

EXISTING ISSUE REOFFERED

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



\$74,600,000

New York City Transitional Finance Authority New York City Recovery Bonds Fiscal 2003 Subseries 1B

Index Rate Conversion Date: August 23, 2011

Due: November 1, 2022

On July 11, 2002, the New York City Transitional Finance Authority (the "Authority") issued its New York City Recovery Bonds, Fiscal 2003 Subseries 1B (the "Reoffered Bonds") pursuant to the New York City Transitional Finance Authority Act, as amended (the "Act"), and an Indenture, dated as of October 1, 1997, as amended and supplemented (the "Indenture"). On August 23, 2011 (the "Index Rate Conversion Date"), the Reoffered Bonds will be converted to bear interest in an Index Rate Mode. The Index Rate Period will commence on August 23, 2011.

From the date of issuance of the Reoffered Bonds through the Index Rate Conversion Date, payment of the purchase price of the Reoffered Bonds tendered for purchase has been provided for pursuant to a standby bond purchase agreement. Effective on the Index Rate Conversion Date, such standby bond purchase agreement will be cancelled, the Reoffered Bonds will not be subject to optional tender for purchase by the owners thereof and the former standby bond purchase agreement provider will have no liability with respect to the Reoffered Bonds.

Simultaneously with the conversion of the interest rate on the Reoffered Bonds, the Authority expects to issue its \$450,000,000 Future Tax Secured Subordinate Bonds, Fiscal 2012 Series A (the "Series 2012 A Bonds") and convert to fixed rates to maturity the interest rates on \$424,145,000 principal amount of the Authority's Future Tax Secured Subordinate Bonds, Fiscal 2003 Series B Tax-Exempt Multi-Modal Bonds, and \$171,970,000 principal amount of the Authority's Future Tax Secured Subordinate Bonds, Fiscal 2002 Series B Taxable Adjustable Rate Bonds (collectively, the "Converted Fixed Rate Bonds"). The Series 2012 A Bonds will be sold pursuant to a separate offering circular and the Converted Fixed Rate Bonds will be reoffered pursuant to a separate offering circular.

The Reoffered Bonds constitute Parity Debt and are being reoffered as Post-07 S-1 Parity Debt (defined herein). Interest on and principal of the Reoffered Bonds are payable from Tax Revenues of the Authority subordinate to Senior Debt Service and operating expenses of the Authority and on a parity with the Authority's other Recovery Obligations and other Subordinate Bonds issued on a parity with the Authority's Recovery Obligations. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE FUTURE TAX SECURED BONDS" under "SECTION I: INCLUSION BY SPECIFIC REFERENCE." Provided the statutory and contractual conditions are met, other Series of Bonds senior to or on a parity with the Reoffered Bonds may be issued. See "SECTION V: THE AUTHORITY—Other Authority Obligations" under "SECTION I: INCLUSION BY SPECIFIC REFERENCE."

Pursuant to the Act, the Reoffered Bonds are payable from the Tax Revenues of the Authority derived from collections of personal income taxes and of sales and compensating use taxes imposed by the City. Such taxes are imposed pursuant to statutes enacted by the State. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE FUTURE TAX SECURED BONDS" under "SECTION I: INCLUSION BY SPECIFIC REFERENCE."

The Reoffered Bonds are fully registered bonds, registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"). Purchasers will not receive physical delivery of the Reoffered Bonds. The principal of and interest on the Reoffered Bonds will be payable to DTC by the Trustee. Disbursement of such payments to DTC Participants is the responsibility of DTC, and disbursements to the purchasers of the Reoffered Bonds are the responsibility of the DTC Participants.

Purchases of the Reoffered Bonds will be made in book-entry form in denominations of \$100,000 principal amount or multiples of \$5,000 in excess thereof. Interest on the Reoffered Bonds accrues from the Index Rate Conversion Date and is payable monthly on the first business day of each month, commencing September 1, 2011.

The Reoffered Bonds are subject to mandatory tender and to redemption prior to maturity as described herein.

THE REOFFERED BONDS ARE PAYABLE SOLELY FROM AND SECURED BY A SUBORDINATE LIEN ON TAX REVENUES OF THE AUTHORITY AND CERTAIN ACCOUNTS HELD BY THE TRUSTEE. THE REOFFERED BONDS ARE NOT A DEBT OF EITHER THE STATE OR THE CITY, AND NEITHER THE STATE NOR THE CITY SHALL BE LIABLE THEREON, NOR SHALL THE REOFFERED BONDS BE PAYABLE OUT OF ANY FUNDS OTHER THAN TAX REVENUES OF THE AUTHORITY AND CERTAIN ACCOUNTS HELD BY THE TRUSTEE.

The Reoffered Bonds will be sold by the Authority directly to J.P. Morgan Securities LLC (the "Initial Purchaser"). In connection with the change in the method of determining the interest rates and other modifications of the Reoffered Bonds, certain legal matters will be passed upon by Sidley Austin LLP, New York, New York, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by the New York City Corporation Counsel. Certain legal matters will be passed upon for the Initial Purchaser by its counsel, Winston & Strawn LLP, New York, New York. It is expected that the Reoffered Bonds will be available for delivery in New York, New York, on the Index Rate Conversion Date, which is expected to be August 23, 2011.

\$74,600,000
New York City Transitional Finance Authority
New York City Recovery Bonds
Fiscal 2003 Subseries 1B

Price:	100%								
CUSIP Number ⁽¹⁾ :	64971QMF7								
Floating Rate:	SIFMA plus 80 basis points								
Maturity Date:	November 1, 2022								
First Conversion Date:	November 1, 2014								
First Par Call Date:	November 1, 2014								
Step-up Date:	May 1, 2015								
Step-up Rate:	If the Reoffered Bonds are not successfully remarketed or refunded on or prior the Step-up Date, then the interest rate on the Reoffered Bonds will be equal to:								
	<table><thead><tr><th><u>Days following the Step-up Date</u></th><th><u>Step-up Rate</u></th></tr></thead><tbody><tr><td>1 to 90</td><td>SIFMA + 250 basis points</td></tr><tr><td>91 to 180</td><td>Greater of (SIFMA + 450 basis points) and 7.50%</td></tr><tr><td>181 or more</td><td>Greater of (SIFMA + 600 basis points) and 9.00%</td></tr></tbody></table>	<u>Days following the Step-up Date</u>	<u>Step-up Rate</u>	1 to 90	SIFMA + 250 basis points	91 to 180	Greater of (SIFMA + 450 basis points) and 7.50%	181 or more	Greater of (SIFMA + 600 basis points) and 9.00%
<u>Days following the Step-up Date</u>	<u>Step-up Rate</u>								
1 to 90	SIFMA + 250 basis points								
91 to 180	Greater of (SIFMA + 450 basis points) and 7.50%								
181 or more	Greater of (SIFMA + 600 basis points) and 9.00%								

⁽¹⁾ 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 Reoffered Bonds and neither the Authority nor the Initial Purchaser makes any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Reoffered Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Reoffered Bonds.

WHILE THE REOFFERED BONDS MAY IN THE FUTURE BE CONVERTED TO AUCTION RATE BONDS, TERM RATE BONDS, FIXED RATE BONDS, STEPPED COUPON BONDS, DAILY RATE BONDS, TWO-DAY RATE BONDS, WEEKLY RATE BONDS OR COMMERCIAL PAPER RATE BONDS THIS REOFFERING CIRCULAR DOES NOT DESCRIBE TERMS SPECIFICALLY APPLICABLE TO THE REOFFERED BONDS BEARING INTEREST AT RATES OTHER THAN THE INDEX RATE.

Certain information in this Reoffering Circular has been provided by the City and other sources considered by the Authority to be reliable. All estimates and assumptions contained herein are believed to be reliable, but no representation is made that such estimates or assumptions are correct or will be realized. No dealer, broker, salesperson or other person has been authorized by the Authority or the Initial Purchaser to give any information or to make any representation with respect to the Reoffered Bonds, other than those contained in this Reoffering Circular, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. The information and expressions of opinion 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 affairs of the parties referred to above since the date hereof. This Reoffering Circular does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Reoffered Bonds, by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Reoffering Circular includes by specific reference forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts, projections and estimates were prepared. In light of the important factors that may materially affect economic conditions in the City and the amount of Tax Revenues (as defined herein), the inclusion by specific reference in this Reoffering Circular of such forecasts, projections and estimates should not be regarded as a representation by the Authority, or the Initial Purchaser 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 Authority. These forward-looking statements speak only as of the date of this Reoffering Circular. The Authority 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 Authority’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

THE REOFFERED BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY BODY. 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.

MARKS PANETH & SHRON LLP, THE AUTHORITY’S INDEPENDENT AUDITOR, HAS NOT REVIEWED, COMMENTED ON OR APPROVED, AND IS NOT ASSOCIATED WITH, THIS REOFFERING CIRCULAR. THE REPORT OF MARKS PANETH & SHRON LLP RELATING TO THE AUTHORITY’S FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009, WHICH IS A MATTER OF PUBLIC RECORD, IS INCLUDED BY SPECIFIC REFERENCE IN THIS REOFFERING CIRCULAR. HOWEVER, MARKS PANETH & SHRON LLP HAS NOT PERFORMED ANY PROCEDURES ON ANY FINANCIAL STATEMENTS OR OTHER FINANCIAL INFORMATION OF THE AUTHORITY, INCLUDING WITHOUT LIMITATION ANY OF THE INFORMATION CONTAINED BY SPECIFIC REFERENCE IN THIS REOFFERING CIRCULAR, SINCE THE DATE OF SUCH REPORT AND HAS NOT BEEN ASKED TO CONSENT TO THE INCLUSION BY SPECIFIC REFERENCE OF ITS REPORT IN THIS REOFFERING CIRCULAR.

(This page intentionally left blank)

REOFFERING CIRCULAR
OF
NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY
Relating To

\$74,600,000
New York City Recovery Bonds
Fiscal 2003 Subseries 1B

INTRODUCTORY STATEMENT

This Reoffering Circular of the New York City Transitional Finance Authority (the “Authority”) sets forth information concerning the Authority in connection with the conversion on August 23, 2011 (the “Index Rate Conversion Date”) of the interest rate by the Authority on \$74,600,000 principal amount of its New York City Recovery Bonds, Fiscal 2003 Subseries 1B (the “Reoffered Bonds”) from a weekly rate to an Index Rate. Simultaneously with the conversion of the interest rate on the Reoffered Bonds, the Authority expects to issue its \$450,000,000 Future Tax Secured Subordinate Bonds, Fiscal 2012 Series A (the “Series 2012 A Bonds”) and convert to fixed rates to maturity the interest rates on \$424,145,000 principal amount of the Authority’s Future Tax Secured Subordinate Bonds, Fiscal 2003 Series B Tax-Exempt Multi-Modal Bonds, and \$171,970,000 principal amount of the Authority’s Future Tax Secured Subordinate Bonds, Fiscal 2002 Series B Taxable Adjustable Rate Bonds (collectively, the “Converted Fixed Rate Bonds”). The Series 2012 A Bonds will be sold pursuant to a separate offering circular and the Converted Fixed Rate Bonds will be reoffered pursuant to a separate reoffering circular. Portions of the Authority’s offering circular relating to the Series 2012 A Bonds (the “Offering Circular”) are included herein by specific reference. See “SECTION I: INCLUSION BY SPECIFIC REFERENCE.”

The Authority is a corporate governmental agency constituting a public benefit corporation and an instrumentality of the State of New York (the “State”) created by the New York City Transitional Finance Authority Act (the “Act”). The Reoffered Bonds have been issued pursuant to the Act and an Indenture, dated October 1, 1997, as supplemented (the “Indenture”), by and between the Authority and The Bank of New York Mellon, New York, New York (the “Trustee”). The Authority and The City of New York (the “City”) entered into a Financing Agreement (the “Agreement”), dated October 1, 1997, as amended, supplemented and in effect from time to time, which provides for the application of the Authority’s Bond proceeds to fund City capital expenditures and Recovery Costs (as defined in the Indenture) and includes various covenants of the City. A summary of the Indenture and the Agreement, including certain defined terms used therein and in this Reoffering Circular, is contained in “APPENDIX A—SUMMARY OF INDENTURE AND AGREEMENT” under “SECTION I: INCLUSION BY SPECIFIC REFERENCE.”

The Reoffered Bonds are payable from Tax Revenues of the Authority which are derived from Personal Income Tax Revenues and Sales Tax Revenues (each as defined herein) subordinate to Senior Debt Service and operating expenses of the Authority. See “SECTION II: SOURCE OF PAYMENT AND SECURITY FOR THE FUTURE TAX SECURED BONDS” under “SECTION I: INCLUSION BY SPECIFIC REFERENCE.”

The factors affecting the Authority and the Reoffered Bonds described throughout this Reoffering Circular are complex and are not intended to be summarized in this Introductory Statement. This Reoffering Circular (including the information referred to in “SECTION I: INCLUSION BY SPECIFIC REFERENCE”) should be read in its entirety.

From the date of issuance of the Reoffered Bonds through the Index Rate Conversion Date, the payment of the purchase price of the Reoffered Bonds tendered for purchase has been provided for pursuant to a standby bond purchase agreement. Effective on the Index Rate Conversion Date, the standby bond purchase agreement will be cancelled, the Reoffered Bonds will not be subject to tender for purchase, and the former standby purchase agreement provider will have no liability with respect to the Reoffered Bonds. The Reoffered Bonds constitute Parity Debt and will be treated as Post-07 S-1 Parity Debt. See “APPENDIX A—SUMMARY OF INDENTURE AND AGREEMENT” under “SECTION I: INCLUSION BY SPECIFIC REFERENCE.”

SECTION I: INCLUSION BY SPECIFIC REFERENCE

Portions of the Authority's Offering Circular, delivered herewith, relating to the Series 2012 A Bonds, subject to the information contained elsewhere herein, are included herein by specific reference, namely the information under the captions:

SECTION II:	SOURCES OF PAYMENT AND SECURITY FOR THE FUTURE TAX SECURED BONDS
SECTION III	ECONOMIC AND DEMOGRAPHIC INFORMATION
SECTION IV:	THE SERIES 2012 A BONDS—Book-Entry Only System
SECTION V:	THE AUTHORITY
SECTION VI:	LITIGATION
SECTION X:	FINANCIAL ADVISORS
SECTION XI:	FINANCIAL STATEMENTS
SECTION XII:	CONTINUING DISCLOSURE UNDERTAKING
SECTION XV:	LEGAL INVESTMENT
SECTION XVI:	MISCELLANEOUS
APPENDIX A:	SUMMARY OF INDENTURE AND AGREEMENT
APPENDIX B:	FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

In addition, all references to the Series 2012 A Bonds in the foregoing captions of the Offering Circular shall include the Reoffered Bonds.

SECTION II: THE REOFFERED BONDS

General

The interest rate on the Reoffered Bonds is being converted from a weekly rate to an Index Rate. The Reoffered Bonds will bear interest at the Index Rate and will mature on the date as set forth on the inside cover page of this Reoffering Circular. The Reoffered Bonds have been issued in book-entry only form. Interest on and principal of the Reoffered Bonds are payable from Tax Revenues of the Authority subordinate to the payment of Senior Debt Service and operating expenses of the Authority. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE FUTURE TAX SECURED BONDS" under "SECTION I: INCLUSION BY SPECIFIC REFERENCE." Terms used under this heading "SECTION II: THE REOFFERED BONDS" and not defined herein are defined in "APPENDIX A—DEFINITIONS."

The Reoffered Bonds are in denominations of \$100,000 principal amount or multiples of \$5,000 in excess thereof.

Interest on the Reoffered Bonds while in the Index Rate Mode is payable on the first Business Day of each month commencing September 1, 2011 and, without duplication, the Business Day after the final day of the Index Rate Period, any Conversion Date or Optional Redemption Date of the Reoffered Bonds. Interest on the Reoffered Bonds while in the Index Rate Mode shall be computed on the basis of a 365/366 day year and the actual number of days elapsed.

Interest Rate

Commencing on the Index Rate Conversion Date and extending to, but not including, the Step-up Date, or earlier redemption date or Conversion Date, the interest rate on the Reoffered Bonds shall be the Floating Rate. The Floating Rate shall be calculated according to the following formula:

$$\text{SIFMA} + 80 \text{ basis points} = \text{Floating Rate}$$

Each Reoffered Bond shall bear interest at the Floating Rate from each Adjustment Date to but not including the next Adjustment Date determined by the Calculation Agent on the preceding Calculation Date.

The Initial Purchaser shall determine by 10:00 a.m., New York City time, on the Index Rate Conversion Date the initial Floating Rate for the Reoffered Bonds.

If the Reoffered Bonds have not been converted to a different interest rate mode or redeemed on or prior to the Step-up Date, the interest rate on the Reoffered Bonds shall be calculated as shown below:

Days Following the Step-up Date	Step-up Rate
1-90	SIFMA + 250 basis points
91-180	Greater of (SIFMA + 450 basis points) and 7.50%
181- or More	Greater of (SIFMA + 600 basis points) and 9.00%

The Reoffered Bonds may not bear interest at a rate greater than 12% commencing on the Index Rate Conversion Date to and including the Step-up Date and 25% beginning on the Step-up Date.

Conversion

Subject to the conditions in the Indenture, the Authority may on or after November 1, 2014, convert all or a portion of the Reoffered Bonds by delivering a Conversion Notice to the affected Holders, the Trustee and the Tender Agent specifying the Reoffered Bonds to be converted, the Conversion Date and the Rate Mode that will be effective on the Conversion Date. The Authority must deliver such Conversion Notice not less than 15 days prior to the Conversion Date or a shorter period (not less than 10 days) if acceptable to 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 bonds to be Converted, which notice must state (i) the Conversion Date; (ii) the name and address of the principal corporate trust offices of the Trustee and Tender Agent; (iii) that the Reoffered Bonds to be Converted will be subject to mandatory tender for purchase on the Conversion date at the Purchase Price; and (iv) that upon the Conversion, if there is on deposit with the Tender Agent (which term includes the Trustee for this purpose) on the Conversion Date an amount sufficient to pay the Purchase Price of the Reoffered Bonds so converted, such bonds not delivered to the Tender Agent 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 of 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 Reoffered Bonds are to be converted to a new Rate Mode, the particular Reoffered Bonds which are to be converted to a new Rate Mode will be selected by the Trustee (or, if the Authority so elects, the Authority) subject to the provisions of the Indenture regarding Authorized Denominations.

If the election to Convert is withdrawn by the Authority, or if the Authority has been unable to remarket the Reoffered Bonds on the Conversion Date, the affected Reoffered 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 Authority.

Tender for Purchase

The Reoffered Bonds are not subject to optional tender for purchase.

The Reoffered Bonds shall be subject to mandatory tender for purchase on any Conversion Date and to mandatory tender for purchase in lieu of redemption on any Optional Redemption Date, and thereafter to optional or mandatory tender for purchase, all as may be provided for by the Authority in accordance with the Indenture.

Bonds Deemed Purchased

The Reoffered Bonds or portions thereof required to be purchased upon a mandatory tender will be deemed to have been tendered and purchased for all purposes of the Indenture, irrespective of whether such Reoffered 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 Reoffered Bond deemed to have been tendered and purchased will have no claim thereunder or under the Indenture 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 Reoffered Bond to be tendered or the amount payable to the registered owner of a Purchased Bond following receipt by such owner of a purchase notice from the Remarketing Agent, plus accrued and unpaid interest from the immediately preceding Interest Payment Date. If the date of purchase is an Interest Payment Date, then the Purchase Price will not include accrued and unpaid interest, which will be paid to the Holder of record on the applicable Record Date.

The Purchase Price of a Tendered Bond will be paid, in same-day funds, to DTC in accordance with DTC's standard procedures for effecting same-day payments, as described under the subheading "THE SERIES 2012 A BONDS—Book-Entry Only System" under "SECTION I: INCLUSION BY SPECIFIC REFERENCE." Payment for such Bonds will be made without presentation and surrender of the Tendered Bonds to the Tender Agent and DTC will be responsible for effecting payment of the Purchase Price to the DTC Participants.

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

Optional Redemption

The Reoffered Bonds are subject to optional redemption prior to maturity on 30 days' notice, at the option of the Authority, in whole or in part, on any date on or after November 1, 2014 at a price of 100% of their principal amount plus accrued interest to the redemption date. In the event that such Reoffered Bonds are defeased to their maturity in the future, the Authority expects that the Reoffered Bonds will remain subject to optional redemption by the Authority.

Mandatory Redemption

The Reoffered Bonds are Term Bonds subject to mandatory redemption upon 30 days' (but not more than 60 days') notice to Bondholders, by lot, on each November 1 at a redemption price equal to the principal amount thereof, plus accrued interest, without premium, in the amounts set forth below:

<u>November 1,</u>	<u>Amount</u>
2012	\$ 5,400,000
2013	5,600,000
2014	5,800,000
2015	6,100,000
2016	6,400,000
2017	6,700,000
2018	7,000,000
2019	7,300,000
2020	7,700,000
2021	8,100,000
<u>2022⁽¹⁾</u>	<u>8,500,000</u>

⁽¹⁾ Stated maturity.

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

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

Notice of Redemption; Selection of Bonds to Be Redeemed

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

The particular maturities and coupons of the Reoffered Bonds to be redeemed at the option of the Authority will be determined by the Authority in its sole discretion.

Upon receipt of notice from the Authority of its election to redeem the Reoffered Bonds, the Trustee is to give notice of such redemption by mail to the Holders of Reoffered Bonds to be redeemed not less than 30 days or more than 60 days prior to the date set for redemption. Failure by a particular holder to receive notice, or any defect in the notice to such holder, will not affect the redemption of any other Bond.

If less than all of a coupon and maturity of the Reoffered Bonds are called for prior redemption, such Reoffered Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

Defeasance

The Reoffered Bonds are subject to legal defeasance in accordance with the Indenture. As a condition to legal defeasance of any of the Reoffered Bonds, the Authority must obtain an opinion of counsel to the effect that the owners thereof will not recognize income, gain or loss for federal income tax purposes as a result of such legal defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred. See “APPENDIX A—SUMMARY OF INDENTURE AND AGREEMENT—The Indenture—*Defeasance*” under “SECTION I: INCLUSION BY SPECIFIC REFERENCE.”

Debt Service Requirements

The following schedule sets forth, for each 12-month period ending June 30 of the years shown, the amounts required to be paid by the Authority for the payment of debt service on all Outstanding Future Tax Secured Bonds (including the Reoffered Bonds) during such period.

Fiscal Year	Outstanding Future Tax Secured Bonds Debt Service ⁽¹⁾		Subseries 2003 1B Bonds Debt Service ⁽¹⁾			Total Future Tax Secured Bonds Debt Service ⁽¹⁾		
	Senior Debt Service	Subordinate Debt Service	Principal	Interest	Total	Senior Debt Service	Subordinate Debt Service	Total
2012 ⁽²⁾	\$400,412,405	\$ 918,959,444		\$2,569,556	\$2,569,556	\$400,412,405	\$ 921,528,999	\$1,321,941,404
2013	466,311,974	1,224,058,968	\$5,400,000	3,595,000	8,995,000	466,311,974	1,233,053,968	1,699,365,942
2014	406,288,951	1,185,667,803	5,600,000	3,320,000	8,920,000	406,288,951	1,194,587,803	1,600,876,754
2015	391,398,424	1,237,777,981	5,800,000	3,035,000	8,835,000	391,398,424	1,246,612,981	1,638,011,405
2016	316,967,198	1,310,060,134	6,100,000	2,737,500	8,837,500	316,967,198	1,318,897,634	1,635,864,831
2017	306,340,575	1,305,931,185	6,400,000	2,425,000	8,825,000	306,340,575	1,314,756,185	1,621,096,760
2018	278,085,663	1,313,170,370	6,700,000	2,097,500	8,797,500	278,085,663	1,321,967,870	1,600,053,533
2019	320,023,962	1,254,046,101	7,000,000	1,755,000	8,755,000	320,023,962	1,262,801,101	1,582,825,064
2020	327,876,098	1,235,600,872	7,300,000	1,397,500	8,697,500	327,876,098	1,244,298,372	1,572,174,470
2021	336,588,629	1,169,204,874	7,700,000	1,022,500	8,722,500	336,588,629	1,177,927,374	1,514,516,003
2022	296,045,404	1,152,497,060	8,100,000	627,500	8,727,500	296,045,404	1,161,224,560	1,457,269,964
2023	365,374,761	1,067,362,342	8,500,000	212,500	8,712,500	365,374,761	1,076,074,842	1,441,449,603
2024	350,953,517	907,966,297				350,953,517	907,966,297	1,258,919,814
2025	378,112,474	782,707,426				378,112,474	782,707,426	1,160,819,899
2026	427,561,026	713,008,001				427,561,026	713,008,001	1,140,569,027
2027	465,655,678	676,549,486				465,655,678	676,549,486	1,142,205,164
2028	456,016,017	636,734,968				456,016,017	636,734,968	1,092,750,985
2029	352,029,740	593,898,432				352,029,740	593,898,432	945,928,173
2030	233,162,067	581,377,146				233,162,067	581,377,146	814,539,213
2031	183,896,395	545,722,321				183,896,395	545,722,321	729,618,716
2032	116,169,044	488,464,516				116,169,044	488,464,516	604,633,560
2033	77,102,861	487,633,974				77,102,861	487,633,974	564,736,835
2034	7,671,675	450,050,049				7,671,675	450,050,049	457,721,724
2035		415,936,697					415,936,697	415,936,697
2036		382,073,011					382,073,011	382,073,011
2037		383,512,803					383,512,803	383,512,803
2038		356,406,192					356,406,192	356,406,192
2039		304,703,516					304,703,516	304,703,516
2040		160,070,018					160,070,018	160,070,018

Note: Totals may not add due to rounding.

⁽¹⁾ Figures reflect estimated debt service on tax-exempt variable rate bonds, including the Reoffered Bonds, calculated at an assumed interest rate of 5% per annum and on taxable variable rate bonds at an assumed rate of 7% per annum. Figures do not reflect the federal subsidy on Build America Bonds and Qualified School Construction Bonds. Figures include Sinking Fund Requirements deposited for payment of the principal of outstanding Qualified School Construction Bonds at maturity but not the maturing principal of outstanding Qualified School Construction Bonds. Fiscal 2003 Series A Bonds maturing after 2014 are assumed to be replaced by variable rate bonds at an assumed rate of 5% after November 1, 2011. Figures do not include debt service on bonds to be refunded with proceeds of the Series 2012 A Bonds. Figures reflect conversion of the Converted Fixed Rate Bonds to a fixed rate to maturity and conversion of the Fiscal 2002 Series B Taxable Adjustable Rate Bonds from Senior Bonds to Subordinate Bonds expected to occur on August 23, 2011.

⁽²⁾ Figures reflect the expected redemption on August 23, 2011 of \$5,100,000 principal amount of the Reoffered Bonds.

Use of Proceeds

The proceeds of the Reoffered Bonds have been used to finance cost relating to or arising from events at the World Trade Center.

Other Information

For additional information regarding the Reoffered Bonds and the Indenture, see “APPENDIX A—SUMMARY OF INDENTURE AND AGREEMENT” under “SECTION I: INCLUSION BY SPECIFIC REFERENCE.”

SECTION III: TAX MATTERS

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

The Authority and the City have 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 Reoffered Bonds for purposes of federal income taxation. In the opinion of Bond Counsel, assuming compliance by the Authority and the City with such provisions of the Code, interest on the Reoffered Bonds will not be included in the gross income of the owners thereof for purposes of federal income taxation. Failure by the Authority or the City to comply with such applicable requirements may cause interest on the Reoffered Bonds to be includable in the gross income of the owners thereof retroactive to the date of the issue of the Reoffered Bonds. Further, Bond Counsel will render no opinion as to the effect on the exclusion from gross income of interest on the Reoffered Bonds of any action taken or not taken after the date of such opinion without the approval of Bond Counsel.

In the opinion of Bond Counsel, interest on the Reoffered 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 Sidley Austin LLP renders no opinion, as a result of (i) ownership of such Reoffered Bonds or (ii) the inclusion in certain computations (including, without limitation, those related to the corporate alternative minimum tax) of interest that is excluded from gross income. Interest on the Reoffered Bonds owned by a corporation will be included in the calculation of the corporation’s federal alternative minimum tax liability.

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

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

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

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and section 4975 of the Code generally prohibit certain transactions between employee benefit plans under ERISA or tax qualified retirement plans and individual retirement accounts under the Code (collectively, the “Plans”) and persons who, with respect to a Plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In addition, each fiduciary of a Plan (“Plan Fiduciary”) must give appropriate consideration to the facts and circumstances that are relevant to an investment in the Reoffered Bonds, including the role that such an investment in the Reoffered Bonds would play in the Plan’s overall investment portfolio. Each Plan Fiduciary, before deciding to invest in the Reoffered Bonds, must be satisfied that such investment in the Reoffered Bonds is a prudent investment for the Plan, that the investments of the Plan, including the investment in the Reoffered Bonds, are diversified so as to minimize the risk of large losses and that an investment in the Reoffered Bonds complies with the documents of the Plan and related trust, to the extent that such documents are consistent with ERISA. All Plan Fiduciaries, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Reoffered Bond.

SECTION IV: APPROVAL OF LEGALITY

The legality of the conversion of the Reoffered Bonds will be covered by the approving legal opinion of Sidley Austin LLP, New York, New York, Bond Counsel to the Authority. Certain legal matters are subject to the approval of the New York City Corporation Counsel, and of Winston & Strawn LLP, New York, New York, counsel to the Initial Purchaser.

SECTION V: REOFFERING

The Reoffered Bonds will be sold by the Authority directly to J.P. Morgan Securities LLC.

NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

DEFINITIONS

“*Adjustment Date*” means each Thursday.

“*Applicable Factor*” means, on the Index Rate Conversion Date, 100%.

“*Applicable Spread*” means, on the Index Rate Conversion Date, 80 basis points.

“*Authorized Denominations*” means \$100,000 or any integral multiple of \$5,000 in excess of \$100,000.

“*Authorized Officer*” means in the case of the Authority, the Chairperson, the Executive Director, the General Counsel, the Treasurer (who shall be the chief fiscal officer for purposes of the School Financing Act), each Deputy Treasurer or Assistant Treasurer, the Secretary, each Deputy Secretary or Assistant Secretary, their successors in office, and any other person authorized to act thereunder by appropriate Written Notice to the Trustee.

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

“*Book Entry Form*” or “*Book Entry System*” means a form or system under which physical Reoffered 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 Authority, the New York Stock Exchange, the Federal Reserve Bank of New York, the Trustee, the Tender Agent, the Broker-Dealers, the Remarketing Agents or banks and trust companies in New York, New York, are authorized or required to remain closed.

“*Calculation Agent*” means J.P. Morgan Securities LLC.

“*Calculation Date*” means, each Wednesday and the Business Day immediately preceding any Mandatory Tender Date after which the Reoffered Bonds will bear interest at the Index Rate or, if any such Wednesday is not a Business Day, the immediately preceding Business Day.

“*Conversion*” means a change in the rate mode of Reoffered Bond or a change from one Index Rate Period to another Index Rate Period. To “Convert” is the act of Conversion.

“*Conversion Date*” means the Business Day of a Conversion or proposed Conversion.

“*Conversion Notice*” means a notice of Conversion.

“*Direct Participant*” means a participant in the book-entry system of recording ownership interests in the Reoffered 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 Reoffered Bonds, or any successor Depository for any Reoffered Bonds; and includes each nominee thereof.

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

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

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

“*Floating Rate*” means the sum of (1) the product of the Index and the Applicable Factor and (2) the Applicable Spread.

“*Indenture*” means the Indenture dated as of October 1, 1997, as amended and supplemented.

“*Index*” means, on the Index Rate Conversion Date, SIFMA.

“*Index Rate*” means, from and including the Index Rate Conversion Date to but not including the Step-up Date, the Floating Rate; thereafter (if the Reoffered Bonds bearing interest at the Index Rate are not Converted) the Step-up Rate.

“*Index Rate Mode*” means a Rate Mode in which Reoffered Bonds bear interest at an Index Rate.

“*Index Rate Period*” means a period during which Reoffered Bonds bear interest at the Index Rate under a specific Index, Applicable Factor and Applicable Spread fixed pursuant to the Indenture.

“*Interest Payment Date*” means each Mandatory Tender Date, redemption date, maturity date and the first Business Day of each month.

“*Maximum Rate*” means 12% commencing on the Index Rate Conversion Date to but not including the Step-up Date and 25% beginning on the Step-up Date.

“*Paying Agent*” means the Trustee and any additional paying agent for the Reoffered Bonds designated by the Authority.

“*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 Authority which agrees to follow the procedures required to be followed by such securities depository in connection with the Reoffered Bonds.

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

“*Step-up Date*” means May 1, 2015.

“*Step-up Rate*” means, beginning on the Step-up Date, for the number of days following the Step-up Date (a) days 1-90, SIFMA plus 250 basis points; (b) days 91 – 180, the greater of (SIFMA plus 450 basis points) and 7.50%; and (c) days 181 or more, the greater of (SIFMA plus 600 basis points) and 9.00%.

“Tender Agent” means the Trustee and any additional Tender Agent appointed by the Authority.

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

“Tendered Bond” means a Reoffered Bond mandatorily tendered for purchase in accordance with the Indenture, including any bonds deemed tendered, but not surrendered on the applicable Tender Date.

“Trustee” means The Bank of New York Mellon and its successors as the Authority’s Trustee.

“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.

(This page intentionally left blank)

PROPOSED FORM OF BOND COUNSEL OPINION

August 23, 2011

New York City Transitional Finance Authority

We have acted as bond counsel to the New York City Transitional Finance Authority (the "Authority"), a public benefit corporation organized under the laws of the State of New York (the "State"), in the Authority's reoffering of its New York City Recovery Bonds, Fiscal 2003 Subseries 1B (the "Reoffered Bonds"). The Reoffered Bonds were issued pursuant to Charter 16, Laws of New York, 1997, as amended (the "Act"), to the Indenture, dated October 1, 1997, as supplemented (the "Indenture"), between the Authority and The Bank of New York Mellon, as Trustee, and to a Financing Agreement dated October 1, 1997, as amended (the "Agreement"), between the Authority and The City of New York (the "City"). Terms not defined herein are used as defined in the Indenture.

The Reoffered Bonds are dated, bear interest, mature, and are secured as set forth in the Indenture. The Reoffered Bonds are Subordinate Bonds secured on a parity with the Authority's Recovery Obligations and other Parity Debt. The Authority is authorized to issue additional bonds (together with such bonds heretofore issued and the Reoffered Bonds, the "Bonds") on the terms and conditions set forth in the Indenture and all such Bonds shall be entitled to the benefit, protection and security of the Indenture in the order of priority set forth therein. We assume the parties will perform their respective covenants in the Indenture and the Agreement in all material respects.

In rendering the opinions set forth herein, we reviewed certificates of the Authority and 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 Authority and 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 Authority is a public benefit corporation duly organized and existing under the laws of the State, and is authorized under the laws of the State, particularly the Act, to enter into the Indenture and the Agreement and to issue the Reoffered Bonds. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid in all respects material to the security and sources of payment for the Reoffered Bonds.

2. The Reoffered Bonds have been duly authorized, executed, and delivered by the Authority and are valid and binding obligations of the Authority payable from the Tax Revenues pledged and the other collateral provided therefor in the Indenture. The Bonds do not constitute a debt of the State or the City, and neither the State nor the City shall be liable thereon, nor shall the Bonds be payable out of any funds other than those of the Authority.

3. The Act validly provides for (a) the payment to the Authority (i) of the taxes so payable pursuant to §1313 of the Tax Law (the "Personal Income Taxes"), and (ii) to the extent specified in the Act, of sales and compensating use taxes that the City is authorized by the State to impose and taxes imposed by the State pursuant to §1107 of the Tax Law (the "Alternate Revenues," and to the extent so payable, with the Personal Income Taxes and such other revenues, if any, as the Authority may derive directly from the State from taxes imposed by the City or the State and collected by the State, the "Tax Revenues"), (b) the Authority's pledge to the Trustee of the Tax Revenues and all aid, rents, fees, charges, payments and other income and receipts paid or payable to the Authority or the Trustee (the "Revenues"), and (c) the application of proceeds of the Bonds to purposes of the City.

4. The Personal Income Taxes are subject neither to appropriation by the City or the State, nor to prior claims in favor of other obligations or purposes of the City or the State except as specified in §1313 of the Tax Law with respect to overpayments and the State's reasonable costs in administering, collecting and distributing such taxes. Alternative Revenues consisting of sales and compensating use taxes imposed by the City, if payable to the Authority pursuant to the Act, are not subject to appropriation by the City or the State. Upon any failure of the State Legislature to make required appropriations for State debt obligations, the Tax Revenues would not constitute revenues applicable to the General Fund of the State; hence Article 7, Section 16 of the State Constitution does not mandate such money to be set apart by the State Comptroller for the payment of State obligations.

5. The Indenture (a) has been duly and lawfully authorized, executed and delivered by the Authority, (b) creates the valid pledge of Tax Revenues and other collateral that it purports to create and (c) is a valid and binding agreement, enforceable in accordance with its terms, of the Authority, and to the extent specified in the Act, the State. The Act does not restrict the right of the State to amend, modify, repeal or otherwise alter statutes imposing or relating to the taxes payable to the Authority pursuant to §1313 of the Tax Law, nor does it obligate the State to make any payments not specified in the Act or impose any taxes to satisfy the obligations of the Authority.

6. The lien of the Indenture on the Tax Revenues for the security of the Senior Bonds and other instruments to the extent specified in the Indenture is, and pursuant to the covenant of the Authority in the Indenture will be, prior to all other liens thereon. The pledge of Tax Revenues and other collateral made by the Authority in the Indenture is valid, binding and perfected without any physical delivery of the collateral or further act, and the lien thereof is valid, binding and perfected against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of such parties' notice thereof.

7. The Agreement has been duly and lawfully authorized, executed and delivered by the Authority and the City pursuant to the Act, and is a valid and binding agreement of each of them.

8. The Authority is not eligible for protection from its creditors pursuant to Title 11 (the "Bankruptcy Code") of the United States Code. If the debts of the City were adjusted under the Bankruptcy Code, and the City or its creditors asserted a right to the Tax Revenues superior or equal to the rights of the holders of the Bonds, such assertion would not succeed.

9. No registration with, consent of, or approval by any governmental agency or commission that has not been obtained is necessary for the execution and delivery of the Reoffered Bonds. The adoption and compliance with all of the terms and conditions of the Indenture and the Reoffered Bonds, and the execution and delivery of the Reoffered Bonds did not and will not result in a violation of or be in conflict with any existing law.

10. Interest on the Reoffered Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

11. The Authority and the City have covenanted to comply with applicable provisions of the Internal Revenue Code of 1986, as amended (the "Tax Code"), relating to the exclusion from gross income of the interest on the Reoffered Bonds for purposes of federal income taxation. Assuming compliance by the Authority and the City with such provision of the Tax Code, interest on the Reoffered Bonds will not be included in the gross income of the owners thereof for purposes of federal income taxation. Failure by the Authority or the City to comply with such applicable requirements may cause interest on the Reoffered Bonds to be includable in the gross income of the owners thereof retroactive to the date of the issue of the Reoffered Bonds. Further, we render no opinion as to the effect on the exclusion from gross income of interest on the Reoffered Bonds of any action taken or not taken after the date of this opinion without our approval.

12. Interest on the Reoffered 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 holders 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 except as specifically stated above, and 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.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY STATEMENT	1
SECTION I: INCLUSION BY SPECIFIC	
REFERENCE	2
SECTION II: THE REOFFERED BONDS	2
General.....	2
Interest Rate	2
Conversion.....	3
Tender for Purchase	3
Bonds Deemed Purchased	3
Purchase Price and Payment	4
Optional Redemption.....	4
Mandatory Redemption	4
Notice of Redemption; Selection of Bonds to Be Redeemed.....	5
Defeasance	5
Debt Service Requirements	6
Use of Proceeds	7
Other Information	7
SECTION III: TAX MATTERS	7
SECTION IV: APPROVAL OF LEGALITY	8
SECTION V: REOFFERING	8
APPENDIX A – DEFINITIONS.....	A-1
APPENDIX B – PROPOSED FORM OF BOND COUNSEL OPINION	B-1



\$74,600,000
New York City
Transitional Finance Authority
New York City Recovery Bonds
Fiscal 2003 Subseries 1B

REOFFERING CIRCULAR

August 18, 2011
