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## **New York City Transitional Finance Authority Fiscal 2001 Series C Bonds Receive Strong Investor Demand**

The New York City Transitional Finance Authority (the "TFA") announced today that it successfully priced the fixed-rate portion of its Fiscal 2001 Series C Bonds. The spreads to MMD triple-A general municipal market scale were consistent with the recent strong performance of the TFA. The spread over the MMD was 10 basis points or less in all but two maturities. The tax-exempt fixed-rate new money bonds totaling \$405 million were sold on a negotiated basis through the TFA's underwriting syndicate led by book-running senior manager Morgan Stanley. Bear, Stearns & Co. Inc and Lehman Brothers served as co-senior managers on the tax-exempt portion of the deal. An additional \$100 million of daily mode variable rate bonds will be priced on or about the closing on April 11, 2001.

Institutional demand for TFA's bonds was strong and broad based. The approximately \$275 million of bonds offered to institutions, net of retail pre-sale orders and retentions, were oversubscribed more than 1.4 times by the approximately \$395 million of priority orders from institutions. There were an additional \$452 million of member orders submitted by securities firms in the syndicate.

As a result of the strong investor demand, interest rates were reduced 01 to 02 basis points in the seven maturities from 2012 through 2018 following the institutional order period. The 2004 and 2021 maturities were increased in yield by two and one basis points respectively. The tax-exempt portion of the transaction was structured with serial maturities from 2003 through 2022, and did not include any term bonds. Serial bonds produce cost-savings because they capture lower interest rates in the earlier maturities resulting from the steeply positive municipal market yield curve. Yields (interest rates) after the repricing ranged from 3.23 percent in the 2003 maturity to 5.14 percent in the 2022 maturity.

The sale was preceded by a two-day retail order period that opened on Monday, April 2 and concluded on Tuesday afternoon, April 3. The \$109 million of retail pre-sale orders totaled approximately 27 percent of the tax-exempt bonds offered. This was one of the highest rates of retail participation ever in the history of TFA issuance.

Moody's Investors Service rates the TFA at Aa2, Standard & Poor's rates the TFA at AA+, and Fitch rates the TFA at AA+.

The proceeds of this bond sale will be used to fund the ongoing capital improvement program of New York City.