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Strong Demand for New York City Transitional Finance Authority Fiscal 2000 Series C Bonds Produces Lowest Relative TFA Borrowing Cost in over Two Years

The New York City Transitional Finance Authority (the "TFA") announced today that it successfully priced its Fiscal 2000 Series C Bonds. The spreads to MMD triple-A general municipal market scale of 09 basis points in the 10 year maturity and 13 basis points in the 30 year maturity were the lowest for the TFA since the TFA 1998 Series B bond issue in January of 1998. The TFA also sold $40 million of taxable bonds by competitive biding.

The tax-exempt bonds totaling approximately $560 million were sold on a negotiated basis through the TFA's underwriting syndicate led by book-running senior manager Morgan Stanley Dean Witter. Lehman Brothers and Bear, Stearns & Co served as co-senior managers on the tax-exempt portion of the deal.

The taxable $40 million portion was sold by competitive bidding. Nine bids were submitted for the taxable bonds. All of the bids were submitted electronically through Thomson Financial Municipals Group Parity Electronic Bid Submission System. Prudential Securities Incorporated submitted the winning bid with a true interest cost of 7.116557 percent.

The tax-exempt portion of the transaction was structured with serial maturities from 2001 through 2020 and included two term bonds in 2024 and 2029. Yields (interest rates) ranged from 4.2 percent in the 2001 maturity to 5.77 percent in the 2029 term maturity.

The sale was preceded by a two-day retail order period that opened on Friday afternoon, April 7 and concluded on Monday afternoon, April 10. The $95 million of retail pre-sale orders totaled 17 percent of the tax-exempt bonds offered. Maturities 2002 through 2005 were completely pre-sold in the retail order period.

Institutional demand for TFA's bonds was strong and broad based. The approximately $431 million of bonds offered to institutions, net of retail pre-sale orders and retention, were oversubscribed more than two and a half times by the $1.2 billion of priority orders from institutions. As a result, yields on seven maturities were reduced in a repricing by one basis point each.

This bond sale is the last of three TFA bond sales scheduled for issuance in Fiscal Year 2000 ending June 30, 2000, the proceeds of which will be used to pay off the Bond Anticipation Notes ("BANs") Series 1 and 2, issued last fall. The Fiscal 2000 Series C bond issue will close on Tuesday, May 2. The TFA's program of issuing Bond Anticipation Notes will continue with a competitive bid for $515 million of tax-exempt BANs on Thursday, April 13, 2000.