in the Canal and covering it with a cap. The ROD includes two CSO tanks in order to prevent recontamination of the Canal following implementation of the Superfund remedy. EPA estimates that the costs of the tanks will be approximately \$85 million and the overall cleanup costs (to be allocated among potentially responsible parties) will be \$506 million. The City anticipates that the actual cleanup costs could substantially exceed EPA's cost estimate. In March 2014, EPA issued a unilateral administrative order to perform the in-canal remedial design work to National Grid and approximately 30 non-governmental PRPs. On May 28, 2014, EPA issued a unilateral administrative order requiring the City to design major components of the remedy for the Canal, including the CSO retention tanks, remediation of the First Street basin (a currently filled-in portion of the Canal), and storm water controls. On June 23, 2014, the City notified EPA of its intent to commence design of the tanks but also outlined several major legal and practical problems with the unilateral administrative order, including EPA's vast underestimate of costs, the agency's failure to identify and analyze certain control measures according to CERCLA's legally mandated and scientifically valid remedy selection process, and unreasonable deadlines for completion of the tank design.

On September 27, 2010, EPA listed Newtown Creek, the waterway on the border between Brooklyn and Queens, New York, as a Superfund site. On April 6, 2010, EPA notified the City that EPA considers the City a PRP under CERCLA for hazardous substances in Newtown Creek. In its Newtown Creek PRP notice letter, EPA identified historical City activities that filled former wetlands and low lying areas in and around Newtown Creek and releases from formerly City-owned and operated facilities, including municipal incinerators, as well as discharges from sewers and CSO outfalls, as potential sources of hazardous substances in Newtown Creek. In July, 2011, the City entered into an Administrative Settlement Agreement and Order on Consent with EPA and five other PRPs to conduct an investigation of conditions in Newtown Creek and evaluate feasible remedies. The investigation and feasibility study is expected to take approximately seven years. The City's share will be determined in a future allocation proceeding. The settlement does not cover any remedy that may ultimately be chosen by EPA to address the contamination identified as a result of the investigation and evaluation.

Under CERCLA, a responsible party may be held responsible for monies expended for response actions at a Superfund site, including investigative, planning, removal, remedial and EPA enforcement actions. A responsible party may also be ordered by EPA to take response actions itself. Responsible parties include, among others, past or current owners or operators of a facility from which there is a release of a hazardous substance that causes the incurrence of response costs. The nature, extent, and cost of response actions at either the Canal or Newtown Creek, the contribution, if any, of discharges from the City's water and sewer system of hazardous substances in Newtown Creek, and the extent of the City's liability, if any, for monies expended for such response actions, will likely not be determined for several years and could be material.

On May 8, 2014, EPA listed the former Wolff-Alport Chemical Company site ("Wolff-Alport Site") in Ridgewood, Queens as a Superfund site. The designation is based on radioactive contamination resulting from the operations of the Wolff-Alport Chemical Company during the 1920s to 1950s, which, among other things, disposed of radioactive thorium on-site and via the sewer system. In August 2012, EPA, in cooperation with City and State agencies, commenced a response action to implement certain interim remedial measures at the Wolff-Alport Site to address the site's short-term public health risks. EPA has indicated that the Superfund process would include an investigation of impacts to the sewer system from operations at the Wolff-Alport Site.

The National Park Service ("NPS") is undertaking a CERCLA removal action at Great Kills Park on Staten Island to address radioactive contamination that has been detected at the site. Great Kills Park was owned by the City until roughly 1972, when it was transferred to NPS for inclusion in the Gateway National Recreation Area. While owned by the City, the site was used as a sanitary landfill, and the park was also expanded using urban fill. NPS believes that the radioactive contamination is the result of City activities and that the City is therefore liable for the investigation and remediation under CERCLA. The City is currently negotiating a settlement with NPS to address a remedial investigation and feasibility study. No other PRPs have been identified at this time.

### **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 Matters**

In connection with the issuance of the Bonds, Sidley Austin LLP, New York, New York, Bond Counsel, delivered its approving opinions in the form attached hereto as Appendix C (the "Original Opinions"). The Original Opinions concluded that under then existing law interest on the Bonds would not be includable in the gross income of the owners of the Bonds for purposes of federal income taxation; however, interest on the Bonds would be includable in gross income of the owners thereof retroactive to the date of original issuance of the Bonds in the event of a failure by the City to comply with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Original Opinions further concluded that, under then existing law, interest on the Bonds would not be a specific preference item for purposes of the federal individual or corporate alternative minimum tax; however, interest on the Bonds would be includable in the calculation of a corporation's alternative minimum tax and holders may be subject to other federal income tax consequences. In addition, the Original Opinions concluded that, under then existing law, interest on the Bonds would be exempt from personal income taxes of the State of New York and its political subdivisions, including the City.

The Original Opinions also conclude that the Bonds constitute valid and legally binding obligations of the City, as described therein. On the Reoffering Date of the Bonds, Sidley Austin LLP will deliver its opinion substantially in the form contained in Appendix D to this Reoffering Circular.

The Bonds are reoffered pursuant to a Supplemental Certificate of the Deputy Comptroller for Public Finance, dated October 15, 2014 (the "Supplemental Certificate"). On the Reoffering Date of the Bonds, as herein contemplated, Fulbright & Jaworski LLP ("Bond Counsel to the City for Tax Matters" or "Tax Counsel") will deliver its opinion (the "No-Adverse-Effect Opinion") to the effect that the Supplemental Certificate will not in and of itself adversely affect any exclusion of interest on the Bonds from gross income for purposes of federal income taxation. A form of the No-Adverse-Effect Opinion is contained in Appendix E to this Reoffering Circular.

In rendering the No-Adverse-Effect Opinion, Tax Counsel will assume the correctness of the Original Opinions, and will rely on the opinion of Sidley Austin LLP to the effect that the Supplemental Certificate and the actions ordered thereby are authorized by law and the Certificate (as identified in the Supplemental Certificate). Tax Counsel will express no opinion with respect to the current status of the interest on the Bonds for federal income tax purposes.

Except as described above, Tax Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change so as to reduce or eliminate the benefit to holders of the Bonds of the exclusion of interest thereon from gross income for federal income tax purposes. Proposed legislative or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed changes in tax law.

Sidley Austin LLP has not been engaged to review any matter or conduct any investigation or examination relating to the effect of the Supplemental Certificate on the federal, state or local tax consequences with respect to the receipt of interest on the Bonds, or the ownership or the disposition of the Bonds, and takes no



responsibility therefor. Furthermore, Sidley Austin LLP is not expressing any opinion as to any federal, state or local tax consequences of the Supplemental Certificate arising with respect to the Bonds, the receipt of interest thereon or the ownership or disposition thereof, including, without limitation, the exclusion from gross income of interest on the Bonds.

### **Legal Opinions**

The legality of a Supplemental Certificate of the Deputy Comptroller for Public Finance, dated October 15, 2014, will be affirmed by the legal opinion of Sidley Austin LLP, New York, New York, Bond Counsel to the City substantially in the form of Appendix D hereto. Such firm is also acting as counsel for and against the City in certain other unrelated matters.

The opinion of Fulbright & Jaworski LLP, Bond Counsel to the City for Tax Matters, will be substantially in the form of Appendix E hereto. Reference should be made to the form of such opinion for the matters covered by such opinion and the scope of Tax Counsel's engagement in relation to 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 Reoffering Circular. 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 Squire Patton Boggs (US) LLP, New York, New York, and D. Seaton and Associates, New York, New York, Co-Counsel to the Remarketing Agent.

Certain legal matters will be passed upon for the Credit Providers by their special counsel.

### **Reoffering**

The Subseries H-2 and H-3 Bonds are being purchased for reoffering by BNY Mellon Capital Markets, LLC pursuant to a Firm Remarketing Agreement with the City. BNY Mellon Capital Markets, LLC has agreed, subject to certain conditions, to purchase the Subseries H-2 and H-3 Bonds from the City at an aggregate price equal to the par amount of such Bonds. BNY Mellon Capital Markets, LLC will be reimbursed for certain expenses in connection with the reoffering.

The Subseries D-3A and D-3B Bonds are being purchased for reoffering by RBC Capital Markets, LLC pursuant to a Firm Remarketing Agreement with the City. RBC Capital Markets, LLC has agreed, subject to certain conditions, to purchase the Subseries D-3A and D-3B Bonds from the City at an aggregate price equal to the par amount of such Bonds. RBC Capital Markets, LLC will be reimbursed for certain expenses in connection with the reoffering.

The Remarketing Agents and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Remarketing Agents and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Remarketing Agents and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in

such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

**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 remarketing of the Bonds.

THE CITY OF NEW YORK

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. Each reference to Bonds includes portions thereof in Authorized Denominations.

“*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.

“*Authorizing Document*” means the Certificates of the Deputy Comptroller for Public Finance of the City of New York With Respect to the Bonds, dated March 11, 2004 and October 13, 2011, as supplemented October 15, 2014.

“*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 Reoffering Circular.

“*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 2004 Series H, Subseries H-2 and H-3 and Fiscal 2012 Series D, Subseries D-3A and D-3B.

“*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.

“*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 Electronic Means.

“*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 or opinions 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 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.

“*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, unless otherwise specified by the City, 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>Subseries</u>	<u>Maturity Month</u>	<u>Opposite Month</u>
Subseries H-2 and H-3 Bonds	March	September
Subseries D-3A and D-3B Bonds	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 each Purchase and Remarketing Fund established pursuant to a 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 Fitch or 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 a Multi-Modal 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.

“*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*” or “*Bank*” means any provider of a Standby Agreement then in effect.

*“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 a Conversion Date or on Wednesday unless otherwise specified by an Authorized Officer of the City) following an Initial Period or a Weekly Rate Period.

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

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**MULTI-MODAL BONDS**

The Multi-Modal Bonds are subject to the provisions summarized below. Capitalized terms used in this “APPENDIX B—MULTI-MODAL BONDS” which are not otherwise defined in the Reoffering Circular 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, each holder of Bonds to be Converted, 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 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 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 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 to which such Bonds are duly converted.

### **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 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 for such Daily Rate Period shall continue in effect for two weeks, and thereafter such Bonds shall bear interest at the Maximum Rate until a Rate has been duly 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, then the Two-Day Rate for such Two-Day Rate Period shall continue in effect for two weeks, and thereafter such Bonds shall 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 not later than 10:00 a.m., New York City time, of 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, then the Weekly Rate for such Weekly Rate Period shall continue in effect 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**

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 with a copy to 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. on 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 seven 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 Bonds of a Subseries are supported by a Liquidity Facility and there is no existing Liquidity Condition), the 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;
- (b) on the Business Day following each Rate Period for the Adjustable Rate Bonds of such Subseries in the Commercial Paper 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 (including assignments) 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 and Rating Confirmation has been received from each Rating Agency;

- (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, subject to the City's providing a source of payment therefor in accordance with the Certificate and State law; 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 Bank 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 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 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 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 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.

At their reoffering on October 15, 2014 the Bonds will be supported by Credit Facilities without Liquidity Conditions.

### **Inadequate Funds for Tender**

If the funds available for purchase of Tendered 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. 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, together with the proceeds of remarketing, 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. Each Credit Provider’s commitments under its initial Credit Facility will be sufficient to pay the Purchase Price of the Adjustable Rate Bonds as follows:

<u>Credit Provider</u>	<u>Subseries</u>	<u>Facility Scheduled Expiration Date</u>
CalPERS .....	H-2, H-3 and D-3A	October 31, 2017
Royal Bank of Canada .....	D-3B	October 31, 2017

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

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

If a Standby Agreement is to be extended or replaced, the City shall give Written Notice to each affected Bondholder at least 10 days prior to any extension or substitution.

The obligation of the Standby Purchaser 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 Standby Purchaser in respect of such Standby Purchaser's purchase of Adjustable Rate Bonds shall be evidenced by the Bonds so purchased by such Standby Purchaser.

The preceding is a summary of certain provisions expected to be included in the 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 Credit Providers is included herein as "APPENDIX F—CREDIT PROVIDERS." Neither the City nor the Remarketing Agents make any representation with respect to the information in "APPENDIX F—THE CREDIT PROVIDERS."

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SINGAPORE  
TOKYO

March 11, 2004

HONORABLE WILLIAM C. THOMPSON, JR.  
COMPTROLLER  
The City of New York  
Municipal Building  
New York, New York 10007

Dear Comptroller Thompson:

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 2004 Series H (the "Bonds"), including multi-modal bonds (the "Tax-Exempt Bonds") and zero-coupon bonds due in 2020 (the "QZABs").

The Bonds are issued pursuant to the provisions of 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 (the "Certificate").

Based on our examination of existing law, such legal proceedings and such other documents as we deem necessary to render this opinion, 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 Tax-Exempt Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.
3. Except as provided in the following sentence, interest on the Tax-Exempt Bonds is not includable in the gross income of the owners of the Tax-Exempt Bonds for purposes of federal income taxation under existing law. Interest on the Tax-Exempt Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the Bonds in the event of a failure by the City to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and the covenants regarding use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the United States Treasury; and we render no opinion as to the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes on or after the date on which any action is taken under the Certificate upon the approval of counsel other than ourselves.
4. Interest on the Tax-Exempt 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.

5. Subject to the restrictions described below, QZABs are “qualified zone academy bonds” within the meaning of the Code, eligible for the income tax credit set forth in Section 1397E of the Code. The amount of the tax credit is included in gross income of the eligible taxpayer. In rendering this opinion, we have relied without independent investigation upon representations of the City and the Chancellor of The New York City School District (the “Chancellor”) with respect to material facts solely within the knowledge of each and to the effect that each has taken actions necessary for the QZABs to be “qualified zone academy bonds.” Our opinion is subject to the City’s and the Chancellor’s compliance with all requirements of the Code that must be satisfied after issuance of the QZABs so that the QZABs qualify or continue to qualify as “qualified zone academy bonds.” The City and the Chancellor have covenanted in their respective tax certificates to comply with such requirements. Failure by the City or the Chancellor to comply with such requirements may cause the QZABs to be disqualified as “qualified zone academy bonds.” The Code and the regulations, rulings and court decisions, if any, upon which the foregoing opinion is based are subject to change, which could result in the prospective or retroactive disallowance of the tax credit. We express no opinion as to (a) whether any holder of a QZAB is an eligible taxpayer under the Code who may be entitled to claim the tax credit, (b) the outstanding principal amount of any QZAB as of any credit allowance date, (c) tax consequences resulting from ownership of QZABs under other provisions of the Code, or (d) the QZABs being “qualified zone academy bonds” on or after the date on which any action is taken under the Certificate upon the approval of counsel other than ourselves.

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,



SIDLEY AUSTIN LLP  
 787 SEVENTH AVENUE  
 NEW YORK, NY 10019  
 (212) 839 5300  
 (212) 839 5599 FAX

BEIJING	NEW YORK
BRUSSELS	PALO ALTO
CHICAGO	SAN FRANCISCO
DALLAS	SHANGHAI
FRANKFURT	SINGAPORE
GENEVA	SYDNEY
HONG KONG	TOKYO
LONDON	WASHINGTON, D.C.
LOS ANGELES	
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,

A handwritten signature in black ink that reads "Sidley Austin LLP". The signature is written in a cursive, flowing style.

**APPENDIX D**



SIDLEY AUSTIN LLP  
787 SEVENTH AVENUE  
NEW YORK, NY 10019  
(212) 839 5300  
(212) 839 5599 FAX

BEIJING  
BOSTON  
BRUSSELS  
CHICAGO  
DALLAS  
GENEVA

HONG KONG  
HOUSTON  
LONDON  
LOS ANGELES  
NEW YORK  
PALO ALTO

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

FOUNDED 1866

October 15, 2014

The City of New York

Fulbright & Jaworski LLP

As Bond Counsel to the City for Tax Matters

We have acted as Bond Counsel to The City of New York (the “City”) in connection with the modification of the terms of the City’s General Obligation Bonds, Fiscal 2004 Series H, Subseries H-2 and H-3 (Adjustable Rate Bonds) (the “Subseries 2004H Bonds”) and the City’s General Obligation Bonds, Fiscal 2012 Series D, Subseries D-3 (Adjustable Rate Bonds) (the “Subseries 2012D-3 Bonds”, and together with the Subseries 2004H Bonds, the “Bonds”), through the adoption of the Supplemental Certificate of the Deputy Comptroller for Public Finance, dated October 15, 2014 (the “Supplemental Certificate”). This letter is delivered pursuant to the Supplemental Certificate and to the Certificates of the Deputy Comptroller for Public Finance, dated March 11, 2004 and October 13, 2011, respectively, with respect to the original issuance of the Bonds (collectively, the “Certificate”).

As Bond Counsel, we have examined a transcript of proceedings relating to the Supplemental Certificate and have reviewed such questions of law and made such other inquiries as we have considered appropriate for the purpose of this opinion. 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.

In our opinion, based upon the foregoing, the Supplemental Certificate and the actions ordered thereby are authorized by law and the Certificate.

In addition, the last clause of opening paragraph 3 of our opinion dated March 11, 2004, is amended to read as follows:

“and 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.”

Sidley Austin (NY) LLP is a Delaware limited liability partnership doing business as Sidley Austin LLP and practicing in affiliation with other Sidley Austin partnerships.



October 15, 2014

Page -2-

The City has received the opinion of Fulbright & Jaworski LLP regarding the effect of the Supplemental Certificate on the exclusion from gross income for federal income tax purposes of interest on the Bonds and we express no opinion thereon.

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 update this opinion in light of such actions or events.

Very truly yours,





Fulbright & Jaworski LLP  
666 Fifth Avenue, 31st Floor  
New York, New York 10103-3198  
United States  
  
Tel +1 212 318 3000  
Fax +1 212 318 3400  
nortonrosefulbright.com

October 15, 2014

The City of New York

We have acted as bond counsel for tax matters to The City of New York (the “City”), a municipal corporation of the State of New York (the “State”), in connection with the adoption of a Supplemental Certificate of the Deputy Comptroller for Public Finance, dated October 15, 2014 (the “Supplemental Certificate”), relating to the City’s General Obligation Bonds, Fiscal 2004 Series H, Subseries H-2 and H-3 and Fiscal 2012 Series D, Subseries D-3A and D-3B (the “Bonds”).

We have examined, and in expressing the opinions hereinafter described we rely upon, certificates of the City and such other agreements, documents and matters as we deem 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 authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified copies, the genuineness of all signatures, and the accuracy of the statements contained in such documents.

In rendering the opinions below, we have assumed the correctness of the approving opinions delivered by Sidley Austin LLP in connection with the issuance of the Bonds, which concluded that the Bonds are duly authorized 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, and that under then-existing law interest on the Bonds would not be includable in the gross income of the owners thereof for purposes of federal income taxation, and are relying on the opinion of Sidley Austin LLP dated the date hereof to the effect that the Supplemental Certificate and the actions ordered thereby are authorized by law and the Certificate (as identified in the Supplemental Certificate).

Based upon the foregoing, we are of the opinion that the Supplemental Certificate will not in and of itself adversely affect any exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

At the time of issuance of each issue of the Bonds, the City covenanted to comply with applicable provisions of the Internal Revenue Code of 1986 relating to the exclusion from gross income of the interest on such issue of the Bonds for purposes of federal income taxation. Noncompliance with such requirements could cause interest on the Bonds to be includable in the gross income of the owners thereof retroactive to the respective dates of issue of the Bonds. We have not been engaged to assess the adequacy of such covenants or to determine whether the City has complied with such requirements.

Fulbright & Jaworski LLP is a limited liability partnership registered under the laws of Texas. Fulbright & Jaworski LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP, Norton Rose Fulbright South Africa (incorporated as Deneys Reitz, Inc.), each of which is a separate legal entity, are members of Norton Rose Fulbright Verein, a Swiss Verein. Details of each entity, with certain regulatory information, are at [nortonrosefulbright.com](http://nortonrosefulbright.com). Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients.

In addition, we have not been engaged, nor have we undertaken, to advise any party or to opine as to any matter not specifically covered hereinabove, including, but not limited to, any existing exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. Accordingly, we express no opinion with respect to the current status of the interest on the Bonds for federal income tax purposes.

We express no opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above. Finally, we express no opinion herein as to the accuracy, completeness or sufficiency of, or any other matter related to, the Reoffering Circular dated October 8, 2014, relating to the Bonds or any other offering material relating to the Bonds.

Very truly yours,

**THE CREDIT PROVIDERS**  
**CERTAIN INFORMATION REGARDING CalPERS**

California Public Employees' Retirement System ("CalPERS" or the "System"), a unit of the California State and Consumer Services Agency, provides retirement and health benefits to more than 1.7 million public employees, retirees, and their families, based on employment services provided to more than 3,000 cities, counties, districts, and other local authorities or public bodies of or within the State of California. CalPERS is created pursuant to, and governed by the provisions of, Title 2, Division 5, Parts 3 through 8, of the Government Code, section 20000 *et seq.* (the "Public Employees' Retirement Law").

California Constitution Article XVI, Section 17 (the "Constitutional Provision") grants to the CalPERS Board plenary authority and financial responsibility for the investment of System assets. These assets are held in trust under the Constitutional Provision, to be used for the exclusive purposes of providing benefits to System members and their beneficiaries and defraying reasonable expenses of administering the System. Under paragraph (c) of the Constitutional Provision, the Board may make investments consistent with the trust imposed upon it, with the further obligation to diversify the investments so as to minimize the risk of loss and maximize the rate of return and to act with the care, skill, prudence and diligence "under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims." The sole additional limit on the Board's investment authority is that it will not invest in instruments prohibited by the legislature as being violative of the public interest. California Government Code (the "Government Code") section 7514.3 provides express statutory authority for CalPERS to establish a credit enhancement program to assist entities of state and local government and other issuers of municipal and public finance debt to secure more favorable financing terms through a variety of types of credit enhancement including, but not limited to, enhancement of the credit of bonds, notes, and other indebtedness.

The standards set forth in the Constitutional Provision are further defined in several provisions of the Government Code. For example, the same "prudent person" standard is restated in Section 20151(c) of the Government Code. In Section 20190, the Government Code recognizes the Board as possessing the "exclusive control" for investment of the retirement fund, again authorizing the Board, in its discretion, to "invest the assets of the fund through the purchase, holding or sale ... [of] any investment, financial instrument, or financial transaction [that] is prudent in the informed opinion of the board."

Under Section 20191 of the Government Code, the Board may further specify guidelines "by which to designate those securities and real property that are acceptable for purchase" through the adoption of investment resolutions. The Board may delegate its investment authority to its executive officer, who may further delegate to his or her subordinates, unless the Board has reserved authority to the executive officer to act personally (Section 20099 of the Government Code).

Financial data for June 30, 2013 are taken from the audited financial statements presented in CalPERS Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2013.

As of June 30, 2013, the Fund had net assets held in trust for pension benefits with a market value of \$262 billion, compared to \$237 billion as of June 30, 2012. CalPERS is independently rated "Aa2/P-1" by Moody's Investors Service, "AAA/F1+" by Fitch Ratings, and "A1+" by Standard and Poor's.

CalPERS will provide without charge, upon request, a copy of the most recent CAFR. Requests to CalPERS for the CAFR should be directed by mail to P.O. Box 2749, Sacramento, CA 95812-2749, Attention: Investment Operations / Credit Enhancement Program, or by email to [invo\\_credit\\_enhancement@calpers.ca.gov](mailto:invo_credit_enhancement@calpers.ca.gov). The most recent Annual Report and other information regarding CalPERS can be viewed at <http://www.calpers.ca.gov>. The information set forth on this website, other than the most recent Annual Report, is not incorporated herein by reference.

*The information contained in this Appendix F under the heading "Certain Information Regarding CalPERS" has been provided by CalPERS and is not intended to serve as a representation, warranty, or contract modification of any kind.*

## CERTAIN INFORMATION REGARDING ROYAL BANK OF CANADA

Royal Bank of Canada (referred to in this Appendix F as “Royal Bank”) is a Schedule I bank under the *Bank Act* (Canada), which constitutes its charter and governs its operations. Royal Bank’s corporate headquarters are located at Royal Bank Plaza, 200 Bay Street, Toronto, Ontario M5J 2J5, Canada, and its head office is located at 1 Place Ville Marie, Montreal, Quebec H3C 3A9, Canada. Royal Bank is the parent company of RBC Capital Markets, LLC, the Remarketing Agent for the Subseries D-3A Bonds and Subseries D-3B Bonds.

Royal Bank is Canada’s largest bank, and one of the largest banks in the world, based on market capitalization. Royal Bank is one of North America’s leading diversified financial services companies and provides personal and commercial banking, wealth management services, insurance, investor services and capital markets products and services on a global basis. Royal Bank and its subsidiaries employ approximately 79,000 full- and part-time employees who serve more than 16 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 40 other countries.

Royal Bank had, on a consolidated basis, as at July 31, 2014, total assets of C\$913.9 billion (approximately US\$838.1 billion\*), equity attributable to shareholders of C\$51.7 billion (approximately US\$47.4 billion\*) and total deposits of C\$598.0 billion (approximately US\$548.5 billion\*). The foregoing figures were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been extracted and derived from, and are qualified by reference to, Royal Bank’s unaudited Interim Consolidated Financial Statements included in its quarterly Report to Shareholders for the fiscal period ended July 31, 2014.

The senior long-term unsecured debt of Royal Bank has been assigned ratings of AA- (negative outlook) by Standard & Poor’s Ratings Services, Aa3 (negative outlook) by Moody’s Investors Service and AA (stable outlook) by Fitch Ratings. Royal Bank’s common shares are listed on the Toronto Stock Exchange, the New York Stock Exchange and the Swiss Exchange under the trading symbol “RY.” Its preferred shares are listed on the Toronto Stock Exchange.

Upon written request, and without charge, Royal Bank will provide a copy of its most recent publicly filed Annual Report on Form 40-F, which includes audited Consolidated Financial Statements, to any person to whom this Reoffering Circular is delivered. Requests for such copies should be directed to Investor Relations, Royal Bank of Canada, by writing to 200 Bay Street, 4th Floor, North Tower, Toronto, Ontario M5J 2W7, Canada, or by calling (416) 955-7802, or by visiting [rbc.com/investorrelations](http://rbc.com/investorrelations).

The delivery of this Reoffering Circular does not imply that there has been no change in the affairs of Royal Bank since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

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\* As at July 31, 2014: C\$1.00 = US\$0.917095

THE CREDIT FACILITIES

FORM OF IRREVOCABLE LETTER OF CREDIT

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Letter of Credit No. \*[ ]

October 15, 2014

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, 2014, 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*"), \*[\$ ]<sup>1</sup> aggregate principal amount of the General Obligation Bonds \*[Fiscal 2004 Series H, Subseries [H-2][H-3]][Fiscal 2012 Series D, Subseries D-3A] (the "*Bonds*") which mature on \*[March 1, 2034][October 1, 2039]<sup>2</sup> have been or 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 \*[\$ ]<sup>3</sup> (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, 2017] (or if such date is not a Business Day (as hereinafter defined), on the next preceding 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 (5) 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 (8) 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

<sup>1</sup> Insert \$150,000,000 (\$60,455,000 currently outstanding) for Series H Bonds or \$76,665,000 for Series D-3A Bonds.

<sup>2</sup> Insert March 1, 2034 in the case of the Series H Bonds and October 1, 2039 in the case of the Series D-3A Bonds.

<sup>3</sup> Insert \*[\$ ] for Series H Bonds or \*[\$ ] for Series D-3A Bonds.

Letter of Credit Amount exceed the outstanding principal amount of the Bonds that are bearing interest in the Daily Rate Mode, the Two-Day Rate Mode, or the Weekly Rate Mode and 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 (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, Two-Day Rate, or the Weekly 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)(ii) or 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:

California Public Employees' Retirement System (CalPERS)  
c/o State Street Bank and Trust Company  
100 Huntington Avenue, Tower 1, 4th Floor  
Boston, MA 02116  
Attention: Standby L/C Unit  
Mail Stop CPH0453

(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 (617) 988-6673 or alternatively to (617) 988-6674 (or such other telecopier number as we notify you in writing), Attention: Manager, Standby Letter of Credit Unit, Reference: Letter of Credit No. \*[ ], (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; (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; and (iii) "*Undesignated Affiliate of the Issuer*" means any Affiliate of the Issuer other than the New York City Transitional Finance Authority, New York City Municipal Water Finance Authority, Hudson Yards Infrastructure Corp., TSASC, Inc., and Sales Tax Asset Receivable Corp. 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:

California Public Employees’ Retirement System (Ca1PERS)  
c/o State Street Bank and Trust Company  
100 Huntington Avenue, Tower 1, 4th Floor  
Boston, MA 02116  
Attention: Standby L/C Unit  
Mail Stop CPH0453;

with a copy to:

California Public Employees’ Retirement System (Ca1PERS)  
Fixed Income, Credit Enhancement  
400 Q Street, Rm E4800  
Sacramento, CA 98514  
Attention: \*[Dan Kiefer]

with a copy to:

State Street Bank and Trust Company  
Attn: Structured Products Administration SFC5  
State Street Financial Center, 5th Floor  
One Lincoln Street  
Boston, MA 02111  
Attention: Ca1PERS CEP Administration

(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.

[The Next Page is the Signature Page]

Very truly yours,

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT  
SYSTEM

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE I**  
**To**  
**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**LETTER OF CREDIT No. \* [       ]**

**ALLOCATED LETTER OF CREDIT AMOUNT**

<u>SUBSERIES<sup>1</sup></u>	<u>MATURITY</u>	<u>PRINCIPAL PORTION</u>	<u>INTEREST PORTION</u>	<u>LETTER OF CREDIT AMOUNT</u>
2004 H-2 .....	March 1, 2034	\$60,455,000	*[\$       ]	*[\$       ]
2004 H-3 .....	March 1, 2034	\$60,455,000	*[\$       ]	*[\$       ]
2012 D-3A .....	October 1, 2039	\$76,665,000	*[\$       ]	*[\$       ]

<sup>1</sup> Insert only row that is applicable to the Subseries to which the Letter of Credit relates.

**FORM OF IRREVOCABLE LETTER OF CREDIT**

**ROYAL BANK OF CANADA**

**Letter of Credit No. [            ]**

October 15, 2014

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

Dear Sirs:

We hereby establish, at the request and for the account of THE CITY OF NEW YORK, a New York municipal corporation (the “*Issuer*”), in your favor, as Tender Agent and Fiscal Agent under and as defined in the Certificate (including all attachments thereto, the “*Certificate*”) of the Deputy Comptroller for Public Finance of the Issuer, this Irrevocable Letter of Credit (the “*Letter of Credit*”). In accordance with the Certificate and pursuant to the provisions of the Constitution and laws of the State of New York (the “*State*”), \$50,000,000 aggregate principal amount of General Obligation Bonds, Fiscal 2012, Series D, Subseries D-3B (Adjustable Rate Bonds) are being issued to mature on October 1, 2039 (the “*Bonds*”). This Letter of Credit is for the benefit of the holders of the Bonds, is in the total amount of \$50,431,507 (as more fully described below), is effective as of the date hereof and expires on the Termination Date. As used herein, “*Termination Date*” means the earliest of (i) October 31, 2017 or the date to which the Letter of Credit may be extended by us pursuant to a notice substantially in the form of Annex 6, (ii) the date on which the Principal Portion of the Letter of Credit Amount is reduced to zero pursuant to the terms hereof (other than as a result of a Tender Drawing), (iii) the date which is five days after we receive notice from the Fiscal Agent that all of the Bonds have been paid in full, redeemed, defeased or converted to a rate other than the Daily Rate, the Two-Day Rate or the Weekly Rate in accordance with the terms of such Bonds or a substitute letter of credit has been delivered to the Tender Agent pursuant to the Certificate, (iv) the date on which this Letter of Credit is surrendered by the Tender Agent to us for cancellation (after we honor any drawing under the Letter of Credit made on the date thereof), and (v) the date which is eight days (or if such day is not a Business Day, the immediately succeeding Business Day) after the date on which you receive the notice of termination specified in Section 7(b) of the Reimbursement Agreement dated as of October 1, 2014 (as amended, supplemented, restated or otherwise modified from time to time, the “*Reimbursement Agreement*”) between the Issuer and us to terminate this Letter of Credit.

Our obligation to make payments under this Letter of Credit will be limited to the Letter of Credit Amount. The “Letter of Credit Amount” and the “Principal Portion” and “Interest Portion” thereof will initially be the amounts set forth in Schedule I hereto, and 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 or the Reimbursement Agreement, at no time will (i) the Principal Portion of the Letter of Credit Amount exceed the outstanding principal amount of the Bonds bearing interest at the Daily Rate, the Two-Day Rate or the Weekly Rate which 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 at a per annum interest rate of 9%, calculated in accordance with the applicable provisions of the Certificate, 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 pursuant to the Certificate (“*Tendered Bonds*”), pursuant to Annex 2 or 3 hereof, as appropriate, and (ii) an aggregate amount not exceeding the Interest Portion (not to exceed an amount equal to the interest accrued on the Bonds for the 35 days immediately preceding the date on which such interest is to be paid) may be drawn with respect to payment of the portion of the purchase price of Tendered Bonds representing interest accrued thereon, pursuant to Annex 2 or 3 hereto, as appropriate. The Letter of Credit Amount will be reduced (y) immediately upon any drawing hereunder by the amount of such drawing (each such drawing, or portion thereof, allocable to principal or interest, as the case may be, to result in a reduction of the Principal Portion or Interest Portion, as appropriate) and (z) effective upon receipt by us of a notice of reduction from the Fiscal Agent substantially in the form of Annex 4 to this Letter of Credit, by the amount specified in such notice, allocated between the Principal Portion and Interest Portion in accordance with such notice; provided, that if a notice of reduction in the form of Annex 4 should have been delivered by the Fiscal Agent but was not so delivered, the Fiscal Agent may not make a drawing for the amounts as to which the Letter of Credit would have been reduced had such notice of reduction been delivered. We will pay drawings hereunder with our own funds.

Only you as Tender Agent or Fiscal Agent, as the case may be, may make drawings under this Letter of Credit. Upon the payment to you or your account of the amount specified in a draft drawn hereunder, we will be fully discharged on our obligations under this Letter of Credit with respect to such draft, and we will not thereafter be obligated to make any further payments under this Letter of Credit in respect of such draft to you or to any other person, firm, corporation, or other entity who may have made to you or who makes to you a demand for payment of principal of or interest on any Bond or the purchase price thereof.

Immediately upon the sale of any Tendered Bond held by us or for our account through you, as Tender Agent, in accordance with Section 2(b)(ii) of the Reimbursement Agreement, the Principal Portion and Interest Portion previously drawn pursuant to a drawing under the Certificate relating to (i) Optional Tenders or (ii) Mandatory Tenders (in either case, a “*Tender Drawing*”) with respect to such Tendered Bonds will be restored to the amounts available to be drawn hereunder. Subject to the preceding sentence, drawings in respect of payments hereunder honored by us will not, in the aggregate, exceed the Letter of Credit Amount.

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 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) will be dated the date of presentation. The original of each such draft and certificate must be presented at our office located at Royal Bank of Canada, 200 Vesey Street, New York, New York 10281-8098, or by telecopier (at telecopier number (212) 428-3015), Attention: Letter of Credit Department (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, at or prior to 12:00 P.M. (New York City time) (or 12:15 p.m. (New York City time) for Bonds bearing interest at a Daily Rate) on a Business Day on or prior to the Termination Date, we will honor the same (to the extent required by this Letter of Credit) by making payment in accordance with your payment instructions in immediately available funds by 2:30 P.M. (New York City time) on the Purchase Date; and if we receive a draft and certificate from both the Fiscal Agent and the Tender Agent with respect to any drawing at or prior to 12:00 P.M. (New York City time) (or 12:15 p.m. (New York City time) for Bonds bearing interest at a Daily Rate) on any Business Day, the draft and certificate from the Fiscal Agent will be controlling and the draft and certificate from the Tender Agent will be disregarded. The “*Purchase Date*” for any drawing will be the date specified in the applicable draft; provided, that in no event will the Purchase Date be (i) before the day the draft and certificate are received by us or on the same day the draft and certificate are received if such draft and certificate are received by us later than 12:00 P.M. (New York City time) (or 12:15 p.m. (New York City time) for Bonds bearing interest at a Daily Rate) or (ii) after the Termination Date.

Each draft and certificate may be delivered to us in person, by mail, by a delivery service or by telecopy transmission at such number as is indicated above or as we notify you in writing from time to time. Such draft or certificate will be deemed to have been presented on the date actually received by us. Any draft or certificate you submit to us by telecopy transmission (with the original of any such draft or certificate to be delivered to us on the next succeeding Business Day) must be sent to Royal Bank of Canada, 200 Vesey Street, New York, New York 10281-8098; Attention: Letter of Credit Department (or at any other office which may be designated by written notice delivered to you).

As used herein or in the Annexes hereto, (i) “*Business Day*” means a day (a) other than a day on which commercial banks (i) in The City of New York, New York, are required or authorized by law or executive order to close, (ii) in the city in which drawings under this Letter of Credit are to be presented is required or authorized by law or executive order to close, and (b) on which the New York Stock Exchange is not 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 will automatically terminate at the close of business on the Termination Date.

This Letter of Credit is governed by, and construed in accordance with, the terms of the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 (the “*ISP98*”). This Letter of Credit will be deemed made under the laws of the State, including Article 5 of the Uniform Commercial Code, and, as to matters not governed by ISP98, will be governed and construed in accordance with the laws of the State. Communications with respect to this Letter of Credit will be in writing and will be addressed to us at Royal Bank of Canada, 200 Vesey Street, New York, New York 10281-8098; Attention: Letter of Credit Department (or at any other office in the City and State of New York 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, provided, however, that under no circumstances shall this Letter of Credit be transferred to any person or entity with which U.S. persons or entities are prohibited from conducting business under U.S. Office of Foreign Assets Control regulations or any other applicable U.S. laws and regulations. Transfer of the available balance under this Letter of Credit to such transferee will be effected by the presentation to us of this Letter of Credit accompanied by a transfer request substantially in the form of Annex 5 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 Fee Agreement.

This Letter of Credit sets forth in full our undertaking, and such undertaking will 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 or the Reimbursement Agreement), except only the annexes, the certificates and the drafts referred to herein; and any such reference will not be deemed to incorporate herein by reference any document, instrument or agreement except for such annexes, such certificates and such drafts.

Very truly yours,

ROYAL BANK OF CANADA

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

SCHEDULE I  
TO LETTER OF CREDIT NO. [       ]

LETTER OF CREDIT AMOUNT

<u>SUBSERIES</u>	<u>PRINCIPAL PORTION</u>	<u>INTEREST PORTION</u>	<u>LETTER OF CREDIT AMOUNT</u>
Fiscal 2012, Series D, Subseries D-3B .....	\$50,000,000	\$431,507	\$50,431,507

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## VARIABLE RATE BONDS

Variable Rate Demand Bonds

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Provider</u>	<u>Facility Type</u>	<u>Expiration or Optional Termination by Provider</u>
1994A-4	\$ 36,750,000	BayernLB	LOC <sup>(1)</sup>	November 30, 2015
1994A-6	30,000,000	Landesbank Hessen-Thüringen Girozentrale	LOC	December 15, 2015
1994A-7	50,000,000	JPMorgan Chase Bank, N.A.	LOC	September 15, 2015
1994C	25,300,000	JPMorgan Chase Bank, N.A.	LOC	September 16, 2016
1994E-2	40,700,000	JPMorgan Chase Bank, N.A.	LOC	September 16, 2016
1994E-4	50,000,000	BNP Paribas	LOC	November 1, 2014
1994H-3	75,700,000	State Street Bank and Trust Company	SBPA <sup>(2)</sup>	October 12, 2018
1995B-4	50,000,000	Landesbank Hessen-Thüringen Girozentrale	SBPA	December 15, 2015
1995B-8	50,000,000	BayernLB	LOC	November 30, 2015
1995B-9	50,000,000	JPMorgan Chase Bank, N.A.	LOC	September 15, 2015
1995F-4	50,000,000	Landesbank Hessen-Thüringen Girozentrale	LOC	December 15, 2015
1995F-5	35,100,000	BayernLB	LOC	November 30, 2015
1996J-3	17,400,000	JPMorgan Chase Bank, N.A.	LOC	September 15, 2015
2002A-6	70,000,000	Dexia Crédit Local	SBPA	November 1, 2017
2002A-10	60,000,000	Dexia Crédit Local	SBPA	November 1, 2017
2003C-2	95,150,000	BayernLB	LOC	November 30, 2015
2004A-2	75,000,000	Bank of America, N.A.	LOC	June 30, 2015
2004A-3	100,000,000	Morgan Stanley Bank, N.A.	LOC	September 27, 2017
2004A-4	25,000,000	Bank of Montreal	LOC	August 29, 2016
2004A-5	50,000,000	Bank of Montreal	LOC	August 29, 2016
2004H-1	40,300,000	The Bank of New York Mellon	LOC	October 31, 2014
2004H-2 <sup>(3)</sup>	60,455,000	The Bank of New York Mellon	LOC	October 31, 2014
2004H-3 <sup>(3)</sup>	60,455,000	The Bank of New York Mellon	LOC	October 31, 2014
2004H-4	40,300,000	The Bank of New York Mellon	LOC	October 31, 2014
2004H-5	31,045,000	Dexia Crédit Local	LOC	February 2, 2022
2004H-6	31,305,000	Bank of America, N.A.	LOC	March 1, 2016
2004H-8	31,335,000	Bank of America, N.A.	LOC	March 1, 2016
2006E-2	87,530,000	Bank of America, N.A.	LOC	August 1, 2016
2006E-3	87,530,000	Bank of America, N.A.	LOC	August 1, 2016
2006E-4	87,525,000	Bank of America, N.A.	LOC	August 1, 2016
2006F-3	75,000,000	Sumitomo Mitsui Banking Corporation	LOC	September 20, 2016
2006F-4A	40,000,000	Sumitomo Mitsui Banking Corporation	LOC	September 20, 2016
2006F-4B	35,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD	LOC	November 18, 2016
2006H-1	50,535,000	JPMorgan Chase Bank, N.A.	SBPA	October 14, 2016
2006H-2	50,530,000	JPMorgan Chase Bank, N.A.	SBPA	October 14, 2016
2006I-3	50,000,000	Bank of America, N.A.	LOC	May 12, 2017
2006I-4	125,000,000	California Public Employees' Retirement System	LOC	May 31, 2016
2006I-5	75,000,000	The Bank of New York Mellon	LOC	May 31, 2016
2006I-6	75,000,000	The Bank of New York Mellon	LOC	May 31, 2016
2006I-7	50,000,000	Bank of America, N.A.	LOC	May 12, 2017
2006I-8	50,000,000	State Street Bank and Trust Company	SBPA	July 10, 2019
2008D-3	50,000,000	Crédit Agricole CIB	SBPA	December 4, 2014
2008D-4	50,000,000	Crédit Agricole CIB	SBPA	December 4, 2014
2008J-3	75,000,000	Barclays Bank, PLC	SBPA	January 29, 2016
2008J-5	101,405,000	Dexia Crédit Local	SBPA	April 1, 2015
2008J-6	111,225,000	Landesbank Hessen-Thüringen Girozentrale	LOC	December 15, 2015

See footnotes on page H-2

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Provider</u>	<u>Facility Type</u>	<u>Expiration or Optional Termination by Provider</u>
2008J-10	\$ 100,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD.	LOC	April 28, 2017
2008J-12	103,160,000	Dexia Crédit Local	SBPA	April 1, 2015
2008L-3	80,000,000	Bank of America, N.A.	SBPA	April 21, 2017
2008L-4	100,000,000	US Bank, N.A.	LOC	December 20, 2014
2008L-5	145,400,000	Dexia Crédit Local	SBPA	April 23, 2015
2009B-3	100,000,000	TD Bank, N.A.	LOC	January 1, 2015
2010G-4	150,000,000	Barclays Bank, PLC	SBPA	March 29, 2016
2012A-3	25,000,000	Landesbank Hessen-Thüringen Girozentrale	SBPA	December 15, 2015
2012A-4	100,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD.	LOC	June 29, 2017
2012A-5	50,000,000	Royal Bank of Canada	LOC	June 29, 2017
2012D-3 <sup>(4)</sup>	126,665,000	The Bank of New York Mellon	LOC	October 31, 2014
2012G-3	300,000,000	Citibank, N.A.	LOC	April 3, 2015
2012G-4	100,000,000	PNC Bank, National Association	LOC	April 3, 2015
2012G-5	75,000,000	Wells Fargo Bank, N.A.	SBPA	April 3, 2015
2012G-6	200,000,000	Mizuho Bank, Ltd.	LOC	April 3, 2015
2012G-7	85,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD	LOC	April 3, 2015
2013A-2	100,000,000	Mizuho Bank, Ltd.	LOC	October 23, 2015
2013A-3	100,000,000	Mizuho Bank, Ltd.	LOC	October 23, 2015
2013A-4	75,000,000	Sumitomo Mitsui Banking Corporation	LOC	October 23, 2015
2013A-5	50,000,000	Sumitomo Mitsui Banking Corporation	LOC	October 23, 2015
2013F-3	180,000,000	Bank of America, N.A.	LOC	March 18, 2016
2014D-3	225,000,000	JPMorgan Chase Bank, N.A.	SBPA	October 14, 2016
2014D-4	100,000,000	TD Bank, N.A.	LOC	October 16, 2018
2014D-5	75,000,000	PNC Bank, National Association	LOC	October 14, 2016
2014I-2	100,000,000	JPMorgan Chase Bank, N.A.	SBPA	March 24, 2017
	\$5,502,800,000			

#### Index Rate Bonds<sup>(5)</sup>

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Step up Date</u>
2003F	\$ 46,015,000	none
2004A-6	50,250,000	April 2, 2018
2008J-4	100,000,000	April 2, 2018
2008J-7	74,060,000	April 3, 2017
2008J-8	74,060,000	April 1, 2016
2008J-9	100,000,000	April 3, 2017
2008J-11	100,000,000	April 1, 2019
2008L-6	150,000,000	June 23, 2019
2011F-3	75,000,000	December 1, 2020
2014I-3	200,000,000	April 1, 2019
	\$ 969,385,000	

#### Auction Rate Bonds

<u>Series</u>	<u>Outstanding Principal Amount</u>
Various	\$ 634,900,000

- (1) Letter of Credit
- (2) Standby Bond Purchase Agreement
- (3) The Credit Facility provided by The Bank of New York Mellon will be replaced by a Credit Facility provided by the California Public Employees' Retirement System on October 15, 2014 with an expiration date of October 31, 2017.
- (4) The Credit Facility provided by The Bank of New York Mellon will be replaced by Credit Facilities provided by the California Public Employees Retirement System and the Royal Bank of Canada on October 15, 2014 expiring on October 31, 2017
- (5) The City's index rate bonds pay interest based on a specified index. Such bonds, other than the Series 2003F Bonds, also provide for an increased rate of interest commencing on an identified step up date if such bonds are not converted or refunded.

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