MEMORANDUM

Date: October 10, 1996
To: Messrs. Dubin, Finkelstein, Kramer, Sigal and Workman
From: Bernard J. Kabak
Re: Contract Debt Opinion

Here is a copy of Brown & Wood's opinion on Contract Debt, which the firm issued in connection with yesterday's closing on New York City's Fiscal 1997 Series B RANs.
October 9, 1996

The City of New York

Municipal Assistance Corporation For The City of New York

We have acted as counsel for The City of New York (the "City") in connection with the Reimbursement Agreements dated as of October 9, 1996 (the "Reimbursement Agreements"), between the City and the banks named therein (the "Banks") entered into to provide credit enhancement with respect to the City's General Obligation Revenue Anticipation Notes, Fiscal 1997 Series B (the "Notes"). You have requested our opinion as to certain matters concerning the Reimbursement Agreements and the City has asked us to provide this opinion. Terms defined in the Reimbursement Agreements are used herein as so defined.

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 Contract Debt, to the extent incurred pursuant to the Reimbursement Agreements, will be contracted in accordance with the Constitution and statutes of the State and the Charter of the City and will constitute valid and legally binding indebtedness of the City for the payment of which the City validly pledges its faith and credit.

The foregoing opinion is based on an analysis of existing law and court decisions. Such opinion may be adversely affected by actions taken or events occurring, including a change in law (or in the application or official interpretation thereof) 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.
We recognize the dearth of precedent in the State relating to local indebtedness other than bonds or notes, and we observe that the Reimbursement Agreements provide alternatives to Contract Debt as a mechanism of reimbursement to the Banks.

The enforceability of the Reimbursement Agreements may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable. The enforceability of the Reimbursement Agreements may also be subject to the exercise of the State's police powers and of judicial discretion in appropriate cases.

This letter is solely for the information of, and assistance to, the addressees and is not to be used, circulated, quoted or otherwise referred to in connection with the offering of the Notes except that reference hereto may be made in any list of closing documents pertaining to the sale of the Notes.

Brou- & Wray, Llp
Date: September 26, 1996

To: Messrs. Beazer, Dubin, Finkelstein, Keohane and Robinson

From: Bernard J. Kabak

Re: Contact Debt Opinion

Attached is a copy of Homer Schaaf's draft opinion on contract debt marked with our suggested revisions. After reviewing our mark up, Mr. Schaaf called me yesterday to say that he accepted our revisions and that the City had approved the issuance of the opinion. Mr. Schaaf will issue the opinion as marked on the date when the Reimbursement Agreements are entered into (now expected to be October 9).

cc: Homer D. Schaaf, Esq.
October 9, 1996

The City of New York

Municipal Assistance Corporation For The City of New York

We have acted as counsel for The City of New York (the "City") in connection with (i) the Reimbursement Agreements dated as of October 9, 1996 (the "Reimbursement Agreements"), between the City and the banks named therein (the "Banks") and (ii) the Certificate of the Deputy Comptroller for Finance of the City, dated October 9, 1996 (the "Certificate") with respect to General Obligation Revenue Anticipation Notes, Fiscal 1997 Series B (the "Notes"). The Reimbursement Agreements and the Certificate are hereinafter referred to as the "Agreements". You have requested our opinion as to certain matters concerning the Agreements and the City has asked us to provide this opinion. Terms defined in the Agreements are used herein as so defined.

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 Contract Debt, to the extent incurred pursuant to the Agreements, will be contracted in accordance with the Constitution and statutes of the State and the Charter of the City and will constitute valid and legally binding indebtedness of the City for the payment of which the City validly pledges its faith and credit.

The foregoing opinion is based on an analysis of existing law and court decisions. Such opinion may be adversely affected by actions taken or events occurring, including a change in law (or in the application or official interpretation of thereof) 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.

We recognize the dearth of precedent in the State relating to local indebtedness other than bonds or notes, and we observe that the Agreements provide alternatives to Contract Debt as a mechanism of reimbursement to the Banks.
The enforceability of the Act, the Agreements, the Notes and the Renewal Notes, including the City Covenants and the State Pledge and Agreement as terms of the Notes and the Renewal Notes, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable. The enforceability of the Act, the Agreements, the City Covenants and the State Pledge and Agreement may also be subject to the exercise of the State's police powers and of judicial discretion in appropriate cases. The performance of the City Covenants may be affected by the Board's exercise of its powers under the Act.

The addressees have received copies of our approving opinion and our supplemental opinion, both of even date herewith, delivered pursuant to the Notice of Sale, and may rely thereon as if such opinions were addressed to them.

This letter is solely for the information of, and assistance to, the addressees and is not to be used, circulated, quoted or otherwise referred to in connection with the offering of the Notes except that reference hereto may be made in any list of closing documents pertaining to the sale of the Notes.
§ 3032. Definitions

As used in this title, the following words and terms shall have the following meanings unless the context shall indicate another or different meaning or intent:

1. "Corporation" means the corporate governmental agency created by section three thousand thirty-three of this chapter.
2. "City" means the city of New York.
3. "Mayor" means the mayor of the city of New York.
4. "City comptroller" means the comptroller of the city of New York.
5. "City budget director" means the director of management and budget of the city of New York.

(Added L.1975, c. 169, § 1.)

Historical and Statutory Notes

Effective Date. Section effective June 30, 1975, pursuant to L.1975, c. 169, § 8.
Comptroller's Office 587-1906  OMB 788-9197
☐ P. Mitchell  ☐ M. Page
☐ J. White  ☐ A. Anders
☐ M. Stern  ☐ M. Henning
☐ F. Parkes  ☐ D. Cronan
☐ D. Felix  ☐ C. Larson
☐ K. Chan  ☐ C. Yates
☐ P. Flynn

Law Dept. 788-8716
☐ M. Burke  ☐ J. Whitehead (Morgan Lewis) 309-6273
☐ K. Blyn  ☐ M. Lewis (Morgan Lewis) 309-6273
☐ A. Moncure  ☐ B. Asher (P.R.A.G.) 566-7816
☐ P. Herzelfd  ☐ J. Rubin 373-2337
☐ J. Kaplan  ☐ D. Rubin, sn. 506-5151
☐ L. Wasserman  ☐ N. Kabak 775-0442

Dept. of Finance 669-2275
☐ S. Cohen

ATTORNEY: Homer Schaaf  EXT: 5566
EMPLOYEE ID#: 1515  DATE: 
CLIENT MATTER # 16710.00079  TIME: 
# OF PAGES: 8  (Including this sheet)

MESSAGE: Fajal at Bernick agent. I thought you already had this.

THIS FACSIMILE CONTAINS CONFIDENTIAL INFORMATION INTENDED FOR THE USE OF THE PERSON NAMED ABOVE. IF YOU HAVE RECEIVED THIS FACSIMILE IN ERROR, PLEASE NOTIFY US IMMEDIATELY.

TRANSMITTING OPERATOR: 354887.1

LOS ANGELES • SAN FRANCISCO • WASHINGTON
BEIJING • HONG KONG • LONDON • SÃO PAULO
TOKYO REPRESENTATIVE OFFICE
Letter of Bond Counsel

October 5, 1995

The City of New York

Banks

Bank Counsel

We have acted as counsel for The City of New York (the "City") in connection with (i) the Reimbursement Agreements dated as of October 5, 1995 (the "Reimbursement Agreements"), between the City and the address banks (the "Banks"), and (ii) the Certificate of the Deputy Comptroller for Finance of the City, dated October 5, 1995 (the "Certificate"), with respect to General Obligation Revenue Anticipation Notes, Fiscal 1995 Series B (the "Notes"). The Reimbursement Agreements and the Certificate are hereinafter referred to as the "Agreements". You have requested our opinion as to certain matters concerning the Agreements and the City has asked us to provide this opinion. Terms defined in the Agreements are used herein as so defined.

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 City is a municipal corporation validly existing under the law of the State.

2. The execution, delivery and performance by the City of each of the Agreements are within the City's powers, have been duly authorized by all necessary action and require no action by or in respect of, or filing with, any governmental body, agency or official that has not been accomplished. Each of the Agreements has been duly executed and delivered by, and constitutes a valid and binding agreement of, the City, and the covenants made by the City for the benefit of the Banks and the holders of the Notes in the Agreements (the "City Covenants") are legally binding obligations of the City. With your permission, no...
opinion is rendered as to the extent of the City's authority to incur or perform any obligation that it has undertaken "to the fullest extent permitted by law" or subject to a limitation of similar effect.

3. The defense of sovereign immunity is not available to the City in any proceeding by a Bank to enforce any of the obligations of the City under the Agreements, the Notes or the Renewal Notes.

Following bracketed material may be deleted at Bank's option.

[4. Subject to the conditions and discussion set forth below, (a) the Renewal Notes contemplated by the Agreements, when, as and if issued pursuant to the related provisions of the Agreements (the " Renewal Provisions"), will be valid and legally binding general obligations of the City, as to which our firm could render opinions substantially in the forms attached to the Certificate, and (b) City officials in office at the satisfaction of the contractual conditions to the issuance of the Renewal Notes will have the legal power and authority to issue the Renewal Notes substantially in accordance with the Renewal Provisions.

The foregoing opinion is conditioned upon compliance with the constitutional and statutory conditions to the issuance of revenue anticipation notes and tax anticipation notes, in each case to renew revenue anticipation notes, and upon the absence of material change in applicable laws and regulations and of other supervening events such as the bankruptcy of the City, its operation under judicial supervision, the reimposition of a control period as defined in the Act, or other similar future events affecting the ability of the City to issue obligations generally.

Section 2.12 of the Act provides that the Financial Control Board created by §5 of the Act (the "Board") "shall reimpose a control period upon a determination at any time that any of [the specified] events has occurred" or is likely and imminent, including the City's failure to pay principal of or interest on the Notes when due. Should this determination and reimposition occur prior to issuance of the Renewal Notes, during a control period issuance of Renewal Notes would be subject to the approval of the Board pursuant to §7.1.f of the Act, which states that:

The board shall disapprove any borrowing if it determines that such borrowing is inconsistent with the financial plan or the objectives or purposes of the Act.

Section 2-a of the Act may be taken to summarize these purposes as "to prevent abuses in taxation and assessments and in contracting of indebtedness by the city." The Renewal Provisions are not, in our opinion, "abuses... in contracting of indebtedness" in the context of the Act.
The issuance in the City's 1996 fiscal year of renewal notes maturing in the 1997 fiscal year is limited by §3038.9.b of the Public Authorities Law. This limit was $_______ at September ___, 1995, and will be affected by events between then and June 28, 1996, including events beyond the City's control.

The proposed TANs and Renewal RANs are both subject to §9-b.3.c of the Act, which provides that:

Revenue anticipation notes shall mature not later than the last day of the fiscal year in which they were issued, and may not be renewed or extended to a date more than ten days after the anticipated date of receipt of such revenue. No such renewal note shall mature after the last day of such fiscal year unless the board shall certify that the revenue against which such renewal note is issued has been properly accrued and estimated in the financial plan in effect on the date of issuance of such renewal note; . . .

The second sentence of §9-b.3.c is ambiguous as applied to renewal of RANs by TANs. On a textual basis, we believe that "revenue" in the second sentence should be given the same meaning as in §25.00.a of the LFL (excluding real estate taxes and making the second sentence applicable only to renewal of revenue anticipation notes by similar notes) and should not be deemed the singular of "revenues", as defined in §2.10 of the Act (including real estate taxes). Substantively, even if the City's ability to accrue and estimate the Revenues for itself may be questionable because of the very default that occasioned the renewal, and thus Board certification of proper revenue accrual and estimation may be appropriate, it does not follow that similar Board review of the City's anticipated receipt of its real estate taxes is necessary.

Consistently with the above, however, it might be claimed that §9-b.3.c either determines that, or recognizes as self-evident that, tax anticipation notes may not be issued in renewal of revenue anticipation notes. We believe this conclusion would be unwarranted. We have found no express prohibition, nor should one be implied in light of (x) the faith and credit constitutionally (Art. 8 §2) required to be pledged to revenue anticipation notes, (y) the statutory (LFL §24.00.a.5) authority to apply the proceeds of tax anticipation notes to the purposes for which taxes were or are to be levied, or to the renewal of notes, and (z) the constitutional (Art. 8 §§10, 12) authority to include in the debt service levy the principal of all indebtedness, not excluding tax and revenue anticipation notes that are indebtedness for purposes of the debt limit of Art. 8 §4 but are too recently issued to count against the limit because of Art. 8 §5.A or to require mandatory appropriation under Art. 8 §2. See Flushing Nat'l Bank v. MAC, 40 N.Y. 2d 731 (1976). (In 11 Op. State Compt. 168 (1955), the Comptroller found this application of §10 to be self-evident for bond anticipation notes, which count against the debt limit but are excluded from the mandatory appropriation under §2 without limit of time.)
Based on and subject to the foregoing, we are of the opinion that the Renewal Notes may be validly issued substantially as described in the Renewal Provisions.

5. (a) Contract Debt, to the extent incurred pursuant to the Reimbursement Agreements, to $168.00 of the LFL and to other applicable law, will be contracted in accordance with the State constitution and will constitute valid and legally binding indebtedness 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 thereof and interest thereon.

(b) Contract Debt maturing as contemplated by the Reimbursement Agreement is excluded debt pursuant to Sections 4 and 5A of Article 8 of the State constitution.

(c) Since Contract Debt is not evidenced by bonds or notes, debt service thereon is not included in "monthly debt service" for which money is to be retained in the General Debt Service Fund, nor is its principal to be retained in any account under the Act.

(d) Interest on Contract Debt will be excluded from gross income for Federal income tax purposes to the same extent as interest on renewal notes, and exempt from State and City taxes that give effect to such Federal exclusion. Interest on Contract Debt is not interest on bonds or notes of the City for purposes of §162.00 of the LFL.

(e) Aside from the dearth of precedent in the State relating to local indebtedness other than bonds or notes, we are concerned that resort to Contract Debt maturing in the 1997 fiscal year may be deemed evasion of the limitation in §3038.9.b of the Public Authorities Law (the "Second MAC Limitation"). That limitation, which we expect to be exhausted by renewal revenue anticipation notes before the City incurs Contract Debt, restricts the City’s issuance across a fiscal year-end of "short-term obligations," defined in PAL §3032.6 as "tax anticipation notes, revenue anticipation notes, bond anticipation notes, budget notes and urban renewal notes".

Similarly, §20.00.a of the LFL provides that:

Bonds, notes or other evidences of indebtedness authorized to be issued by municipalities, school districts or district corporations for any object or purpose shall hereafter be of the following nature and kind only and shall be denominated respectively as follows:

1. Serial bonds.
2. Sinking fund bonds or corporate stock.
3. Bond anticipation notes.
4. Tax anticipation notes.
5. Revenue anticipation notes.
6. Capital notes.
7. Budget notes.
8. Urban renewal notes.
9. Deferred payment notes.

and §2.9 of the Act defines "short-term obligations" as tax anticipation notes, bond anticipation notes, revenue anticipation notes, budget notes and urban renewal notes of the city.

The State constitution, in contrast, contemplates local indebtedness including bonds and "certificates or other evidence of indebtedness," all to be backed by a pledge of faith and credit, and imposes no restrictions inconsistent with the contemplated Contract Debt.

Unless the State’s covenant with City and other bondholders pursuant to §10-a.1 of the Act is implicated, and we believe it is not, none of these other statutes has a greater intrinsic dignity than §168.00, which was enacted (in 1991, and amended in 1992 to add the general obligation pledge) more recently than the principal operative provisions tied to the cited definitions.

Section 168.00, therefore, seems to authorize a form of general obligation debt that needs no outside statutory support and is subject to no other statutory restriction. Arguably, this is more than was intended.

Statutory words are read literally, Brandford House v. Michetti, 81 N.Y.2d 681, 686-87 (1993) ("general statement of legislative intent" in legislative history insufficient to lift "heavy burden" of statutory "plain language"), and given literal effect, Wein v. City of New York, 36 N.Y.2d 610, 618 (1975) (proposed obligations with economic effect of debt not unconstitutional, as statute declared City not indebted), in the New York cases, except where the "spirit, purpose and reason of the statute" are more favorable to a local financial arrangement, as in Anderson v. Village of Potsdam, 122 Misc. 437, 438 (Sup. Ct. 1924) (semimannual bond maturities consistent with Village Law requiring annual installments). Here the plain meaning is favorable, and the anticipated circumstances of resort to Contract Debt are not abusive, being unsought by the City and a result of State legislative failure.

Any avoidance of the terms of the LFL of the Act through Contract Debt seems not to constitute a thwarting of their purposes, assuming at least that no resort is had to Contract Debt until the Board has taken action under §9-b.3.c of the Act to permit the issuance of renewal revenue anticipation notes up to the Second MAC Limitation. That limitation may be more troublesome, being a nonwaivable (PAL §3038.9.c) limit on all types of short-term City debt known to its drafters. We cannot say what the legislature that
enacted the Second MAC Limitation would have thought of §168.00, nor that the later legislature had the limitation in mind; nor can we predict any developments of the next nine months relating to the City’s provision for Contract Debt as one alternative method of reimbursement under the Agreements. But this situation is at the core of §168.00 and, at worst, peripheral to the Second MAC Limitation. We believe, based on our research to date and other information available at this time, that resort to Contract Debt, as a result of the City’s efforts to provide for events beyond its control, ought to be viewed favorably (like the Renewal Provisions) as “contriving ways and means for paying [an honest debt]”, Eutinute v. Ashbury Park, 316 U.S. 502, 511 (1942), and seen as a powerful example of the central wisdom of §168.00 and indeed of equal wisdom in the specificity of the cited definitions.

Based on the foregoing, we expect to be able, should the occasion arise, to approve the incurrence of Contract Debt in an opinion substantially to the effect of Exhibit A to the Reimbursement Agreement, or otherwise satisfactory to the addressees of this letter.

6. The Remedial Provisions of the Agreements have the economic effect of requiring the City, subject to § 9-a of the Act, to apply real estate taxes to prepayment of revenue anticipation notes, Revenues to prepayment of tax anticipation notes, and both taxes and Revenues to prepayment of Contract Debt. The Remedial Provisions are authorized by the Act and the LFL and, as remedial covenants with guarantors of the Notes, do not cause any such notes or Contract Debt to be recharacterized.

Implementation of the Remedial Provisions may be preceded by the Board’s reinstatement of a control period, one consequence of which would be Board control of the “board fund” pursuant to §9 of the Act. Retention of real estate taxes for interest on notes and principal of TANS and of Revenues for principal of Renewal RANs and Bank RANs will occur in the General Debt Service Fund, the TAN Account and the RAN Account, respectively, outside the board fund under §9.1. The further application of such taxes and Revenues, however, will be subject to the Board’s orders and procedures. As long as such application is consistent with the approved financial plan, it should be allowed to proceed, based on the Act’s purposes (quoted above from §2-a), the protection of §3.2 for "any existing contract with or for the benefit of the holders of ... notes" (although the word "existing" may impart some ambiguity), and the recognition in §9.5(ii) of "contractual priority" among liabilities.

The enforceability of the Act, the Agreements, the Notes and the Renewal Notes, including the City Covenants and the State Pledge and Agreement as terms of the Notes and the Renewal Notes, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable. The enforceability of the Act, the Agreements, the City Covenants and the State Pledge and Agreement may also be subject to the exercise of the State’s police powers and of judicial discretion in appropriate cases. The performance of the City Covenants may be affected by the Board’s exercise of its powers under the Act.
The addressees have received copies of our approving opinion and our supplemental opinion, both of even date herewith, delivered pursuant to the Notice of Sale, and may rely thereon as if such opinions were addressed to them. Such opinions apply to Notes held by the Banks pursuant to the Reimbursement Agreement.

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.

This letter is solely for the information of, and assistance to, the addressees and is not to be used, circulated, quoted or otherwise referred to in connection with the offering of the Notes except that reference hereto may be made in any list of closing documents pertaining to the sale of the Notes.
October 5, 1995

Honorable Alan G. Hevesi
Comptroller
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Hevesi:

We have acted as bond counsel in connection with the issuance on this date by The City of New York (the “City”), a municipal corporation of the State of New York (the “State”), of $900,000,000 General Obligation Revenue Anticipation Notes, Fiscal 1996 Series D (the “Notes”).

The Notes 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 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 Notes 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 Notes.

2. Except as provided in the following sentence, interest on the Notes is not includable in the gross income of the owners of the Notes for purposes of Federal income taxation under existing law. Interest on the Notes will be includable in the gross income of the owners thereof retroactive to the date of issue of the Notes 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 note 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 Notes 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.

3. Interest on the Notes 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 Notes or the inclusion in certain computations (including without limitation those related to the corporate alternative minimum tax and environmental tax) of interest that is excluded from gross income.

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

The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights hereinafter 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,

Brown + Wood
October 5, 1995

The City of New York
New York, New York

First Albany Corporation
Goldman, Sachs & Co.
Lehman Brothers
Harrill Lynch, Pierce, Fenner & Smith Incorporated
J.P. Morgan Securities Inc.
Smith Barney Inc.
And the Other Original Purchasers

We have acted as bond counsel in connection with the issuance on this date by The City of New York (the "City") of $900,000,000 General Obligation Revenue Anticipation Notes, Fiscal 1996 Series B (the "Notes"). Certain terms defined in the Official Statement dated September 27, 1995 (the "Official Statement"), are used herein as so defined.

Based on our examination, as bond counsel, of existing law, such legal proceedings and such other documents as we deem necessary to render this opinion, we advise you that in our opinion:

1. The Notes are exempt from registration under the Securities Act of 1933, as amended, and no indenture need be qualified under the Trust Indenture Act of 1939, as amended, in connection with the offering and sale of the Notes.

2. The Act validly requires that (a) the City establish the Fund in accordance with Section 9-a.1 thereof; (b) all payments of or on account of City real estate taxes or assessments, other than the proceeds of tax anticipation notes, be deposited upon receipt in the Fund, in accordance with Section 9-a.2 thereof; (c) the State Comptroller or a bank or trust company administrator and maintain and disburse monies from the Fund in accordance with Section 9-a.2 thereof; and (d) amounts retained in the Fund be used...
to pay monthly debt service (as defined in Section 9-a.2 thereof), including the interest on the Notes, in accordance with Section 9-a.4 thereof.

3. The City has duly established the Fund in accordance with Section 9-a.1 of the Act.

4. The Act validly requires that (a) the State Comptroller establish the RAN Account within the Fund in accordance with Section 9-a.7 thereof; (b) the City or the State Comptroller deposit the Revenues into the RAN Account in accordance with Section 9-a.7 thereof; (c) the State Comptroller retain the Revenues in the RAN Account in accordance with Section 9-a.8 thereof; and (d) the State Comptroller or a bank or trust company administer and maintain and disburse monies from the RAN Account in accordance with Section 9-a.8 thereof.

5. The State Comptroller has duly established the RAN Account in accordance with Section 9-a.7 of the Act.

6. The City Covenants are valid and legally binding agreements of the City which the City is authorized to include and has validly included as terms of the Notes.

7. The Undertaking is a valid and legally binding agreement of the City which the City is authorized to enter into.

8. The State Pledge and Agreement is a valid and legally binding pledge and agreement of the State which the City is authorized to include and has validly included as a term of the Notes.

The enforceability of the Act, the Notes, the City Covenants, the Undertaking 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 to the extent constitutionally applicable. The enforceability of the Act, the City Covenants, the Undertaking and the State Pledge and Agreement may also be subject to the exercise of the State's police powers and of judicial discretion in appropriate cases.

In addition to the foregoing we have reviewed the statements in the Official Statement under the captions "The Notes" (excluding therefrom "Revenues in Anticipation of which the RANs are Being Issued" and "Book-Entry Only System") and "Other Information — Tax Exemption" and "— Continuing Disclosure Undertaking" and, based upon our examination described above as bond counsel, we are of the opinion that such statements accurately summarize the provisions of the Notes and the Undertaking, the provisions of law pertaining to
the Notes and the matters stated therein with respect to the Letters of Credit and the use of the proceeds of the Notes. Furthermore, in the course of such examination, nothing has come to our attention which would lead us to believe that such statements contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading.

The Original Purchasers have received copies of our approving opinion of even date herewith, addressed to the Comptroller of the City, and may rely thereon as if such opinion were addressed to them.

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.

This letter is solely for the information of, and assistance to, the addresses and is not to be used, circulated, quoted or otherwise referred to in connection with the offering of the Notes, except that reference hereto may be made in any list of closing documents pertaining to the sale of the Notes. This letter refers only to the Notes as delivered to the Original Purchasers by the City, and no view is expressed as to any offering by Original Purchasers or others of derivative instruments with investment characteristics not identical to those of the Notes.

[Signature]
October 5, 1995

The City of New York

Morgan Guaranty Trust Company of New York
Union Bank of Switzerland, New York Branch
Chemical Bank
The Bank of Nova Scotia, New York Agency
Canadian Imperial Bank of Commerce, New York Agency
Citibank, N.A.
Commerzbank AG, New York Branch

Davis Polk & Wardwell

We have acted as counsel for The City of New York (the "City") in connection with (i) the Reimbursement Agreements dated as of October 5, 1995 (the "Reimbursement Agreements"), between the City and the addressee banks (the "Banks"), and (ii) the Certificate of the Deputy Comptroller for Finance of the City, dated October 5, 1995 (the "Certificate"), with respect to General Obligation Revenue Anticipation Notes, Fiscal 1996 Series B (the "Notes"). The Reimbursement Agreements and the Certificate are hereinafter referred to as the "Agreements". You have requested our opinion as to certain matters concerning the Agreements and the City has asked us to provide this opinion. Terms defined in the Agreements are used herein as so defined.

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 City is a municipal corporation validly existing under the laws of the State.

2. The execution, delivery and performance by the City of each of the Agreements are within the City's powers, have been duly authorized by all necessary action and require no action by or in respect of, or filing with, any governmental body, agency or official that has not been accomplished. Each of the Agreements has been duly executed and
delivered by, and constitutes a valid and binding agreement of, the City, and the covenants made by the City for the benefit of the Banks and the holders of the Notes in the Agreements (the "City Covenants") are legally binding obligations of the City. With your permission, no opinion is rendered as to the extent of the City's authority to incur or perform any obligation that it has undertaken "to the fullest extent permitted by law" or subject to a limitation of similar effect.

3. The defense of sovereign immunity is not available to the City in any proceeding by a Bank to enforce any of the obligations of the City under the Agreements, the Notes or the Renewal Notes.

The enforceability of the Act, the Agreements, the Notes and the Renewal Notes, including the City Covenants and the State Pledge and Agreement as terms of the Notes and the Renewal Notes, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable. The enforceability of the Act, the Agreements, the City Covenants and the State Pledge and Agreement may also be subject to the exercise of the State's police powers and of judicial discretion in appropriate cases. The performance of the City Covenants may be affected by the Board's exercise of its powers under the Act.

The addressees have received copies of our approving opinion and our supplemental opinion, both of even date herewith, delivered pursuant to the Notice of Sale, and may rely thereon as if such opinions were addressed to them. Such opinions apply to Notes held by the Banks pursuant to the Reimbursement Agreement.

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.

This letter is solely for the information of, and assistance to, the addressees and is not to be used, circulated, quoted or otherwise referred to in connection with the offering of the Notes except that reference hereto may be made in any list of closing documents pertaining to the sale of the Notes.

Brown & Wood
REIMBURSEMENT AGREEMENT

REIMBURSEMENT AGREEMENT, dated as of October 5, 1995, between THE CITY OF NEW YORK, a New York municipal corporation (the "City" or "Issuer"), and the Bank of Nova Scotia, acting through its New York Agency (the "Bank").

WHEREAS, the Issuer proposes to issue and sell $900,000,000 aggregate principal amount of its General Obligation Revenue Anticipation Notes, Fiscal 1996 Series B (the "Notes" or the "RANs"); and

WHEREAS, the Mayor and the Comptroller of the Issuer have determined that the Bank is a "financially responsible party", as defined in Section 2.00 of the New York State Local Finance Law (the "LFL"), eligible to provide credit enhancement for the Notes under Sections 54.90 and 168.00 of the LFL; and

WHEREAS, the Issuer wishes to provide for the issuance of a letter of credit (substantially in the form attached hereto as Exhibit J, and including any amendment thereof or substitution therefor under Section 14(c) hereof, the "Letter of Credit") by the Bank for credit enhancement purposes on the terms and conditions provided herein;

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Definitions. (a) The following terms, as used herein, have the following meanings:

"Agreement" means this Reimbursement Agreement, as the same may from time to time be amended, supplemented or modified.

"Bank RAN" means any Note during the period from and including the date it is acquired by the Bank pursuant hereto, but excluding, the earlier of (a) the date of its payment in full and (b) the Exchange Date.

"Banks" means the banks listed on Exhibit B to the Certificate, including the Bank.

"Base Rate" means, for any day, the higher of (i) the Prime Rate for such day and (ii) the sum of 1/2 of 1% per annum plus the Federal Funds Rate for such day (calculated on the basis of a 360-day year over the actual number of days elapsed to the date of payment).

"Business Day" means a day (a) other than a day on which commercial banks in The City of New York, New York are required or authorized by law or executive order to close and (b) on which the New York Stock Exchange is not closed.

"Contract Debt" means indebtedness of the City, incurred pursuant to Section 2(a) hereof and §168.00 of the Local Finance Law, evidenced hereby and not by any bond or note, prepayable in whole or in part without penalty at the City’s option on two Business Days’ notice, and bearing interest at Six-month LIBOR, plus 50 basis points.

"Date of Issuance" means the date on which the Letter of Credit is issued upon request of the Issuer pursuant to Section 3(a), which date shall be October 5, 1995, or such other date as the parties hereto may agree.

"Default" means any event or condition which, unless cured or waived, constitutes an Event of Default or which with the giving of notice or the lapse of time or both would, unless cured or waived, become an Event of Default.

"Default Rate Notice" means a notice in the form attached hereto as Exhibit B, with the effect of increasing the interest rate on Contract Debt to the rate specified in Section 2(e), and on Renewal Notes to be issued thereafter (but not Renewal Notes then outstanding) to Six-month LIBOR plus 1.5%.

"Event of Default" means any of the events specified in Section 7.

"Exchange Date" means each date on which outstanding Notes are exchanged for Renewal Notes.

"Federal Funds Rate" means, for any day, an interest rate per annum equal at all times on such day to (a) the rate per annum at which the Bank, as (if relevant) a branch of a foreign bank, determines in its sole discretion, that it can acquire federal funds in the interbank term federal funds market in New York through brokers of recognized standing on such day for an overnight period divided by (b) 1.00 minus the reserve percentage (expressed as a decimal) in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) applicable to the Bank in respect of liabilities or assets consisting of or including U.S. dollar deposits in the United States having a maturity of one day.

"Fiscal Agent" means The Chase Manhattan Bank, N.A., and its permitted successors and assigns in such capacity under the Certificate.

"Letter of Credit Amount" has the meaning given thereto in the Letter of Credit.

"London Banking Day" means any day, other than a Saturday or Sunday, on which banks in the City of London are open for business and on which banks in The City of New York are not required or authorized by law to close.


"Notice of Sale" means the Notice of Sale relating to the Notes, dated September 20, 1995, as supplemented.

"Official Statement" means the Official Statement referred to in the Notice of Sale.

"Parent" means any Person controlling the Bank.

"Participant" has the meaning set forth in Section 14(b).

"Percentage Share" means Fractional Share, as defined in the Letter of Credit.

"Person" means an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Prime Rate" means the rate of interest publicly announced by the Bank from time to time as its prime rate.

"Renewal Notes" means TANs and Renewal RANs.

"Renewal Note Rate" means, subject to the provisions hereof for a Default Rate Notice, Six-Month LIBOR plus 50 basis points.

"Renewal RANs" means general obligation revenue anticipation notes issued to the Bank on June 28, 1996, in renewal of Notes, that shall (a) bear interest at the Renewal Note Rate, payable at maturity, (b) mature in accordance with §9-b.3 of the Act and in any event not later than August 1, 1996, (c) be redeemable by the City in whole or in part on any date, upon 2 Business Days’ notice to the registered owner thereof, at par plus accrued interest, (d) have the benefit of (i) the City’s covenants and the other provisions set forth in Exhibit D hereto, and (ii) the pledge and agreement of the State that the State will not take any action which would impair the power of the City to comply with or perform the City’s aforesaid covenants, or any right or remedy of any owner of Renewal Notes from time to time to enforce such City covenants, (e) be accompanied by an opinion or opinions of bond counsel to the City, upon which the Banks may rely, substantially to the effect of Exhibit F hereto,
and (f) be issued as fully registered bonds in the denomination of each Bank's Percentage Share of all the Renewal RANs. To the extent, if any, that the City and the Bank agree to exchange Renewal RANs (rather than TANs) for Bank RANs on the Exchange Date in July 1996, this definition, the definition of "TANs" and the referenced Exhibits shall be deemed modified accordingly.

"Related Documents" means the Certificate, the Notes, the Notice of Sale and any Renewal Notes.

"Six-month LIBOR" will be determined pursuant to Section 6(h).


"TANs" means general obligation tax anticipation notes of the City issued to the Bank on the Exchange Date in July 1996, in renewal of the Bank RANs, that shall (a) bear interest at the Renewal Note Rate, payable at maturity, (b) mature in accordance with §9-b.3 of the Act and in any event not later than August 1, 1996, (c) be redeemable by the Issuer in whole or in part on any date, upon 2 business days' notice to the registered owner thereof, at par plus accrued interest, (d) have the benefit of (i) the Issuer's covenants in Exhibit E hereto and (iii) the pledge and agreement of the State that the State will not take any action which would impair the power of the Issuer to comply with or perform the Issuer's aforesaid covenants, or any right or remedy of any owner of TANs from time to time to enforce such covenants of the Issuer, (e) be accompanied by an opinion of Bond Counsel, upon which the Banks may rely, substantially in the form of Exhibit G hereto and (f) be issued as fully registered bonds in the denomination of each Bank's Percentage Share of all the TANs.

(b) Incorporation of Certain Definitions by Reference. Each capitalized term used herein and not otherwise defined herein shall have the meaning provided therefor in the Certificate, the Act or the LFL.

SECTION 2. Reimbursement and Other Payments. (a) In the event the Bank shall pay any portion of any draft presented under the Letter of Credit, the Issuer shall reimburse all the Banks proportionately, each in an amount equal to the amount so drawn, payable immediately after (and on the same Business Day as) such drawing, such reimbursement to be effected by delivery to the Bank of the Notes relating to such drawing and, immediately thereupon on June 28, 1996, in exchange for such Notes to the extent the Issuer is able to evidence such obligation in the following order: first, to the extent permitted by law, by delivery of Renewal RANs, second, to the extent permitted by law (evidenced, unless otherwise agreed, by delivery of an opinion substantially to the effect of Exhibit A hereto, upon which the Banks may rely), by Contract Debt maturing August 1, 1996. The Bank
shall retain such Notes to the extent the Issuer fails or is unable legally to accomplish either such exchange. Notes not constituting Bank RANs shall be cancelled by the City.

(b) The City will advise the Bank and the Fiscal Agent, not later than June 25, 1996, of the City's estimate of any anticipated draw on the Letter of Credit and of the extent, if any, to which the City expects to deliver Renewal RANs and to cancel Notes deemed retired through Contract Debt. In such estimate, and in any event at the time of a draw, the amount of the draw shall be equal to the total principal of, and accrued interest on, Renewal RANs, Contract Debt and Bank RANs.

(c) The Issuer shall pay to the Bank on the Date of Issuance a Facility Fee specified in a separate fee letter.

(d) If on or after the date hereof, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(x) shall subject the Bank to any tax, duty or other charge with respect to the Letter of Credit, or any Bank RANs, Contract Debt or Renewal Notes, shall change the basis of taxation of payments to the Bank of the principal of or interest on or any other amounts due under this Agreement or in respect of the Letter of Credit, or any Bank RANs, Contract Debt or Renewal Notes (except for changes in the rate of tax on the overall net income of the Bank); or

(y) shall impose, modify or deem applicable any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System) against assets of, deposits with or for the account of, or credit extended by, the Bank or shall impose on the Bank any other condition affecting the Letter of Credit, the Bank RANs, Contract Debt or Renewal Notes;

and the result of any of the foregoing is to increase the cost to the Bank of maintaining the Letter of Credit, of purchasing and holding Bank RANs, of exchanging Bank RANs for TANs (or if so agreed, Renewal RANs) or of receiving and holding Contract Debt or Renewal Notes pursuant to this Agreement or to reduce the amount of any sum received or receivable by the Bank under this Agreement or pursuant to the Bank RANs, Contract Debt or Renewal Notes, by an amount deemed by the Bank to be material, then, within 20 days after demand by the Bank, the Issuer shall, to the fullest extent permitted by applicable law, pay to the Bank such additional amount or amounts as will compensate the Bank for such
increased cost or reduction; if any amounts otherwise payable under this subsection may not, at any time, be paid due to limitations imposed by applicable law, and there is subsequently a change in law which would permit the Issuer to pay to the Bank a greater amount under this subsection than previously permitted, the Issuer shall, to the fullest extent permitted by applicable law, pay to the Bank, promptly following such change in law, such amounts, if any, that were not permitted to be paid to the Bank with respect to any period preceding such change in law.

(ii) If the Bank shall have determined that the adoption, after the date hereof, of any applicable law, rule or regulation regarding capital adequacy, or any change, after the date hereof, therein, or any change, after the date hereof, in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, made or issued after the date hereof, has or would have the effect of reducing the rate of return on capital of the Bank (or its Parent) as a consequence of the Bank's obligations hereunder or under the Letter of Credit or the holding by it of Bank RANs, Contract Debt or Renewal Notes pursuant hereto to a level below that which the Bank (or its Parent) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount deemed by the Bank to be material, then from time to time, within 20 days after demand by the Bank, the Issuer shall, to the fullest extent permitted by applicable law, pay to the Bank the additional amount or amounts as will compensate the Bank (or its Parent) for such reduction; if any amounts otherwise payable under this subsection may not, at any time, be paid due to limitations imposed by applicable law, and there is subsequently a change in law which would permit the Issuer to pay to the Bank a greater amount under this subsection than previously permitted, the Issuer shall, to the fullest extent permitted by applicable law, pay to the Bank, promptly following such change in law, such amounts, if any, that were not permitted to be paid to the Bank with respect to any period preceding such change in law.

(iii) The Bank will promptly notify the Issuer of any event of which it has knowledge, occurring after the date hereof, which will entitle the Bank to compensation pursuant to this subsection (d). A certificate of the Bank claiming compensation under this subsection (d) and setting forth the additional amount or amounts to be paid to it hereunder (and the calculation thereof in reasonable detail) shall be conclusive in the absence of manifest error. In determining such amount, the Bank may use any reasonable averaging and attribution methods.

(e) To the fullest extent permitted by applicable law (including, without limitation, any applicable rules and regulations of the New York City Procurement Policy Board), any overdue payment under this Agreement shall bear interest, payable on demand, for each day from and including the date such payment was due to but excluding the date of actual
payment, at a rate per annum equal to the lesser of (i) the sum of the Base Rate for such day plus 3% per annum and (ii) 25% per annum (calculated in either case on the basis of a 360 day year over the actual number of days elapsed to the date of payment); provided that if any amount of interest otherwise payable under this subsection (e) may not, at any time, be paid due to limitations imposed by applicable law, then (x) if the amount of interest payable hereunder on any subsequent date would be less than the maximum amount permitted by applicable law, the amount of interest payable on such subsequent date shall be automatically increased to the lesser of (A) such maximum permissible amount and (B) the sum of such amount of interest payable plus the amount of earlier reductions in interest paid and not previously the subject of additional interest paid pursuant to this proviso and (y) if there is a change in law such that additional interest may be paid in respect of an earlier period which has theretofore been the subject of a reduction due to limitations imposed by previously applicable law, the Issuer shall, to the fullest extent permitted by applicable law, pay to the Bank, promptly following such change in law, such additional interest up to the amount of such reduction not previously the subject of additional interest paid pursuant to this proviso. Notwithstanding the provisions of this subsection (e), to the extent that the provisions of the Notes, the Certificate or the Renewal Notes address the payment of interest on overdue amounts, the payment thereof shall be governed by the terms thereof to the extent inconsistent herewith.

(f) All payments by the Issuer to the Bank hereunder shall be made in lawful currency of the United States and in immediately available funds on the date such payment is due; provided that whenever any payment hereunder shall be due on a day that is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day, and any interest payable thereon shall be payable for such extended time; and provided further that the Issuer shall be permitted to make any payment pursuant to Section 2(c) in next day funds if such payment is made (i) on the Business Day immediately preceding the date on which such payment would otherwise have been due and (ii) in an amount equal to the amount that would have been required to have been paid had the payment not been made in next day funds in reliance upon this proviso. All such payments shall be made at the Bank’s principal office, which at the date hereof is located at the Bank’s address set forth on the signature pages hereof.

SECTION 3. Issuance of the Letter of Credit; Conditions Precedent to Issuance. (a) On or before October 5, 1995, upon not less than three Business Days’ prior notice from the Issuer to the Bank and subject to the satisfaction of the conditions precedent set forth in subsections (b) and (c) of this Section, the Bank agrees to issue the Letter of Credit.

(b) The Bank shall have received on or before the Date of Issuance the following, each dated such date, in form and substance satisfactory to the Bank:
(i) opinions of Brown & Wood, counsel for the Issuer, and Davis Polk & Wardwell, counsel for the Bank, substantially in the respective forms of Exhibits H and I hereto;

(ii) payment of the Facility Fee and related up-front expenses;

(iii) each opinion, certificate and other document (in the case of each legal opinion, addressed to the Bank either directly or through a reliance letter) relating to the Notes required to be delivered under the Notice of Sale, including other Letters of Credit;

(iv) evidence that the Issuer's long-term general obligation bonds have debt ratings at or above the level of A- by Fitch, Baal by Moody's and BBB+ by Standard & Poor's;

(v) an executed copy of this Agreement; and

(vi) all documents the Bank may reasonably request relating to the authority for and the validity, binding effect and enforceability of this Agreement and each Related Document, and any other matters relevant hereto or thereto.

(c) The following statements shall be true and correct on the Date of Issuance and the Bank shall have received a certificate signed by two duly authorized officers of the Issuer, stating that:

(i) no Default has occurred and is continuing or would result from the issuance of the Letter of Credit; and

(ii) the representations and warranties of the Issuer contained (or incorporated by reference) in this Agreement shall be true and correct as of the Date of Issuance as if made on and as of such date.

SECTION 4. Obligations Absolute. The obligations of the Issuer under this Agreement shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms thereof, under all circumstances whatsoever, including without limitation the following circumstances:

(a) any lack of validity or enforceability of any of the Related Documents;

(b) any amendment to, waiver of or consent to departure from any provision of, this Agreement or any of the Related Documents:
(c) the existence of any claim, set-off, defense or other right which the Issuer may have at any time against any beneficiary or any transferee of the Letter of Credit (or any person or entity for whom any such beneficiary or any such transferee may be acting), the Bank or any other Person, whether in connection with this Agreement, any Related Document or any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(d) any statement or any other document presented under the Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect whatsoever unless payment by the Bank under the Letter of Credit in the circumstances constituted gross negligence or willful misconduct; or

(e) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, unless payment by the Bank under the Letter of Credit in the circumstances constituted gross negligence or willful misconduct.

SECTION 5. Representations and Warranties. The Issuer represents and warrants as follows:

(a) Existence. The Issuer is validly existing as a municipal corporation under the laws of the State, including the state constitution, with full right and power to issue the Notes, and subject to applicable limitations the Renewal Notes, and to execute, deliver and perform its obligations under this Agreement and each Related Document.

(b) Authorization; Contravention. The execution, delivery and performance by the Issuer of this Agreement and each Related Document are within the Issuer’s powers, have been duly authorized by all necessary action, require no action by or in respect of, or filing with, any governmental body, agency or official (except for the execution and delivery of the Certificate and other actions and authorizations which will have been completed on or prior to the Date of Issuance and, in connection with the issuance of the Renewal Notes, the actions required to authorize such issuance) and do not violate or contravene, or constitute a default under, any provision of applicable law, charter, ordinance or regulation or of any material agreement, judgment, injunction, order, decree or other instrument binding upon the Issuer or result in the creation or imposition of any lien or encumbrance on any asset of the Issuer.

(c) Binding Effect. This Agreement and the Related Documents (other than the Renewal Notes) constitute, and the Renewal Notes will, when executed and delivered, constitute valid and binding agreements of the Issuer, in each case enforceable in accordance with their respective terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors’ rights generally
and (ii) the availability of equitable remedies may be limited by equitable principles of
general applicability, it being understood that the enforceability of indemnification
provisions may be subject to limitations imposed under applicable securities laws.

(d) *Financial Information.*

(i) The audited financial statements of the Issuer for the fiscal years ended
June 30, 1993, and June 30, 1994, present fairly the financial position of the
Issuer at June 30, 1993, and June 30, 1994, respectively, and the results of
operations for the years then ended, in conformity with generally accepted
accounting principles.

(ii) Prior to the date hereof the Issuer has delivered to the Bank the
four-year financial plan of the Issuer submitted to the Financial Control Board
in July 1995 and the forecasted results of the Issuer for the fiscal year ended
June 30, 1995. The actual and projected aggregate sources and uses of cash in
such financial plan and the forecasted results are based on the best information
available to the Issuer at the date of their preparation and are based on
reasonable and appropriate assumptions as of such date.

(iii) Except as described in the Official Statement, since June 30, 1994,
there has been no material adverse change in the financial position, results of
operations or prospects of the Issuer.

(e) *Litigation.* Except as disclosed in the Official Statement or in a schedule delivered to
the Bank prior to the execution of this Agreement, no action, suit, proceeding or
investigation is or will on the Date of Issuance be pending or (to the best knowledge of the
Issuer) overtly threatened against the Issuer or (to the best knowledge of the Issuer, no
independent investigation having been made) any other Person in any court or before any
governmental authority (i) seeking to restrain or enjoin the issuance or delivery of any of the
Notes or the Renewal Notes or in any way contesting or affecting the validity of any Related
Document or this Agreement, or contesting the powers of the Issuer to issue the Notes or the
Renewal Notes; or (ii) in which a final adverse decision would adversely affect provisions for
or materially adversely affect the sources for payment of principal of or interest on the Notes
as described in the Official Statement or the sources for payment of principal of or interest on
the Contract Debt or Renewal Notes.

(f) *No Sovereign Immunity.* The defense of sovereign immunity is not available to the
Issuer in any proceeding by the Bank to enforce any of the obligations of the Issuer under
this Agreement, the Notes or the Renewal Notes and, to the fullest extent permitted by law,
the Issuer consents to the initiation of any such proceeding in any federal or state court of
competent jurisdiction located in the County of New York and agrees not to assert the
defense of sovereign immunity in any such proceeding.

(g) **Incorporation of Representations and Warranties by Reference.** The Issuer hereby
makes to the Bank the same representations and warranties as are set forth in the Related
Documents, which representations and warranties, as well as the related defined terms
contained therein, are hereby incorporated by reference with the same effect as if each and
every such representation and warranty and defined term were set forth herein in its entirety.
No amendment to such representations and warranties or defined terms made pursuant to the
Related Documents shall be effective to amend such representations and warranties and
defined terms as incorporated by reference herein without the consent of the Bank.

SECTION 6. **Covenants.** The Issuer covenants that, so long as the Letter of Credit is
outstanding or any amount payable hereunder or under any Note or Renewal Note remains
unpaid:

(a) **Information.** The Issuer will deliver to the Bank:

(i) as promptly as practicable after the preparation thereof, each annual
report, four-year financial plan, annual financial plan, budget, quarterly
financial plan modifications and monthly financial plan statement prepared with
respect to the Issuer and any reports by the City Comptroller issued under
Section 225(c) of The New York City Charter;

(ii) forthwith upon the occurrence of any Default, a certificate of the
Director of Management and Budget and the First Deputy Comptroller of the
Issuer setting forth the details thereof and the action which the Issuer is taking
or proposes to take with respect thereto;

(iii) notice of any change in or suspension or termination of the ratings on
the Issuer's long-term general obligation bonds by Fitch, Moody's or Standard
& Poor's forthwith upon the occurrence thereof;

(iv) from time to time such additional information regarding the financial
position, results of operations, business or prospects of the Issuer as the Bank
may reasonably request;

(v) a copy of any written notice received by it with respect to a default
under any of the Related Documents; and
(vi) prior notice of the appointment by the Issuer of any Person other than The Chase Manhattan Bank, N.A., New York, New York, to perform the duties of the Fiscal Agent.

(b) No Amendment Without Consent of the Bank. Without the prior written consent of the Bank, the Issuer will not agree or consent to any amendment, supplement or modification of any Related Document, nor waive any provision thereof, if the Bank reasonably determines that such amendment, supplement, modification or waiver would adversely affect the interests of the Bank.

(c) Incorporation of Covenants by Reference. The Issuer agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Certificate, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety. To the extent that (i) any such incorporated provision permits any Person to waive compliance with or consent to such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to any Person and (ii) any such waiver or consent or acceptance of a document, opinion or other instrument would, in the reasonable opinion of the Bank, adversely affect the interests of the Bank, for purposes of this Agreement, such provision shall be complied with only if it is waived or consented to in writing by the Bank and such document, opinion or other instrument shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank. Without the written consent of the Bank, no amendment to such covenants and agreements or defined terms made pursuant to the Certificate shall be effective to amend such covenants and agreements and defined terms as incorporated by reference herein, if the Bank reasonably determines that such amendment would adversely affect the interests of the Bank.

(d) Tax Status of Indebtedness. The Issuer will take such actions as are necessary to maintain the tax status of interest on its indebtedness (as described in the opinions set forth in the Official Statement and delivered pursuant hereto) under the Internal Revenue Code of 1986, as amended to date.

(e) Payment of Notes. Without limiting the City’s general obligation to the holders of the Notes, the City agrees with the Bank to pay, at maturity of the Notes, interest thereon from the General Debt Service Fund and principal thereof from the following sources: (i) the RAN Account, and (ii) to the extent permitted by law (including particularly §3038.9.b of the Public Authorities Law) and market conditions from the proceeds of revenue anticipation notes, maturing in the City’s 1997 fiscal year, issued to the public to renew the Notes.
(f) Retirement of Revenue Anticipation Notes and Tax Anticipation Notes. To the fullest extent permitted by law, the City shall (i) issue TANs (or if so agreed by the parties hereto, Renewal RANs) in exchange for Bank RANs on July 1, 1996, in accordance with the Certificate, (ii) apply real estate tax receipts to prepay any Renewal RANs and Bank RANs outstanding upon completion of the retention of monthly debt service in July 1996 and (iii) apply Revenues to prepay TANs.

(g) To Pay Contract Debt. To the extent that the City authorizes the cancellation of Notes deemed retired through Contract Debt, the City covenants to pay, and hereby pledges its faith and credit to the payment of, principal and interest due on the Contract Debt at stated maturity. If real estate taxes or Revenues are received by the City, and not retained in the Fund, the TAN Account or the RAN Account, while Contract Debt is outstanding, the City shall promptly apply equal amounts of money to prepayment of Contract Debt.

(h) Six-Month LIBOR. The City will appoint a Calculation Agent (which initially will be the City Comptroller) to calculate Six-month LIBOR for Contract Debt and each Renewal Note. Six-month LIBOR will be determined by the Calculation Agent as follows:

(i) On the second London Banking Day prior to June 28, 1996 (the "Interest Determination Date"), the Calculation Agent will determine the arithmetic mean (rounded upwards, if necessary, to the nearest basis point) of the offered rates for U.S. Dollar deposits for a period of six months which appear on Telerate Page 3750 at approximately 11:00 a.m. (London time) on such Interest Determination Date. "Telerate Page 3750" means the display designated as page 3750 on Telerate, the Financial Information Network (or such other page as may replace page 3750 on that service for the purpose of displaying London interbank offered rates of major banks). If at least two such offered rates appear on Telerate Page 3750, Six-month LIBOR shall be such arithmetic mean.

(ii) If fewer than two offered rates appear on Telerate Page 3750 or if Telerate Page 3750 does not display offered rates for U.S. Dollar deposits, the Calculation Agent will request the principal London office of each of the Reference Banks (which initially will be Morgan Guaranty Trust Company of New York and Citibank, N.A.) to provide the Calculation Agent with its offered quotation for U.S. Dollar deposits for a period of six months to prime banks in the London interbank market at approximately 11:00 a.m. (London time) on the Interest Determination Date. If on the Interest Determination Date at least two Reference Banks provide the Calculation Agent with such offered quotations, Six-month LIBOR shall be the arithmetic mean (rounded upwards as aforesaid) of the offered quotations, as determined by the Calculation Agent.
(iii) If on the Interest Determination Date only one or none of the Reference
Banks provides the Calculation Agent with such an offered quotation, Six-month
LIBOR shall be the rate that the Calculation Agent determines to be the arithmetic
mean (rounded upwards as aforesaid) of the offered rates which leading banks in the
City selected by the Calculation Agent (after consultation with the City, if the
Calculation Agent is not at the time a City official) are quoting at approximately
11:00 a.m. (local time) on the Interest Determination Date to leading European banks
for U.S. Dollar deposits for a period of six months.

(iv) Six-month LIBOR shall not exceed 24.5% per annum.

The City will cause the Fiscal Agent to be notified of Six-month LIBOR and
the amount payable at maturity as interest on each Renewal Note.

If any Reference Bank or Calculation Agent shall be unwilling or unable to act
as such Reference Bank or Calculation Agent or if the Calculation Agent shall fail
duly to determine Six-month LIBOR the City will promptly appoint a leading bank
engaged in transactions in Eurodollar deposits in the international Eurocurrency
market to act as such in its place.

Upon the request of any Bank holding Contract Debt or a Renewal Note, the
Calculation Agent will advise the Bank of Six-month LIBOR.

SECTION 7. Events of Default. If one or more of the following events ("Events of
Default") shall have occurred and be continuing:

(i) the Issuer shall fail to pay when due any amount payable hereunder (including
debt service on Contract Debt but not on Notes or Renewal Notes) and (except in the
event of failure to pay Contract Debt) such failure shall continue for seven days;

(ii) the Issuer shall fail to observe or perform any covenant or agreement
contained in paragraph 9 of the Certificate (or similar provision relating to Renewal
Notes) and such failure shall continue for 20 days or the Issuer shall fail to observe
the covenant contained in Section 6(b), (e), (f) or (g);

(iii) the Issuer shall fail to observe or perform any covenant or agreement
contained in this Agreement (other than those covered by clause (i) or (ii) above, but
including those incorporated by reference herein) for 20 days after written notice
thereof has been given to the Issuer by the Bank;

(iv) any representation, warranty, certification or statement made by the Issuer (or
incorporated by reference) in this Agreement or any Related Document or in any
certificate, financial statement or other document delivered pursuant to this Agreement or any Related Document shall prove to have been incorrect in any material respect when made;

(v) (x) any default by the Issuer shall have occurred and be continuing (A) in the payment of principal of or premium, if any, or interest on any bond, note or other evidence of indebtedness issued, assumed or guaranteed by the Issuer (including but not limited to any such bond, note or evidence of indebtedness of the Issuer to the Municipal Assistance Corporation for the City of New York, but excluding the Notes without prejudice to the Bank's right to enforce any Note as a holder thereof), or (B) in the payment of any amounts payable under any lease, mortgage or conditional sale arrangement securing, with the consent of the Issuer, the payment of any indebtedness of a public benefit corporation or other governmental agency, instrumentality or body for borrowed money (except to the extent that the obligation to make such payment is being disputed in good faith and, if appropriate, contested in proceedings diligently conducted and there is no default in the payment of the principal of or interest on the secured indebtedness) or (y) any default shall have occurred and be continuing in the payment of the principal of or premium, if any, or interest on any bond, note or other evidence of indebtedness constituting a general obligation of an agency, instrumentality or public benefit corporation of the Issuer or the State as to which statutory provision has been made whereby the Issuer may appropriate funds to be paid into a capital reserve or similar fund in order to provide moneys for the payment of such bond, note or other evidence of indebtedness;

(vi) the Issuer shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall declare a moratorium, or shall take any action to authorize any of the foregoing;

(vii) an involuntary case or other proceeding shall be commenced against the Issuer seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Issuer under the federal bankruptcy laws as now or hereafter in effect; or
(viii) any material provision of this Agreement, the Certificate, the Notes or the Renewal Notes shall cease for any reason whatsoever to be a valid and binding agreement of the Issuer or the Issuer shall contest the validity or enforceability thereof;

then, and in every such event, the Bank may deliver a Default Rate Notice to the City and take any actions permitted by applicable law.

SECTION 8. Amendments and Waivers. Any provision of this Agreement or the Letter of Credit may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Issuer and the Bank. The Issuer will notify Fitch, Moody’s and Standard & Poor’s of any amendment to this Agreement.

SECTION 9. Notices. All notices, requests, consents and other communications to any party hereunder shall be in writing (including bank wire, fax or similar writing) and shall be given to such party at its address or fax number set forth on the signature pages hereof or such other address or fax number as such party may hereafter specify for the purpose of giving notice. Each such notice, request, consent or other communication shall be effective (i) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (ii) if given by any other means, when delivered at the address specified in this Section.

SECTION 10. No Waivers. (a) The obligations of the Issuer hereunder shall not in any way be modified or limited by reference to any other document, instrument or agreement (including, without limitation, the Notes, the Renewal Notes or any other Related Document). The rights of the Bank hereunder are separate from and in addition to any rights that any holder of any Note or Renewal Note may have under the terms of such Note or Renewal Note or any Related Document or otherwise.

(b) No failure or delay by the Bank in exercising any right, power or privilege hereunder or under the Notes or the Renewal Notes shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law. No failure or delay by the Bank in exercising any right, power or privilege under or in respect of the Notes or the Renewal Notes or any other Related Document shall affect the rights, powers or privileges of the Bank hereunder or shall operate as a limitation or waiver thereof.

SECTION 11. Indemnification. The Issuer hereby indemnifies and holds harmless the Bank from and against the cost of defending any and all third party claims and liabilities whatsoever that the Bank may incur (or may be claimed against the Bank by any Person whatsoever) (i) by reason of any untrue statement or alleged untrue statement of any material
fact contained or incorporated by reference in any materials used in marketing or remarketing the Notes, or the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances under which they are or were made, not misleading; or (ii) by reason of or in connection with the execution and delivery or transfer of, or payment or failure to pay under, this Agreement or the Letter of Credit; provided that the Issuer shall not be required to indemnify the Bank for any costs of defending third party claims or liabilities to the extent, but only to the extent, such claims or liabilities arise due to the willful misconduct or gross negligence of the Bank or are attributable to information concerning the Bank provided by the Bank expressly for use in the Official Statement relating to the Bank; provided further that, unless there is an actual or potential conflict with respect to the legal defenses available to the Issuer and the Bank, the Issuer may discharge its obligation hereunder by diligently defending the Bank, which defense shall be conducted by the Corporation Counsel or by other counsel reasonably acceptable to the Bank and the Issuer. The Bank will promptly notify the Corporation Counsel of the Issuer upon becoming aware of any claims or liabilities giving rise to a right to indemnification hereunder and will cooperate with the Issuer in the defense of such claims or liabilities. Nothing in this Section is intended to limit the Issuer’s obligations contained in other parts of this Agreement or the Notes. The Issuer will not refer to the Bank in any materials used in marketing the Notes other than the Official Statement without the prior written consent of the Bank.

SECTION 12. Limited Liability of the Bank. The Issuer assumes all risks of the acts or omissions of the Fiscal Agent and any transferee of the Letter of Credit with respect to its use of the Letter of Credit. Neither the Bank nor any of its officers or directors shall be liable or responsible for: (a) the use which may be made of the Letter of Credit or for any acts or omissions of the Fiscal Agent or any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged; or (c) any other circumstances whatsoever in making or failing to make payment under the Letter of Credit, except only that the Issuer shall have a claim against the Bank, and the Bank shall be liable to the Issuer, to the extent, but only to the extent, of any direct, as opposed to consequential, damages suffered by the Issuer which are determined by a court of competent jurisdiction to have been caused by (i) the Bank’s willful misconduct or gross negligence in determining whether documents presented under the Letter of Credit comply with the terms thereof or (ii) the Bank’s failure, resulting from the Bank’s gross negligence or willful misconduct, to pay under the Letter of Credit after the presentation to it by the Fiscal Agent of a draft and certificate strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. The provisions of this Section 12 do not govern the relationship of the Issuer with any Person other than the Bank.
SECTION 13. Expenses; Documentary Taxes. The Issuer shall pay (a) fees and document production costs and disbursements of (i) special counsel for the Bank in an amount not exceeding $45,000, plus messenger and delivery charges, in connection with the preparation of this Agreement, related agreements with the other Banks, and the Related Documents (ii) outside foreign counsel for the Bank in an amount not exceeding $2,500 in connection with the delivery of an enforceability opinion with respect to the Bank, (b) all reasonable out-of-pocket expenses of the Bank, including fees and disbursements of counsel, in connection with any waiver or consent hereunder or any amendment hereof or any Default or alleged Default hereunder or in connection with the issuance of any Renewal Notes and the other transactions contemplated by Section 2(a), and (c) if an Event of Default occurs, all out-of-pocket expenses incurred by the Bank, including fees and disbursements of counsel, in connection with such Event of Default and collection and other enforcement proceedings resulting therefrom. The Issuer shall reimburse the Bank for any transfer taxes, documentary taxes, assessments or charges made by any governmental authority by reason of the execution and delivery of this Agreement or any Related Document or the acquisition by the Bank of Bank RANs or the issuance to the Bank of Renewal Notes pursuant to this Agreement.

SECTION 14. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that the Issuer may not assign or otherwise transfer any of its rights under this Agreement without the prior written consent of the Bank.

(b) The Bank may at any time grant to one or more banks or other institutions organized under the laws of a member country of the Organization for Economic Cooperation and Development (each, a "Participant") participating interests in the Letter of Credit or any or all of its Bank RANs or Renewal Notes. In the event of any such grant by the Bank of a participating interest to a Participant, written notice of which shall be given to the Issuer, the Bank shall remain responsible for the performance of its obligations hereunder, and the Issuer and the Fiscal Agent shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under this Agreement. Any agreement pursuant to which the Bank may grant such a participating interest shall provide that the Bank shall retain the sole right and responsibility to enforce the obligations of the Issuer hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided that such participation agreement may provide that the Bank will not agree to any modification, amendment or waiver of this Agreement that would, as to such Participant, (i) increase or decrease the Letter of Credit Amount or subject such Participant to any additional obligation, (ii) reduce the principal of or rate of interest on any Bank RAN, Contract Debt or Renewal Note or any date fixed for any payment of principal of or interest on any Bank RAN, Contract Debt or Renewal Note or any amount payable under Section 2 or (iii) postpone the date fixed for any payment of principal of or interest on any Bank RAN, Contract Debt or Renewal Note or any amount payable under Section 2, in each case without the consent of the affected Participant. The
Issuer agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Section 2(d) with respect to its participating interest.

(c) If the Bank seeks additional payments pursuant to Section 2(d), the Issuer shall have the right to seek a substitute bank or banks with the same or better credit ratings than the Bank that will agree to charge the Issuer additional payments of the type described in Section 2(d) that are less than those charged by the Bank pursuant to Section 2(d) and is or are willing to provide credit support for the Bank’s Percentage Share of the Notes; provided, that as a condition to such substitution, the Issuer shall pay to the Bank all amounts then payable to the Bank or otherwise outstanding or accrued under this Agreement and shall satisfy all other conditions with respect to such substitution set forth in the Certificate.

(d) The Bank may at any time assign all or any portion of its rights under this Agreement and any Bank RAN, Contract Debt or Renewal Note to a Federal Reserve Bank. No such assignment shall release the transferor Bank from its obligations hereunder. The Bank shall give written notice to the City of any such assignment.

(e) No Participant or other transferee of the Bank’s rights shall be entitled to receive any greater payment under Section 2(d) than the Bank would have been entitled to receive with respect to the rights transferred, unless such transfer is made with the Issuer’s prior written consent.

SECTION 15. Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of New York.

SECTION 16. Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 17. Survival of Certain Obligations. The obligations of the Issuer under Sections 2(d), 2(e), 11 and 12 shall survive the payment of the Notes and the Renewal Notes and the termination of this Agreement.

SECTION 18. Communications to the Bank. All information required for this Agreement shall be sent to Edward C. Neu, 425 Lexington Avenue, 7th floor, New York, New York 10017, fax number (212) 856-6761.
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

THE CITY OF NEW YORK

By

Title: Deputy Comptroller for Finance

1 Centre Street
New York, New York 10007
Attention: Deputy Comptroller for Finance
Fax number: (212) 587-1906

By

Title: Deputy Director of Management and Budget

75 Park Place
New York, New York 10007
Attention: Deputy Director of Office of Management and Budget
Fax number: (212) 788-9197

Approved as to form:

By

Title: Acting Corporation Counsel

100 Church Street
New York, New York 10007
Attention: Chief, Municipal Finance Division
Fax number: (212) 788-8716
BANK OF NOVA SCOTIA
New York Agency

By [Signature]
Title: Relationship Manager

One Liberty Plaza, 26th floor
New York, New York 10006
Attention: William R. Collins
Fax number: (212) 225-5090
Telephone number: (212) 225-5034
June 28, 1996

The City of New York

Morgan Guaranty Trust Company of New York
Union Bank of Switzerland, New York Branch
Chemical Bank
The Bank of Nova Scotia, New York Agency
Canadian Imperial Bank of Commerce, New York Agency
Citibank, N.A.
Commerzbank AG, New York Branch

Davis Polk & Wardwell

We have acted as bond counsel in connection with the reimbursement obligation of $______ ("Contract Debt"), not evidenced by bonds or notes, incurred on this date by The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), pursuant to the Reimbursement Agreement dated October 5, 1995 (the "Agreement"). Terms defined in the Agreement are used herein as so defined.

Based on the foregoing and 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 Contract Debt has been duly authorized and contracted in accordance with the Constitution and statutes of the State and the Charter of the City and constitutes a valid and legally binding obligation 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 Contract Debt.
2. Except as provided in the following sentence, interest on the Contract Debt is not includeable in the gross income of the owners thereof for purposes of Federal income taxation under existing law. Interest on the Contract Debt will be includeable in the gross income of the owners thereof retroactive to the date hereof 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 proceeds of relevant obligations 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 Contract Debt for Federal income tax purposes on or after the date on which any action is taken under the City’s Tax Certificate of even date herewith upon the approval of counsel other than ourselves.

3. Interest on the Contract Debt 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 Contract Debt or the inclusion in certain computations (including without limitation those related to the corporate alternative minimum tax and environmental tax) of interest that is excluded from gross income.

4. [State & local tax exemption to extent Federal exclusion is followed.]

The rights of the owners of the Contract Debt 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.
The City of New York
1 Centre Street
New York, New York 10007

Attention: Deputy Comptroller for Finance

Dear Sirs:

Reference is made to the Reimbursement Agreement dated as of October 5, 1995 (as heretofore amended, modified or supplemented, the "Agreement") between The City of New York, a New York municipal corporation, and __________ Bank. Capitalized terms used herein shall have the meanings given to them in or by reference to the Agreement.

We hereby give you notice that because an Event of Default has occurred and is continuing, the interest rates on Renewal Notes issued after the date hereof and on Contract Debt are increased as of the date hereof to the extent specified in the Agreement.

Very truly yours,

___________ BANK

By: ______________________
   Name:
   Title:
THE CITY OF NEW YORK

CERTIFICATE AUTHORIZING THE ISSUANCE OF
GENERAL OBLIGATION REVENUE ANTICIPATION NOTES
FISCAL 1996 SERIES B

I, PATRICE I. MITCHELL, the Deputy Comptroller for Finance of The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), HEREBY CERTIFY as follows:

1. By Executive Order No. 55 dated March 29, 1976, as amended by Executive Order No. 62 dated July 19, 1976, Executive Order No. 68 dated August 1, 1983, Executive Order No. 97 dated July 24, 1986, Executive Order No. 106 dated December 26, 1986, and Executive Order No. 45 dated December 15, 1992 (collectively, "Amended Executive Order No. 55"), the Mayor of the City, exercising the powers of a finance board under the New York Local Finance Law (the "LFL") and Section 8(c) of the Charter of the City, delegated to the Comptroller of the City (i) pursuant to Section 30.00 of the LFL, the power to authorize the issuance of tax anticipation notes and revenue anticipation notes, and (ii) pursuant to Section 50.00 of the LFL, the power to prescribe the terms, form and contents of tax anticipation notes and revenue anticipation notes. Amended Executive Order No. 55 continues in full force and effect and has not otherwise been modified, amended or revoked.
2. On January 31, 1994, pursuant to Section 160.10 of the LFL and Section 94 of the Charter of the City, the Comptroller of the City delegated to me, as Deputy Comptroller for Finance of the City: (a) the powers and duties referred to in paragraph 1 above; (b) the power to represent him and act for him relative to the issuance of all bonds and notes of the City; and (c) the power to represent him and act for him relative to and sign for and on his behalf any papers, documents, agreements, certificates or materials whatsoever relative to the exercise of the foregoing powers and duties.

Such delegation, which has been duly filed with the Office of the Mayor of the City pursuant to Section 160.10 of the LFL and with the City Clerk pursuant to Section 94 of the Charter of the City, is in full force and effect, and has not been amended, modified or revoked as of the date hereof.

3. There is hereby authorized to be issued $900,000,000 aggregate principal amount of revenue anticipation notes, to be designated "General Obligation Revenue Anticipation Notes, Fiscal 1996 Series B" (the "RANs" or the "Notes"). The RANs have been awarded pursuant to the Notice of Sale dated September 20, 1995, as supplemented, to the Purchasers identified in Exhibit 1 hereto, and are to be secured pursuant to Reimbursement Agreements dated as of October 5, 1995 (the "Agreements"), with the banks listed (with their "Fractional Shares") on Exhibit 2 hereto (the "Banks").

4. The RANs are to be issued in anticipation of the receipt of revenues due and payable to the City in the fiscal year of the City commencing July 1, 1995, and ending June 30, 1996 ("Fiscal Year 1996").
5. The specific revenues in anticipation of which the RANs are to be issued (the "Revenues") are payable to the City on and after June 1, 1996, with respect to: State aid to education pursuant to Article 73 of the Education Law, State aid to higher education pursuant to Articles 125 and 126 of the Education Law, State and federal welfare advances pursuant to Title 2 of Article 5 of the Social Services Law, and the City’s share of sales and compensating use taxes collected by the State in the City beginning June 1, 1996, net of funding requirements of the Municipal Assistance Corporation for the City of New York pursuant to Articles 128 and 129 of the Tax Law and Section 92-d of the State Finance Law. The respective amounts of the Revenues anticipated by the City and anticipated dates of payment are as follows:

<table>
<thead>
<tr>
<th>Anticipated Sources of Payments</th>
<th>Amounts</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>State education aid</td>
<td>$650 million</td>
<td>June 3, 1996</td>
</tr>
<tr>
<td>Community college aid</td>
<td>25 million</td>
<td>June 24, 1996</td>
</tr>
<tr>
<td>Senior college aid</td>
<td>100 million</td>
<td>June 26, 1996</td>
</tr>
<tr>
<td>Federal welfare advances</td>
<td>71 million</td>
<td>June 3, 1996</td>
</tr>
<tr>
<td></td>
<td>71 million</td>
<td>June 17, 1996</td>
</tr>
<tr>
<td>State welfare advances</td>
<td>25 million</td>
<td>June 3, 1996</td>
</tr>
<tr>
<td></td>
<td>25 million</td>
<td>June 17, 1996</td>
</tr>
<tr>
<td>Sales tax collections (net)</td>
<td>154 million</td>
<td>June 25, 1996</td>
</tr>
<tr>
<td></td>
<td>7 million</td>
<td>June 27, 1996</td>
</tr>
<tr>
<td></td>
<td>48 million</td>
<td>June 28, 1996</td>
</tr>
</tbody>
</table>

The total anticipated amount of uncollected Revenues is $1.176 billion. No revenue anticipation notes of the City have been issued against the Revenues. Therefore the total
anticipated amount of uncollected Revenues against which the RANs may be issued is $1.176... billion.

6. The RANs will be dated October 5, 1995, and will mature on June 28, 1996. The price at which the RANs will be sold will be $904,857,920.84, which price reflects a premium of $4,857,920.84. The RANs shall be issued as registered notes, in authorized denominations of integral multiples of $5,000, and shall not be convertible into bearer notes. Ownership interests in the RANs shall be transferred pursuant to a book-entry system as described in the Blanket Issuer Letter of Representations from the City to The Depository Trust Company, dated January 31, 1995, unless such method of transfer is terminated. In the event that such book-entry system is terminated, the RANs shall be exchanged for like RANs registered in the names of the owners, and may thereafter be exchanged for like RANs in registered form of another authorized denomination or denominations at any time, at the expense of the owner.

7. The form and contents of the RANs are as set forth in Exhibit 3 attached hereto and made a part hereof.

8. The terms of the RANs, not otherwise set forth in this Certificate, are as follows:

(a) The principal of and interest on the RANs will be payable on June 28, 1996.

(b) The RANs will bear interest from their dated date to, but excluding, the date of payment of principal, at a rate of 4.75% to (but not including) June 28, 1996,
at 12½% to (but not including) August 1, 1996, and thereafter at 15%, as more fully described in Exhibit 3 hereto.

(c) Principal of the RANs and interest on the RANs will be paid to the registered owners thereof on the maturity date of the RANs in immediately available funds at the office of The Chase Manhattan Bank, N.A., if by hand, One Chase Manhattan Plaza, Level 1B, Attention: Municipal Bond Redemption Window, New York, New York 10081; if by mail, 4 Chase Metrotech Center, Attention Box 2020, Brooklyn, New York 11245, or at the office of a successor Fiscal Agent.

(d) The RANs will contain the irrevocable pledge of the faith and credit of the City for the punctual payment of the principal of and interest on the RANs in accordance with their terms.

(e) The RANs will not be redeemable prior to maturity.

(f) The RANs shall be numbered from R-1 upward.

9. As authorized by Section 10-a.3 of the Act, the City hereby includes as a term of the RANs the following covenants and agreements with the owners from time to time of the RANs:

(a) The City will not issue revenue anticipation notes with a maturity date prior to June 28, 1996, or redeem prior to their maturity other notes of the City issued in anticipation of the Revenues from amounts retained in the revenue anticipation note debt service account established pursuant to Section 9-a.7 of the Act (the "RAN Account").
(b) Prior to the issuance of the RANs the City will instruct the Comptroller of the State to (i) commence retention of the Revenues in the RAN Account on the respective first dates of payment thereof in an amount sufficient in the aggregate to pay the principal of the RANs, and (ii) invest monies on deposit in the RAN Account only in obligations of or guaranteed by the United States of America as long as any of the RANs are outstanding; and

(c) The City will limit its issuance of notes in anticipation of the Revenues to an aggregate amount such that the Revenues estimated to be available for payment of such notes at the time of any such issuance shall equal at least 1.3 times the aggregate principal amount of notes issued in anticipation of the Revenues.

10. The following Renewal Provisions and Remedial Provisions of this Certificate in no way qualify the City’s pledge of its faith and credit to payment of principal of and interest on the Notes at maturity, on June 28, 1996.

Renewal Provisions. As authorized by Section 10-a.3 of the Act and by Sections 54.10(e), 54.90 and 168.00 of the LFL, the City covenants with the Banks, as guarantors and potential purchasers and holders of the Notes, that if payment of the Notes has not been made or provided for, then the City shall deliver to the Banks Renewal Notes to the fullest extent permitted by law, specifically revenue anticipation notes on June 28, 1996, and if Notes are still outstanding tax anticipation notes ("TANs") (or if so agreed, revenue anticipation notes) on July 1, 1996, or as soon as practicable thereafter, in each case in exchange for all Notes then held by the Banks, in an aggregate principal amount equal to the
sum of the aggregate principal amount of such Notes and all accrued and unpaid interest thereon.

**Remedial Provisions.** The City covenants with the Banks as guarantors of the Notes, as a remedy for failure of timely payment thereof, to apply real estate tax receipts to retire Notes held by the Banks if such Notes are outstanding upon satisfaction of the requirements of Section 9-a of the Act in July 1996.

11. As further authorized by Section 10-a.3 of the Act, the City hereby includes as a term of the RANs the pledge and agreement of the State with the owners from time to time of the RANs that the State will not take any action which would impair the power of the City to comply with or perform the covenants set forth in paragraphs 9, 10 and 14 of this Certificate, in the Agreements with the Banks as guarantors of the Notes, and in the Continuing Disclosure Agreement of even date herewith, or any right or remedy of any beneficiary thereof to enforce such covenants.

12. In my judgment, based on achieving a lower cost of money and expanding the City’s market, the interest of the City will be served by the issuance of the Notes at a variable rate, pursuant thereto and to the Agreements; in conformance with Sections 54.10(e), 54.90 and 168.00 of the LFL, I deem the terms of the Agreements, the Letters of Credit delivered pursuant thereto (the "Letters of Credit") and the other agreements and instruments related thereto to be reasonable and appropriate to facilitate the issuance, sale and payment of the Notes and the Renewal Notes; and I determine that the Agreements, the
Letters of Credit and the other agreements and instruments related thereto have been entered into with financially responsible parties.

13. If there is on the payment date for principal of and interest on the Notes an insufficiency of City funds (including the General Debt Service Fund for interest, the RAN Account for principal, and other funds provided by the City outside the Letters of Credit) for such payment, the Fiscal Agent shall (and the City, for the benefit of the Noteholders, irrevocably so instructs the Fiscal Agent) satisfy the insufficiency by drawing on the Letters of Credit, proportionately in each case to the Percentage Shares of the respective Banks, by 12:00 noon on that day and purchase Notes for the account of the respective Banks. In drawing on the Letters of Credit hereunder, the Fiscal Agent shall be entitled to assume, in the absence of Written Notice to the contrary, that all outstanding Notes are entitled to be paid from the Letters of Credit.

All Notes tendered to the Fiscal Agent for purchase by the Banks shall be delivered (by credit at a depository or otherwise) to the respective Banks in such denominations as may be necessary. The Fiscal Agent shall register the transfer of the Notes purchased by the Banks (other than those transferred to the Banks' respective accounts at a depository) to or upon the order of the respective Banks.

The Fiscal Agent shall establish the 1996 N Fund as a special and separate account in which there is a special account for each Bank, shall not commingle the money therein with any other money, shall deposit the proceeds of a draw therein when received from the Bank, and shall purchase the Notes for each such Bank.
14. The City shall provide for the purchase of the Notes by a financially responsible party or parties upon any failure of the City to make timely payment of principal or interest due thereon. 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 on a timely basis all of the Notes additionally secured by the obligation of such party or parties. If a Letter of Credit is to be replaced, the City shall, not later than 20 days before the effective date of such replacement, deliver to the Fiscal Agent Written Notice of the replacement, which shall include (i) copies of the related documentation and (ii) Rating Confirmation with respect thereto. The City shall give Written Notice to each affected Noteholder at least 15 days prior to any replacement or substitution.

15. The Chase Manhattan Bank, N.A., will continue to serve as Fiscal Agent hereunder unless and until the duties of Fiscal Agent with respect to the Notes have been assumed by another commercial bank with trust powers or trust company selected by the City, in which case the Letters of Credit shall be transferred in accordance with their terms.

16. The City shall give prompt Written Notice to each Rating Agency of payment in full of the Notes, any amendment, or substitution of any Letter of Credit, any change in the Fiscal Agent, and any material change in the terms of any Letter of Credit, the Notes or this Certificate. The Fiscal Agent shall, if so instructed by the City pursuant hereto, notify any Bank of a reduction or termination of the related Letter of Credit.
17. For any one or more of the following purposes and at any time or from time to time, the City may, with the written consent of each Bank whose consent is required by a Reimbursement Agreement, enter into a supplement hereto:

(1) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision relating to the Notes herein or in the Notes;

(2) to provide for the termination with respect to the Notes of the book-entry system described in paragraph 6 hereof;

(3) to identify particular Notes for purposes not inconsistent herewith, including without limitation credit support and defeasance; or

(4) to insert such provisions with respect to the Notes as are necessary or desirable and are not to the prejudice of the Noteholders.

Each supplement is conditioned upon delivery to the City of an opinion of Bond Counsel to the effect that such supplement is authorized by law and will not adversely affect the exclusion of interest on the Notes from gross income for Federal income tax purposes.

18. Notes shall be deemed defeased only if there shall have been deposited money or timely maturing Direct Obligations in an amount sufficient for the payment of the principal of and interest on such Notes at maturity. Prior to defeasing any Notes, the City shall provide to each Rating Agency a cash flow statement demonstrating compliance with the conditions to defeasance and shall obtain Rating Confirmation. Defeased Notes shall be cancelled when paid.
19. In addition to the terms defined elsewhere herein, in the Reimbursement Agreements and in the Notes, and unless the context otherwise requires:

"Bond Counsel" means a nationally recognized "Bond Counsel" retained by the City.

"Business Day" means a day (1) other than a day on which banks located in The City of New York, New York, are required or authorized by law or executive order to close and (2) on which the New York Stock Exchange is not closed.

"Certificate" means this certificate, including the forms of Notes, and references hereto include the forms of Notes.

"Direct Obligations" means non-callable direct obligations of the United States of America, non-callable and non-prepayable direct federal agency obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America, non-callable direct obligations of the United States of America which have been stripped by the United States Treasury itself or by a Federal Reserve Bank (not including, unless approved by each Rating Agency, "CATS", "TIGRS", "TBONDS", "TRS", "CUBES", mutual funds or unit investment trusts) and the interest components of REFCORP bonds for which the underlying bond is non-callable (or non-callable before the due date of such interest component) for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book-entry form.

"Noteholder", "holder", "Noteowner" or "owner", means the person in whose name any Note is registered on the books of the City.

"Rating Confirmation" means evidence from each Rating Agency that its applicable rating will not be reduced or withdrawn solely as a result of an action to be taken hereunder.

"Renewal Notes" means general obligation revenue anticipation notes or tax anticipation notes of the City that shall (1) bear interest at the Renewal Note Rate specified in the Agreements, payable at maturity, (2) mature in accordance with §9-b.3 of the Act and in any event not later than August 1, 1996, (3) be redeemable by the City in whole or in part on any date, upon 2 Business Days’ notice to the registered owner thereof, at par plus accrued interest, (4) have the benefit of (A) the City's covenants and the other provisions set forth in Exhibits D and E to the Reimbursement Agreement, and (B) the pledge and agreement of the State that the State will not take any action which would impair the power of the City to comply with or perform the City's aforesaid covenants, or any right or remedy of any owner of Renewal Notes from time to time to enforce such City covenants, (5) be accompanied by an opinion or opinions of bond counsel to the City, upon which the Banks may rely, substantially to the effect of Exhibits F and G to the Reimbursement Agreement.

To the extent, if any, that the City and the Bank agree to exchange Renewal RANs (rather than TANs) for Bank RANs on the Exchange Date, the referenced Exhibits shall be deemed modified accordingly.
"Written Notice", "written notice" or "notice in writing" means notice in writing which may be delivered by hand or first class mail and shall also mean facsimile transmission (such as telexcopy) as well as telegram and telex.

20. The proceeds of the issuance of the RANs will become part of the General Fund of the City and will be segregated from General Fund money received from other sources only for purposes of compliance with certain provisions of the Internal Revenue Code of 1986, as amended. Information concerning forecasted receipts and expenditures on a monthly basis regarding the purposes for which the Revenues may be used as described in paragraph 5 hereof (the "RAN Purposes"), has been developed in the preparation of the City's current cash flow statements. Based on such information, the expenditures for the RAN Purposes less the receipts for the RAN Purposes are at least equal to the amount of the proceeds of the RANs and the proceeds of the RANs shall be used only for the purpose of meeting (including paying and reimbursing the General Fund for the payment of) expenditures for the RAN Purposes.

21. The RANs shall be authenticated by the manual countersignature of the Fiscal Agent in compliance with Section 61.00 of the LFL and in conformity with Section 2(B) of Amended Executive Order No. 55.

Dated: October 5, 1995

__________________________________________
PATRICE I. MITCHELL
Deputy Comptroller for
Finance of The City of
New York

C-13
I hereby certify that the foregoing Certificate is on file in the Office of Management and Budget in the Executive Office of the Mayor of The City of New York.

Dated: October 5, 1995

MARK PAGE
Deputy Director of Management and Budget in the Executive Office of the Mayor of The City of New York
PURCHASE OF
GENERAL OBLIGATION REVENUE ANTICIPATION NOTES
FISCAL 1996 SERIES B

<table>
<thead>
<tr>
<th>Firm</th>
<th>Amount Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Albany Corporation</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>Goldman Sachs &amp; Co.</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>J.P. Morgan Securities Inc.</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>Lehman Brothers Inc.</td>
<td>$700,000,000</td>
</tr>
<tr>
<td>Merrill Lynch, Pierce, Fenner &amp; Smith Inc.</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>Smith Barney Inc.</td>
<td>$50,000,000</td>
</tr>
</tbody>
</table>

$900,000,000
<table>
<thead>
<tr>
<th>Bank</th>
<th>Principal</th>
<th>268 Days’ Interest*</th>
<th>Total</th>
<th>Fractional Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Bank of Nova Scotia</td>
<td>$100,000,000</td>
<td>$3,643,750</td>
<td>$103,643,750</td>
<td>1/9</td>
</tr>
<tr>
<td>New York Agency</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canadian Imperial Bank of Commerce</td>
<td>100,000,000</td>
<td>3,643,750</td>
<td>103,643,750</td>
<td>1/9</td>
</tr>
<tr>
<td>New York Agency</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemical Bank</td>
<td>100,000,000</td>
<td>3,643,750</td>
<td>103,643,750</td>
<td>1/9</td>
</tr>
<tr>
<td>Citibank, N.A.</td>
<td>100,000,000</td>
<td>3,643,750</td>
<td>103,643,750</td>
<td>1/9</td>
</tr>
<tr>
<td>Commerzbank AG</td>
<td>100,000,000</td>
<td>3,643,750</td>
<td>103,643,750</td>
<td>1/9</td>
</tr>
<tr>
<td>New York Branch</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Morgan Guaranty Trust Company of New York</td>
<td>200,000,000</td>
<td>7,287,500</td>
<td>207,287,500</td>
<td>2/9</td>
</tr>
<tr>
<td>Union Bank of Switzerland</td>
<td>200,000,000</td>
<td>7,287,500</td>
<td>207,287,500</td>
<td>2/9</td>
</tr>
<tr>
<td>New York Branch</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Includes 263 days’ interest at 4.75% and 5 days’ interest at 12.5%.
REGISTERED NUMBER R- $

THE CITY OF NEW YORK
4.75% GENERAL OBLIGATION REVENUE ANTICIPATION NOTE
FISCAL 1996 SERIES B

TOTAL AMOUNT OF ISSUE: $900,000,000

DUE: JUNE 28, 1966

DATED: OCTOBER 5, 1995

CUSIP: 649664AX7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: MILLION DOLLARS
($  )

THE CITY OF NEW YORK (the "City"), a municipal corporation of the State of New York (the "State"), for value received promises to pay to the registered owner of this note, on June 28, 1996, the principal amount set forth above, together with interest thereon at the rate of (i) four and three-fourths per centum (4.75%) per annum, calculated on the basis of a 360-day year of twelve 30-day months from the date hereof to (but not including) June 28, 1996, (ii) thereafter at the rate of twelve and one-half per centum (12.50%) per annum, calculated on the basis of a 360-day year and paid for the actual number of days elapsed (including the first day but excluding the last day) to (but not including) August 1, 1996, and (iii) thereafter at the rate of fifteen per centum (15%) per annum calculated as set forth in item (ii) above.

BOTH PRINCIPAL OF AND INTEREST ON THIS NOTE WILL BE PAID IN IMMEDIATELY AVAILABLE FUNDS, BEING LAWFUL MONEY OF THE UNITED STATES OF AMERICA, AT THE OFFICE OF THE CHASE MANHATTAN BANK,
N.A., IF BY HAND, ONE CHASE MANHATTAN PLAZA, LEVEL 1B, NEW YORK, NEW YORK 10081, ATTN: MUNICIPAL BOND REDEMPTION WINDOW; IF BY MAIL, 4 CHASE METROTECH CENTER, BROOKLYN, NEW YORK 11245, ATTN: BOX 2020, OR AT THE OFFICE OF ANY SUCCESSOR FISCAL AGENT DESIGNATED BY THE CITY.

This note is one of an issue of notes pursuant to, and entitled to the benefits of, a Certificate of the Deputy Comptroller for Finance of the City dated October 5, 1995 (the "Notes"), and in anticipation of the receipt of revenues due and payable to the City in the fiscal year of the City commencing July 1, 1995 and ending June 30, 1996. The specific revenues in anticipation of which this note is issued are payable to the City on and after June 1, 1996, with respect to: State aid to education pursuant to Article 73 of the Education Law, State aid to higher education pursuant to Articles 125 and 126 of the Education Law, State and federal welfare advances pursuant to Title 2 of Article 5 of the Social Services Law, and the City's share of sales and compensating use taxes collected by the State in the City beginning June 1, 1996, net of funding requirements of the Municipal Assistance Corporation For The City of New York pursuant to Articles 128 and 129 of the Tax Law and Section 92-d of the State Finance Law.

The faith and credit of the City are hereby irrevocably pledged for the payment of the principal of and interest on this note according to its terms.

This note is not redeemable prior to maturity, and is not convertible into a bearer note.

Any note included in this issue of Notes and the terms thereof shall be fully defeased and the respective obligations of the City and the State with respect thereto shall be fully discharged and of no further force and effect, and such note shall no longer be deemed outstanding, at such time as:

(a) there is on deposit in a separate trust account with a bank, trust company or other fiduciary sufficient monies or direct obligations of the United States or obligations guaranteed by the United States, the principal of and/or interest on which will provide sufficient monies to pay punctually when due at maturity all principal of and interest on such note, and irrevocable instructions from the City to such Bank, trust company or other fiduciary to make payment of such principal and interest with such monies shall have been given; or

(b) such note, together with interest thereon, shall have been paid in full at maturity, or shall have otherwise been refunded, redeemed, defeased or discharged.
All money paid to the Fiscal Agent for the payment of the principal of or interest on any Note that remains unclaimed at the end of two years after such principal or interest shall have come due and payable will be paid to the City, and the holder of such Note shall thereafter look only to the City for payment.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and statutes of the State to exist, to have happened and to have been performed precedent to and in the issuance of this note exist, have happened and have been performed, and that the issue of Notes of which this is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the State.

This note shall not be valid or become obligatory for any purpose until this certificate of authentication hereon has been dated and manually signed by the Fiscal Agent.

This note is transferable by the registered owner hereof in accordance with the provisions of the Local Finance Law.

Pursuant to a covenant to provide for the payment of the Notes by a financially responsible party or parties upon any failure of the City to make timely payment of principal or interest due thereon, the City has obtained the irrevocable standby letters of credit described below (the "Letters of Credit").

Under the Letters of Credit, the banks named below (the "Banks") each agree to make available to the Fiscal Agent, upon receipt of an appropriate demand for payment, the principal and interest due on the stated principal amount of the Notes.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Several Obligation for Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morgan Guaranty Trust Company of New York</td>
<td>$200,000,000</td>
</tr>
<tr>
<td>Union Bank of Switzerland, New York Branch</td>
<td>200,000,000</td>
</tr>
<tr>
<td>Chemical Bank</td>
<td>100,000,000</td>
</tr>
<tr>
<td>The Bank of Nova Scotia, New York Agency</td>
<td>100,000,000</td>
</tr>
</tbody>
</table>
Canadian Imperial Bank of Commerce,
New York Agency ........................................ 100,000,000

Citibank, N.A. ........................................... 100,000,000

Commerzbank AG, New York Branch ..................... 100,000,000

Total .................................................. $900,000,000

All the Letters of Credit secure all the Notes. The Fiscal Agent shall, if a draw
is necessary, draw on all the Banks proportionately to the above obligations for principal.
No Bank is responsible for another Bank’s performance of its obligations under a Letter of
Credit.

The Letters of Credit expire July 3, 1996.

The preceding is a summary of certain provisions contained in the Letters of
Credit and the proceedings under which the Notes are issued, 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.

IN WITNESS WHEREOF, THE CITY OF NEW YORK has caused this note to
be executed in its name by the Comptroller and attested by the City Clerk by their facsimile
signatures and its common seal or a facsimile thereof to be impressed or imprinted hereon,
all as of the 5th day of October, 1995.

ATTEST:

THE CITY OF NEW YORK

BY

COMPTROLLER

CITY CLERK
CERTIFICATE OF AUTHENTICATION

This note is one of the Notes described in and issued in accordance with certain note proceedings of the City dated October 5, 1995.

BY: THE CHASE MANHATTAN BANK, N.A., as Fiscal Agent

__________________________________________
Authorized Officer

Date of authentication: October 5, 1995
THE CITY OF NEW YORK

CERTIFICATE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REVENUE ANTICIPATION NOTES
FISCAL 1996 SERIES R

I, PATRICE I. MITCHELL, the Deputy Comptroller for Finance of The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), HEREBY CERTIFY as follows:

1. By Executive Order No. 55 dated March 29, 1976, as amended by Executive Order No. 62 dated July 19, 1976, Executive Order No. 68 dated August 1, 1983, Executive Order No. 97 dated July 24, 1986, Executive Order No. 106 dated December 26, 1986, and Executive Order No. 45 dated December 15, 1992 (collectively, "Amended Executive Order No. 55"), the Mayor of the City, exercising the powers of a finance board under the New York Local Finance Law (the "LFL") and Section 8(c) of the Charter of the City, delegated to the Comptroller of the City (i) pursuant to Section 30.00 of the LFL, the power to authorize the issuance of tax anticipation notes and revenue anticipation notes, and (ii) pursuant to Section 50.00 of the LFL, the power to prescribe the terms, form and contents of tax anticipation notes and revenue anticipation notes. Amended Executive Order No. 55 continues in full force and effect and has not otherwise been modified, amended or revoked.
2. On January 31, 1994, pursuant to Section 160.10 of the LFL and Section 94 of the Charter of the City, the Comptroller of the City delegated to me, as Deputy Comptroller for Finance of the City: (a) the powers and duties referred to in paragraph 1 above; (b) the power to represent him and act for him relative to the issuance of all bonds and notes of the City; and (c) the power to represent him and act for him relative to and sign for and on his behalf any papers, documents, agreements, certificates or materials whatsoever relative to the exercise of the foregoing powers and duties.

Such delegation, which has been duly filed with the Office of the Mayor of the City pursuant to Section 160.10 of the LFL and with the City Clerk pursuant to Section 94 of the Charter of the City, is in full force and effect, and has not been amended, modified or revoked as of the date hereof.

3. There is hereby authorized to be issued $________ aggregate principal amount of revenue anticipation notes, to be designated "General Obligation Revenue Anticipation Notes, Fiscal 1996 Series R" (the "Renewal RANs"). The Renewal RANs are to be issued, pursuant to Reimbursement Agreements dated as of October 5, 1995, to the banks listed on Exhibit 1 hereto (the "Banks"), in renewal of the City's Revenue Anticipation Notes, Fiscal 1996 Series B (the "Series B RANs").

4. The Renewal RANs are to be issued in anticipation of the receipt of revenues that were, at issuance of the Series B RANs, expected to be received in the City's 1996 fiscal year prior to the date hereof. Such revenues are now expected to be received in the City's 1997 fiscal year.
5. The specific revenues in anticipation of which the Renewal RANs are to be issued (the "Revenues") are [text to come]. The respective amounts of the Revenues anticipated by the City and anticipated dates of payment are as follows:

<table>
<thead>
<tr>
<th>Anticipated Sources of Payments</th>
<th>Amounts</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>State education aid</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Community college aid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior college aid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal welfare advances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State welfare advances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales tax collections (net)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The total anticipated amount of uncollected Revenues is $______ billion. [Revenue anticipation notes currently outstanding in the amount of $______ have been issued against the Revenues, of which $______ are being retired by the Renewal RANs.

Therefore the total anticipated amount of uncollected Revenues against which the Renewal RANs may be issued is $______ billion.]

6. The City has ascertained and hereby states that: (a) the date of maturity of the Renewal RANs shall not extend beyond the applicable date provided in Section 25.00 of the LFL for the maturity of such notes, as modified by Section 9-b.3.c of the Act, and (b) pursuant to §9-b.3.c of the Act, the Board created by Section 5 of the Act has certified that the Revenues have been properly accrued and estimated in the City’s financial plan in effect on this date.
7. The RANs will be dated June 28, 1996, and will mature on August 1, 1996. The price at which the Renewal RANs will be sold to the Banks will be $_________, the principal amount of and accrued interest, if any, on the Series B RANs renewed hereby. The Renewal RANs shall be issued as registered notes, in the denominations specified in Exhibit 1, and shall not be convertible into bearer notes.

8. The form and contents of the Renewal RANs are as set forth in Exhibit 2 attached hereto and made a part hereof.

9. The terms of the Renewal RANs, not otherwise set forth in this Certificate, are as follows:

   (a) The principal of and interest on the Renewal RANs will be payable on August 1, 1996.

   (b) The Renewal RANs will bear interest at ____% from their dated date to, but excluding, August 1, 1996 (or earlier maturity date), and thereafter at 121/2% to, but excluding, the date of payment of principal. Interest will be computed on the basis of actual days elapsed in a 360-day year, all as more fully described in Exhibit 2 hereto.

   (c) Principal of and interest on the Renewal RANs will be paid to the registered owners thereof on the maturity date of the Renewal RANs in immediately available funds at the office of The Chase Manhattan Bank, N.A., if by hand, One Chase Manhattan Plaza, Level 1B, Attention: Municipal Bond Redemption Window, New York, New York 10081; if by mail, 4 Chase Metrotech Center, Attention Box 2020, Brooklyn, New York 11245, or at the office of a successor Fiscal Agent.
(d) The Renewal RANs will contain the irrevocable pledge of the faith and credit of the City for the punctual payment of the principal of and interest on the Renewal RANs in accordance with their terms.

(e) The Renewal RANs will be redeemable prior to maturity, in whole or in part, at par and accrued interest on 2 Business Days' notice to the registered owners thereof.

(f) The Renewal RANs shall be numbered from R-1 upward.

10. As authorized by Section 10-a.3 of the Act, the City hereby includes as a term of the Renewal RANs the following covenants and agreements with the owners from time to time of the Renewal RANs:

(a) The City will not issue revenue anticipation notes with a maturity date prior to August 1, 1996, or redeem prior to their maturity other notes of the City issued in anticipation of the Revenues from amounts retained in the revenue anticipation note debt service account established pursuant to Section 9-a.7 of the Act (the "RAN Account").

(b) At the issuance of the Renewal RANs the City will have instructed the Comptroller of the State to (i) commence retention of the Revenues in the RAN Account in an amount sufficient to pay the principal of the Renewal RANs, and (ii) invest monies on deposit in the RAN Account only in obligations of or guaranteed by the United States of America as long as any of the Renewal RANs are outstanding; and

(c) The City will limit its issuance of notes in anticipation of the Revenues to an aggregate amount such that the Revenues estimated to be available for payment of such
notes at the time of any such issuance shall equal at least ____ times the aggregate principal amount of notes issued in anticipation of the Revenues.

11. As further authorized by Section 10-a.3 of the Act, the City hereby includes as a term of the Renewal RANs the pledge and agreement of the State with the owners from time to time of the Renewal RANs that the State will not take any action which would impair the power of the City to comply with or perform the covenants set forth in paragraph 10 of this Certificate, or any right or remedy of any beneficiary thereof to enforce such covenants.

12. The terms and conditions under which the Renewal RANs and the terms thereof shall be fully defeased and the respective obligations of the State and the City with respect thereto shall be fully discharged and of no further force and effect are set forth in Exhibit 2 hereeto.

13. The Renewal RANs shall be authenticated by the manual countersignature of the Fiscal Agent in compliance with Section 61.00 of the LFL and in conformity with Section 2(B) of Amended Executive Order No. 55.

Dated: June 28, 1996

PATRICE I. MITCHELL
Deputy Comptroller for Finance of The City of New York
I hereby certify that the foregoing Certificate is on file in the Office of Management and Budget in the Executive Office of the Mayor of The City of New York.

Dated: June 28, 1996

MARK PAGE
Deputy Director of Management and Budget in the Executive Office of the Mayor of The City of New York
THE CITY OF NEW YORK

CERTIFICATE AUTHORIZING THE ISSUANCE OF
GENERAL OBLIGATION TAX ANTICIPATION NOTES
FISCAL 1997 SERIES R

I, PATRICE I. MITCHELL, the Deputy Comptroller for Finance of The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), HEREBY CERTIFY as follows:

1. By Executive Order No. 55 dated March 29, 1976, as amended by Executive Order No. 62 dated July 19, 1976, Executive Order No. 68 dated August 1, 1983, Executive Order No. 97 dated July 24, 1986, Executive Order No. 106 dated December 26, 1986 and Executive Order No. 45 dated December 15, 1992 (collectively, "Amended Executive Order No. 55"), the Mayor of the City, exercising the powers of a finance board under the New York Local Finance Law (the "LFL") and Section 8(c) of the Charter of the City, delegated to the Comptroller of the City (i) pursuant to Section 30.00 of the LFL, the power to authorize the issuance of tax anticipation notes and revenue anticipation notes, and (ii) pursuant to Section 50.00 of the LFL, the power to prescribe the terms, form and contents of tax anticipation notes and revenue anticipation notes. Amended Executive Order No. 55 continues in full force and effect and has not otherwise been modified, amended or revoked.
2. On January 31, 1994, pursuant to Section 160.10 of the LFL and Section 94 of the Charter of the City, the Comptroller of the City delegated to me, as Deputy Comptroller for Finance of the City: (a) the powers and duties referred to in paragraph 1 above; (b) the power to represent him and act for him relative to the issuance of all bonds and notes of the City; and (c) the power to represent him and act for him relative to and sign for and on his behalf any papers, documents, agreements, certificates or materials whatsoever relative to the exercise of the foregoing powers and duties.

Such delegation, which has been duly filed with the Office of the Mayor of the City pursuant to Section 160.10 of the LFL and with the City Clerk pursuant to Section 94 of the Charter of the City, is in full force and effect, and has not been amended, modified or revoked as of the date hereof.

3. There is hereby authorized to be issued $\_\_\_\_\_\_\_\_ aggregate principal amount of tax anticipation notes, to be designated "General Obligation Tax Anticipation Notes, Fiscal 1997 Series R" (the "TANs"). The TANs are to be delivered in renewal of the City's General Obligation Revenue Anticipation Notes, Fiscal 1996 Series B (the "RANs"), to the banks listed on Exhibit 1 hereto (the "Banks"), in accordance with the terms of the RANs and the Reimbursement Agreements dated as of October 5, 1995.

4. The TANs are to be issued in anticipation of the collection of real estate taxes levied by the City for the fiscal year of the City commencing July 1, 1996, and ending June 30, 1997 (the "1997 Fiscal Year").
5. The City has ascertained and hereby states that: (a) as of _____, 1996, approximately $______ billion is the amount of real estate taxes levied for the 1996 Fiscal Year and as of _____, 1996, approximately $______ million of such taxes have been collected; (b) approximately $______ million is the amount included in the levy of real estate taxes of the City for such fiscal year to offset, in whole or in part, any anticipated deficiency in the collection during the 1997 Fiscal Year of the real estate taxes levied for the 1997 Fiscal Year and remaining uncollected; (c) as of the date hereof ninety per centum (90%) of the amount of the "available tax levy" within the meaning of Section 2.19 of the New York State Financial Emergency Act for The City of New York, as amended (the "Act"), based on real estate taxes projected to be collected in the period from _____, 1996, through _____, 1997, is approximately $______ billion; (d) no notes have heretofore been authorized to be issued in anticipation of the collection of real estate taxes levied for the 1997 Fiscal Year; and (e) the date of maturity of the TANs, or renewals thereof, shall not extend beyond the applicable date provided in Section 24.00 of the LFL for the maturity of such notes, as modified by Section 9-b.2.b of the Act. Pursuant to §9-b.3.c of the Act, the City has further ascertained and hereby states that (i) the maturity date of the TANs is not more than ten days after the anticipated date of receipt of the revenues against which the RANs were issued, (ii) the Board created by Section 5 of the Act (the "Board") has certified that the real estate taxes against which the TANs are issued (if deemed revenue within the meaning of the second sentence of Section 9-b.3.c of the Act) have been properly accrued and estimated in the City's financial plan in effect on this date, and (iii) the
Board has either approved the issuance of the TANs or terminated the control period that it reimposed at its meeting of __________, 1996 (if applicable; if real estate taxes are not a revenue for the above purpose, then the City might issue the TANs before the Board meets).

6. The TANs will be dated July 1, 1996, and will mature on August 1, 1996. The price at which the TANs will be sold to the Banks will be $__________ (which price equals principal and interest due on the RANs). The TANs shall be issued as registered notes, in the denominations specified in Exhibit 1, and shall not be convertible into bearer notes.

7. The form and contents of the TANs are as set forth in Exhibit 2 attached hereto and made a part hereof.

8. The terms of the TANs, not otherwise set forth in this Certificate, are as follows:

   (a) The principal of and interest on the TANs will be payable on August 1, 1996.

   (b) The TANs will bear interest at ___% from their dated date to, but excluding, August 1, 1996 (or earlier maturity date), and thereafter at 12½%, to, but excluding, the date of payment of principal. Interest will be calculated on the basis of actual days elapsed in a 360-day year, all as more fully described in Exhibit 2 hereto.

   (c) Both principal of and interest on the TANs will be paid to the registered owners thereof on the maturity date of the TANs in immediately available funds at the office of The Chase Manhattan Bank, N.A., if by hand, One Chase Manhattan Plaza, Level 1B, Attention: Municipal Bond Redemption Window, New York, New York
10081; if by mail, 4 Chase Metrotech Center, Attention Box 2020, Brooklyn, New York 11245, or at the office of a successor Fiscal Agent.

(d) The TANs will contain the irrevocable pledge of the faith and credit of the City for the punctual payment of the principal of and interest on the TANs in accordance with their terms.

(e) The TANs will be redeemable prior to maturity, in whole or in part, at the option of the City, upon 2 Business Days’ notice to the registered owners thereof at par and accrued interest.

(f) The TANs shall be numbered from T-1 upward.

9. As authorized by Section 10-a.3 of the Act, the City hereby includes as a term of the TANs the following covenants and agreements with the owners from time to time of the TANs:

(a) The City will not issue tax anticipation notes (other than the TANs) maturing or redeemable on or before August 1, 1996; and

(b) Prior to the issuance of the TANs the City will instruct the Comptroller of the State to (i) commence retention of real estate taxes levied for the fiscal year of the City commencing July 1, 1996, in the tax anticipation note debt service account established pursuant to Section 9-a.5 of the Act (the "TAN Account") on the date hereof, subject to the requirements of Section 9-a.2 of the Act, relating to the retention of real estate taxes in the General Debt Service Fund established pursuant to Section 9-a.1 of the Act for the payment of monthly debt service (as defined in such Section 9-a.2 of the Act) in an
amount sufficient to pay principal of the TANs, and (ii) invest monies on deposit in the
TAN Account only in obligations of or guaranteed by the United States of America as
long as any of the TANs are outstanding.

10. As further authorized by Section 10-a.3 of the Act, the City hereby includes as a
term of the TANs the pledge and agreement of the State with the owners from time to time
of the TANs that the State will not take any action that would impair the power of the City
to comply with or perform the covenants set forth in paragraph 9 of this Certificate, or any
right or remedy of any owner of the TANs from time to time to enforce such covenants.

11. The terms and conditions under which the TANs and the terms thereof shall be fully
defeased and the respective obligations of the State and the City with respect thereto shall be
fully discharged and of no further force and effect are set forth in Exhibit 2 hereto.

12. The TANs shall be authenticated by the manual countersignature of the Fiscal Agent
in compliance with Section 61.00 of the LFL and in conformity with Section 2(B) of
Amended Executive Order No. 55.

Dated: July 1, 1996

PATRICE I. MITCHELL
Deputy Comptroller for
Finance of The City of
New York
I hereby certify that the foregoing Certificate is on file in the Office of Management and Budget in the Executive Office of the Mayor of The City of New York.

Dated: July 1, 1996

MARK PAGE
Deputy Director of Management and Budget in the Executive Office of the Mayor of The City of New York
June 28, 1996

The City of New York

Morgan Guaranty Trust Company of New York
Union Bank of Switzerland, New York Branch
Chemical Bank
The Bank of Nova Scotia, New York Agency
Canadian Imperial Bank of Commerce, New York Agency
Citibank, N.A.
Commerzbank AG, New York Branch

Davis Polk & Wardwell

We have acted as bond counsel in connection with the issuance on this date by The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), of $_______ General Obligation Revenue Anticipation Notes, Fiscal 1996 Series R (the "Renewal RANs").

Based on the foregoing and 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 Renewal RANs 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 Renewal RANs.
2. Interest on the Renewal RANs is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

3. The Act validly requires that (a) the City establish the General Debt Service Fund (the "Fund") in accordance with Section 9-a.1 thereof; (b) all payments of or on account of City real estate taxes or assessments, other than the proceeds of tax anticipation notes, be deposited upon receipt in the Fund, in accordance with Section 9-a.2 thereof; (c) the State Comptroller or a bank or trust company administer and maintain and disburse monies from the Fund in accordance with Section 9-a.2 thereof; and (d) amounts retained in the Fund be used to pay monthly debt service (as defined in Section 9-a.2 thereof), including the interest on the Renewal RANs, in accordance with Section 9-a.4 thereof. The City has duly established the Fund in accordance with Section 9-a.1 of the Act.

4. The Act validly requires that (a) the State Comptroller establish the RAN Account within the Fund in accordance with Section 9-a.7 thereof; (b) the City or the State Comptroller deposit the Revenues into the RAN Account in accordance with Section 9-0.7 thereof; (c) the State Comptroller retain the Revenues in the RAN Account in accordance with Section 9-a.8 thereof; and (d) the State Comptroller or a bank or trust company administer and maintain and disburse monies from the RAN Account in accordance with Section 9-a.8 thereof. The State Comptroller has duly established the RAN Account in accordance with Section 9-a.7 of the Act.

5. The covenants of the City in paragraph 10 of the Certificate (the "City Covenants") are valid and legally binding agreements of the City which the City is authorized to include and has validly included as terms of the Renewal RANs.

6. The pledge and agreement of the State in paragraph 11 of the Certificate (the "State Pledge and Agreement") is a valid and legally binding pledge and agreement of the State which the City is authorized to include and has validly included as a term of the Renewal RANs.

7. Except as provided in the following sentence, interest on the Renewal RANs is not includable in the gross income of the owners of the Renewal RANs for purposes of Federal income taxation under existing law. Interest on the Renewal RANs will be includable in the gross income of the owners thereof retroactive to the date of issue of the Renewal RANs 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 note 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 Renewal RANs 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.
8. Interest on the Renewal RANs 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 Renewal RANs or the inclusion in certain computations (including without limitation those related to the corporate alternative minimum tax and environmental tax) of interest that is excluded from gross income.

The enforceability of the Act and the Renewal RANs, including the City Covenants and the State Pledge and Agreement as terms of the Renewal RANs, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable. The enforceability of the Act, the City Covenants and the State Pledge and Agreement 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.
July 1, 1996

The City of New York

Morgan Guaranty Trust Company of New York
Union Bank of Switzerland, New York Branch
Chemical Bank
The Bank of Nova Scotia, New York Agency
Canadian Imperial Bank of Commerce, New York Agency
Citibank, N.A.
Commerzbank AG, New York Branch

Davis Polk & Wardwell

We have acted as bond counsel in connection with the issuance on this date by The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), of $_______ General Obligation Tax Anticipation Notes, Fiscal 1997 Series R (the "TANs").

The TANs are issued to renew the City’s General Obligation Revenue Anticipation Notes, Fiscal 1996 Series B, 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 Finance of the City dated the date hereof and related proceedings (the "Certificate"). Terms defined in the Certificate are used herein as so defined.

Based on the foregoing and 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 TANs 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 TANs.

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

3. The Act validly requires that (a) the City establish the General Debt Service Fund (the "Fund") in accordance with Section 9-a.1 thereof; (b) all payments of or on account of City real estate taxes or assessments, other than the proceeds of tax anticipation notes, be deposited upon receipt in the Fund, in accordance with Section 9-a.2 thereof; (c) the State Comptroller or a bank or trust company administer and maintain and disburse monies from the Fund in accordance with Section 9-a.2 thereof; and (d) amounts retained in the Fund be used to pay monthly debt service (as defined in Section 9-a.2 thereof), including the interest on the TANs, in accordance with Section 9-a.4 thereof. The City has duly established the Fund in accordance with Section 9-a.1 of the Act.

4. The Act validly requires that (a) the State Comptroller establish the TAN Account within the Fund in accordance with Section 9-a.5 thereof; (b) the State Comptroller deposit City real estate taxes into the TAN Account in accordance with Section 9-a.6 thereof; and (c) the State Comptroller or a bank or trust company administer and maintain and disburse monies from the TAN Account in accordance with Section 9-a.6 thereof. The State Comptroller has duly established the TAN Account in accordance with Section 9-a.5 of the Act.

5. The covenants of the City in paragraph 9 of the Certificate (the "City Covenants") are valid and legally binding agreements of the City which the City is authorized to include and has validly included as terms of the TANs.

6. The pledge and agreement of the State in paragraph 10 of the Certificate (the "State Pledge and Agreement") is a valid and legally binding pledge and agreement of the State which the City is authorized to include and has validly included as a term of the TANs.

7. Except as provided in the following sentence, interest on the TANs is not includable in the gross income of the owners of the TANs for purposes of Federal income taxation under existing law. Interest on the TANs will be includable in the gross income of the owners thereof retroactive to the date of issue of the TANs 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 note.
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 TANs 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.

8. Interest on the TANs 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 TANs or the inclusion in certain computations (including without limitation those related to the corporate alternative minimum tax and environmental tax) of interest that is excluded from gross income.

The enforceability of the Act and the TANs, including the City Covenants and the State Pledge and Agreement as terms of the TANs, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable. The enforceability of the Act, the City Covenants and the State Pledge and Agreement 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.
October 5, 1995

The City of New York

Morgan Guaranty Trust Company of New York
Union Bank of Switzerland, New York Branch
Chemical Bank
The Bank of Nova Scotia, New York Agency
Canadian Imperial Bank of Commerce, New York Agency
Citibank, N.A.
Commerzbank AG, New York Branch

Davis Polk & Wardwell

We have acted as counsel for The City of New York (the "City") in connection with (i) the Reimbursement Agreements dated as of October 5, 1995 (the "Reimbursement Agreements"), between the City and the addressee banks (the "Banks"), and (ii) the Certificate of the Deputy Comptroller for Finance of the City, dated October 5, 1995 (the "Certificate"), with respect to General Obligation Revenue Anticipation Notes, Fiscal 1996 Series B (the "Notes"). The Reimbursement Agreements and the Certificate are hereinafter referred to as the "Agreements". You have requested our opinion as to certain matters concerning the Agreements and the City has asked us to provide this opinion. Terms defined in the Agreements are used herein as so defined.

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 City is a municipal corporation validly existing under the laws of the State.

2. The execution, delivery and performance by the City of each of the Agreements are within the City's powers, have been duly authorized by all necessary action
and require no action by or in respect of, or filing with, any governmental body, agency or official that has not been accomplished. Each of the Agreements has been duly executed and delivered by, and constitutes a valid and binding agreement of, the City, and the covenants made by the City for the benefit of the Banks and the holders of the Notes in the Agreements (the "City Covenants") are legally binding obligations of the City. With your permission, no opinion is rendered as to the extent of the City’s authority to incur or perform any obligation that it has undertaken "to the fullest extent permitted by law" or subject to a limitation of similar effect.

3. The defense of sovereign immunity is not available to the City in any proceeding by a Bank to enforce any of the obligations of the City under the Agreements, the Notes or the Renewal Notes.

The enforceability of the Act, the Agreements, the Notes and the Renewal Notes, including the City Covenants and the State Pledge and Agreement as terms of the Notes and the Renewal Notes, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable. The enforceability of the Act, the Agreements, the City Covenants and the State Pledge and Agreement may also be subject to the exercise of the State’s police powers and of judicial discretion in appropriate cases. The performance of the City Covenants may be affected by the Board’s exercise of its powers under the Act.

The addressees have received copies of our approving opinion and our supplemental opinion, both of even date herewith, delivered pursuant to the Notice of Sale, and may rely thereon as if such opinions were addressed to them. Such opinions apply to Notes held by the Banks pursuant to the Reimbursement Agreement.

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.

This letter is solely for the information of, and assistance to, the addressees and is not to be used, circulated, quoted or otherwise referred to in connection with the offering of the Notes except that reference hereto may be made in any list of closing documents pertaining to the sale of the Notes.
October 5, 1995

Morgan Guaranty Trust Company of New York  
New York, New York

Union Bank of Switzerland  
New York Branch

Chemical Bank  
New York, New York

The City of New York  
New York, New York

The Bank of Nova Scotia  
New York Agency

Canadian Imperial Bank of Commerce  
New York Agency

Citibank, N.A.  
New York, New York

Commerzbank A.G.  
New York Branch

Dear Sirs:

We have participated in the preparation of the seven Reimbursement Agreements dated as of October 5, 1995 (the "Agreements") between The City of New York (the "Issuer"), a municipal corporation of the State of New York (the "State"), and the respective addressee banks (the "Banks") and have acted as special counsel for the Banks for the purpose of
rendering this opinion pursuant to Section 3(b)(i) of the Agreements. Terms defined in the Agreements are used herein as therein defined.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials and other instruments and have conducted such other investigations of fact and law as we have deemed necessary or advisable for purposes of this opinion.

Upon the basis of the foregoing, we are of the opinion that each of the Agreements constitutes a valid and binding agreement of the Issuer.

The enforceability of each Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable; to securities laws that may affect the Issuer's indemnification obligations; and to the exercise of the State's police powers and of judicial discretion in appropriate cases.

In giving the foregoing opinion, we have relied with your permission on the opinions to you of even date herewith of Brown & Wood with respect to all matters relating to the Issuer and our opinion is subject to all of the limitations and qualifications contained in such opinion of Brown & Wood. We are members of the Bar of the State of New York and the foregoing opinion is limited to the laws of the State of New York and federal laws of the United States of America. In giving the foregoing opinion, we express no opinion as to the effect (if any) of any law of any jurisdiction (except the State of New York) in which any Bank is located which limits the rate of interest that such Bank may charge or collect.

This opinion is rendered solely to you in connection with the above matter. This opinion may not be relied upon by you for any other purpose or relied upon by or furnished to any other person without our prior written consent.

Very truly yours,
Exhibit J  
to the  
Reimbursement  
Agreement

IRREVOCABLE LETTER OF CREDIT
No. ____________  
October 5, 1995

The Chase Manhattan Bank, N.A.,  
as Fiscal Agent  
4 Chase MetroTech Center, 3rd Floor  
Brooklyn, New York 11245

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 Fiscal Agent under and  
as defined in the Certificate (including all exhibits thereto, the "Certificate") of the Deputy  
Comptroller for Finance of the Issuer, in accordance with which and pursuant to the  
provisions of the Constitution and laws of the State of New York (the "State"), $900,000,000  
General Obligation Revenue Anticipation Notes, Fiscal 1996 Series B (the "Notes"), due  
June 28, 1996, are being issued, an Irrevocable Letter of Credit (the "Letter of Credit"), in  
the total amount of $__________ (as more fully described below), effective as of the date  
hereof and expiring on the Termination Date. As used herein, "Termination Date" shall  
mean the earlier of (i) July 3, 1996; and (ii) the date on which the Letter of Credit is  
surrendered by the Fiscal Agent to us for cancellation pursuant to the Certificate and the  
Reimbursement Agreement dated as of October 5, 1995 (as amended from time to time, the  
"Reimbursement Agreement"), between the Issuer and us.

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. Our Fractional Share is set forth in Schedule I and is not subject to future  
adjustment.

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  

J-1
be drawn with respect to payment of the principal amount of the Notes and (ii) an aggregate amount not exceeding the Interest Portion may be drawn with respect to payment of interest accrued on the Notes. The Letter of Credit Amount shall be reduced 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). Drawings in respect of payments hereunder honored by us shall not, in the aggregate, exceed the Letter of Credit Amount.

Only you as Fiscal 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 on 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 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 Note.

Funds under this Letter of Credit are available to you against your draft in the form of Annex 1 hereto and a certificate signed by you in the form of Annex 2 attached hereto, both appropriately completed. Such draft and certificate shall be dated the date of presentation. The original of each such draft and certificate shall be filed at our office located at ________________, New York, New York ______ (or at any other office in the City and State of New York which may be designated by written notice delivered to you no later than June 15, 1996). If we receive your draft and certificate at such office, all in strict conformity with the terms and conditions of this Letter of Credit, at or prior to 12:30 P.M. (New York City time) on a business day, on or after June 28, 1996, and 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 4:00 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 the Bank or (ii) on the same day the draft and certificate are received if such draft and certificate are received by the Bank later than 12:30 P.M. (New York City time) or (iii) after the Termination Date. We will pay all drawings with our own funds.

As used herein or on the Annexes hereto, (i) "business day" shall mean a day (a) other than a day on which commercial banks in The City of New York, New York, are 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 is subject to the Uniform Customs and Practice for Documentary
Credits (1993 Revision), International Chamber of Commerce, Publication No. 500 (the
"Uniform Customs"). This Letter of Credit shall be deemed made under the laws of the
State, including Article 5 of the Uniform Commercial Code, and shall, as to matters not
governed by the Uniform Customs, be governed and construed in accordance with the laws
of the State. Communications with respect to this Letter of Credit shall be in writing and
shall be addressed to us at __________________________, New York, New York ______
(or at any other office in the City and State of New York that may be designated 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
transference shall be effected by the presentation to us of this Letter of Credit accompanied by
a certificate substantially in the form of Annex 3 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, transfer or
substitution.

This Letter of Credit sets forth in full our undertaking, and such undertaking 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 Notes, the
Certificate and the Reimbursement Agreement), except only 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 certificates and such drafts.

Very truly yours,

________________________

BANK

[NEW YORK BRANCH OR AGENCY]

By ________________________________

Name:
Title:
<table>
<thead>
<tr>
<th>Fractional Share</th>
<th>Principal Portion</th>
<th>Interest Portion</th>
<th>Letter of Credit Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>
ANNEX 1 TO THE LETTER OF CREDIT

[FORM OF DRAFT]

{Date}

BANK
[NEW YORK BRANCH OR AGENCY]

Pay to the account of [Name of Fiscal Agent] maintained at [address], New York, New York, $__________ (insert amount in words) Dollars, drawn under your Irrevocable Letter of Credit No. _____________, on __________, 19__ (the "Purchase Date").

The total amount being drawn in respect of principal of and accrued interest on the Notes is set forth below:

<table>
<thead>
<tr>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

[NAME OF FISCAL AGENT]

By: ________________________________

Title: ____________________________
CERTIFICATE FOR THE PAYMENT TO THE FISCAL AGENT
OF PURCHASE PRICE OF
THE CITY OF NEW YORK
GENERAL OBLIGATION REVENUE ANTICIPATION NOTES
FISCAL 1996 SERIES B

The undersigned, a duly authorized officer of ________________________ (the "Fiscal Agent") hereby certifies to _____________________ Bank [New York Branch or Agency] (the "Bank") with reference to Irrevocable Letter of Credit No. _____________________ (the "Letter of Credit", any capitalized term used herein and not defined herein having the meaning set forth in the Letter of Credit) that:

(1) The Fiscal Agent is the Fiscal Agent under the Certificate for the holders of the Notes.

(2) The Fiscal Agent is making a drawing under the Letter of Credit with respect to the payment of the purchase price for Notes in accordance with the Certificate.

(3) The amount of principal of the Notes that is due and payable, and to which the Bank’s Fractional Share is applicable, is $_________; the amount of interest on the Notes that is due and payable, and to which the Bank’s Fractional Share is applicable, is $__________________, and the amount of the draft accompanying this certificate does not exceed the Bank’s Fractional Share of the sum of such amounts.

(4) None of the Notes with respect to which this drawing is being made are (i) registered in the name of the Issuer or, to the best of our knowledge, any Affiliate of the Issuer or (ii) held for the account of the Issuer or, to the best of our knowledge, any Affiliate of the Issuer.
(5) The amount of the draft accompanying this certificate does not exceed the amount available to be drawn under the Letter of Credit in respect of payment of principal of and interest on the Notes and was computed in accordance with the terms and conditions of the Notes and the Certificate.

IN WITNESS WHEREOF, the Fiscal Agent has executed and delivered this certificate as of the _____ day of ________, 1996.

By ______________________________

[Name and Title]
INSTRUCTION TO TRANSFER

____________, 19___

_______ Bank
[New York Branch or Agency]

New York, New York _____________

Re: Irrevocable Letter of Credit No. ________________

Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably instructs you to transfer to:

________________________
(Name of Transferee)

________________________
(Address)
all rights of the undersigned beneficiary to draw under the above-captioned Letter of Credit (the "Letter of Credit"). The transferee has succeeded the undersigned as Fiscal Agent under the Certificate.

By this transfer, all rights of the undersigned beneficiary as Fiscal Agent named in the Letter of Credit are transferred to the transferee and the transferee shall hereafter have the sole rights as the Fiscal Agent named thereunder; provided, however, that no rights shall be deemed to have been transferred to the transferee until such transfer complies with the requirements of the Letter of Credit pertaining to transfers.

The Letter of Credit is returned herewith and in accordance therewith we ask that this transfer be effected.

Very truly yours,

[NAME OF FISCAL AGENT]

By________________________________________

[Name and Title]