The New York Municipal Borrowers Guide

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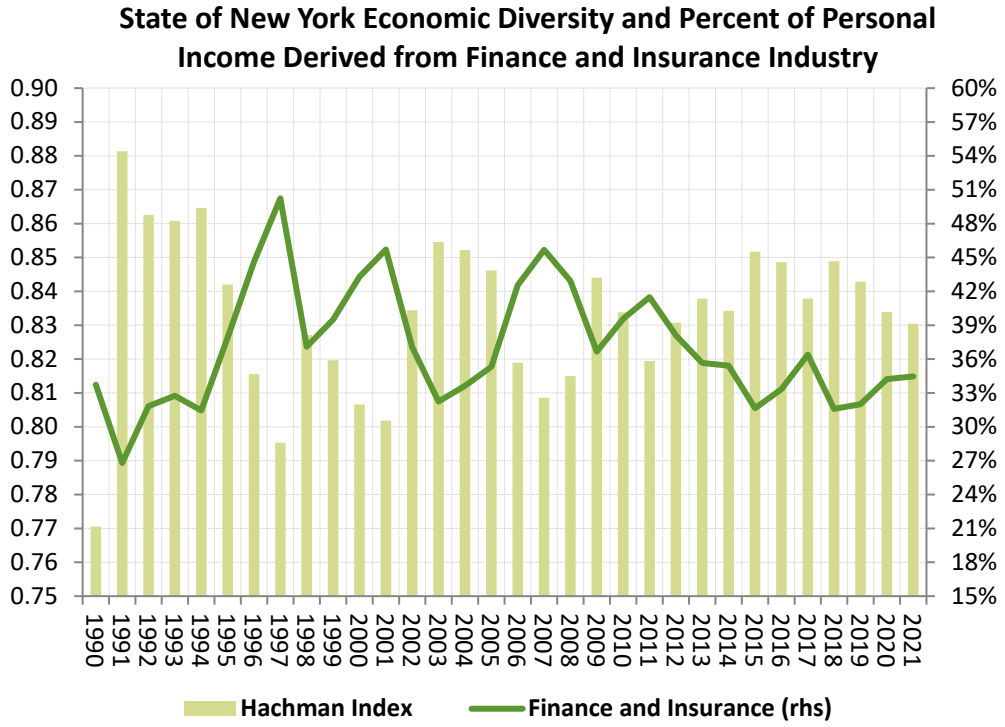
This overview provides information about the major municipal borrowers in the State of New York and their bond programs. The borrowers described in this guide include some of the most established and recognized issuers in the municipal market, as well as issuers of bonds under programs that have been established more recently. They reflect the largest and most active issuers in the state and encompass various types of debt. In many cases, a single borrower may issue debt under multiple programs that are each repaid with a different revenue source; all significant active bond programs are covered for these borrowers. While the use of bond insurance has penetrated most segments of the New York State market, underlying ratings are shown in parentheses, where available. Individual series or maturities within each of the bond programs may be insured.

Introduction

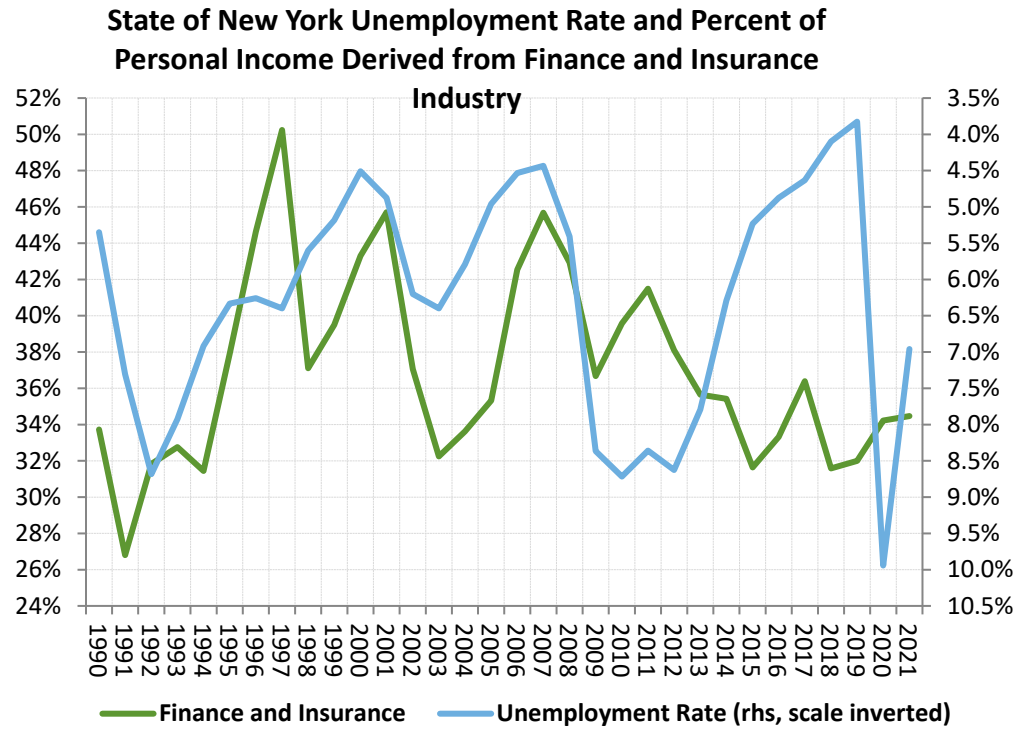
This introduction is intended to provide an overview of the long-term economic and fiscal developments taking place in the State of New York. Several factors are weighed and counterbalanced when determining these long-term trends. In terms of the economy, unemployment and industry diversity are considered. Trends in the tax base are examined by looking at per capita income, tax burden, and shifts in adjusted gross income in and out of the state. Finally, trends in the state's fiscal position are presented in terms of liabilities and reserves.

New York has the third largest state economy in the nation as measured by personal income from private earnings, farming and government employment. While the economy is large, earnings have historically exhibited concentration in the finance and insurance industry, although the state has diversified over the past decade. In 2021, 34% of New York's personal income came from this historically volatile sector, which compares to 7% nationally. The measure of the state's overall economic diversity may be derived using the Hachman Index. This is an index of similarity that measures how closely industry earnings of the subject region (New York) resembles that of the reference region (United States). The value of the index is between zero and one. As the value of the index approaches one, this means that the subject region's employment distribution among industries is more similar to that of the reference region. If the reference region is the nation, and, given the assumption that the nation's economy is diversified, a larger value of the Hachman Index relative to the nation means that a subject region is more diversified (and therefore less specialized). New York has a Hachman Index score of 0.83, suggesting its economy is less diversified compared to the average state, which is described by a median score of 0.88. While New York's Hachman Index score has trended up over the past decade, it has fallen over the past two years. Historically, the pattern has been that economic diversity for the state tends to decline during downturns and then rise during the recovery period. Exposure to the finance and insurance industry used to have a more significant influence on the state's unemployment rate. Though, over the past decade, as economic diversity increased, swings in the unemployment rate tended to be less affected by the share of income coming from the finance and insurance industry. The charts on the following page show the trend in the state's economic diversity as well as in the unemployment rate.

Introduction



Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Fidelity Capital Markets; April 7, 2022



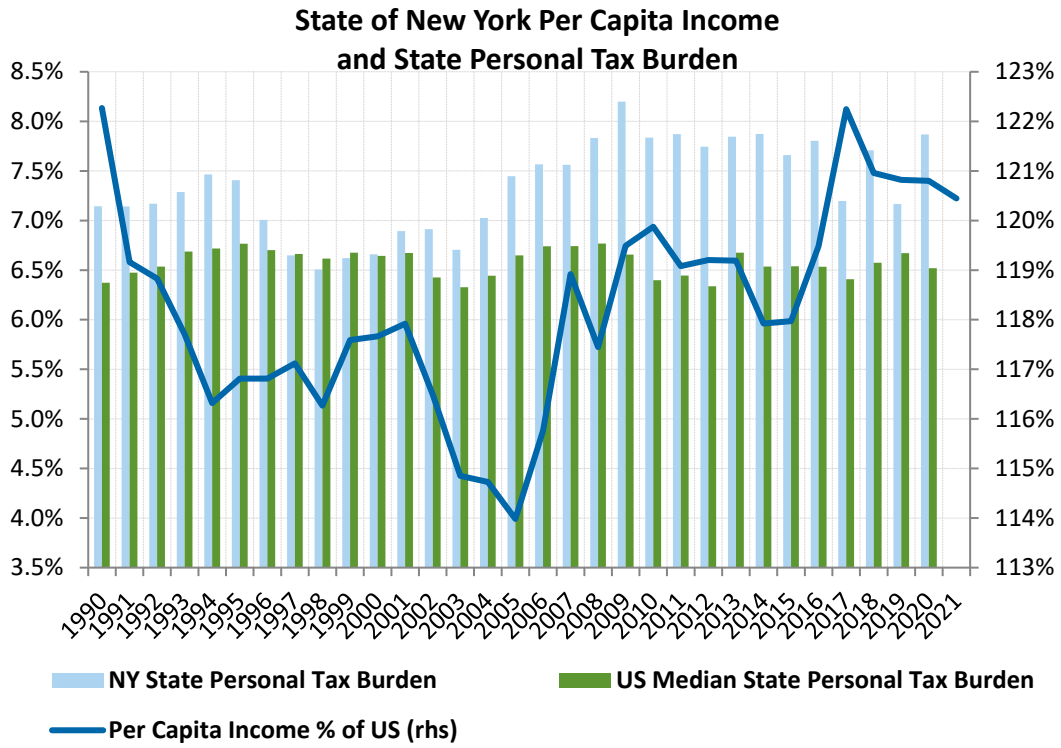
Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Fidelity Capital Markets; April 7, 2022

Introduction

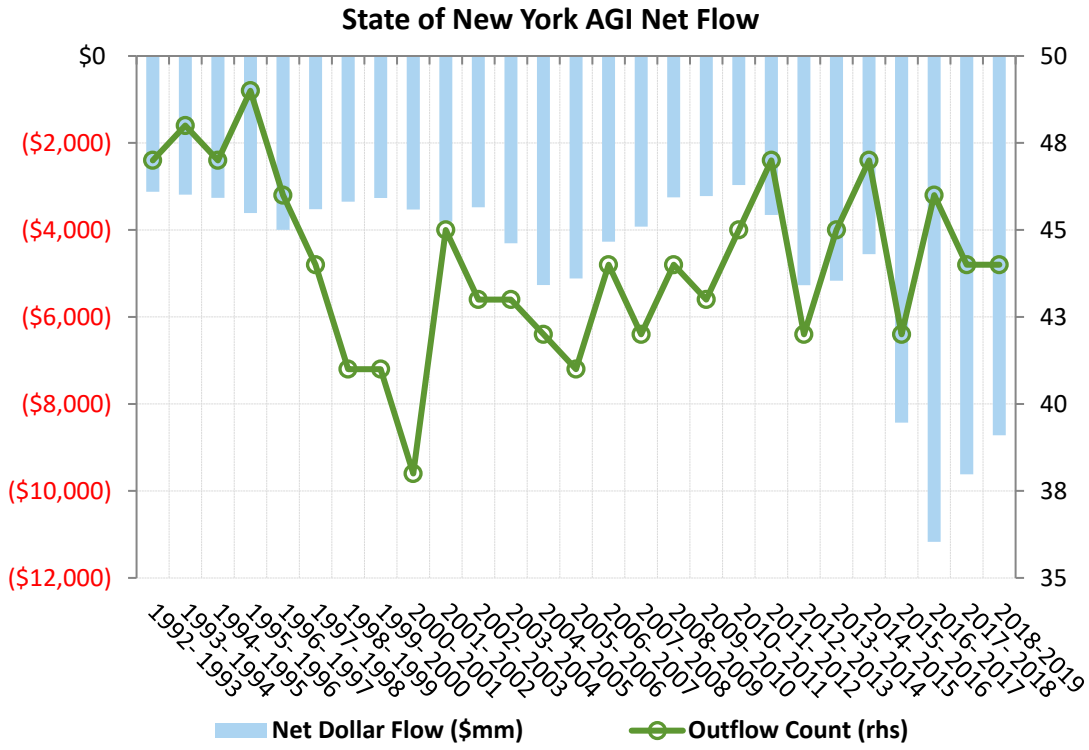
New York has the third highest personal income per capita, making it a relatively wealthy state. In 2021, New York's personal income per capita was 120% of the nation's. This may be partly attributed to employee compensation in the state's large finance/insurance and professional services industries. New York also had an above average state personal tax burden at 7.9% in 2020. The median for the states was 6.5%. The state personal tax burden is calculated by taking total state tax revenue excluding corporate income and severance taxes divided by total state personal income excluding federal transfer receipts. New York's progressive income tax structure places a high dependency on upper income residents, making the state's revenues more sensitive to economic cycles. For example, the share of the state's total income tax liability that came from those filers earning at least $200,000 ranged from 42% to 66% for years 2001-2018. The year in which this percentage was the highest was 2017.

One of the consequences of New York's higher wealth, higher tax model, is that the state's tax base has exhibited outmigration in terms of shifts in adjusted gross income (AGI). Looking solely at changes in a state's population may provide limited value in this regard because it does not directly measure changes in the tax base. Rather, the migration of AGI between and among the states provides a more accurate measure of the trend in a state's tax base, in our opinion. The Statistics of Income Division of the IRS maintains records of all individual income tax forms filed in each year, including the state of residence of the filers. The data used to produce the migration statistics come from individual income tax returns and represent between 95% and 98% of total annual filings. One gauge of the degree of movement in a state's tax base is the extent to which it is on the sending or receiving end of AGI migration. The net dollar flow of AGI between New York and other states, as well as the number of inflows received from and outflows sent to every other state, provide a good indication of how New York's tax base is changing. Since the 1992-1993 period New York has experienced a net AGI outmigration of $3.0 billion to $11.2 billion per year. For the most recent period (2018-2019) the state lost part of its tax base to 44 other states, meaning that it had a net inflow from only 6 states. The long-term trend indicates that AGI outmigration may be influenced by demographics and fluctuates with the economic cycle. The charts on the following page illustrate the trend in the state's per capita personal income, tax burden, and tax base.

Introduction



Source: Bureau of Economic Analysis, Census Bureau, Fidelity Capital Markets; April 7, 2022



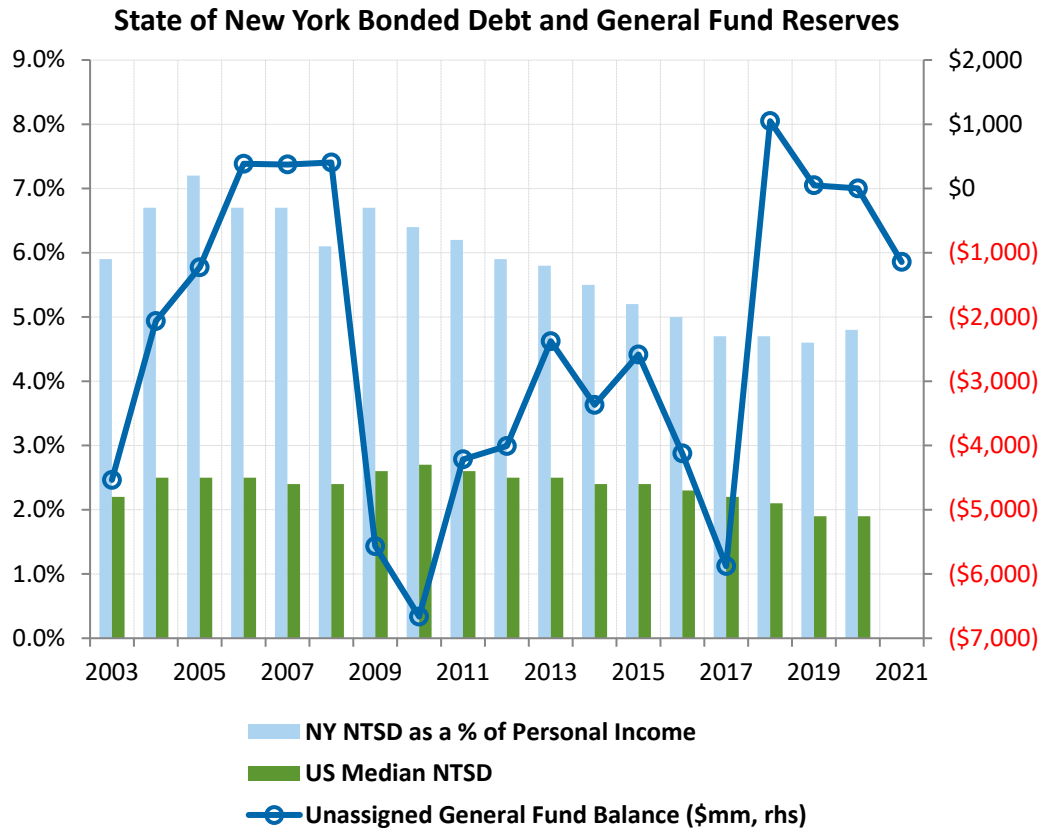
Source: IRS, Fidelity Capital Markets; March 21, 2022

Introduction

New York's wealth and large economy have enabled it to support a large debt burden, although in relation to personal income, debt declined from 2009 to 2019, with 2020 seeing the first uptick in this percentage in over a decade. Total net tax supported debt (NTSD) of $70 billion is second highest among states and represents 4.8% of personal income, compared to the median for US states of 1.9%. The state's NTSD is also fifth highest per capita. The New York State pension system has had a history of maintaining strong funding levels. The state's adjusted net pension liability (ANPL) of $40 billion, as calculated by Moody's, ranks the state 43rd as a percentage of personal income and 35th per capita. However, New York's Other Post-employment Benefit (OPEB) liability is quite large at $51 billion and represents 3.5% of personal income.

One measure of a state's financial flexibility is its unrestricted reserves, or the unassigned balance in its general fund plus any committed 'rainy day' fund reserves. At fiscal year end 2021, New York had an unassigned general fund balance of negative $1.1 billion, the first negative balance in four years. However, the state ended the fiscal year with a healthy committed rainy-day reserve of $2.5 billion. The state has a policy of maintaining budget stabilization reserves at approximately 2% of revenues. While total reserves may be negative from time-to-time, and indicate a lack of flexibility, much of the reported negative position is on a fully-accrued GAAP basis and typically is not in need of immediate remedy. In terms of immediate liquidity, budget stabilization reserves (part of the reported rainy-day balance) have been a consistent, albeit moderate source of support, having remained stable for more than ten years. The chart on the following page illustrates the trend in the state's NTSD and unassigned general fund reserve levels.

Introduction



Source: State of New York, Moody's, Fidelity Capital Markets; March 21, 2022

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State of New York

General Obligation Bonds

Moody's Aa2 S&P AA+ Fitch AA+

Purpose

- Bond proceeds are used to finance various infrastructure, environmental, and transportation projects.

Security

- Full faith and credit obligation of the State of New York.

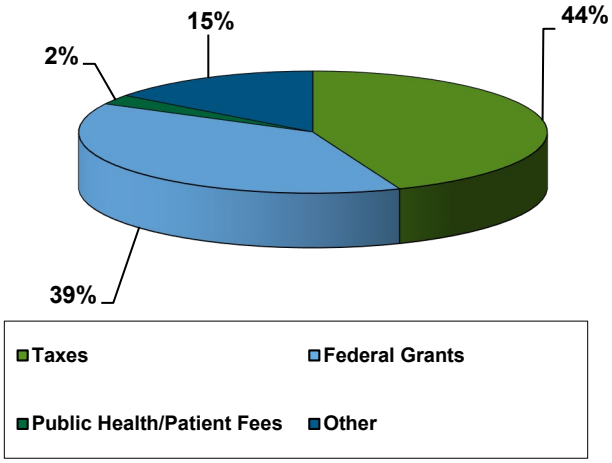
Bonds Outstanding

- $2.2 billion as of March 31, 2021

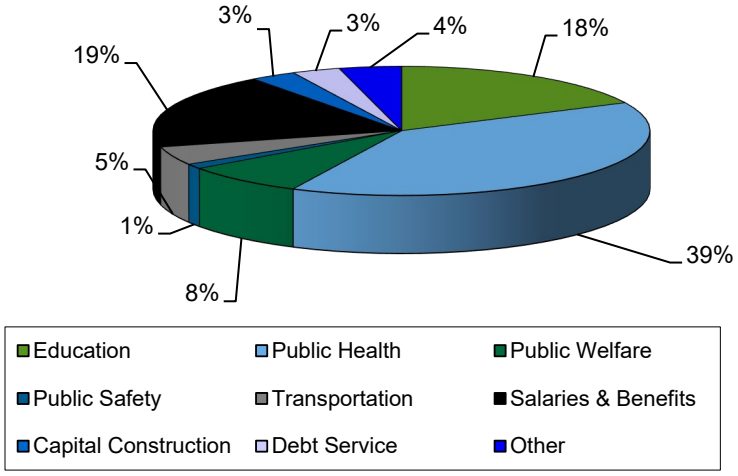
Anticipated Borrowings

- Estimated fiscal year 2023-2027 issuance is $360 million to $629 million annually.

All Governmental Funds Revenues for the FY Ending March 31, 2021 (In Millions) $209,467



All Governmental Funds Expenditures for the FY Ending March 31, 2021 (In Millions) $199,267



Source: State of New York Comprehensive Annual Financial Report March 31, 2021

Dormitory Authority of the State of New York

City University System Consolidated Revenue Bonds

Moody's Aa3 S&P AA Fitch AA

Purpose

- Bond proceeds are used to finance capital projects of the City University of New York, which includes 13 senior colleges and six community colleges.

Bonds Outstanding

- $4.6 billion as of December 31, 2021 for senior colleges
- $557 million as of December 31, 2021 for community college

Debt Service Reserve Fund

- No Debt Service Reserve Fund has been established under the Fifth General Resolution.

Anticipated Borrowings

- None specified.

Security

- Debt service is payable from annually appropriated rental payments made by the State and the City. The State's share of rental payments is 100% of debt service on senior college bonds and 50% of debt service on community college bonds.

- The State Comptroller must use money that has been appropriated for operating expenses of the senior and community colleges to pay debt service. Failure by the City to appropriate would require that the State Comptroller first use the City's per capita State aid to pay debt service on the bonds up to a limit of $65 million annually; then the State Comptroller would use money that had been appropriated for operating expenses of the senior and community colleges to pay debt service. Revenues generated by the university system are not pledged as security for the bonds, nor are they used to pay debt service.

Dormitory Authority of the State of New York

Court Facilities Lease Revenue Bonds (City of New York Issue)

Moody's Aa3 S&P AA- Fitch AA-

Purpose

- Bond proceeds were used for the purpose of financing the design and construction of various court facilities located in New York City.

Security

- Debt service on the bonds is payable from rental payments made by the City, subject to annual appropriation. In the event the City fails to make the required rental payments, the State Comptroller is directed to make the rental payments from annually appropriated State assistance provided to the City.

Bonds Outstanding

- $306 million as of December 31, 2021

Anticipated Borrowings

- None specified.

Debt Service Reserve Fund

- The Debt Service Reserve Fund must be fully funded in an amount equal to MADS.

Dormitory Authority of the State of New York

InterAgency Council Pooled Loan Program Revenue Bonds

Moody's Aa3 S&P NR Fitch NR

Purpose

- Proceeds of the bonds will be used to finance or refinance the acquisition, construction, renovation, furnishing and equipping of certain facilities of the borrowers for the provision of services to people with developmental disabilities or other special needs.

Outstanding Debt

- $390 million as of December 31, 2021

Debt Service Reserve Fund

- Required to be funded at 50% of Maximum Annual Debt Service on outstanding Bonds.

Anticipated Borrowings

- None specified.

Security

- The Bonds are secured through intercept arrangements among DASNY, New York's Office for Persons with Developmental Disabilities (OPWDD) or the New York State Department of Health, and non-profit borrowers who participate in the program to finance facilities to provide essential services to the disabled.

Security (cont.)

- The intercept program is authorized by state statute, and the various parties agree to it through the loan agreements between DASNY and the borrowers, and an intercept acknowledgement between DASNY and OPWDD. Under state law, borrowers issuing bonds through DASNY can assign state revenues to a trustee or to DASNY. The intercept mechanism is in place to capture state funds and ensure debt service payments are made if a borrower fails to make a monthly payment to the trustee.
- If borrowers fail to make monthly payments to the trustee pursuant to their DASNY loan agreements, DASNY or the trustee will notify OPWDD to intercept funds due to the borrower.
- DASNY requires most borrowers assign a 1st lien mortgage on facilities, and the Authority is required to assign such mortgages to the trustee if there is a draw on the Debt Service Reserve Fund. Leased properties require a collateral assignment of the lease to DASNY which may be reassigned to a new provider in case of borrower default.

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Dormitory Authority of the State of New York

State University Educational Facilities Revenue Bonds

Moody's Aa2 S&P AA Fitch AA

Purpose

- Bond proceeds are used to finance capital projects of the State University of New York ("SUNY").

Security

- Debt service is payable from annual appropriations made by the State equal to debt service on the bonds. If no appropriation is made, the State Comptroller is directed to use monies that have been appropriated for SUNY operating expenses to pay debt service.
- Payments for certain obligations are not available for obligations issued under other resolutions.

Bonds Outstanding

- $9.0 billion as of December 31, 2021

Debt Service Reserve Fund

- The Debt Service Reserve Fund must be maintained at one-half MADS.

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Dormitory Authority of the State of New York

Upstate Community College Bonds

Moody's NR S&P AA Fitch AA

Purpose

- Bond proceeds are used to finance capital projects of the 30 upstate community colleges within the State and refund bonds.

Bonds Outstanding

- $764 million as of December 31, 2021

Debt Service Reserve Fund

- The Debt Service Reserve Fund must be maintained at one-half MADS for Prior Resolution Bonds. None for Resolution Bonds.

Anticipated Borrowings

- None specified.

Security

- Debt service is payable solely from annual appropriations made by the State. The State Education Law now authorizes the Authority to enter into a single agreement with the State University of New York for the purpose of receiving amounts appropriated by the State for the Pledge Fund. The University is obligated to the pay the annual payments solely from monies appropriated and is not required to make payments from any other funds, even if the amount appropriated by the State is not sufficient.
- The bonds and bonds issued pursuant to the Prior Resolutions are not on parity with respect to each other. The annual payments made pursuant to the Community College Agreements have a priority over payments required pursuant to the Financing Agreement. Therefore, in the event the State only appropriates sufficient monies for the Prior Resolution Bonds, there would be insufficient funds for the Resolution bonds.

New York State Environmental Facilities Corporation

State Clean Water and Drinking Water Revolving Funds Revenue Bonds (Pooled Financing Program)

Moody's Aaa S&P AAA Fitch AAA

Purpose

- The State Revolving Fund programs were created in New York State to accept federal grants and State matching funds, which are used to reduce financing costs for recipients in financing those water pollution control projects and community water systems, by providing interest subsidies and reserves.

Bonds Outstanding

- $2.3 billion as of March 31, 2021

Anticipated Borrowings

- None specified.

Security

- The borrowers are obligated to make debt service payments on the bonds, which are general obligation debt of the borrowers. The State has also established an intercept program, under which the State Comptroller may withhold State aid of the deficient borrower in order to make payments on the bonds. Additional security is provided through reserves made up of a portion of federal grants and state matching funds at least equal to 33 1/3% to 50% of the outstanding principal amount of the loans. Monies released from individual debt reserve accounts are to be deposited into the General Reserve Fund. This General Reserve Fund must be maintained at a level equal to the aggregate of all deficiencies in the individual Debt Service Reserve Funds (if any) and is available to secure all bonds issued under the MFI.

New York State Environmental Facilities Corporation

State Clean Water and Drinking Water Revolving Funds Revenue Bonds (NYCMWFA Projects)

Moody's Aaa S&P AAA Fitch AAA

Purpose

- To provide financial assistance to the New York City Municipal Water Finance Authority (NYCMWFA) for water pollution control and drinking water projects.

Bonds Outstanding

- $4.3 billion as of March 31, 2021

Anticipated Borrowings

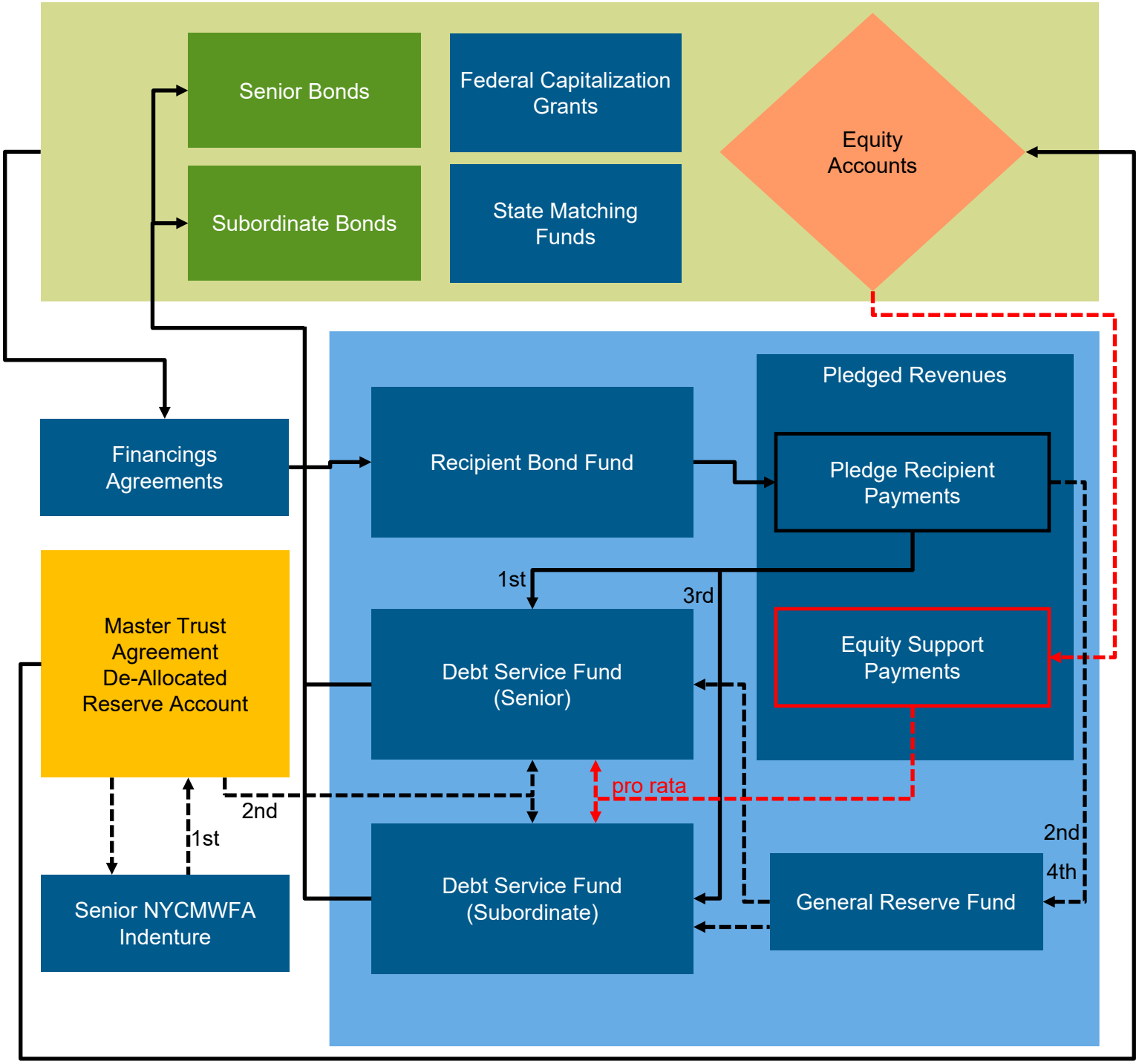
- None specified.

Security

- The bonds are special obligations of the borrower, in this case NYCMWFA, and are secured by a net revenue pledge of the Authority. This pledge is subordinate to NYCMWFA's Water and Sewer Revenue Bonds. The bonds are further secured by a secondary lien on General Reserve Fund monies derived from excess funds, which consist of a portion of federal grants and state matching funds equal to 33 1/3% to 50% of the outstanding principal amount of the loans. In general, the subordinate bonds are not secured by a reserve allocation.

New York State Environmental Facilities Corporation

SRF Program Overview*



Planned Cash Flows

Contingent Cash Flows

*Simplified for illustrative purposes.

Source: Annual Information Statement

New York State Housing Finance Agency

Affordable Housing Revenue Bonds

Moody's Aa2 S&P NR Fitch NR

Purpose

- The Bonds are issued to provide safe and sanitary housing accommodations, at rentals which families and persons of low income can afford, and which the ordinary operations of private enterprise cannot provide.

Bonds Outstanding

- $5.2 billion as of October 31, 2021

Additional Bonds Test

- None

Debt Service Reserve Fund

- Varies by Bond issue but is equal to approximately 2 months of maximum debt service payments on the permanent amounts of the mortgage loans.

Anticipated Borrowings

- None specified.

Redemption Provisions

- The Bonds may be redeemed at the option of the Agency from Recovery Payments, Mortgage Advance Amortization Payments and Voluntary Sale Proceeds.

Security

- The Bonds are secured by assets pledged under the Resolution, including the multifamily mortgage loans and any payments received under credit enhancement facilities supporting the loans.
- Credit support providers include banks, which provide irrevocable direct pay Letters of Credit to the mortgage loans for the respective projects during their construction phases. An LOCs may be drawn upon if a borrower defaults on the mortgage loans during the construction phase.
- The State of New York Mortgage Agency Mortgage Insurance Fund (MIF) Project Pool Account provides mortgage insurance on the loans after construction is complete. MIF receives state mortgage recording surtaxes for all areas outside the New York City and Buffalo metropolitan areas to benefit the Project Pool Account.
- Other mortgage loans pledged under the resolution are supported by credit facilities from Freddie Mac or Fannie Mae, which cover the related loans during both the construction and permanent phases. The credit facilities may be drawn for amounts due under the related mortgage loans.

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New York State Thruway Authority

General Revenue Bonds

Senior: Moody's A1 S&P A Fitch NR
Junior: Moody's A2 S&P A- Fitch NR

Purpose

- Bond proceeds are used for the construction and maintenance of the New York Thruway, a 64-mile toll road that runs from New York City to Buffalo and includes various bridges and barriers. Since 1992, the Authority has also owned and operated the New York State Canal System, which includes 524 miles of canals, and six transportation-related projects along the Thruway (known as "Other Authority Projects").

Security

- The bonds are a direct and general obligation of the Authority, secured by net revenues generated from the operation of the New York Thruway. However, revenues generated from canal operations are not pledged as security for the bonds. Excess revenues are retained by the Authority and not transferred to the State.

Bonds Outstanding

- Senior: $3.3 billion as of December 31, 2020
- Junior: $2.5 billion as of December 31, 2020

Anticipated Borrowings

- Estimated fiscal year 2023-2026 issuance is $237 million to $268 million annually for Senior debt and $195 million in fiscal year 2023 for Junior debt.

General Revenue Bonds (cont.)

Senior: Moody's A1 S&P A Fitch NR
Junior: Moody's A2 S&P A- Fitch NR

Rate Covenant

- Under its bond Resolution, the Authority must maintain tolls, fees, and other charges so that net revenues equal the greater of: (a) aggregate debt service, necessary deposits to the Senior Debt Service Reserve Fund, annual reserve maintenance payments, and deposit in the Junior Indebtedness Fund; or (b) 1.20X aggregate debt service. As a matter of policy, the Authority requires net revenues to provide at least 1.50X debt service coverage. State approval is not required to increase tolls.

Senior Debt Service Reserve Fund

- Required to be maintained at MADS. Requirement may be met with a reserve credit facility/surety bond.

Additional Bonds Test

- The Authority may issue additional parity General Revenue Bonds payable from the Senior Debt Service Fund. It may also issue Junior Bonds for facilities or other Authority projects payable from the Junior Indebtedness Fund and subordinated bonds. Bonds may be issued in several categories, each of which has a separate net revenue requirement. Additional bonds for facilities can be issued in the event net revenues for any period of 12 consecutive months out of the last 18 months preceding the issuance of the bonds provides the greater of 1) aggregate debt service, deposits to the Senior Debt Service Reserve Fund, reserve maintenance payments and deposits in the Junior Indebtedness Fund and 2) 1.2x the sum of the Aggregate Debt Service.

New York State Thruway Authority

Highway and Bridge Trust Fund Bonds

Moody's NR S&P AA+ Fitch AA+

Purpose

- Bond proceeds are used to reimburse the State for expenditures made by the Department of Transportation to construct, repair, and rehabilitate the State's highways, parkways, and bridges.

Bonds Outstanding

- $899 million as of December 31, 2020

Debt Service Reserve Fund

- Required to be funded at one-half MADS.

Anticipated Borrowings

- None specified.

Security

- The bonds are secured by a pledge of Cooperative Agreement Payments made by the State to the Authority from funds in the Dedicated Highway and Bridge Trust Fund. The payments are a statutory allocation of taxes and fees imposed on petroleum businesses, motor fuel, highway use, motor vehicles, and auto rentals. The payments are subject to annual appropriation by the State Legislature.

Security (cont.)

- The Trust Fund consists of two accounts, the Special Obligation Reserve and Payment Account (SORPA) and the Highway and Bridge Capital Account (HBCA). The revenues are deposited first in the SORPA and shall be used by the Comptroller to make payments. The amounts certified are required to be sufficient to cover debt service and Authority expenses. After making the payment, excess funds can be transferred to the HBCA.

- In the event the payments are not appropriated, all revenues must remain in the SORPA and not be transferred to the HBCA. In addition, the Comptroller would be prohibited from paying over or distributing any excess revenues in the Local Government Assistance Tax Fund to the State's General Fund.

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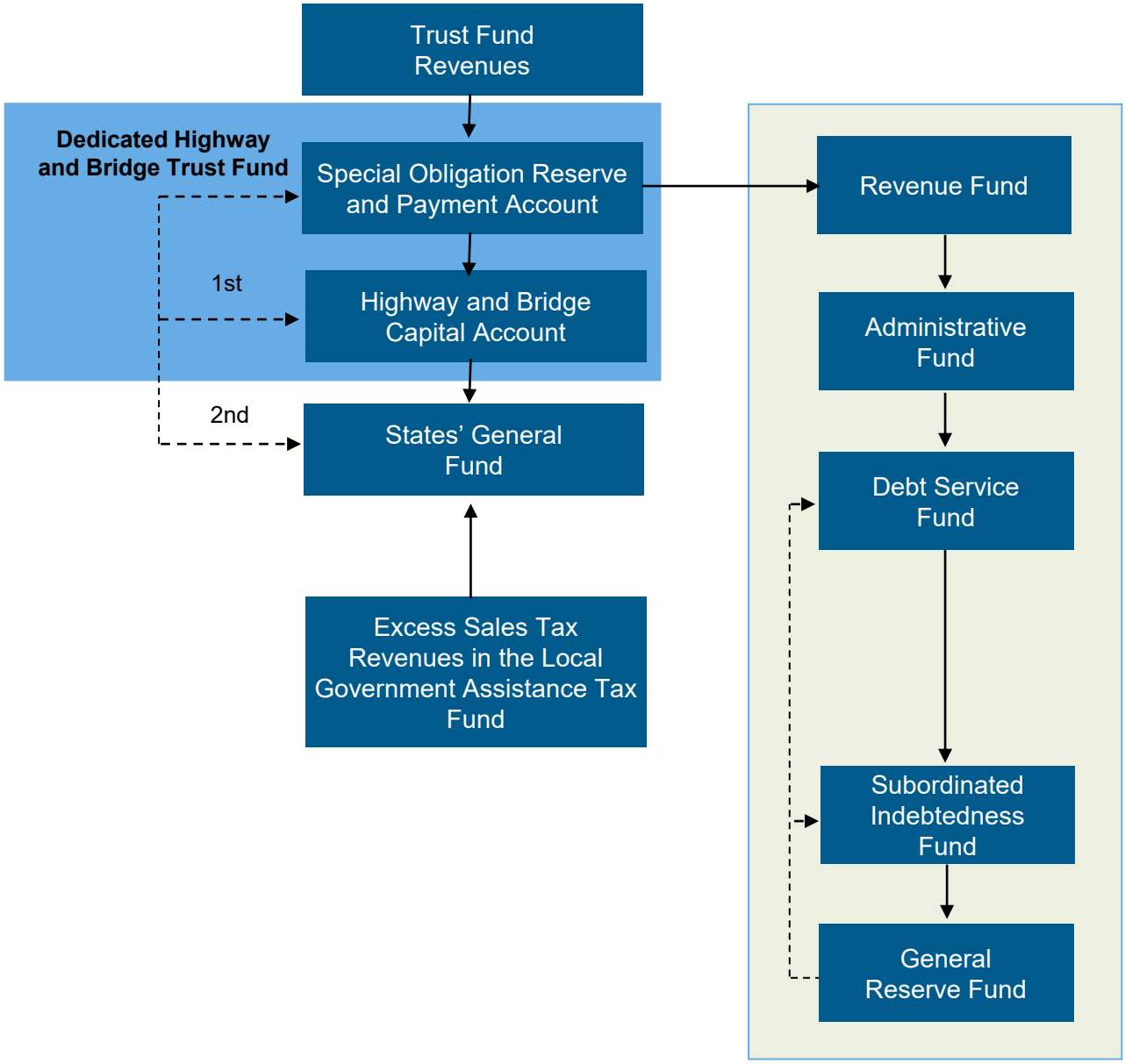
Flow of Funds
Highway and Bridge Trust Fund Bonds (cont.)



Source: Official Statement

Chart for illustrative purposes only

The Port Authority of New York and New Jersey

Consolidated Bonds

Moody's Aa3 S&P A+ Fitch A+

Purpose

- Bond proceeds are generally issued to construct, reconstruct, or improve existing and proposed Authority facilities. The Port Authority serves a district comprising an area of about 1,500 square miles located in New Jersey and New York State, centering around New York Harbor. The Port Authority operates two tunnels, four bridges, four airports, bus programs, a bus terminal, a heliport, six marine terminals, as well as several other facilities.

Security

- The bonds are secured by a pledge of the Authority's net revenues, which are derived from the operation of all the Authority's facilities. Neither the State of New York or New Jersey have granted any form of guarantee to the Authority's bonds.

Bonds Outstanding

- $26.0 billion as of December 31, 2021

Tax Exemption

- In addition to being federally tax exempt, interest on the bonds is exempt from taxation in both New York and New Jersey.

Consolidated Bonds (cont.)

Moody's Aa3 S&P A+ Fitch A+

Debt Service Reserve Fund

- The Authority maintains two reserve funds: The General Reserve Fund and the Consolidated Bond Reserve Fund. Both are funded from surplus net revenues after payment of debt service. The General Reserve Fund is filled first, to an amount equal to 10% of the par value of bonds currently outstanding. It is available to pay debt service only on consolidated bonds. The Consolidated Bond Reserve Fund is to be funded with excess monies after the required payments. Monies in the Consolidated Reserve Fund are available to pay debt service on consolidated bonds, versatile structure obligations, commercial paper and variable rate master notes.

Additional Bonds Test

- None.

Anticipated Borrowings

- Estimated 2017-2026 issuance is $11.3 billion.

New York Power Authority

Revenue Bonds

Moody's Aa2 S&P AA Fitch AA

Purpose

- Bonds finance electric power generation and transmission facilities used to provide electric power and energy primarily to municipal and investor-owned utilities and rural electric cooperatives located throughout New York State and to industries, other businesses, and various public corporations within the New York City metropolitan area and certain out-of state customers.

Security

- The bonds are payable from and secured by a senior lien pledge of the Trustee estate. Debt service is payable from operating revenues net of operating expenses.

Rate Covenant

- The Authority shall maintain rates, fees, or charges sufficient, together with other monies available, to pay operating expenses of the Authority and debt service on all obligations.

Bonds Outstanding

- $1.6 billion as of June 30, 2021

Anticipated Borrowings

- Estimated issuance is $288 million in 2023.

Debt Service Reserve Fund

- None.

Additional Bonds Test

- None.

City of New York

General Obligation Bonds

Moody's Aa2 S&P AA Fitch AA-

Purpose

- The City issues General Obligation bonds for various capital projects in areas such as facilities, education, and transportation.

Security

- Full faith and credit of the City.

Bonds Outstanding

- $38.6 billion as of June 30, 2021

Anticipated Borrowings

- Estimated fiscal year 2023-2025 issuance is $5.1 billion to $5.9 billion annually.

Metropolitan Transportation Authority (MTA)

Dedicated Tax Fund Bonds

Moody's NR S&P AA Fitch AA

Purpose

- Bond proceeds are used to finance the various capital programs of the Authority and its affiliates and their subsidiaries, which include the New York City Transit Authority, the Manhattan and Bronx Surface Transit Operating Authority, the Staten Island Rapid Transit Operating Authority, the Long Island Rail Road Company, and the Metro-North Commuter Railroad Company.

Bonds Outstanding

- $4.8 billion as of September 30, 2021

Debt Service Reserve Fund

- None.

Anticipated Borrowings

- None specified.

Security

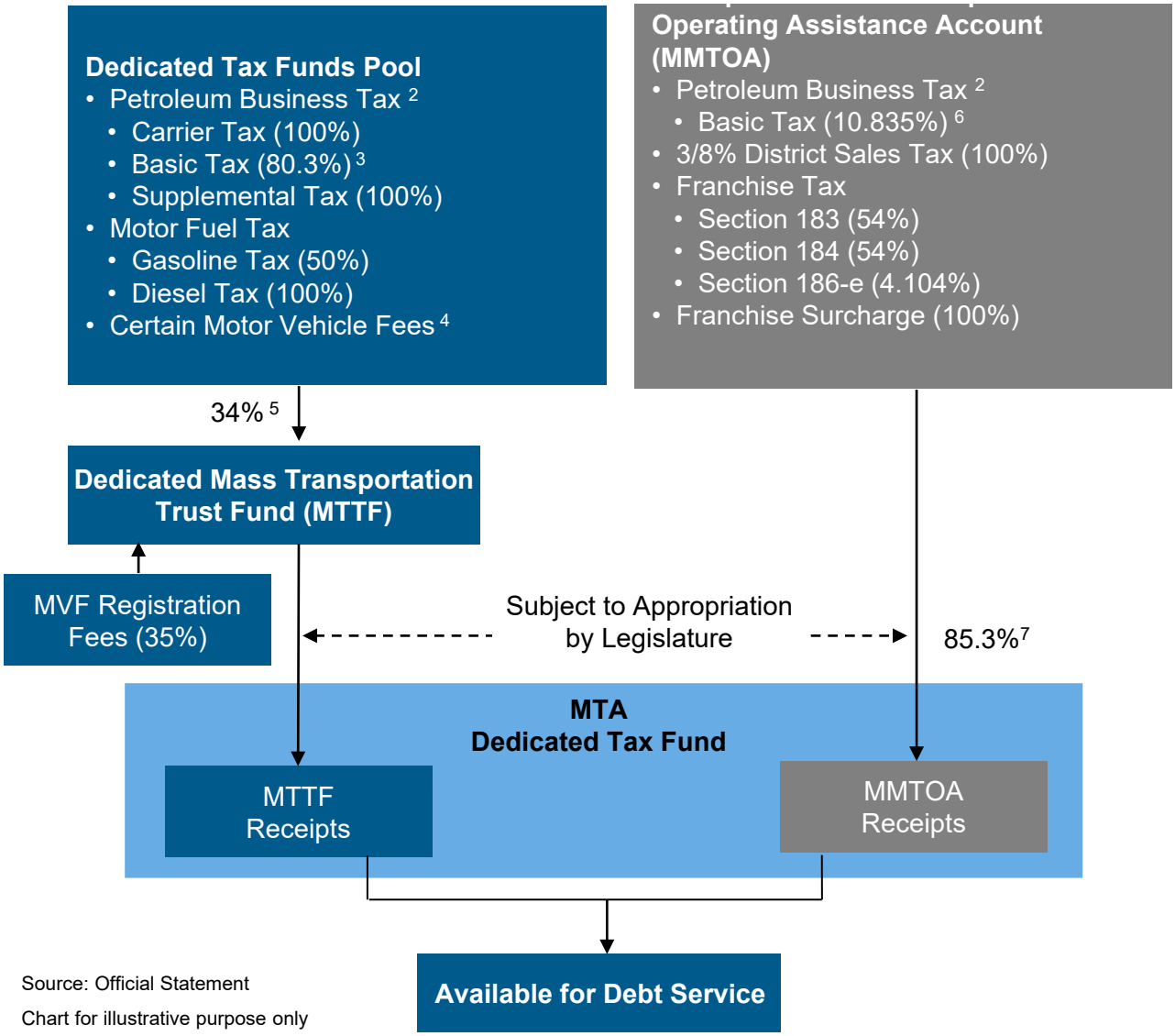
- Bonds are secured by monies deposited into the MTA Dedicated Tax Fund, which are subject to annual appropriation by the State. Certain taxes flow through the Dedicated Mass Transportation Trust Fund ("MTTF") and the Metropolitan Mass Transportation Operating Assistance Account ("MMTOA") for deposit into the MTA Dedicated Tax Fund. These taxes include petroleum business taxes, the 3/8 district sales tax in New York City and surrounding suburban counties, motor tax, franchise taxes, and a temporary franchise surcharge levied on certain companies.

Additional Bonds Test

- Two-tiered test requires that for any 12 consecutive months ended within the prior six months: (1) MTTF receipts and investment income be at least equal to 1.35X MADS; and (2) MTTF receipts, MMTOA receipts, and investment income be at least 2.5X MADS.

Metropolitan Transportation Authority (MTA)

Sources of Revenue
MTA Dedicated Tax Fund Bonds (March 31, 2022)[1]



Source: Official Statement

Chart for illustrative purpose only

[1]Parenthetical amounts and percentages, as well as flow of fund percentages, indicate the amount or percent of that tax or fund to be deposited for the year ending March 31, 2022 in the respective fund or account. The allocations shown may be changed at any time by the Legislature..

[2] Effective December 1, 2017, all receipts from aviation fuel will be directed to an aviation purpose account, from which no revenue is directed to MTTF or MMTOA. However, beginning in State Fiscal Year 2018-2019 the enacted statutory "hold-harmless" provision directs transfers from the State General Fund to MTTF and MMTOA Account. In State Fiscal year 2019-2020, these transfers totaled $7.2mm of which $4mm flowed to MTA's Dedicated Tax Fund as MTTF Receipts and $1.6mm flowed to MMTOA Account for downstate transit systems including MTA. [3] In addition, the first $7.5 million of the Basic Tax is appropriated to the Dedicated Tax Funds Pool prior to any percentage split of the Dedicated Tax Funds Pool.

[4] Beginning with the State fiscal year 2014-2015, and each year thereafter, a portion of the State fiscal year 2013-2014 Motor Vehicle General Fund transfer of $169.4 million has been replaced with a direct transfer of $62.7 million from the State General Fund to the MTTF; $57.7 million of such amount flows to the MTA Dedicated Tax Fund as MTTF Receipts as defined in the DTF Resolution.

[5] Percentage of Dedicated Tax Funds Pool.

[6] The remaining 8.865% share of the Basic Tax is deposited in an account for certain upstate transportation entities.

[7] Percentage based upon appropriations for State fiscal year 2021-2022, including Section 18-b assistance.

Fidelity INVESTMENTS

Metropolitan Transportation Authority (MTA)

Transportation Revenue Bonds

Moody's A3 S&P BBB+ Fitch A-

Purpose

- Bond proceeds are used primarily to make improvements to the mass transportation systems located within New York City, including the MTA's subsidiary, the New York City Transit Authority ("Transit Authority"), and its subsidiary, the Manhattan and Bronx Surface Transit Operating Authority ("MaBSTOA"). These two entities operate all subway transportation and most public bus transportation within the City.

Security

- The bonds are secured by pledged revenues that include fare collections of the Transit Authority and the MaBSTOA; income from concessions and advertising; reimbursement by New York City for special fare programs; operating subsidies provided by New York State and New York City from their general funds; special tax-supported operating subsidies (petroleum business taxes, 1/4% sales and use tax within the service area, certain taxes imposed on particular companies, and certain transfer and recording taxes); and transfers from the Triborough Bridge and Tunnel Authority ("TBTA") operating surplus. Payment of debt service is senior to payment of operating and maintenance expenses.

Bonds Outstanding

- $24.7 billion as of September 30, 2021

Debt Service Reserve Fund

- The Bond Debt Service Reserve Account must be maintained at MADS.

Anticipated Borrowings

- None specified.

Transportation Revenue Bonds (cont.)

Moody's A3 S&P BBB+ Fitch A-

Additional Bonds Test

- MTA may issue additional debt without meeting any specific debt service coverage level, as long as MTA certifies to meeting the Rate Covenant for the year in which the additional debt is being issued.
- MTA may only issue additional Transportation Revenue Bonds if those bonds are issued to fund projects pursuant to an approved MTA Capital Program, if an approved capital program is then required. There is no covenant limiting the aggregate principal amount of revenue anticipation notes or additional Transportation Revenue Bonds or Parity Debt that MTA may issue so long as the total amount outstanding conforms to the statutory limit as set from time to time by the state legislature.

Rate Covenant

- The Transit Authority and the MaBSTOA must fix and collect fares, fees, rentals, and other charges that, together with other available monies, will be sufficient to pay debt service, maintain reserves at required levels and pay all operating and maintenance expenses and other obligations.

Triborough Bridge and Tunnel Authority

General Purpose Revenue Bonds

Moody's Aa3 S&P AA- Fitch AA-

Purpose

- Bonds are issued to improve, rehabilitate, and reconstruct various facilities of the TBTA, including toll bridges and tunnels in New York City, the Battery Parking Garage, and the Coliseum. The Authority is an affiliate of the MTA and operates as the MTA Bridges and Tunnels.

Bonds Outstanding

- Senior Lien - $8.4 billion as of September 30, 2021
- Subordinate Lien - $867 million as of September 30, 2021

Debt Service Reserve Fund

- None.

Additional Bonds Test

- Additional parity bonds may be issued to improve or rehabilitate a facility or to prevent a loss of revenue from a facility without meeting any coverage test. For all other new money bonds, an authorized officer must certify that the historical 12-month period net revenue is at least 1.40X MADS on all senior lien bonds and proposed debt.

Security

- Bonds are secured by net revenues collected on the bridges and tunnels operated by the MTA Bridges and Tunnels. These net revenues represent gross revenues generated from seven bridges and two tunnels, less O&M and ordinary repair, replacement, and reconstruction expenses. The TBTA is required by law to transfer amounts released from the General Fund to the MTA, and a statutory formula determines how the MTA allocates that money between the transit and commuter systems.

Anticipated Borrowings

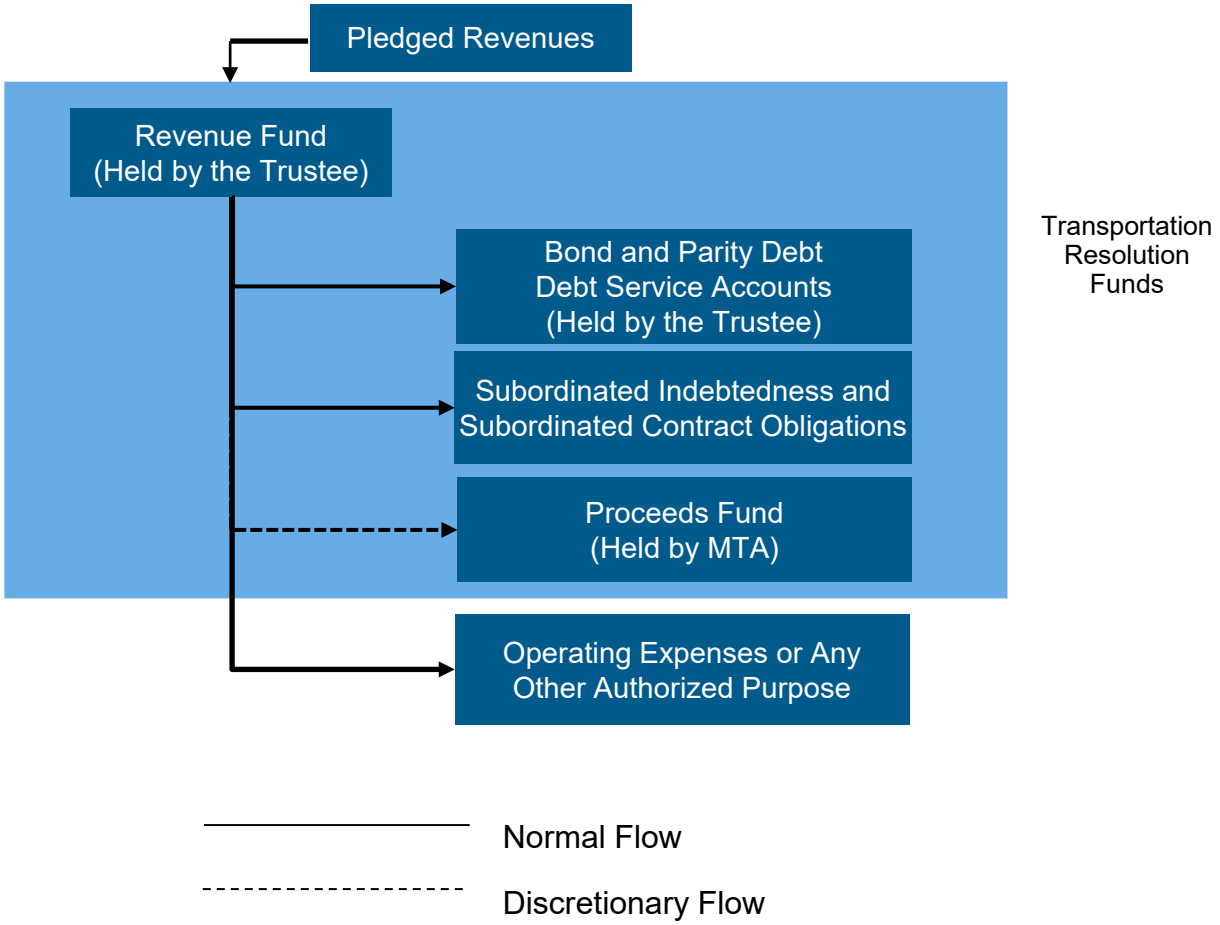
- Estimated fiscal year 2023-2025 issuance is $402 million to $588 million annually.

Rate Covenant

- Revenues must be sufficient to pay all operating expenses, pay calculated debt service as well as debt service on all subordinated indebtedness and maintain any reserves. In addition, revenues less operating expenses shall equal at least 1.25X calculated debt service on all senior lien bonds.

Fidelity INVESTMENTS

Flow of Funds
General Purpose Revenue Bonds (cont.)



Source: Official Statement

Chart for illustrative purposes only

Triborough Bridge and Tunnel Authority

Payroll Mobility Tax Senior Lien Bonds

Moody's NR S&P AA+ Fitch AA+

Purpose

- Bonds are issued to retire MTA BANs, refund MTA Transportation Revenue Bonds, and provide financing for TBTA capital projects.
- Although the Bonds are issued by the TBTA, the MTA also has authority to issue PMT senior lien bonds on a parity basis, but is only authorized to issue working capital bonds, and any future issuance by MTA of bonds for capital purposes would first require the approval of the State's Capital Program Review Board.

Bonds Outstanding

- $2.5 billion as of September 30, 2021

Debt Service Reserve Fund

- None.

Additional Bonds Test

- An authorized officer must certify that the historical 12-month period pledged revenue is at least 2.25X MADS on all TBTA and MTA senior lien Bonds and proposed debt.

Rate Covenant

- None.

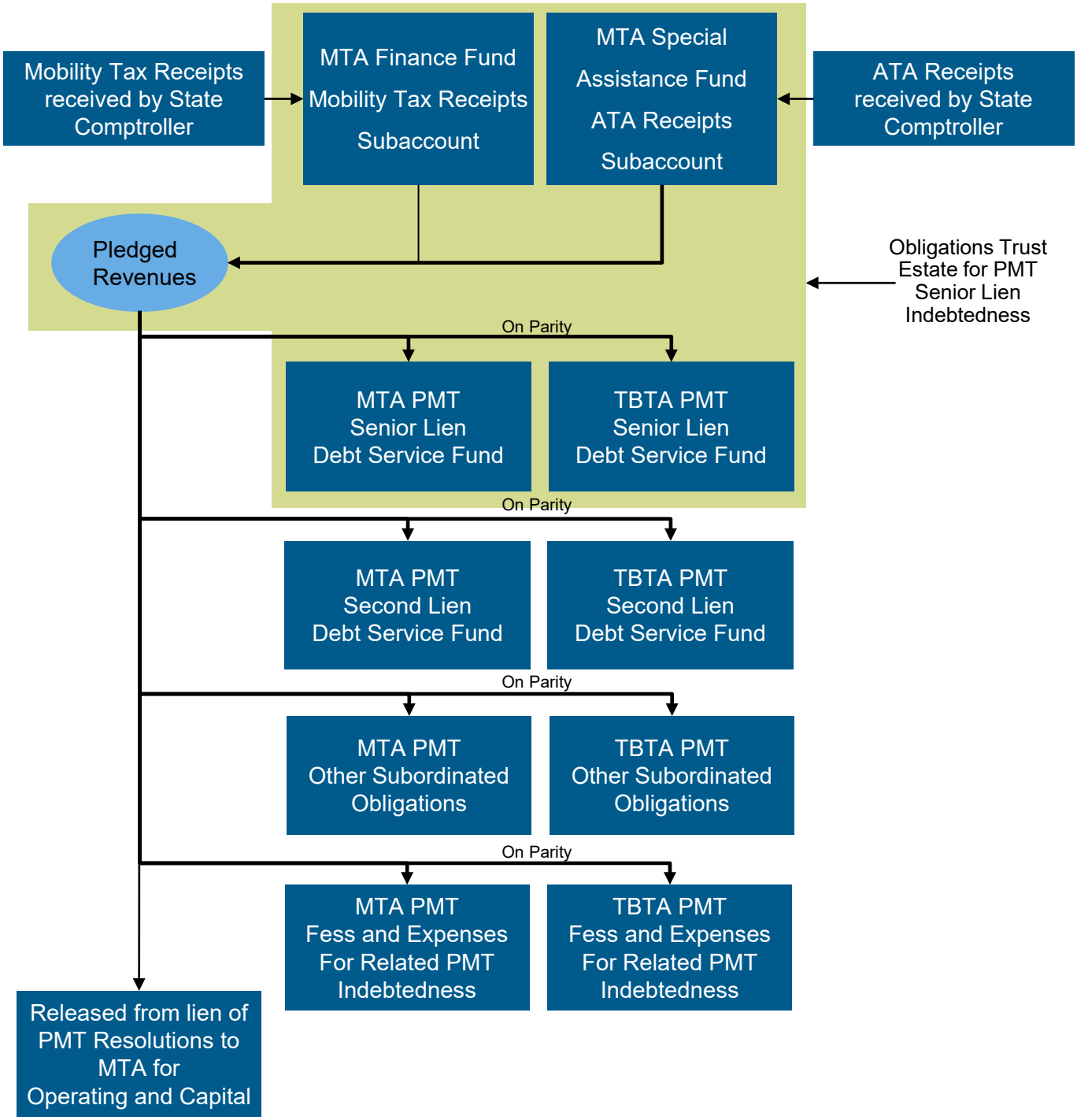
Security

- The Bonds are secured by pledged revenues consisting of PMT and Aid Trust Account (ATA) revenues. These pledged revenues become subject to a statutory lien immediately when transferred from the state comptroller to the MTA. PMT revenues consist of up to a maximum 0.34% tax collected from certain employers within the Metropolitan Commuter Transportation District (MCTD), which encompasses New York City's five boroughs and Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester counties. ATA revenues consist of driver's license fees, auto registration fees, taxicab taxes, and auto rental taxes levied within the MCTD. The pledged revenues are not subject to appropriation and there is no sunset or renewal requirement on the revenues.

Anticipated Borrowings

- $3.4 billion in FY23.

Flow of Funds
Payroll Mobility Tax Senior Lien Bonds (cont.)



Source: Official Statement

Chart for illustrative purposes only

New York City Health and Hospitals Corporation

Health System Bonds

Moody's Aa3 S&P A+ Fitch A+

Purpose

- The Bonds are issued to support the operations and facilities of the municipal hospital system of the City.

Bonds Outstanding

- $553 million as of December 31, 2021

Capital Reserve Fund

- Must be maintained at MADS. In the event of a shortfall, the CRF must first be restored with HCRR, and if sufficient HCRR are unavailable, the Corporation shall annually request from the City an amount sufficient to restore the CRF to its requirement. The amount shall have been first appropriated by the City.

Security

- The bonds are a general obligation of the Corporation and secured by a pledge of Health Care Reimbursement Revenues (HCRR). These revenues constitute all revenues, income, receipts, and other revenues derived from the operation of the Health System. However, HCRR specifically does not include such items as reimbursement funds by the City of capital expenditures; revenues derived from MetroPlus; revenues derived from the operation of non-patient services facilities, gifts, grants and donations, and certain other items.

Anticipated Borrowings

- None specified.

Additional Bonds Test

- Projected Net Cash Available for Debt Service for each of the two years following the issuance of the additional bonds will be at least 1.0X MADS of the outstanding debt and any proposed debt and projected HCRR will be at least 4.0X MADS.

Rate Covenant

- The Corporation is required to conduct its operations so that net cash available for debt service will not be less than 1.0X annual debt service.

Fidelity INVESTMENTS

New York City Transitional Finance Authority

Future Tax Secured Bonds

Senior:	Moody's Aaa	S&P AAA	Fitch AAA
Subordinate:	Moody's Aa1	S&P AAA	Fitch AAA

Purpose

- The Authority was created in 1997 to allow New York City to continue to finance its capital program without violating its general obligation debt limit.

Bonds Outstanding

- Senior Lien - $662 million as of June 30, 2020
- Subordinate Lien - $40.0 billion as of June 30, 2020

Anticipated Borrowings

- Estimated fiscal year 2023-2025 issuance is $5.1 billion to $5.9 billion annually.

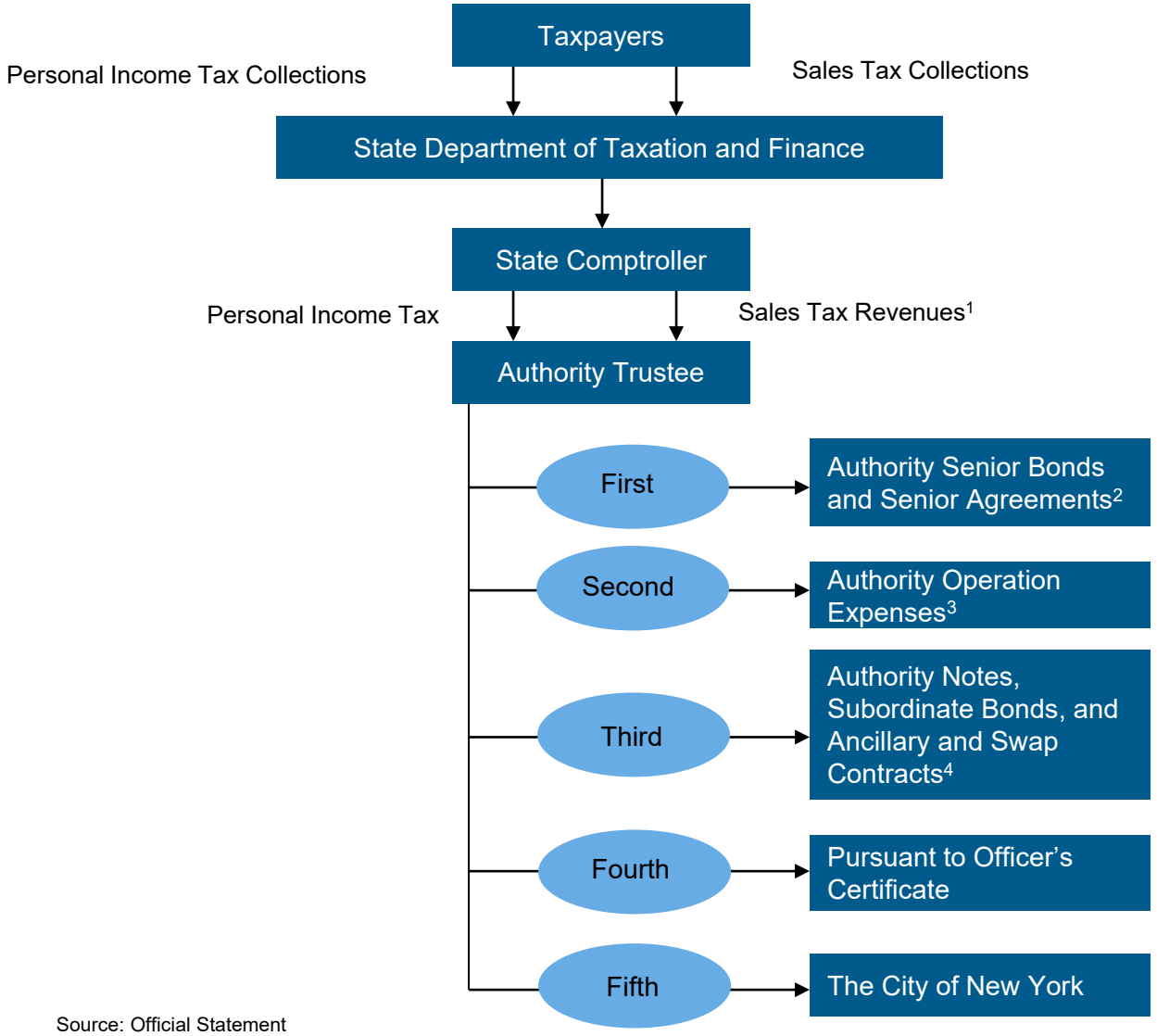
Additional Bonds Test

- In order to issue additional bonds, personal income taxes and sales taxes for 12 consecutive months ended not more than two months prior to issuance must be at least 3.0X MADS of senior bonds and annual debt service of subordinate debt.

Security

- Bonds are secured by two revenue sources: personal income tax and sales tax revenues. The primary source is revenue from the personal income tax imposed by the City as authorized by the State on the income of City residents and nonresidents in the City. The secondary source is sales tax imposed by the City on the sales and use of personal property and services in the City. Sales tax revenues are available for debt service payment only if personal income tax is insufficient to provide at least 1.50X MADS.
- Senior debt is limited to $12 billion outstanding at any time, subject to a $330 million limit on debt service payable in any quarter. Total debt is limited to $13.5 billion, but the Authority may exceed this limit by issuing subordinate debt, provided that the amount of such additional bonds, together with other City debt such as general obligation bonds, does not exceed the city's legal debt limit.

Flow of Funds
Future Tax Secured Bonds (cont.)



Source: Official Statement

Chart for illustrative purposes

[1]Sales tax revenues are available to the Authority only in the event that projected personal income tax revenues are less than 150% of maximum annual debt service on outstanding bonds of the Authority. For further information, see "Sales Tax."

[2]Tax revenues will be retained by the Trustee for the payment of senior debt service, in accordance with the retention procedures detailed below.

[3]After-tax revenues are retained by the Trustee for the payment of senior debt service, such tax revenues are paid to the Authority for its operating expenses.

[4]Excluding all items payable from state building aid. After payment of Authority operating expenses, tax revenues are applied for the benefit of noteholders (for interest only), subordinate bondholders, and parties to ancillary and swap contracts.

New York City Transitional Finance Authority

Building Aid Revenue Bonds

Moody's Aa3 S&P AA Fitch AA

Purpose

- The Bonds are issued to fund the City's educational facilities capital plan.

Bonds Outstanding

- $8.4 billion as of June 30, 2021

Anticipated Borrowings

- None specified.

Additional Bonds Test

- The additional bonds test (ABT) requires 1.0x coverage of outstanding Bond debt service by confirmed building aid revenue in every year. This ABT does not rely on any future approval of City education capital projects or on the associated incremental building aid. It relies solely on approved projects for which the state has committed to provide a 30-year stream of building aid payments subject to annual appropriation.

Security

- In 2006, the TFA enabling act was amended pursuant to the School Financing Act to change the way the state provides support for the City's educational capital plan. Under the Act, the City assigns to the TFA all of the state building aid payable to the City.

- When a project goes into contract, the School Construction Authority submits it to the State Education Department (SED). The SED approval process establishes an "aidable cost" of the project and creates a 30-year amortization schedule. Once SED has approved the project, the state is statutorily required to provide a 30-year stream of building aid payments, subject to annual appropriation. The stream of building aid payments is a function of both the aidable cost and the current funding ratio, and provides the security for the bonds. Although the state is able to vary the building aid ratio on a year-to-year basis, the state has covenanted not to impair the rights of the bondholders in any way.

Fidelity INVESTMENTS

New York City Municipal Water Finance Authority

Water and Sewer System Revenue Bonds

First GR:	Moody's Aa1	S&P AAA	Fitch AA+
Second GR:	Moody's Aa1	S&P AA+	Fitch AA+

Purpose

- Bond proceeds are used to finance capital improvements to the water and sewer system utilized by most of New York City and four upstate counties, and to refund GO debt of NYC used for water or sewer purposes.

Bonds Outstanding

- First GR - $1.3 billion as of June 30, 2020
- Second GR - $29.6 billion as of June 30, 2020

Debt Service Reserve Fund

- First GR DSRF is required to be funded to the level of MADS. Second GR Bonds have no DSRF.

Additional Bonds Test

- The Authority may issue additional bonds if: (a) revenues for either of the last two years were at least 1.15X aggregate debt service and 1.0X operating expenses and required deposits for the year; and (b) revenues for the year in which additional bonds are issued and each of the five years following issuance are projected to be at least 1.15X MADS and 1.0X operating expenses and required deposits for such years.

Security

- The bonds are issued under the Authority's General Resolution (GR) and are secured by and payable from the gross revenues of the water and sewer system, prior to payment of system O&M costs or other expenses. All gross revenues of the system are deposited with the trustee on a daily basis until the monthly requirements for debt service, Authority expenses, the Debt Service Reserve, and subordinated indebtedness are met. Lease payments due to the City are subordinated in the flow of funds. The Second GR bonds are secured by a second lien on gross revenues.

Anticipated Borrowings

- Estimated fiscal year 2023-2025 issuance is $1.6 billion to $2.1 billion annually.

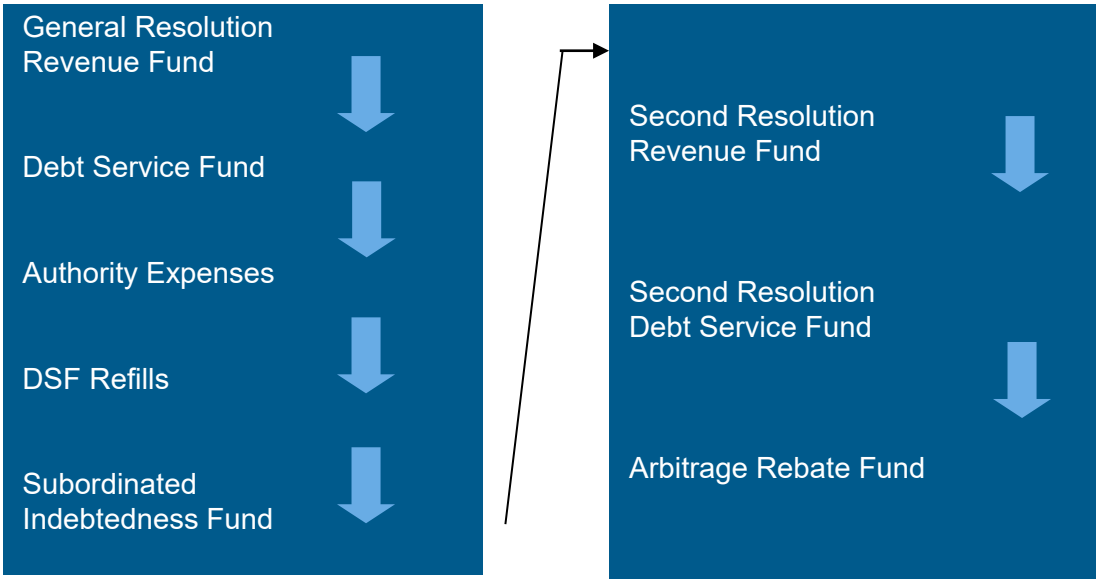
Rate Covenant

- The Board covenants to set rates such that revenues will be at least 1.15X annual debt service and 1.0X operating expenses and the required deposits will be to specific funds.

Fidelity INVESTMENTS

Flow of Funds
Water and Sewer System Revenue Bonds (cont.)

First: Transfer from Local Water Fund



Second:	Transfer from Local Water Fund	→	Water Board Expenses
Third:	Transfer from Local Water Fund	→	System Operating and Maintenance
Fourth:	Transfer from Local Water Fund (Up to Annual Requirement)	→	Pro rata to: General Resolution Revenue Fund for: Annual Debt Service, Authority expenses, DSRF, Subordinate indebtedness (Second Resolution) System Operations and Maintenance
Fifth – Seventh:	Transfer from Local Water Fund Debt Service is set aside; typically funded during the last few months of the fiscal year	→	City lease payment, operating and maintenance (after reserve replenishment, surplus including pay-as-you-go capital)

Source: Official Statement

Chart for illustrative purposes only

New York State Personal Income Tax

Personal Income Tax Revenue Bonds

Moody's Aa2 S&P AA+ Fitch: AA+

Purpose

- Various projects.

Bonds Outstanding

- $43.8 billion as of March 31, 2021

Debt Service Reserve Fund

- None.

Additional Bonds Test

- Revenue Bond Tax Fund Receipts for any 12 consecutive calendar months ended not more than six months prior to the date of the calculation is at least 2.0X MADS on all outstanding State Personal Income Tax Revenue Bonds and proposed debt.

Security

- The Enabling Act provides a source of payment for the State Personal Income Tax Revenue Bonds by establishing the Revenue Bond Tax Fund for the purpose of setting aside New York State Personal Income Tax (PIT) Receipts sufficient to make financing agreement payments to authorized issuers.
- Pursuant to the amended financing agreement, the State has dedicated 50% of its PIT, 50% of its Employer Compensation Expense Program (ECEP) receipts, and 50% of its Pass-Through Entity Tax (PTET) receipts. Each month, the comptroller is required to deposit into the RBTF all the receipts collected from payroll withholding taxes, the PTET, and the ECEP, until an amount equal to 50% of the estimated monthly PIT, PTET, and ECEP receipts has been deposited into the fund.

Personal Income Tax Revenue Bonds (cont.)

Moody's Aa2 S&P AA+ Fitch: AA+

Covenant

- The State Comptroller is required to set aside, monthly, in the Revenue Bond Tax Fund (RBTF), amounts such that the combined total of the amounts previously set aside and deposited in the RBTF and the monthly amount required to be deposited is not less that 125% of the financing agreement payments in the following month. In the event that Revenue Bond Tax Fund Receipts are insufficient to meet the debt service and other cash requirements of all the authorized issuers, the State Comptroller is required by the Enabling Act, without further appropriation, to immediately transfer amounts from the General Fund of the State to the RBTF.

Authorized Issuers

- New York State Thruway Authority
- Dormitory Authority of the State of New York
- New York State Environmental Facilities Corporation
- New York State Housing Finance Agency
- New York State Urban Development Corporation

Anticipated Borrowings

- Estimated fiscal year 2023-2027 issuance is $5.4 billion to $6.3 billion annually.

New York State Sales Tax

Sales Tax Revenue Bonds

Moody's Aa2 S&P AA+ Fitch: AA+

Purpose

- Various projects.

Bonds Outstanding

- $10.7 billion as of March 31, 2021

Debt Service Reserve Fund

- None.

Additional Bonds Test

- Sales Tax Revenue Bond Tax Fund Receipts for any 12 consecutive calendar months ended not more than six months prior to the date of the calculation is at least 2.0X MADS on all outstanding State Sales Tax Revenue Bonds and proposed debt.

Security

- The State Sales Tax Revenue Bonds are secured by 2% of the State's 4% sales tax. All revenues derived from the 2% sales tax are required to be deposited in the Sales Tax Revenue Bond Tax Fund (STRBTF). Sales Tax bond debt service is paid from the STRBTF, subject to annual appropriation by the State. If an appropriation has been made and all payments are current, then the Comptroller is required to distribute excess monies to the General Fund of the State.
- The Enabling Act provides a source of payment for the State Sales Tax Revenue Bonds by establishing the STRBTF for the purpose of setting aside New York State Sales Tax Receipts sufficient to make financing agreement payments to authorized issuers. All State Sales Tax Revenue Bonds are on a parity with one other as to payment from the STRBTF.

New York State Sales Tax

Sales Tax Revenue Bonds (cont.)

Moody's Aa2 S&P AA+ Fitch: AA+

Covenant

- The State Comptroller deposits the dedicated sales tax receipts into the STRBTF upon certification of revenues by the Commissioner of the State's Department of Taxation and Finance. The funds are deposited monthly on a 1/5 of interest, 1/11 of principal basis. There must be a legislative appropriation to transfer funds out of the STRBTF to pay debt service and the monthly financing agreement payments must be made in order for receipts in excess of debt service requirements to be transferred to the General Fund and used for any other purpose.

Authorized Issuers

- New York State Thruway Authority
- Dormitory Authority of the State of New York
- New York State Urban Development Corporation

Anticipated Borrowings

- Estimated fiscal year 2023-2027 issuance is $2.0 billion to $2.6 billion annually.

Hudson Yards Infrastructure Corporation

Second Indenture Revenue Bonds

Moody's Aa2 S&P AA- Fitch A+

Purpose

- The project consists of extension of the subway line, construction of a system of parks, public open spaces and streets in the project area and the acquisition of certain development rights over the Eastern Rail Yard from the TBTA. The construction of this infrastructure will support planned development of commercial and residential properties on the west side of Manhattan.

Additional Bond Test

- Additional bonds may be issued if recurring revenues for the immediately preceding Fiscal Year are at least equal to 125% of MADS on outstanding bonds, or if such bonds are issued for refunding purposes, then recurring revenues must be at least equal to MADS, after giving effect to the issuance of such refunding bonds.

Security

- The bonds are special obligations of HYIC secured by and payable solely from (i) recurring revenues that include payments in lieu of taxes (PILOTs) and tax equivalency payments (TEPs), and (ii) nonrecurring revenues that include payments in lieu of mortgage recording taxes; density bonus payments; and certain future development revenue derived from the development potential of the eastern rail yards owned by the MTA. Recurring revenue PILOTs are paid by commercial office property owners directly to HYIC and TEPs are paid by residential, hotel, and other commercial properties to New York City, which has agreed to pay them to HYIC through a support agreement. The city's obligation to pay the TEPs to HYIC is absolute and unconditional, subject to appropriation.

Bonds Outstanding

- $2.7 billion as of June 30, 2021

Debt Service Reserve Fund

- None.

Fidelity INVESTMENTS

New York Liberty Development Corporation

Revenue Bonds (Goldman Sachs Headquarters Issue)

Moody's A2 S&P BBB+ Fitch A

Purpose

- To finance the construction of the new headquarters of the Goldman Sachs Group, Inc., located in Battery Park City.

Bonds Outstanding

- $1.497 billion as of December 31, 2021

Debt Service Reserve Fund

- None.

Security

- The bonds are secured solely by revenues pledged under the loan and trust agreement, which will consist primarily of loan payments paid by Goldman Sachs Headquarters LLC ("Borrower"). The Borrower is obligated to make payments that will equal the amount of principal and interest on the bonds. Furthermore, the Goldman Sachs Group, Inc., will guarantee the payment obligations of the Borrower. The guaranty is an unsecured obligation of the guarantor.

- The bonds are not secured by any lien or mortgage on or other security interest in the project.

Long Island Power Authority (LIPA)

Electric System General Revenue Bonds

Moody's A2 S&P A Fitch A

Purpose

- LIPA owns the electric transmission and distribution system on Long Island. As of January 2014, the Public Service Enterprise Group (PSEG), a New Jersey-based utility, operates and maintains LIPA's transmission and distribution system.

Security

- The bonds are secured by the Trust Estate, consisting primarily of revenues generated by LIPA.

Bonds Outstanding

- $5.0 billion as of September 30, 2021

Additional Bonds Test

- There is no historical coverage test for additional bonds.

Debt Service Reserve Fund

- None

Anticipated Borrowings

- None specified.

Rate Covenant

- Revenues available for debt service must be at least 1.0X senior debt service and 1.0X all debt service.

Utility Debt Securitization Authority (UDSA)

Restructuring Bonds

Moody's Aaa S&P AAA Fitch AAA

Purpose

- The law created UDSA solely to purchase (from the Long Island Power Authority, or LIPA), and own the Restructuring Property, to issue the Bonds which are secured by the Restructuring Property, and to perform any activity incidental thereto; the issuer has no commercial operations.
- LIPA used the proceeds from the sale of its Restructuring Property to retire certain of its outstanding debt, and acts as the servicer of the Restructuring Property under a servicing agreement with UDSA.

Security

- Under the state law that created UDSA, LIPA issued an irrevocable financing order authorizing the creation of the Restructuring Property, which grants UDSA the irrevocable right to impose, bill and collect Restructuring Charges based on electricity usage from all of LIPA's existing and future retail electric customers, including a mandatory uncapped true-up mechanism that periodically adjusts the charges to ensure timely bond payments until the bonds are repaid in full.

Bonds Outstanding

- $3.8 billion as of September 30, 2021

Debt Service Reserve Fund

- Required to be maintained at the greater of (a) 1.5% of the aggregate principal amount of bonds then outstanding minus the minimum principal amount of bonds from the Expected Amortization Schedule expected to be retired on any payment date subsequent to such date of calculation and (b) $0.

Additional Bonds Test

- There is no historical coverage test for additional bonds.

Rate Covenant

- Revenues available for debt service must be at least 1.0X debt service.

Anticipated Borrowings

- None specified.

Fidelity INVESTMENTS

State of New York Mortgage Agency

Homeowner Mortgage Revenue Bonds

Moody's Aa1 S&P NR Fitch NR

Purpose

- Bond proceeds were used to refund certain bonds of the Agency, to provide funds for home mortgage loans and other items.

Security

- The Bonds are special obligations of the Agency payable solely from the mortgages and other property pledged under the Bond Resolution.

Bonds Outstanding

- $2.4 billion as of October 31, 2021

Additional Borrowings

- None specified.

Debt Service Reserve Fund

- An amount equal to 3% of the sum of the outstanding principal balance of mortgage loans, the amount on deposit to the credit of the Acquisition Fund, and the outstanding principal balance of the collateral mortgage loans pledged to secure bonds.

Loans Loss Fund

- An amount equal to 1% of the sum of the outstanding principal balance of mortgage loans, the amount on deposit to the credit of the Acquisition Fund, and the outstanding principal balance of the collateral mortgage Loans pledged to secure bonds.

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Diversification does not ensure a profit or guarantee against a loss. Interest income earned from tax-exempt municipal securities generally is exempt from federal income tax, and may also be exempt from state and local income taxes if you are a resident in the state of issuance. A portion of the income you receive may be subject to federal and state income taxes, including the federal alternative minimum tax. In addition, you may be subject to tax on amounts recognized in connection with the sale of municipal bonds, including capital gains and "market discount" taxed at ordinary income rates. "Market discount" arises when a bond is purchased on the secondary market for a price that is less than its stated redemption price by more than a statutory amount. Before making any investment, you should review the official statement for the relevant offering for additional tax and other considerations.

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