



New York City Municipal Water Finance Authority

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## **NEW YORK CITY STATEMENT REGARDING OUTSTANDING DEBT**

The City of New York (the City) reviewed today the status of outstanding City general obligation (G.O.) debt and debt of City-related financing authorities and corporations, including the debt of the New York City Municipal Water Finance Authority (NYW), the New York City Transitional Finance Authority (TFA), TSASC, Inc., the Jay Street Development Corp. (JSDC) and City-related lease debt. All payments on such debt have been made and will continue to be made as further described below.

The City expects to receive significant funding from the federal government for expenses related to the terrorist attack on September 11, 2001. Congress has appropriated approximately \$40 billion, of which approximately \$20 billion is earmarked for costs in the City, as well as Virginia and Pennsylvania, related to the terrorist attack. In addition, the City has received additional borrowing capacity from the State Legislature for the TFA in the amount of \$2.5 billion to pay costs relating to the terrorist attack, and legal authorization to issue debt without limitation as to amount payable solely from future aid relating to costs arising from the terrorist attack.

### **New York City General Obligation**

G.O. debt is funded through the City's General Debt Service Fund under the custody of the New York State Comptroller. G.O. debt service has been pre-funded to meet payments through at least January 2002. All property tax revenues of the City are first paid into this fund to pre-fund G.O. debt service and excess property tax revenues are thereafter paid to the City.

The approximately \$8.5 billion of property tax revenues forecast for fiscal year (FY) 2002 provide coverage of over 3 times the FY 2002 G.O. debt service due. (The City fiscal year and the fiscal years for all City-related entities begin on July 1 and end on June 30.) There is \$2.7 billion of G.O. debt service payable in FY 2002, including:

" \$300 million in debt service on Variable Rate Demand Bonds (VRDBs) in daily, weekly, and auction rate mode with credit enhancement provided by either letters-of-credit (LOCs), or bond insurance with a liquidity facility

" \$2.4 billion in debt service on fixed rate bonds

All G.O. payments have been and will continue to be made when due. The second half-year property tax collections primarily due in January 2002 will be available to fund the remaining \$740 million of G.O. debt service payable in 2002 not yet provided for in the General Debt Service Fund.

#### New York City Municipal Water Finance Authority

All NYW payments which came due on and after Tuesday, September 11, 2001 have been and will continue to be made. NYW debt service is funded by rates and charges for water and sewer service, which are then deposited into the NYW revenue fund. NYW debt service has a first lien on these revenues.

Water and sewer service revenues held in the NYW debt service fund and available for debt service payments as of this date are approximately \$494 million. This represents a pre-funding to date of approximately 70 percent of total NYW debt service budgeted for FY 2002. Total water and sewer revenues for FY 2002 are estimated at approximately \$1.8 billion, including over \$150 million in prior-year revenue. The actual and projected water and sewer revenues for FY 2002 provide coverage of over 2.5 times the FY 2002 NYW debt service due. NYW has a debt service reserve fund of more than \$607 million.

The total NYW FY 2002 debt service payment is approximately \$479 million for general resolution fixed-rate bonds, \$40 million for general resolution variable rate bonds and \$189 million for Second Resolution debt, held by the New York State Environmental Facilities Corporation. NYW has both fixed-rate and variable-rate debt outstanding. All payments on NYW obligations including commercial paper that came due during the week of September 10, 2001 have been made and such payments will continue to be made.

#### NYC Transitional Finance Authority

TFA bonds are secured by the personal income tax revenue and sales tax revenue of the City, which are forecast at approximately \$9 billion in FY 2002, providing approximately 18 times coverage on the TFA debt service due in FY 2002 of approximately \$500 million. The personal income tax is paid first to the TFA where amounts necessary for debt service are retained. Excess revenue is then paid by the TFA to the City. If required, sales tax revenues would also be paid directly to the TFA.

#### TSASC, Inc.

TSASC, Inc. bonds are secured by the national Master Settlement Agreement (MSA) between the 46 settling states and the tobacco companies. Under the MSA, the City is entitled to receive 3.4% of the total payments made by the tobacco companies to the settling states. Payments are based on and relate to cigarette consumption in the U.S. The debt service payments due in fiscal year 2002 (approximately \$51 million) were fully funded by the payments received under the MSA in January and April, 2001 (totaling over \$204 million), providing four times coverage. TSASC, Inc. debt service for the year beginning July 1, 2002 will be funded from MSA payments to be received in January and April, 2002.

## Jay Street Development Corp. and City Lease Debt

JSDC bonds are secured by lease appropriations of the City. Interest has been capitalized throughout the construction period, which is expected to last through 2003. Interest on JSDC auction rate bonds was paid last week, and payments on JSDC debt will continue to be made in the future.

City-related lease bonds are also secured by lease payments of the City. The City will make all necessary payments on its lease debt as payments are due.

The City is currently reviewing its routine capital and cash flow requirements and will announce its forward calendar in the near future. This is expected to include the previously scheduled issuance of approximately \$1.5 billion of City cash flow notes in October either in the form of Revenue Anticipation Notes secured by state education aid to be received in March of 2002 or Tax Anticipation Notes secured by over \$3 billion of City property tax to be received in January of 2002.

The City will hold a conference call for investors on Thursday, September 20, 2001 at 12:00 noon. The call-in number is (800) 857-9633 and the passcode is "NYC Bonds." A replay of the call will be available through Thursday, September 27, 2001 by calling (800) 890-3523.

If you have questions about the outstanding debt of the City or City-related financing entities, you may call (866) NYC-DEBT beginning on Monday, September 24, 2001. Your questions will be recorded via voicemail. We will respond as soon as possible. If you need to contact Mark Page, Deputy Director & General Counsel, NYC Office of Management & Budget, or Alan Anders, Director of Financing Policy, NYC Office of Management & Budget, please contact Raymond J. Orlando, Director, Investor Relations, NYC Office of Management & Budget at (347) 643-3314.