City of New York

April 15, 2026

Hon. J. Gary Pretlow
Chair, Assembly Ways and Means Committee
Legislative Office Building 923
Albany, NY 12248

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

Hon. Liz Krueger
Chair, Senate Finance Committee
172 State Street, Capitol Building
Room 416 Cap
Albany, NY 12247

Blake Washington, Director
New York State Division of the Budget
The Capitol
Albany, NY 12224

Re: Quarterly Report on Interest Rate Exchange Agreements pursuant to Section 54.90 of the Local Finance Law as of March 31, 2026

The City of New York (the "City") is filing this report pursuant to Section 54.90 of the New York State Local Finance Law ("LFL"). Terms used herein that are not defined have the meanings ascribed thereto in Section 54.90 of the LFL. The City Swap Transaction Summary (the "Summary") is attached hereto as Exhibit A. For information on Interest Rate Exchange Agreements ("IREAs") that have terminated, please see the Quarterly Report dated January 15, 2023.

Description of the Interest Rate Exchange Agreements

A. City as Counterparty

The City has entered into a separate ISDA Master Agreement and Schedule to the Master Agreement (collectively, a “Master Agreement”) with various counterparties (individually, a “Counterparty” and collectively, the “Counterparties”). Each Master Agreement, together with the related confirmation or confirmations, is hereinafter referred to as an “Interest Rate Exchange Agreement”, “IREA” or “Swap”. All of the City’s swaps, except for the one listed in the table below (the “USB Swap”), have expired or been terminated.

Transaction Type	**Counterparty**	**Notional Amount as of 3/31/2026**	**Initial Trade Date**	**Termination Date**
Synthetic Fixed	U.S. Bank, N.A. (“USB”)	$11,550,000	January 9, 2003	August 1, 2026

The total notional amount of the USB Swap as of March 31, 2026 is $11,550,000. Exhibit A attached hereto sets forth the terms of the swap in greater detail.

The USB Swap was initially procured through negotiation between the City and UBS AG (“UBS”), the initial Counterparty.

On April 1, 2008, the City executed a bond refunding transaction pursuant to which a portion of the bonds associated with USB Swap were refunded. The USB Swap is not integrated for tax purposes and is considered an investment derivative for accounting purposes. Nevertheless, the USB Swap remains in effect.

On October 5, 2016, the City novated the USB Swap from UBS to USB. The rating of UBS was A1/A+. The rating of USB was A1/AA-.

The estimated total mid-marked-to-market value of the USB Swap as of March 31, 2026is approximately ($74,042). (This is the net amount the City would owe to USB if the transaction were terminated on that date exclusive of unwind costs or benefits in connection with the termination.)

Payments under the Transactions

As of March 31, 2026, the City has received a total of $31,311,351 from USB or the original counterparty under the USB Swap which includes option premiums and upfront payments. As of March 31, 2026, the City has made payments of $76,061,842 to USB or the original counterparty under the USB Swap.

Credit Enhancement

There have been no liquidity facilities or reserves provided in connection with the USB Swap. The City and USB have agreed to post collateral securing the termination value of the swap. Under the Master Agreement with USB, the City is required to post collateral if the credit ratings of the City go below Baa3 and BBB-. USB is required to post collateral if one of its credit ratings goes below Aa3/AA-. Accordingly, based on its current credit ratings and as outlined in the Master Agreement, USB will be required to post collateral if the mid-marked-to-market value of the USB Swap is positive to the City by more than $25 million.

Costs and Expenses

The aggregate costs and expenses incurred in connection with the execution of the USB Swap together with a second swap, which was subsequently terminated (swap number 6 in prior reports) were approximately $65,000, consisting of approximately $25,000 in legal fees and $40,000 in swap advisory fees.

The costs and expenses incurred in connection with the novation of the USB Swap along with a second swap that was subsequently terminated (swap number 4 in prior reports) consisted of $7,500 in swap advisory fees.

Description of Counterparty

USB, a national banking association organized under the laws of the United States, is rated A2/A+. The ratings are as ofMarch 31,2026.

Risk Assessment

Counterparty Risk: The risk is that a counterparty (or its guarantor) will not meet its obligations under the swap. If a counterparty were to default under its agreement when the counterparty would owe a termination payment to the City, the City may have to pay another entity to assume the position of the defaulting counterparty. The City has sought to limit its counterparty risk by contracting only with highly rated entities or requiring guarantees of the counterparty's obligations under the swap documents. The City also manages counterparty risk by exercising its rights under the various Master Agreements to novate IREAs to higher-rated counterparties or terminate IREAs.

Termination Risk: The risk is that a counterparty will optionally terminate a swap at a time when the City owes it a termination payment. The City has mitigated this risk by specifying that the counterparty has the right to terminate only as a result of certain events, including: a payment default by the City; other City defaults which remain uncured for 30 days after notice; City bankruptcy; insolvency of the City (or similar events); or a downgrade of the City's credit rating below investment grade (i.e., Baa3/BBB-).

Basis Risk: The risk is that the City's variable rate bond payments will not equal its variable rate swap receipts because they are based on different indices. As discussed below, as of July 1, 2023, the swap converted from a LIBOR-based to a SOFR-based swap. As of July 1, 2023, under the terms of the USB Swap, the City pays a variable rate on its bonds based on the tax-exempt variable rate market but receives a variable rate based on 60.8 percent of SOFR plus a spread of 0.069616%. The City budgets sufficient amounts to cover any basis costs.

Tax Risk: The risk is that a change in Federal tax rates will alter the fundamental relationship between tax-exempt and taxable rates. A reduction in Federal tax rates, for example, could result in increases to tax-exempt variable rates, which would cause an increase in the City's payment on its underlying variable rate bonds in the synthetic fixed rate transaction. The Tax Cuts and Jobs Act ("TCJA") reduced the corporate federal income tax rate from 35% to 21% effective as of January 1, 2018, in addition to reducing certain individual income tax brackets. The outlook for future tax-exempt rates and tax-exempt/taxable ratios remains uncertain.

Discontinuation of LIBOR: On March 5, 2021, ICE Benchmark Administration Limited ("IBA") and Financial Conduct Authority ("FCA") announced that the LIBOR cessation date for most USD LIBOR tenors, including 1 Month LIBOR, would be June 30, 2023.

The March 5, 2021 announcement also triggered the fixing of the USD LIBOR-SOFR fallback spread adjustment. SOFR, the Secured Overnight Financing Rate, is a broad measure of the cost of borrowing cash overnight collateralized by treasury securities. The City adhered to the fallback protocol, therefore the USB Swap converted to 60.8 percent of SOFR plus the predetermined spread of 0.069616% as of July 1, 2023.

See Exhibit B for a matrix showing how changes in market conditions would affect the City's exposure (defined as "Value at Risk" in the City's Interest Rate Exchange Agreement Policy) on the USB Swap.

B. Dormitory Authority of the State of New York as Counterparty:

The Dormitory Authority of the State of New York ("DASNY") entered into separate Master Agreements with each of the Counterparties listed in the table below for Transactions numbered D3 and D4. The City is obligated, subject to appropriation, to make lease payments to DASNY reflecting DASNY's obligations. IREAs numbered D1 and D2 have terminated and are not described in this Quarterly Report.

Transaction	**Counterparty**	**Notional Amount as of 3/31/2026**	**Trade Date**	**Termination Date**
D3: Synthetic Fixed	Goldman Sachs Matsui Marine Derivative Products LP ("GSMMDP")	$80,680,000	June 1, 2005	May 15, 2039
D4: Synthetic Fixed	JPM	$44,820,000	June 1, 2005	May 15, 2039
		Total: $125,500,000		

Each of DASNY's IREAs was procured through negotiation among DASNY, the City and the Counterparties. DASNY received an independent finding that the terms and conditions of each of the transactions reflected fair market value as of their respective pricing dates.

The estimated total mid-marked-to-market value of IREAs D3 and D4, as of March 31, 2026, is approximately ($6,101,560). The estimated mid-marked-to-market value of the IREAs by counterparty is as follows: GSMMDP ($3,922,501); JPM ($2,179,059).

Payments under the Transactions

As of March 31, 2026, DASNY received payments of $32,902,692 under its outstanding swaps. As of March 31, 2026, DASNY has made payments of $77,304,360 under its outstanding IREAs.

Credit Enhancement

There are no liquidity facilities or reserves provided in connection with the DASNY IREAs. Under the Master Agreements with GSMMDP and JPM, DASNY is required to post collateral if either of the City's credit ratings goes below Baa2 or BBB. Each of GSMMDP and JPM is required to post collateral if each of its credit ratings is below Aa3 or AA- or if it has any credit rating of less than A3 or A-.

Costs and Expenses

The costs and expenses incurred in connection with the DASNY IREAs were paid by DASNY and consisted of $25,000 in legal fees and $111,000 in swap advisory fees. The costs and expenses for the DASNY IREAs numbered D3 and D4 were aggregated with the costs and expenses associated with IREAs D1 and D2, which were subsequently terminated and are not described in this Quarterly Report.

Description of Counterparties

GSMMDP is a limited partnership organized under the laws of the State of Delaware. It is a joint venture of The Goldman Sachs Group and Mitsui Sumitomo Insurance Co., Ltd. GSMMDP is rated Aa2/AA-. JPM is a national bank incorporated in the State of Delaware and is rated Aa2/AA-. All ratings are as of March 31, 2026.

Risk Assessment

The counterparty risks associated with the DASNY IREAs are comparable to those of the City in connection with its IREAs. The termination risk involves the Counterparty's ability to terminate should the City's credit rating fall below Baa3/BBB-. The transactions involve the risk of a shortfall between the variable rate paid on the underlying bonds and the variable rate received in connection with the IREAs. The tax risk associated with the DASNY IREAs are comparable to those of the City in connection with its IREAs. The steps taken by DASNY to reduce or mitigate risks on the DASNY IREAs are comparable to those taken by the City in connection with its IREAs. DASNY addressed the LIBOR cessation by negotiating bilateral agreements with JPM on May 17, 2023 and with GSMMDP on May 18, 2023. Both DASNY IREAs D3 and D4 converted to 64.3% of SOFR plus the fallback adjustment spread of 0.07362354% as of July 1, 2023.

See Exhibit B for a matrix showing how changes in market conditions would affect DASNY's exposure in connection with the DASNY IREAs.