

The City of New York
Office of Management and Budget
75 Park Place • New York, New York 10007 - 2146
(212) 788-5900

Mark Page
Director

May 17, 2011

Hon. Michael Bloomberg
Mayor
City Hall
New York, NY 10007

Hon. Andrew Cuomo
Governor
The Executive Chamber, Capitol
Albany, NY 12224

Hon. Christine Quinn
Speaker of the Council
City Hall
New York, NY 10007

Hon. John C. Liu
Comptroller
Municipal Bldg., 1 Centre St.
New York, NY 10007

Hon. Liz Krueger
Ranking Minority Member
Senate Finance Comm.
The Capitol
Albany, NY 12247

Hon. Herman D. Farrell, Jr.
Chair, Assembly Ways and
Means Comm.
The Capitol
Albany, NY 12248

Hon. John DeFrancisco
Chair
Senate Finance Comm.
The Capitol
Albany, NY 12247

Hon. Jim Hayes
Ranking Minority Member
Assembly Ways and Means Comm.
The Capitol
Albany, NY 12248

Hon. Thomas P. DiNapoli
Comptroller
Gov. A.E. Smith Office Bldg.
Albany, NY 12236

Mr. Jeffrey Sommer
Acting Executive Director
State Financial Control Board
123 William St., 23rd Floor
New York, NY 10038

Re: Revised Statement of Debt Affordability

Ladies and Gentlemen:

Pursuant to Chapter 16 of the Laws of 1997 of the State of New York, which includes the New York City Transitional Finance Authority Act (the "Act"), I am providing a revision of the annual statement of debt affordability issued on May 6, 2011. This statement does not constitute the annual declaration of need provided for pursuant to Section 2799-ff of the Act, which will be prepared following adoption of the City of New York's (the "City's") fiscal year 2012 Budget by the City Council.

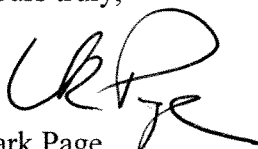
In order to finance projects within its Capital Budget, the City currently has a capital financing need of up to \$6.0 billion, \$5.4 billion, \$5.0 billion, \$5.0 billion and \$4.5 billion, in fiscal years 2011 through 2015, respectively. To the extent that General Obligation Bonds are issued to finance such projects, the capital financing need to be met by the New York City Transitional Finance Authority ("TFA") would be reduced accordingly. The City currently expects to issue General Obligation bonds to provide funding for approximately half of such five year financing program. In addition to these amounts, the City has a capital financing need of \$922 million, \$935 million, \$1.048 billion, \$1.128 billion and \$1.039 billion in fiscal years 2011 through 2015, respectively, for those projects within the City's Five Year Educational Facilities Capital Plan, expected to be met with proceeds of TFA Building Aid Revenue Bonds.

There is no reserve or surplus fund held by TFA as of the date of this statement and there was none as of the end of the most recently completed fiscal year.

Schedule A shows the City's and TFA's debt-incurring power. Schedule B presents the sources of financing for the City's four-year capital program. Schedule C specifies amounts of debt service payable on City General Obligation bonds and TFA bonds, amounts expected to be outstanding in each of the Financial Plan years for General Obligation and TFA bonds, and various debt service and debt ratios as required by the Act. Schedule C provides a framework for assessing the affordability to the City of the debt to be issued as described on Schedule B.

In my opinion, debt affordability is a judgment made by balancing the City's need for essential capital improvements and the costs of delaying or not implementing such improvements against the impact of debt service costs arising from the financing of those capital needs on the other competing City priorities funded through the City's operating budget. The judgment is reflected in the City's Financial Plan and in its operating budget and Capital Plan as proposed by the Mayor, which has the result, in fiscal year 2015, of debt service (including the TFA and lease (conduit) debt service) requiring 10.4 percent of total revenues and 15.7 percent of total tax revenues.

Yours truly,



Mark Page

Attachments

Schedule A: Debt Incurring Power (\$ in Millions)

NYC Debt and Contract Liabilities

<u>As of June 30</u>	FY	2011	2012	2013	2014	2015
Total City Debt- Incurring Power under General Debt Limit	\$	76,224	\$ 76,146	\$ 77,338	\$ 76,540	\$ 77,297
Gross Debt-Funded		41,739	41,982	42,243	42,504	42,467
Less: Excluded Debt		<u>(198)</u>	<u>(168)</u>	<u>(141)</u>	<u>(115)</u>	<u>(91)</u>
		41,541	41,814	42,102	42,389	42,376
Contracts and Other Liabilities, Net of Prior Financings Thereof		<u>9,515</u>	<u>10,303</u>	<u>10,308</u>	<u>9,396</u>	<u>7,960</u>
Total City Indebtedness		51,056	52,117	52,410	51,785	50,336
TFA Debt Outstanding above \$13.5 billion		<u>4,124</u>	<u>6,307</u>	<u>8,073</u>	<u>9,808</u>	<u>11,290</u>
Combined Debt-Incurring Power of NYC and TFA	\$	21,045	\$ 17,721	\$ 16,855	\$ 14,947	\$ 15,670

Schedule B: Sources of Funds (\$ in Millions)

	FY	2011	2012	2013	2014	2015
City General Obligation Bonds	\$	2,425	\$ 2,680	\$ 2,460	\$ 2,460	\$ 2,260
TFA Future Tax Secured Bonds		3,600	2,680	2,460	2,460	2,260
TFA Building Aid Revenue Bonds		922	935	1,048	1,128	1,039
Water Authority Bonds		<u>3,309</u>	<u>2,169</u>	<u>1,707</u>	<u>1,515</u>	<u>1,239</u>
Total	\$	10,256	\$ 8,464	\$ 7,675	\$ 7,563	\$ 6,798

Note: includes new money bonds and notes for capital purposes and, with respect to the Water Authority, reserve amounts.

Schedule C: Debt Outstanding & Debt Service Ratios

I. Debt Service of NYC GO, Conduit Debt & TFA (\$ in millions)	2011	2012	2013	2014	2015
[I.1] NYC General Obligation Debt Service*	\$3,742	\$4,040	\$4,459	\$4,539	\$4,719
[I.2] Conduit Debt Debt Service	\$214	\$309	\$338	\$333	\$325
[I.3] Transitional Finance Authority Debt Service**	\$1,081	\$1,565	\$1,871	\$2,050	\$2,235
[I.4] Total Debt Service (NYC GO, Conduit Debt & TFA)= [I.1] + [I.2] + [I.3]	\$5,037	\$5,914	\$6,669	\$6,922	\$7,279
Total Debt Service (NYC GO, Conduit Debt & TFA) [I.4] as % of:					
a. Total Revenue***	7.6%	9.0%	10.0%	10.2%	10.4%
b. Total Taxes***	12.6%	14.0%	15.3%	15.5%	15.7%
c. Total NYC Personal Income	1.1%	1.3%	1.4%	1.4%	1.4%
NYC General Obligation Bonds Debt Service [I.1] as % of:					
d. Real Property Tax Revenue	22.2%	22.8%	24.5%	24.4%	24.8%
e. Full Value of Taxable Real Estate	0.5%	0.5%	0.6%	0.6%	0.6%
II. Debt Outstanding: NYC GO, Conduit Debt & TFA (\$ in millions) as of 6/30					
[I.5] NYC General Obligation Debt Outstanding	\$42,192	\$42,881	\$43,147	\$43,406	\$43,348
[I.6] Conduit Debt Debt Outstanding	\$1,845	\$1,773	\$1,699	\$1,617	1,534.81
[I.7] Transitional Finance Authority Debt Outstanding	\$19,090	\$21,179	\$22,846	\$24,478	\$25,853
[I.8] Total Debt Outstanding (NYC GO, Conduit Debt & TFA) [I.5]+[I.6]+[I.7]	\$63,126	\$65,834	\$67,692	\$69,501	\$70,736
Total Debt Outstanding (NYC GO, Conduit Debt & TFA) [I.8] as % of:					
f. Total NYC Personal Income	14.3%	14.5%	14.4%	14.1%	13.6%
NYC General Obligation Debt Outstanding [I.5] as % of:					
g. Real Property Tax Revenue	250.7%	242.5%	237.0%	233.0%	227.4%
h. Five Year Average Full Value of Taxable Real Estate	5.5%	5.6%	5.6%	5.7%	5.6%
III. Debt Service & Debt Outstanding Per Capita (\$ in thousands)					
i. Debt Service Per Capita (NYC GO+Conduit Debt+TFA DS)	\$0.600	\$0.705	\$0.795	\$0.825	\$0.867
j. Debt Outstanding Per Capita (NYC GO+Conduit Debt+TFA)	\$7.522	\$7.845	\$8.066	\$8.282	\$8.429
a. Total Revenue	\$65,977	\$65,715	\$66,933	\$68,174	\$70,054
b. Total Taxes	\$39,951	\$42,097	\$43,447	\$44,617	\$46,392
c. PIT Required to Support TFA DS****	\$711	\$775	\$1,871	\$2,050	\$2,235
d. Total NYC Personal Income	\$441,070	\$455,240	\$469,580	\$491,440	\$518,820
e. Real Property Tax Revenue	\$16,830	\$17,685	\$18,203	\$18,630	\$19,060
f. Full Value of Taxable Real Estate	\$762,244	\$761,460	\$773,380	\$765,401	\$772,965
g. Population	8,391,881	8,391,881	8,391,881	8,391,881	8,391,881

* Includes RANs interest costs and does not reflect prepayments.

** Does not reflect prepayments.

*** Includes amount required to support TFA debt service.

**** Reflects prepayments in FY 2011 and FY 2012.