NEW ISSUE

In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications described herein, interest on the Series 2015A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Series 2015A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York, including The City of New York and the City of Yonkers, assuming compliance with the tax covenants described herein and the accuracy of the representations and certifications described herein. See "SECTION VII: TAX MATTERS" herein regarding certain other tax considerations.

$2,035,330,000

Sales Tax Asset Receivable Corporation

Sales Tax Asset Revenue Bonds, Fiscal 2015 Series A

Dated: Date of Delivery Due: As shown on inside cover

The Sales Tax Asset Revenue Bonds, Fiscal 2015 Series A (the "Series 2015A Bonds"), are being issued by the Sales Tax Asset Receivable Corporation (the "Corporation"), a local development corporation organized by The City of New York (the "City") in 2003 under the Not-For-Profit Corporation Law of the State of New York (the "State"), in accordance with an Amended and Restated Trust Indenture, dated as of October 1, 2004, as amended and restated as of October 1, 2014 (the "Trust Indenture"), by and between the Corporation and U.S. Bank National Association, as Trustee (the "Trustee"), as supplemented by the Third Supplemental Trust Indenture, dated as of October 1, 2014 (the "Third Supplemental Indenture"). The Trust Indenture and the Third Supplemental Indenture are referred to together as the "Indenture." The Corporation is an instrumentality of, but separate and apart from, the City.

The Series 2015A Bonds are payable solely from the funds of the Corporation (the "Revenues") consisting of $170 million in payments per year required to be made by the New York Local Government Assistance Corporation ("LGAC'), a public benefit corporation of the State, pursuant to Part A4 of Chapter 62 and Part V of Chapter 63 of the Laws of 2003 of the State (the "Payment Act"), and certain accounts held by the Trustee. LGAC's revenues consist of payments made by the State, subject to appropriation, from the State's Local Government Assistance Tax Fund (the "Tax Fund"). Certain sales and compensating use taxes imposed by the State on a State-wide basis are required by law to be deposited in the Tax Fund in an amount equal to an amount attributable to a one percent rate of taxation, less such amounts as the State Commissioner of Taxation and Finance may determine to be necessary for refunds and less the costs of collection. Payments from LGAC to the Corporation are required to be made in each fiscal year of the City through and including the fiscal year ending June 30, 2034 and are subordinate to the payments that LGAC is required to make pursuant to its bond resolutions, including payments to its swap counterparties.

Payments from the Tax Fund to LGAC are subject to appropriation for such purpose by the State Legislature. The State is not bound or obligated to make such appropriation or continue the imposition of the sales and use taxes required to be deposited in the Tax Fund, and no assurance can be given that any such appropriations will be made. LGAC is a public benefit corporation of the State and has no taxing power. None of the payments to LGAC, to the Corporation by LGAC or to the Bondholders by the Corporation constitutes a debt of the State or the City, and neither the faith and credit nor the taxing power of the State or the City is pledged to the payment of amounts to LGAC, to the Corporation by LGAC or to the payment of the Series 2015A Bonds. The Corporation has no taxing power.

The proceeds of the Series 2015A Bonds, together with other funds available to the Corporation, are expected to be used, among other things, to provide for the payment in full, on the delivery date of the Series 2015A Bonds, of all of the Corporation's Outstanding Bonds as described herein.

The Series 2015A Bonds will be issued only as fully registered bonds, registered in the nominee name of The Depository Trust Company ("DTC').

Purchases of the Series 2015A Bonds will be made in book-entry form in denominations of $5,000 or an integral multiple thereof. Interest on the Series 2015A Bonds accrues from the dated date, and is payable on each April 15 and October 15, commencing April 15, 2015.

The Series 2015A Bonds are subject to optional redemption prior to maturity as described herein.

The Series 2015A Bonds are being offered, subject to prior sale, when, as and if issued by the Corporation and accepted by the Underwriters, subject to the approval of legality of the Series 2015A Bonds and certain other matters by Nixon Peabody LLP, New York, New York, Bond Counsel to the Corporation. Certain legal matters will be passed upon for the City by the New York City Corporation Counsel. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Bryant Rabbino LLP, New York, New York, and Winston & Strawn LLP, New York, New York. It is expected that the Series 2015A Bonds will be available for delivery to DTC in New York, New York, on or about October 15, 2014.

Joint Lead Managers:

J.P. Morgan | **Goldman, Sachs & Co.** | **Loop Capital Markets LLC**
Raymond James | | **Siebert Brandford Shank & Co. L.L.C.**

Additional Lead Manager:

Ramirez & Co., Inc.

BofA Merrill Lynch | **Barclays Capital** | **Citigroup**
Jefferies | **Morgan Stanley** | **Wells Fargo Securities**
RBC Capital Markets | | **Rice Financial Products Company**

BMO Capital Markets | **BNY Mellon Capital Markets, LLC** | **Blaylock Beal Van, LLC**
Cabrera Capital Markets, LLC | **CastleOak Securities, L.P.** | **Drexel Hamilton, LLC**
Estrada Hinojosa & Company, Inc. | **Fidelity Capital Markets** | **Janney Montgomery Scott LLC**
Lebenthal & Co., LLC | **Northern Trust** | **Oppenheimer & Co., Inc.**
PNC Capital Markets LLC | **Prager & Co., LLC** | **Roosevelt & Cross Incorporated**
Southwest Securities, Inc. | **Sterne, Agee & Leach, Inc.** | **Stifel, Nicolaus & Company, Incorporated**
TD Securities (USA) LLC | **US Bancorp** | **The Williams Capital Group, LP**

September 24, 2014

$2,035,330,000
Sales Tax Asset Receivable Corporation
Sales Tax Asset Revenue Bonds, Fiscal 2015 Series A

October 15,	Principal Amount	Interest Rate	Yield	CUSIP Number[1] (Base CUSIP 794665)
2015	$73,935,000	5 %	0.11%	FB0
2016	76,895,000	3	0.32	FC8
2017	24,640,000	3	0.62	FD6
2017	55,115,000	5	0.62	FW4
2018	8,570,000	4	0.92	FE4
2018	74,935,000	5	0.92	GA1
2019	8,495,000	4	1.24	FF1
2019	79,155,000	5	1.24	FX2
2020	8,685,000	4	1.55	FG9
2020	83,325,000	5	1.55	GB9
2021	7,705,000	4	1.82	FH7
2021	88,890,000	5	1.82	FY0
2022	24,465,000	4	2.04	FJ3
2022	76,870,000	5	2.04	GC7
2023	24,515,000	4	2.24	FK0
2023	81,710,000	5	2.24	FZ7
2024	3,755,000	4	2.32	FL8
2024	107,720,000	5	2.32	GD5
2025	117,115,000	5	2.42[2]	FM6
2026	123,065,000	5	2.52[2]	FN4
2027	129,315,000	5	2.60[2]	FP9
2028	135,890,000	5	2.68[2]	FQ7
2029	29,300,000	3	3.10	FR5
2029	113,195,000	5	2.73[2]	GE3
2030	149,435,000	5	2.79[2]	FS3
2031	157,035,000	5	2.85[2]	FT1
2032	164,175,000	4	3.13[2]	FU8
2033	7,425,000	3⅜	3.44	FV6

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(1) Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2015A Bonds and none of the Corporation or the Underwriters makes any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2015A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2015A Bonds.

(2) Priced to the first optional call date of October 15, 2024.

Certain of the information in this Offering Circular has been provided by the City and other sources considered by the Corporation to be reliable. The information presented by the State in its Annual Information Statement, and information on the State's websites or otherwise prepared or released by it, is not incorporated by reference in this Offering Circular. All estimates and assumptions contained herein are believed to be reliable, but no representation is made that such estimates or assumptions are correct or will be realized. No dealer, broker, salesperson or other person has been authorized by the Corporation or the Underwriters to give any information or to make any representation with respect to the Series 2015A Bonds, other than those contained in this Offering Circular, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State, LGAC or the Corporation since the date hereof. This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2015A Bonds, by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Underwriters have reviewed the information in this Offering Circular pursuant to their responsibilities to investors under the federal securities law, but the Underwriters do not guarantee the accuracy or completeness of such information.

Any forecasts, projections and estimates included in this Offering Circular are based on expectations and assumptions that existed at the time such forecasts, projections and estimates were prepared. In light of the important factors that may materially affect the Corporation and the Series 2015A Bonds, the inclusion in this Offering Circular of such forecasts, projections and estimates should not be regarded as a representation by any of the Corporation or the Underwriters that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

If and when included in this Offering Circular, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Corporation. These forward-looking statements speak only as of the date of this Offering Circular. The Corporation disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Corporation's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

THE SERIES 2015A BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY BODY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE

ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2015A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

MARKS PANETH LLP, THE CORPORATION'S INDEPENDENT AUDITOR, HAS NOT REVIEWED, COMMENTED ON OR APPROVED, AND IS NOT ASSOCIATED WITH, THIS OFFERING CIRCULAR. THE REPORT OF MARKS PANETH LLP RELATING TO THE CORPORATION'S FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013, WHICH IS A MATTER OF PUBLIC RECORD, IS INCLUDED IN THIS OFFERING CIRCULAR. HOWEVER, MARKS PANETH LLP HAS NOT PERFORMED ANY PROCEDURES ON ANY FINANCIAL STATEMENTS OR OTHER FINANCIAL INFORMATION OF THE CORPORATION, INCLUDING WITHOUT LIMITATION ANY OF THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR, SINCE THE DATE OF SUCH REPORT AND HAS NOT BEEN ASKED TO CONSENT TO THE INCLUSION OF ITS REPORT IN THIS OFFERING CIRCULAR.

SUMMARY OF TERMS

The following is qualified in its entirety by reference to the information appearing elsewhere in this Offering Circular. Terms used in this summary and not defined herein are defined in "APPENDIX A–SUMMARY OF THE INDENTURE."

Issuer	The Sales Tax Asset Receivable Corporation (the "Corporation") is a local development corporation organized by The City of New York (the "City") in 2003 under the Not-For-Profit Corporation Law of the State of New York (the "State"). The Corporation is an instrumentality of, but separate and apart from, the City.
Securities Offered	$2,035,330,000 Sales Tax Asset Revenue Bonds, Fiscal 2015 Series A (the "Series 2015A Bonds") are being issued pursuant to an Amended and Restated Trust Indenture, dated as of October 1, 2004, as amended and restated as of October 1, 2014 (the "Trust Indenture"), by and between the Corporation and U.S. Bank National Association, as Trustee (the "Trustee"), as supplemented by the Third Supplemental Trust Indenture, dated as of October 1, 2014 (the "Third Supplemental Indenture"). The Trust Indenture and the Third Supplemental Indenture are referred to together as the "Indenture." Simultaneously with the issuance of the Series 2015A Bonds, all of the Corporation's Outstanding Sales Tax Asset Revenue Bonds Fiscal 2005 Series A and Outstanding Sales Tax Asset Revenue Bonds Fiscal 2005 Series B (Taxable) identified in Appendix D hereto (collectively, the "Refunded Bonds") will be paid or redeemed and the Series 2015A Bonds will be the only Bonds of the Corporation Outstanding.
Interest and Principal	Interest on the Series 2015A Bonds will accrue from their dated date at the rates set forth on the inside cover page hereof and will be payable semiannually on each April 15 and October 15, commencing April 15, 2015. The record date for payment of interest on the Series 2015A Bonds is the first day of the calendar month immediately preceding the interest payment date.

Redemption	The Series 2015A Bonds are subject to optional redemption prior to maturity as described herein.
Use of Proceeds.....	The proceeds of the Series 2015A Bonds, together with other funds available to the Corporation, are expected to be used (i) to provide for the payment in full, on the delivery date of the Series 2015A Bonds, of the principal of and interest and redemption premium, if any, on the Refunded Bonds, (ii) to make a payment to, or at the direction of, the City in order to provide for the payment of the principal of and interest and redemption premium, if any, of certain Future Tax Secured Bonds of the New York City Transitional Finance Authority (the "TFA") and (iii) to pay certain expenses of the Corporation, including expenses incurred by the Corporation in issuing the Series 2015A Bonds.
Enabling Legislation	Part A4 of Chapter 62 and Part V of Chapter 63 of the Laws of 2003 of the State (collectively, the "Payment Act") require the New York Local Government Assistance Corporation ("LGAC"), a public benefit corporation of the State, to pay $170 million to the City or its assignee in each fiscal year of the City (commencing on each July 1 and ending on the subsequent June 30) from amounts received by LGAC from the Tax Fund (as defined herein). Payments to LGAC are subject to appropriation by the State Legislature. Payments by LGAC are required to be made in each fiscal year of the City through and including the fiscal year of the City ending June 30, 2034. As authorized under the Payment Act, the City has assigned its rights to receive such payments to the Corporation.
Source of Payment of the Bonds	The Series 2015A Bonds are payable solely from the funds of the Corporation (the "Revenues"), consisting of $170 million in payments per year required to be made by LGAC, and certain accounts held by the Trustee. LGAC's revenues consist of payments made by the State, subject to appropriation, from the State's Local Government Assistance Tax Fund (the "Tax Fund"). Certain sales and compensating use taxes imposed by the State on a State-wide basis are required by law to

	be deposited in the Tax Fund in an amount equal to an amount attributable to a one percent rate of taxation, less such amounts as the State Commissioner of Taxation and Finance (the "Tax Commissioner") may determine to be necessary for refunds and less the costs of collection. Payments from LGAC to the Corporation are required to be made in each fiscal year of the City through and including the fiscal year ending June 30, 2034 and are subordinate to the payments that LGAC is required to make pursuant to its bond resolutions, including payments to its swap counterparties. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS." Since the date of the first issuance of Bonds by the Corporation in November 2004, the State Legislature has made all appropriations for the payment from the Tax Fund to LGAC and LGAC has made all payments required pursuant to the Payment Act to be made to the Corporation, in each case on or prior to June 30 of each year, the last day of the City's fiscal year. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS–Application of 1% Sales Tax–Certification of Payments Required by LGAC." Neither the Trustee nor any Bondholder has any right in or to any proceeds derived from the issuance of Bonds (as defined herein) other than those held in the funds and accounts established under the Indenture for the benefit of the holders of the Refunded Bonds and no action or proceeding may be maintained to enforce any claim to any proceeds other than the proceeds held in the funds and accounts established under the Indenture. The Corporation will not have any right in or to any proceeds of the Bonds paid to the TFA.
LGAC.....	LGAC is a corporate governmental agency constituting a public benefit corporation created by Chapter 220 of the Laws of 1990 of the State, as amended by Chapter 946 of the Laws of 1990 of the State, Chapter 2 of the Laws of 1991 of the State and the Payment Act (collectively, the "LGAC Act"), for the purpose of making certain

assistance payments to local governments in the amounts appropriated by the State and in the manner provided by the LGAC Act.

Application of 1% Sales Tax .....

The LGAC Act requires that money from the State sales and compensating use taxes (including interest and penalties) currently imposed State-wide at the rate of four percent by Sections 1105 and 1110 of the Tax Law of the State, or any successor or substitute provisions thereof (the "Sales Tax"), equal to an amount attributable to a one percent rate of taxation, less collection expenses and such amounts as the Tax Commissioner may determine to be necessary for refunds thereof (the "1% Sales Tax"), be deposited in the Tax Fund pursuant to Section 92-r of the State Finance Law. The Tax Fund is held jointly by the Tax Commissioner and the State Comptroller separate and apart from all other money of the State. In addition to being the sole source of revenue for LGAC, the 1% Sales Tax is also a significant source of revenue for the State.

In connection with an appropriation from the Tax Fund, the LGAC Act requires the LGAC Chairperson annually to certify to the State Comptroller prior to the start of the State's fiscal year LGAC's cash requirements during such fiscal year. The LGAC Chairperson's certification, which must include the LGAC payment to the Corporation, is to specify the dates on which it requires funds and the amount required on each date. After appropriation of amounts in the Tax Fund to LGAC and subject to the impoundment provisions of the 1% Sales Tax described below, amounts remaining in the Tax Fund are payable into the State's General Fund for use at the direction of the State. Such remaining amounts are a significant source of revenue for the State. In the event the requirements for payment from the Tax Fund described above are not satisfied, amounts in the Tax Fund may not be paid to the State's General Fund.

The LGAC Act prohibits the State Comptroller from paying over or distributing any revenues from the 1% Sales Tax out of the Tax Fund to the State's General Fund, unless two requirements are met.

First, the State must have appropriated for payment to LGAC money sufficient for all payments certified as required by the LGAC Chairperson's certificate, which must include the $170 million amount payable annually to the Corporation under the Payment Act. Second, each certified and appropriated payment for which money is required to be set aside under the impoundment provisions must have been made to LGAC on the date by which it was required to have been made pursuant to the schedule in the LGAC Chairperson's certificate.

The LGAC Act provides procedures for impounding money from the 1% Sales Tax in the Tax Fund that are designed to assure that sufficient money will be on deposit in the Tax Fund to meet LGAC's annual cash requirements, including payments to the Corporation, as certified by the LGAC Chairperson. Payments to LGAC from the Tax Fund are subject to appropriation by the State Legislature.

Under the LGAC Act, no person (including LGAC, the holders of LGAC bonds or notes, the City and the Corporation) has any lien on revenues from the 1% Sales Tax held in the Tax Fund, and the provisions of the State Finance Law requiring the State to make payments from the Tax Fund are executory only to the extent of revenues from the 1% Sales Tax available to the State in the Tax Fund. If, however, after the full amount of LGAC's obligations as certified by its Chairperson has been appropriated, the amount set aside by the State Comptroller in the Tax Fund is insufficient to meet the payments required pursuant to the LGAC Chairperson's certificate on any payment date, then the State Comptroller is required by the LGAC Act to immediately transfer from the State's General Fund to the Tax Fund, without an additional appropriation, an amount that, when combined with the amount set aside under the impoundment provisions, will be sufficient to meet the payment required pursuant to the LGAC Chairperson's certificate. See "SECTION II: SOURCES OF

	PAYMENT AND SECURITY FOR THE BONDS−Application of 1% Sales Tax." Receipts from the 1% Sales Tax in the State's fiscal year ended March 31, 2014 were approximately $2.947 billion, or 5.38 times LGAC's estimated maximum annual debt service, plus the $170 million required to be paid by LGAC to the Corporation.
Assignment of Payments.....	In 2004, the City irrevocably assigned its right to receive the payments from LGAC to the Corporation pursuant to the Assignment Agreement (as defined herein). The Corporation has pledged such revenues to the Trustee for payment of the Bonds. In the Assignment Agreement, the City has made certain covenants as described herein including to take all actions as may be required by law fully to preserve, maintain, defend, protect and confirm the interests of the Corporation and the interests of the Trustee on behalf of the Bondholders in the payments from LGAC. The City also has covenanted not to take any action that will adversely affect the Corporation's or the Trustee's ability to receive the payments from LGAC, or to assert or claim any right, title or interest thereto.
State Pledge and Agreement	In accordance with the provisions of the Payment Act, the Corporation will include as a term of the Series 2015A Bonds the Pledge and Agreement of the State (the "State Pledge and Agreement") that the State will not limit or alter the rights vested in the Corporation to fulfill the terms of any agreements made with such holders or in any way impair the rights and remedies of such holders or the security for the Series 2015A Bonds until the Series 2015A Bonds, together with the interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully paid and discharged. The State Pledge and Agreement does not restrict, and the State in the LGAC Act expressly reserves, the right of the State to amend, modify, repeal or otherwise alter statutes imposing or relating to Sales Tax, but such taxes shall in all events

	continue to be so payable, as assigned to the Corporation, so long as any such taxes are imposed. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS–State Pledge and Agreement."
Subject to Appropriation.....	Payments from the Tax Fund to LGAC are subject to appropriation by the State Legislature. The State is not bound or obligated to make such appropriation or continue the imposition of the Sales Tax, and no assurance can be given that any such appropriations will be made.
Not Debt of State or City	None of the payments to LGAC, to the Corporation by LGAC or to the Bondholders by the Corporation constitutes a debt of the State or the City, and neither the faith and credit nor the taxing power of the State or the City is pledged to the payment of amounts to LGAC, to the Corporation by LGAC or to the payment of the Series 2015A Bonds. Neither LGAC nor the Corporation has any taxing power.
Additional Bonds	The Indenture permits the issuance of additional Bonds, subject to certain conditions as described herein. The Corporation does not expect to issue any Bonds other than the Series 2015A Bonds, but may, depending on market conditions, issue refunding Bonds. See "SECTION V: THE SERIES 2015A BONDS–Additional Bonds."
Defeasance	Under the Indenture, the Corporation will have the ability to defease all or a portion of the Series 2015A Bonds by depositing with the Trustee either money in an amount which will be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the principal, Sinking Fund Installments, if any, and redemption premium, if applicable, and interest due and to become due on the Bonds on and prior to the redemption date or maturity date thereof, as the case may be.
Tax Matters	In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain

	representations and certifications made by the Corporation described herein, interest on the Series 2015A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Series 2015A Bonds is exempt from personal income taxes imposed by the State or any political subdivision of the State, including the City and the City of Yonkers, assuming compliance with the tax covenants described herein and the accuracy of the representations and certifications described herein. See "SECTION VII: TAX MATTERS" herein regarding certain other tax considerations.
Ratings	The Series 2015A Bonds are rated "AAA" by Standard & Poor's Rating Services, "Aa1" by Moody's Investors Service and "AA+" by Fitch, Inc.
Trustee.....	U.S. Bank National Association will serve as the Trustee for the Series 2015A Bonds.
Financial Advisors	A.C. Advisory, Inc., New York, New York, and Public Resources Advisory Group, New York, New York, are acting as financial advisors to the Corporation in connection with the issuance of the Series 2015A Bonds.
Corporate Contact	Scott Nemecek Phone Number: (212) 788-6499 Fax Number: (212) 788-9197 Email: nemeceks@omb.nyc.gov

Offering Circular of

Sales Tax Asset Receivable Corporation

Relating To

$2,035,330,000

Sales Tax Asset Revenue Bonds, Fiscal 2015 Series A

SECTION I: INTRODUCTION

This Offering Circular (which includes the cover page, inside cover page and appendices hereto) of the Sales Tax Asset Receivable Corporation (the "Corporation") sets forth information concerning the sale by the Corporation of its Sales Tax Asset Revenue Bonds, Fiscal 2015 Series A (the "Series 2015A Bonds"), in the amount of $2,035,330,000. The Corporation is a local development corporation organized by The City of New York (the "City") in 2003 under the Not-for-Profit Corporation Law of the State of New York (the "State"). The Corporation is an instrumentality of, but separate and apart from, the City. For purposes of this Offering Circular, the term "Bonds" refers to the Series 2015A Bonds and all other bonds that may be issued under the Indenture on a parity with the Series 2015A Bonds. The Corporation does not expect to issue any Bonds other than the Series 2015A Bonds, but may, depending on market conditions, issue refunding Bonds.

The Corporation expects to use the proceeds of the Series 2015A Bonds, together with other funds available to the Corporation, (i) to provide for the payment in full, on the delivery date of the Series 2015A Bonds, of the principal of and interest and redemption premium, if any, on the Corporation's Outstanding Sales Tax Asset Revenue Bonds Fiscal 2005 Series A and Outstanding Sales Tax Asset Revenue Bonds Fiscal 2005 Series B (Taxable) identified in Appendix D hereto (collectively, the "Refunded Bonds"), (ii) to make a payment to, or at the direction of, the City in order to provide for the payment of the principal of and interest and redemption premium, if any, of certain Future Tax Secured Bonds of the New York City Transitional Finance Authority (the "TFA") and (iii) to pay certain expenses of the Corporation, including expenses incurred by the Corporation in issuing the Series 2015A Bonds.

The Series 2015A Bonds are being issued in accordance with an Amended and Restated Trust Indenture, dated as of October 1, 2004, as amended and restated as of October 1, 2014 (the "Trust Indenture"), by and between the Corporation and U.S. Bank National Association, as Trustee (the "Trustee"), as supplemented by the Third Supplemental Trust Indenture, dated as of October 1, 2014 (the "Third Supplemental Indenture"). The Trust Indenture and the Third Supplemental Indenture are referred to together as the "Indenture." A summary of certain provisions of the Indenture, together with certain defined terms used therein and in this Offering Circular, is contained in Appendix A hereto.

The Bonds are payable from the funds of the Corporation (the "Revenues"), consisting of payments in the amount of $170 million per year required to be made to the City or its assignee by the New York Local Government Assistance Corporation ("LGAC"), a public benefit

corporation of the State pursuant to Part A4 of Chapter 62 and Part V of Chapter 63 of the Laws of 2003 of the State (collectively, the "Payment Act"), and certain accounts held by the Trustee. LGAC's revenues consist of payments made by the State, subject to appropriation, from the State's Local Government Assistance Tax Fund (the "Tax Fund"). Certain sales and compensating use taxes imposed by the State on a State-wide basis are required by law to be deposited in the Tax Fund in an amount equal to an amount attributable to a one percent rate of taxation, less such amounts as the State Commissioner of Taxation and Finance (the "Tax Commissioner") may determine to be necessary for refunds and less the costs of collection. Payments from LGAC to the Corporation are required to be made in each fiscal year of the City (commencing on each July 1 and ending on the subsequent June 30) through and including the fiscal year ending on June 30, 2034. The payments LGAC is required by the Payment Act to make to the Corporation from the Tax Fund are subordinate to the payments LGAC is required to make pursuant to its bond resolutions, including payments to its swap counterparties. All revenues derived from the 1% Sales Tax are required to be deposited, upon receipt, in the Tax Fund. The LGAC Act prohibits the distribution of any portion of the 1% Sales Tax out of the Tax Fund to the State's General Fund, unless two requirements are met. First, the State must have appropriated for payment to LGAC money sufficient for all payments certified as required by the LGAC Chairperson's certificate, which must include, under the Payment Act, the amounts payable to the Corporation. Second, each certified and appropriated payment for which money is required to be set aside under the impoundment provisions must have been made to LGAC on the date by which it was required to have been made pursuant to the schedule in the LGAC Chairperson's certificate. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS–LGAC–*Summary of LGAC Flow of Funds*" and "–Application of 1% Sales Tax–*Tax Fund*." For information regarding coverage of LGAC's debt service and payments to the Corporation, see "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS–Historical Coverage."

Payments made by the State of certain sales and compensating use taxes into the Tax Fund are separate and distinct from the portion of the sales and compensating use taxes that are required by State law to be deposited from time to time in the Sales Tax Revenue Bond Tax Fund to secure the payment of State Sales Tax Revenue Bonds. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS–State Sales Tax Revenue Bonds."

The factors affecting the Corporation and the Bonds described throughout this Offering Circular are complex and are not intended to be described in this Introduction. This Offering Circular should be read in its entirety. Capitalized terms not otherwise defined in this Offering Circular are defined in "APPENDIX A–SUMMARY OF THE INDENTURE."

SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

General

The Payment Act requires LGAC to make payments to the City or its assignee in the amount of $170 million from amounts received by LGAC from the Tax Fund, subject to appropriation by the State Legislature, in each City fiscal year through and including the fiscal year ending on June 30, 2034 (the "LGAC Payments"). In 2004, the City irrevocably assigned its right to receive such payments to the Corporation. The Payment Act provides that upon such

assignment, the amount so assigned shall be the property of the Corporation for all purposes and that, following notice by the City to LGAC and the State Comptroller of such assignment, the payment from LGAC is made directly to the Corporation pursuant to the Assignment Agreement (as defined herein). Payments by the Corporation to holders of its Bonds are not subject to appropriation by the City. The Corporation has pledged such revenues to the Trustee for payment of the Bonds.

Since the date of the first issuance of Bonds by the Corporation in November 2004, the State Legislature has made all appropriations for the payment from the Tax Fund to LGAC and LGAC has made all payments required pursuant to the Payment Act to be made to the Corporation, in each case on or prior to June 30 of each year, the last day of the City's fiscal year.

The Corporation does not have any assets or sources of funds other than the LGAC Payments and amounts on deposit pursuant to the Indenture. The Bonds will not be guaranteed by the State or the City. Consequently, Bondholders must rely for repayment solely upon receipt by the Corporation of the LGAC Payments and upon funds held in certain accounts maintained by the Trustee pursuant to the Indenture.

LGAC does not have any assets or sources of funds other than payments from the Tax Fund and amounts on deposit pursuant to its bond resolutions. Payments from the Tax Fund to LGAC are subject to appropriation for such purpose by the State Legislature. The State is not bound or obligated to make such appropriation or continue the imposition of the sales and use taxes required to be deposited in the Tax Fund, and no assurance can be given that any such appropriations will be made. LGAC is a public benefit corporation of the State and has no taxing power. None of the payments to LGAC, to the Corporation by LGAC or to the Bondholders by the Corporation constitutes a debt of the State or the City, and neither the faith and credit nor the taxing power of the State or the City is pledged to the payment of amounts to LGAC, to the Corporation by LGAC or to the payment of the Bonds. Payments from LGAC to the Corporation are subordinate to the payments LGAC is required to make pursuant to its bond resolutions including payments to its swap counterparties. The Corporation has no taxing power.

The Corporation's only authorized activity is the issuance of debt and the use of the proceeds thereof for the purposes provided in its certificate of incorporation and to pay certain expenses of the Corporation including capitalized interest and expenses incurred by the Corporation in issuing its Bonds.

Application of 1% Sales Tax

Chapter 220 of the Laws of 1990 of the State, as amended by Chapter 946 of the Laws of 1990 of the State, Chapter 2 of the Laws of 1991 of the State and the Payment Act (collectively, the "LGAC Act") require that money from the State sales and compensating use taxes (including interest and penalties) imposed State-wide at the rate of four percent by Sections 1105 and 1110 of the Tax Law of the State, or any successor or substitute provisions thereof (the "Sales Tax"), equal to an amount attributable to a one percent rate of taxation, less collection expenses and such amounts as the Tax Commissioner may determine to be necessary for refunds thereof (the

"1% Sales Tax"), be deposited in the Tax Fund pursuant to Section 92-r of the State Finance Law. See *"Tax Fund"* below.

The LGAC Act provides procedures for impounding money from the 1% Sales Tax in the Tax Fund that are designed to assure that sufficient money will be on deposit in the Tax Fund to meet LGAC's annual cash requirements, as certified by the LGAC Chairperson, subject to appropriation by the State Legislature. Such procedures are described below under *"Set Aside of the 1% Sales Tax in the Tax Fund."* Subject to such appropriation, the State Comptroller is required to pay to LGAC the amount required for its financial obligations, as certified by the LGAC Chairperson, including the $170 million payment to the Corporation, from amounts impounded in the Tax Fund. If those amounts are insufficient, the State Comptroller is required by the LGAC Act, without further appropriation, to transfer sufficient money from the General Fund of the State to the Tax Fund to pay the amount required. The LGAC Payments are subordinate to the payments LGAC is required to make pursuant to its bond resolutions.

Tax Fund

The LGAC Act establishes the Tax Fund in the joint custody of the State Comptroller and the Tax Commissioner and requires all money on deposit in the Tax Fund to be held separate and apart from all other money in the custody of the State. The Tax Commissioner is required by the LGAC Act to certify monthly to the State Comptroller amounts received in the Tax Fund.

All revenues derived from the 1% Sales Tax are required to be deposited, upon receipt, in the Tax Fund and held there, as described below under "*Money Held in the Tax Fund*," until the full amount certified by the LGAC Chairperson as being required by LGAC for its current fiscal year has been appropriated by the State. Once the full amount certified or recertified by the LGAC Chairperson has been appropriated for a fiscal year, receipts from the 1% Sales Tax may be used for other State purposes until those receipts are required to be impounded, as described below under "*Set Aside of the 1% Sales Tax in the Tax Fund*," in order to make required payments to LGAC for debt service on LGAC bonds and other LGAC cash requirements, as described below under "*Certification of Payments Required by LGAC*."

The sequence in which the 1% Sales Tax is deposited into the Tax Fund, impounded therein and transferred therefrom to LGAC for the payment of the Bonds is more fully described below under "*Summary of LGAC Flow of Funds*."

Certification of Payments Required by LGAC

Subject to appropriation by the State Legislature, money on deposit in the Tax Fund is required by the LGAC Act to be paid to LGAC in the amounts and at the times set forth in the certification of the LGAC Chairperson required to be delivered to the State Comptroller and the Governor under the LGAC Act.

Not less than 120 days prior to the beginning of each LGAC fiscal year commencing April 1, the LGAC Chairperson is required to certify a schedule of all cash requirements of LGAC for that fiscal year, including the payment due to the Corporation. That certification is required to include the total amount of debt service expected to become due on LGAC bonds, all amounts necessary to restore certain LGAC reserve funds to their respective requirements to the

extent any deficiency resulted directly or indirectly from failure by the State to make any payment provided for under the LGAC Act, all amounts necessary to pay operating expenses of LGAC and all amounts required by LGAC to pay any other obligations of LGAC. The Payment Act requires that the certification of the LGAC Chairperson must include amounts payable to the Corporation. The schedule accompanying that certification is also required to provide for payments on such dates as LGAC deems appropriate to ensure that sufficient funds will be available from the Tax Fund to enable it to meet its current obligations as they become due.

Assuming that the LGAC Chairperson certifies not less than 120 days prior to the beginning of each LGAC fiscal year commencing April 1 the payment due to the Corporation on or prior to June 30 (the end of the City's fiscal year), there can be no assurance that the Governor will include such payment in his Executive Budget or that such payment will be appropriated prior to the adoption of the State Budget or in the State Budget. Notwithstanding the fact that there have been certain years in which the State Budget has not been adopted prior to April 1, the commencement of the State's fiscal year, since the date of the first issuance of Bonds by the Corporation in November 2004, the State Legislature has made all appropriations for the payment from the Tax Fund to LGAC and LGAC has made all payments required pursuant to the Payment Act to the Corporation, in each case prior to the end of the City's fiscal year. However, delays in the appropriation of the payment due to the Corporation from LGAC beyond June 30 would delay payment to the Corporation.

Set Aside of the 1% Sales Tax in the Tax Fund

In order to set aside the money necessary to meet the amounts required on the payment date specified in the LGAC Chairperson's certificate, including payments to the Corporation, the LGAC Act requires the State Comptroller to comply with certain provisions relating to the accumulation and set aside of the 1% Sales Tax. Those set-aside provisions, which are referred to as "impoundment," may be summarized as follows:

1. The State Comptroller is required, on a monthly basis, to prepare a schedule of the amount of revenues from the 1% Sales Tax anticipated to be deposited in the Tax Fund, based upon estimates of the State Director of the Budget.

2. Except as described in paragraph 4 under this subheading, commencing when a payment for debt service or another required payment due to LGAC first equals 95% of the amount of revenues from the 1% Sales Tax anticipated to be deposited in the Tax Fund prior to the due date of such payment, the State Comptroller is required to set aside in the Tax Fund all such revenues as received until the amount so set aside is sufficient to make such payment.

3. In any event, the State Comptroller is required to commence setting aside revenues from the 1% Sales Tax no later than the fifteenth day prior to the date on which a debt service or other required payment is due to LGAC, including the payment to the Corporation, and to continue to set aside such revenues until the balance is sufficient to pay the amount of such payment when due.

4. For the purpose of meeting a debt service or other required payment that is due on a monthly or more frequent basis (such as a payment on Variable Interest Rate Bonds), the State

Comptroller is required to set aside all revenues from the 1% Sales Tax as received until the amount so set aside is, in the reasonable judgment of the State Comptroller, sufficient to meet the debt service payment on such issue.

Money Held in the Tax Fund

The LGAC Act prohibits the State Comptroller from paying over or distributing any revenues from the 1% Sales Tax out of the Tax Fund to the State's General Fund, unless two requirements are met. First, the State must have appropriated for payment to LGAC money sufficient for all payments certified as required by the LGAC Chairperson's certificate, which must include, under the Payment Act, the amount payable to the Corporation. Second, each certified and appropriated payment for which money is required to be set aside under the impoundment provisions must have been made to LGAC on the date by which it was required to have been made pursuant to the schedule in the LGAC Chairperson's certificate. Notwithstanding the foregoing, in the event the State does not appropriate to LGAC the full amount set forth in the certificate of the LGAC Chairperson, amounts so appropriated may be transferred from the Tax Fund to LGAC. However, any remaining amounts in the Tax Fund may not be transferred to the State's General Fund.

If an appropriation has been made to pay all amounts specified in the LGAC Chairperson's certificate as being required by LGAC for a fiscal year and all payments to LGAC are current, then the State Comptroller is required by the LGAC Act to pay over and distribute to the credit of the State's General Fund, at least once a month, all revenues in the Tax Fund, if any, in excess of the aggregate amounts required to be set aside pursuant to the impoundment provisions. The LGAC Act also requires the State Comptroller to pay to the State's General Fund all sums remaining in the Tax Fund on the last day of each State fiscal year, but only if the State has appropriated and paid to LGAC the amounts necessary for LGAC to meet its requirements for its current fiscal year (April 1 through March 31) pursuant to the LGAC Chairperson's certificate, as such certificate may have been amended during such fiscal year.

Under the LGAC Act, no person (including LGAC, the holders of LGAC bonds or notes, the City and the Corporation) has any lien on revenues from the 1% Sales Tax held in the Tax Fund, and the provisions of the State Finance Law requiring the State to make payments from the Tax Fund are executory only to the extent of revenues from the 1% Sales Tax available to the State in the Tax Fund. If, however, after the full amount of LGAC's obligations as certified by its Chairperson has been appropriated, the amount set aside by the State Comptroller in the Tax Fund is insufficient to meet the payments required pursuant to the LGAC Chairperson's certificate on any payment date, then the State Comptroller is required by the LGAC Act to immediately transfer from the State's General Fund to the Tax Fund, without an additional appropriation, an amount that, when combined with the amount set aside under the impoundment provisions, will be sufficient to meet the payment required pursuant to the LGAC Chairperson's certificate.

Appropriation by State Legislature

The State may not make any payment without an appropriation. An appropriation is an authorization approved by the State Legislature to make payments. The State Constitution

requires all appropriations of State funds to be approved by the State Legislature at least every two years. In addition, the State Finance Law provides that appropriations cease to have force and effect, except as to liabilities incurred thereunder, at the close of the fiscal year for which they were enacted and that to the extent of liabilities incurred thereunder, such appropriations lapse on the succeeding June 30th or September 15th depending on the nature of the appropriation. The State Legislature may not be bound in advance to make an appropriation, and no assurance can be given that the State Legislature will appropriate the necessary funds as anticipated.

Deposits in the Tax Fund are expected to exceed the amounts necessary to pay debt service on LGAC bonds and amounts payable to the Corporation by LGAC as described under "Historical Coverage" herein.

If the State Legislature should fail to make an appropriation for the payment of debt service on general obligation bonds of the State to which the full faith and credit of the State has been pledged, the State Constitution requires the State Comptroller to set apart from first revenues thereafter received, applicable to the General Fund of the State, a sum sufficient to pay such debt service and provides that the State Comptroller may be required to set aside and apply such revenues to debt service on such bonds at the suit of any holder of such bonds. Because the State has never failed to make an appropriation for debt service on its general obligation bonds, there has never been an occasion for a court to determine the extent of the remedies available to a holder of the State's general obligation bonds, under such circumstances, with respect to revenues such as the 1% Sales Tax, which are required to be deposited in the Tax Fund.

State Sales Tax

The following information has been derived from the New York State Statement of Updated Annual Information Pursuant to Continuing Disclosure Agreements for FY 2014 (Ended March 31, 2014), dated July 29, 2014 (the "July 2014 Statement of Updated Information").

General

In 1965, the State introduced a 2% general sales and compensating use tax. The State-wide rate has been raised three times: from 2% to 3% on April 1, 1969, to 4% on June 1, 1971 and to 4¼% effective June 1, 2003 through May 31, 2005. The rate returned to 4% on June 1, 2005.

The Sales Tax applies to: (1) sales and use within the State of most tangible personal property; (2) certain utility service billings; and (3) charges for restaurant meals, hotel and motel occupancy and for specified admissions and services. The base of the tax has been amended periodically since its imposition in 1965 and in almost every year since 1992. Legislation enacted from time to time since 1996 has (i) created special temporary and permanent Sales Tax exemptions for certain transactions (such as for clothing and footwear purchases under a certain dollar amount and for property and services used or consumed by qualifying businesses located in Empire Zones and New York City Liberty and Resurgence Zones) or (ii) expanded the scope of the Sales Tax (such as including the New York City cigarette excise tax of $1.50 in the State

and local sales tax bases and requiring nonprofit organizations to collect sales tax on retail sales of certain property and services).

The Sales Tax is generally collected from the consumer by the final vendor. However, special provisions enacted in 1985 require prepayment of the bulk of the tax on motor fuel upon its import into the State, with ultimate collection and reconciliation at the retail level. Legislation effective September 1, 1995 requires similar prepayments of the Sales Tax on cigarettes. This prepayment was increased to 8% from 7% in 2009. Other provisions permit certain taxpayers to pay Sales Tax directly to the Tax Commissioner.

Vendors of goods and services that are subject to the Sales Tax are required to submit quarterly reports and remit tax collections with a postmarked due date of March 20, June 20, September 20 and December 20. Vendors collecting $3,000 or less in Sales Tax per year can elect to file annually on March 20. Vendors with taxable volume of $300,000 or more in one of the immediately preceding four quarters must remit the tax on a monthly basis. Monthly remittances are due on the twentieth day of the month following the month of collection. Sales Tax vendors with more than $5 million in State and local annual tax liability remit tax for the first 22 days of the month by Electronic Funds Transfers ("EFT") or certified check by the third business day thereafter. Tax for the balance of the month is paid with the monthly returns that such vendors file by the twentieth of the following month. The threshold for mandatory EFT payments was initially $5 million and, effective September 2002, is currently $500,000. In addition, legislation in 1996 provided exemptions from the EFT program for certain materialmen that can demonstrate hardship, effective April 1, 1997. Effective March 1, 1999, Sales Tax vendors were allowed to keep for their Sales Tax collection services 3.5% of their Sales Tax liability up to a maximum of $150 per quarter. Legislation enacted in 2006 increased this to 5% of their Sales Tax liability, up to a maximum of $175 in State fiscal year 2007. The cap increased to $200 on March 1, 2007. Legislation enacted in 2010 eliminated the allowance for monthly filers. Legislation enacted in 2008 implemented a vendor registration program with a registration fee of $50.

Sales Tax Receipts

The New York State Comptroller's Annual Report to the State Legislature on State Funds Cash Basis of Accounting for fiscal year 2013-2014 shows that Sales Tax receipts constitute the State's second largest source of tax receipts after State personal income tax and accounted for approximately 18.1% of State tax receipts in the State's General Fund for the State's 2013 fiscal year. The level of Sales Tax receipts is necessarily dependent upon economic and demographic conditions in the State, and therefore there can be no assurance that historical data with respect to collections of the Sales Tax will be indicative of future receipts.

Table 1 sets forth historical information relating to the 1% Sales Tax receipts from State fiscal year 1993-94 through State fiscal year 2013-14. Table 2 sets forth monthly 1% Sales Tax receipts from State fiscal year 2010-11 through State fiscal year 2013-14. 1% Sales Tax amounts included in this Offering Circular do not reflect expenses related to collection of such tax which, in recent years, were approximately $19.6 million per year.

TABLE 1

1% Sales Tax Receipts
(in thousands)

State Fiscal Year	Net Receipts 1% Sales Tax[1]
1993-94	$ 1,514,825
1994-95	1,627,246
1995-96	1,665,743
1996-97	1,746,576
1997-98	1,813,532
1998-99	1,893,821
1999-00	2,045,844
2000-01	2,091,901
2001-02	2,043,674
2002-03	2,106,477
2003-04	2,267,013
2004-05	2,492,739
2005-06	2,614,565
2006-07	2,511,476
2007-08	2,645,580
2008-09	2,566,957
2009-10	2,466,528
2010-11	2,697,197
2011-12	2,779,505
2012-13	2,808,654
2013-14	2,947,027

Source: New York State Comptroller's Annual Report to the State Legislature on State Funds Cash Basis of Accounting for fiscal years ended 1993-94 through 2013-14.

(1) 1% Sales Tax Receipts reflect amounts equal to an amount attributable to a one percent rate of taxation from the State sales and compensating use taxes net of refunds.

TABLE 2

Monthly 1% Sales Tax Receipts[(1)]
April 1, 2010 Through March 31, 2014
(in thousands)

MONTH	2010-11	2011-12	2012-13	2013-14
April	$ 190,012	$ 205,539	$ 195,369	$ 210,344
May	189,268	203,502	207,613	217,292
June	263,741	276,617	279,162	302,256
July	200,954	213,927	211,579	226,378
August	201,320	209,229	211,489	225,903
September	263,972	272,849	287,077	297,358
October	203,065	212,358	212,391	223,477
November	210,077	210,809	207,233	223,236
December	289,536	283,886	287,454	297,352
January	230,981	224,049	232,320	236,052
February	187,426	190,718	200,271	201,022
March	266,845	276,022	276,696	286,357
Total	$ 2,697,197	$ 2,779,505	$ 2,808,654	$ 2,947,027

Note: Totals may not add due to rounding.

Source: New York State Comptroller's Annual Report to the State Legislature on State Funds Cash Basis of Accounting for fiscal years ended 2010-11 through 2013-14.

(1) 1% Sales Tax Receipts reflect amounts equal to an amount attributable to a one percent rate of taxation from the State sales and compensating use taxes net of refunds.

LGAC

LGAC is a corporate governmental agency constituting a public benefit corporation created by the LGAC Act for the purpose of making certain assistance payments to local governments in the amounts appropriated by the State and in the manner provided by the LGAC Act. To achieve its corporate purposes, LGAC is authorized to borrow money and issue its bonds and notes. LGAC has issued bonds pursuant to its General Bond Resolution adopted February 19, 1991, as amended and supplemented (the "Senior Resolution"), and pursuant to its General Subordinate Lien Bond Resolution adopted December 30, 2002, as supplemented (together with the Senior Resolution, the "LGAC Resolutions"). According to LGAC's Annual Report for its fiscal year ended March 31, 2014 (the "LGAC Annual Report"), LGAC had approximately $2.592 billion in bonds outstanding under the LGAC Resolutions as of March 31, 2014. The LGAC Annual Report states that LGAC reached its statutory borrowing limit of $4.7 billion plus an amount necessary to fund capital reserve requirements, costs of issuance and a limited amount of capitalized interest as of March 31, 1996 and, therefore, the only debt that LGAC has been authorized to issue after that date has been limited to bonds for refunding or portfolio management purposes. Pursuant to the LGAC Act, LGAC will continue to exist until six months after all of its liabilities have been met or otherwise discharged.

The LGAC Act does not restrict the right of the State to amend, repeal, modify or otherwise alter the Sales Tax. In addition, the LGAC Act permits, after appropriation of LGAC's fiscal year cash requirements, money derived from the 1% Sales Tax Fund to be paid over to the State's General Fund. The LGAC Act could be amended to provide that such money be used as a source of payment for financings by LGAC in excess of its current authorization or for separate financings by other authorities of the State, to otherwise increase the amount of bonds LGAC is authorized to issue or to require LGAC to make additional payments out of the proceeds of the 1% Sales Tax prior to payments to the Corporation, any of which would reduce the amount of the 1% Sales Tax available to make payments to the Corporation.

The LGAC Annual Report states that LGAC has entered into various swap agreements with an aggregate notional amount of $720.7 million as of March 31, 2014, pursuant to which LGAC pays a fixed rate of interest ranging from 3.15% to 3.26% and receives from the swap providers a payment computed at 65% of one-month LIBOR. LGAC reports that the swap agreements contain termination provisions that, among other things, permit either LGAC or its swap counterparty to terminate the applicable swap agreement if the other party's credit quality falls below certain levels or upon certain other events. If the swap agreements were terminated, LGAC would no longer be paying a synthetic fixed rate on its variable rate bonds and might be required to make a termination payment depending on the fair market value of the swap at the time of termination. The LGAC Annual Report states that LGAC's estimated aggregate termination costs to its swap counterparties at March 31, 2014 equaled $72.2 million. A swap termination could increase the amount of the 1% Sales Tax utilized by LGAC thereby reducing the aggregate amount available in the Tax Fund to make payments to the Corporation.

Summary of LGAC Flow of Funds

The following paragraphs are a summary of the flow of funds relating to the collection and transfer of the 1% Sales Tax for payment of LGAC financial obligations, including amounts payable to the Corporation by LGAC:

1. The LGAC Chairperson is required to submit a certificate to the State Comptroller and the Governor, certifying all cash requirements of LGAC for the next fiscal year together with a schedule indicating the payment dates and amounts of payments required (or estimated to be required) to be made to LGAC, 120 days prior to the beginning of that fiscal year. The Payment Act requires that such certificate include the payments from LGAC to the Corporation.

2. Upon receipt, revenues from the 1% Sales Tax are required to be deposited in the Tax Fund, held jointly by the Tax Commissioner and the State Comptroller.

3. If, and only if, an appropriation has been made sufficient to pay all amounts certified by the LGAC Chairperson for the fiscal year, receipts from the 1% Sales Tax on deposit in the Tax Fund will be paid monthly to the State's General Fund, but only to the extent that they are neither needed to pay LGAC's financial obligations, including amounts payable to the Corporation by LGAC, nor required to be impounded for such obligations.

4. If the LGAC Chairperson amends the certificate such that the cash requirements of LGAC exceed the appropriation therefor, then revenues attributable to the 1% Sales Tax

thereafter received in the Tax Fund are required to be held in the Tax Fund until an additional appropriation sufficient to pay the additional amount is made.

5. Under the impoundment procedures, except for LGAC debt service due on a monthly or more frequent basis, the State Comptroller is required to begin to impound 1% Sales Tax money either by the date when a payment for LGAC debt service or another required payment due to LGAC first equals 95% of the amount of revenues from the 1% Sales Tax anticipated to be deposited in the Tax Fund prior to the due date of such payment, or by the fifteenth day preceding that date, whichever is earlier. For debt service due on a monthly or more frequent basis, the State Comptroller is required to set aside all revenues from the 1% Sales Tax as received in the relevant interest period until the amount so set aside is, in the reasonable judgment of the State Comptroller, sufficient to meet such debt service payment.

6. Subject to appropriation, the State Comptroller is required to pay to LGAC the amount required for LGAC's financial obligations, including amounts payable to the Corporation by LGAC, from amounts impounded in the Tax Fund, and if those amounts are insufficient, without further appropriation, to transfer sufficient money to the Tax Fund from the General Fund of the State.

7. If a shortfall exists in the debt service fund for LGAC senior bonds immediately prior to a payment date on such bonds, money on deposit in the debt service reserve fund for such bonds sufficient to replenish the shortfall is required to be applied to the debt service fund for LGAC senior bonds for the payment of debt service on such bonds. If such debt service reserve fund is drawn upon for such purposes, the LGAC Chairperson is required immediately to certify amounts required to restore such debt service reserve fund to its requirement, and upon such certification the State Comptroller is required to impound money in the Tax Fund to make such payment.

8. If a shortfall exists in the debt service fund for LGAC subordinate bonds immediately prior to a payment date on such Bonds, money on deposit in the debt service reserve fund for such bonds sufficient to replenish the shortfall is required to be applied to the debt service fund for such bonds for the payment of debt service on such bonds. If the debt service reserve fund for LGAC subordinate bonds is drawn upon for such purposes, the LGAC Chairperson is required immediately to certify amounts required to restore the reserve fund for LGAC subordinate bonds to its requirement, and upon such certification the State Comptroller is required to impound money in the Tax Fund to make such payment.

9. Under existing law, no money may be released from the Tax Fund to the State's General Fund unless all required amounts have been appropriated and all currently due payments have been made to LGAC, including payments due to the Corporation from LGAC.

10. If all required amounts have been appropriated and all currently due payments have been made to LGAC, including payments to the Corporation from LGAC, then at the end of the State's fiscal year, the State Comptroller is required to pay all remaining money in the Tax Fund to the State's General Fund.

Under the State Constitution, the State is permitted to amend, modify or otherwise alter the Sales Tax and cannot be bound or obligated to continue the imposition of the 1% Sales Tax. Further, under the State Constitution, the State may appropriate at least annually to LGAC from the Tax Fund the amounts certified by the LGAC Chairperson, but the State cannot be bound or obligated to make such appropriations. However, under existing law, if the full amount certified is not appropriated, all or substantial portions of the 1% Sales Tax would be set aside in the Tax Fund and thus remain unavailable to the State for its other purposes. For the fiscal year of the State ended March 31, 2014, approximately $2.4 billion of the 1% Sales Tax was transferred from the Tax Fund to the State's General Fund.

Historical Coverage

The following table sets forth (1) receipts from the 1% Sales Tax for the State's 2013-14 fiscal year, (2) estimated maximum annual debt service on outstanding bonds of LGAC plus amounts payable by LGAC to the Corporation and (3) resulting debt service coverage. There can be no assurance that actual Sales Tax collections will remain at the levels of the 2013-14 fiscal year or that future payment obligations will not exceed those shown, as a result of numerous factors affecting Sales Tax collections and the level of interest rates that cannot be predicted at this time, including the acceleration of certain of LGAC's current obligations and statutory developments that could authorize LGAC to incur additional debt obligations. As set forth in the July 2014 Statement of Updated Information, the calculation of Estimated Maximum Annual LGAC Debt Service below assumes all variable rate bonds are unhedged, uses rates in effect on March 31, 2014 and includes support costs.

TABLE 3

Estimated Coverage
LGAC Debt Service and Payments to the Corporation
(in thousands)

2013-14 Fiscal Year 1% Sales Tax Receipts [1] [2]	$ 2,947,027
Estimated Maximum Annual LGAC Debt Service [3] [4]	377,949
Payments to the Corporation	170,000
Maximum Annual Requirement	$ 547,949
Coverage for LGAC Debt Service and Payments to the Corporation [5]	5.38x

(1) Source: New York State Comptroller's Annual Report to the State Legislature on State Funds Cash Basis of Accounting for fiscal year ended 2013-14.

(2) 1% Sales Tax Receipts reflect amounts equal to an amount attributable to a one percent rate of taxation from the State sales and compensating use taxes net of refunds.

(3) The calculation of Estimated Maximum Annual Debt Service assumes all variable rate bonds are unhedged, uses rates in effect on March 31, 2014 and includes support costs.

(4) Source: New York State Statement of Updated Annual Information Pursuant to Continuing Disclosure Agreements for FY 2014 (Ended March 31, 2014), dated July 29, 2014.

(5) Assumes no interest earnings on LGAC's Capital Reserve Fund.

The Assignment Agreement

The City entered into the Amended and Restated Assignment and Agreement with the Corporation, dated as of August 1, 2004, as amended and restated as of October 1, 2004 (the "Assignment Agreement"), pursuant to which the City irrevocably assigned the LGAC Payments to the Corporation in consideration of the agreement of the Corporation to issue its Bonds and to apply the proceeds as provided in the Indenture.

The City makes certain covenants in the Assignment Agreement as follows:

(i) that it will take all actions as may be required by law fully to preserve, maintain, defend, protect and confirm the interests of the Corporation and the interests of the Trustee on behalf of the Bondholders in the LGAC Payments and the proceeds thereof and that it will not take any action that will adversely affect the Corporation's or the Trustee's ability to receive the LGAC Payments, or to assert or claim any right, title or interest thereto;

(ii) that it will diligently enforce the Payment Act and the LGAC Act as currently in effect, defend the same from legal challenges and enforce LGAC's obligations under the Payment Act and, in so far as material to the source of payment and security for the holders from time to time of the Bonds, the LGAC Act, including, but not limited to, LGAC's obligation to certify pursuant to Section 3240 of the LGAC Act, as amended by the Payment Act, for payment to it of the LGAC Payments by the State, and, if money for payment of the LGAC Payments has been appropriated and paid to LGAC by the State, LGAC's obligation to pay the LGAC Payments in accordance with the Payment Act; and

(iii) that it will not settle, stipulate or otherwise waive or compromise any right or claim of the City or any action or proceeding to which the City is a party if the same would have the effect of: (A) agreeing that the Payment Act, or any provision thereof, (1) is in conflict with or violates the constitution of the State or any provision of the statutory law of the State or (2) impairs or otherwise conflicts with the right of the holders of LGAC's bonds issued and outstanding under any resolution adopted by it prior to the date hereof; (B) agreeing that any provision of the LGAC Act or Section 92-r of the State Finance Law relating to LGAC's certifications to be made pursuant to Section 3240 of the LGAC Act or to payments to LGAC by the State are not applicable to payments to or by LGAC on account of payments to be made by LGAC pursuant to the Payment Act; (C) agreeing to (1) a reduction in the amount payable by LGAC pursuant to the Payment Act, (2) delay any date by which payments are required to be made by LGAC or (3) shorten the period over which payments are to be made by LGAC if any Bonds would be Outstanding after the last date on which such payments are agreed to be made by LGAC; or (D) acquiescing in any of the foregoing.

The Indenture

General

The Indenture has created specific funds and separate accounts within the funds to be held and maintained by the Trustee as security for the payment of the principal of and interest and redemption premium, if any, on the Corporation's Bonds. These funds include: (1) the Proceeds Fund, which includes the Costs of Issuance Account and the Proceeds Account; (2) the Debt Service Fund; (3) the Arbitrage Rebate Fund; (4) the Subordinated Indebtedness Fund; (5) the Debt Retirement Fund; and (6) the Residual Fund. All money at any time deposited in any of such funds as mentioned above will be held in trust for the benefit of the holders of the Corporation's Bonds, but will nevertheless be disbursed, allocated and applied solely for the uses and purposes as described under the Indenture.

Application of Proceeds

The proceeds of the Series 2015A Bonds, together with other funds available to the Corporation, are expected to be used (i) to provide for the payment in full, on the delivery date of the Series 2015A Bonds, of the principal of and interest and redemption premium, if any, on the Refunded Bonds, (ii) to provide for the payment of the principal of and interest and redemption premium, if any, of certain Future Tax Secured Bonds of the TFA and (iii) to pay certain expenses of the Corporation, including expenses incurred by the Corporation in issuing the Series 2015A Bonds.

Amounts remaining in the Proceeds Fund after paying or making provision for the payments described above, including any costs of issuance then unpaid, will be applied as follows: first, to the Arbitrage Rebate Fund, the amount determined by the Corporation to be required to be deposited therein; second, to the Debt Retirement Fund the amount directed by the Corporation to be deposited therein; and third, to the registered owner of the Residual Certificate, any balance remaining.

Neither the Trustee nor any Bondholder has any right in or to any proceeds derived from the issuance of Bonds other than those held in the funds and accounts established under the

Indenture for the benefit of the holders of the Refunded Bonds and no action or proceeding may be maintained to enforce any claim to any proceeds other than the proceeds held in the funds and accounts established under the Indenture. The Corporation does not have any right in or to any proceeds of the Bonds paid to the TFA.

Application of Revenues

Revenues received during a fiscal year by the Trustee under the Indenture will be deposited or paid by the Trustee in the following order of priority: first, to the Corporation, an amount that equals the lesser of the Operating Cap for the fiscal year next succeeding the fiscal year during which such Revenues were to have been received and the budgeted Corporation Expenses for such next succeeding fiscal year; second, to the Debt Service Fund, the amount necessary to make the amount in the Debt Service Fund equal to the amount remaining, if any, to be paid during the fiscal year in which such Revenues were to be received and during the next succeeding fiscal year for the principal and Sinking Fund Installments of and interest on Outstanding Bonds, other than Funded Bonds; third, upon the direction of an Authorized Officer of the Corporation, to the Arbitrage Rebate Fund, the amount set forth in such direction; fourth, to the Subordinated Indebtedness Fund, the amount certified to the Trustee by the Corporation to be necessary to make the amount in the Subordinated Indebtedness Fund equal to the sum of (i) the amount remaining to be paid during the fiscal year in which such Revenues were to be received and during the next succeeding fiscal year for the principal of (including principal payable through redemption from mandatory sinking fund installments) and interest on Subordinated Indebtedness, plus (ii) all other amounts, obligations or liabilities payable out of the Subordinated Indebtedness Fund during such fiscal years; fifth, to the Corporation, the amount, if any, by which the amount theretofore paid to the Corporation pursuant to the Indenture is less than the Corporation Expenses for the fiscal year next succeeding the fiscal year in which such Revenues were to be received; sixth, upon the direction of the Corporation, to the Debt Retirement Fund, the amount set forth in such direction; and seventh, to the Residual Fund, any remaining balance.

State Pledge and Agreement

In accordance with the provisions of the Payment Act, the Corporation will include as a term of the Bonds the Pledge and Agreement of the State (the "State Pledge and Agreement") with the holders of the Bonds that the State will not limit or alter the rights vested in the Corporation to fulfill the terms of any agreements made with such holders or in any way impair the rights and remedies of such holders or the security for the Bonds until the Bonds, together with the interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully paid and discharged. The State Pledge and Agreement does not require the State to appropriate funds to permit LGAC to make payments to the Corporation. The payments by the State to LGAC are subject to appropriation and no assurance can be given that any such appropriation will be made. *The Payment Act provides that nothing contained in it, including the State Pledge and Agreement, "shall be deemed to restrict the right of the State to amend, modify, repeal or otherwise alter statutes imposing or relating to" Sales Tax, but such taxes shall in all events continue to be so payable, as assigned to the Corporation, so long as any such taxes are imposed.*

The Payment Act, the Assignment Agreement and the Indenture create property rights in the Bondholders of which, under the State Constitution and the United States Constitution, the Bondholders cannot be deprived without due process of law, that is, without demonstration of a reasonable connection between the deprivation and the promotion of the public health, comfort, safety and welfare.

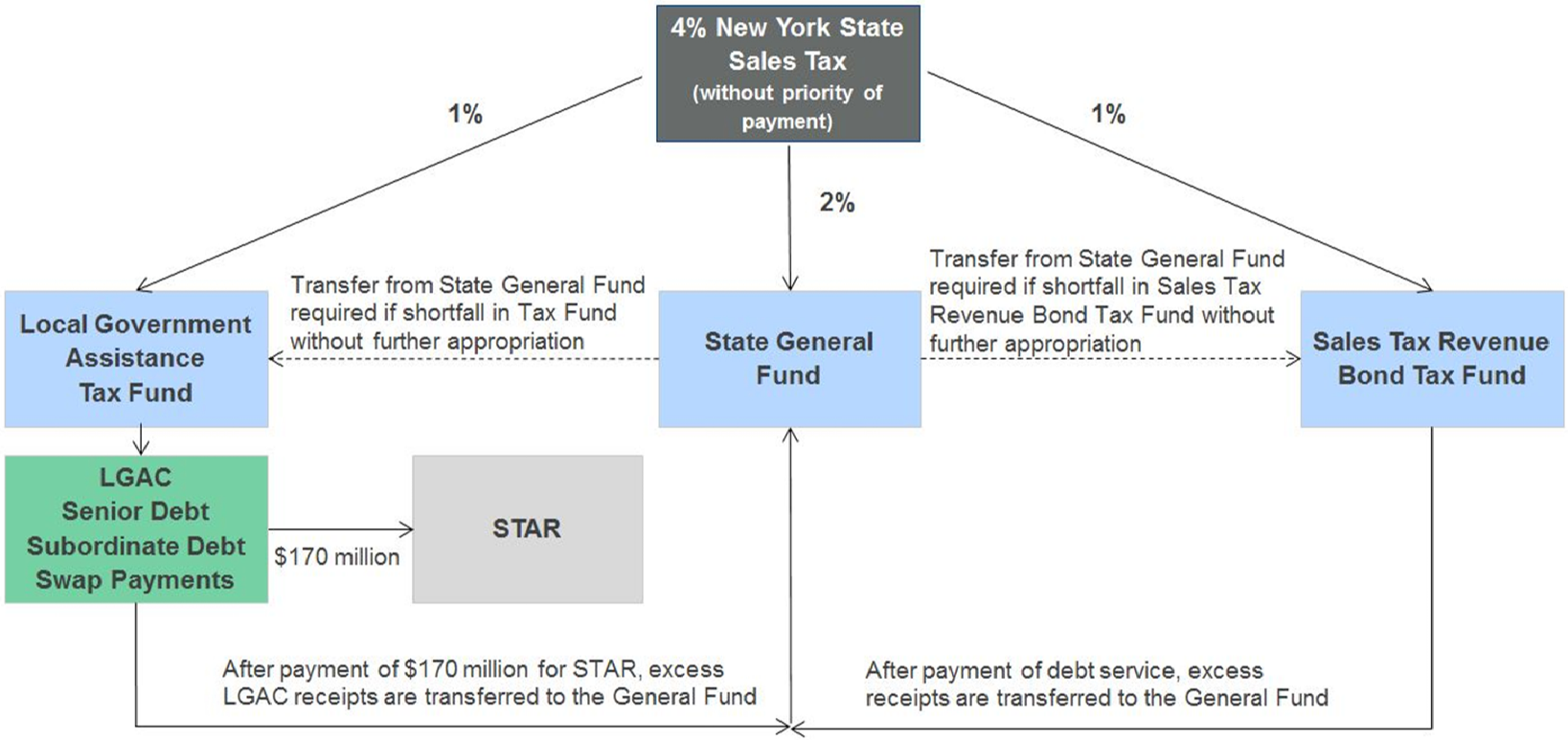
The Bondholders are further entitled to the benefit of the prohibition in the United States Constitution's Contracts Clause against any state's impairment of the obligation of contracts. This prohibition, although not absolute, is particularly strong when applied to a state's attempt to evade its own financial obligations. The Payment Act includes the State Pledge and Agreement and authorizes the Corporation to include the State Pledge and Agreement in its agreement with the Bondholders.

Bond Counsel is of the opinion that, in the absence of the demonstration by the State of an overriding public necessity, it is unlikely that the State could lawfully violate the State Pledge and Agreement in a manner that would substantially impair the rights of the Bondholders. No assurance can be given, however, that the State will not take action adverse to the Bondholders or that an overriding public necessity might not occur that would permit the State in the exercise of its sovereign power to enact or amend its laws with the effect of impairing the rights and remedies of Bondholders. The outcome of any litigation relating to actions by the State that impair the security of the Bondholders cannot be predicted with certainty and, accordingly, Bondholders could incur a loss on their investment. See "SECTION VIII: LEGAL CONSIDERATIONS AND CERTAIN LEGAL OPINIONS."

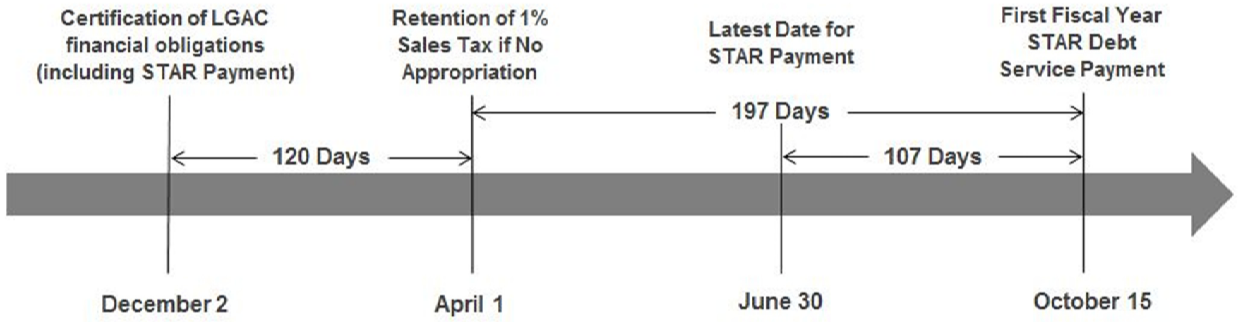
Flow of Funds of State Sales Tax Receipts and Timeline of Payments to the Corporation

The following diagrams set forth the flow of funds of the State Sales Tax to LGAC, the State's General Fund and the Sales Tax Revenue Bond Tax Fund and an annual timeline of the payment process beginning with the LGAC Chairperson's certification through the debt service payment dates on the Bonds.

APPLICATION OF STATE SALES TAX



TIMELINE OF PAYMENT



State Sales Tax Revenue Bonds

Pursuant to Article 5-F and Article 6 (Section 92-h) of the State Finance Law (the "State Act") a portion of the State's sales and compensating use taxes are also required to be deposited in the Sales Tax Revenue Bond Tax Fund ("Sales Tax Revenue Bond Fund") for the benefit of the authorized issuers of State Sales Tax Revenue Bonds ("State Sales Tax Revenue Bonds"). The State Act provides that such sales and compensating use taxes be deposited in the Sales Tax Revenue Bond Tax Fund in an amount equal initially to a one percent rate of taxation (equivalent to one cent on every dollar taxed). The State Act further provides that on and after the date that all obligations and liabilities of LGAC have been met or otherwise discharged, including upon legal defeasance or maturity, other than amounts required to be paid by LGAC to the Corporation under the Payment Act, the deposit to the Sales Tax Revenue Bond Fund will be increased to an amount equal to a two percent rate of taxation (equivalent to two cents on every dollar taxed) from the State's sales and compensating use taxes.

State sales and compensating use taxes not deposited into the Tax Fund or the Sales Tax Revenue Bond Fund are deposited into the State's General Fund. The obligation of the State to pay a portion of the State's sales and compensating use taxes into the Tax Fund is separate and distinct from the obligation of the State to pay a portion of the State's sales and compensating use tax into the Sales Tax Revenue Bond Fund. The State's sales and compensating use taxes are applied to make payments to the Tax Fund, the Sales Tax Revenue Bond Fund and the State's General Fund without any priority of payment among such funds.

So long as Section 92-r of the State Finance Law remains in effect, State sales and compensating use taxes are required to be deposited into the Tax Fund in an amount equal to an amount attributable to a one percent rate of taxation, less such amounts as the Tax Commissioner may determine to be necessary for refunds and less costs of collection. The requirement to deposit this one percent continues regardless of amounts required to be deposited into the Sales Tax Revenue Bond Fund including the increase of amounts to be paid into the Sales Tax Revenue Bond Fund to two percent as described above.

SECTION III: THE STATE

Information about the financial condition of the State can be found in the Annual Information Statement of the State, dated June 11, 2014, as supplemented and updated from time to time including the Update to Annual Information Statement (AIS) State of New York, September 4, 2014, and the State's Updated Annual Information Pursuant to Continuing Disclosure Agreements for FY 2014 (Ended March 31, 2014), dated July 29, 2014, each of which states that it has been filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system, and can also be accessed at www.budget.state.ny.us. The information presented by the State in its Annual Information Statement, and information on the State's websites or otherwise prepared or released by it, is not incorporated by reference in this Offering Circular.

SECTION IV: SOURCES AND USES OF FUNDS

Estimated Sources and Uses of Funds

The estimated sources and uses of funds are as follows:

Sources:	
Bond Proceeds:	
Par Amount	$2,035,330,000
Net Premium	350,748,594
Other Sources of Funds	432,229,527
Total:	$2,818,308,121
Uses:	
Payment of Refunded Bonds	$2,122,689,300
Payment to the TFA	636,890,544
Initial Deposit to the Debt Service Fund*	48,262,747
Underwriters' Discount	9,123,761
Costs of Issuance	1,341,769
Total:	$2,818,308,121

* Interest due on the Series 2015A Bonds on April 15, 2015.

The Corporation expects to use the proceeds of the Series 2015A Bonds, together with other funds available to the Corporation, (i) to provide for the payment in full, on the delivery date of the Series 2015A Bonds, of the principal of and interest and redemption premium, if any, on the Refunded Bonds, (ii) to provide for the payment of the principal of and interest and redemption premium, if any, of certain Future Tax Secured Bonds of the TFA and (iii) to pay certain expenses of the Corporation, including expenses incurred by the Corporation in issuing the Series 2015A Bonds. The Refunded Bonds were used primarily to redeem all of the outstanding bonds of the Municipal Assistance Corporation of The City of New York. The TFA bonds that will be refunded were used to finance general City capital expenditures.

SECTION V: THE SERIES 2015A BONDS

General

The Series 2015A Bonds will be dated, will bear interest at the rates and will mature on the dates as set forth on the cover and inside cover pages of this Offering Circular unless redeemed prior to maturity. All of the Series 2015A Bonds will be issued in book-entry only form.

Interest on the Series 2015A Bonds will accrue from their dated date at the rates set forth on the inside cover page hereof and will be payable semiannually on each April 15 and October 15, commencing April 15, 2015. The record date for payment of interest on the Series 2015A Bonds is the first day of the calendar month immediately preceding the interest payment date.

The Series 2015A Bonds will be issued in denominations of $5,000 or an integral multiple thereof, and will bear interest calculated on the basis of a 360-day year of 30-day months.

Beneficial ownership interests in the Series 2015A Bonds will be available in book-entry only form. Purchasers of beneficial ownership interests in the Series 2015A Bonds will not receive certificates representing their interests in the 2015A Bonds purchased.

The Series 2015A Bonds are subject to defeasance in accordance with the Indenture. See "APPENDIX A–SUMMARY OF THE INDENTURE–*Summary of Certain Provisions of the Indenture–Defeasance*."

Optional Redemption

The Series 2015A Bonds maturing on or prior to October 15, 2024 are not subject to optional redemption. The Series 2015A Bonds maturing on or after October 15, 2025 may be redeemed prior to their maturity on not less than 20 days' nor more than 60 days' notice, at the option of the Corporation, on or after October 15, 2024, in whole or in part at any time, at a price of 100% of the principal amount to be redeemed plus accrued interest to the redemption date.

Notice of Redemption

Upon receipt of notice from the Corporation of its election to redeem Bonds or when redemption of Bonds is required pursuant to the Indenture, the Trustee is to give notice of such redemption by mail to the holders of Bonds to be redeemed at least 20 days and not more than 60 days prior to the date set for redemption. Failure by a particular holder to receive notice will not affect the validity of the proceedings for the redemption of the Bonds.

Acceleration

The Trustee may, and upon the written request of the holders of not less than a majority in principal amount of the Outstanding Bonds shall, declare the principal of and interest on all of the Outstanding Bonds due and payable upon the happening and continuance of certain events of default relating to the failure by the Corporation to pay principal or interest or redemption premium, if any, on the Bonds when the same becomes due and payable, an event of bankruptcy of the Corporation as specified in the Indenture or the failure by LGAC to pay principal or interest on its bonds which results in an acceleration of such bonds. Such principal and interest is due and payable 30 days after written notice regarding such declaration has been given to the Corporation. At any time after the principal of the Bonds have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding relating to such default or before the completion of the enforcement of any other remedy provided under the Indenture, the Trustee must, with the consent of the holders of not less than a majority in principal amount of the Bonds not then due by their terms and then Outstanding and by written notice to the Corporation, annul such declaration and its consequences if the Corporation has remedied the specified events of default as set forth in the Indenture. No such annulment will extend to or affect any subsequent default or impair any right consequent thereon.

Additional Bonds

The Indenture permits the issuance of additional Bonds only if for the then current fiscal year and each subsequent fiscal year during which Bonds will be Outstanding the sum of (i) the principal and Sinking Fund Installments of and interest payable during such fiscal year on all Bonds Outstanding on July 1 of such fiscal year after giving effect to the issuance of the Bonds of such Series and all other Bonds previously issued during such fiscal year (exclusive of Funded Bonds and Bonds for which provision for the payment thereof has been made in accordance with the Indenture on or prior to the date of issuance of the Bonds then to be issued) and (ii) the Operating Cap applicable for each such fiscal year is less than $170 million.

Debt Service and Operating Expenses

The following schedule sets forth, for each 12-month period ending June 30 of the years shown, the amounts required to be paid by the Corporation for the payment of debt service on the Series 2015A Bonds and operating expenses during such period.

DEBT SERVICE AND OPERATING EXPENSES

Period Ending June 30,	Principal and Sinking Fund Installments	Interest Payments	Operating Expenses[1]	Total
2015		$48,262,747[2]	$ 555,546	$ 48,818,293
2016	$ 73,935,000	94,677,119	1,384,234	169,996,353
2017	76,895,000	91,675,319	1,425,761	169,996,080
2018	79,755,000	88,774,419	1,468,534	169,997,952
2019	83,505,000	84,982,169	1,512,590	169,999,758
2020	87,650,000	80,788,619	1,557,967	169,996,586
2021	92,010,000	76,383,019	1,604,706	169,997,725
2022	96,595,000	71,749,844	1,652,848	169,997,691
2023	101,335,000	66,962,444	1,702,433	169,999,877
2024	106,225,000	62,018,344	1,753,506	169,996,850
2025	111,475,000	56,717,194	1,806,111	169,998,305
2026	117,115,000	51,021,219	1,860,295	169,996,513
2027	123,065,000	45,016,719	1,916,103	169,997,822
2028	129,315,000	38,707,219	1,973,587	169,995,805
2029	135,890,000	32,077,094	2,032,794	169,999,888
2030	142,495,000	25,410,469	2,093,778	169,999,247
2031	149,435,000	18,405,219	2,156,591	169,996,810
2032	157,035,000	10,743,469	2,221,289	169,999,758
2033	164,175,000	3,534,094	2,287,928	169,997,021
2034	7,425,000	125,297	2,356,566	9,906,862

(1) For the period ending June 30, 2015, the amount represents projected operating expenses, which have been fully funded. For all other years, the amounts are calculated as required by the Indenture and represent the maximum amount of expenses; actual expenses may be less.

(2) Payable pursuant to the initial deposit to the Debt Service Fund from other sources of funds of the Corporation in order to make the April 15, 2015 interest payment on the Series 2015A Bonds.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2015A Bonds. The Series 2015A Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2015A Bond certificate will be issued for each maturity of each Series of the Series 2015A Bonds, each in the aggregate principal amount of such maturity of such Series, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2015A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2015A Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2015A Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2015A Bonds, except in the event that use of the book-entry system for the Series 2015A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2015A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015A Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Series 2015A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2015A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2015A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

The Corporation and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2015A Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2015A Bonds, giving any notice permitted or required to be given to a registered owners under the Resolution, registering the transfer of the Series 2015A Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Corporation and the Trustee have no responsibility or obligation to any Direct Participant or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2015A Bonds under or through DTC or any Direct Participant or Indirect Participant, or any other person which is not shown on the registration books of the Corporation (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; the payment by DTC or any Direct Participant or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2015A Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Corporation; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the

Trustee to DTC or its nominee. Disbursement of such payments to the Direct Participants or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct Participants or Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2015A Bonds at any time by giving reasonable notice to the Corporation and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2015A Bond certificates are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2015A Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation believes to be reliable, but the Corporation takes no responsibility for the accuracy thereof.

None of the Corporation nor the Underwriters makes any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

NONE OF THE CORPORATION, THE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2015A BONDS UNDER THE RESOLUTIONS; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2015A BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2015A BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2015A BONDS; OR (VI) ANY OTHER MATTER.

Other Information

For additional information regarding the Series 2015A Bonds and the Indenture, including the events of default under the Indenture and the remedies available thereunder, see "APPENDIX A–SUMMARY OF THE INDENTURE."

SECTION VI: THE CORPORATION

The Corporation is a local development corporation incorporated under the provisions of Section 1411 of the New York State Not-For-Profit Corporation Law.

Directors and Management

The Corporation is governed by six directors, consisting of the Director of Management and Budget of the City, the Comptroller of the City, the Speaker of the City Council, the Commissioner of Finance of the City, the Director of the Mayor's Office of Operations and the Corporation Counsel of the City. The current directors of the Corporation, each of whom serves in an ex-officio capacity, are:

Dean A. Fuleihan, Chairperson	Director of Management and Budget of the City
Scott M. Stringer	Comptroller of the City
Melissa Mark-Viverito	Speaker of the City Council
Jacques Jiha	Commissioner of Finance of the City
Mindy Tarlow	Director of the Mayor's Office of Operations
Zachary W. Carter	Corporation Counsel of the City

The following is a brief description of certain officers and staff members of the Corporation:

Alan L. Anders, President

Mr. Anders was appointed President in 2006 after previously serving as Vice President. Mr. Anders also serves as Deputy Director for Finance of the Office of Management and Budget of the City. Prior to joining the City in September 1990, Mr. Anders was a senior investment banker for J.P. Morgan Securities since 1977 and prior to that date was Executive Director of the Commission on Governmental Efficiency and Economy in Baltimore, Maryland. Mr. Anders is a graduate of the University of Pennsylvania and the University of Maryland Law School.

Prescott D. Ulrey, Secretary

Mr. Ulrey was appointed Secretary in 2013 after previously serving as Assistant Secretary. He is a graduate of the University of California at Berkeley, the Fletcher School of Law and Diplomacy at Tufts University and Columbia Law School. He also serves as General Counsel at the Office of Management and Budget of the City.

F. Jay Olson, Vice President and Treasurer

Mr. Olson was appointed Vice President and Treasurer in 2006 after previously serving as Deputy Treasurer. He is a graduate of Northwestern University, the University of Texas at Austin and the John F. Kennedy School of Government at Harvard University. He also serves as Assistant Director at the Office of Management and Budget of the City.

Philip Wasserman, Deputy Treasurer

Mr. Wasserman was appointed Deputy Treasurer in 2009. He is a graduate of Cornell University, the University of Texas at Austin and Columbia University. He also serves as Assistant Director at the Office of Management and Budget of the City. He is also a Professional Engineer.

Robert L. Balducci, Comptroller

Mr. Balducci was appointed Comptroller in 2014 after previously serving as Assistant Comptroller and Deputy Comptroller. He is a graduate of Baruch College of the City University of New York.

Kemraj Narine, Deputy Comptroller

Mr. Narine was appointed Deputy Comptroller in 2014 after previously serving as Assistant Comptroller. He is a graduate of York College of the City University of New York.

Jeffrey M. Werner, Assistant Secretary

Mr. Werner was appointed Assistant Secretary in 2004. He is a graduate of Bowdoin College and Columbia Law School. He also serves as Deputy General Counsel at the Office of Management and Budget of the City.

Laura A. Tarbox, Assistant Treasurer

Ms. Tarbox was appointed Assistant Treasurer in 2013. She is a graduate of Cornell University. She also serves as Supervising Analyst at the Office of Management and Budget of the City.

SECTION VII: TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2015A Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2015A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2015A Bonds. Pursuant to the Indenture, the Corporation has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2015A Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Corporation has made certain representations and certifications in the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the Corporation described above, interest on the Series 2015A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2015A Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

State Taxes

Bond Counsel is further of the opinion that interest on the Series 2015A Bonds is exempt from personal income taxes imposed by the State or any political subdivision of the State, including the City and the City of Yonkers, assuming compliance with the tax covenants and the accuracy of the representations and certifications described above under "Federal Income Taxes." Bond Counsel expresses no opinion as to other state or local tax consequences arising with respect to the Series 2015A Bonds nor as to the taxability of the Series 2015A Bonds or the income therefrom under the laws of any state other than New York.

Original Issue Discount

Bond Counsel is further of the opinion that the difference between the principal amount of the Series 2015A Bonds maturing on October 15, 2029 and bearing interest at 3% per annum and on October 15, 2033 (collectively, the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2015A Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

The Series 2015A Bonds other than the Discount Bonds (the "Premium Bonds") are being offered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Series 2015A Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the Series 2015A Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, and individuals seeking to claim the earned income credit. Ownership of the Series 2015A Bonds may also result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series 2015A Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2015A Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2015A Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as Appendix B. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2015A Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2015A Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2015A Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2015A Bonds from gross income for federal or state income tax purposes, or otherwise. We note that each year since 2011, President Obama released legislative proposals that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code (including the Series 2015A Bonds) for taxpayers whose income exceeds certain thresholds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series 2015A Bonds may occur. Prospective purchasers of the Series 2015A Bonds should consult their own tax advisors regarding the impact of any change in law on the Series 2015A Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2015A Bonds may affect the tax status of interest on the Series 2015A Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2015A Bonds, or the interest thereon, if any action is

taken with respect to the Series 2015A Bonds or the proceeds thereof upon the advice or approval of other counsel.

SECTION VIII: LEGAL CONSIDERATIONS AND CERTAIN LEGAL OPINIONS

The Payment Act, the Assignment Agreement and the Indenture create property rights in the Bondholders of which, under the State Constitution and the United States Constitution, the Bondholders cannot be deprived without due process of law, that is, a reasonable connection between the deprivation and the promotion of the public health, comfort, safety and welfare.

The Bondholders are further entitled to the benefit of the prohibition in the United States Constitution's Contracts Clause against any state's impairment of the obligation of contracts. This prohibition, although not absolute, is particularly strong when applied to a state's attempt to evade its own financial obligations. The State has included the State Pledge and Agreement in the Payment Act and the Payment Act has authorized the Corporation to include the State Pledge and Agreement in its agreement with the Bondholders.

Upon enactment of the Payment Act, a lawsuit was commenced that challenged the constitutionality under the State Constitution of the obligations of LGAC to make the $170 million annual payment and sought to prevent the issuance of bonds by the Corporation. On May 13, 2004, the State Court of Appeals, the State's highest court, upheld the obligations of LGAC to make such payments.

Bond Counsel is of the opinion that, in the absence of the demonstration by the State of an overriding public necessity, it is unlikely that the State could lawfully violate the State Pledge and Agreement in a manner that would substantially impair the rights of the Bondholders to be paid from the LGAC Payments to be made to the Corporation. No assurance can be given, however, that the State will not take action adverse to the Bondholders or that an overriding public necessity might not occur which would permit the State in the exercise of its sovereign power to enact or amend its laws with the effect of impairing the rights and remedies of Bondholders. The outcome of any litigation relating to actions by the State which impair the security of the Corporation's Bondholders cannot be predicted with certainty and, accordingly, Bondholders could incur a loss on their investment. The State Pledge and Agreement does not restrict, and the State in the LGAC Act expressly reserves, the right of the State to amend, modify, repeal or otherwise alter statutes imposing or relating to Sales Tax, but states that such taxes in all events will continue to be so payable, as assigned, so long as any such taxes are imposed. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS–State Pledge and Agreement."

At the request of the Corporation, Bond Counsel reviewed issues related to the effects on the Corporation of a case under Title 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in which the City is debtor. Specifically, Bond Counsel considered whether a court exercising reasonable judgment after full consideration of all relevant factors, would (i) hold that the LGAC Payments would be property of the bankruptcy estate of the City, (ii) hold that the rights of the Corporation to the LGAC Payments would be subject to a stay, by operation of Section 922(a) of the Bankruptcy Code or (iii) order the substantive consolidation of the assets of the Corporation with those of the City. Based upon its review of the Payment Act, the LGAC

Act, the Assignment Agreement, the Indenture and such other matters of law and fact as it considered relevant, and recognizing that there is no definitive judicial authority confirming the correctness of its analysis, Bond Counsel has rendered to the Corporation its opinion that a court, in the circumstances described above, (i) would not hold that the LGAC Payments would be property of the City or that the Corporation's right to the LGAC Payments would be subject to a stay by operation of Section 922(a) of the Bankruptcy Code, and (ii) would not order the substantive consolidation of the assets and liabilities of the Corporation with those of the City.

The opinions of Bond Counsel described above expressly note that a court's decision regarding the matters upon which Bond Counsel is opining would be based on such court's own analysis and interpretation of the factual evidence before it and of applicable legal principles. Thus, if a court reached a different result than that expressed in such opinions, it would not necessarily constitute reversible error. Consequently, the opinions of Bond Counsel are not a prediction of what a particular court (including any appellate court) that reached the issue on the merits would hold, but, instead, are the opinions of Bond Counsel as to the proper result to be reached by a court applying existing legal rules to the facts as properly found after appropriate briefing and argument and, in addition, are not a guarantee, warranty or representation, but rather reflect the informed professional judgment of Bond Counsel as to specific questions of law.

Bond Counsel has not rendered an opinion, however, as to any preliminary or temporary stay, injunction or order which a bankruptcy court might issue pursuant to its powers under 11 U.S.C. §§ 105 or 362 to preserve the status quo pending consideration of the substantive legal issues discussed above. Moreover, the opinions expressed above have inherent limitations because of the pervasive equity powers of bankruptcy courts as they relate to the business and creditor relationships leading up to the bankruptcy as well as generally the overriding goal of reorganization to which other legal rights and policies may be subordinated, the potential relevance to the exercise of judicial discretion of future-arising facts and circumstances, and the nature of the bankruptcy process, and are based on an analysis of existing law, regulation or 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 of this Offering Circular. Bond Counsel has not undertaken to determine, or to inform any person, whether such actions are taken or such events occur and has no obligation to update their opinion in light of such actions or events.

SECTION IX: LITIGATION

There is not now pending any litigation: (i) restraining or enjoining the issuance or delivery of the Series 2015A Bonds or questioning or affecting the validity of the Series 2015A Bonds or the proceedings and authority under which they are issued; (ii) contesting the creation, organization or existence of the Corporation, or the title of the directors or officers of the Corporation to their respective offices; (iii) questioning the right of the Corporation to execute the Indenture and to pledge the Revenues and funds and other money and securities purported to be pledged by the Indenture in the manner and to the extent provided in the Indenture; or (iv) contesting or restraining the application of sales and compensating use taxes for the purposes contemplated by the Payment Act, or the establishment of the Tax Fund or the procedure thereunder.

For a discussion regarding prior litigation that challenged the Payment Act, see "SECTION VIII: LEGAL CONSIDERATIONS AND CERTAIN LEGAL OPINIONS."

SECTION X: RATINGS

The Series 2015A Bonds are rated "AAA" by Standard & Poor's Rating Services, "Aa1" by Moody's Investors Service and "AA+" by Fitch, Inc. Such ratings reflect only the views of Standard & Poor's, Moody's and Fitch from which an explanation of the significance of such ratings may be obtained. There is no assurance that a particular rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely if, in the judgment of the Rating Agency originally establishing the rating, circumstances so warrant. A revision or withdrawal of such ratings may have an effect on the market price of the Series 2015A Bonds.

SECTION XI: APPROVAL OF LEGALITY

All legal matters incident to the authorization, issuance and delivery of the Series 2015A Bonds are subject to the approval of Nixon Peabody LLP, New York, New York, Bond Counsel to the Corporation. The approving opinion of Bond Counsel is attached hereto as Appendix B. Certain legal matters are subject to the approval of the New York City Corporation Counsel, counsel to the City, and of Bryant Rabbino LLP, New York, New York, and Winston & Strawn LLP, New York, New York, co-counsel to the Underwriters.

SECTION XII: FINANCIAL ADVISORS

A.C. Advisory, Inc., New York, New York, and Public Resources Advisory Group, New York, New York, are acting as financial advisors to the Corporation in connection with the issuance of the Series 2015A Bonds.

SECTION XIII: FINANCIAL STATEMENTS

The financial statements of the Corporation as of and for the years ended June 30, 2014 and 2013 included in "APPENDIX C" to this Offering Circular have been audited by Marks Paneth LLP, independent certified public accountants, as stated in their report appearing therein. Marks Paneth LLP, the Authority's independent auditor, has not reviewed, commented on or approved, and is not associated with, this Offering Circular. The report of Marks Paneth LLP relating to the Corporation's financial statements for the years ended June 30, 2014 and 2013, which is a matter of public record, is included in this Offering Circular. However, Marks Paneth LLP has not performed any procedures on any financial statements or other financial information of the Corporation, including without limitation any of the information contained in this Offering Circular, since the date of such report and has not been asked to consent to the inclusion of its report in this Offering Circular.

SECTION XIV: CONTINUING DISCLOSURE UNDERTAKING

To the extent that Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission ("SEC") promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act"), requires underwriters (as defined in the Rule) to determine, as a condition to purchasing the

Series 2015A Bonds, that the Corporation will make such covenants, the Corporation will covenant as follows:

The Corporation shall provide:

(a) within 270 days after the end of each Corporation fiscal year, beginning with the fiscal year ending June 30, 2015, to the MSRB through its EMMA system, (i) the Corporation's audited financial statements for such fiscal year, prepared in accordance with generally accepted accounting principles, which will include material historical quantitative data on the Corporation's revenues, expenditures, financial operations and indebtedness, and (ii) information on Sales Tax Receipts of the type contained in Tables 1, 2 and 3 in "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS–State Sales Tax," as of the end of the most recently completed State fiscal year, provided that such information is made publicly available within the time period identified above by the State in its Annual Information Statement and by LGAC in its Annual Report; and

(b) in a timely manner not in excess of 10 business days after the occurrence thereof, to the MSRB through its EMMA system, notice of any of the following events with respect to the Series 2015A Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions or events affecting the tax-exempt status of the security;

(7) modifications to rights of security holders, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Series 2015A Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Corporation;

(13) consummation of a merger, consolidation or acquisition, or the sale of all or substantially all of the assets, of the Corporation, as well as the entry into a definitive agreement to undertake any of the forgoing or, if material, the termination of such an agreement;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(15) failure by the Corporation to comply with clause (a) above.

Event (3) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (3) may not be applicable, because the terms of the securities do not provide for "debt service reserves."

There will be no credit enhancement relating to the Series 2015A Bonds on the delivery date thereof. With respect to events (4) and (5), the Corporation does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the securities, unless the Corporation applies for or participates in obtaining the enhancement.

With respect to event (8), the Corporation does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the final official statement (as defined in the Rule), (ii) the only open issue is which securities will be redeemed in the case of a partial redemption, (iii) notice of redemption is given to the Bondholders as required under the terms of the securities and (iv) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced prior to optional redemptions or security purchases.

No holder of Series 2015A Bonds may institute any suit, action or proceeding at law or in equity ("Proceeding") for the enforcement of the continuing disclosure undertaking (the "Undertaking") or for any remedy for breach thereof, unless such holder of Series 2015A Bonds has filed with the Corporation evidence of ownership and a written notice of and request to cure such breach, and the Corporation has refused to comply within a reasonable time. All Proceedings may only be instituted as specified herein, in the federal or State courts located in the Borough of Manhattan, State and City of New York, and for the equal benefit of all holders of the Outstanding Series 2015A Bonds benefited by the same or a substantially similar covenant, and no remedy may be sought or granted other than specific performance of the covenant at issue.

An amendment to the Undertaking may only take effect if: (a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Corporation, or type of business conducted; the Undertaking, as amended, would have complied with the requirements of the Rule at the time of award of the Series 2015A Bond, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and the amendment does not materially impair the interests of holders of Series 2015A Bonds, as determined by parties unaffiliated with the Corporation (such as, but without limitation, the Corporation's financial advisor or bond counsel) and the annual financial information containing (if applicable) the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information in the annual information being provided; or

(b) all or any part of the Rule, as interpreted by the staff of the SEC at the date of the issue of a Series of Bonds ceases to be in effect for any reason, and the Corporation elects that the Undertaking shall be deemed terminated or amended (as the case may be) accordingly.

For purposes of the Undertaking, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares investment power which includes the power to dispose, or to direct the disposition of, such security, subject to certain exceptions as set forth in the Undertaking. Any assertion of beneficial ownership must be filed, with full documentary support, as part of the written request described above.

In December 2012, the Corporation discovered a miscalculation in its annual update of Estimated Coverage for LGAC Debt Service and Payments to the Corporation in its continuing disclosure filing for its 2011 fiscal year. The Corporation filed a correction on EMMA upon discovery of such miscalculation.

SECTION XV: UNDERWRITING

The Series 2015A Bonds are being purchased for reoffering by the Underwriters, for whom J.P. Morgan Securities LLC, Goldman, Sachs & Co., Loop Capital Markets LLC, Raymond James & Associates, Inc. and Siebert Brandford Shank & Co., LLC are acting as Joint Lead Managers and Ramirez & Co., Inc. is acting as Additional Lead Manager. The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the Series 2015A Bonds from the Corporation at an aggregate underwriters' discount of $9,123,761.08 and to make an initial public offering of the Series 2015A Bonds at prices that are not in excess of the initial public offering prices corresponding to the yields set forth on the inside cover page of this Offering Circular, plus accrued interest, if any. The Underwriters will be obligated to purchase all the Series 2015A Bonds if any Series 2015A Bonds are purchased.

The Series 2015A Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the Underwriters.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the Corporation as Underwriters) for the distribution of the Series 2015A Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Corporation for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and

equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities involve securities and instruments of the Corporation.

SECTION XVI: MISCELLANEOUS

The references herein to the Payment Act, the LGAC Act, the Assignment Agreement and the Indenture are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to the Payment Act, the LGAC Act, the Assignment Agreement and the Indenture for full and complete statements of such provisions. Copies of the Payment Act, the LGAC Act, the Assignment Agreement and the Indenture are available at the offices of the Trustee.

The agreements of the Corporation with holders of the Series 2015A Bonds are fully set forth in the Indenture. Neither any advertisement of the Series 2015A Bonds nor this Offering Circular is to be construed as a contract with purchasers of the Series 2015A Bonds.

The delivery of this Offering Circular has been duly authorized by the Corporation.

Sales Tax Asset Receivable Corporation

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APPENDIX A

SUMMARY OF THE INDENTURE

CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Definition of Certain Terms

"Accreted Value" means with respect to any Capital Appreciation Bond (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Indenture authorizing such Capital Appreciation Bond and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the immediately preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Accreted Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty–day months, and (2) the difference between the Accreted Values for such Valuation Dates.

"Appreciated Value" means with respect to any Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Indenture authorizing such Deferred Income Bond and (ii) as of any date other than a Valuation Date, the sum of (a) the Appreciated Value on the immediately preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Appreciated Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty–day months, and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

"Arbitrage Rebate Fund" means the fund so designated, created and established pursuant to the section of the Indenture described herein under the heading "Establishment of Funds and Accounts".

"Assignment" means the Amended and Restated Assignment and Agreement, dated as of August 1, 2004, as amended and restated as of October 1, 2004, by and between the Mayor, acting on behalf of the City pursuant to Section 3238–a of the Public Authorities Law of the State of New York, and the Corporation.

"Authorized Officer" means (i) in the case of the Corporation, the Chairman, the Vice–Chairman, the President, a Vice–President, the Treasurer, an Assistant Treasurer, the Secretary, and an Assistant Secretary, and when used with reference to any act or document also means any other person authorized by a resolution or the by–laws of the Corporation to perform such act or execute such document and (ii) in the case of the Trustee, a Vice President, an Assistant Vice President, an Assistant Secretary, an Assistant Treasurer or any other corporate trust officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by–laws of the Trustee.

"Bond" means any bonds of the Corporation authorized and issued pursuant to the Indenture and to a Supplemental Indenture.

"Bond Counsel" means Nixon Peabody LLP or an attorney or another law firm appointed by the Corporation having a national reputation in the field of municipal law and whose opinions are generally accepted by purchasers of municipal bonds.

"Bondholder", "Holder of Bonds" or "Holder" or any similar term, when used with reference to a Bond or Bonds, means the registered owner thereof.

"Book Entry Bond" means a Bond issued to and registered in the name of a Depository for the participants in such Depository.

"Business Day" means, unless with respect to Bonds of a Series the Supplemental Indenture authorizing issuance of such Bonds provides otherwise, any day which is not a Saturday, Sunday, a day on which the Trustee or banking institutions chartered by the State or the United States of America are legally authorized to close in the City, or a day that is a legal holiday for the City.

"Capital Appreciation Bond" means any Bond as to which interest is compounded on each Valuation Date therefor and is payable only at the maturity or prior redemption thereof.

"Capitalized Interest" means interest on Bonds payable from money on deposit in the Capitalized Interest Account.

"Capitalized Interest Account" means the account within the Proceeds Fund so designated, created and established pursuant to the section of the Indenture described herein under the heading "Establishment of Funds and Accounts".

"City" means The City of New York, a municipal corporation of the State, constituting a political subdivision thereof.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"Corporation" means the Sales Tax Asset Receivable Corporation, a local development corporation organized and existing under the Not–For–Profit Corporation Law of the State of New York, and its successors and assigns.

"Corporation Expenses" means all costs, fees and expenses of the Corporation of any kind arising out of or incurred in connection with carrying out and administering its corporate purposes, powers and duties, including, without limitation: salaries; insurance premiums; fees, charges, expenses, regularly scheduled payments, indemnities and other similar charges payable to or for (i) auditing, legal, financial and investment advisory and other professional and consulting services, (ii) fiduciaries, paying agents, transfer agents and other agents, and (iii) printing, advertisements and publication or other distribution of notices; and any and all other fees, charges and expenses required or permitted to be incurred by the Corporation or required to be paid by the Corporation that are not payable from amounts on deposit in any fund or account established pursuant to the Indenture.

"Costs of Issuance" means the items of expense incurred prior to, upon and during a reasonable period of time after issuance of the Bonds of a Series, in each case in connection with the organization and initial operation of the Corporation, and authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a Depository, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping

of Bonds, premiums, fees and charges for insurance on Bonds, and other costs, charges and fees in connection with the foregoing.

"Costs of Issuance Account" means the account within the Proceeds Fund the fund so designated, created and established pursuant to the section of the Indenture described herein under the heading "Establishment of Funds and Accounts".

"Debt Retirement Fund" means the fund so designated, created and established pursuant to the section of the Indenture described herein under the heading "Establishment of Funds and Accounts".

"Debt Service Fund" means the fund so designated, created and established pursuant to the section of the Indenture described herein under the heading "Establishment of Funds and Accounts".

"Defeasance Security" means:

(i) a Government Obligation, excluding obligations described in clause (iii)(a) of this definition, but including the interest component of REFCORP bonds for which the separation of principal and interest is made by request of the Federal Reserve Bank of New York in book–entry form, that is not subject to redemption prior to maturity other than at the option of the holder thereof or that has been irrevocably called for redemption on a stated future date;

(ii) a Municipal Obligation (a) that is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Municipal Obligation by the obligor thereof to give due notice of redemption and to call such Municipal Obligation for redemption on the date or dates specified in such instructions and such Municipal Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (b) the timely payment of the principal or redemption price thereof and interest thereon is fully secured by a fund consisting only of cash or obligations described in clause (i) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Municipal Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (a) above, and (c) that at the time an investment therein is made is rated in the highest rating category by at least two Rating Services;

(iii) a note, bond, debenture, mortgage or other evidence of indebtedness, that, at the time acquired, is (a) not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such obligation by the obligor thereof to give due notice of redemption and to call such obligation for redemption on the date or dates specified in such instructions and such obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (b) issued or guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Student Loan Marketing Association, the Federal Farm Credit System or any other instrumentality of the United States of America and (c) is rated in the highest rating category by at least two Rating Services; and

(iv) an investment agreement or guaranteed investment agreement that is an Eligible Investment described in clause (ix) of the definition of Eligible Investment, but only if either (a) the same is with a person whose senior unenhanced long–term debt

obligations are rated, at the time such agreement or contract is entered into, in the highest rating category by at least two Rating Services (one of which is S&P), without regard to qualification of such rating by symbols such as "+" or "–" and numerical notation, or (b) the obligations of the person providing such agreement or contract are guaranteed by a financial institution or corporation, a registered broker/dealer or a domestic commercial bank whose senior unenhanced long–term debt obligations are rated, at the time such agreement or contract is entered into, in the highest rating category by at least two Rating Services, without regard to qualification of such rating by symbols such as "+" or "–" and numerical notation;

provided, however, that such term shall not mean any interest in a unit investment trust or mutual fund.

"Deferred Income Bond" means any Bond as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is compounded on each Valuation Date for such Deferred Income Bond, and as to which interest accruing after the Interest Commencement Date is payable as provided in the Supplemental Indenture authorizing issuance of such Bonds.

"Depository" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other person, firm, association or corporation designated in the Supplemental Indenture authorizing a Series of Bonds to serve as securities depository for Bonds of such Series.

"Determination of Taxability" means, when used with respect to a Tax Exempt Bond, a final determination by any court of competent jurisdiction or a final determination by the Internal Revenue Service to which the Corporation shall consent or from which no timely appeal shall have been taken, in each case to the effect that interest on such Bond is includable in the gross income of the Holder thereof for purposes of federal income taxation.

"Direction Letter" means one or more letters from the City to the Corporation directing the Corporation with respect to the payment of the money in the Proceeds Account.

"Eligible Investments" means:

(i) Defeasance Securities;

(ii) Government Obligations;

(iii) demand and time deposits in or certificates of deposit of, or bankers' acceptances issued by, any bank or trust company, savings and loan association or savings bank, payable on demand or on a specified date no more than three months after the date acquired as an investment under the Indenture, if such deposits or instruments are at the time an investment therein is made rated "A–1+" by S&P and "P–1" by Moody's;

(iv) Municipal Obligations that at the time an investment therein is made are rated in at least the second highest long–term rating category by at least two Rating Services;

(v) commercial or finance company paper (including both non–interest bearing discount obligations and interest bearing obligations) payable on demand or on a

specified date not more than two hundred seventy (270) days after the date acquired as an investment under the Indenture that is rated "A–1+" by S&P and "P–1" by Moody's;

(vi) repurchase obligations with respect to any security described in clause (i) or (ii) above entered into with a (a) primary dealer, depository institution or trust company (acting as principal) that at the time an investment therein is made is rated "A-1+" by S&P and "P–1" by Moody's (if payable on demand or on a specified date no more than three months after the date acquired as an investment under the Indenture) or at least in one of the two highest long–term rating categories by Moody's and S&P, or if not so rated, such obligations are collateralized by securities described in clause (i) or (ii) above or by obligations of the Government National Mortgage Association or any successor thereto, or (b) with any registered broker/dealer or any domestic commercial bank whose long–term debt obligations are rated "investment grade" by at least two Rating Services; ***provided, however,*** that (1) a specific written agreement governs the transactions, (2) the securities that are the subject of the repurchase agreement are held free and clear of any lien, by the Trustee of an independent third party acting solely as the agent of the Trustee that is (A) a Federal Reserve Bank or (B) a member of the Federal Deposit Insurance Corporation that has combined surplus and undivided profits of not less than twenty–five million dollars ($25,000,000), and the Trustee shall have received written confirmation from such third party that it hold such securities, free and clear of any lien, as agent for the Trustee, (3) the agreement has a term of thirty days or less, or the Trustee will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within five Business Days of such valuation, and (4) the fair market value of the collateral securities in relation to the amount of the obligation, including principal and interest, is equal to at least one hundred two percent (102%);

(vii) securities bearing interest or sold at a discount (payable on demand or on a specified date no more than ninety (90) days after the date acquired as an investment under the Indenture) that are issued by any corporation incorporated under the laws of the United States of America or any state thereof are rated "P–1" by Moody's and "A–1+" by S&P at the time of such investment or contractual commitment providing for such investment; ***provided, however,*** that securities issued by any such corporation will not be Eligible Investment to the extent that investment therein would cause the then outstanding principal amount of securities issued by such corporation and held as investments under the Indenture to exceed twenty percent (20%) of the aggregate principal amount of all Eligible Investments then held under the Indenture;

(viii) units of taxable money market funds which are regulated investment companies and seek to maintain a constant net asset value per share and which at the time an investment therein is made are rated at least "Aa1" by Moody's and at least "AAAm" or "AAAm–G" by S&P, including if so rated any such fund which the Trustee or an affiliate of the Trustee serves as an investment advisor, administrator, shareholder, servicing agent and/or custodian or sub–custodian, notwithstanding that (a) the Trustee or an affiliate of the Trustee charges and collects fees and expenses (not exceeding current income) from such funds for services rendered, (b) the Trustee charges and collects fees and expenses for services rendered pursuant to the Indenture and (c) services performed for such funds and pursuant to the Indenture may converge at any time (the Corporation specifically authorizes the Trustee or an affiliate of the Trustee to charge and collect all fees and expenses from such funds for services rendered to such funds, in addition to any

fees and expenses the Trustee may charge and collect for services rendered pursuant to the Indenture); and

(ix) investment agreements or guaranteed investment contracts with any financial institution or corporation, a registered broker/dealer or a domestic commercial bank whose senior long–term debt obligations are rated, or guaranteed by a financial institution whose senior long–term debt obligations are rated, at the time such agreement or contract is entered into, at least in one of the two highest long-term rating categories by at least two Rating Services (one of which is S&P), without regard to qualification of such rating by symbols such as "+" or "–" and numerical notation; ***provided, however,*** that in the event that such rating is suspended or withdrawn or reduced below the rating assigned to Outstanding Bonds without regard to any insurance or other credit enhancement either (a) the Corporation has an option to terminate such agreement or contract, or (b) such agreement or contract is required to be collateralized by securities described in clause (i) or (ii) above or by obligations of the Government National Mortgage Association or any successor thereto; ***provided, further,*** that (1) a specific written agreement governs the transactions, (2) the collateral securities, if any, are held free and clear of any lien, by the Trustee of an independent third party acting solely as the agent of the Trustee that is (A) a Federal Reserve Bank or (B) a member of the Federal Deposit Insurance Corporation that has combined surplus and undivided profits of not less than twenty–five million dollars ($25,000,000), and the Trustee shall have received written confirmation from such third party that it hold such securities, free and clear of any lien, as agent for the Trustee, (3) the agreement has a term of thirty days or less, or the Trustee will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within five Business Days of such valuation, and (4) the fair market value of the collateral securities in relation to the amount of the obligation, including principal and interest, is equal to at least one hundred two percent (102%) of such obligations.

"Fiscal Year" means a period of twelve (12) consecutive months beginning July 1 of a calendar year and ending on June 30 of the succeeding calendar year.

"Fitch" means Fitch, Inc. and its successors and assigns; ***provided, however,*** that references in the Indenture to Fitch shall be effective so long as Fitch is a Rating Service.

"Funded Bond" means as of any particular date of determination a Bond, other than a Tax-Exempt Bond, for which provision for payment has not been made in accordance with the section of the Indenture described in the second paragraph under the heading "Defeasance" and remains Outstanding, but for which:

(i) the Trustee or other banking institution then holds, in trust, either money in an amount which shall be sufficient, or Government Obligations the principal of and interest on which when due will provide money which, together with the money, if any, so held, shall be sufficient in the judgment of a firm of certified public accountants to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bond on and prior to the redemption date or maturity date thereof, as the case may be;

(ii) in case any of said Bond is to be redeemed on any date prior to its maturity, the Corporation shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Indenture redemption on said date of such Bond;

(iii) the Corporation shall have no right to withdraw or expend any money or Government Obligations held in trust for such Funded Bond other than for the payment of such Funded Bond in accordance with its terms and the terms of the trust; and

(iv) the Corporation shall have delivered to the Trustee an opinion of Bond Counsel to the effect that making provision for payment of said Bond in accordance with the foregoing clauses (i), (ii) and (iii) would not (A) cause said Bonds to be considered to have been "reissued" for purposes of Section 1001 of the Code and (B) adversely effect the exclusion of interest on any Tax Exempt Bond from gross income for purposes of federal income taxation.

provided, however, that such Bond shall no longer be a Funded Bond if at any time the money and Eligible Investments are no longer sufficient to meet the aforesaid requirements.

"Government Obligation" means (i) a direct obligation of, or an obligation the timely payment of the principal of and interest on which is guaranteed by, the United States of America, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, Federal Home Loan Banks or the Federal Farm Credit System and (ii) an obligation of the United States of America which has been stripped by the United States Department of the Treasury itself or by any Federal Reserve Bank (not including "CATS," "TIGRS" and "TRS" unless the Corporation obtains Rating Confirmation with respect thereto.

"Indenture" means the Trust Indenture dated as of October 1, 2004, as amended and restated as of October 1, 2014, between the Corporation and U.S. Bank National Association, as successor to Wachovia Bank, National Association, as trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with the terms and provisions thereof.

"Initial Bonds" means the Sales Tax Asset Receivable Bonds, Fiscal 2005 Series A, authorized to be issued by a First Supplemental Trust Indenture, dated as of October 1, 2004, by and between the Corporation and Wachovia Bank, National Association, as Trustee, and the Sales Tax Asset Receivable Bonds, Fiscal 2005 Series B, authorized to be issued by a Second Supplemental Trust Indenture, dated as of October 1, 2004, by and between the Corporation and Wachovia Bank, National Association, as Trustee.

"Interest Commencement Date" means, with respect to any particular Deferred Income Bond, the date prior to the maturity date thereof specified in the Supplemental Indenture authorizing such Bond, after which interest accruing on such Bond shall be payable on the dates succeeding such Interest Commencement Date as specified in the Supplemental Indenture authorizing such Deferred Income Bond.

"LGAC" means the New York Local Government Assistance Corporation, a corporate governmental agency of the State of New York constituting a public benefit corporation created and existing under the LGAC Act.

"LGAC Act" means the New York Local Government Assistance Corporation Act, being and constituting Title 4 of Article 10–B of the Public Authorities Law of the State of New York.

"Moody's" means Moody's Investors Service and its successors and assigns; ***provided, however,*** that references in the Indenture to Moody's shall be effective so long as Moody's is a Rating Service.

"Municipal Assistance Corporation" means the Municipal Assistance Corporation For The City of New York, a corporate governmental agency and instrumentality of the State constituting a public benefit corporation created by and existing under the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law of the State of New York.

"Municipal Obligation" means a full faith and credit obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision.

"Operating Cap" means for the Fiscal Year ending June 30, 2015, $1,343,916 and, for each Fiscal Year thereafter, an amount equal to one hundred three percent (103%) of the Operating Cap for the prior Fiscal Year.

"Outstanding", when used in reference to Bonds, means, as of a particular date, all Bonds authenticated and delivered under the Indenture and under any applicable Supplemental Indenture except:

(i) any Bond canceled by the Trustee at or before such date;

(ii) any Bond deemed to have been paid in accordance with the section of the Indenture described below under the heading "Defeasance"; and

(iii) any Bond paid pursuant to Section 3.09 of the Indenture or any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Indenture.

"Paying Agent" means, with respect to the Bonds of any Series, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions of the Indenture or of a Supplemental Indenture or any other Indenture of the Corporation adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

"Payment Act" means Part A4 of Chapter 62 and Part V of Chapter 63 of the laws of 2003 of the State.

"Proceeds Account" means the account within the Proceeds Fund so designated, created and established pursuant to the section of the Indenture described herein under "Establishment of Funds and Accounts".

"Proceeds Fund" means the fund so designated, created and established pursuant to the section of the Indenture described herein under "Establishment of Funds and Accounts".

"Rating Confirmation" means the written confirmation of each Rating Service to the effect that the rating assigned, without regard to any insurance or other credit enhancement, to each of the Bonds rated by such Rating Service will remain unchanged and will not be withdrawn, suspended or reduced as a consequence of some act or occurrence.

"Rating Service" means as of any particular date of determination each of Fitch, Moody's and S&P, or their respective successors, that then has a rating on Outstanding Bonds assigned at the request of the Corporation.

"Record Date" means, when used in relation to the Bonds of a Series, the date specified as the record date for such Bonds in the Supplemental Indenture authorizing such Bonds.

"Redemption Price" when used with respect to a Bond means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption prior to maturity thereof pursuant to the Indenture or to the applicable Supplemental Indenture.

"Refinanced Obligations" means all or any portion of (i) the notes, bonds or other obligations of the Municipal Assistance Corporation, and (ii) the notes, bonds or other obligations of the City held by the Municipal Assistance Corporation.

"Residual Certificate" means the instrument substantially in the form of Exhibit A to the Indenture, dated as of November 4, 2004, executed by the Corporation and delivered to the City in connection with the issuance of the Initial Bonds.

"Residual Fund" means the fund so designated, created and established pursuant to the section of the Indenture described herein under the heading "Establishment of Funds and Accounts".

"Revenues" means, when used in connection with a Fiscal Year, the amount payable during such Fiscal Year to the Corporation by LGAC pursuant to Section 3238–a of the Public Authorities Law of the State of New York, exclusive of the amount payable for the Fiscal Year ended June 30, 2004 and received by the Corporation pursuant to the Assignment on September 10, 2004.

"S&P" means Standard & Poor's Rating Services and its successors and assigns; ***provided, however,*** that references in the Indenture to S&P shall be effective so long as S&P is a Rating Service.

"Serial Bonds" means the Bonds so designated in a Supplemental Indenture.

"Series" means all of the Bonds authenticated and delivered on original issuance and pursuant to the Indenture and to the Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

"Sinking Fund Installment" means, as of any date of computation, the amount of money required to be paid on a single future April 15 or October 15 for the retirement of any Bonds which mature after said future April 15 or October 15, but does not include any amount payable by the Corporation by reason only of the maturity of a Bond.

"State" means the State of New York.

"Subordinated Indebtedness" means any indebtedness of the Corporation whether or not evidenced by any note, bond, debenture or other evidence of indebtedness incurred by the Corporation in furtherance of its corporate purposes and payable from and secured by amounts on deposit in the Subordinated Indebtedness Fund; ***provided, however,*** that the lien on amounts in the Subordinated Indebtedness Fund shall be subject and subordinate to the lien of the Indenture for the benefit of the Holders of Outstanding Bonds.

"Subordinated Indebtedness Fund" means the fund so designated, created and established pursuant to the section of the Indenture described herein under the heading "Establishment of Funds and Accounts".

"Supplemental Indenture" means any indenture of the Corporation amending or supplementing the Indenture or any prior Supplemental Indenture executed and becoming effective in accordance with the terms and provisions of Article IX of the Indenture.

"Tax Exempt Bond" means any Bond as to which Bond Counsel has rendered an opinion to the effect that interest on it is excluded from gross income for purposes of federal income taxation.

"Term Bond" means a Bond so designated in a Supplemental Indenture and payable from Sinking Fund Installments.

"Trust Estate" has the meaning given to such term in the granting clause of the Indenture.

"Trustee" means the bank or trust company appointed as Trustee for the Bonds pursuant to the Indenture and having the duties, responsibilities and rights provided for in the Indenture, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant to the Indenture.

Summary of Certain Provisions of the Indenture

The following is a summary of certain provisions of the Indenture. Such summary does not purport to be complete and reference is made to the Indenture for full and complete statements of such and all provisions.

Liability under the Series 2015A Bonds

The Series 2015A Bonds are special obligations of the Corporation payable solely from the Trust Estate, as provided in the Indenture. The Series 2015A Bonds are not a debt of either the State, the City or LGAC, and neither the State, the City nor LGAC are liable thereon.

(Indenture Section 2.01)

Issuance of Bonds and Additional Bonds

The issuance of Bonds shall be authorized by a Supplemental Indenture or Supplemental Indentures, executed by the Corporation and delivered to the Trustee. The Corporation shall, in addition to other requirements of the Indenture deliver to the Trustee: a copy of the Indenture and the Supplemental Indenture authorizing such Bonds, certified by an Authorized Officer of the Corporation; a copy of the Assignment, certified by an Authorized Officer of the Corporation; a written order as to the delivery of such Bonds, signed by an Authorized Officer of the Corporation, describing the Bonds to be delivered, designating the purchaser or purchasers to whom such Bonds are to be delivered and stating the consideration for such Bonds; a certificate of an Authorized Officer of the Corporation stating that the Corporation is not, and, as a result of the issuance of such Bonds, shall not be, in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture and a certificate of an Authorized Officer of the Corporation setting forth (i) for the then current Fiscal Year and each subsequent Fiscal Year during which Bonds will be Outstanding (A) the principal and Sinking Fund Installments of and interest payable during such Fiscal Year on all Bonds Outstanding on July 1 of such Fiscal Year after giving effect to the issuance of the Bonds of such Series and all other Bonds previously issued during such Fiscal Year (exclusive of Funded Bonds and Bonds for which provision for the payment thereof has been made in accordance with the Indenture on or prior to the date of issuance of

the Bonds then to be issued) and (B) the Operating Cap applicable for each such Fiscal Year, and (ii) stating that the sum of (A) and (B) is less than $170,000,000; and an opinion of Bond Counsel to the effect that the Indenture and the applicable Supplemental Indenture authorizing the Series of Bonds have been duly and lawfully authorized, executed and delivered by the Corporation; that the Indenture and the applicable Supplemental Indenture are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms; that the Indenture creates the valid pledge and the valid lien upon the Revenues which it purports to create, subject only to the provisions of the Indenture permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Indenture and each applicable Supplemental Indenture; and that the Corporation is duly authorized and entitled to issue such Series of Bonds and, upon the execution and delivery thereof and upon authentication by the Trustee, such Series of Bonds will be duly and validly issued and will constitute valid and binding special obligations of the Corporation entitled to the benefits of the Indenture.

(Indenture Section 2.02)

Additional Indebtedness

The Corporation reserves the right to incur Subordinated Indebtedness pursuant to other and separate indentures or agreements of the Corporation, so long as the same is not, except as provided in the Indenture, entitled to a charge or lien on or right in the Trust Estate.

(Indenture Section 2.04)

Authorization of Redemption

Bonds subject to redemption prior to maturity pursuant to the Indenture or to a Supplemental Indenture shall be redeemable, in accordance with the Indenture, at such times, at such Redemption Prices and upon such terms as may otherwise be specified in the Indenture or in the Supplemental Indenture authorizing such Series.

(Indenture Section 4.01)

Redemption at the Election of the Corporation

The Series, maturities and principal amounts thereof to be so redeemed shall be determined by the Corporation in its sole discretion, subject to any limitations with respect thereto contained in the Indenture or in the Supplemental Indenture authorizing such Series. The Corporation shall pay to the Trustee on or prior to the redemption date an amount which, in addition to other amounts available therefor held by the Trustee, is sufficient to redeem on the redemption date at the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, all of the Bonds to be so redeemed.

(Indenture Section 4.02)

Redemption Other Than at Corporation's Election

Whenever by the terms of the Indenture the Trustee is required to redeem Bonds through the application of mandatory Sinking Fund Installments, the Trustee shall select the Bonds of the Series and maturities to be redeemed in the manner provided in the Indenture, give the notice of redemption and pay out of moneys available therefor the Redemption Price thereof, together with interest accrued and unpaid

thereon to the redemption date, to the appropriate Paying Agents in accordance with the terms of the Indenture.

(Indenture Section 4.03)

Selection of Bonds to be Redeemed

Unless otherwise provided in the Supplemental Indenture authorizing the issuance of Bonds of a Series, in the event of redemption of less than all of the Outstanding Bonds of like Series, maturity and tenor, the Trustee shall assign to each Outstanding Bond of the Series, maturity and tenor to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which the Bonds of such Series are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw the Bonds by lot (i) individually or (ii) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued, by the numbers assigned thereto as provided in this paragraph) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Bonds drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of Bonds and select part of any Bond for redemption. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; ***provided, however,*** that only so much of the principal amount of each such Bond of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued shall be redeemed as shall equal the lowest denomination in which the Bonds of such Series are authorized to be issued for each number assigned to it and so selected.

(Indenture Section 4.04)

Notice of Redemption

Whenever Bonds are to be redeemed, the Trustee shall give notice of the redemption of the Bonds in the name of the Corporation. Such notice shall be given by mailing a copy of such notice not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Such notice shall be sent by first class mail, postage prepaid, to the registered owners of the Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books not more than ten (10) Business Days prior to the date such notice is given. Upon giving such notice, the Trustee shall promptly certify to the Corporation that it has mailed or caused to be mailed such notice to the Holders of the Bonds to be redeemed in the manner provided in the Indenture. Such certificate shall be conclusive evidence that such notice was given in the manner required by the Indenture. The failure of any Holder of a Bond to be redeemed to receive such notice shall not affect the validity of the proceedings for the redemption of the Bonds.

In addition, the Trustee shall (i) if any of the Bonds to be redeemed are Book Entry Bonds, mail a copy of the notice of redemption to the Depository for such Book Entry Bonds not less than twenty-five (25) days prior to the redemption, and (ii) mail a copy of the notice of redemption to Kenny Information Systems Notification Service and to S&P's Called Bond Record, in each case at the most recent address therefor, or to any successor thereof. Such copies shall be sent by certified mail, return receipt requested, but mailing such copies shall not be a condition precedent to such redemption and failure to so mail or of

a person to which such copies were mailed to receive such copy shall not affect the validity of the proceedings for the redemption of the Bonds.

(Indenture Section 4.05)

Pledge of Trust Estate

The Corporation to secure the payment of the principal and Redemption Price of and interest on the Bonds and performance and observance of all of the covenants and conditions contained in the Indenture or any Supplemental Indentures, has conveyed, granted, assigned, transferred, pledged, set over and confirmed and granted a security interest in and does convey, grant, assign, transfer, pledge, set over and confirm and grant a security interest in, unto the Trustee its successor or successors and its or their assigns forever, with power of sale, the Trust Estate.

(Indenture Section 5.01)

Establishment of Funds and Accounts

The following funds and separate accounts within funds are established by the Indenture and shall be held and maintained by the Trustee:

Proceeds Fund, consisting of:
  Capitalized Interest Account;
  Costs of Issuance Account; and
  Proceeds Account;
Debt Service Fund;
Arbitrage Rebate Fund;
Subordinated Indebtedness Fund;
Debt Retirement Fund; and
Residual Fund.

For purposes of internal accounting, each such fund may contain one or more accounts or subaccounts, as the Corporation may deem proper. All money at any time deposited in any fund, account or subaccount created and pledged by the Indenture or by any Supplemental Indenture or required thereby to be created shall be held in trust for the benefit of the Holders of Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Indenture.

(Indenture Section 5.02)

Application of Money in the Proceeds Fund

As soon as practicable after the delivery of each Series of Bonds, there shall be deposited into each account within the Proceeds Fund the amount required to be deposited therein pursuant to the Supplemental Indenture authorizing such Series. The income or interest earned on investments held for the credit of the Proceeds Fund shall be withdrawn by the Trustee, as received, and deposited in the Debt Service Fund unless otherwise expressly directed by an Authorized Officer of the Corporation.

Money in the Proceeds Account of the Proceeds Fund shall be paid to or upon the direction of the City in accordance with a Direction Letter. Except as otherwise provided in the Indenture and in any applicable Supplemental Indenture: (i) money in the Capitalized Interest Account of the Proceeds Fund shall be transferred to the Debt Service Fund not less than three (3) Business Days prior to an interest

payment date for Outstanding Bonds in amounts sufficient for payment of the interest payable on such interest payment date; and (ii) money in the Costs of Issuance Account of the Proceeds Fund shall be used only to pay the Costs of Issuance of the Bonds. Such payments shall be made by the Trustee upon the written direction of an Authorized Officer of the Corporation.

The money remaining in the Proceeds Fund after paying or making provision in accordance with the direction of an Authorized Officer of the Corporation for the payments required to be made pursuant to the previous paragraph of this section, including any Costs of Issuance then unpaid, shall be applied as follows and in the following order of priority:

First: To the Arbitrage Rebate Fund, the amount determined by the Corporation to be required to be deposited therein;

Second: To the Debt Retirement Fund, the amount directed by the Corporation to be deposited therein; and

Third: To the registered owner of the Residual Certificate, any balance remaining.

(Indenture Section 5.04)

Debt Service Fund

The Trustee shall pay out of the Debt Service Fund the principal and Sinking Fund Installments of and interest on all Outstanding Bonds as the same is due and payable. Amounts paid to a Paying Agent for payments pursuant to this section shall be irrevocably pledged to and applied to such payments.

In the event that on the second Business Day or on any subsequent date preceding any date on which the principal or Sinking Fund Installment of or interest on Outstanding Bonds is due the amount in the Debt Service Fund is less than the amount required for payment of the interest on and the principal and Sinking Fund Installments of the Outstanding Bonds due on said date, the Trustee shall withdraw, first, from the Residual Fund, second, from the Debt Retirement Fund, and, then, from the Subordinated Indebtedness Fund, and deposit to the Debt Service Fund, such amount as will increase the amount therein to an amount sufficient to make such payments; ***provided, however,*** no amount shall be withdrawn from the Debt Retirement Fund if and to the extend such amount is required to pay the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased.

Notwithstanding the provisions of this section, the Corporation may, at any time subsequent to the first day of any Fiscal Year but in no event less than forty–five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with money on deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds to be redeemed from such Sinking Fund Installment. Any Term Bond so purchased or otherwise purchased and delivered to the Trustee shall be canceled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Corporation. The principal amount of each Term Bond so canceled shall be credited against the Sinking Fund Installment due on such date.

Money in the Debt Service Fund that on the last day of each Fiscal Year is in excess of the amount then required to be therein, including the income or interest earned on investment of money in the Debt Service Fund, shall be withdrawn and transferred to any other fund or account established pursuant to the Indenture at the direction of the Corporation; ***provided, however,*** that if no direction has been given

by the Corporation, the excess on the last day of each Fiscal Year shall be transferred by the Trustee to the Debt Retirement Fund.

(Indenture Section 5.06)

Arbitrage Rebate Fund

The Trustee shall deposit to the Arbitrage Rebate Fund any money delivered to it by the Corporation for deposit therein and, notwithstanding any other provisions of the Indenture, shall transfer to the Arbitrage Rebate Fund, in accordance with the directions of an Authorized Officer of the Corporation, money on deposit in any other funds or accounts held by the Trustee under the Indenture at such times and in such amounts as shall be set forth in such directions.

Money on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Corporation to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Corporation shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Money which an Authorized Officer of the Corporation determines to be in excess of the amount required to be so rebated shall be withdrawn and transferred to any other fund or account established pursuant to the Indenture at the direction of the Corporation.

If and to the extent required by the Code, the Corporation shall periodically, at such times as may be required to comply with the Code, determine the amount required by the Code to be rebated to the Department of the Treasury of the United States of America with respect to Tax Exempt Bonds and (i) transfer or direct the Trustee to transfer from any other of the funds and accounts held under the Indenture and deposit to the Arbitrage Rebate Fund, such amount as the Corporation shall have determined to be necessary in order to enable it to comply with its obligation to rebate money to the Department of the Treasury of the United States of America with respect to Tax Exempt Bonds and (ii) pay out of the Arbitrage Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(Indenture Section 5.08)

Subordinated Indebtedness Fund

Subject to the Indenture, the Corporation shall deposit in the Subordinated Indebtedness Fund all Revenues paid to the Corporation and all other money not otherwise required by the Indenture to be applied to a purpose other than those of the Subordinated Indebtedness Fund as may be required for payment of Subordinated Indebtedness. The Trustee shall pay out of the Subordinated Indebtedness Fund all amounts required for such payments in accordance with the resolutions, indentures or other agreements pursuant to which such payments are required to be made. Notwithstanding the foregoing, amounts in the Subordinated Indebtedness Fund shall be withdrawn and deposited to the Debt Service Fund in accordance with the Indenture. Money in the Subordinated Indebtedness Fund that on the last day of each Fiscal Year is in excess of the amount then required by the Indenture to be therein may at the direction of the Corporation either be retained therein or transferred to any other fund or account established pursuant to the Indenture; provided, however, that if no direction has been given by the Corporation, the excess on the last day of each Fiscal Year shall be transferred by the Trustee to the Debt Retirement Fund.

(Indenture Section 5.09)

Debt Retirement Fund

Money deposited in the Debt Retirement Fund during any Fiscal Year may during any subsequent Fiscal Year be applied at the direction of an Authorized Officer of the Corporation to the purchase or redemption of Outstanding Bonds or to pay or make provision for payment of Outstanding Bonds in accordance with the Indenture. In no event, however, may the Corporation call for redemption, contract to purchase or made provision for payment of Outstanding Bonds in accordance with the Indenture if at such time the amount on deposit in the Debt Service Fund is less than the amount then required to be on deposit therein. Notwithstanding the foregoing, money in the Debt Retirement Fund not required to pay the Redemption Price or purchase price of Bonds theretofore called for redemption or contracted to be purchases shall, at the direction of an Authorized Officer of the Corporation, be withdrawn from the Debt Retirement Fund and transferred to the Debt Service Fund or the Arbitrage Rebate Fund at any time money is required for the purposes of such funds.

(Indenture Section 5.10)

Residual Fund

Amounts in the Residual Fund on June 30 of each Fiscal Year shall be paid to the holder of the Residual Certificate. Notwithstanding the foregoing, amounts in the Residual Fund shall be withdrawn and deposited to the Debt Service Fund in accordance with the Indenture.

(Indenture Section 5.11)

Application of Moneys on Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Indenture, if at any time the amounts held in the Debt Service Fund and the Debt Retirement Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accrued and unpaid and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, or to make provision pursuant to the provisions of the Indenture described in the second paragraph under the heading herein entitled "Defeasance" for the payment of the Outstanding Bonds at the maturity or redemption dates thereof, the Corporation may (i) direct the Trustee to redeem all such Outstanding Bonds, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Indenture and by each Supplemental Indenture as provided in the Indenture, or (ii) give the Trustee irrevocable instructions in accordance with the provisions of the Indenture described in the second paragraph under the heading herein entitled "Defeasance" and make provision for the payment of the Outstanding Bonds at the maturity or redemption dates thereof in accordance with the Indenture.

(Indenture Section 5.12)

Transfer of Investments

Whenever money in any fund or account established under the Indenture is to be paid in accordance with the Indenture to another such fund or account, such payment may be made, in whole or in part, by transferring to such other fund or account investments held as part of the fund or account from which such payment is to be made, whose value, together with the money, if any, to be transferred, is at least equal to the amount of the payment then to be made; ***provided, however,*** that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such fund.

(Indenture Section 5.13)

Computation of Assets of Certain Funds

The Trustee shall compute the value of the assets in each fund and account established by the Indenture on the last day of each calendar month (or if such day is not a Business Day, on the immediately preceding Business Day).

(Indenture Section 5.14)

Investment of Funds and Accounts Held by the Trustee

Money held under the Indenture, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee in any Eligible Investments in accordance with the direction of an Authorized Officer of the Corporation given in writing; ***provided, however,*** that money in the Debt Service Fund shall only be invested in Eligible Investments of the type described in clause (i), (ii), (iii) or (viii) of the definition of the term "Eligible Investments" set forth herein under "Definitions of Certain Terms", but, with respect to Eligible Investments described in said clause (viii), only if at the time such investment is made such securities are rated in the highest rating category of at least two Rating Services. Each investment shall permit the money so deposited or invested to be available for use at the times at, and in the amounts in, which the Corporation reasonably believes such money will be required for the purposes of the Indenture.

(Indenture Section 6.01)

Payment of Principal and Interest

The Corporation shall pay or cause to be paid every Bond, including interest thereon, on the dates and at the places and in the manner provided in the Bonds according to the true intent and meaning thereof.

(Indenture Section 7.01)

Corporate Existence

The Corporation shall maintain its existence as a local development corporation under the New York Not–for–Profit Corporation Law and shall not amend its certificate of incorporation in any manner that would have the effect of expanding its corporate purposes or restricting the corporate action for which the affirmative vote of an independent director is required.

(Indenture Section 7.05)

Accounts and Audits

The Corporation shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Corporation by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Series of Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Corporation, shall be subject to the inspection of the City, the Trustee, of any Holder of a Bond or a representative of any of the foregoing duly authorized in writing. The Corporation shall cause such books and accounts to be audited annually after the end of its fiscal year by an independent certified public accounting firm selected by the Corporation. Annually within thirty (30) days after receipt by the Corporation of the report of such audit, a signed copy of such report shall be furnished to the Trustee and to the City.

(Indenture Section 7.06)

Creation of Liens

Except as permitted by the Indenture, the Corporation shall not create or cause to be created any lien or charge prior or equal to that of the Bonds on the Trust Estate; ***provided, however,*** that nothing contained in the Indenture, shall prevent the Corporation from incurring Subordinated Indebtedness that is secured by a lien or charge on the Subordinated Indebtedness Fund that is subject and subordinate to the lien or charge thereon created by the Indenture.

(Indenture Section 7.07)

Offices for Payment and Registration of Bonds

The Corporation shall at all times maintain an office or agency in the State where Bonds may be presented for payment, which office or agency may be at or through the principal corporate trust office of the Trustee. The Corporation may, pursuant to a Supplemental Indenture, designate an additional Paying Agent or Paying Agents where Bonds of the Series authorized thereby or referred to therein may be presented for payment. The Corporation shall at all times maintain an office or agency in the State where Bonds may be presented for registration, transfer or exchange and the Trustee is appointed as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds. The provisions of this section are subject to the provisions of the Indenture.

(Indenture Section 7.09)

Amendments, Waivers, Etc.

Except as otherwise provided in the Indenture, the Assignment may not be amended, changed, modified or terminated, or any provision thereof waived, without the consent of the Holders of Outstanding Bonds as provided in the Indenture, if such amendment, change, modification, termination or waiver (i) reduces the amount payable to the Corporation thereunder or delays the date on which amounts are payable, (ii) waives or surrenders any right of the Corporation or (iii) modifies, diminishes, limits or conditions the rights of the Corporation thereunder, or the remedies which upon the occurrence of a default may be exercised by the Corporation thereunder.

No such amendment, change, modification, termination or waiver shall take effect unless the prior written consent of (a) the Holders of at least a majority in principal amount of the Bonds then Outstanding, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the amendment, change, modification, termination or waiver, the Holders of not less than a majority in

principal amount of the Bonds of the Series so affected and then Outstanding; ***provided, however,*** that if such amendment, change, modification, termination or waiver will, by its terms, not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section.

The Assignment may be amended, changed or modified or any provision thereof waived in any other respect without the consent of the Holders of Outstanding Bonds if the same does not adversely affect the Holders of Bonds in any material respect, except that no amendment, change, modification or alteration thereof to cure any ambiguity or defect or inconsistent provision therein or to insert such provisions clarifying matters or questions arising thereunder as are necessary or shall be made unless such amendment, change, modification or waiver is not contrary to or inconsistent with the provisions thereof as theretofore in effect and unless consented to by the Trustee.

No amendment, change, modification or termination of the Assignment or waiver of a provision thereof shall be made other than pursuant to a written instrument signed by the parties thereto. No such amendment, change, modification or waiver shall become effective unless there has been delivered to the Trustee an opinion of Bond Counsel to the effect that the same is not inconsistent with the Indenture and will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income for purposes of federal income taxation. A copy of each such amendment, change, modification, termination or waiver shall be filed with the Trustee.

For the purposes of this section, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Corporation, may consent to an amendment, change, modification, termination or waiver permitted by this section with the same effect as a consent given by the Holder of such Bonds.

For the purposes of this section, a Series shall be deemed to be adversely affected by an amendment, change, modification or alteration if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series in any material respect. The Trustee shall be entitled conclusively to rely upon an opinion of counsel, which counsel shall be satisfactory to the Trustee and the Corporation, with respect to whether any amendment, change, modification or alteration adversely affects the interests of any Holders of Bonds then Outstanding in any material respect.

(Indenture Section 7.10)

Budget of Corporation Expenses

The Corporation shall prepare, not later than sixty (60) days after the date Bonds are first issued and delivered under the Indenture, a budget of Corporation Expenses made or to be made monthly for the balance of the then current Fiscal Year. At least ninety (90) days prior to the beginning of each Fiscal Year thereafter, the Corporation shall prepare a budget of Corporation Expenses made or to be made monthly for such Fiscal Year. The budget of the Corporation Expenses may be amended by the Corporation from time to time. Each such budget of the Corporation Expenses or amendment thereto shall be filed by the Corporation with the Trustee and the City and shall be accompanied by a certificate signed by an Authorized Officer of the Corporation stating that such budget has been prepared and is filed in accordance with the provisions of this section.

(Indenture Section 7.11)

Payment of Lawful Charges

The Corporation shall pay or take all legally available action to cause the City to pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon the Trust Estate, when the same shall become due. Except as otherwise expressly permitted by the Indenture, the Corporation shall not create or suffer to be created any lien or charge upon the Trust Estate, except the pledge and lien created or permitted by the Indenture.

(Indenture Section 7.12)

Enforcement of Rights

The Corporation shall diligently commence and pursue any and all actions (i) to enforce its rights (A) under the Assignment and (B) as assignee of the City, in and to the payments required to be made pursuant to Section 3238–a of the LGAC Act, as amended by the Payment Act, (ii) to enforce the City's obligations under the Assignment, and (iii) LGAC's obligations under the Payment Act and the LGAC Act (i) to certify pursuant to Section 3240 of the LGAC Act, as amended by the Payment Act, its financial needs for the ensuing State fiscal year, including the payment to be made pursuant to Section 3238–a of the LGAC Act and (ii) if money for such payment has been appropriated and paid to LGAC by the State, to enforce LGAC's obligation to make payment to the Corporation.

(Indenture Section 7.13)

Settlement, Compromise, Etc.

The Corporation shall not settle, stipulate or otherwise waive or compromise any right or claim of the Corporation or any action or proceeding to which the Corporation is a party if the same would have the effect of: (A) agreeing that the Payment Act, or any provision thereof, (1) is in conflict with or violation of the constitution of the State, or (2) impairs or otherwise conflicts with the rights of the holders of LGAC's bonds issued and outstanding under any resolution adopted by it prior to the date of the Indenture; or (B) agreeing that any provision of the LGAC Act or Section 92–r of the State Finance Law of the State relating to LGAC's certifications to be made pursuant to Section 3240 of the LGAC Act or to payments to LGAC by the State are not applicable to payments to or by LGAC on account of payments to be made by LGAC pursuant to the Payment Act; (C) agreeing to (1) a reduction in the amount payable by LGAC pursuant to the Payment Act, (2) delay any date by which payments are required to be made by LGAC, or (3) shorten the period over which payments are to be made by LGAC if any Bonds would be Outstanding after the last date on which such payments are agreed to be made by LGAC; or (D) acquiescing in any of the foregoing.

(Indenture Section 7.14)

Notice of State or LGAC Failures

The Corporation shall promptly notify the Trustee and each Rating Service of any failure of the State or LGAC known to the Corporation to: (i) in the case of LGAC, (A) timely submit a certification required pursuant to Section 3240 of the LGAC Act, (B) include the payment to be made pursuant to Section 3238–a of the LGAC Act in any certification required to be made pursuant to Section 3240 of the LGAC Act or (C) pay to the Corporation by June 30 of a Fiscal Year the payment required to be made during such Fiscal Year by LGAC pursuant to Section 3238–a of the LGAC Act; and (ii) in the case of the State, (A) appropriate for a fiscal year of the State the full amount set forth in the certificate submitted by LGAC for such State fiscal year pursuant to Section 3240 of the LGAC Act or (B) pay to or upon the

order of LGAC by June 30 of a Fiscal Year money sufficient to enable LGAC to make payment to the Corporation by June 30 of such Fiscal Year the amount required to be paid by it pursuant to Section 3238–a of the LGAC Act.

(Indenture Section 7.15)

Transfer of Residual Certificate

The Corporation will include a restriction on the transfer of the Residual Certificate to the effect that the Residual Certificate may not be transferred by the City to another person unless the Corporation and the City have received an opinion of Bond Counsel that such transfer will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross include of the Holder thereof for purposes of federal income taxation.

(**Indenture Section 7.16)**

Modification and Amendment without Consent

The Corporation may execute and deliver at any time or from time to time Supplemental Indentures: (a) to provide for the issuance of a Series of Bonds pursuant to the provisions of the Indenture and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed; (b) to add additional covenants and agreements of the Corporation for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Indenture; (c) to prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Corporation which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; (d) to surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of the Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Indenture; (e) to confirm, as further assurance, any pledge under the Indenture, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Indenture, of the Revenues, or any pledge of any other moneys, investments thereof or funds; (f) to modify any of the provisions of the Indenture or of any previously adopted Supplemental Indenture in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the effective date of such Supplemental Indenture shall cease to be Outstanding, and all Bonds issued under such Supplemental Indentures shall contain a specific reference to the modifications contained in such subsequent Supplemental Indenture; or (g) with the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Indenture or to insert such provisions clarifying matters or questions arising thereunder as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Indenture as theretofore in effect, or to modify any of the provisions of the Indenture or of any previous Supplemental Indenture in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders in any material respect.

(Indenture Section 9.01)

Supplemental Indentures Effective with Consent of Bondholders

The provisions of the Indenture may also be modified or amended at any time or from time to time by a Supplemental Indenture, subject to the consent of the Bondholders in accordance with and subject to the provisions of the Indenture, such Supplemental Indenture to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Corporation.

(Indenture Section 9.02)

General Provisions Relating to Supplemental Indentures

The Indenture shall not be modified or amended in any respect except in accordance with and subject to the provisions of the Indenture. Nothing contained in the general provisions relating to the Supplemental Indentures shall affect or limit the rights or obligations of the Corporation to make, do, execute or deliver any Supplemental Indenture, act or other instrument pursuant to the provisions of the Indenture or the right or obligation of the Corporation to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in the Indenture provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Supplemental Indenture, when filed with the Trustee, shall be accompanied by an opinion of Bond Counsel stating that such Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture and is valid and binding upon the Corporation and enforceable in accordance with its terms.

The Trustee is authorized by the Indenture to accept delivery of a certified copy of any Supplemental Indenture permitted or authorized pursuant to the provisions of the Indenture and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on the opinion of Bond Counsel that such Supplemental Indenture is authorized or permitted by the provisions thereof.

No Supplemental Indenture changing, amending or modifying any of the rights or obligations of the Trustee shall become effective without the written consent of the Trustee.

The Corporation, as soon as practicable after a Supplemental Indenture changing, amending or modifying any provisions of the Indenture has become effective, shall give written notice thereof to each Rating Service.

(Indenture Section 9.03)

Powers of Amendment

Any modification or amendment of the Indenture and of the rights and obligations of the Corporation and of the Holders of the Bonds under the Indenture, in any particular, may be made by a Supplemental Indenture, with the written consent given as hereinafter provided in the section of the Indenture described herein under the heading "Consent of Bondholders", (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, exclusive of Funded Bonds, or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, or (iii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to

such Sinking Fund Installment, Outstanding at the time such consent is given; ***provided, however,*** that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

(Indenture Section 10.01)

Consent of Bondholders

The Corporation may at any time execute and deliver a Supplemental Indenture making a modification or amendment permitted by the section of the Indenture described herein under the heading "Powers of Amendment" to take effect when and as provided in this section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders for their consent thereto in form satisfactory to the Trustee, shall promptly after execution and delivery thereof be mailed by the Corporation to the Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Indenture when consented to as provided in this paragraph). Such Supplemental Indenture shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds specified in the section of the Indenture described herein under the heading "Powers of Amendment" and (b) an opinion of Bond Counsel stating that such Supplemental Indenture has been duly and lawfully executed, delivered and filed by the Corporation in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture, and is valid and binding upon the Corporation and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as hereinafter provided. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Indenture. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Indenture shall be conclusive proof that the consents have been given by the Holders of the Bonds described in the certificate or certificates of the Trustee. Any consent given by a Bondholder shall be binding upon the Bondholder giving such consent and, anything in the Indenture to the contrary notwithstanding, upon any subsequent Holder of such Bond and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Corporation and the Trustee a written statement that such Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture adopted by the Corporation on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this section, shall be given to the Bondholders by the Corporation by mailing such notice to the Bondholders. The Corporation shall file with the Trustee proof of the mailing of such notice. A

transcript, consisting of the papers required or permitted by this section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Corporation, the Trustee, each Paying Agent and the Holders of all Bonds upon the filing with the Trustee of proof of the mailing of such notice.

For the purposes of the Indenture, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Corporation, may consent to a modification or amendment permitted by the sections of the Indenture described herein under the headings "Powers of Amendment" and "Modifications by Unanimous Consent" in the manner provided therein, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; ***provided, however,*** that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering of the Bonds of such Series by the Corporation.

(Indenture Section 10.02)

Modifications by Unanimous Consent

The terms and provisions of the Indenture and the rights and obligations of the Corporation and of the Holders of the Bonds may be modified or amended in any respect upon the execution, delivery and filing with the Trustee by the Corporation of a copy of a Supplemental Indenture certified by an Authorized Officer of the Corporation and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Indenture.

(Indenture Section 10.03)

Events of Default

An event of default under the Indenture and under each Supplemental Indenture (herein called "event of default") shall include: (a) payment of the principal or Redemption Price of any Bond shall not be made by the Corporation when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or (b) payment of an installment of interest on any Bond shall not be made by the Corporation when the same shall become due and payable; or (c) with respect to a Tax Exempt Bond, there has been a Determination of Taxability; or (d) the Corporation shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained therein or in the Bonds or in any Supplemental Indenture on the part of the Corporation to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Corporation by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, unless, if such default is not capable of being cured within thirty (30) days, the Corporation has commenced to cure such default within said thirty (30) days and diligently prosecutes the cure thereof; or (e) the Corporation shall (1) generally not be paying its debts as they become due, (2) commence a voluntary case or other proceeding seeking liquidation, reorganization, dissolution, rehabilitation 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 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, (3) make a general assignment for the benefit of its creditors, (4) declare a moratorium or, (5) take any corporate action to

authorize any of the foregoing; or (f) a trustee in bankruptcy, custodian or receiver for the Corporation or any substantial part of its property shall have been appointed and the same has not been discharged within sixty (60) days after such appointment; or (g) an "event of default" under either of LGAC's General Bond Resolution, adopted by it on February 19, 1991, as from time to time amended and supplemented (the **"**Senior LGAC Resolution"), or LGAC's General Subordinate Lien Bond Resolution, adopted by it on December 20, 2002, as from time to time amended and supplemented (the "Subordinate LGAC Resolution") has occurred and as a consequence thereof the LGAC bonds outstanding under either the Senior LGAC Resolution or the Subordinate LGAC Resolution have been declared to be due and payable and such declaration has not been annulled.

(Indenture Section 11.01)

Acceleration of Maturity

Upon the happening and continuance of any event of default described in clauses (a), (b), (d), (e), (f), (g) or (h) of the section herein entitled "Events of Default", then and in every such case the Trustee may, and, upon the written request of the Holders of not less than a majority in principal amount of the Outstanding Bonds, shall, by a notice in writing to the Corporation, declare the principal of and interest on all of the Outstanding Bonds to be due and payable. At the expiration of thirty (30) days after such notice is given, such principal and interest shall become and be immediately due and payable, anything in the Indenture or in any Supplemental Indenture or in the Bonds to the contrary notwithstanding. If all defaults shall have been remedied to the satisfaction of the Trustee with the written consent of the Holders of not less than a majority in principal amount of the Bonds not then due by their terms and then Outstanding and by written notice to the Corporation, the Trustee may, provided certain conditions are satisfied, annul such declaration and its consequences.

(Indenture Section 11.02)

Enforcement of Remedies

Upon the happening and continuance of any event of default specified in the Indenture, then and in every such case, the Trustee may proceed, and upon the written request of the Holders of not less than a majority in principal amount of the Outstanding Bonds or, in the case of a happening and continuance of a Determination of Taxability, upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall proceed (subject to the provisions of the Indenture), to protect and enforce its rights and the rights of the Bondholders thereunder or under any Supplemental Indenture or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained thereunder or under any Supplemental Indenture or in aid or execution of any power therein granted, or for an accounting against the Corporation as if the Corporation were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights, including the enforcement of its rights and remedies, as assignee, under any agreement assigned to it under the Indenture, including but not limited to the Assignment, and of its rights and LGAC's obligations under the Payment Act.

In the enforcement of any remedy under the Indenture and under each Supplemental Indenture the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Corporation for principal or interest or otherwise under any of the provisions of the Indenture or of any Supplemental Indenture or of the Bonds, with interest on overdue payments of the principal of or interest on the Bonds at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all

proceedings under the Indenture and under any Supplemental Indenture and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such Bonds, and to recover and enforce judgment or decree against the Corporation but solely as provided in the Indenture, in any Supplemental Indenture and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the money adjudged or decreed to be payable.

Anything in the Indenture to the contrary notwithstanding, neither the Trustee nor any Bondholder shall have any right in or to any proceeds derived from the issuance of Bonds held in the Proceeds Account or otherwise paid to the City and no action or proceeding shall be maintained to enforce any claim to any such proceeds. Each Bondholder by purchase of its Bonds waives any right in or to any proceeds derived from the issuance of Bonds held in the Proceeds Account or otherwise paid to the City or at the direction of the City pursuant to a Direction Letter and the right to maintain any action or proceeding to enforce any claim to any such proceeds.

(Indenture Section 11.03)

Limitation of Rights of Individual Bondholders

No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Indenture, or for any other remedy under the Indenture unless such Holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than a majority in principal amount of the Outstanding Bonds or, in the case of a Determination of Taxability, the Holders of not less than twenty–five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

(Indenture Section 11.07)

Funded Bonds Excluded from Calculations

In any calculation of the principal amount of Outstanding Bonds for any purpose required or permitted by the Indenture, no Funded Bond shall be considered to be Outstanding and no Holder of a Funded Bond may exercise any right to give any consent or direction required or permitted by the Indenture.

(Indenture Section 11.11)

Defeasance

If the Corporation shall pay or cause to be paid to the Holders of Bonds of a Series the principal or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Indenture, and in the applicable Supplemental Indenture, then the pledge of the Trust Estate and all other rights granted by the Indenture to such Bonds shall be discharged and satisfied.

Bonds for the payment or redemption of which money shall have been set aside and shall be held in trust by the Trustee (through deposit of money for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this section. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the previous paragraph if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Indenture notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient in the judgment of a firm of certified public accountants to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Corporation shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses appearing on the registration books, a notice to the Holders of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which money is to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds and (iv) the Corporation shall have delivered to the Trustee an opinion of Bond Counsel to the effect that said Bonds having been deemed to have been paid as provided in the Indenture would not (A) cause said Bonds to be considered to have been "reissued" for purposes of Section 1001 of the Code and (B) adversely effect the exclusion of interest on any Tax Exempt Bond from gross income for purposes of federal income taxation. The Corporation shall give written notice to the Trustee of its selection of the Series and maturity payment of which shall be made in accordance with this section. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in accordance with this section in the manner provided in the section of the Indenture described herein under the heading "Selection of Bonds to be Redeemed". Neither the Defeasance Securities nor money deposited with the Trustee pursuant to this section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; ***provided, however,*** that any money received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any income or interest earned by, or increment to, the investment of any such money so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: First, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Corporation; and second, the balance thereof to the Corporation. The money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Indenture.

(Indenture Section 12.01)

No Recourse under Indenture or on the Bonds

All covenants, stipulations, promises, agreements and obligations of the Corporation contained in the Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Corporation and not of any member, officer or employee of the Corporation, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claims based thereon, on the Indenture or on the Supplemental Indenture against any member, officer or employee of the Corporation or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Holder of Bonds by the acceptance of the Bonds.

(Indenture Section 14.04)

Certain Provisions Relating to Capital Appreciation Bonds and Deferred Income Bonds

For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity or (ii) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an "event of default", as provided in the section of the Indenture described herein under the heading "Acceleration of Maturity", the then current Accreted Value of such Bond shall be deemed to be its principal amount. In computing the principal amount of Bonds held by the registered owner of a Capital Appreciation Bond in giving to the Corporation, the City or the Trustee any notice, consent, request, or demand pursuant to the Indenture for any purpose whatsoever, the Accreted Value of such Bond as at the immediately preceding Valuation Date shall be deemed to be its principal amount. Notwithstanding any other provision of the Indenture, the amount payable at any time with respect to the principal of and interest on any Capital Appreciation Bond shall not exceed the Accreted Value thereof at such time. For purposes of receiving payment of the Redemption Price or principal of a Capital Appreciation Bond called for redemption prior to maturity or the principal of which has been declared to be immediately due and payable pursuant to the section of the Indenture described herein under the heading "Acceleration of Maturity", the difference between the Accreted Value of such Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Bond on the date the Bonds of the Series of which it is a part were first issued shall be deemed not to be accrued and unpaid interest thereon.

For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed, or (ii) receiving payment of a Deferred Income Bond if the principal of all Bonds is declared immediately due and payable following an "event of default," as provided in the section of the Indenture described herein under the heading "Acceleration of Maturity", the then current Appreciated Value of such Bond shall be deemed to be its principal amount. In computing the principal amount of Bonds held by the registered owner of a Deferred Income Bond in giving to the Corporation or the Trustee any notice, consent, request, or demand pursuant to the Indenture for any purpose whatsoever, the Appreciated Value of such Bond as at the immediately preceding Valuation Date shall be deemed to be its principal amount. Notwithstanding any other provision of the Indenture, the amount payable at any time prior to the Interest Commencement Date with respect to the principal of and interest on any Deferred Income Bond shall not exceed the Appreciated Value thereof at such time. For purposes of receiving payment prior to the Interest Commencement Date of the Redemption Price or principal of a Deferred Income Bond called for redemption prior to maturity or the principal of which has been declared to be immediately due and payable pursuant to the section of the Indenture described herein under the heading "Acceleration of Maturity", the difference between the Appreciated Value of such Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Bond on the date the Bonds were first issued shall be deemed not to be accrued and unpaid interest thereon.

(Indenture Section 14.07)

APPENDIX B

FORM OF BOND COUNSEL OPINION

October 15, 2014

Sales Tax Asset Receivable Corporation
225 Greenwich Street, 6th Floor
New York, New York 10007

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $2,035,330,000 aggregate principal amount of Sales Tax Asset Revenue Bonds, Fiscal 2015 Series A (the "Fiscal 2015 Series A Bonds"), by the Sales Tax Asset Receivable Corporation (the "Corporation"), a local development corporation organized by The City of New York (the "City") under the Not–for–Profit Corporation Law of the State of New York. We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

The Fiscal 2015 Series A Bonds are issued under and pursuant to an Amended and Restated Trust Indenture, by and between the Corporation and U.S. Bank National Association, as successor to Wachovia Bank, National Association, as trustee (the "Trustee"), dated as of October 1, 2004, as amended and restated as of October 1, 2014 (the "Master Indenture"), as supplemented by a Third Supplemental Trust Indenture, dated as of October 1, 2014, by and between the Corporation and the Trustee, authorizing the issuance of the Fiscal 2015 Series A Bonds (the "Third Supplemental Trust Indenture", which, together with the Master Indenture are collectively referred to herein as the "Indentures"). Unless otherwise defined herein, capitalized terms used herein have the respective meanings given to them in the Indentures.

The Fiscal 2015 Series A Bonds are part of an issue of bonds of the Corporation (the "Bonds"), which the Corporation has established and created under the terms of the Master Indenture and is authorized to issue from time to time for the purposes authorized by the Master Indenture, as then in effect, and without limitation as to amount, except as provided in the Indentures or as may be limited by law. The Fiscal 2015 Series A Bonds are being issued for the purposes set forth in the Indentures.

The Corporation is authorized to issue Bonds, in addition to the Fiscal 2015 Series A Bonds, only upon the terms and conditions set forth in the Master Indenture and such Bonds, when issued, will with all other Bonds which have been or may be issued be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Master Indenture.

The Fiscal 2015 Series A Bonds are dated and bear interest from their date of delivery and mature on October 15 and bear interest, payable April 15, 2015 and semiannually thereafter on October 15 and April 15, in each of the years and at the respective principal amounts and rates per annum set forth below:

Year	Principal Amount	Interest Rate
2015	$73,935,000	5 %
2016	76,895,000	3
2017	24,640,000	3
2017	55,115,000	5
2018	8,570,000	4
2018	74,935,000	5
2019	8,495,000	4
2019	79,155,000	5
2020	8,685,000	4
2020	83,325,000	5
2021	7,705,000	4
2021	88,890,000	5
2022	24,465,000	4
2022	76,870,000	5
2023	24,515,000	4
2023	81,710,000	5
2024	3,755,000	4
2024	107,720,000	5
2025	117,115,000	5
2026	123,065,000	5
2027	129,315,000	5
2028	135,890,000	5
2029	29,300,000	3
2029	113,195,000	5
2030	149,435,000	5
2031	157,035,000	5
2032	164,175,000	4
2033	7,425,000	3⅜

The Fiscal 2015 Series A Bonds are issuable in the form of fully registered Bonds in denominations of $5,000 or integral multiples thereof. The Fiscal 2015 Series A Bonds are numbered consecutively from one upward in order of issuance.

The Fiscal 2015 Series A Bonds are subject to redemption prior to maturity as provided in the Third Supplemental Trust Indenture.

The Fiscal 2015 Series A Bonds are being issued for the purposes authorized and permitted by the Indentures, including to fund the Proceeds Account and to pay certain of the expenses of the Corporation including operating expenses of the Corporation. The City and the Corporation have entered into an Amended and Restated Assignment and Agreement, dated as of

August 1, 2004, as amended and restated as of October 1, 2004 (the "Assignment and Agreement"), pursuant to which the City assigned its rights in and to certain payments to be made to it annually by the New York Local Government Assistance Corporation ("LGAC") from certain sales and use tax receipts appropriated to it by the State of New York (the "State") pursuant to Part A4 of Chapter 62 and Part V of Chapter 63 of the Laws of the State of New York (the "Payment Act"). The Corporation, in consideration for such assignment, has agreed to issue its Bonds and apply the net proceeds for the purposes permitted by the Master Indenture. We assume the parties will perform their respective covenants in the Indenture and the Assignment and Agreement in all material respects.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met subsequent to the issuance and delivery of the Fiscal 2015 Series A Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Fiscal 2015 Series A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Fiscal 2015 Series A Bonds. The Corporation has covenanted in the Indenture and the Corporation and the City have each covenanted in their Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 (the "Tax Certificate") to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Fiscal 2015 Series A Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Corporation and the City have made certain representations and certifications in their Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

We have examined an executed Fiscal 2015 Series A Bond and, in our opinion, the form of said bond and its execution are regular and proper.

We are of the opinion that:

1. The Corporation has been duly formed and is validly existing as a local development corporation under the Not–For–Profit Corporation Law of the State of New York, with the right and lawful authority and power to enter into the Indentures and to issue the Bonds thereunder, including the Fiscal 2015 Series A Bonds.

2. The Indentures have been duly authorized, executed and delivered by the Corporation and are legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their terms.

3. The Fiscal 2015 Series A Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State, and in accordance with the Indentures. The Fiscal 2015 Series A Bonds are legal, valid and binding special obligations of the Corporation payable as provided in the Indentures, are enforceable in accordance with their terms and the terms of the Indentures and are entitled to the equal benefits of the Master Indenture.

4. The Corporation has the right and lawful authority and power to enter into the Assignment and Agreement and the Assignment and Agreement has been duly authorized, executed and delivered by the Corporation and is a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms.

5. The Payment Act does not conflict with or violate any provision of the State Constitution.

6. Under existing law, and assuming compliance with the tax covenants described above and the accuracy of the aforementioned representations and certifications of the Corporation and the City, interest on the Fiscal 2015 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Fiscal 2015 Series A Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

Bond Counsel is further of the opinion that the difference between the principal amount of the Fiscal 2015 Series A Bonds maturing on October 15, 2029 and bearing interest at 3% per annum and on October 15, 2033 (collectively, the "Discount Bonds"), and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for Federal income tax purposes to the same extent as interest on the Fiscal 2015 Series A Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment.

7. Bond Counsel is further of the opinion that interest on the Fiscal 2015 Series A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York, including The City of New York and the City of Yonkers, assuming compliance with the tax covenants and the accuracy of the representations and certifications described in paragraph 6 above.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Indentures, the Fiscal 2015 Series A Bonds, and the Assignment and Agreement may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or as to the availability of any particular remedy.

Except as stated in paragraphs 6 and 7 above, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Fiscal 2015 Series A Bonds. Furthermore, we express no opinion as to any federal, state or local tax law

consequences with respect to the Fiscal 2015 Series A Bonds, or the interest thereon, if any action is taken with respect to Fiscal 2015 Series A Bonds or the proceeds thereof upon the advice or approval of other counsel.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of any document or agreement by any party other than the Corporation. We have assumed the due authorization, execution and delivery of the Indentures and the Assignment and Agreement by each of the other parties thereto.

Very truly yours,

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STAR Sales Tax Asset Receivable Corporation

SALES TAX ASSET RECEIVABLE CORPORATION

A COMPONENT UNIT OF THE CITY OF NEW YORK

Financial Statements
(Together with Independent Auditors' Report)

Years Ended June 30, 2014 and 2013

MARKS PANETH
ACCOUNTANTS & ADVISORS

SALES TAX ASSET RECEIVABLE CORPORATION

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2014 AND 2013

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MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors of the
Sales Tax Asset Receivable Corporation

We have audited the accompanying financial statements of the governmental activities of Sales Tax Asset Receivable Corporation ("STAR"), a component unit of The City of New York, as of and for the years ended June 30, 2014 and 2013, which collectively comprise STAR's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Sales Tax Asset Receivable Corporation as of June 30, 2014 and 2013, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

New York, NY
September 2, 2014

MARKS PANETH
ACCOUNTANTS & ADVISORS

SALES TAX ASSET RECEIVABLE CORPORATION

(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014 AND 2013

(Unaudited)

(Amounts in thousands, except as noted)

The following is a narrative overview and analysis of the financial activities of Sales Tax Asset Receivable Corporation ("STAR" or the "Corporation") as of June 30, 2014 and 2013 and for the years then ended. It should be read in conjunction with STAR's government-wide financial statements, governmental funds financial statements and the notes to the financial statements. The financial statements consist of four parts: (1) management's discussion and analysis (this section); (2) the government-wide financial statements; (3) the governmental funds financial statements; and (4) the notes to the financial statements.

The government-wide financial statements, which include the statements of net position (deficit) and the statements of activities, are presented to display information about the Corporation as a whole, in accordance with Governmental Accounting Standards Board ("GASB") standards. This is to provide the reader with a broad overview of STAR's finances. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

STAR's governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, in which revenue is recognized when it becomes susceptible to accrual; that is, when it becomes both measurable and available to finance expenditures in the current fiscal period. Expenditures are recognized when the related liability is incurred, except for principal and interest on bonds payable, which are recognized when due.

The reconciliations of the governmental funds balance sheets to the statements of net position (deficit) and the reconciliations of the governmental funds statements of revenues, expenditures and changes in fund balances to the statements of activities are presented to assist the reader in understanding the differences between government-wide and governmental funds financial statements.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – GOVERNMENT-WIDE FINANCIAL STATEMENTS

On November 4, 2004, STAR issued $2.55 billion of bonds to provide for the payment of the principal and interest and redemption premium, if any, on all outstanding bonds of the Municipal Assistance Corporation For The City of New York ("MAC") and all outstanding bonds of The City of New York (the "City") held by MAC, and to reimburse the City for amounts retained by MAC since July 1, 2003 for debt service. Principal and interest on the STAR bonds are paid from the $170 million in annual payments required to be made by the New York State Local Government Assistance Corporation ("LGAC"), a public benefit corporation of the State of New York (the "State") pursuant to Section 3238-a of the New York State Public Authorities Law, which the City has irrevocably assigned to STAR. The payment of the outstanding MAC bonds resulted in the receipt by the City of tax revenues that would otherwise have been paid to MAC for the payment of debt service on MAC's bonds.

In fiscal years 2013 and 2012, STAR used $62 million and $57 million of available resources on-hand, respectively, to defease bonds, as permitted by the Trust Indenture dated October 1, 2004 (the "Indenture"). Fiscal years' 2013 and 2012 losses on defeasances resulted from market interest rates at the time of defeasances being lower than interest rates at the time of bond issuance. When the defeasance investments were purchased to fund the related debt service, it caused an accounting loss. In fiscal year 2014, STAR did not defease any bonds.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – GOVERNMENT-WIDE FINANCIAL STATEMENTS, continued

In fiscal year 2013, STAR implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB 63") and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"). GASB 63 renamed the Statement of Net Assets to the Statement of Net Position, as well as renaming reported Net Assets, and components thereof, as Net Position. GASB 65 resulted in the restatement of STAR's fiscal year 2012 government-wide financial statements to reflect the recognition of bond issuance costs as an expense in the period they were incurred as required by GASB 65. Prior to GASB 65, bond issuance costs were carried on the Statement of Net Assets and amortized over the life of the bonds. Since GASB 65 requires retroactive treatment, all carrying costs and amortization thereof have been excluded pursuant to the requirement and reported as a restatement of beginning net position in fiscal year 2012 (see Note 2 for details of GASB 65 adjustments).

The following summarizes the activities of STAR for the fiscal years ended June 30, 2014, 2013 and 2012:

	2014	2013	(restated) 2012	2014 v 2013 Change	2013 v 2012 Change
Revenues:					
LGAC revenue	$ 170,000	$ 170,000	$ 170,000	$ -	$ -
Investment income	326	306	1,164	20	(858)
Total revenues	170,326	170,306	171,164	20	(858)
Expenses:					
Bond interest	93,907	97,088	99,976	(3,181)	(2,888)
Other	370	4,954	4,583	(4,584)	371
Total expenses	94,277	102,042	104,559	(7,765)	(2,517)
Change in net position	76,049	68,264	66,605	7,785	1,659
Net position (deficit) - beginning of year	(1,791,311)	(1,859,575)	(1,911,662)	68,264	52,087
Restatement of beginning net position (deficit)	-	-	(14,518)	-	14,518
Net position (deficit) - end of year	$ (1,715,262)	$ (1,791,311)	$ (1,859,575)	$ 76,049	$ 68,264

STAR's LGAC revenues for fiscal years 2014, 2013 and 2012 were composed of the annual LGAC payments and investment income. The investment income resulted primarily from the change in the market value of the long term, fixed return securities held during the year.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – GOVERNMENT-WIDE FINANCIAL STATEMENTS, continued

The $4.6 million decrease of other expenses between fiscal years 2014 and 2013 was because STAR did not defease bonds in fiscal year 2014, thereby not having to report a loss on defeasance. Bond interest expenses for fiscal years 2014, 2013 and 2012 were lower each year primarily because the declining bond principal outstanding resulted in reduced bond interest costs each year.

The following summarizes STAR's assets, liabilities, and net position as of June 30, 2014, 2013 and 2012:

	2014	2013	(restated) 2012	2014 v 2013 Change	2013 v 2012 Change
Assets:					
Non-capital	$ 340,317	$ 280,518	$ 286,416	$ 59,799	$ (5,898)
Total assets	340,317	280,518	286,416	59,799	(5,898)
Liabilities:					
Current liabilities	31,521	31,638	32,767	(117)	(1,129)
Long-term liabilities	2,024,058	2,040,191	2,113,224	(16,133)	(73,033)
Total liabilities	2,055,579	2,071,829	2,145,991	(16,250)	(74,162)
Net Position:					
Unrestricted	(1,715,262)	(1,791,311)	(1,859,575)	76,049	68,264
Total net position (deficit)	$ (1,715,262)	$ (1,791,311)	$ (1,859,575)	$ 76,049	$ 68,264

At June 30, 2014, 2013 and 2012, STAR's assets consisted mainly of cash equivalents and investments restricted for debt service payments and required debt service reserves. The large increase of assets between fiscal years 2014 and 2013 was because STAR did not defease bonds in fiscal year 2014.

The Corporation liabilities are almost entirely composed of the bonds payable and unamortized original issue premium and accrued interest payable thereon and the decline each year resulted primarily from bond principal payments and defeasances made accordingly in each fiscal year. The improvements in net position (deficits) are primarily the result of the November 4, 2004 bond issue which is being, and will continue to be, repaid from LGAC revenues.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

STAR reports governmental activity using two funds: (1) a general fund ("GF") and (2) a debt service fund ("DSF").

The following summarizes the changes in the GF fund balances for the years ended June 30, 2014, 2013 and 2012:

	2014	2013	2012	2014 v 2013 Change	2013 v 2012 Change
Revenues:					
LGAC revenue	$ 364	$ 324	$ 453	$ 40	$ (129)
Total revenues	364	324	453	40	(129)
Expenditures:					
General and administrative	370	347	325	23	22
Total expenditures	370	347	325	23	22
Net change in fund balances	(6)	(23)	128	17	(151)
Fund balances - beginning of year	689	712	584	(23)	128
Fund balances - end of year	$ 683	$ 689	$ 712	$ (6)	$ (23)

LGAC revenues fluctuate each year for the GF, as the amount deposited in the GF is based on projected general and administrative expenditures for the following year. Operating expenditures between fiscal years 2014 and 2013 slightly increased by $23 thousand due to increased allocated costs associated with management's time spent on conducting STAR's operations.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – GOVERNMENTAL FUNDS FINANCIAL STATEMENTS, continued

The following summarizes the changes in the fund balance of STAR's DSF for the years ended June 30, 2014, 2013 and 2012:

	2014	2013	2012	2014 v 2013 Change	2013 v 2012 Change
Revenues:					
LGAC revenue	$ 169,636	$ 169,676	$ 169,547	$ (40)	$ 129
Other income	326	306	1,164	20	(858)
Total revenues	169,962	169,982	170,711	(20)	(729)
Expenditures:					
Bond interest	99,263	102,445	105,326	(3,182)	(2,881)
Principal amount of bonds retired	10,885	11,345	10,910	(460)	435
Advance refunding escrow	-	62,061	56,647	(62,061)	5,414
Total expenditures	110,148	175,851	172,883	(65,703)	2,968
Net change in fund balances	59,814	(5,869)	(2,172)	65,683	(3,697)
Fund balances - beginning of year	279,808	285,677	287,849	(5,869)	(2,172)
Fund balances - end of year	$ 339,622	$ 279,808	$ 285,677	$ 59,814	$ (5,869)

The revenue of STAR's DSF for fiscal years 2014, 2013 and 2012 was primarily composed of the annual LGAC revenue, which slightly fluctuates only by the amount of LGAC revenue deposited into the GF for STAR's operating and administrative expenditures. The variance in investment earnings is due to the market valuation of the long-term, fixed income securities, as discussed previously.

In fiscal year 2014, there was no money transferred to advance refunding escrow as STAR did not defease any bonds, as discussed previously. Bond interest expenditures were lower each year because the declining amount of bond principal outstanding and previous years' defeasances decreased the amount of interest payments due during those years.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – GOVERNMENTAL FUNDS FINANCIAL STATEMENTS, continued

The following summarizes the GF assets, liabilities and fund balances as of June 30, 2014, 2013 and 2012:

	2014	2013	2012	2014 v 2013 Change	2013 v 2012 Change
Assets:					
Cash equivalents and investments	$ 556	$ 571	$ 601	$ (15)	$ (30)
Other assets	139	139	138	-	1
Total assets	$ 695	$ 710	$ 739	$ (15)	$ (29)
Liabilities:					
Accounts payable	$ 12	$ 21	$ 27	$ (9)	$ (6)
Total liabilities	12	21	27	(9)	(6)
Fund Balances:					
Nonspendable prepaid expenditures	139	139	138	-	1
Unassigned	544	550	574	(6)	(24)
Total fund balances	683	689	712	(6)	(23)
Total liabilities and fund balances	$ 695	$ 710	$ 739	$ (15)	$ (29)

The GF assets at June 30, 2014, 2013 and 2012 totaled approximately $695 thousand, $710 thousand, and $739 thousand, respectively. They were composed mainly of unrestricted investments used to pay administrative and operating expenditures and variances were based on resources needed to pay projected expenditures. Other assets were comprised of prepaid insurance.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – GOVERNMENTAL FUNDS FINANCIAL STATEMENTS, continued

The following summarizes STAR's DSF assets, liabilities, and fund balances as of June 30, 2014, 2013 and 2012:

	2014	2013	2012	2014 v 2013 Change	2013 v 2012 Change
Assets:					
Cash equivalents and investments	$ 339,622	$ 279,808	$ 285,677	$ 59,814	$ (5,869)
Total assets	$ 339,622	$ 279,808	$ 285,677	$ 59,814	$ (5,869)
Fund Balances:					
Restricted for debt service	339,622	279,808	285,677	59,814	(5,869)
Total fund balances	339,622	279,808	285,677	59,814	(5,869)
Total liabilities and fund balances	$ 339,622	$ 279,808	$ 285,677	$ 59,814	$ (5,869)

At June 30, 2014, 2013 and 2012, STAR's DSF assets consisted of cash equivalents and investments restricted for debt service payments and required debt service reserves. The restricted resources held for debt service at each year-end reflect the amount of bond principal and interest due during the subsequent fiscal year and the amount of required reserve set by the Indenture. The large increase of assets between fiscal years 2014 and 2013 was because STAR did not defease bonds in fiscal year 2014, as previously stated.

This financial report is designed to provide a general overview of STAR's finances. Questions concerning any of the information in this report or requests for additional financial information should be directed to Manager of Investor Relations, Sales Tax Asset Receivable Corporation, 255 Greenwich Street, New York, NY 10007.

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SALES TAX ASSET RECEIVABLE CORPORATION
(A Component Unit of The City of New York)

STATEMENTS OF NET POSITION (DEFICIT)

JUNE 30, 2014 AND 2013

(Amounts in thousands)

	2014	2013
ASSETS:		
Unrestricted cash equivalents	$ 556	$ 571
Restricted cash equivalents	289,585	119,657
Restricted investments	50,036	160,150
Restricted interest receivable	1	1
Prepaid expenses	139	139
Total assets	340,317	280,518
LIABILITIES:		
Accounts payable	12	21
Accrued interest payable	20,629	20,732
Bonds payable:		
Portion due within one year	10,880	10,885
Portion due after one year	1,963,650	1,974,530
Unamortized bond premium	60,408	65,661
Total liabilities	2,055,579	2,071,829
NET POSITION (DEFICIT):		
Unrestricted (deficit)	(1,715,262)	(1,791,311)
Total net position (deficit)	$ (1,715,262)	$ (1,791,311)

See accompaning notes to financial statements.

SALES TAX ASSET RECEIVABLE CORPORATION
(A Component Unit of The City of New York)

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2014 and 2013

(Amounts in thousands)

	2014	2013
REVENUES:		
New York State Local Government Assistance Corporation Revenue	$ 170,000	$ 170,000
Investment income	326	306
Total revenues	170,326	170,306
EXPENSES:		
Bond interest	93,907	97,088
Loss on defeasance	-	4,607
General and administrative	370	347
Total expenses	94,277	102,042
Change in net position (deficit)	76,049	68,264
NET POSITION (DEFICIT) - Beginning of year	(1,791,311)	(1,859,575)
NET POSITION (DEFICIT) - End of year	$ (1,715,262)	$ (1,791,311)

See accompanying notes to financial statements.

SALES TAX ASSET RECEIVABLE CORPORATION
(A Component Unit of The City of New York)

GOVERNMENTAL FUNDS BALANCE SHEETS

JUNE 30, 2014

(Amounts in thousands)

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS:			
Unrestricted cash equivalents	$ 556	$ -	$ 556
Restricted cash equivalents	-	289,585	289,585
Restricted investments	-	50,036	50,036
Restricted interest receivable	-	1	1
Prepaid expenditures	139	-	139
Total assets	$ 695	$ 339,622	$ 340,317
LIABILITIES:			
Accounts payable	$ 12	$ -	$ 12
Total liabilities	12	-	12
FUND BALANCES:			
Nonspendable prepaid expenditures	139	-	139
Restricted for debt service	-	339,622	339,622
Unassigned	544	-	544
Total fund balances	683	339,622	340,305
Total liabilities and fund balances	$ 695	$ 339,622	$ 340,317

See accompanying notes to financial statements.

SALES TAX ASSET RECEIVABLE CORPORATION
(A Component Unit of The City of New York)

GOVERNMENTAL FUNDS BALANCE SHEETS

JUNE 30, 2013

(Amounts in thousands)

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS:			
Unrestricted cash equivalents	$ 571	$ -	$ 571
Restricted cash equivalents	-	119,657	119,657
Restricted investments	-	160,150	160,150
Restricted interest receivable	-	1	1
Prepaid expenditures	139	-	139
Total assets	$ 710	$ 279,808	$ 280,518
LIABILITIES:			
Accounts payable	$ 21	$ -	$ 21
Total liabilities	21	-	21
FUND BALANCES:			
Nonspendable prepaid expenditures	139	-	139
Restricted for debt service	-	279,808	279,808
Unassigned	550	-	550
Total fund balances	689	279,808	280,497
Total liabilities and fund balances	$ 710	$ 279,808	$ 280,518

See accompanying notes to financial statements.

SALES TAX ASSET RECEIVABLE CORPORATION
(A Component Unit of The City of New York)

RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENTS OF NET POSITION (DEFICIT)

JUNE 30, 2014 AND 2013

(Amounts in thousands)

	2014	2013
Total fund balances - governmental funds	$ 340,305	$ 280,497
Amounts reported in the statements of net position (deficit) are different because:		
Bond premiums are reported as other financing sources in the governmental funds financial statements when received. However, in the statements of net position, bond premiums are reported as a component of bonds payable and amortized over the life of the bonds.	(60,408)	(65,661)
Some liabilities are not due and payable from currently available financial resources at year end and are therefore not reported in the governmental fund financial statements, but are reported in the statements of net position (deficit). Those liabilities consist of:		
Bonds payable	(1,974,530)	(1,985,415)
Accrued interest payable	(20,629)	(20,732)
Net position (deficit) of governmental activities	$ (1,715,262)	$ (1,791,311)

See accompanying notes to financial statements.

SALES TAX ASSET RECEIVABLE CORPORATION
(A Component Unit of The City of New York)

GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2014

(Amounts in thousands)

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES:			
New York State Local Government Assistance Corporation Revenue	$ 364	$ 169,636	$ 170,000
Investment income	-	326	326
Total revenues	364	169,962	170,326
EXPENDITURES:			
Bond interest	-	99,263	99,263
Principal amount of bonds retired	-	10,885	10,885
General and administrative	370	-	370
Total expenditures	370	110,148	110,518
Net change in fund balances	(6)	59,814	59,808
FUND BALANCES - beginning of year	689	279,808	280,497
FUND BALANCES - end of year	$ 683	$ 339,622	$ 340,305

See accompanying notes to financial statements.

SALES TAX ASSET RECEIVABLE CORPORATION
(A Component Unit of The City of New York)

GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2013

(Amounts in thousands)

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES:			
New York State Local Government Assistance Corporation Revenue	$ 324	$ 169,676	$ 170,000
Investment income	-	306	306
Total revenues	324	169,982	170,306
EXPENDITURES:			
Bond interest	-	102,445	102,445
Principal amount of bonds retired	-	11,345	11,345
Advance refunding escrow	-	62,061	62,061
General and administrative	347	-	347
Total expenditures	347	175,851	176,198
Net changes in fund balances	(23)	(5,869)	(5,892)
FUND BALANCES - beginning of year	712	285,677	286,389
FUND BALANCES - end of year	$ 689	$ 279,808	$ 280,497

See accompanying notes to financial statements.

SALES TAX ASSET RECEIVABLE CORPORATION
(A Component Unit of The City of New York)

RECONCILIATIONS OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

(Amounts in thousands)

	2014	2013
Net change in fund balances - total governmental funds	$ 59,808	$ (5,892)
Amounts reported in the statements of activities are different because:		
Repayment of bond principal is an expenditure in the governmental funds financial statements, but the repayment reduces bonds payable on the statements of net position.	10,885	11,345
Governmental funds financial statements report bond premiums as other financing sources upon issuance. However, on the statements of activities, premiums are recognized as an offset of interest expense over the life of the bonds.	5,253	5,253
Payments to defease bonds prior to maturity are reported as expenditures in the governmental funds financial statements. However, in the statements of net position, only the difference between the carrying value of the defeased bonds and the amount paid to defease the bonds are reported as period revenues or expenses.	-	57,454
Interest expense is reported in the statements of activities on the accrual basis. However, interest is reported as an expenditure in governmental funds financial statements when the payment is due.	103	104
Change in net position - governmental activities	$ 76,049	$ 68,264

See accompanying notes to financial statements.

(1) Organization

Sales Tax Asset Receivable Corporation ("STAR" or the "Corporation") is a special purpose, bankruptcy remote, local development corporation organized under the Not-For-Profit Corporation Law of the State of New York (the "State"). STAR is an instrumentality of, but separate and apart from, The City of New York (the "City"). STAR is governed by a Board of Directors elected by its six Members, all of whom are officials of the City. STAR's Certificate of Incorporation requires the vote of an independent director as a condition to taking certain actions; the independent director would be appointed by the Mayor of the City prior to any such actions. Although legally separate from the City, STAR is a financing instrumentality of the City and, accordingly, is included in the City's financial statements as a blended component unit in accordance with Governmental Accounting Standards Board ("GASB") standards.

Section 3238-a of the New York State Public Authorities Law ("Law"), which terminates on July 1, 2034, requires that $170 million be paid annually by The New York State Local Government Assistance Corporation ("LGAC") to the City or its assignee. Pursuant to the Assignment and Agreement (the "Assignment") between the City and STAR, the City irrevocably assigned to STAR all rights and interest in all amounts payable to the City under the Law.

In consideration for this assignment, STAR used the proceeds of its November 4, 2004 bond issue to provide for the payment of the principal and interest and redemption premium, if any, on all outstanding bonds of the Municipal Assistance Corporation For The City of New York ("MAC") and to reimburse the City for amounts retained by MAC since July 1, 2003 for debt service. The payment of the outstanding MAC bonds resulted in the receipt by the City of tax revenues that would otherwise have been paid to MAC for the payment of debt service on MAC's bonds.

STAR does not have any employees; its affairs are administered by employees of the City and of another component unit of the City, for which STAR pays a management and overhead fee based on its allocated share of personnel and overhead costs.

(2) Summary of Significant Accounting Policies

The government-wide financial statements of STAR, which include the statements of net position (deficit) and the statements of activities, are presented to display information about the reporting entity as a whole, in accordance with GASB standards. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

STAR's governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, in which revenue is recognized when it becomes susceptible to accrual; that is, when it becomes both measurable and available to finance expenditures in the current fiscal period. Revenue is generally considered available if expected to be received within one year after period end. Expenditures are recognized when the related liability is incurred, except for principal and interest on bonds payable, which is recognized when due.

(2) Summary of Significant Accounting Policies, continued

STAR uses two governmental funds for reporting its activities: a debt service fund ("DSF"), and a general fund ("GF"). The DSF is used to account for the accumulation of resources for payment of principal and interest on debt and the GF is used to account for all financial resources and activities not accounted for in the DSF, which are STAR's administrative and operating expenditures.

Fund balances of the governmental funds are classified as either: 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Fund balance that cannot be spent because it is not in spendable form is defined as nonspendable. Resources constrained for debt service or redemption in accordance with STAR's Trust Indenture, dated October 1, 2004 (the "Indenture") are classified as restricted on the statements of net position (deficit) and the governmental funds balance sheets.

The Board of Directors of STAR ("Board") constitutes STAR's highest level of decision-making authority. If and when resolutions are adopted by the Board that constrain fund balances for a specific purpose, such resources are accounted for and reported as committed for such purpose; unless and until a subsequent resolution altering the commitment is adopted by the Board.

Fund balances which are constrained for use for a specific purpose based on the direction of any officer of STAR who is duly authorized under STAR's bond indenture to direct the movement of such funds are accounted for and reported as assigned for such purpose unless and until a subsequent authorized action by the same, or another duly authorized officer, or by the Board, is taken which removes or changes the assignment.

Resources that are not constrained are reported as unassigned in the governmental funds balance sheets and unrestricted in the statements of net position (deficit).

When both restricted and unrestricted resources are available for use for a specific purpose, it is STAR's policy to use restricted resources first then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use for a specific purpose, it is STAR's policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

Investments are reported at fair value as of the reporting date.

Bond premiums are capitalized and amortized over the life of the related debt using the effective interest method in the government-wide financial statements. With the implementation of GASB 65 (discussed below), bond issuance costs are recognized as expenses in the period incurred. The amounts of unamortized bond premium at June 30, 2014 and 2013 were $60,408 and $65,661, respectively, which were net of accumulated amortization of $50,779 and $45,526, respectively.

The governmental funds financial statements recognize bond premiums and discounts during the period of the related bond issuance. The face amount of debt issued is reported as an other financing source, as is the premium on debt issued. Principal payments and payments into defeasance escrow accounts are reported as expenditures in the period made.

Interest expense is recognized as it is incurred on the accrual basis in the government-wide financial statements. Interest expenditures are recognized when due in the governmental funds financial statements.

(2) Summary of Significant Accounting Policies, continued

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires STAR's management to make estimates and assumptions in determining the reported amounts of assets, deferred inflows of resources, liabilities, and deferred outflows of resources as of the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

As a component unit of the City, STAR implements new GASB standards in the same fiscal year as they are implemented by the City. The following are discussions of the standards requiring implementation in the current year and standards which may impact STAR in future years.

- In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"). GASB 65 established accounting and reporting standards that reclassified certain items that were previously reported as assets and liabilities to deferred outflows of resources or deferred inflows of resources and that recognize certain items previously reported as assets and liabilities as outflows and inflows of resources. In addition, it limits the use of the term "deferred" in the financial statement presentation. In fiscal year 2013, STAR implemented GASB 65, which caused STAR to retroactively recognize costs of issuance as outflows of resources and restate its fiscal 2012 government-wide financial statements by eliminating any carrying amounts of bond issuance costs and related amortization of such costs. As a result, STAR reduced its fiscal year 2012 beginning balance by $14.5 million as follows: 1) excluding the previously reported fiscal year 2012 carrying value of $13.1 million of unamortized bond issuance costs on its Statements of Net Position, 2) excluding the $1.1 million of previously reported amortization of bond issuance costs in fiscal year 2012 on its Statement of Activities, and 3) decreasing its previously reported fiscal year 2012 loss on defeasance by $231 thousand on its Statement of Activities.

- In March 2012, GASB issued Statement No. 66, *Technical Corrections-2012 an amendment of GASB Statements No. 10 and No. 62* ("GASB 66"). GASB 66 resolves conflicting accounting and reporting guidance that resulted from the issuance of two pronouncements, Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions,* and Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30,1989 FASB and AICPA Pronouncements.* The provisions of GASB 66 are effective for financial statement periods beginning after December 15, 2012. The adoption of GASB 66 does not have an impact on STAR's financial statements.

- In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans* ("GASB 67"). GASB 67 establishes financial reporting standards for defined benefit pensions and defined contribution pensions that are administered through trusts or equivalent arrangements. The requirements of GASB 67 are effective for fiscal years beginning after June 15, 2013. The adoption of GASB 67 did not have an impact on STAR's financial statements as it is not an applicable pension-administered entity.

- In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"). GASB 68 establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers. The requirements of GASB 68 are effective for fiscal years beginning after June 15, 2014 but was adopted by STAR in the current year. The adoption of GASB 68 did not have an impact on STAR's financial statements as it has no employees or pension system.

(2) Summary of Significant Accounting Policies, continued

- In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations* ("GASB 69"). GASB 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. GASB 69 is effective for financial statement periods beginning after December 15, 2013 but was adopted by STAR in the current year. The adoption GASB 69 did not have an impact on STAR's financial statements as it has no disposals of operations.

- In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* ("GASB 70"). GASB 70 establishes accounting and financial reporting standards for financial guarantees that are nonexchange transactions (nonexchange financial guarantees) extended or received by a state or local government. GASB 70 is effective for financial statement periods beginning after June 15, 2013. The adoption of GASB 70 did not have an impact on STAR's financial statements as it has no nonexchange transactions.

- In November 2013, GASB issued Statement No*. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* ("GASB 71"). GASB 71 eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of GASB 71 are effective for fiscal years beginning after June 15, 2014 but was adopted by STAR in the current year. The adoption of GASB 71 did not have an impact on STAR's financial statements as it has no employees or pension system.

(3) Bonds Payable

In connection with the assignment of the City's right to an interest in the LGAC revenue to STAR, STAR issued $2.55 billion of bonds, of which $1.97 billion was outstanding as of June 30, 2014. STAR has pledged the LGAC revenue to secure the bonds.

Outstanding bonds payable bear interest at fixed rates ranging from 3.50% to 5.25%.

A summary of changes in outstanding bonds during the year ended June 30, 2014 is as follows:

		Year Ended June 30, 2014		
	Balance 6/30/2013	Bonds Issued	Bonds Retired & Defeased	Balance 6/30/2014
2005 Series A	$ 1,869,010	$ -	$ -	$ 1,869,010
2005 Series B	116,405	-	10,885	105,520
Totals	$ 1,985,415	$ -	$ 10,885	$ 1,974,530

(3) Bonds Payable, continued

A summary of changes in outstanding bonds during the year ended June 30, 2013 is as follows:

	Balance 6/30/2012	Year Ended June 30, 2013 Bonds Issued	Bonds Retired & Defeased	Balance 6/30/2013
2005 Series A	$ 1,869,010	$ -	$ -	$ 1,869,010
2005 Series B	184,645	-	68,240	116,405
Totals	$ 2,053,655	$ -	$ 68,240	$ 1,985,415

Debt service requirements, including principal and interest, at June 30, 2014, are as follows:

Year ended June 30:	**Principal**	**Interest**	**Total**
2015	$ 10,880	$ 98,761	$ 109,641
2016	37,175	97,623	134,798
2017	72,795	95,013	167,808
2018	77,155	91,372	168,527
2019	81,160	87,327	168,487
2020 to 2024	473,500	368,213	841,713
2025 to 2029	607,055	233,332	840,387
2030 to 2034	614,810	63,966	678,776
Totals	$ 1,974,530	$ 1,135,607	$ 3,110,137

As of June 30, 2014 and June 30, 2013, STAR had cumulatively defeased bonds totaling $343,740, of which $88,785 and $141,590, respectively, remained to be paid from defeasance collateral held in escrow accounts on deposit with STAR's escrow trustee.

(4) Cash and Cash Equivalents

As of June 30, 2014 and 2013, STAR did not have any cash deposits on hand. Cash equivalents were comprised of Treasury Money Market Funds which were partially restricted for debt service (see Note 5). STAR's cash equivalents consisted of the following at June 30, 2014 and 2013:

	2014	**2013**
Cash	$ -	$ -
Cash Equivalents (see Note 5)	290,141	120,228
Total Cash and Cash Equivalents	$ 290,141	$ 120,228

(5) Investments

STAR's investments consisted of the following at June 30, 2014 and 2013:

	2014	2013
Unrestricted:		
Treasury Money Market Funds	$ 556	$ 571
Total Unrestricted	556	571
Restricted for Debt Service and Debt Retirement:		
Treasury Money Market Funds	289,585	119,657
Federal Home Loan Bank discount note (maturing within one year)	-	49,950
Federal Farm Credit Bank discount notes (maturing within one year)	-	45,036
Federal National Mortgage Association medium term note (maturing after one year)	-	14,746
Federal Home Loan Mortgage Corporation medium term note (maturing after one year)	50,036	50,418
Total Restricted	339,621	279,807
Total investments including cash equivalents	340,177	280,378
Less amounts reported as cash equivalents (see Note 4)	(290,141)	(120,228)
Total Investments	$ 50,036	$ 160,150

Each account of STAR is held pursuant to the Indenture and may be invested in securities or categories of investments that are specifically enumerated as permitted investments for such account pursuant to the Indenture. STAR values those investments at fair value as of the statement of net position date.

Custodial Credit Risk – Is the risk that, in the event of the failure of the custodian, STAR may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments are held by STAR's agent in STAR's name.

Credit Risk – All investments held by STAR at June 30, 2014 and 2013 are invested in securities in Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank which are all rated by S&P AA+, Moodys Aaa, and Fitch AAA; and securities in Federal Home Loan Bank which is rated by S&P AA+ and Moodys Aaa.

Interest Rate Risk – STAR's short term maturities are subject to minimal risk of fair value decline due to changes in market interest rates. Investments with longer terms are expected to be held until maturity thereby limiting the exposure from rising interest rates.

(5) Investments, continued

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of STAR's investment in a single issuer (5% or more). STAR's investment policy places no limit on the amount STAR may invest in any one issuer of eligible government obligations as defined in the Indenture. As of June 30, 2014, more than 5% of STAR's investments were in the Treasury Money Market Funds and U.S. Government-sponsored entities. These investments are 85% and 15% of STAR's total investments, respectively.

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APPENDIX D

BONDS TO BE REDEEMED

Maturity Date (October 15)	Par Amount	Interest Rate	Redemption Price	CUSIP (Base: 794665)
2005 Series A				
2016	$ 5,345,000	3.500%	100.000%	AA7
2016	9,985,000	5.000	100.000	AB5
2017	2,005,000	3.625	100.000	AC3
2017	75,150,000	5.000	100.000	AD1
2018	81,160,000	5.250	100.000	AE9
2019	85,485,000	5.250	100.000	AF6
2020	835,000	4.000	100.000	AG4
2020	89,095,000	5.000	100.000	AH2
2021	94,485,000	5.000	100.000	AJ8
2022	99,280,000	5.000	100.000	AK5
2023	104,320,000	5.000	100.000	AL3
2024	2,050,000	4.250	100.000	AM1
2024	107,555,000	5.000	100.000	AN9
2025	115,165,000	5.000	100.000	AP4
2026	121,010,000	5.000	100.000	AQ2
2027	127,320,000	5.250	100.000	AR0
2029	274,715,000	5.000	100.000	AS8
2032	458,005,000	5.000	100.000	AU3
2033	16,045,000	4.500	100.000	AT6
Series A Subtotal:	$1,869,010,000			
2005 Series B				
2014[(1)]	$ 66,770,000	4.660	100.000	BE8
2015	70,070,000	4.760	TBD[(2)]	BF5
2016	57,465,000	4.810	TBD[(2)]	BG3
Series B Subtotal:	$194,305,000			
Total:	$2,063,315,000			

(1) The Bonds will mature on the expected delivery date of the Series 2015A Bonds.

(2) Redemption Price to be determined on October 9, 2014, pursuant to the make-whole call provisions.

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Sales Tax Asset Receivable Corporation

$2,035,330,000
Sales Tax Asset Revenue Bonds
Fiscal 2015 Series A

OFFERING CIRCULAR

September 24, 2014