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Fitch to Upgrade New York City GO Bonds, Fiscal 2019 Ser D Subseries D-4 S-T Rating to 'F1+'

Fitch Ratings-New York-18 January 2023: On the effective date of Jan. 19, 2023, Fitch Ratings will upgrade the short-term rating assigned to the \$150,000,000 City of New York General Obligation Bonds, Fiscal 2019 Series D Subseries D-4 to 'F1+' from 'F1'. The Short-Term rating action is in connection with the substitution of the current liquidity support provided by Barclays Bank PLC (Barclays, A+/F1/Stable) in the form of a Standby Bond Purchase Agreement (SBPA) with a SBPA to be provided by State Street Bank and Trust Company, (State Street, AA/F1+/Stable).

KEY RATING DRIVERS:

On the effective date, the Short-Term 'F1+' rating will be based on the liquidity support to be provided by State Street in the form of a substitute SBPA, which has a stated expiration date of Jan. 19, 2028, unless extended or earlier terminated, during the daily, two-day and weekly interest rate modes only.

The Long-Term 'AA-/Positive Outlook rating continues to be based on the rating assigned to the New York City General Obligation Bonds. For more information on the Long-Term rating, see the press release "Fitch Rates NYC's \$1.35B Fiscal 2023 Ser B GO Bonds 'AA-'; Outlook Positive, dated Sept. 26, 2022 on www.fitchratings.com.

The substitute SBPA provides for the payment of the principal component of purchase price plus an amount equal to 35 days of interest calculated at a maximum rate of 9%, based on a year of 365 days for tendered bonds during the daily, two-day and weekly rate modes in the event that the proceeds of a remarketing of the bonds are insufficient to pay the purchase price following an optional or mandatory tender. The substitute SBPA will expire on Jan. 19, 2028, the stated expiration date, unless such date is extended, upon conversion to a mode other than the daily, two-day or weekly rate mode; or upon the occurrence of certain events of default which result in a mandatory tender or other events of default related to the credit of the City of New York which result in an automatic and immediate termination.

The bonds are not subject to a mandatory tender in connection with the SBPA substitution, under the terms of documents mandatory tender is not required if the substitution does not result in a downgrade or withdrawal of the current short-term rating assigned to the bonds. The remarketing agent for the subseries D-4 bonds is Barclays Capital Inc.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

-The Short-Term rating assigned to the bonds is Fitch's highest Short-Term rating and cannot be upgraded.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

-The Short-Term rating assigned to the bonds will be adjusted downward in conjunction with the Short-Term rating of the bank, and, in some cases, the long-term rating of the bonds.

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