

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 10, 2019

NEW AND RENEWAL ISSUES

GENERAL RESOLUTION REFUNDING BONDS AND BOND ANTICIPATION NOTES

S&P GLOBAL RATINGS

See “RATINGS” herein

In the opinion of Barclay Damon LLP, Bond Counsel to the Authority, under existing law and assuming compliance with certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the Authority, interest on the 2019A Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the 2019A Notes is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code. Bond Counsel is also of the opinion that interest on the 2019 Bonds and the 2019B Notes is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is further of the opinion that, under existing statutes, interest on the 2019 Bonds and the 2019 Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See “Part 18 – Tax Matters - 2019A Notes” and “Part 19 – Tax Matters – Series 2019 Bonds and 2019B Notes” herein regarding certain other tax considerations.

The 2019A Notes will not be designated as or deemed designated as “qualified tax exempt obligations” pursuant to Section 265(b)(3) of the Code.

\$14,415,000*

SCHENECTADY METROPLEX DEVELOPMENT AUTHORITY

CUSIP BASE 80647N

**\$4,815,000* General Resolution Refunding Bonds, Series 2019 (Federally Taxable)
(the “Series 2019 Bonds”)**

Dated: December 26, 2019

Due: August 1, 2020-2033

MATURITIES*

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>
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Term Bonds

**Term Bond Due August 1, ____, to yield ____%, CUSIP ____
Term Bond Due August 1, ____, to yield ____%, CUSIP ____**

**\$7,880,000* Bond Anticipation Notes, 2019A
(the “2019A Notes”)
and**

**\$1,720,000* Bond Anticipation Notes, 2019B (Federally Taxable)
(the “2019B Notes”)**

Dated: December 26, 2019

Due: December 23, 2020

The Schenectady Metroplex Development Authority \$4,815,000* General Resolution Refunding Bonds, Series 2019 (Federally Taxable) (the “Series 2019 Bonds”), \$7,880,000* Bond Anticipation Notes, 2019A (the “2019A Notes”) and \$1,720,000* Bond Anticipation Notes, 2019B (Federally Taxable) (the “2019B Notes”), and collectively with the 2019A Notes, the “2019 Notes”) are general obligations of the Schenectady Metroplex Development Authority (“Metroplex” or the “Authority”).

The Series 2019 Bonds are issued pursuant to the provisions of Title 28-B of Article 8 of the Public Authorities Law of the State of New York, a General Bond Resolution adopted by the members of the Board of the Authority on the December 21, 2001 (the “General Resolution”), and the Sixteenth Supplemental Bond Resolution (the “Sixteenth Supplemental Resolution”) adopted by the members of the Board of the Authority on November 13, 2019 authorizing the issuance of the Series 2019 Bonds. The Series 2019 Bonds are being issued to refund all or a portion of the \$735,000 outstanding principal balance of the General Resolution Bonds, Series 2010A (Tax-Exempt) dated June 17, 2010 originally issued by the Authority in the aggregate principal amount of \$1,050,000, and all or a portion of the \$4,025,000 outstanding principal balance of the General Resolution Bonds, Series 2010B (Federally Taxable) dated June 17, 2010 originally issued by the Authority in the aggregate principal amount of \$5,360,000 (collectively, the “Refunded Bonds”). See “PART 2 – PURPOSE AND PLAN OF REFUNDING OF THE SERIES 2019 BONDS” herein.

The Series 2019 Bonds are subject to optional redemption as described in “PART 9 – OPTIONAL REDEMPTION” herein.

The 2019 Notes are issued pursuant to the provisions of Title 28-B of Article 8 of the Public Authorities Law of the State of New York, the General Resolution and the applicable Supplemental Bond Resolutions adopted by the members of the Board of the Authority on November 8, 2017 and November 13, 2019 (the “Thirteenth Supplemental Resolution”, the “Fourteenth Supplemental Resolution”, and the “Fifteenth Supplemental Resolution” and, collectively with the General Resolution and the Sixteenth Supplemental Resolution, the “Resolutions”).

*Preliminary, subject to change.

The 2019A Notes are being issued to repay at maturity the principal balance of the Authority's \$6,280,000 Bond Anticipation Notes, 2018A (the "2018A Notes") and to finance \$1.6 million of a capital grant to finance a development project within the Authority's Service District. The 2019B Notes are being issued to repay at maturity the principal balance of the Authority's \$1,710,000 Bond Anticipation Notes, 2018B (Federally Taxable) (the "2018B Notes" and, collectively with the 2018A Notes, the "2018 Notes"). The 2018 Notes were issued to finance certain development projects within the Authority's Service District. See "PART 4 – PURPOSE OF THE 2019 NOTES".

The 2019 Notes are not subject to redemption prior to maturity.

The Series 2019 Bonds and 2019 Notes will be issued as registered bonds and notes, respectively, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2019 Bonds and the 2019 Notes. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Series 2019 Bonds or 2019 Notes. Interest on the Series 2019 Bonds will be payable on August 1, 2020 and semi-annually thereafter on February 1 and August 1 in each year until maturity. The principal and interest of the Series 2019 Bonds and 2019 Notes are payable directly to DTC by Manufacturers and Traders Trust Company, as trustee (the "Trustee"). DTC will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Series 2019 Bonds and 2019 Notes, as described herein.

The Series 2019 Bonds and the 2019 Notes are offered when, as and if issued and received by the Underwriter and subject to the receipt of the unqualified legal opinions as to the validity of the Series 2019 Bonds and 2019 Notes of Barclay Damon LLP, Bond Counsel, Albany, New York. Certain legal matters will be passed on for the Underwriter by its counsel, Bond, Schoeneck, & King, PLLC, Syracuse, New York. Certain legal matters will be passed on for the Authority by its counsel, Whiteman Osterman & Hanna LLP, Albany, New York. It is anticipated that the Series 2019 Bonds and the 2019 Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey or as may be agreed upon on or about December 26, 2019.

THE SERIES 2019 BONDS ARE GENERAL OBLIGATIONS OF THE AUTHORITY. THE 2019 NOTES ARE SPECIAL AND LIMITED OBLIGATIONS OF THE AUTHORITY. THE SERIES 2019 BONDS AND THE 2019 NOTES DO NOT CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK, SCHENECTADY COUNTY, NEW YORK OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF NEW YORK, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK, SCHENECTADY COUNTY, NEW YORK OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF NEW YORK IS PLEDGED TO THE PAYMENT OF THE SERIES 2019 BONDS AND THE 2019 NOTES. THE AUTHORITY HAS NO TAXING POWER.



RBC Capital Markets®

December __, 2019

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No person has been authorized by the Authority to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Series 2019 Bonds and the 2019 Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority.

The Underwriter has provided the following sentence for inclusion in this Official Statement. “The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities under the federal securities law, but the Underwriter does not guaranty the accuracy or completeness of such information.”

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2019 BONDS AND THE 2019 NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKETS. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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PREPARED WITH THE ASSISTANCE OF



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PRELIMINARY OFFICIAL STATEMENT
RELATING TO
SCHENECTADY METROPLEX DEVELOPMENT AUTHORITY

\$4,815,000* General Resolution Refunding Bonds, Series 2019 (Federally Taxable)

\$7,880,000* Bond Anticipation Notes, 2019A

and

\$1,720,000* Bond Anticipation Notes, 2019B (Federally Taxable)

PART 1 – INTRODUCTION

This Official Statement, including the cover page and appendices, sets forth certain information in connection with the issuance by the Schenectady Metroplex Development Authority (“Metroplex” or the “Authority”) of its General Resolution Refunding Bonds, Series 2019 (Federally Taxable) (the “Series 2019 Bonds”) in the aggregate principal amount of \$4,815,000*, Bond Anticipation Notes, 2019A (the “2019A Notes”) in the aggregate principal amount of \$7,880,000* and Bond Anticipation Notes, 2019B (Federally Taxable) (the “2019B Notes” and, collectively, with the 2019A Notes, the “Notes”) in the aggregate principal amount of \$1,720,000*.

The Authority is a body corporate and politic of the State of New York (the “State”) constituting a public benefit corporation. The Series 2019 Bonds and the 2019 Notes are not obligations of either the State of New York or Schenectady County. The Authority has no taxing power.

Series 2019 Bonds

The Series 2019 Bonds are authorized to be issued pursuant to Section 2655 of Title 28-B of Article 8 of the Public Authorities Law of the State, as amended from time to time (the “Act”), the General Bond Resolution adopted by the members of the Board of the Authority on December 12, 2001 (the “General Resolution”) and the Sixteenth Supplemental Bond Resolution (the “Sixteenth Supplemental Resolution”) adopted by the members of the Board of the Authority on November 13, 2019. The Series 2019 Bonds are general obligations of the Authority. Under the Act, the Authority is authorized to issue bonds (the “Bonds”) and notes in an amount not to exceed \$100 million subject to certain exceptions for refundings. Summaries of the Resolutions are included in APPENDIX - D.

Sources available to pay debt service on the Series 2019 Bonds include (i) certain sales and compensating use taxes (the “Sales Tax”) within Schenectady County (the “County”), but only upon transfer by the County from the Schenectady Metroplex Development Support Fund (held by the County) to Manufacturers and Traders Trust Company, as trustee (the “Trustee”) and (ii) any moneys or securities held in the funds established under the General Resolution (other than the Rebate Fund and except as further provided in the General Resolution).

2019 Notes

The 2019 Notes are authorized to be issued pursuant to the Act, the General Bond Resolution and the applicable Supplemental Bond Resolutions adopted by the members of the Board of the Authority on November 8, 2017 and November 13, 2019 (the “Thirteenth Supplemental Resolution”, “Fourteenth Supplemental Resolution”, and the “Fifteenth Supplemental Resolution” and, collectively with the General Resolution and the Sixteenth Supplemental Resolution, the “Resolutions”).

Sources available to pay debt service on the 2019 Notes, which are special and limited obligations of the Authority, include (1) the proceeds of any renewals of such 2019 Notes issued to repay such 2019 Notes, (2) the proceeds of the sale of the Series of Bonds in anticipation of which the 2019 Notes are being issued, (3) any amounts provided by the Authority expressly for payment of such Notes, (4) the proceeds of such Notes deposited in any Fund or account under the Resolutions, or (5) with respect to interest on the 2019 Notes, all or any Revenues.

See “PART 10 – PAYMENT OF AND SECURITY FOR THE SERIES 2019 BONDS AND 2019 NOTES.”

Capitalized terms used herein but not otherwise defined shall have the meaning set forth in APPENDIX – C.

*Preliminary, subject to change

PART 2 – PURPOSE AND PLAN OF REFUNDING OF THE SERIES 2019 BONDS

Purpose

The Series 2019 Bonds are being issued to refund all or a portion of the \$735,000 outstanding principal balance of the General Resolution Bonds, Series 2010A (Tax-Exempt) dated June 17, 2010 originally issued by the Authority in the aggregate principal amount of \$1,050,000 and all or a portion of the \$4,025,000 outstanding principal balance of the General Resolution Bonds, Series 2010B (Federally Taxable) dated June 17, 2010 originally issued by the Authority in the aggregate principal amount of \$5,360,000 (collectively, the “Refunded Bonds”) and pay certain costs of issuance related to the Series 2019 Bonds.

The proceeds of the Series 2019 Bonds are intended to be used to purchase a portfolio of non-callable direct obligations of the United States of America (the “Government Obligations”) and pay certain costs of issuance related to the Series 2019 Bonds. The principal of and investment income on the portfolio of Government Obligations, together with other available cash on deposit in the Escrow Deposit Fund (as hereinafter defined), are expected to be sufficient to pay the principal of, interest on, and redemption premiums (if any) of the Refunded Bonds.

The Refunding Financial Plan

The Series 2019 Bonds are being issued to effect the refunding of the Refunded Bonds pursuant to the Authority’s Sixteenth Supplemental Bond Resolution. Proceeds of the Series 2019 Bonds (after payment of the underwriting fee and other costs of issuance related to the Series 2019 Bonds) are to be applied to the purchase of Government Obligations. The Government Obligations are to be placed in an irrevocable trust fund (the “Escrow Deposit Fund”) with Manufacturers and Traders Trust Company (the “Escrow Holder”), pursuant to the terms of a letter of instructions (the “Letter of Instructions”) from the Authority to the Escrow Holder. The Letter of Instructions provides that the Government Obligations will mature in amounts and bear interest sufficient, together with any un-invested cash deposited into the Escrow Deposit Fund from proceeds of the Series 2019 Bonds, to meet principal and interest payments and redemption premiums (if any) with respect to the Refunded Bonds on the dates such payments are due or, in the case of Refunded Bonds subject to redemption prior to maturity, upon their earliest redemption dates (the “Payment Dates”). Pursuant to the Letter of Instructions, the Escrow Holder is to call for redemption all of the then - outstanding Refunded Bonds on their respective first permitted redemption date. The owners of the Refunded Bonds will have a first lien on all of the cash and securities necessary for the refunding of their respective Refunded Bonds in the Escrow Deposit Fund, until those Refunded Bonds have been paid, whereupon the Escrow Contract, given the occurrence of certain conditions precedent, shall terminate. The Authority is required to deposit all investment income from and maturing principal of the Government Obligations, together with any un-invested cash, into the Escrow Deposit Fund.

The Authority is expected to realize, as a result of the issuance of the Series 2019 Bonds, present value debt service savings.

The amounts and maturities of the Refunded Bonds, set forth below, may be changed by the Authority in its sole discretion due to market or other factors considered relevant by the Authority at the time of pricing of the Series 2019 Bonds and no assurance can be given that any particular amount or maturity listed will be refunded.

\$1,050,000 General Resolution Bonds, Series 2010A (Tax-Exempt) – Dated June 17, 2010

CUSIP Base: 80647N

<u>Due August 1st</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP No.</u>
2022	\$ 90,000	4.000%	8/1/2020	100.000%	CC2
2030	395,000	4.625%	8/1/2020	100.000%	CD0
2033	210,000	5.000%	8/1/2020	100.000%	CE8

\$5,360,000 General Resolution Bonds, Series 2010B (Federally Taxable) – Dated June 17, 2010

CUSIP Base: 80647N

<u>Due August 1st</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP No.</u>
2025	\$ 1,120,000	6.104%	8/1/2020	100.000%	CR9
2033	2,715,000	6.791%	8/1/2020	100.000%	CS7

Verification of Mathematical Computations

Causey, Demgen & Moore P.C., a firm of independent public accountants, will deliver to the Authority, on or before the settlement date of the Series 2019 Bonds, its attestation report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the Authority and its representatives. Included in the scope of its engagement will be a verification of the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the Government Obligations used to fund the Escrow Deposit Fund to be established by the Escrow Holder to pay, when due, the principal of and interest on the Refunded Bonds.

The verification performed by Causey, Demgen & Moore P.C. will be solely based upon data, information and documentation provided to Causey, Demgen & Moore P.C. by the Authority and its representatives. Causey, Demgen & Moore, P.C.’s attestation report will state that Causey, Demgen & Moore P.C. has no obligations to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of such report.

PART 3 - SOURCES AND USES OF SERIES 2019 BOND PROCEEDS

Proceeds of the Series 2019 Bonds are to be applied as follows:

Sources:	Par Amount of the Series 2019 Bonds		\$
	Original Issue Premium (Discount)		
	Release from Debt Service Reserve Fund		
		Total	\$
Uses:	Deposit to Escrow Deposit Fund		\$
	Underwriter's Discount		
	Costs of Issuance and Contingency		
		Total	\$

PART 4 – PURPOSE OF THE 2019 NOTES

2019A Notes

The proceeds of the 2019A Notes will be used to (1) repay at maturity the principal balance of the Authority’s \$6,280,000 Bond Anticipation Notes, 2018A (the “2018A Notes”) and (2) finance \$1.6 million in additional funds for a capital grant to finance a development project within the Authority’s Service District. The 2018A Notes were issued to finance a certain development project within the Authority’s service district consisting of the following components (i) the acquisition of nine (9) vacant or underutilized buildings and the conversion, rehabilitation, redevelopment and adaptive reuse thereof for retail, commercial and residential uses located on lower State Street, Mill Lane and South Church Street in the City of Schenectady (the “City”), including site preparation for the purpose of transforming the area into a retail corridor with the focus on locally sourced and crafted products; (ii) the extension of sanitary sewer service to residential and commercial areas proximate to Route 7 and Route 20 in the Town of Duanesburg; (iii) the redevelopment and expansion of the vacant, former Annie Schaffer Senior Citizens Center located at 101 Nott Terrace in the City and the conversion to market-rate apartments, on-site parking, construction of an additional floor to the building and façade makeover; (iv) the renovation of an existing 120,000 square foot facility located at 93 West Campbell Road in the Town of Rotterdam (the “Town”) for purposes of converting a vacant retail store into a new office complex providing significant economic and social benefits; (v) reconstruction and expansion of the existing City-owned park on lower State Street in the City, including the abandonment of Water Street and its rights-of-way, demolition of existing vacant structures and the addition of green space; (vi) replacement of sidewalks, curbs, streetlights and the addition of amenities along the north side of State Street between South Church Street and Washington Avenue in the City, including, but not limited to, sidewalks, curbs, handicap ramps, pavers, plantings, furnishings, and other elements; (vii) design and construction of a 1.3 mile, multi-use trail along the south shore of the Mohawk River providing waterfront access from the Stockade neighborhood through Mohawk Harbor where it connects with the Mohawk-Hudson hike/bike trail at Maxon Road; (viii) restoration, repair and historic preservation of three interconnected buildings located at 510 State Street, 512 State Street and 204 Lafayette Street in the City and their adaptive reuse as restaurants, office space and residential units, plus façade facelifts; (ix) eligible activities associated with the Restore NY Communities Initiative to be used to improve five (5) or more commercial sites and buildings and the removal of hazardous materials and/or demolition and/or rehabilitation of ten (10) or more residential properties in the City; and (x) renovation of the third floor of the former Carl Company building located at 430 State Street as a multi-use theatrical educational facility.

2019B Notes

The proceeds of the 2019B Notes will be used to repay at maturity the principal balance of the Authority's \$1,710,000 Bond Anticipation Notes, 2018B (the "2018B Notes"). The 2018B Notes were issued to finance a certain development project within the Authority's service district consisting of the following components (i) upgrades and repairs to Metroplex-owned or controlled parking facilities, including, but not limited to, patching, paving, resurfacing, restriping, landscaping, lighting improvements, fencing, signage, property acquisition and related oversight costs; and (ii) acquisition of certain surplus federal land at the Scotia Naval Depot from the General Services Administration.

PART 5 – BOOK ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2019 Bonds and the 2019 Notes. The Series 2019 Bonds and 2019 Notes will be issued as fully-registered securities registered 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 Bond certificate will be issued for each maturity of the Series 2019 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. One fully-registered Note certificate will be issued for each of the 2019A Notes and 2019B Notes, as the case may be, bearing the same rate of interest and CUSIP number, 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 3.2 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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"). 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 and www.dtc.org.

Purchases of Series 2019 Bonds and 2019 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds and the 2019 Notes on DTC's records. The ownership interest of each actual purchaser of each Series 2019 Bond and 2019 Note ("Beneficial Owner") is in turn to be recorded on the Direct 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 or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019 Bonds and the 2019 Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2019 Bonds and 2019 Notes, except in the event that use of the book-entry system for the Series 2019 Bonds and the 2019 Notes is discontinued.

To facilitate subsequent transfers, all Series 2019 Bonds and 2019 Notes 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 2019 Bonds and the 2019 Notes 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 2019 Bonds and the 2019 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 Bonds and 2019 Notes are credited, which may or may not be the Beneficial Owners. The Direct 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 shall be sent to DTC. If less than all of the Series 2019 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series to be redeemed.

Principal and interest payments on the Series 2019 Bonds and the 2019 Notes 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 Authority, on 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 or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority, 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 and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2019 Bonds and the 2019 Notes at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor depository is not obtained, Bond and Note certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2019 Bond and 2019 Note 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 Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

THE AUTHORITY AND THE UNDERWRITER WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (B) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE SERIES 2019 BONDS AND THE 2019 NOTES; (C) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS OR NOTEHOLDERS, (D) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SERIES 2019 BONDS AND THE 2019 NOTES; OR (E) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2019 BONDS AND THE 2019 NOTES.

PART 6 - CERTIFICATED BONDS

DTC may discontinue providing its services with respect to the Series 2019 Bonds at any time by giving notice to the Authority and discharging its responsibilities with respect thereto under applicable law, or the Authority may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Series 2019 Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof. Principal of the Series 2019 Bonds when due will be payable upon presentation at the principal corporate trust office of the Trustee. Interest on the Series 2019 Bonds will remain payable on August 1, 2020 and semi-annually thereafter on February 1 and August 1 in each year to maturity. Such interest will be payable by check drawn on the Trustee and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the Trustee as of the fifteenth business day of the calendar month preceding each such interest payment date. Series 2019 Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the Trustee for Series 2019 Bonds of the same series and the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Certificate of Determination of the Chairman of the Authority authorizing the sale of the Series 2019 Bonds and fixing the details thereof and in accordance with the Act and the General Resolution. The Trustee shall not be obligated to make any such transfer or exchange of Series 2019 Bonds between the fifteenth business day of the calendar month preceding an interest payment date and such interest payment date.

PART 7 - CERTIFICATED NOTES

DTC may discontinue providing its services with respect to the 2019 Notes at any time by giving notice to the Authority and discharging its responsibilities with respect thereto under applicable law, or the Authority may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the 2019 Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the 2019 Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the Authority. The 2019 Notes will remain not subject to redemption prior to their stated final maturity date.

PART 8 – DESCRIPTION OF THE SERIES 2019 BONDS

The Series 2019 Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for DTC. Principal and premium, if any, and interest on the Series 2019 Bonds will be payable through the Trustee, as paying agent. Purchases of beneficial interests from DTC in the Series 2019 Bonds will be made in book-entry-only form in the principal amount of \$5,000 or any integral multiple thereof. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2019 Bonds, the Series 2019 Bonds will be held in the book-entry-only system described above and the principal and premium, if any, and interest on the Series 2019 Bonds will be paid through the facilities of DTC. Beneficial Owners of the Series 2019 Bonds will not receive certificates representing their ownership interests in such Series 2019 Bonds, except in the event that use of the book-entry-only system is discontinued. (See “PART 5 - BOOK-ENTRY-ONLY SYSTEM” and “PART 6 – CERTIFICATED BONDS” herein.)

Mandatory Sinking Fund Redemption

The Series 2019 Bonds maturing on August 1, _____ are subject to scheduled mandatory sinking fund redemption prior to maturity commencing August 1, _____ and on each August 1 thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium in the years and the principal amounts listed below.

Sinking Fund Installment
Payment Date

Sinking Fund
Installment

Optional Redemption

The Series 2019 Bonds maturing on or before August 1, 2029 shall not be subject to redemption prior to maturity. The Series 2019 Bonds maturing on or after August 1, 2030 shall be subject to redemption prior to maturity on not less than thirty (30) days' notice as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the Authority on August 1, 2029 or on any date thereafter at par (100.0%), plus accrued interest to the date of redemption.

If less than all of the Series 2019 Bonds of any maturity are to be redeemed, the particular Series 2019 Bonds of such maturity to be redeemed shall be selected by the Authority by lot in any customary manner of selection as determined by the Chairman of the Authority. Notice of such call for redemption shall be given by mailing such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Series 2019 Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

PART 9 – DESCRIPTION OF THE 2019 NOTES

The 2019 Notes will be issued as fully registered notes and, when issued, will be registered in the name of Cede & Co., as nominee for DTC. Principal and premium, if any, and interest on the 2019 Notes will be payable through the Trustee, as paying agent. Purchases of beneficial interests from DTC in the 2019 Notes will be made in book-entry-only form in the principal amount of \$5,000 or any integral multiple thereof. So long as Cede & Co., as nominee of DTC, is the registered owner of the 2019 Notes, the 2019 Notes will be held in the book-entry-only system described above and the principal and premium, if any, and interest on the 2019 Notes will be paid through the facilities of DTC. Beneficial Owners of the 2019 Notes will not receive certificates representing their ownership interests in such 2019 Notes, except in the event that use of the book-entry-only system is discontinued. (See “PART 5 - BOOK-ENTRY-ONLY SYSTEM” and “PART 7 – CERTIFICATED NOTES” herein.)

The 2019 Notes are not subject to redemption prior to maturity.

PART 10 – PAYMENT OF AND SECURITY FOR THE SERIES 2019 BONDS AND 2019 NOTES

Sources of Payment for the Series 2019 Bonds

The Series 2019 Bonds are general obligations of the Authority payable from the Pledged Property and such other funds of the Authority as the Authority may designate or contribute for the purpose of making payments on the Bonds and the Parity Debt. The lien established under the General Resolution applies to, and was made for, the equal and proportionate benefit of holders of the Bonds issued under the General Resolution and any Parity Debt.

The Pledged Property includes all of the Authority's right, title and interest in and to the Revenues and Funds (other than the Excess Revenues, the Rebate Fund, and with respect to any Variable Interest Rate Bonds or Parity Debt, the Debt Service Reserve Fund and with respect to any Bonds secured by the Debt Service Reserve Fund, any debt service reserve fund established in connection with Variable Interest Rate Bonds or Parity Debt), including Investment Securities held in any Fund under the General Resolution, together with all proceeds and revenues of the foregoing and all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms and provisions of the General Resolution.

Revenues include all payments to the Authority of sales and compensating use pursuant to Section 2661(9) of the Act, any other amounts received from any other source by the Authority and pledged by the Authority as security for the payment of Parity Debt, and interest received or to be received on moneys or securities held pursuant to the Resolutions. The Act provides that one-half of one percent (0.5%) of the 4.00% sales and compensating use taxes received by the County will be deposited in the Schenectady Metroplex Development Support Fund (the "Support Fund") held in the custody of the County.

The amounts required to be paid by the County to the Authority pursuant to Section 2661(9) of the Act are required to be paid to the Authority from the Support Fund. The County makes payments from the Support Fund to the Authority quarterly as and to the extent required pursuant to Section 2661(9) of the Act.

The Authority's share, as described in Section 2661(9) of the Act, of the net collections, as such term is defined in Section 1262 of the Tax Law of the State, from sales and compensating taxes imposed by the County pursuant to the authority of Section 1210-C or 1210 of the Tax Law, as amended, or any successor law thereto is referred to herein as the "Sales Tax".

Sources of Payment for the 2019 Notes

The 2019 Notes are special and limited obligations of the Authority. Principal of and interest on the 2019 Notes and any renewals of such Notes shall be payable from any or all of the following sources: (1) the proceeds of any renewals of such 2019 Notes issued to repay such 2019 Notes, (2) the proceeds of the sale of the Series of Bonds in anticipation of which the 2019 Notes are being issued, (3) any amounts provided by the Authority expressly for payment of such 2019 Notes, (4) the proceeds of such 2019 Notes deposited in any Fund or account under the Resolutions, or (5) with respect to interest on the 2019 Notes, all or any Revenues.

Interest on the 2019 Notes and any Bonds issued by the Authority to repay the principal of the 2019 Notes at their maturity will be general obligations of the Authority payable solely from the Pledged Property and such other funds of the Authority as the Authority may designate or contribute for the purpose of making payments on Parity Debt. The lien established under the General Resolution applies to, and was made for, the equal and proportionate benefit of holders of Parity Debt. Parity Debt includes interest due on the 2019 Notes.

The Authority plans to issue either Bonds or renewal notes to redeem the 2019 Notes at maturity. Factors which could affect the ability of the Authority to issue such Bonds or renewal notes include the Authority's financial condition, conditions prevailing in the bond market or changes in law. No assurances can be given that the Authority will be able to issue Bonds or renewal notes to provide for payment of the 2019 Notes at maturity.

Quarterly Payments to the Authority

Seventy percent (70%) of the Sales Tax that is deposited in the Support Fund held in the custody of the County is required by the Act to be paid by the County to the Authority quarterly on or about the 15th day of the second month of each quarter. The Authority has assigned the right to receive such payments to the Trustee pursuant to the terms of the General Resolution. The balance (30%) of the Sales Tax that is deposited in the Support Fund is transferred to the County Real Property Tax Abatement and Economic Development Fund. The Authority has no claims to the amounts transferred to the County Real Property Tax Abatement and Economic Development Fund. See “– Flow of Funds”.

The Authority has a limited obligation to return a portion of its sales tax revenues in the event such revenues exceed statutorily prescribed limits, which are a function of Authority’s current liabilities, reserve fund requirements and anticipated project funding requirements.

Certain Factors Relating to Moneys and Powers of the Authority and the County

The owners of the Series 2019 Bonds and 2019 Notes (with respect only to the interest due on the 2019 Notes) do not have any lien on Sales Tax until the moneys derived therefrom are paid by the County to the Trustee pursuant to Section 2661(9) of the Act and the terms of the General Resolution. The owners of the Series 2019 Bonds and 2019 Notes (with respect only to the interest due on the 2019 Notes) also do not have any lien on any amount of Sales Tax remaining after debt service payments have been made, which excess is paid to the Authority for deposit in its general fund to be expended by the Authority in its sole and absolute discretion, free and clear of the lien and pledge created under the General Resolution. No liability on account thereof will be incurred by the County beyond the moneys available from such sources.

The Authority is a public benefit corporation of the State and not of the County. The Authority has no taxing power. The Series 2019 Bonds and 2019 Notes do not constitute an enforceable obligation, or a debt, of either the State or the County, and neither the State nor the County is liable thereon. Neither the faith and credit nor the taxing power of the State or the County is pledged to the payment of principal of or interest on the Series 2019 Bonds or the 2019 Notes.

Debt Service Reserve Fund

The General Resolution requires the Debt Service Reserve Fund to be funded at a level not less than the Debt Service Reserve Fund Requirement. The Debt Service Reserve Fund Requirement, as of any date of calculation, is an amount equal to one-half of the maximum annual debt service due on all Outstanding Bonds other than Variable Interest Rate Bonds and Bonds not secured by the Debt Service Reserve Fund. The Series 2019 Bonds will be secured by the Debt Service Reserve Fund.

Moneys in the Debt Service Reserve Fund may not be withdrawn if such withdrawal would reduce the amount of such Fund to less than the Debt Service Reserve Fund Requirement, except for the purpose of paying debt service on the Bonds, including on the Series 2019 Bonds, if and to the extent there exists a deficiency in the Debt Service Fund.

Variable Interest Rate Bonds are not secured by the Debt Service Reserve Fund, but may be secured by a separate debt service reserve fund established pursuant to the supplemental resolution authorizing the issuance of Variable Interest Rate Bonds.

The 2019 Notes do not constitute Outstanding Bonds of the Authority. The 2019 Notes will not be secured by the Debt Service Reserve Fund.

Flow of Funds

Under the General Resolution, all Sales Tax Revenues of the Authority are deposited into the Revenue Fund (which is held by the Trustee). Revenues transferred to the Trustee from the Support Fund are required to be applied to the funds and accounts established under the General Resolution on or before the times and in the amounts specified in the General Resolution. If the amount of Revenues transferred to the Trustee, together with other amounts deposited in the Revenue Fund, is less than the amounts required to be applied under the General Resolution, the payment is required to be applied, *first*, to the Debt Service Fund (to be held by the Trustee), *second*, to funds established in connection with Parity Debt, *third*, to the Subordinated Indebtedness Fund (to be held by the Trustee), and *fourth*, to the Rebate Fund (to be held by the Authority). The General Resolution further provides that (i) no moneys may be deposited into the Subordinated Indebtedness Fund unless the Chairperson of the Authority makes a determination in writing that upon such deposit, amounts to be derived from Revenues are expected to be sufficient to meet all requirements through the next succeeding January 15 of the Debt

Service Fund, the debt service reserve fund established in connection with the Bonds, Variable Interest Rate Bonds and any Parity Debt, and (ii) if and to the extent the Chairperson of the Authority does not make such determination, such moneys must be deposited into the Debt Service Fund.

If the Revenues on deposit in the Revenue Fund on the first day of the second month of each Calendar Quarter (the "Deposit Date") are greater than the amounts required to be deposited in each of the above referenced Funds pursuant to the General Resolution, such excess (the "Excess Revenues") will be paid to the Authority for deposit in its general fund, to be expended by the Authority in its sole and absolute discretion, free and clear of the pledge and lien created by the General Resolution.

Events of Default and Acceleration for the Series 2019 Bonds

The following are events of default under the Resolutions:

(1) payment of principal, Sinking Fund Installments, interest or premium on any Bond shall not be made when the same shall have become due, whether at maturity or upon call for redemption or otherwise, which failure to pay shall continue for a period of five (5) Business Days; or

(2) the Authority shall fail or refuse to deposit in the Debt Service Reserve Fund or any debt service reserve fund established in connection with Variable Interest Rate Bonds or Parity Debt the amounts received by the Authority for deposit in such Funds, respectively; or

(3) the Trustee shall have withdrawn amounts from the Debt Service Reserve Fund or amounts from a debt service reserve fund established in connection with Variable Interest Rate Bonds or Parity Debt resulting in a deficiency therein, and the Debt Service Reserve Fund or the debt service reserve fund established in connection with Variable Interest Rate Bonds shall not be restored to the applicable Debt Service Reserve Fund Requirement within twelve (12) months thereafter; or

(4) the State shall have enacted a moratorium or other similar law affecting payment of the Bonds; or

(5) the Director of Finance of the County shall fail or refuse to comply with any of the provisions of Section 2661(9) of the Act relating to security for or payment of the Bonds; or

(6) failure by the Authority to observe any of the covenants, agreements or conditions on its part contained in the Resolution or in the Bonds contained, and failure to remedy the same for a period of thirty (30) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been received by the Authority from the Trustee or by the Authority and the Trustee from the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding; provided that, if such default cannot be corrected within such thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted by the Authority within such period and is diligently pursued until the default is corrected; or

Notwithstanding any other provision of the Resolutions, pursuant to Sections 2669-a and 2669-b of the Act, the following events shall not constitute an Event of Default: (1) any action on the part of the State to amend, repeal, modify or otherwise alter any statutes imposing or relating to taxes or fees or appropriations relating thereto; or (2) (a) any action by the County to repeal the sales and compensating use tax imposed under Section 1210-C of the New York Tax Law, provided the County imposes sales and use taxes pursuant to Section 1210-C of the New York Tax Law at a rate not less than one-half of one percent ($\frac{1}{2}$ of 1%) or (b), if such taxes are not imposed under Section 1210-C of the New York Tax Law, to reduce the rate of, amend, modify or otherwise alter any sales and compensating use tax imposed under Sections 1210 of the New York Tax Law to a rate not less than one-half of one percent, or to amend, modify, repeal or otherwise alter other taxes or fees or appropriation relating thereto.

See APPENDIX D - SUMMARIES OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION AND THE SUPPLEMENTAL RESOLUTIONS - SUMMARY OF THE GENERAL RESOLUTION - Events of Defaults.

Remedies of Events of Default and Acceleration for the Series 2019 Bonds

Upon the occurrence and continuance of any Event of Default specified in (1) above, the Trustee shall, and upon the occurrence and continuance of any other Event of Default specified above, the Trustee may, and upon written request of the Holders of not less than a majority in aggregate principal amount of such Bonds then Outstanding, shall:

- (1) by mandamus or other suit, action or proceeding at law or in equity enforce all rights of the Holders of the Bonds under the Resolution;
- (2) bring suit upon such Bonds;
- (3) by action or suit in equity, require the Authority to account as if it were the trustee of an express trust for the Holders of such Bonds;
- (4) by action or suit in equity, enjoin any acts or things which may be an unlawful violation of the rights of the Holders of such Bonds; or
- (5) declare all such Bonds due and payable, and, if all defaults shall be made good, with the consent of the Holders of not less than a majority in aggregate principal amount of such Bonds then Outstanding, annul such declaration and its consequences. Before declaring the principal of such bonds due and payable, the Trustee shall first give thirty (30) days' notice in writing to the Authority.

The Trustee shall, in addition to the foregoing, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth in the Resolutions or incident general representation of the Holders of the Bonds in the enforcement and protection of their rights.

See APPENDIX D - SUMMARIES OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION AND THE SUPPLEMENTAL RESOLUTIONS - SUMMARY OF THE GENERAL RESOLUTION - Remedies and - Priority of Payments After Default.

PART 11 – THE AUTHORITY

The Authority is a public benefit corporation created pursuant to Article 8, Title 28-B of the New York Public Authorities Law, as amended. The Authority was created to pursue a comprehensive, coordinated program of economic development activities in the Route 5 and Route 7 corridors of Schenectady County, New York, with special emphasis on the downtown region of the City of Schenectady, New York.

In creating the Authority, the State Legislature determined that its establishment was necessary to provide, within the Authority's statutorily described service district (the "Service District"), for the economic prosperity, health, safety and general welfare of the people of the State, through the construction, development, location and operation of infrastructure improvements and new facilities to redevelop an area characterized by deteriorated industrial and commercial structures, uncoordinated and incompatible commercial uses, inadequate public facilities and substandard economic conditions. The Legislature declared the Authority to be performing an essential governmental function. Accordingly, the property, income and operations of the Authority are exempt from taxation, assessments, special assessments, fees, and special ad valorem levies or assessments of any kind, whether state or local, upon or with respect to any property owned by the Authority, or under its jurisdiction, control or supervision, or upon the uses thereof. Any fares, tolls, rentals, rates, charges, fees revenues or other income by the Authority are likewise exempt from taxation.

The Authority is governed by a board of eleven members (the "Board"), all of whom are residents of the County, each of whom is appointed by majority vote of the County Legislature. Two of the Board members are nominated by the City of Schenectady - each upon the recommendation of the Mayor and the City Council; one member is nominated by each of three different townships within the County; one member is nominated upon the joint recommendation of the supervisors of two townships in the County; one member is nominated by the minority leader of the Schenectady County Legislature; two members are nominated by the chairman of the County Legislature; and two members are nominated by joint recommendation of the County Legislature. The Board conducts regular monthly meetings that are open to the public pursuant to Article 7 of the New York Public Officers Law, which is New York's version of an "open meetings" law.

The Authority's general purposes are to design, develop, plan, finance, create, site, construct, renovate, administer, operate, manage and/or maintain buildings, parks, structures, and other facilities within its service district including, without limitation, industrial, manufacturing, entertainment and infrastructure facilities, and business, commercial, retail and government office buildings or space. To carry out its corporate purposes, the Authority is vested with and has broad powers, including the authority to borrow money, issue bonds, and enter into contracts and leases.

In 2016, the New York State Legislature increased the Authority's bond cap to \$100 million and extended the sunset provision of the Act to August 31, 2038.

Sales and Use Tax and Collection

Under the State Tax Law, the State collects sales and compensating use taxes on behalf of cities and counties and distributes the proceeds to such localities on a monthly basis. State Tax Law authorizes the County, acting through the County Legislature, to adopt local laws, ordinances or resolutions imposing the following sales and compensating use taxes to a maximum of 3.50% (the "Regular Sales Tax"). In addition, State Tax Law also grants the County the statutory authority to impose an additional sales and compensating use tax up to a maximum of 0.50% (the "Additional Sales Tax" and collectively with the Regular Sales Tax, the "County Sales Tax"). Such authority to impose the Additional Sales Tax continues through August 31, 2038. The Act requires that the County deposit quarterly the Additional Sales Tax into the Support Fund and, in the event that the County does not impose the Additional Sales Tax, the Act requires that the County deposit quarterly 0.50% of its Regular Sales Tax into the Support Fund. The Act further requires the County to transfer quarterly to the Authority 70% of the amounts deposited to the Support Fund. The balance of the amounts deposited to the Support Fund are transferred by the County to the County Real Property Tax Abatement and Economic Development Fund.

The County began imposing the Additional Sales Tax on September 1, 1998 and has imposed the Regular Sales Tax since at least March 1, 1989.

The State has no obligation to continue to authorize the imposition of the sales and compensating use tax nor is it obligated to maintain the existence of the Support Fund if the County no longer collects a sales and compensating use tax. The County has no obligation to continue to impose a sales and compensating use tax.

The following table sets forth the County Sales Tax collected by the County and the Sales Tax received by the Authority for the last ten fiscal years and the budgeted amounts for 2019 and 2020:

<u>Fiscal Year Ending December 31</u>	<u>County Sales Tax</u>	<u>70% of 0.50% Received by the Authority</u>
2009	\$80,265,366	\$7,042,417
2010	82,304,702	7,228,855
2011	88,832,798	7,800,626
2012	90,985,636	8,013,075
2013	90,764,792	7,857,943
2014	94,464,344	8,308,746
2015	94,232,862	8,242,669
2016	94,380,994	8,268,508
2017	101,567,424	8,891,405
2018	101,759,501	8,706,536
2019 (Budget)	99,306,000	8,800,000
2020 (Budget)	100,900,000	9,130,000

SOURCE: Annual reports of the County and County 2019 and 2020 budgets.

Debt Service Coverage Ratio

The Authority's debt service coverage ratio for the preceding 5 years was as follows:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Sales Tax Receipts ⁽¹⁾	\$ 8,141,232	\$ 8,341,214	\$ 8,168,206	\$ 8,555,196	\$ 9,164,685
Operating Expenses	<u>1,043,059</u>	<u>981,723</u>	<u>1,086,369</u>	<u>1,220,236</u>	<u>1,104,123</u>
Available to Service Debt	\$ 7,098,173	\$ 7,359,491	\$ 7,081,837	\$ 7,334,960	\$ 8,060,562
Total Debt Service	\$ 4,206,610	\$ 4,510,220	\$ 5,058,340	\$ 5,071,581	5,298,971
Gross Debt Service Coverage	1.94x	1.85x	1.61x	1.69x	1.73x
Net Debt Service Coverage	1.69x	1.63x	1.40x	1.45x	1.52x

⁽¹⁾ Figures presented on a cash basis method of accounting.

The Authority's projected debt service coverage ratio for the current and following 4 years is projected to be as follows:

<u>Projected</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Sales Tax Receipts ⁽¹⁾	\$ 9,164,685	\$ 9,210,508	\$ 9,256,561	\$ 9,302,844	\$ 9,349,358
Operating Expenses	<u>1,220,634</u>	<u>1,245,047</u>	<u>1,269,948</u>	<u>1,295,347</u>	<u>1,321,254</u>
Available to Service Debt	\$ 7,944,051	\$ 7,965,461	\$ 7,986,613	\$ 8,007,497	\$ 8,028,104
Total Debt Service ⁽²⁾	\$ 5,333,328	\$ 5,234,443	\$ 5,719,969	\$ 5,695,904	\$ 5,710,570
Gross Debt Service Coverage	1.72x	1.76x	1.62x	1.63x	1.64x
Net Debt Service Coverage	1.49x	1.52x	1.40x	1.41x	1.41x

⁽¹⁾ Figures presented on a cash basis method of accounting.

⁽²⁾ Figures for 2021 and thereafter assume bonds are issued in December 2020 to redeem the 2019 Notes.

Historical Revenues and Expenses and Estimated 2019 Revenues and Expenses

The table below summarizes the Authority's revenues and expenses for the fiscal years 2014 through 2018 and estimated revenues and expenses as of September 30, 2019:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Sales Tax Revenues ⁽¹⁾	\$ 8,308,746	\$ 8,242,669	\$ 8,268,508	\$ 8,891,405	\$ 8,706,536
Project Revenues	56,682	51,097	61,601	93,848	92,383
<u>Other Revenues</u>	<u>53,994</u>	<u>56,785</u>	<u>134,473</u>	<u>248,199</u>	<u>120,285</u>
Total Revenues	\$ 8,419,422	\$ 8,350,551	\$ 8,464,582	\$ 9,233,452	\$ 8,919,204
Operating Expenses	\$ 1,043,059	\$ 981,723	\$ 1,086,369	\$ 1,220,236	\$ 1,104,123
<u>Other Expenses</u>	<u>2,980,836</u>	<u>2,323,277</u>	<u>2,160,312</u>	<u>2,149,417</u>	<u>2,204,015</u>
Total Expenses	\$ 4,023,895	\$ 3,305,000	\$ 3,246,681	\$ 3,369,653	\$ 3,308,138
Net Revenues	<u>\$ 4,395,527</u>	<u>\$ 5,045,551</u>	<u>\$ 5,217,901</u>	<u>\$ 5,863,799</u>	<u>\$ 5,611,066</u>
	<u>2019 ⁽²⁾</u>				
Sales Tax Revenues ⁽¹⁾	\$ 6,807,951				
Project Revenues	64,952				
<u>Other Revenues</u>	<u>191,372</u>				
Total Revenues	\$ 7,064,275				
Operating Expenses	\$ 825,075				
<u>Other Expenses</u>	<u>1,574,219</u>				
Total Expenses	\$ 2,399,294				
Net Revenues	<u>\$ 4,664,981</u>				

⁽¹⁾ Figures presented on an accrual basis method of accounting.

⁽²⁾ Estimated as of September 30, 2019. Audited results may vary from the estimated results.

Board Members

The current members of the Board are as follows:

<u>Name</u>	<u>Occupation</u>
Ray Gillen, Chair	Commissioner, Schenectady County Dept. of Economic Development and Planning
Bradley G. Lewis, Vice Chair	Professor of Economics, Union College
Karen Zalewski-Wildzunas, Treasurer	Realtor, Berkshire Hathaway Realty
Sharon A. Jordan, Secretary	SAJ Consulting; former Director of Operations, City of Schenectady
Michael Angelozzi	Fireman, City of Schenectady
Nancy L. Casso	Regional Case Manager, National Health Care Associates
Robert J. Dieterich	Executive Vice President & CFO, First National Bank of Scotia
Todd Edwards	Vice President, Arthur J. Gallagher & Company
Neil M. Golub	Executive Chairman of the Board, Golub Corporation
Steven Rifenburg	Assistant Business Manager, IBEW Local 236
Paul C. Webster	Director of Community Outreach, New York State United Teachers

THE ACT PROVIDES THAT NEITHER THE MEMBERS OF THE BOARD OF THE AUTHORITY NOR ANY PERSON EXECUTING THE SERIES 2019 BONDS OR THE 2019 NOTES SHALL BE LIABLE PERSONALLY ON THE SERIES 2019 BONDS OR THE 2019 NOTES OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF.

PART 12 – THE COUNTY

The County, incorporated in 1809, is an urban/suburban county located in the Mohawk Valley northwest of the City of Albany. The County comprises an area of approximately 206 square miles and includes the City of Schenectady (the County Seat), the Towns of Duanesburg, Glenville, Niskayuna, Princetown and Rotterdam, and the incorporated Villages of Delanson and Scotia.

According to the U.S. Census Bureau, in 2018 the population of the County was 155,350. The County has a varied economic base including manufacturing, engineering, research, wholesale distribution outlets, retail shopping centers and office buildings. A substantial portion of the resident population commutes to job sites within the County.

Unemployment Rate Statistics

	<u>Annual Average</u>						
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Schenectady County	7.7%	6.7%	5.3%	4.7%	4.3%	4.5%	4.0%
New York State	8.5%	7.7%	6.3%	5.3%	4.9%	4.7%	4.1%

	<u>2019 Monthly Figures</u>										
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>
Schenectady County	4.1%	4.1%	3.9%	3.4%	3.5%	3.4%	3.8%	3.9%	3.6%	3.6%	N/A
New York State	4.6%	4.4%	4.1%	3.6%	3.8%	3.8%	4.1%	4.2%	3.7%	3.9%	N/A

Note: November 2019 figures are not available as of the date of this Official Statement.

Source: State of New York, Department of Labor. (Note: Figures not seasonally adjusted).

Wealth and Income Indicators

Per capita income statistics are available for the County and State. Listed below are select figures from the 2000, 2010 and 2013-2017 Census reports.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>
County of:						
Schenectady	\$ 21,992	\$ 27,500	\$ 29,981	\$ 53,670	\$ 70,712	\$ 80,122
State of:						
New York	23,389	30,948	31,177	51,691	67,405	70,850

Note: 2014-2018 5-Year American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000, 2010, and 2013-2017 5-Year American Community Survey.

Larger Taxpayers

The table below sets forth the County's largest real estate taxpayers, based on assessed values in 2018.

<u>Name</u>	<u>Type</u>	<u>Full Valuation</u>
National Grid	Utility	\$ 239,615,839
General Electric Company ⁽¹⁾	Industrial	176,195,423
Maxon Alco Holdings LLC	Entertainment	73,000,000
G&I IX Empire Mohawk Common	Retail	50,700,000
Golub Corp.	Supermarket	40,638,400
Shady Lane Realty Inc.	Real Estate	24,889,049
Walmart Stores Inc.	Retail Outlet	21,771,740
Schenectady International	Industrial	20,171,000
Verizon	Utility	19,858,508
Rotterdam Ventures	Real Estate	19,363,100
Rotterdam Rail, LLC	Industrial	16,000,000
Patriot Square LLC	Real Estate	14,331,304
CSX Transportation Inc.	Industrial	14,020,654
Time Warner (Spectrum)	Cable/Utility	13,799,980
Iroquois Dev Group LLC	Commercial	12,500,000
Glacier Albany LLC	Real Estate	12,500,000
Highbridge Development BR LLC	Real Estate	12,009,200
Viaport New York LLC	Shopping Center	11,500,000
Total		<u>\$ 792,864,197</u> ⁽²⁾

⁽¹⁾ There are also two PILOT agreements for General Electric facilities that have a total assessed value of \$187,084,746.

⁽²⁾ Represents 8.16% of the 2018 Full Valuation of \$9,719,735,235.

Source: County Continuing Disclosure Statement dated June 27, 2019 posted to the Electronic Municipal Market Access website.

Economy

The County has a retail trading zone of about 500,000 people served by several sizeable shopping centers as well as many small to medium size retail businesses and wholesale business establishments.

The region's biotechnology and pharmaceuticals sectors are thriving, and the County's manufacturing sector remains strong. The job market continues to be strong, with the County's unemployment rate falling to 3.6% in October 2019.

The City's downtown revitalization is measured by more than \$980 million private-sector investment including the Mohawk Harbor project described below that has yielded nearly 1,500,000 square feet of new commercial space including three hotels; a six-screen first-run movie cinema; a new YMCA; Clarkson University's Capital Region Campus providing

graduate education; a major expansion of Schenectady County Community College; and hundreds of new residential apartments.

Proctors Theatre, a 1920's vaudeville house located in the heart of the City's downtown, has undergone a \$40 million renovation and expansion that included a vastly expanded stage house and support facilities, a 2,600-seat main theater, a 450 seat GE Theater and adjoining meeting and banquet space. This major renovation and expansion has helped Proctors become a major stop for national tours of Broadway shows. Proctors ranks among the region's top three tourist attractions with over 600,000 visitors each year. The theater complex hosted over 1,600 events last year. In 2017, the 10,000 square foot Adeline Graham Theatrical Training and Innovation Center theater venue opened in the top floor of the Proctors entertainment complex which is a major draw to the downtown area.

Several major employers have also both invested heavily in the County and expanded employment. The Golub Corporation, which operates over 130 grocery stores under the Price Chopper and Market 32 brands, constructed a \$35 million, 240,000 square foot headquarters in the City with about 900 employees. The City also serves as the headquarters for MVP Health Care, a multi-state health insurance company with 900 employees.

The County hosts General Electric's ("GE") largest business unit, GE Power, which had been headquartered in the City and employs approximately 2,500 people. Its Global Research facility is located in the Town of Niskayuna with approximately 1,500 employees. The proximity of this major global research facility is a major asset to GE's operations in the downtown area of the City. Since the last round of restructuring in August 2018 which saw a workforce reduction of approximately 34% at the City of Schenectady facility, there have been no meaningful changes at GE Schenectady or Niskayuna.

The State of New York is a major employer in the County with four agencies located in downtown — Gaming Commission, Workers Compensation Board, Justice Center for the Protection of People with Special Needs, and Office of Children and Family Services. In the Town of Rotterdam, New York State (Department of Taxation and Finance) recently relocated over 500 positions to ViaPort Rotterdam, a mall property that has been repositioned with new stores, a 25,000 square-foot aquarium, a 30,000 square-foot family entertainment zone, and additional commercial office space.

The largest scale economic development project in the County is taking place at Mohawk Harbor, a \$480 million project on a 60-acre waterfront site in the City. To date, the site now accommodates the Rivers Casino and Resort, two hotels, a 206-unit apartment building, and 110,000 square feet of commercial office and retail space. The site is adding condominiums and retail space, along with bike trails, a harbor with 50 boat slips, and other amenities. The Rivers Casino and Resort on the Mohawk River is proving to be a huge asset within the County by generating sales and property tax revenues and creating over 1,100 jobs. In addition, Mohawk Harbor provides large event space for meetings and conferences. The surrounding apartments, retail and office facilities of the Mohawk Harbor complex have attracted new residents and businesses.

Completed Metroplex / Funded Projects

The Authority has made total cumulative funding commitments of approximately \$198 million for economic development projects within its Service District that have or will leverage an additional \$1.4 billion in new investments in the County. The Authority has provided a portion of the funding for the following projects:

- Mohawk Harbor — to date over \$480 million has been expended redeveloping the 60-acre former brownfield, vacated industrial site on the Mohawk River in the City of Schenectady. Since 2017, the following projects have emerged:
 - The opening of the 124-room Courtyard by Marriott.
 - The Rivers Casino with an attached parking garage for 850 cars, surface parking for 890 vehicles, and the Landings Hotel. The Rivers Casino attracted 3 million visitors in its first 12 months of operation.
 - 206-unit Riverside Apartment building opened in September 2017 with 256 underground parking spaces.
 - The Harbor Center office buildings One and Two totaling 110,000 square foot with 295 sub-surface and surface parking spaces.
 - Fifteen (15) condominium units are slated to be available for sale in 2019.
 - In addition, amenities, such as a 50-slip marina, 1.3-mile hike/bike trail, and retail space totaling 95,000 square feet are now available.
- Over 8,000,000 square feet of newly constructed and/or renovated Class A commercial office and industrial space throughout Schenectady County, including over 1,500,000 square feet in the City of Schenectady's central business district, adding 5,000 workers and students.

- Revitalized arts, entertainment and cultural district attracting nearly 1,000,000 people annually to downtown Schenectady from Proctors Theatre expansion, Bow Tie Cinema, Schenectady Light Opera Company, Schenectady Civic Players, downtown Greenmarket, festivals and many new downtown events.
- 2,350 parking spaces owned or controlled by the Authority, including a 5-story garage and 10 surface lots that have been fully improved or reconstructed.

The Authority has approximately \$7 million in additional projects identified for future funding. There is currently no exact timetable for the issuance of additional bonds or notes to fund these projects.

Partial Listing of Larger Employers

<u>Name</u>	<u>Type</u>	<u>Estimated Number of Employees</u>
Golub Corporation/Price Choppers/Market 32	Food Distribution	8,056
General Electric	Power Systems	4,000 ⁽¹⁾
Ellis Hospital	Health Care	3,400
Bechtel Marine Propulsion Corp/Knolls Atomic Lab	Research Laboratory	3,000 ⁽²⁾
Schenectady City School District	Education	2,790
County of Schenectady	Local Government	1,343
Rivers Casino/Mohawk Harbor	Entertainment	1,100
MVP Health Plan	Health Insurance	900
Union College	Education	794
City of Schenectady	Government	593
SI Group	Research	404
The Galesi Group	Development	177

⁽¹⁾ Includes all GE facilities within the Capital Region workforce (Source: *The Daily Gazette*, March 14, 2019).

⁽²⁾ Effective October 1, 2018, Fluor Marine Propulsion is now operating the facilities under a Navy Nuclear Contract.

Source: Schenectady County's Department of Economic Planning, City and County Continuing Disclosure Statements dated June 10, 2019 and June 27, 2019, respectively posted to the Electronic Municipal Market Access system website.

PART 13 - DEBT SERVICE PAYMENT REQUIREMENTS

The following table shows the annual debt service payments on the Authority's outstanding Bonds:

	<u>Series 2010A</u> ⁽¹⁾	<u>Series 2010B</u> ⁽¹⁾	<u>Series 2012</u>	<u>Series 2014A</u>	<u>Series 2014B</u>	<u>Series 2015</u>	<u>Total Debt Service</u> ⁽¹⁾⁽²⁾
2020	\$73,969	\$452,818	\$1,164,519	\$495,975	\$915,763	\$1,954,515	\$5,057,559
2021	77,369	452,740	1,167,269	495,975	918,208	1,953,774	5,065,335
2022	75,569	450,532	1,162,769	495,975	917,210	1,947,737	5,049,792
2023	68,769	452,714	1,166,269	495,975	918,288	1,951,148	5,053,163
2024	71,919	448,980	1,162,269	595,975	815,786	1,960,051	5,054,980
2025	69,838	449,636	1,166,519	1,407,475		1,954,553	5,048,021
2026	72,756	449,376	1,163,394	1,406,725		1,950,674	5,042,925
2027	70,444	451,380	1,162,969	1,408,325		1,947,260	5,040,378
2028	73,131	452,025		1,408,325		1,953,959	3,887,440
2029	70,588	451,313		1,405,425			1,927,326
2030	68,044	449,242		1,406,425			1,923,711
2031	75,500	450,813		1,409,000			1,935,313
2032	77,250	450,686		1,408,000			1,935,936
2033	<u>78,750</u>	<u>453,862</u>		<u>1,408,425</u>			<u>1,941,037</u>
TOTAL ⁽²⁾	\$1,023,896	\$6,316,117	\$9,315,977	\$15,248,000	\$4,485,255	\$17,573,671	\$53,962,916

⁽¹⁾ All or a part to be refunded with the proceeds of the Series 2019 Bonds.

⁽²⁾ Totals may not foot due to rounding.

PART 14 – ADDITIONAL INDEBTEDNESS

Limitations under the Act. Pursuant to the Act, the Authority is authorized to issue bonds, notes and other obligations in an amount not to exceed \$100 million, excluding bonds or notes issued to refund or repay bonds or notes theretofore issued to pay the cost of any project; provided, however, that upon any such refunding or repayment the total aggregate principal amount of outstanding bonds or notes may be greater than \$100 million, only if the present value of the aggregate debt service of the refunding or repayment of bonds or notes to be issued shall not exceed the present value of the aggregate debt service of the bonds or notes so to be refunded or repaid, as determined in accordance with Section 2665 of the Act.

Limitations under the General Resolution. So long as the principal amount of bonds and notes issued by the Authority does not exceed the aggregate principal amount authorized by the Act, as described above, the Authority may issue Additional Bonds, Bond Anticipation Notes (“BANs”) and other authorized notes as provided under the General Resolution.

The General Resolution provides for the issuance of Additional Bonds, BANs or other notes upon receipt by the Trustee of the following:

A certificate of an Authorized Officer of the Authority setting forth (1) as of the date of issuance of such Additional Bonds or BANs, the total payments made pursuant to Section 2661(9) of the Act for any twelve (12) consecutive calendar months ended not more than six (6) months prior to the date of such certificate; (2) the aggregate amount of Authority Operating Expenses, other than Authority Operating Expenses paid or to be paid from the proceeds of bonds and notes, as estimated by such Authorized Officer for the current Fiscal Year; (3) the Aggregate Debt Service (including interest on Variable Interest Rate Bonds calculated at the higher of the Maximum Interest Rate and the maximum rate of interest permitted for related Parity Reimbursement Obligations) on all Outstanding Bonds and any additional amounts payable with respect to Parity Debt for each Fiscal Year through the final maturity of the Series of Additional Bonds proposed to be issued; and (4) concluding that the amounts set forth pursuant to (1), after deducting the Authority Operating Expenses set forth in (2), will be at least 1.25 times such aggregate amount set forth in (3) for each Fiscal Year set forth pursuant to said (3).

Parity Debt and Subordinated Indebtedness. The General Resolution contains provisions for the issuance by the Authority of Parity Debt and Subordinated Indebtedness. The pledge of and lien on Pledged Property granted to holders of the bonds and notes also is made for the equal and proportionate benefit of holders of Parity Debt. Parity Debt includes (i) reimbursement obligations to a credit facility provider resulting from the issuance of a credit facility applicable to a series of bonds, (ii) to the extent permitted by law, payment obligations to a provider of an interest rate swap (exclusive of termination or other fees) pursuant to an interest rate swap agreement applicable to a series of bonds and (iii) interest on BANs and other authorized notes.

Subordinated Indebtedness is defined in the General Resolution to mean any evidence of indebtedness payable out of amounts available in the Subordinated Indebtedness Fund established under the General Resolution and may include principal and premium, if any, on BANs and any termination payments under any interest rate swap. The Authority does not currently have any Subordinated Indebtedness outstanding.

PART 15 – COVENANT BY THE STATE

The Act states that the State pledges and agrees with the holders of the Authority’s bonds and notes secured by a pledge that the State will not limit or alter the rights vested by the Act in the Authority to fulfill the terms of any agreements with the holders of the Authority’s bonds and notes, or in any way impair the rights and remedies of the holders of such bonds and notes until such bonds and notes and interest thereon, and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such bonds or notes are fully paid and discharged. The State has the right to amend, repeal, modify or otherwise alter the provisions of State law relating to the Sales Tax.

PART 16 - BOND INSURANCE RISK FACTORS

The Authority has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Series 2019 Bonds. The Authority has yet to determine whether an insurance policy will be purchased with the Series 2019 Bonds. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Series 2019 Bonds when all or some becomes due, any owner of the Series 2019 Bonds shall have a claim under the applicable Bond Insurance Policy (the “Policy”) for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of

maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Series 2019 Bonds by the Authority which is recovered by the Authority from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the bond insurer at such time and in such amounts as would have been due absent such prepayment by the Authority unless the bond insurer chooses to pay such amounts at an earlier date.

In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Series 2019 Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the bond insurer becomes obligated to make payments with respect to the Series 2019 Bonds, no assurance is given that such event will not adversely affect the market price of the Series 2019 Bonds or the marketability (liquidity) for the Series 2019 Bonds.

Neither the Authority nor the Underwriter have made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Authority to pay principal and interest on the Series 2019 Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment.

PART 17 – LEGALITY FOR INVESTMENT AND DEPOSIT

The Series 2019 Bonds and the 2019 Notes are legal investments under present provisions of State law in which all public officers and bodies of the State and all municipalities, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees, and other fiduciaries and all other persons whatsoever, who are now authorized or who may become authorized to invest in bonds or other obligations of the State may properly and legally invest funds, including capital, in their control or belonging to them.

The Series 2019 Bonds and the 2019 Notes may be deposited with and may be received by all public officers and bodies of the State and all municipalities for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

PART 18 – TAX MATTERS - 2019A NOTES

Opinion of Bond Counsel

In the opinion of Barclay Damon LLP, Bond Counsel to the Authority, under existing law and assuming compliance with the certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the Authority, interest on the 2019A Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and interest on the 2019A Notes is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that, under existing statutes, interest on the 2019A Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Bond Counsel expresses no opinion regarding any other federal, state or local tax consequences with respect to the 2019A Notes. The opinion of Bond Counsel speaks as of its issue date and does not contain or provide any opinion or assurance regarding the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the IRS. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, the exclusion of interest on the 2019A Notes from gross income for federal income tax purposes. See “APPENDIX F – Form of Bond Counsel’s Opinion - 2019 Notes.”

General

The Code imposes various requirements that must be met in order that interest on the 2019A Notes be and remain excluded from gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the 2019A Notes and the rebate of certain earnings in respect of such investments to the United States. The Authority and others have made certain representations, certifications of fact, and statements of reasonable expectations and the Authority has given certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2019A Notes from gross income under Section 103 of the Code. The opinion of Bond Counsel assumes continuing compliance with such covenants as well as the accuracy and completeness of such representations, certifications of fact, and statements of reasonable expectations.

In the event of the inaccuracy or incompleteness of any such representation, certification or statement, or of the failure by the Authority to comply with any such covenant, the interest on the 2019A Notes could become includable in gross income for federal income tax purposes retroactive to the date of original execution and delivery of the 2019A Notes, regardless of the date on which the event causing such inclusion occurs. Further, although the interest on the 2019A Notes is excludable from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a Beneficial Owner of a 2019A Note. The tax effect of receipt or accrual of the interest will depend upon the tax status of a Beneficial Owner of a 2019A Note and such Beneficial Owner's other items of income, deduction or credit. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition, or the accrual or receipt of interest on, the 2019A Notes.

Certain Collateral Federal Income Tax Consequences

Prospective purchasers of the 2019A Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of the 2019A Notes may have collateral federal income tax consequences for certain taxpayers, including financial corporations, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their own tax advisors as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the 2019A Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Backup Withholding and Information Reporting

Interest paid on tax-exempt obligations is subject to information reporting to the Internal Revenue Service ("IRS") in a manner similar to interest paid on taxable obligations. Interest on the 2019A Notes may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the 2019A Notes and would be allowed as a refund or credit against such owner's federal income tax liability (or the federal income tax liability of the beneficial owner of the 2019A Notes, if other than the registered owner).

Legislation

Current and future legislative proposals, if enacted into law, administrative actions or court decisions, at either the federal or state level, may cause interest on the 2019A Notes to be subject, directly or indirectly, to federal income taxation or to be subjected to state income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the 2019A Notes for federal or state income tax purposes. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the 2019A Notes. 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 Beneficial Owners of the 2019A Notes may occur. Prospective purchasers of the 2019A Notes should consult their own advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority and represents the judgment of Bond Counsel as to the proper treatment of the 2019A Notes for federal income tax purposes. It is not binding on the IRS or the courts.

Bond Counsel's engagement with respect to the 2019A Notes ends with the issuance of the 2019A Notes and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of interest on the 2019A Notes in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2019 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2019A Notes, and may cause the Authority or the Beneficial Owners to incur significant expense.

Prospective purchasers of the 2019A Notes should consult their own tax advisors regarding the foregoing matters.

PART 19 - TAX MATTERS – SERIES 2019 BONDS AND 2019B NOTES

Opinion of Bond Counsel

In the opinion of Barclay Damon LLP, Bond Counsel to the Authority, interest on the Series 2019 Bonds and the 2019B Notes (collectively, the "Taxable Obligations") is not excluded from gross income for federal income tax purposes under Section 103 of the Code, and is exempt, under existing statutes, from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Bond Counsel expresses no opinion regarding any other federal, state or local tax consequences with respect to the Taxable Obligations. The opinion of Bond Counsel speaks as of its issue date and does not contain or provide any opinions or assurance regarding the future activities of the Authority or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the IRS. See "APPENDIX E – Form of Bond Counsel's Opinion – Series 2019 Bonds" and "APPENDIX F – Form of Bond Counsel's Opinion - 2019 Notes."

General

The following discussion is a brief summary of certain United States federal income tax consequences of the acquisition, ownership and disposition of the Taxable Obligations by original purchasers of the Taxable Obligations who are "U.S. Holders", as defined herein. This summary (i) is based on the Code, Treasury regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Taxable Obligations will be held as "capital assets" and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Taxable Obligations in a "hedge or "straddle," holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders who acquire the Taxable Obligations in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Holders of Taxable Obligations should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Taxable Obligations as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Certain taxpayers that are required to prepare certified financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Obligations at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

As used herein, the term "U.S. Holder" means a Beneficial Owner of a Taxable Obligations that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Interest on the Taxable Obligations that is "qualified stated interest" generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or received (in accordance with the U.S. Holder's regular method of tax accounting). Generally, "qualified stated interest" means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate and includes the semi-annual interest payments on the Taxable Obligations.

Certain non-corporate U.S. Holders will be subject to a 3.8% tax, in addition to regular tax on income and gains, on some or all of their net investment income, which generally will include interest on the Taxable Obligations and any net gain recognized upon a disposition of a Taxable Obligation. U.S. Holders should consult with their tax advisors regarding the applicability of this tax.

Disposition and Defeasance

Upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Taxable Obligation, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder's adjusted tax basis in the Taxable Obligation.

U.S. Holders should be aware that, for federal income tax purposes, the Authority may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Obligations to be deemed to be no longer outstanding under the General Resolution (a "defeasance"). (See APPENDIX D - Summaries of Certain Provisions of the General Resolution and the Supplemental Resolutions). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, for federal income tax purposes, the character and timing of receipt of payments on the Taxable Obligations subsequent to any such defeasance could also be affected. U.S. Holders of the Taxable Obligations are advised to consult with their own tax advisors regarding the consequences of a defeasance for federal income tax purposes and for state and local purposes.

Backup Withholding and Information Reporting

In general, interest paid on taxable obligations is subject to information reporting to the IRS. Interest on the Taxable Obligations may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Taxable Obligations and will be allowed as a refund or credit against such owner's federal income tax liability (or the federal income tax liability of the beneficial owner of the Taxable Obligations, if other than the registered owner).

Under the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions must comply with information reporting rules with respect to their U.S. account holders and investors or be required to withhold tax on certain payments on, and proceeds from the sale or disposition of, obligations that produce U.S. source income to foreign financial institutions.

Legislation

Legislation considered by the Federal government, or the New York State Legislature, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Taxable Obligations under state law and could affect the market value or marketability of the Taxable Obligations.

Prospective purchasers of the Taxable Obligations should consult their own tax advisors regarding the foregoing matters.

PART 20 – LITIGATION

There is no pending litigation (i) restraining or enjoining the issuance or delivery of the Series 2019 Bonds and the 2019 Notes or questioning or affecting the validity of the Series 2019 Bonds and the 2019 Notes or the proceedings and authority under which they are issued; (ii) contesting the creation, organization or existence of the Authority, or the title of the directors or officers of the Authority to their respective offices; or (iii) questioning the right of the Authority to adopt the Resolutions and to pledge the Revenues and funds and other moneys and securities purported to be pledged by the Resolutions in the manner and to the extent provided in the Resolutions.

PART 21 – RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), has assigned their rating of "A+" with a stable outlook to the Series 2019 Bonds and "SP-1+" to the 2019 Notes. Such ratings reflect only the view of such rating agency, and any desired explanation of the significance of such ratings should be obtained from Standard & Poor's Credit Market Services, 55 Water Street – 38th Floor, New York, New York 10041, (212) 438-7983.

Such ratings reflect only the view of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. There can be no assurance that such ratings will continue for any specified period of time or that such ratings will not be revised downward or withdrawn by the rating agency furnishing the same if, in its judgment, circumstances so warrant.

PART 22 – CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series 2019 Bonds and the 2019 Notes are subject to the approving legal opinion of Barclay Damon LLP, Albany, New York, Bond Counsel to the Authority. Bond Counsel's opinions will be in substantially in the form attached hereto as APPENDIX – E and F. Certain legal matters will be passed on for the Authority by its counsel, Whiteman Osterman & Hanna LLP, Albany, New York.

PART 23 – CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 of the Securities Exchange Act of 1934 as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the Authority has agreed to provide during the period in which the Series 2019 Bonds are outstanding, or cause to be provided,

- (i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during any succeeding fiscal year in which the Series 2019 Bonds are outstanding certain annual financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced under the headings "Part 10 - Payment and Security for the Series 2019 Bonds – Sales Tax and Collection", "Part 11 - The Authority", "Part 12 - The County", "Part 13 - Debt Service Payment Requirements" and "Part 20 - Litigation" and in Appendices A through B and a copy of the audited financial statement (prepared in accordance with generally accepted accounting principles in effect at the time of audit) for the preceding fiscal year, if any; such information, data and audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if audited financial statements are prepared, sixty days following receipt by the Authority of audited financial statements for the preceding fiscal year, but, in no event, not later than the last business day of each such succeeding fiscal year.
- (ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Series 2019 Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
 - (a) principal and interest payment delinquencies;
 - (b) non-payment related defaults, if material;

- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Series 2019 Bonds, or other material events affecting the tax status of the Series 2019 Bonds;
- (g) modifications to rights of Bondholders, if material;
- (h) bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Series 2015 Bonds; if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Authority;
- (m) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (o) incurrence of a financial obligation (as defined in the Rule) of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect Bond holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflect financial difficulties.

The Authority may from time to time choose to provide notice of the occurrence of certain other events in addition to those listed above, if the Authority determines that any such other event is material with respect to the Series 2019 Bonds; but the Authority does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

- (iii) in a timely manner, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

With respect to event (d), the Authority does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Series 2019 Bonds.

The Authority reserves the right to terminate its obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, and notices of the enumerated events, as set forth above, if and when the Authority no longer remains an obligated person with respect to the Series 2019 Bonds within the meaning of the Rule. The Authority acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Series 2019 Bonds (including holders of beneficial interests in the Series 2019 Bonds). The right of holders of the Series 2019 Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Authority's obligations under its continuing disclosure undertaking and any failure by the Authority to comply with the provisions of the undertaking will neither be a default with respect to the Series 2019 Bonds nor entitle any holder of the Series 2019 Bonds to recover monetary damages.

The Authority reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Authority, provided that, the Authority agrees that any such modification will be done in a manner consistent with the Rule.

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

PART 24 – EVENT NOTICES

In accordance with the Rule, the Authority has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the 2019 Notes are outstanding, to the EMMA system of the MSRB or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the 2019 Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the 2019 Notes, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the 2019 Notes, or other material events affecting the tax status of the 2019 Notes
- (g) modifications to rights of note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the 2019 Notes
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the Authority
- (m) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a financial obligation (as defined in the Rule) of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect Note holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no “debt service reserves” will be established for the 2019 Notes.

With respect to event (d) the Authority does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the securities.

The Authority may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the Authority determines that any such other event is material with respect to the 2019 Notes; but the

Authority does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The Authority reserves the right to terminate its obligation to provide the aforescribed notices of events, as set forth above, if and when the Authority no longer remains an obligated person with respect to the 2019 Notes within the meaning of the Rule. The Authority acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the 2019 Notes (including holders of beneficial interests in the 2019 Notes). The right of holders of the 2019 Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Authority's obligations under its material event notices undertaking and any failure by the Authority to comply with the provisions of the undertaking will neither be a default with respect to the 2019 Notes nor entitle any holder of the 2019 Notes to recover monetary damages.

A Continuing Disclosure Undertaking Certificate to this effect will be provided to the purchaser of the 2019 Notes at the closing.

PART 25 - HISTORICAL CONTINUING DISCLOSURE COMPLIANCE

Subject to the following paragraphs, the Authority is in compliance, in all material respects, with all previous undertakings made pursuant to Rule 15c2-12 for the past five years.

Pursuant to prior disclosure undertakings, the Authority was required to file its annual financial information and operating data (the "AFIOD") and audited financial statements within 120 days after the end of its fiscal year. For the fiscal year ending December 31, 2015, the Authority's AFIOD filings were made more than 120 days but within six months after the end of each fiscal year. The Authority timely filed its audited financial statements. Notice of failure to timely file and failure to file was submitted to EMMA on December 11, 2017.

PART 26 – MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the Authority on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Series 2019 Bonds and the 2019 Notes. The advice on the plan of financing and the structuring of the Series 2019 Bonds and the 2019 Notes was based on materials provided by the Authority and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Authority or the information set forth in this Official Statement or any other information available to the Authority with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the Authority to the Municipal Advisor are partially contingent on the successful closing of the Series 2019 Bonds and the 2019 Notes.

PART 27 - UNDERWRITING

The Series 2019 Bonds and the 2019 Notes are being purchased by RBC Capital Markets, LLC (the "Underwriter") for reoffering to the public.

The purchase contract for the Series 2019 Bonds provides that the Underwriter will purchase all of the Series 2019 Bonds, if any are purchased, at a purchase price equal to \$_____ (being the par amount of the Series 2019 Bonds plus a net original issue premium of \$_____, less an underwriter's fee for the transaction of \$_____). The Underwriter is initially offering the Series 2019 Bonds to the public at the public offering yields indicated on the cover page but the Underwriter may offer and sell the Series 2019 Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriter.

The Underwriter may also receive a fee for conducting a competitive bidding process regarding the investment of certain proceeds of the Series 2019 Bonds.

The purchase contract for the 2019 Notes provides that the Underwriter will purchase all of the 2019 Notes, if any are purchased, at a purchase price equal to \$_____ (being the par amount of the 2019 Notes plus a net original issue premium of \$_____, less an underwriter's fee for the transaction of \$_____). The Underwriter is initially offering the 2019 Notes to the public at the public offering yields indicated on the cover page but the Underwriter may offer and sell the 2019 Notes to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriter.

RBC Capital Markets, LLC has provided the following information for inclusion in this Official Statement: The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

PART 28 – MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinions or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representations are made that any of the estimates will be realized.

The references herein to the Act and the Resolutions are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to the Act and Resolutions for full and complete statements of such provisions. Copies of the Act and the Resolutions are available at the office of the Trustee.

Capitalized terms not defined herein shall have the meaning ascribed to those terms in APPENDIX – C.

The agreements of the Authority with holders of the Series 2019 Bonds and the 2019 Notes are fully set forth in the Resolutions. Neither any advertisement of the Series 2019 Bonds and the 2019 Notes nor this Official Statement is to be construed as a contract with purchasers of the Series 2019 Bonds and the 2019 Notes.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

SCHENECTADY METROPLEX DEVELOPMENT AUTHORITY

December __, 2019

By: _____

SCHENECTADY METROPLEX DEVELOPMENT AUTHORITY

Balance Sheets

December 31st

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>CURRENT ASSETS</u>				
Cash and cash equivalents, unrestricted	\$ 2,658,446	\$ 2,531,291	\$ 4,165,018	\$ 4,832,078
Cash and cash equivalents, restricted	3,308,944	713,557	4,588,321	691,709
Investment reserves, restricted	-	1,318,170	1,329,148	1,356,376
Sales tax receivable	3,424,250	3,524,898	3,861,441	3,403,506
Loans receivable, current	677,250	582,132	470,684	554,594
Grants receivable	550,000	675,000	-	70,000
Other receivable	60,934	10,183	25,008	7,080
Interest receivable	3,271	7,188	7,835	7,051
Prepaid expenses	86,890	56,349	88,936	103,688
TOTAL CURRENT ASSETS	<u>\$ 10,769,985</u>	<u>\$ 9,418,768</u>	<u>\$ 14,536,391</u>	<u>\$ 11,026,082</u>
<u>CAPITAL ASSETS, net</u>	29,706	26,570	24,130	17,852
<u>OTHER ASSETS</u>				
Loans receivable, long term portion	9,146,589	8,623,786	6,238,791	5,625,241
Notes receivable	250,000	250,000	250,000	250,000
CDBG receivable	310,000	210,000	-	-
Investment reserves, restricted	4,343,338	2,636,058	2,654,096	2,696,864
Total other assets	<u>14,049,927</u>	<u>11,719,844</u>	<u>9,142,887</u>	<u>8,572,105</u>
TOTAL ASSETS	<u>\$ 24,849,618</u>	<u>\$ 21,165,182</u>	<u>\$ 23,703,408</u>	<u>\$ 19,616,039</u>
DEFERRED OUTFLOWS, NET				
Deferred loss on bond refunding	1,371,975	1,243,819	1,115,828	987,837
Deferred Outflow related to net pension liability	<u>37,830</u>	<u>216,616</u>	<u>117,128</u>	<u>156,427</u>
TOTAL ASSETS & DEFERRED OUTFLOWS	<u>\$ 26,259,423</u>	<u>\$ 22,625,617</u>	<u>\$ 24,936,364</u>	<u>\$ 20,760,303</u>
<u>CURRENT LIABILITIES</u>				
Current installments of bonds payable	\$ 2,945,000	\$ 3,040,000	\$ 3,110,000	\$ 3,190,000
Grants Payable	490,599	345,716	-	-
Unearned Revenue	419,809	319,832	-	-
Premium on bond anticipation note	-	-	94,358	127,821
Premium on bonds, new of amortization, current portion	90,172	90,172	90,498	90,498
Due to Schenectady County, current portion	52,495	54,853	57,315	59,889
Accounts payable and accrued interest	195,513	624,567	314,608	1,119,973
Accrued interest	838,227	804,439	776,594	743,768
Net Pension Liability	41,194	196,107	-	-
Escrow payable	463,600	-	-	-
Total current liabilities	<u>5,536,609</u>	<u>5,475,686</u>	<u>4,443,373</u>	<u>5,331,949</u>
<u>LONG TERM DEBT</u>				
Bonds payable, long term portion	50,865,000	47,825,000	44,715,000	41,525,000
Bond Anticipation Note Payable	-	-	8,045,000	7,990,000
Net Pension Liability	-	-	110,567	38,612
Due to Schenectady County, long term portion	758,830	703,977	646,662	586,773
Premium on sale of bonds, net of amortization, less current portion	1,129,280	1,038,783	947,959	857,462
Total long-term liabilities	<u>52,753,110</u>	<u>49,567,760</u>	<u>54,465,188</u>	<u>50,997,847</u>
TOTAL LIABILITIES	<u>58,289,719</u>	<u>55,043,446</u>	<u>58,908,561</u>	<u>56,329,796</u>
Deferred inflows related to net pension liability	<u>-</u>	<u>23,245</u>	<u>18,259</u>	<u>123,181</u>
<u>NET POSITION</u>				
Investment in Capital Assets	\$ 29,706	\$ 26,570	\$ 24,130	\$ 17,852
Restricted	7,188,682	4,667,785	8,571,565	4,744,949
Unrestricted	<u>(39,248,684)</u>	<u>(37,135,429)</u>	<u>(42,586,151)</u>	<u>(40,455,475)</u>
TOTAL NET POSITION	<u>(32,030,296)</u>	<u>(32,441,074)</u>	<u>(33,990,456)</u>	<u>(35,692,674)</u>
TOTAL LIABILITIES, DEFERRED OUTFLOW and NET POSITION	<u>\$ 26,259,423</u>	<u>\$ 22,625,617</u>	<u>\$ 24,936,364</u>	<u>\$ 20,760,303</u>

Source: Audited Reports. This Appendix is not itself audited.

SCHENECTADY METROPLEX DEVELOPMENT AUTHORITY

Revenues, Expenditures and Changes in Net Assets

December 31st

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Operating Revenues</u>				
Sales tax revenues	\$ 8,242,669	\$ 8,268,508	\$ 8,891,405	\$ 8,706,536
Other operating income	33,174	104,300	189,595	32,250
Total Operating Revenues	<u>\$ 8,275,843</u>	<u>\$ 8,372,808</u>	<u>\$ 9,081,000</u>	<u>\$ 8,738,786</u>
<u>Operating Expenses</u>				
Payroll	472,082	509,534	549,259	505,581
Payroll taxes	40,485	42,200	44,973	43,462
Pension plan	35,552	75,071	85,239	66,942
Health Insurance	56,448	56,963	55,114	58,386
Other Employee benefits	5,259	8,433	5,648	0
Accounting	66,400	66,150	69,450	71,900
Advertising	5,244	5,750	14,861	17,631
Automobile	1,086	566	1,079	-
Consulting	13,809	6,600	6,800	9,600
Depreciation and amortization	20,846	10,681	10,179	9,352
Dues and subscriptions	5,323	4,418	7,325	22,917
Travel	5,081	3,247	3,010	-
Insurance	52,825	57,130	63,667	66,114
Legal	48,645	69,990	137,806	58,738
Office supplies	8,504	18,613	11,223	-
Postage	849	1,002	870	-
Rent	56,517	56,517	56,517	56,517
Repairs and maintenance	21,358	21,169	25,732	20,333
Resource data	43,100	49,036	48,766	57,784
Utilities	22,310	23,299	22,718	19,175
Other	-	-	-	19,691
Total Operating Expenses	<u>\$ 981,723</u>	<u>\$ 1,086,369</u>	<u>\$ 1,220,236</u>	<u>\$ 1,104,123</u>
Net Operating Revenues	<u>7,294,120</u>	<u>7,286,439</u>	<u>7,860,764</u>	<u>7,634,663</u>
Other Revenue (Expense):				
Investment Earnings	64,152	84,437	125,519	164,796
Investment expense	(2,109,632)	(2,149,812)	(2,064,984)	(2,121,494)
Amortization of bond issuance costs	(200,145)	-	(74,933)	(72,821)
Debt service fees	(13,500)	(10,500)	(9,500)	(9,700)
Miscellaneous revenue	10,556	7,337	26,933	15,622
Total other revenues	<u>(2,248,569)</u>	<u>(2,068,538)</u>	<u>(1,996,965)</u>	<u>(2,023,597)</u>
Increase in net position	<u>5,045,551</u>	<u>5,217,901</u>	<u>5,863,799</u>	<u>5,611,066</u>
<u>NET POSITION</u>				
Net Position - beginning of year	(32,216,923)	(32,030,296)	(32,441,074)	(33,990,456)
Project grants and expenditures, net of project grant revenues	<u>(4,858,924)</u>	<u>(5,628,679)</u>	<u>(7,413,181)</u>	<u>(7,313,284)</u>
Net Position - end of year	<u>\$ (32,030,296)</u>	<u>\$ (32,441,074)</u>	<u>\$ (33,990,456)</u>	<u>\$ (35,692,674)</u>

Source: Audited Reports. This Appendix is not itself audited.

SCHENECTADY METROPLEX DEVELOPMENT AUTHORITY

Statements of Cash Flows

December 31st

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>CASH FLOWS (USED) BY OPERATING ACTIVITIES</u>				
Cash received from sales tax revenues	\$ 8,144,412	\$ 8,218,611	\$ 9,890,037	\$ 9,182,399
Cash received from other sources	183,740	104,300	189,595	32,250
Cash paid to suppliers and other vendors	(355,932)	(361,379)	(508,059)	(435,152)
Issuance of loans receivable	(487,850)	(347,931)	(6,767)	(11,234)
Repayment of loans receivable	698,911	744,653	2,240,793	546,262
Repayment of notes receivable	58,774	-	-	-
Cash paid for salaries	(472,082)	(509,534)	(549,259)	(505,581)
Cash paid for salaries and employee benefits	(132,485)	(174,234)	(185,326)	(168,790)
	<u>7,637,488</u>	<u>7,674,486</u>	<u>11,071,014</u>	<u>8,640,154</u>
<u>CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING</u>				
Proceeds from bond anticipation note issuance	-	-	8,045,000	-
Debt service fees	(13,500)	(10,500)	(9,500)	(9,700)
Bond issuance costs	-	-	(74,933)	(72,821)
Repayment of bond principal	(3,210,000)	(2,945,000)	(3,040,000)	(3,110,000)
Repayment of bond anticipation note	-	-	-	(55,000)
Repayment of amounts due to the County of Schenectady	(50,240)	(52,495)	(54,853)	(57,315)
Interest paid	(2,429,714)	(2,183,600)	(1,998,145)	(2,154,323)
	<u>(5,703,454)</u>	<u>(5,191,595)</u>	<u>2,867,569</u>	<u>(5,459,159)</u>
<u>CASH FLOWS FROM CAPITAL ACTIVITIES</u>				
Purchase of office furniture and equipment	(19,254)	(7,545)	(7,739)	(3,074)
<u>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</u>				
Change in cash, restricted	2,237,901	2,595,387	(3,874,764)	-
Proceeds (purchase) of investment reserves, restricted, net	67,552	389,110	(29,016)	(69,996)
Investment earnings received	79,950	80,520	124,872	165,580
Miscellaneous revenue	10,556	7,337	26,933	15,622
Project grants and expenditures paid, net of project grant revenues received	(4,848,866)	(5,674,855)	(8,545,142)	(6,518,679)
	<u>(2,452,907)</u>	<u>(2,602,501)</u>	<u>(12,297,117)</u>	<u>(6,407,473)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(538,127)	(127,155)	1,633,727	(3,229,552)
CASH AND CASH EQUIVALENTS, beginning of year	<u>3,196,573</u>	<u>2,658,446</u>	<u>2,531,291</u>	<u>8,753,339</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>2,658,446</u></u>	<u><u>2,531,291</u></u>	<u><u>4,165,018</u></u>	<u><u>5,523,787</u></u>
<u>RECONCILIATION OF NET OPERATING REVENUES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>				
Net operating revenues	\$ 7,294,120	\$ 7,286,439	\$ 7,860,764	\$ 7,634,663
Adjustments to reconcile net operating revenues to net cash provided (used) by operating activities	-	-	-	-
Depreciation and amortization	20,846	10,681	10,179	9,352
Change in sales tax receivable	-	-	-	475,863
Change in loan receivable	269,835	396,722	2,234,026	535,028
Change in accounts receivable	52,309	(49,897)	998,632	-
Change in prepaid expenses	378	30,574	(32,587)	(14,752)
	<u>7,637,488</u>	<u>7,674,519</u>	<u>11,071,014</u>	<u>8,640,154</u>
<u>SUPPLEMENTAL CASH FLOW INFORMATION</u>				
Noncash project expenditures	\$ -	\$ -	\$ -	\$ -
2012 Bond refunding proceeds placed in escrow	20,274,137	-	-	-
2012 Bond refunding proceeds used to pay bond issuance costs	201,121	-	-	-
Redeemed/defeased bonds	19,250,000	-	-	-

Source: Audited Reports. This Appendix is not itself audited.

SCHENECTADY METROPLEX DEVELOPMENT AUTHORITY
(A New York Public Benefit Corporation)

FINANCIAL REPORT

December 31, 2018 and 2017

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Financial Report

December 31, 2018 and 2017

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Financial Report

December 31, 2018 and 2017

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Independent Auditor's Report

Board of Directors
Schenectady Metroplex Development Authority
Schenectady, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Schenectady Metroplex Development Authority (Authority) (a component unit of Schenectady County, New York) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 financial position of the Authority as of December 31, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1d to the financial statements, the 2017 statement of cash flows has been restated to include cash flows of both restricted and unrestricted cash and cash equivalents. Our opinion is not modified with respect to this matter.

Other Matter

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 8, and the required supplementary information on pages 32 and 33 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 audit 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BST & CO. CPAs, LLP

Albany, New York
March 26, 2019



Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Management's Discussion and Analysis December 31, 2018 and 2017

The Schenectady Metroplex Development Authority, hereafter referred to as the Authority, is pleased to present its Financial Report for the years ended December 31, 2018 and 2017, developed in compliance with accounting principles generally accepted in the United States of America (U.S. GAAP). We encourage readers to consider the information presented on pages 3 to 8 in conjunction with the Authority's financial statements (presented on pages 9 to 11) to enhance their understanding of the Authority's financial performance.

Responsibility and Controls

The Authority has prepared and is responsible for the financial statements and related information included in this report. A system of internal accounting controls is maintained to provide reasonable assurance that assets are safeguarded and that the books and records reflect only authorized transactions. Limitations exist in any system of internal controls. However, based on the recognition that the cost of the system should not exceed its benefits, management believes its system of internal accounting controls maintains an appropriate cost/benefit relationship.

The Authority's system of internal accounting controls is evaluated on an on-going basis by the Authority's internal financial staff. Independent external auditors also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

The Fiscal Audit Committee of the Authority's Board of Directors is comprised of members of the Board who are not employees and who provide a broad overview of management's financial reporting and control functions. Periodically, this Committee meets with management and the independent external auditors to ensure these groups are fulfilling their obligations and to discuss auditing, controls, and financial reporting matters.

Management believes that its policies and procedures provide guidance and reasonable assurance that the Authority's operations are conducted according to management's intentions and to a high standard of business ethics. In management's opinion, the financial statements present fairly, in all material respects, the net position, results of operations, and cash flows of the Authority in conformity with U.S. GAAP.

Audit Assurance

The unmodified (i.e., clean) opinion of our independent external auditors, BST & Co. CPAs, LLP, is included on pages 1 and 2 of this report.

This section presents management's discussion and analysis of the Authority's financial condition and activities for the year ended December 31, 2018. This information should be read in conjunction with the financial statements.

Financial Highlights

The year 2018 marked another active year for the Authority. The Authority continued the growth of its redevelopment investments and activities within its statutory service area, and management believes the Authority's financial position remains very strong. Following are some of the highlights:

- Total operating revenues decreased by 3.8% from the prior fiscal period, reflecting the completion of the Rivers Casino at Mohawk Harbor, a modest decline in sales tax revenue as well as a reduction in administrative fees earned from its affiliation with local Industrial Development Agencies (IDA's).
- The Authority's sales tax revenues reached \$8.71 million, down slightly from the \$8.89 million in 2017, which was 7.5% higher than 2016. Management expects revenues to remain steady as the local economy continues a more moderate growth pattern over the next several years.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Management's Discussion and Analysis December 31, 2018 and 2017

Financial Highlights - Continued

- Total operating expenses decreased to \$1.10 million in 2018, a 9.5% drop from 2017 which had been 12.3% higher than 2016; reductions are due primarily to legal fees, staffing changes, and New York State & Local Retirement System costs.
- With a 2.5% increase, financing expenses for 2018 were slightly higher than 2017 which had been on pace with 2016. The Authority issued \$7,990,000 and \$8,045,00 of Bond Anticipation Notes (BANs) in late 2018 and 2017, respectively. No financing activities took place in 2016.
- Total assets were \$19.62 million at the end of 2018 and represent a decrease of 17.2% from the prior year primarily due to use of BAN funds on capital projects. Issuance of BANs in late 2017 resulted in an increase of 12.0% over total assets in 2016.
- Total liabilities decreased 4.4% to \$56.33 million due to amortization of the Authority's long-term debt. Issuance of BANs in late 2017 offset the amortization of the long-term debt that year and was the primary driver of the 7.0% increase of liabilities from 2016 to 2017.
- Net project grants and expenditures were \$7.31 million in 2018 representing a decrease from \$7.41 million in 2017 and an increase over \$5.63 million in 2016.
- Undistributed project commitments approximated \$3.71 million at the end of 2018 as compared to \$6.25 million and \$2.93 million at the end of 2017 and 2016, respectively.

Required Financial Statements

The financial statements of the Authority report information about the Authority's use of accounting methods which are similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

The statement of net position includes all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and obligations to Authority creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered its operating costs through its sales tax revenues.

Net position represents the accumulated earnings of the Authority, since inception, less project grants and expenditures disbursed.

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities, and the overall change in cash during the reporting period.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Management's Discussion and Analysis December 31, 2018 and 2017

Summary of Organization and Business

The Authority is a public benefit corporation created pursuant to Article 8, Title 28-B of the New York Public Authorities Law. The Authority was created to pursue a comprehensive, coordinated program of economic development activities in the Route 5 and Route 7 corridors of Schenectady County, New York, with special emphasis on the downtown region of the City of Schenectady, New York.

In creating the Authority, the New York State Legislature determined that its establishment was necessary to provide, within the Authority's statutorily described service district, for the economic prosperity, health, safety, and general welfare of the people of the State of New York, through the construction, development, and operation of infrastructure improvements and new facilities to redevelop an area characterized by deteriorated industrial and commercial structures, uncoordinated and incompatible commercial uses, inadequate public facilities, and substandard economic conditions. The Legislature declared the Authority to be performing an essential governmental function. Accordingly, the property, income, and operations of the Authority are exempt from taxation, assessments, special assessments, fees, and special *ad valorem* levies or assessments of any kind, whether state or local, upon or with respect to any property owned by the Authority, or under its jurisdiction, control, or supervision, or upon the uses thereof. Any fares, tolls, rentals, rates, charges, fees revenues, or other income by the Authority are likewise exempt from taxation.

The Authority is governed by a board of eleven members (the Board), all of whom are residents of Schenectady County and each of whom is appointed by majority vote of the Schenectady County Legislature. Two of the Board members are nominated by the City of Schenectady - one each upon the recommendation of the Mayor and the City Council; one member is nominated by each of three different townships within Schenectady County; one member is nominated upon the joint recommendation of the supervisors of two townships in Schenectady County; one member is nominated by the minority leader of the Schenectady County Legislature; two are nominated by the chairman of the Schenectady County Legislature; and two are nominated by joint recommendation of the Schenectady County Legislature. The Board conducts regular monthly meetings that are open to the public pursuant to Article 7 of the New York Public Officers Law, which is New York's version of an "open meetings" law.

The Authority's general purposes are to design, develop, plan, finance, create, site, construct, renovate, administer, operate, manage, and/or maintain buildings, parks, structures, and other facilities within its service district including, without limitation, industrial, manufacturing, entertainment, and infrastructure facilities, and business, commercial, retail, and government office buildings or space. To carry out its corporate purposes, the Authority is vested with and has broad powers, including the authority to borrow money, issue bonds, and enter into contracts and leases.

The Authority is statutorily entitled to receive, for the period beginning September 1, 1998, and ending August 31, 2038, 70% of one-half of one percent of all sales and compensating use tax revenue received by Schenectady County, which may be used to support all of its statutorily authorized purposes and powers. The Authority has a limited obligation to return a portion of its sales tax revenues in the event such revenues exceed statutorily prescribed limits, which are a function of the Authority's current liabilities, reserve fund requirements, and anticipated project funding requirements.

Schenectady Metroplex Development Authority
(A Component Unit of Schenectady County, New York)

Management's Discussion and Analysis
December 31, 2018 and 2017

Financial Analysis

The following comparative condensed financial statements and other selected information provide key financial data and indicators for management, monitoring, and planning.

Condensed Statements of Net Position

	December 31,				
	2018	2018 vs. 2017	2017	2017 vs. 2016	2016
ASSETS					
Current assets	\$ 11,026,082	-24.1%	\$ 14,536,391	54.3%	\$ 9,418,768
Noncurrent assets	8,589,957	-6.3%	9,167,017	-22.0%	11,746,414
Total assets	<u>19,616,039</u>	-17.2%	<u>23,703,408</u>	12.0%	<u>21,165,182</u>
DEFERRED OUTFLOWS	<u>1,144,264</u>	-7.2%	<u>1,232,956</u>	-15.6%	<u>1,460,435</u>
LIABILITIES					
Current liabilities	5,331,949	20.0%	4,443,374	-15.8%	5,279,579
Noncurrent liabilities	50,997,847	-6.4%	54,465,187	9.4%	49,763,867
Total liabilities	<u>56,329,796</u>	-4.4%	<u>58,908,561</u>	7.0%	<u>55,043,446</u>
DEFERRED INFLOWS	<u>123,181</u>	574.6%	<u>18,259</u>	0.0%	<u>23,245</u>
NET POSITION					
Investment in capital assets	17,852	-26.0%	24,130	-9.2%	26,570
Restricted	4,744,949	-44.6%	8,571,565	83.6%	4,667,785
Unrestricted deficit	<u>(40,455,475)</u>	-5.0%	<u>(42,586,151)</u>	14.7%	<u>(37,135,429)</u>
Total net position	<u>\$ (35,692,674)</u>	5.0%	<u>\$ (33,990,456)</u>	4.8%	<u>\$ (32,441,074)</u>

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended December 31,				
	2018	2018 vs. 2017	2017	2017 vs. 2016	2016
Sales tax revenue	\$ 8,706,536	-2.1%	\$ 8,891,405	7.5%	\$ 8,268,508
Other operating revenues	32,250	-83.0%	189,595	81.8%	104,300
Total operating revenues	<u>8,738,786</u>	-3.8%	<u>9,081,000</u>	8.5%	<u>8,372,808</u>
Depreciation	9,352	-8.1%	10,179	-4.7%	10,681
Other operating expenses	1,094,771	-9.5%	1,210,057	12.5%	1,075,688
Total operating expenses	<u>1,104,123</u>	-9.5%	<u>1,220,236</u>	12.3%	<u>1,086,369</u>
Net operating revenues	7,634,663	-2.9%	7,860,764	7.9%	7,286,439
Non operating expenses, net	<u>(2,023,597)</u>	1.3%	<u>(1,996,965)</u>	-3.5%	<u>(2,068,538)</u>
Increase in net position	5,611,066	-4.3%	5,863,799	12.4%	5,217,901
NET POSITION, beginning of year	(33,990,456)	4.8%	(32,441,074)	1.3%	(32,030,296)
Project grants, net of project and grant revenues	<u>(7,313,284)</u>	-1.3%	<u>(7,413,181)</u>	31.7%	<u>(5,628,679)</u>
NET POSITION, end of year	<u>\$ (35,692,674)</u>	5.0%	<u>\$ (33,990,456)</u>	4.8%	<u>\$ (32,441,074)</u>

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Management's Discussion and Analysis December 31, 2018 and 2017

General Trends and Significant Events

During 2018, the pace of the Authority's redevelopment efforts throughout its statutorily-defined service district continued with many of its prior commitments being well underway. Management anticipates that the continuing recovery in the revitalized local economy will create new opportunities in the years ahead. In recognition of the continuing need to pursue such opportunities, in 2016, the County and State legislatures approved amending the Authority's enabling statute to increase its authority to issue bonds to \$100 million and extension of the sales tax through August 1, 2038.

Financial Condition

The overall financial position of the Authority remained strong at year-end. Current assets at year-end of 2018 were 56.2% of total assets as compared to 61.3% in 2017 and 44.5% in 2016. Total operating expenses in 2018 represented approximately 12.6% of total revenues, were below those of 2017 and in line with 2016 levels. Total operating revenues of over \$8.74 million represents a smoothing when compared to \$9.08 million experienced in 2017 and \$8.37 million in 2016.

Despite the periodic fluctuations in its sales tax revenue stream, taxable sales have grown at an average annual rate of 2% to 3% for several decades and are expected to continue to do so in the years ahead. The Authority performs periodic internal cash flow projections to evaluate cash adequacy (particularly during the annual budget process) and to control operational expenses to meet the debt ratio coverage covenant in the Trust Indenture that governs operations and financial requirements.

Results of Operations

Revenue

Total operating revenue for 2018 was \$8,738,786 compared to \$9,081,000 for 2017 and \$8,372,808 in 2016.

Expense

Total operating expenses for the year 2018 were \$1,104,123 compared to \$1,220,236 in 2017 and \$1,086,369 in 2016.

Long-Term Obligations

As of December 31, 2018, the Authority had \$44,715,000 in bonds outstanding related to six separate general resolution bond issues in 2010, 2012, 2014, and 2015. The bonds mature in 2033, 2027, 2033, and 2028 respectively. Principal payments related to these bonds will total \$3,190,000 during 2019.

Final Comments

Under terms of the Trust Indenture, the Authority has agreed to maintain operating levels sufficient to produce net revenue for each fiscal year: (i) to pay Authority expenses; (ii) to pay debt service on outstanding bond obligations (or other parity debt); and (iii) to produce a debt service coverage ratio greater than or equal to 1.25 in each fiscal year.

There were no new members appointed to the Board in 2018.

Jayme Lahut, Executive Director since 1999, continues to serve in that capacity.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Management's Discussion and Analysis December 31, 2018 and 2017

Contacting the Authority's Director of Finance

This financial report is intended to provide a general overview of the Authority's financial position and to illustrate the Authority's accountability for the revenue it receives. If you have any questions about this report or need additional financial information, contact the Schenectady Metroplex Development Authority's Director of Finance, 433 State Street, Schenectady, New York 12305, or on the internet at www.schenectadymetroplex.org.

Principal Officials

The members of the Authority's Board of Directors, confirmed by the Schenectady County Legislature, are as follows:

<u>Name</u>	<u>Board Office</u>	<u>Term Expiration</u>
Ray Gillen	Chair	December 31, 2018
Bradley G. Lewis	Vice Chair	December 31, 2018
Karen Zalewski-Wildzunas	Treasurer	December 31, 2018
Sharon A. Jordan	Secretary	December 31, 2018
Nancy Casso		December 31, 2018
Robert J. Dieterich		December 31, 2018
Todd Edwards		December 31, 2018
Neil M. Golub		December 31, 2018
John Mallozzi		December 31, 2018
Robert J. Mantello		December 31, 2018
Paul Webster		December 31, 2018

Schenectady Metroplex Development Authority
(A Component Unit of Schenectady County, New York)

Statements of Net Position

	December 31,	
	2018	2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	\$ 4,832,078	\$ 4,165,018
Cash and cash equivalents, restricted	691,709	4,588,321
Sales tax receivable	3,403,506	3,861,441
Current installments of loans receivable, net	554,594	470,684
Grants receivable	70,000	-
Other receivables	7,080	25,008
Interest receivable	7,051	7,835
Investment reserves, restricted	1,356,376	1,329,148
Prepaid expenses	103,688	88,936
Total current assets	<u>11,026,082</u>	<u>14,536,391</u>
NONCURRENT ASSETS		
Loans receivable, less current installments, net	5,625,241	6,238,791
Note receivable, net	250,000	250,000
Investment reserves, restricted	2,696,864	2,654,096
Capital assets, net	17,852	24,130
Total noncurrent assets	<u>8,589,957</u>	<u>9,167,017</u>
Total assets	<u>19,616,039</u>	<u>23,703,408</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	987,837	1,115,828
Deferred outflows related to net pension liability	156,427	117,128
Total deferred outflows of resources	<u>1,144,264</u>	<u>1,232,956</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 20,760,303</u>	<u>\$ 24,936,364</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Current installments of bonds payable	\$ 3,190,000	\$ 3,110,000
Accounts payable and accrued expenses	1,119,973	314,608
Accrued interest	743,768	776,594
Due to the County of Schenectady, current portion	59,889	57,315
Premium on bond anticipation note	127,821	94,359
Premium on bonds, net of amortization, current portion	90,498	90,498
Total current liabilities	<u>5,331,949</u>	<u>4,443,374</u>
NONCURRENT LIABILITIES		
Bonds payable, less current installments	41,525,000	44,715,000
Net pension liability	38,612	110,567
Bond anticipation note payable	7,990,000	8,045,000
Due to the County of Schenectady, less current portion	586,773	646,662
Premium on bonds, net of amortization, less current portion	857,462	947,958
Total noncurrent liabilities	<u>50,997,847</u>	<u>54,465,187</u>
Total liabilities	<u>56,329,796</u>	<u>58,908,561</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to net pension liability	<u>123,181</u>	<u>18,259</u>
NET POSITION		
Net investment in capital assets	17,852	24,130
Restricted	4,744,949	8,571,565
Unrestricted deficit	<u>(40,455,475)</u>	<u>(42,586,151)</u>
Total net position	<u>(35,692,674)</u>	<u>(33,990,456)</u>
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 20,760,303</u>	<u>\$ 24,936,364</u>

See accompanying Notes to Financial Statements.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended December 31,	
	2018	2017
OPERATING REVENUES		
Sales tax revenues	\$ 8,706,536	\$ 8,891,405
Other income	32,250	189,595
	<u>8,738,786</u>	<u>9,081,000</u>
OPERATING EXPENSES		
Payroll	505,581	549,259
Payroll taxes	43,462	44,973
Pension plan	66,942	85,239
Health insurance	58,386	55,114
Accounting	71,900	69,450
Advertising	17,631	14,861
Consulting	9,600	6,800
Depreciation	9,352	10,179
Dues and subscriptions	22,917	7,325
Insurance	66,114	63,667
Legal	58,738	137,806
Rent	56,517	56,517
Repairs and maintenance	20,333	25,732
Resource data	57,784	48,766
Utilities	19,175	22,718
Other operating expenses	19,691	21,830
	<u>1,104,123</u>	<u>1,220,236</u>
Net operating revenues	<u>7,634,663</u>	<u>7,860,764</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	164,796	125,519
Interest expense, net	(2,121,494)	(2,064,984)
Bond issuance costs	(72,821)	(74,933)
Debt service fees	(9,700)	(9,500)
Miscellaneous income	15,622	26,933
	<u>(2,023,597)</u>	<u>(1,996,965)</u>
Change in net position	<u>5,611,066</u>	<u>5,863,799</u>
NET POSITION, <i>beginning of year</i>	(33,990,456)	(32,441,074)
Project grants and expenditures, net of project and grant revenues	<u>(7,313,284)</u>	<u>(7,413,181)</u>
NET POSITION, <i>end of year</i>	<u>\$ (35,692,674)</u>	<u>\$ (33,990,456)</u>

See accompanying Notes to Financial Statements.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Statements of Cash Flows

	Years Ended December 31,	
	2018	2017 (Restated)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from sales tax revenues	\$ 9,182,399	\$ 9,890,037
Cash received from other sources	32,250	189,595
Cash paid to suppliers and other vendors	(435,152)	(508,059)
Issuance of loans receivable	(11,234)	(6,767)
Repayment of loans receivable	546,262	2,240,793
Cash paid for salaries	(505,581)	(549,259)
Cash paid for employee benefits	(168,790)	(185,326)
	8,640,154	11,071,014
CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		
Debt service fees	(9,700)	(9,500)
Bond issuance costs	(72,821)	(74,933)
Repayments of bond principal	(3,110,000)	(3,040,000)
Proceeds from issuance of bond anticipation note	-	8,045,000
Payment on bond anticipation note	(55,000)	-
Repayment of amounts due to the County of Schenectady	(57,315)	(54,853)
Interest paid	(2,154,323)	(1,998,145)
	(5,459,159)	2,867,569
CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of office furniture and equipment	(3,074)	(7,739)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Proceeds from restricted investment reserves	(69,996)	(29,016)
Investment earnings received	165,580	124,872
Miscellaneous earnings received	15,622	26,933
Project grants and expenditures paid, net of project and grant revenues received	(6,518,679)	(8,545,142)
	(6,407,473)	(8,422,353)
Net (decrease) increase in cash and cash equivalents	(3,229,552)	5,508,491
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	8,753,339	3,244,848
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 5,523,787	\$ 8,753,339
RECONCILIATION OF NET OPERATING REVENUES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net operating revenues	\$ 7,634,663	\$ 7,860,764
Adjustments to reconcile net operating revenues to net cash provided (used) by operating activities		
Depreciation	9,352	10,179
Change in loans receivable	535,028	2,234,026
Change in sales tax receivable	475,863	1,006,307
Change in other receivables	-	(7,675)
Change in prepaid expenses	(14,752)	(32,587)
	\$ 8,640,154	\$ 11,071,014

See accompanying Notes to Financial Statements.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2018 and 2017

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization

On June 30, 1998, the Public Authorities Law and the Executive Law of the State of New York were amended to allow for the establishment of the Schenectady Metroplex Development Authority (Authority) as a public benefit corporation, and to amend the tax law in relation to authorizing additional sales and compensating use taxes in Schenectady County (County). The amended laws (Laws of New York, 1998; Chapter 124, Article 8, Title 28-B) allowed for collection of additional sales and compensating use taxes to begin on September 1, 1998, and to end on August 31, 2033. On May 31, 2016, the amended laws extended the collection of additional sales and compensating use taxes to August 31, 2038. The Schenectady Metroplex Development Authority Act (Act) was created by the New York State Legislature with powers to provide the State of New York and the County with the capability to effectively and efficiently develop, renovate, and optimize the economic and social activities of the Route 5 and Route 7 corridors of the County. The Authority began operations as a component unit of Schenectady County, New York, on January 1, 1999.

The Authority is governed by a Board of eleven members who are residents of the County and are appointed by a majority vote of the County Legislature.

b. Basis of Accounting and Financial Statement Presentation

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred outflows and inflows of resources associated with the operations are included on the statements of net position.

Net position is segregated into restricted and unrestricted components, as follows:

- *Net Investment in capital assets* consists of capital assets, net of accumulated depreciation.
- *Restricted net position* has external constraints placed on use.
- *Unrestricted net position (deficit)* consists of assets, liabilities, and deferred outflows and inflows that do not meet the definition of "net investment in capital assets" or "restricted net position."

Revenues are recognized when earned, and expenses are recognized when incurred. The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues include sales tax revenue and other revenues collected based on the services provided by the Authority. Operating expenses include the costs associated with carrying out the economic development activities of the Authority and providing those services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Project grants and expenditures, net of project and grant revenues, are reported as a direct adjustment to net position.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2018 and 2017

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

c. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred outflows and inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d. Restatement for Change in Accounting Principle

To reflect cash flows from all sources, the 2017 statement of cash flows was restated to include cash flows of both unrestricted and restricted cash and cash equivalents. Previously, the statement of cash flows included cash flows from unrestricted cash and cash equivalents. As a result, cash flows used by the change in cash and cash equivalents, restricted of \$3,874,764 was removed from cash flows used by investing activities.

e. Sales Tax Revenues

Pursuant to Subdivision (C) of Section 1210 (C) of the tax law, the County dedicates one-half of one percent of County sales and compensating use tax on all sales and compensating uses taxable pursuant to Article 29 of the tax law, beginning on September 1, 1998, and ending on August 31, 2038, and annually deposits such net collections received there from in the Schenectady Metroplex Development Authority Support Fund, held by the County. Beginning January 1, 1999, and then quarterly thereafter, the County transfers 70% of net collections received from the one-half of one percent to the Authority. The remaining 30% is transferred by the County to the Schenectady County real property tax abatement and economic development fund.

f. Fair Value Measurements

The Authority reports certain assets at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants on the measurement date (Note 8).

g. Cash and Cash Equivalents

Cash and cash equivalents include amounts in short-term investments with a maturity date of three months or less from the date of purchase, whether unrestricted or restricted.

Restricted cash and cash equivalents consist of escrow deposits held on account of others for the payment of future obligations and funds held from the issuance of bonds.

Unrestricted and restricted cash are either adequately insured by the Federal Deposit Insurance Corporation or collateralized by securities held by the pledging bank's trust department in the Authority's name or U.S. Government and/or federal agency securities held by the Trustee.

h. Investment Reserves

New York State statutes authorize the Authority to invest in certificates of deposit, obligations of New York State and its localities, the United States Government and its agencies, and repurchase agreements collateralized by U.S. obligations.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2018 and 2017

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

h. Investment Reserves - Continued

For the years ended December 31, 2018 and 2017, the Authority's investments are composed of money market mutual funds that are compliant with Securities and Exchange Commission Rule 2a-7. The Authority's money market fund investments have a AAA credit rating from Standard and Poor's and Moody's.

To mitigate custodial credit risk, all of the Authority's investments are held in its own name. The purpose of these investment reserves is described in Note 7.

i. Receivables

Sales tax receivable consists of amounts due from the County from the sales and compensating use tax collections plus interest thereon and amounts due from other entities. Receivables of \$3,403,506 and \$3,861,441, based in part on estimates by management, are being held by the County in the Schenectady Metroplex Development Authority Support Fund but have not yet been transferred to the Authority as of December 31, 2018 and 2017, respectively.

Loans and notes receivable are carried at the original loan amount less payments of principal received and an allowance for estimated uncollectible balances. Accrued interest income is reported for loan interest earned but not received at year end. As of December 31, 2018 and 2017, the Authority has an allowance of \$2,098,704 and \$3,237,962, respectively, for loans and notes receivable.

Other than the allowance described above, management considers all other receivables to be fully collectible. If, in the future, management determines that amounts may be uncollectible, the other receivables will be written off or an allowance will be established, and operations will be charged when that determination is made.

In addition, at times the Authority may receive grants from outside parties. Grants receivable totaling \$70,000 from the City of Schenectady, New York (City) were outstanding at December 31, 2018. There were no grant receivables at December 31, 2017. Management considers grants receivable to be fully collectible.

During 2013, the Authority was assigned cash and Community Development Block Grant (CDBG) receivables from the City. The amounts received were previously recorded to unearned revenue. During 2017, upon attaining certain employment and reporting requirements as stipulated in the agreement, a \$210,000 CDBG receivable was forgiven by the Authority and, therefore, offset against unearned revenue. In addition, during 2017, the remaining cash assigned from the City was provided to a commercial entity as a project grant and expenditure.

j. Capital Assets

Capital assets are reported at cost, net of accumulated depreciation. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. The Authority uses a capitalization threshold of \$1,000 to analyze expenditures for capitalization. When capital assets are retired or disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited to operations.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2018 and 2017

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

j. Capital Assets - Continued

Depreciation is provided for in amounts to relate the cost of depreciable assets to operations over their estimated useful lives on a straight-line basis. Leasehold improvements are amortized over the shorter of the life of the asset or the life of the lease with amortization being included in depreciation expense. The estimated useful life for office furniture and equipment, and leasehold improvements ranges from three to five years.

The Authority evaluated prominent events or changes in circumstances affecting capital assets to determine if impairment of any capital assets has occurred. A capital asset is considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. There were no impaired capital assets at December 31, 2018 and 2017.

k. Tax Status

The Authority is exempt from federal income taxes under Section 115 of the Internal Revenue Code and is also exempt from New York State income taxes.

l. Parking Operations

In prior years, the Authority participated in projects to enhance parking opportunities within the City. The projects consisted of various City-owned lots and garages, some of which required significant renovations. The City became unable to provide sufficient resources for the capital improvements and maintenance costs associated with the projects and transferred title of several parking lots and a garage to the Authority in 2004 for nominal value. The Authority has and continues to operate the projects at a net loss as part of its revitalization mission. Accordingly, the parking rates charged by the Authority are not designed to recoup operating costs or fund future capital projects. The Authority's ability to dispose of the projects is restricted due to discounted multi-year parking arrangements with the State of New York and other organizations. Due to the financial constraints and the Authority's intent to manage the projects as an economic incentive activity rather than an operational enterprise activity, project costs are reported to project grants and expenditures as incurred.

m. Deferred Outflows of Resources and Deferred Inflows of Resources

The Authority reports deferred outflows of resources and deferred inflows of resources on its statement of net position in connection with the changes in the net pension liability that will be amortized into pension expense over time, as further described in Note 12. The Authority also reports deferred outflows of resources for deferred loss on a bond refunding, as further described in Note 5.

n. Pensions

The Authority is a participating employer of the New York State and Local Retirement System (System). Employees in permanent positions are required to enroll in the System, and employees in part-time or seasonal positions have the option of enrolling in the System. The System is a cost sharing, multiple employer, public employee defined benefit retirement system. The impact on the Authority's financial position and results of operations due to its participation in the System is more fully described in Note 12.

o. Subsequent Events

The Authority has evaluated subsequent events for potential recognition or disclosure through March 26, 2019, the date the financial statements were available to be issued.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2018 and 2017

Note 2 - Loans Receivable

A summary of the Authority's loans receivable is as follows:

	December 31,	
	2018	2017
Loans receivable (a) (b)	\$ 8,278,539	\$ 9,947,437
Less allowance	2,098,704	3,237,962
Less current installments	554,594	470,684
Loans receivable, less current installments, net	<u>\$ 5,625,241</u>	<u>\$ 6,238,791</u>

(a) All of the loans include collateral which is specific to each loan. The collateral may include real property, liens on furniture, fixtures and equipment, assignments of rents, and personal guarantees of the project owners.

(b) The loans include terms which vary with each loan. Maturity periods vary up to a maximum of 20 years. The latest maturity date is December 2033. Interest rates vary from 0% to 5%. Required monthly payments range from \$729 to \$8,772.

A summary of changes in loans receivable during the year ended December 31, 2018 is as follows:

Loans receivable, January 1, 2018	\$ 9,947,437
Loans advanced	11,234
Less: loans written off	(1,133,870)
Less: principal repayments	<u>(546,262)</u>
Loans receivable, December 31, 2018	<u>\$ 8,278,539</u>

A summary of changes in loans receivable during the year ended December 31, 2017 is as follows:

Loans receivable, January 1, 2017	\$ 12,481,463
Loans advanced	6,767
Less: loans written off	(300,000)
Less: principal repayments	<u>(2,240,793)</u>
Loans receivable, December 31, 2017	<u>\$ 9,947,437</u>

Interest earnings on loans receivable were \$92,383 and \$93,848 for the years ended December 31, 2018 and 2017, respectively, and are included in investment earnings within these financial statements.

Note 3 - Note Receivable

During December 2008, the Authority transferred real property and a note receivable for \$250,000 from Grupo Lucano, LLC to Bombers Real Estate, LLC. As consideration, the Authority received a 20-year unsecured note receivable with no interest. The entire principal balance of the note is due December 2028, or upon sale of the property.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2018 and 2017

Note 4 - Capital Assets

Capital assets are summarized as follows:

	January 1, 2018	Additions	Dispositions and transfers	December 31, 2018
Office furniture and equipment	\$ 148,529	\$ 3,074	\$ (15,351)	\$ 136,252
Leasehold improvements	3,014	-	15,351	18,365
	151,543	3,074	-	154,617
Accumulated depreciation	(127,413)	(9,352)	-	(136,765)
	<u>\$ 24,130</u>	<u>\$ (6,278)</u>	<u>\$ -</u>	<u>\$ 17,852</u>

	January 1, 2017	Additions	Dispositions	December 31, 2017
Office furniture and equipment	\$ 140,790	\$ 7,739	\$ -	\$ 148,529
Leasehold improvements	18,365	-	(15,351)	3,014
	159,155	7,739	(15,351)	151,543
Accumulated depreciation	(132,585)	(10,179)	15,351	(127,413)
	<u>\$ 26,570</u>	<u>\$ (2,440)</u>	<u>\$ -</u>	<u>\$ 24,130</u>

Note 5 - Deferred Outflows: Deferred Loss on Bond Refunding

During 2012, the Authority issued \$13,240,000 of General Resolution Refunding Bonds, Series 2012, to defease the General Resolution Bonds 2001A and the General Resolution Bonds, 2004A. The Authority's deposit into the Refunding Escrow account exceeded the net carrying value of the refunded bonds. This excess resulted in deferred outflows. The deferred outflows are being amortized using the straight-line method, which approximates the effective interest method, over the remaining life of the defeased bonds.

During 2015, the Authority issued \$20,380,000 of General Resolution Refunding Bonds, Series 2015, to defease the General Resolution Bonds 2005A and 2005B and the General Resolution Bonds, 2006. The Authority's deposit into the Refunding Escrow account exceeded the net carrying value of the refunded bonds. This excess resulted in deferred outflows. The deferred outflows are being amortized using the straight-line method, which approximates the effective interest method, over the remaining life of the defeased bonds.

Future amortization of these deferred outflows is summarized as follows:

For the year ending December 31,	
2019	\$ 128,005
2020	128,005
2021	128,005
2022	128,005
2023	128,005
2024 through 2027	<u>347,812</u>
	<u>\$ 987,837</u>

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2018 and 2017

Note 6 - Bond Anticipation Notes Payable

During December 2018, the Authority issued a \$6,280,000 Bond Anticipation Note, Series 2018A, and a \$1,710,000 Bond Anticipation Note, Series 2018B. The Series 2018A and Series 2018B Bond Anticipation Notes were issued at a premium of \$127,821 and will mature on December 27, 2019 at an interest rate of 4%. The Series 2018A and Series 2018B Bond Anticipation Notes were used in part to repay the \$6,340,000 Bond Anticipation Note, Series 2017A, and the \$1,705,000 Bond Anticipation Note, Series 2017B, including a premium of \$94,359, issued in December 2017. It is anticipated that the Series 2018A and Series 2018B Bond Anticipation Notes will be refinanced with the issuance of long-term bonds.

Interest expense on bond anticipation notes payable for the year ended December 31, 2018 was \$147,574. There was no interest expense on bond anticipation notes payable for the year ended December 31, 2017.

Note 7 - Bonds Payable, Net

During June 2010, the Authority issued \$1,050,000 of General Resolution Bonds, Series 2010A, and \$5,360,000 of General Resolution Bonds, Series 2010B, to fund certain infrastructure projects within the Authority's service district approved by the Authority's Board of Directors. The terms of the 2010A bonds include interest at rates ranging from 2.00% to 3.50% during the life of the bonds, payable on February 1 and August 1 of each year. The terms of the 2010B bonds include interest at rates ranging from 1.715% to 5.304% during the life of the bonds, payable on February 1 and August 1 of each year. The bonds include annual principal payments ranging from \$120,000 to \$500,000 and mature August 1, 2033.

During August 2012, the Authority issued \$13,240,000 of General Resolution Refunding Bonds to provide resources to purchase U.S. Government, state, and local government series securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$13,610,000 of the 2001A and 2004A General Resolution Bonds. The General Resolution Bonds, 2001A were fully redeemed in 2012 and the General Resolution Bonds, 2004A were fully redeemed in 2013. This advance refunding was undertaken to reduce total debt service payments by \$491,973 with an estimated present value savings of \$844,244. The 2012 bonds were issued at a premium of \$967,200, which is amortized over the life of the bonds on a straight-line basis, which approximates the effective interest method. Amortization of the premium began in 2012. Accumulated amortization expense was \$403,000 and \$338,520 at December 31, 2018 and 2017, respectively. The terms of the 2012 bonds include interest at rates ranging from 3.00% to 5.00% during the life of the bonds, payable March 15 and September 15 of each year. The bonds include annual principal payments ranging from \$290,000 to \$1,125,000 and mature September 15, 2027.

During January 2014, the Authority issued \$10,030,000 of General Resolution Bonds, Series 2014A, and \$7,440,000 of General Resolution Bonds, Series 2014B, to fund certain commercial real estate developments within the Authority's service district approved by the Authority's Board of Directors and refund Bond Anticipation Notes outstanding. The terms of the 2014A bonds include interest at rates ranging from 3.50% to 5.00% during the life of the bonds, payable on February 1 and August 1 of each year. The 2014 bonds were issued at a premium of \$513,848, which is amortized over the life of the bonds on a straight-line basis, which approximates the effective interest method. Amortization of the premium began in 2014. Accumulated amortization expense was \$130,088 and \$104,072 at December 31, 2018 and 2017, respectively. The terms of the 2014B bonds include interest at rates ranging from 0.979% to 4.588% during the life of the bonds, payable on February 1 and August 1 of each year. The bonds include annual principal payments ranging from \$100,000 to \$1,335,000 and mature on August 1, 2033.

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2018 and 2017

Note 7 - Bonds Payable, Net - Continued

During May 2015, the Authority issued \$20,380,000 of General Resolution Refunding Bonds to provide resources to purchase U.S. Government, state, and local government series securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$19,250,000 of the 2005A, 2005B, and 2006 General Resolution Bonds. This advance refunding was undertaken to reduce total debt service payments by \$2,477,146, with an estimated present value of savings of \$1,935,889. The terms of the 2015 bonds include interest at rates ranging from 0.45% to 3.934% during the life of the bonds, payable February 1 and August 1 of each year. The bonds include annual principal payments ranging from \$710,000 to \$1,880,000 and mature August 1, 2028.

All current holders of the Authority's bonds have been provided with a direct pledge of future sales tax revenues to ensure full repayment of outstanding bond balances.

A summary of the Authority's bonds payable is as follows:

	December 31,	
	2018	2017
General Resolution Bonds, Series 2010A	\$ 775,000	\$ 815,000
General Resolution Bonds, Series 2010B	4,205,000	4,375,000
General Resolution Refunding Bonds, Series 2012	8,765,000	9,555,000
General Resolution Bonds, Series 2014A	10,030,000	10,030,000
General Resolution Bonds, Series 2014B	4,690,000	5,395,000
General Resolution Refunding Bonds, Series 2015	16,250,000	17,655,000
	<u>\$ 44,715,000</u>	<u>\$ 47,825,000</u>

A summary of bond transactions is as follows:

	December 31,	
	2018	2017
Bonds payable, <i>beginning of year</i>	\$ 47,825,000	\$ 50,865,000
Principal payments	(3,110,000)	(3,040,000)
	<u>\$ 44,715,000</u>	<u>\$ 47,825,000</u>

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2018 and 2017

Note 7 - Bonds Payable, Net - Continued

A summary of future principal payments and interest payments on the bonds is as follows:

	Principal	Interest	Total
For the year ending December 31,			
2019	\$ 3,190,000	\$ 2,181,353	\$ 5,371,353
2020	3,285,000	1,772,558	5,057,558
2021	3,410,000	1,655,335	5,065,335
2022	3,525,000	1,524,792	5,049,792
2023	3,670,000	1,383,162	5,053,162
2024 through 2028	19,440,000	4,633,743	24,073,743
2029 through 2033	8,195,000	1,468,322	9,663,322
	<u>\$ 44,715,000</u>	<u>\$ 14,619,265</u>	<u>\$ 59,334,265</u>

Interest expense, net of amortization of bond premium for the years ended December 31, 2018 and 2017 was \$1,943,033 and \$2,031,836, respectively. Interest paid during the years ended December 31, 2018 and 2017 totaled \$2,120,216 and \$2,058,722, respectively.

As required by the bond documents, the Authority is required to establish and maintain certain reserves for the benefit of the bondholders. Reserves reported within the Debt Service Fund are maintained for debt service payments during the upcoming year, while reserves reported within the Debt Service Reserve Fund are maintained for periods extending beyond one year. These reserves are held in trust by M&T Investment Group and are reported at fair value as follows:

	December 31,	
	2018	2017
Investment reserves, restricted		
Debt Service Reserve Fund	\$ 2,696,864	\$ 2,654,096
Debt Service Fund	1,356,376	1,329,148
	<u>\$ 4,053,240</u>	<u>\$ 3,983,244</u>

Note 8 - Fair Value Measurements

The framework for measuring fair value includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of inputs that may be used to measure fair value are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Authority has the ability to access.

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2018 and 2017

Note 8 - Fair Value Measurements - Continued

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted process that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 Inputs to the valuation methodology are unobservable inputs and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value at December 31, 2018 and 2017:

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Authority are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Authority are deemed to be actively traded.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level within the fair value hierarchy, the major categories of the Authority's investments measured at fair value:

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Mutual Funds	<u>\$ 4,053,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,053,240</u>
	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Mutual Funds	<u>\$ 3,983,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,983,244</u>

Note 9 - Due to the County of Schenectady

During October 2006, the Authority was informed by Schenectady County that excessive sales and use tax collections were erroneously remitted to the Authority for periods prior to December 31, 2005. The Authority has agreed with the County's findings and has entered into a repayment agreement with the County to repay \$1,193,076 of excess sales tax revenues over a twenty-one year period with interest at 4.49%. The agreement expires in 2027.

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2018 and 2017

Note 9 - Due to the County of Schenectady - Continued

A summary of future principal and estimated interest payments on the amounts due to the County is as follows:

	Principal	Interest	Total
For the year ending December 31,			
2019	\$ 59,889	\$ 29,035	\$ 88,924
2020	62,578	26,346	88,924
2021	65,388	23,536	88,924
2022	68,324	20,600	88,924
2023	71,391	17,533	88,924
2024 through 2027	319,092	36,604	355,696
	<u>\$ 646,662</u>	<u>\$ 153,654</u>	<u>\$ 800,316</u>

Interest expense for the years ended December 31, 2018 and 2017 was \$30,887 and \$33,148, respectively. Interest paid during the years ended December 31, 2018 and 2017 totaled \$34,107 and \$34,207, respectively.

Note 10 - Project Grants and Commitments

Project grants distributed and expenditures incurred, net of project and grant revenues, during the years ended December 31, 2018 and 2017, and unspent project commitments at December 31, 2018 were as follows:

	Project Grants and Expenditures 2018	Unspent Project Commitments at December 31, 2018	Project Grants and Expenditures 2017
AAA Northway Rental Subsidy	\$ 6,000	\$ -	\$ 6,000
Adirondack Beverages	-	-	41,081
ALCO Heritage Trail	445,765	356,453	72,782
Amtrak Station Project	206,010	-	8,163
2 Argyle Place	65,077	-	9,797
Aquatics Feasibility	-	40,250	-
Beekman 1802	3,000	185,000	36,000
BelGioioso Cheese	4,392	5,608	-
Bluebird Home Décor Façade	75,000	-	-
Bobby's Auto Service	-	15,000	-
Bread & Roses	23,621	1,379	-
Broadway Apartments	-	-	25,500
Broadway Commerce Park	-	-	48,500
388 Broadway Office Building	-	25,000	-
Bruno Associates Glenville	77,748	-	1,598
Building 9 - Phase 2	-	10,000	-
C2 Architecture Design Group	1,816	172,982	203
Colonial Commons	919	9,081	-
Copper Keg ReUse	-	9,252	6,000
CTDI Expansion	153	-	10,262
Downtown Above Ground Infrastructure	-	-	39,362
Downtown Ambassador Program	96,000	-	96,000
Downtown Special Assessment District	6,906	-	168,094
Downtown Schenectady Improvement Corporation - XVIII	250,000	-	-
Draper Lofts Project	37,484	-	24,000
DSIC and Downtown Parking Equipment	107,442	32,558	-

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2018 and 2017

Note 10 - Project Grants and Commitments - Continued

	Project Grants and Expenditures 2018	Unspent Project Commitments at December 31, 2018	Project Grants and Expenditures 2017
764 1/2 Eastern Avenue	21,900	3,100	-
803 Eastern Avenue	-	-	850
820 Eastern Avenue Lighting	-	-	8,000
823 Eastern Avenue Façade	-	45,410	-
839 Eastern Avenue	338	101,253	-
Environment One Expansion	1,463	3,537	788
Foster Block Streetscape Improvements	7,803	367,197	-
Foster Renovation Phase 2	9,413	15,205	325,382
Franklin Project	270	34,730	-
Franklin Street Renovation	7,885	-	-
Gateway Park	6,645	29,631	670,676
Gatherer's Granola Relocation	90,000	-	-
Gazette Press Building	269,384	30,616	-
General Electric Building	-	-	1,366
Glenville Rail Project	-	-	90,227
2994 Guilderland Avenue	12,418	-	-
2996 Guilderland Avenue	4,687	-	-
Hammam Spa	12,320	57,680	-
Harbor Center Office Building	2,590	-	23,294
Hillside View	-	174,545	-
Hillside View Housing	-	-	18,290
Jahnel Group, Inc. Relocation	270	104,730	-
118 Jay Street	24,500	-	-
Jay Street Lighting	150,328	-	-
JMR Development Company Project	-	-	175,428
Katie O'Byrne	15,000	-	-
Land Bank House Demolition	23,369	-	-
L&M Motel Demolition	12,430	-	220,133
229 Liberty Street Parking Lot	32,370	17,630	-
Live In Schenectady	2,143	115,653	7,204
Lower State Street Revitalization	-	-	91,000
Lower State Street Sidewalk	69,050	-	336,074
Marty's True Value Hardware	-	-	15,145
Metroplex Garage Renovation	159,533	-	-
Mill Artisan District	1,292,017	-	532,409
MiSci Parking Lot	127,224	-	-
Mohawk Harbor Site Preparation	-	-	375,000
Mohawk Harbor Townhouse Project	2,444	14,979	2,577
New York State Arboretum at Mohawk Harbor	17,000	-	13,750
Nott Apartments	122,600	293,972	83,428
219 Nott Terrace	-	-	2,670
487 Nott Street Redevelopment	98,130	-	3,777
2017 Parking Infrastructure Improvements	678,177	-	256,970
Parking Program	1,692,817	29,303	1,577,631
Parking Remediation	-	-	127,447
Proctor's Barber Shop Façade	17,000	-	-
Proctor's Theatre Third Floor Renovation	-	-	300,855

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Notes to Financial Statements December 31, 2018 and 2017

Note 10 - Project Grants and Commitments - Continued

	Project Grants and Expenditures 2018	Unspent Project Commitments at December 31, 2018	Project Grants and Expenditures 2017
Raw Juice & Smoothie Bar	-	-	3,500
Renaissance Square	5,714	9,286	-
Residences at Vista Square	144,182	-	14,747
Restore New York 2017 Program	780,000	230,736	9,264
Restore New York Demolition	-	431,631	-
4-6 River Street	-	-	25,000
Riverside Farms	-	-	126,125
Robinson Block Redevelopment	102,061	367,922	571,486
Rotterdam Corporate Park Warehouse	-	-	1,649
Schenectady Armory Improvement	-	-	30,225
Schenectady Civic Players Renovation	30,000	-	30,472
Scotia Naval Depot	1,238,632	-	182,834
Scotia Naval Depot Easment EDPL	22,600	-	-
Silver Shop	5,000	-	-
3 State Street	-	-	225
13 State Street, LLC Lease	3,308	6,692	-
State Street Bridge Lighting	241,544	-	18,667
302 State Street Renovation	19	653	1,328
400 State Street Cinema	-	-	250,000
426 State Street	-	-	50,000
Ter Bush and Powell Building	76,917	28,083	-
Thai Thai Bistro Relocation	-	-	15,000
Town of Duanesburgh Sewer	156,000	-	360
Trustco Renovation	-	145,000	-
Unilux Retention	-	10,000	-
Union College Safety	-	-	28,634
508 Union Street	-	-	60,877
108 Union Street Façade	-	-	75,720
410-412 Union Street	-	-	30,000
601-605 Union Street	12,985	-	27,075
1775 Van Franken Avenue	-	-	10,000
Viaport Rotterdam	-	-	1,001,984
Villa Italia	-	-	38,335
Whistling Kettle	4,091	180,909	-
Professional services and predevelopment costs (a)	578,223	-	592,729
	9,792,127	<u>\$ 3,712,646</u> (b)	9,049,949
Project and grant revenue	<u>(2,478,843)</u>		<u>(1,636,768)</u>
	<u>\$ 7,313,284</u>		<u>\$ 7,413,181</u>

(a) Professional services and predevelopment costs represent costs incurred by the Authority during the review and planning phase of the project approval process. In addition, at times, certain professional fees are incurred by the Authority in connection with approved projects. These costs are not included in the approved grant amount.

(b) Unspent project commitments are subject to meeting project requirements prior to the Authority's release of the funds.

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Notes to Financial Statements December 31, 2018 and 2017

Note 11 - Net Position

The Authority has reported a deficit in its net position as of December 31, 2018 and 2017. This deficit is the result of cumulative project grants and expenditures in excess of net revenues. Funding for these expenditures was mostly provided by proceeds of the Authority's bond obligations which will be repaid over the statutory life of the Authority from future sales tax revenues. Current holders of the Authority's bonds have been provided with a direct pledge of these future sales tax revenues to ensure full repayment of existing obligations, and the Authority has established conservative guidelines under its General Bond Resolution that preclude further borrowings unless repayment capacity can be demonstrated.

Note 12 - New York State and Local Employees' Retirement System

a. Plan Description

The Authority participates in the System, a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct state-wide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

b. Contributions

Employees in Tier I through IV are noncontributory except for employees with less than 10 years of service who contribute 3% of their salary, Tier V employees who contribute 3% of their salary, and Tier VI employees who contribute between 3% and 6% of their salary. The Comptroller annually certifies the rates, expressed as proportions of payroll of members, which are used in computing the contributions required to be made by employers. The Authority's contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2018	\$	71,891
2017		77,422
2016		72,842

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2018 and 2017

Note 12 - New York State and Local Employees' Retirement System - Continued

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018 and 2017, the Authority reported a liability of \$38,612 and \$110,567, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2018 and 2017, the Authority's proportion was 0.0011964% and 0.0011767%, respectively.

For the years ended December 31, 2018 and 2017, the Authority recognized pension expense of \$71,501 and \$81,804, respectively. At December 31, 2018 and 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2018		December 31, 2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,772	\$ 11,380	\$ 2,771	\$ 16,790
Changes in assumptions	25,603	-	37,774	-
Net differences between projected and actual investment earnings on pension plan investments	56,081	110,699	22,085	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	60,971	1,102	54,498	1,469
Total	<u>\$ 156,427</u>	<u>\$ 123,181</u>	<u>\$ 117,128</u>	<u>\$ 18,259</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2018 related to pensions will be recognized in pension expense as follows:

For the year ending December 31,

2019	\$ 33,086
2020	23,669
2021	(16,849)
2022	(6,660)
	<u>\$ 33,246</u>

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2018 and 2017

Note 12 - New York State and Local Employees' Retirement System - Continued

d. Actuarial Assumptions

The total pension liability at March 31, 2018 and 2017 was determined by using an actuarial valuation as of April 1, 2017 and 2016, respectively, with updated procedures used to roll forward the total pension liability to March 31, 2018 and 2017. The actuarial valuation used the following actuarial assumptions, which were consistent from year to year:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.50%
Salary Scale	3.80%, indexed by service
Investment Rate of Return, Including Inflation	7.00% compounded annually, net of expenses
Cost of Living Adjustment	1.30%
Decrement	Based on FY 2010 - 2015 experience
Mortality improvement	Society of Actuaries Scale MP-2014

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

e. Investment Asset Allocation

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of the applicable valuation dates are summarized as follows:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-Indexed bonds	4.00%	1.25%
	<u>100.00%</u>	

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Notes to Financial Statements December 31, 2018 and 2017

Note 12 - New York State and Local Employees' Retirement System - Continued

f. Discount Rate

The discount rate projection of cash flows assumed that contributions from members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

g. Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension liability as of December 31, 2018 calculated using the discount rate of 7.0%, as well as what the Authority's proportionate share of the net pension liability or asset would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Authority's proportionate share of the net pension liability (asset)	\$ 292,150	\$ 38,612	\$ (175,871)

h. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the New York State and Local Employees' Retirement System as of March 31, 2018 and 2017 were as follows (amounts in thousands):

	March 31,	
	2018	2017
Employers' total pension liability	\$ 183,400,590	\$ 177,400,586
Plan net position	(180,173,145)	(168,004,363)
Employers' net pension liability	<u>\$ 3,227,445</u>	<u>\$ 9,396,223</u>
Ratio of plan net position to the employers' total pension liability	<u>98.24%</u>	<u>94.70%</u>

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2018 and 2017

Note 13 - Commitments, Contingencies, Risks, and Uncertainties

a. Bonds and Notes

The Authority has the ability to issue bonds, notes, or other obligations to pay for the cost of any project. As more fully described in the Act, the principal amount of such outstanding obligations may not exceed \$100,000,000. At December 31, 2018, the Authority had issued a total of \$73,805,000 in bonds. There were \$44,715,000 and \$47,825,000 of outstanding obligations, related to its General Resolution Bonds described in Note 7 at December 31, 2018 and 2017, respectively.

b. Leases

During December 2015, the Authority entered into a five-year lease agreement for its office space. Monthly payments range from \$4,710 per month to \$4,773 per month over the lease term.

Total rent expense was \$56,517 for both of the years ended December 31, 2018 and 2017.

A summary of future minimum annual payments under these leases is as follows:

For the year ending December 31,

2019	\$	57,281
2020		57,281
	\$	<u>114,562</u>

c. Employment Agreement

The Authority has entered into a contract with its Executive Director which states that the Executive Director shall receive severance pay equal to 50% of his annual salary upon termination.

d. Return of Revenues

In the event that the sales tax revenues the Authority receives from Schenectady County exceed its current liabilities by more than 10% at the end of its fiscal year, after a lawful deposit in its reserve fund of not less than 5% of its revenues, and after a lawful deposit into its construction and development account in the amount necessary to provide payment for the anticipated projects of the next fiscal year, then the Authority must return to the County 75% of such surplus amount.

During the years ended December 31, 2018 and 2017, the Authority recognized sales tax revenues of \$8,706,536 and \$8,891,405, respectively. As of December 31, 2018 and 2017, the Authority had outstanding project and loan commitments totaling \$3,712,646 and \$6,252,270, respectively, which the Authority has authorized to be distributed in the next fiscal year. The Authority also had current liabilities of \$5,331,949 and \$4,443,374 at December 31, 2018 and 2017, respectively, payable during 2019 and 2018, respectively.

As of December 31, 2018, the Authority was not obligated to return revenues to the County, other than those described in Note 9.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2018 and 2017

Note 13 - Commitments, Contingencies, Risks, and Uncertainties - Continued

e. Litigation Claims

The Authority is involved in an action for alleged breach of contract relating to the development of a property. In management's and counsel's opinion, if the action moves forward, the Authority has numerous strong defenses. Management and counsel are unable to predict any final outcome.

The Authority is involved in several claims from outside parties. Either no formal action has commenced as a result of these claims or they are in the discovery stage, and the claims are being reviewed by management and counsel for merit. As a result, management and counsel cannot render an opinion on the merits of the claims or their potential effects, if any, on the financial position of the Authority as of the date of this report. However remote, if any damages were ultimately awarded to plaintiffs that are attributed to the Authority, those damages would be covered by the Authority's insurance policies.

No adjustments have been made to the financial statements related to these claims.

f. Environmental Risks

Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Authority expect such compliance to have, any material effect upon the capital expenditures or financial condition of the Authority. Management believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable federal, state, and local requirements.

g. Custodial Credit Risk

Investment reserves are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held either by (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name. All of the Authority's investments are held under its name with the trustee.

h. Fair Value of Investments

The Authority invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Note 14 - Accounting Pronouncements Issued But Not Yet Implemented

GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB No. 83). GASB No. 83 establishes criteria for determining the timing and pattern of recognition for a liability and corresponding deferred outflow of resources for asset retirement obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in GASB No. 83. The requirements of GASB No. 83 are effective for reporting periods beginning after June 15, 2018.

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2018 and 2017

Note 14 - Accounting Pronouncements Issued But Not Yet Implemented - Continued

GASB Statement No. 84, *Fiduciary Activities* (GASB No. 84). GASB No. 84 establishes criteria for identifying fiduciary activities of all statement and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of GASB No. 84 are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87, *Leases* (GASB No. 87). GASB No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a government's leasing activities. The requirements of GASB No. 87 are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* (GASB No. 88). GASB No. 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit, assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, GASB No. 88 also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of GASB No. 88 are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of the Construction Period* (GASB No. 89). GASB No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by GASB No. 89. GASB No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. The requirements of GASB No. 89 are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interest* (GASB No. 90). GASB No. 90 will provide financial reporting users with information related to the presentation of majority equity interests in legally separate organizations. In addition, GASB No. 90 requires the reporting of information about component units if the government acquires a 100% equity interest about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. The requirements of GASB No. 90 are effective for reporting periods beginning after December 15, 2018.

Management has not yet estimated the potential impact of these statements on the Authority's financial statements.

Schenectady Metroplex Development Authority

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Required Supplementary Information - Schedule of the Local Government's Proportionate Share of the Net Pension Liability

	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.0011964%	0.0011767%	0.0012218%	0.0121940%
Authority's proportionate share of the net pension liability	\$ 38,612	\$ 110,567	\$ 196,107	\$ 41,194
Authority's covered-employee payroll	\$ 526,087	\$ 513,214	\$ 476,888	\$ 464,911
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	7.34%	21.54%	41.12%	8.86%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.95%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schenectady Metroplex Development Authority
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Required Supplementary Information
Schedule of Local Government Pension Contributions
Years Ended December 31

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 71,891	\$ 77,422	\$ 72,842	\$ 84,368	\$ 96,359	\$ 87,189	\$ 73,965	\$ 59,985	\$ 45,878	\$ 28,177
Contributions in relation to the contractually required contribution	71,891	77,422	72,842	84,368	96,359	87,189	73,965	59,985	45,878	28,177
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Authority's covered-employee payroll	526,087	513,214	476,888	464,911	464,775	392,040	386,265	387,165	405,800	401,415
Contributions as a percentage of covered-employee payroll	13.67%	15.09%	15.27%	18.15%	20.73%	22.24%	19.15%	15.49%	11.31%	7.02%



**Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards***

Board of Directors
Schenectady Metroplex Development Authority
Schenectady, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Schenectady Metroplex Development Authority (Authority) (a component unit of Schenectady County, New York), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BST & CO. CPAs, LLP

Albany, New York
March 26, 2019

DEFINITIONS

The following terms have the meanings stated herein when used in this Appendix and in the documents summarized in Appendix C hereto:

“Accountant” means an independent certified public accountant or a firm of independent certified public accountants selected by the Authority.

“Accreted Amount” means, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (the principal amount at its original issuance) plus the interest accrued on such Capital Appreciation Bond from the date of its original issuance to the Interest Payment Date next preceding the date of computation or the date of computation if such date is an Interest Payment Date, such interest to accrue at the interest rate of the Capital Appreciation Bonds set forth in the Supplemental Resolution (including a related Certificate of Determination) authorizing the issuance of such Capital Appreciation Bonds, compounded on each Interest Payment Date, and, with respect to matters related to the payment upon redemption or acceleration of the Capital Appreciation Bonds, if such date of computation shall not be an Interest Payment Date, a portion of the difference between the Accreted Amount as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance) and the Accreted Amount as of the immediately succeeding Interest Payment Date, calculated based upon an assumption that the Accreted Amount accrues during any semi-annual period in equal daily amounts on the basis of a year of 360 days consisting of twelve (12) months of thirty (30) days each.

“Act” means the Schenectady Metroplex Development Authority Act, as amended, being Title 28-B of Article 8 of the Public Authorities Law of the State of New York, as the same may be hereafter amended from time to time.

“Additional Bonds” means Bonds authenticated and delivered pursuant to Article III of the General Resolution, on original issuance pursuant to Section 203 of the General Resolution.

“Aggregate Debt Service” means for any period, and as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Series of Bonds then Outstanding.

“Amortized Value” when used with respect to securities purchased at a premium above or a discount below par, means the value at any given date obtained by dividing the total premium or discount at which such securities were purchased by the number of Interest Payment Dates remaining to maturity on such securities after such purchase, and by multiplying the amount so calculated by the number of interest payment dates having passed since the date of such purchase; and (A) in the case of securities purchased at a premium, by deducting the product thus obtained from the purchase price, and (B) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price.

“Arbitrage and Use of Proceeds Certificate” means, with respect to any Series of Bonds, the interest on which is intended by the Authority to be excluded from gross income for federal income tax purposes, a certificate executed by an Authorized Officer in connection with the initial issuance and delivery of the Bonds of such Series and containing representations, warranties and covenants of the Authority relating to the federal tax status of such Series of Bonds, as such certificate may be amended and supplemented from time to time.

“Authority” means the Schenectady Metroplex Development Authority, a corporate governmental agency and instrumentality of the State constituting a public benefit corporation created by the Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the rights, powers, duties and functions of the Authority.

“Authority Expenses” means all proper items of cost or expenditure incurred or anticipated to be incurred by the Authority in connection with any Authorized Financing, or direct and indirect administrative costs and expenses and allocable portions of direct and indirect costs of the Authority incurred in connection with such Authorized Financings or otherwise, including Costs of Issuance, initial fees and periodic fees to be paid in connection with Credit Facilities, legal fees, fees and expenses of trustees, remarketing agents, market agents, tender agents, auction agents, Depositories and Paying Agents, and financing charges and fees and expenses of financial advisors and consultants, costs of audits, and such other expenses not specified in the General Resolution as may be necessary or incident to the financing of such Authorized Financings and all other expenses of the Authority relating to Authorized Financings; provided, however, that Authority Expenses shall not include any termination or other payments to be made in connection with Qualified Fixed Payor Swaps, Qualified Fixed Receiver Swaps or other similar arrangements or, except to the extent expressly provided above, Credit Facilities.

“Authorized Financing” means any financing or refinancing undertaken by the Authority in accordance with the terms of the Act and the General Resolution, including the issuance of the Authority’s Bonds, notes or other obligations.

“Authorized Financing Costs” means costs for the purposes for which an Authorized Financing was undertaken and related Authority Expenses.

“Authorized Newspaper” means any newspaper customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York, including The Bond Buyer, in any case as designated by the Authority.

“Authorized Officer” means the Chairperson of the Authority, its Executive Director, Treasurer or Secretary, and any other person authorized by a resolution or the by-laws of the Authority to perform the act or execute the document in question.

“Authority Operating Expenses” means all direct and indirect operating costs of the Authority including, without limitation, (A) payments for employee salaries and benefits, (B) any rents due under any Authority leases, (C) all legal, accounting, development and financial advisory, banking, investment banking, legal investment and any other fees for professional services, (D) any filing fees, taxes, levies, assessments or other regulatory charges due from the Authority, and (E) the cost of insurance.

“Board” means the members of the Authority duly appointed and acting pursuant to the Act.

“Bond” means any bond or note or other obligation of the Authority payable from amounts in the Debt Service Fund, including but not limited to any such obligation denominated as a note, a Capital Lease or other form of obligation and including Parity Debt; provided, however, that such terms shall not include any Bond Anticipation Notes or Subordinated Indebtedness.

“Bond Anticipation Notes” means notes issued pursuant to Section 206 of the General Resolution.

“Bond Depository” means The Depository Trust Company or such other securities depository as the Authority may appoint pursuant to Section 502 of the General Resolution, and its successors and any replacement securities depository appointed pursuant to Section 502 of the Thirteenth Supplemental Resolution, Fourteenth Supplemental Resolution, Fifteenth Supplemental Resolution and the Sixteenth Supplemental Resolution.

“Bondholder,” “Holder” or “Holder of Bonds,” or any similar term, means any person who shall be the registered owner of any Outstanding Bond.

“Bond Proceeds Fund” means the Fund designated as the Bond Proceeds Fund established in Section 502 of the General Resolution.

“Business Day” means a day of the year which is not a Saturday, Sunday or legal holiday in the State and not a day on which the New York Stock Exchange is closed or offices of the Authority, the State, the trustee, a Paying Agent or a provider of a Credit Facility are authorized or obligated to close.

“Calendar Quarter” means any of four three-month periods in a calendar year divided into the following time periods: (A) January - March; (B) April - June; (C) July - September; and (D) October - December.

“Capital Appreciation Bond” means any Bond of a Series the interest on which (A) compounded and accumulated at the rates and on the dates set forth in the Thirteenth Supplemental Resolution, Fourteenth Supplemental Resolution, Fifteenth Supplemental Resolution and the Sixteenth Supplemental Resolution authorizing such Series (including a related Certificate of Determination), and (B) is payable only upon the maturity or redemption of such Bond.

“Capital Funds” when used with respect to any Fiduciary means the total of (A) paid in capital, (B) surplus, (C) undivided profits and (D) the par value of outstanding capital notes issued and subordinated to the claims of creditors of such Fiduciary other than the holders of such capital notes.

“Capital Lease” means any lease or other document entered into by the Authority that is treated as debt pursuant to generally accepted accounting principles.

“Certificate of Determination” means a certificate of an Authorized Officer of the Authority fixing terms, conditions and other details of Notes in accordance with the delegation of power to do so under a Supplemental Resolution.

“Chairman or Chairperson” means the Chairman or Chairperson of the Board of the Authority in accordance with the Act, or any successor thereto and, to the extent permitted by law in connection with the exercise of any specific duty, the Authorized Officer or Officers delegated in writing by the Chairman or Chairperson to exercise such duty in his or her absence or unavailability or any person authorized by the by-laws of the Authority to act in the Chairman’s or Chairperson’s place.

“Code” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code shall be deemed to include the Regulations, including temporary and proposed Regulations, relating to such section which are applicable to the Resolution, including the Bonds or the use of Bond proceeds.

“Conversion Date” means the Fixed Interest Rate Conversion Date, provided that if any such date shall not be a Business Day, such date shall be the next succeeding Business Day.

“Costs of Issuance” means the items of expense incurred in connection with the authorization, sale and issuance of a Series of Bonds or Bond Anticipation Notes issued pursuant the General Resolution or the Supplemental Resolution authorizing such Series (including a related Certificate of Determination) adopted pursuant to the provisions of the General Resolution, which items of expense may include, but are not limited to, Authority Expenses, State bond issuance charges and annual fees, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee, legal fees and charges, professional consultants’ fees, underwriting fees, fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for Credit Facilities, Reserve Fund Credit Facilities, Qualified Fixed Payor Swaps, Qualified Fixed Receiver Swaps and other similar financial arrangements, costs and expenses of refunding such Bonds and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

“Counsel’s Opinion” means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the practice of law relating to municipal, state and public agency financing selected by the Authority.

“County” means the County of Schenectady.

“Credit Facility” means any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument which is obtained by the Authority and is issued by a

financial, insurance or other institution and which provides security or liquidity in respect of the bonds of any Series (and, with respect to a policy of bond insurance, guarantees the payment of principal of and interest on the Bonds), not including any Reserve Fund Credit Facility.

“Current Interest Bond” means a Bond of a Series, the interest on which is payable on the Interest Payment Dates provided therefor in a Supplemental Resolution.

“Debt Service” for any period means, as of any date of calculation and with respect to any Series (including any Parity Debt), an amount equal to the sum of (A) interest accruing during such period on the Bonds of such Series including, to the extent not otherwise provided in the Supplemental Resolution authorizing such Series (including a related Certificate of Determination), all additional interest amounts to accrue to the end of such period, and (B) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily, in equal amounts from the next preceding Principal Installment payment date for such Series (or, if there shall be no such preceding Principal Installment payment date, from a date one year prior to the due date of the first Principal Installment of the Bonds of such Series); provided, however, that in calculating Aggregate Debt Service for purposes of Sections 203 and 204 of the General Resolution, Debt Service on Outstanding Bonds for which the Authority has entered into a Qualified Fixed Payor Swap shall be calculated assuming that the interest rate on such Bonds shall equal the stated fixed rate on the Qualified Fixed Payer Swap; provided, further, that to the extent the entire Accreted Amount of a Capital Appreciation Bond constitutes Principal, no interest shall be deemed to accrue in connection with such Capital Appreciation Bond. Such interest and Principal Installments shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof, provided, however, that there shall be excluded from “Debt Service” (1) interest on Bonds to the extent that Escrowed Interest is available to pay such interest, (2) Principal Installments on Bonds to the extent that Escrowed Principal is available to pay such Principal Installments, and (3) interest funded from proceeds of Bonds to the extent that such amounts are held by the Trustee in the Debt Service Fund for such purpose.

“Debt Service Fund” means the Fund designated as the Debt Service Fund established in Section 502 of the General Resolution.

“Debt Service Fund Requirement” means, as of any date of calculation, an amount equal to the maximum amount of the following items: (A) one-fourth of all Principal Installments, Sinking Fund Installments, if any, and the Redemption Price due on all Outstanding Bonds (excluding Variable Interest Rate Bonds) during a period of twelve (12) consecutive months commencing on the date of calculation; (B) one-fourth of the amounts required to pay all interest on Outstanding Bonds (excluding Variable Interest Rate Bonds) during a period of twelve (12) consecutive months commencing on the date of calculation; and (C) one-fourth of any additional amounts due with respect to Parity Debt during a period of twelve (12) consecutive months commencing on the date of calculation.

“Debt Service Reserve Fund” means the Fund designated as the Debt Service Reserve Fund established in Section 502 of the General Resolution.

“Debt Service Reserve Fund Requirement”, in connection with any Bonds other than Variable Interest Rate Bonds and Parity Debt and Bonds of any Series as to which the Authority has determined by the Supplemental Resolution authorizing such Series (including a related Certificate of Determination) that such Bonds shall not be secured by the Debt Service Reserve Fund, means, as of any date of calculation, an amount equal to one-half of the maximum amount of the Aggregate Debt Service for any period of twelve (12) consecutive months commencing on the date of calculation (exclusive of accrued interest paid by original purchasers of Bonds, if any) on all Outstanding Bonds secured by the Debt Service Reserve Fund; provided that, for the purpose of determining the amount required to be on deposit in the Debt Service Reserve Fund with respect to any Series of Bonds the interest on which is excludable from gross income for federal income tax purposes, to the extent required to maintain the federal tax status of interest on such Bonds, the Debt Service Reserve Fund Requirement shall at no time exceed the sum of the Debt Service Reserve Fund Requirement immediately prior to the issuance of such Series and an amount equal to ten percent (10%) of the proceeds (as such term is used in Section 148(d) of the Code) from the sale of such Series. In connection with any Series of Variable Interest Rate Bonds or Parity Debt, any comparable debt service reserve fund requirement shall mean the amount specified in the Supplemental Resolution authorizing such Series (including a related Certificate of Determination).

“Defeased Municipal Obligations” means pre-refunded municipal obligations rated “AAA” by Standard & Poor’s, “AAA” by Moody’s and AAA by Fitch (but only to the extent that any such rating agency is then rating the Bonds), and meeting the following requirements:

(A) the municipal obligations are (1) not subject to redemption prior to maturity, or (2) the Authority, the Trustee or the Paying Agent has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions; and

(B) the municipal obligations are fully secured by cash or Government Obligations which may be applied only to payment of the principal of and interest and premium, if any, on such municipal obligations.

“Deposit Date” has the meaning provided in subsection (A) of Section 504 of the General Resolution.

“Depository” means any bank or trust company or national banking association selected by the Authority, the Trustee (with the consent of the Authority), or the Paying Agent (with the consent of the Authority) as a depository of moneys and securities held under the provisions of the General Resolution and may include the Trustee or the Paying Agent.

“Determination Date” means (i) during the Weekly Interest Rate Period, the Business Day immediately preceding each Adjustment Date, and (ii) for the Fixed Interest Rate Conversion Date, not earlier than the fifteenth (15th) Business Day nor later than the second (2nd) Business Day immediately preceding such date.

“Director of Finance” means the Director of Finance of Schenectady County and, to the extent permitted by law in connection with the exercise of any specific right or duty, any other official of Schenectady County, New York authorized to act on behalf of the Director of the Finance in connection therewith.

“DTC” means The Depository Trust Company, New York, New York.

“Electronic Notice” means any notice sent by telecopier or by any other electronic, facsimile or telecommunications means for receiving notices approved in advance by the Trustee and/or the Tender Agent.

“Excess Debt Service Funds” has the meaning provided in subsection (B) of Section 505 of the General Resolution.

“Excess Revenues” has the meaning provided in subsection (C) of Section 504 of the General Resolution.

“Escrowed Interest” means amounts irrevocably deposited in escrow or earnings on such amounts which are required to be applied to pay interest on particular Bonds.

“Escrowed Principal” means amounts irrevocably deposited in escrow or earnings on such amounts which are required to be applied to pay Principal Installment on particular Bonds.

“Event of Default” means any Event of Default set forth in Section 1101 of the General Resolution.

“Fiduciary” means the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

“Fifteenth Supplemental Resolution” means the Fifteenth Supplemental Bond Resolution adopted by the members of the Authority on November 13, 2019, as said resolution may be amended or supplemented from time to time in accordance with the provisions thereof and of the General Resolution.

“Fifth Supplemental Resolution” means the Fifth Supplemental Bond Resolution adopted by the members of the Authority on April 9, 2008, as said resolution may be amended or supplemented from time to time in accordance with the provisions thereof and of the General Resolution.

“Fiscal Year” means the fiscal year of the Authority.

“Fitch” means Fitch Investors Service, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

“Floater/Inverse Floater Bonds” means Bonds which bear interest at a variable interest rate (or a multiple of a variable rate of interest) and with respect to which each of the following conditions are met: (A) such Bonds are issued concurrently in two halves of equal principal amounts of floating interest rate Bonds and inverse floating interest rate Bonds, with each half bearing a variable rate of interest (or a multiple of a variable rate of interest), (B) such Bonds and such other Bonds, unless linked to bear fixed rates of interest, are required to remain Outstanding in equal principal amounts at all times, and (C) the net effect of such equal principal amounts and variable interest rates (or multiples of variable interest rates) is at all times a fixed interest rate to the Authority.

“Fourteenth Supplemental Resolution” means the Fourteenth Supplemental Bond Resolution adopted by the members of the Authority on November 8, 2017, as said resolution may be amended or supplemented from time to time in accordance with the provisions thereof and of the General Resolution.

“Fund” means any one of the funds created and established pursuant to the General Resolution.

“General Resolution” means the General Bond Resolution adopted by the members of the Authority on December 12, 2001, as said resolution may be amended or supplemented from time to time in accordance with the provisions thereof.

“Government Obligations” means (A) direct obligations of, or obligations the principal and the interest on which, are unconditionally guaranteed by, the United States of America and entitled to the full faith and credit thereof, (B) certificates, depository receipts or other instruments which evidence a direct ownership interest in obligations described in clause (A) above or in any specific interest or principal payments due in respect thereof; provided, however, that the custodian of such obligations specific interest or principal payments shall be a bank or trust company organized under the laws of the United States of America or of any state or territory thereof or of the District of Columbia, with combined capital stock, surplus and undivided profits of at least \$50,000,000, or the custodian is appointed by or on behalf of the United States of America; and provided, further, that except as may be otherwise required by law, such custodian shall be obligated to pay to the holders of such certificates, depositor receipts or other instruments the full amount received by such custodian in respect of such obligations specific payments and shall not be permitted to make any deduction therefrom; and (C) Defeased Municipal Obligations.

“Interest Payment Date” means, with respect to a Series of Bonds, each date on which interest, if any, is payable pursuant to the Supplemental Resolution authorizing such Series (including a related Certificate of Determination).

“Investment Obligations” means, to the extent the same are at the time legal for investment of funds of the Authority under the Act or under other applicable law:

(A) (1) Government Obligations, and (2) bonds, debentures, notes or other obligations issued or guaranteed by any of the following: Federal National Mortgage Association, the Federal Financing Bank, the Federal Home Loan Mortgage Association, the Federal Housing Administration, the Farmers Home Administration, the Government National Mortgage Association, or any other agency controlled by or supervised by and acting as an instrumentality of the United States government;

(B) certificates of deposit issued by, and time deposits in, and bankers’ acceptances of, any bank (including any Paying Agent or Trustee), any branch of the bank, national banking association or federally chartered savings and loan association; provided that, with respect to any of the foregoing institutions whose long-term unsecured indebtedness is rated less than A by Moody’s, Standard & Poor’s and Fitch (but only to the extent that any such rating agency is then rating the Bonds), such certificates of

deposit or time deposits or bankers' acceptances are (1) insured by the Federal Deposit Insurance Corporation for the full face amount thereof, or (2) to the extent not so insured, collateralized by direct obligations of the United States of America having a market value of not less than the face amount of such certificates and deposits;

(C) evidences of ownership of a proportionate interest in specified direct obligations of the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, or when "stripped" by the United States Treasury, then by the custodian designated by the United States Treasury;

(D) obligations of state or local government municipal bond issuers which are rated in one of the two highest Rating Categories by Standard & Poor's, Moody's and Fitch (but only to the extent that any such rating agency is then rating the Bonds);

(E) obligations of state or local government municipal bond issuers the principal of and interest on which, when due and payable, have been insured by an insurance policy or guaranteed by a letter of credit and which are rated in one of the two highest Rating Categories by Standard & Poor's, Moody's and Fitch (but only to the extent that any such rating agency is then rating the Bonds);

(F) interest in a money market mutual fund registered under the Investment Company Act of 1940, 15 U.S.C. 80-1, et seq., as from time to time amended, the portfolio of which is limited to obligations described in clause (A), (D), or (E) above and repurchase agreements fully collateralized thereby provided that such fund has total assets of at least \$100,000,000 and is rated in the highest Rating Category by Standard & Poor's, Moody's and Fitch (but only to the extent that any such rating agency is then rating the Bonds);

(G) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian;

(H) any repurchase agreement for Government Obligations by the Authority or any Trustee that is with a bank, trust company (including any Trustee) or securities dealer which is a member of the Securities Investors Protective Corporation, each of which is a primary reporting dealer in government securities as determined by the Federal Reserve Bank, or if "primary reporting dealers" cease to be determined by the Federal Reserve Bank, such other comparable standard as the Authority shall implement pursuant to a Supplemental Resolution (including a related Certificate of Determination); provided however, that the Government Obligations must be transferred to the Authority, or any Trustee or a third party agent by physical delivery or by an entry made on the records of the issuer or registrar of such obligations, and the collateral security must continually have a market value at least equal to the amount invested and the collateral must be free of third party claims. Any investment or repurchase agreement shall be considered to mature on the date the bank, the company or recognized securities dealer providing the repurchase agreement is obligated to repurchase the Government Obligations;

(I) commercial paper rated in the highest Rating Category by Standard & Poor's, Moody's or Fitch (but only to the extent that any such rating agency is then rating the Bonds); and

(J) any other obligations from time to time permitted pursuant to the Act or other applicable law, provided, however, that if the funds invested in any such obligation are pledged for the payment of Bonds hereunder and the Bonds are then rated by Moody's, Standard & Poor's or Fitch, such obligation shall be rated in one of the two highest Rating Categories of each such rating agency or, if such obligation is not then rated by any such rating agency, an obligation of comparable credit quality of the same issuer is rated in one of the two highest Rating Categories of such rating agency.

Any investment in obligations described in (A), (C), (D), (E), (F), (G), (H) and (I) above may be made in the form of an entry made on the records of the issuer of the particular obligation.

“Maximum Interest Rate” means, with respect to any particular Variable Interest Rate Bonds, a numerical rate of interest, which shall be set forth in the Supplemental Resolution (including a related Certificate of Determination) authorizing such Series of Bonds, that shall be the maximum rate of interest such Bonds may at any time bear; provided, however, that (A) should the Authority obtain insurance or other coverage which provides that increases in the variable interest rate on any Variable Interest Rate Bonds above a threshold rate will be reimbursed or paid by the insurer or provider of such other coverage, such threshold rate will be deemed to be the Maximum Interest Rate and (B) with respect to fixed interest rate Bonds deemed to be Variable Interest Rate Bonds because of a Qualified Fixed Receiver Swap entered in connection therewith, the Maximum Interest Rate shall be (1) the fixed interest rate of such Bonds for so long as the aggregate Outstanding principal amount of such fixed interest rate Bonds deemed to be Variable Interest Rate Bonds is less than or equal to 5% of the aggregate principal amount of all Bonds Outstanding, and (2) otherwise shall be the maximum interest rate of such Qualified Fixed Receiver Swap. With respect to the immediately preceding clause (A), the insurer or provider of such other coverage providing such insurance policy or other coverage shall either be (a) an insurer or bank whose claims paying ability with respect to such insurance policies or of coverage is rated at least as high as A3 by Moody’s, A- by Standard & Poor’s and A- by Fitch or the equivalent thereof (but only to the extent that any such rating agency is then rating the Bonds), but in no event lower than any Rating Category designated by each such rating agency for the Bonds Outstanding subject to such insurance policy or other coverage, or (b) a Qualified Swap Provider.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

“Notice Parties” means the Authority, the Tender Agent, the Remarketing Agent, the Bond Insurer, the Liquidity Facility Provider, the Paying Agent, the Rating Agency, if any, the Registrar, the Authenticating Agent, if any, and the Trustee; provided, however, that after the Fixed Interest Rate Conversion Date, the Tender Agent, the Liquidity Facility Provider, and the Remarketing Agent shall no longer be Notice Parties.

“Original Principal Amount” means, with respect to any Capital Appreciation Bond of a Series, the initial public offering price of such Bond.

“Outstanding,” when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Resolution except:

- (A) any Bond canceled or delivered for cancellation at or prior to such date;
- (B) any Bond (or portion of a Bond) deemed to have been paid in accordance with Section 1104 of the General Resolution unless a Supplemental Resolution or a Certificate of Determination provides that Bonds of a Series having the benefit of a Credit Facility shall not thereby be deemed paid if payment is provided by the Credit Facility; or
- (C) any Bond for which other Bonds shall have been authenticated and delivered pursuant to Article III, Section 406 or Section 1006 of the General Resolution in lieu of or in substitution therefor; provided, however, that, unless required pursuant to a Supplemental Resolution (including a related Certificate of Determination), a Parity Reimbursement Obligation shall not, by itself, increase the Outstanding principal amount of Bonds.

“Parity Debt” means the Existing Parity Debt and any Parity Reimbursement Obligation or any Parity Swap Obligation and the interest on Bond Anticipation Notes, all of the foregoing being entitled to the pledge of the Pledged Property as set forth in Section 501 of the General Resolution.

“Parity Reimbursement Obligation” has the meaning provided in subsection (D) of Section 205 of the General Resolution.

“Parity Swap Obligation” has the meaning provided in subsection (F) of Section 205 of the General Resolution.

“Paying Agent” means any paying agent for the Bonds of any Series appointed pursuant to Section 802 of the General Resolution, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Resolution.

“Pledged Property” means all of the Authority’s right, title and interest in and to the Revenues and Funds (other than (A) the Excess Revenues, (B) the Rebate Fund, (C) with respect to any Variable Interest Rate Bonds or Parity Debt, the Debt Service Reserve Fund, and (D) with respect to any Bonds secured by the Debt Service Reserve Fund, any debt service reserve fund established in connection with Variable Interest Rate Bonds or Parity Debt), including Investment Securities held in any such Fund hereunder, together with all proceeds and revenues of the foregoing and all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms and provisions of the General Resolution.

“Principal” or “principal” means (A), with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest); provided, however, when used in connection with (1) the authorization and issuance of Bonds and (2) the order of priority of payments of Bonds after a default under Article XI of the General Resolution, “Principal” or “principal” means the Original Principal Amount of a Capital Appreciation Bond (the difference between the Accreted Amount and the Original Principal Amount being deemed interest); and provided further, however, that when used in connection with determining whether the Bondholders of the requisite principal amount of Outstanding Bonds have given any required consent, notice, waiver, request, demand, authorization, direction or notice, “Principal” or “principal” means the Accreted Amount, (B), with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity, and (C), with respect to any Parity Reimbursement Obligation, the amount due thereunder attributable to any principal on Bonds paid from a related Credit Facility.

“Principal Installment” means, as of any date of calculation and with respect to any Series, (a) the Principal amount of Outstanding Bonds of such Series due on the dates and in the amounts, in each case as specified in the Supplemental Resolution authorizing such Series, or in a related Certificate of Determination, reduced by the Principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the General Resolution of Sinking Fund Installments payable before such future date, plus the unsatisfied balance of any Sinking Fund Installment due on such certain future date, together with the aggregate amount of the premiums, if any, applicable on such future date upon the redemption of such Bonds by application of such Sinking Fund Installments in a principal amount equal to such unsatisfied balance, and (b) with respect to any Parity Reimbursement Obligation, the amount due thereunder attributable to any principal on Bonds paid from a related Credit Facility.

“Purchase Agreement” means the Bond and Note Purchase Agreement between the Authority and the Underwriter for the sale of the Series 2019 Bonds and the Series 2019 Notes authorized to be entered into by the Thirteenth Supplemental Resolution, Fourteenth Supplemental Resolution, Fifteenth Supplemental Resolution and the Sixteenth Supplemental Resolution.

“Qualified Fixed Payor Swap” means, to the extent from time to time permitted pursuant to law, with respect to Bonds, any financial arrangement (A) that is entered into by the Authority with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (B) which provides that the Authority shall pay to such entity an amount based on the interest accruing at a fixed rate or an amount equal either to the principal amount of such Bonds of such Series or a notional principal amount relating to all or a portion of the principal amount of such Series, and that such entity shall pay to the Authority an amount based on the interest accruing on such actual or notional principal amount at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by such Bonds) or that one shall pay to the other any net amount due under such arrangement or such other similar arrangement, the net effect of (1) such arrangement and (2) the interest rate borne by such Bonds, taken together, is at all times a fixed interest rate to the Authority, (C) which provides for a commencement date and a termination date identical to the term or remaining term of such Bonds, taking into account any conversion of Bonds from a variable interest rate to a fixed

interest rate as a termination date, and (D) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Fixed Payor Swap with respect to such Bonds.

“Qualified Fixed Receiver Swap” means, to the extent from time to time permitted by law with respect to Bonds, any financial arrangement (A) that is entered into by the Authority with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (B) that is entered into by the Authority in connection with Bonds bearing interest at a fixed rate of interest in the expectation of lowering the Authority’s costs of such indebtedness, (C) that is entered into by the Authority for a term of more than five (5) years, (D) the net effect of which, together with the interest rate borne by such Bonds, is a variable rate of interest to the Authority during the term of such arrangement, and (E) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Fixed Receiver Swap with respect to such Bonds.

“Qualified Swap Provider” means, with respect to Bonds, an entity whose senior long term obligations, other senior, unsecured long term obligations or claims paying ability or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability are rated either (A) at least as high as A3 by Moody’s, A- by Standard & Poor’s, and A- by Fitch, or the equivalent thereof by any successor thereto, if such rating agency then maintains a rating on the Bonds, but in no event lower than any Rating Category designated by each such rating agency for the Bonds Outstanding subject to such Qualified Fixed Payor Swap, or (B) any such lower Rating Categories which each such rating agency then maintaining a rating on the Bonds Outstanding indicates in writing to the Authority and the Trustee will not, by itself, result in a reduction or withdrawal of its rating on the Bonds Outstanding subject to such Qualified Fixed Payor Swap or Qualified Fixed Receiver Swap that is in effect prior to entering into such Qualified Fixed Payor Swap or Qualified Fixed Receiver Swap, as appropriate.

“Rating Categories” means one of the generic rating categories of Moody’s, Standard & Poor’s or Fitch without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

“Rebate Amount” means, with respect to each Series of Bonds, the amount equal to the rebatable arbitrage and any income attributable to the rebatable arbitrage as required by the Code.

“Rebate Fund” means the Fund designated as the Rebate Fund established in Section 502 of the General Resolution.

“Record Date” means with respect to any Interest Payment Date, unless the applicable Supplemental Resolution authorizing a particular Series of Bonds or a Certificate of Determination relating thereto provides otherwise with respect to Bonds of such Series, the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date.

“Redemption Date” means the date upon which Bonds are to be called for redemption pursuant to the General Resolution.

“Redemption Price” means, with respect to any Bonds, the Principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof.

“Refunding Bonds” means all Bonds issued pursuant to Section 204 of the General Resolution, whether issued in one or more Series of Bonds, and authenticated and delivered pursuant to Article III of the General Resolution, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III, Section 406 or Section 1006 of the General Resolution.

“Regulations” means the Income Tax Regulations promulgated by the Department of the Treasury from time to time.

“Reimbursement Obligation” has the meaning provided in subsection (D) of Section 205 of the General Resolution.

“Required Payment Deficiency” shall have the meaning assigned thereto in Section 403(c) of the Certificate of Determination.

“Reserve Fund Credit Facility” means (A) any irrevocable, unconditional letter of credit issued by a bank or savings and loan association whose long-term uncollateralized debt obligations are rated in one of the two highest Rating Categories by each nationally recognized rating agency then rating any Series of Bonds, or if no Series of Bonds is then rated, by any nationally recognized rating agency, and (B) any insurance policy providing substantially equivalent liquidity as an irrevocable, unconditional letter of credit, and which is issued by a municipal bond or other insurance company, obligations insured by which are rated in one of the two highest Rating Categories by each nationally recognized rating agency then rating any Series of Bonds, or if no Series of Bonds is then rated, by a nationally recognized rating agency, and which is used, to the extent permitted under applicable law, including the Act, to fund all or a portion of the Debt Service Reserve Fund Requirement or any debt service reserve fund requirement in connection with a Series of Variable Interest Rate Bonds or Parity Debt.

“Resolutions” means the General Bond Resolution as from time to time amended or supplemented by Supplemental Resolutions (including related Certificates of Determination) in accordance with the terms and provisions of the General Resolution.

“Revenue Fund” means the Fund designated as the Revenue Fund established in Section 502 of the General Resolution.

“Revenues” means (A) all payments to the Authority subsequent to the effective date of the General Resolution pursuant to Section 2661(9) of the Act, (B) any other amounts received from any other source by the Authority and pledged by the Authority as security for the payment of Bonds, and (C) interest received or to be received on any moneys or securities held pursuant to the Resolution.

“Sales Tax” shall mean the Authority’s share, as described in Section 2661(9) of the Act, of the net collections, as such term is defined in Section 1262 of the Tax Law of the State, from taxes imposed by Schenectady County pursuant to the authority of Section 1210-C or 1210 of the Tax Law, as amended, or any successor law thereto.

“Series” means all of the Bonds authenticated and delivered on original issuance (including, without limitation, the Existing Parity Debt) and denominated as part of the same series, and thereafter delivered in lieu of or in substitution of such Bonds pursuant to Article III, Section 406 or Section 1006 of the General Resolution regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

“Series 2010A Bonds” means the Schenectady Metroplex Development Authority General Resolution Bonds, Series 2010A, authorized to be issued pursuant to the General Resolution and the Sixth Supplemental Resolution.

“Series 2010B Bonds” means the Schenectady Metroplex Development Authority General Resolution Bonds, Series 2010B, authorized to be issued pursuant to the General Resolution, the Fifth Supplemental Resolution and the Seventh Supplemental Resolution.

“Series 2019 Bonds” means the Schenectady Metroplex Development Authority General Resolution Bonds, Series 2019 (Federally Taxable), authorized to be issued pursuant to the General Resolution and the Sixteenth Supplemental Resolution.

“Seventh Supplemental Resolution” means the Seventh Supplemental Bond Resolution adopted by the members of the Authority on October 10, 2009, as said resolution may be amended or supplemented from time to time in accordance with the provisions thereof and of the General Resolution.

“Sinking Fund Installment” means, with respect to any Series of Bonds, as of any date of calculation and with respect to any Bonds of such Series, the amount of money required by the applicable Supplemental Resolution (including a related Certificate of Determination) pursuant to which such Bonds were issued, to be paid in all events

by the Authority on a future date for the retirement of any Outstanding Bonds of said Series which mature after said future date, but does not include any amount payable by the Authority by reason only of the maturity of such Bond.

“Sixth Supplemental Resolution” means the Sixth Supplemental Bond Resolution adopted by the members of the Authority on October 10, 2009, as said resolution may be amended or supplemented from time to time in accordance with the provisions thereof and of the General Resolution.

“Sixteenth Supplemental Resolution” means the Sixteenth Supplemental Bond Resolution adopted by the members of the Authority on November 13, 2019, as said resolution may be amended or supplemented from time to time in accordance with the provisions thereof and of the General Resolution.

“Standard & Poor’s” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

“State” means the State of New York.

“Subordinated Indebtedness” means any evidence of indebtedness of the Authority payable out of amounts available in the Subordinated Indebtedness Fund and may include principal and premium, if any, on Bond Anticipation Notes in accordance with any Supplemental Resolution (including a related Certificate of Determination) of the Authority authorizing the issuance of such Bond Anticipation Notes.

“Subordinated Indebtedness Fund” means the Fund designated as the Subordinated Indebtedness Fund established in Section 502 of the General Resolution.

“Supplemental Resolution” means any resolution supplemental to or amendatory of the General Resolution, adopted by the Authority and becoming effective in accordance with Article IX of the General Resolution.

“Tax Law” means the Tax Law of the State.

Term Bonds” means with respect to Bonds of a Series, the Bonds so designated in an applicable Supplemental Resolution (including a related Certificate of Determination) and payable as principal or from Sinking Fund Installments.

“Thirteenth Supplemental Resolution” means the Thirteenth Supplemental Bond Resolution adopted by the members of the Authority on November 8, 2017, as said resolution may be amended or supplemented from time to time in accordance with the provisions thereof and of the General Resolution.

“Trustee” means a trustee appointed by the Authority pursuant to Section 801 of the General Resolution, its successor and assigns, and any other corporation or association which may at any time be substituted in its place as provided in the Resolutions.

“2018 Notes” means collectively, the 2018A Notes and the 2018B Notes.

“2018A Notes” means the Schenectady Metroplex Development Authority 2018A Notes, authorized to be issued pursuant to the General Resolution and the Thirteenth Supplemental Resolution.

“2018B Notes” means the Schenectady Metroplex Development Authority 2018B Notes, authorized to be issued pursuant to the General Resolution and the Fourteenth Supplemental Resolution.

“2019 Notes” means collectively, the 2019A Notes and the 2019B Notes.

“2019A Notes” means the Schenectady Metroplex Development Authority 2019A Notes, authorized to be issued pursuant to the General Resolution, the Thirteenth Supplemental Resolution and the Fifteenth Supplemental Resolution.

“2019B Notes” means the Schenectady Metroplex Development Authority 2019B Notes, authorized to be issued pursuant to the General Resolution the Fourteenth Supplemental Resolution.

“Underwriter” means the underwriter named in the Purchase Agreement.

“Variable Interest Rate Bonds” means Bonds which bear a variable interest rate but does not include any Bond which, during the remainder of the term thereof to maturity, bears interest at a fixed rate; provided, however, that Bonds bearing a variable rate of interest shall not be deemed Variable Interest Rate Bonds if (A) the Authority has entered into a Qualified Fixed Payor Swap with respect to such Bonds (but only for so long as such Qualified Fixed Payor Swap meets all requirements of a “Qualified Fixed Payor Swap” as defined in Section 102 of the General Resolution) or (B) such Bonds constitute Floater/Inverse Floater Bonds; provided further that (1) Bonds bearing a fixed rate of interest shall be deemed Variable Interest Rate Bonds to the extent that the Authority has entered into a Qualified Fixed Receiver Swap and (2) the derivative rate of such arrangement shall be deemed to be the variable interest rate of such Bonds; provided further that for purposes of determining whether Bonds may be secured by any particular debt service reserve fund or of establishing the amount of any Debt Service Reserve Fund Requirement, (a) Bonds bearing a fixed rate of interest shall be deemed Variable Interest Rate Bonds only if and to the extent that the Authority has entered into a Qualified Fixed Receiver Swap at the time of initial issuance of the related Bonds and (b) otherwise such Bonds shall be treated as fixed rate Bonds without any effect being given to any Qualified Fixed Receiver Swap.

**SUMMARIES OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION
AND THE SUPPLEMENTAL RESOLUTIONS**

SUMMARY OF THE GENERAL RESOLUTION

The following summarizes certain provisions of the General Resolution, the Thirteenth Supplemental Resolution, the Fourteenth Supplemental Resolution, the Fifteenth Supplemental Resolution and the Sixteenth Supplemental Resolution to which reference is made for the detailed provisions thereof. The Thirteenth Supplemental Resolution, the Fourteenth Supplemental Resolution, the Fifteenth Supplemental Resolution and the Sixteenth Supplemental Resolution collectively are referred to herein as the “Supplemental Resolutions”.

The Series 2019 Bonds will be issued under and secured by the General Resolution and the Sixteenth Supplemental Resolution. The 2019A Notes will be issued under and secured by the General Resolution, the Thirteenth Supplemental Resolution and the Fifteenth Supplemental Resolution. The 2019B Notes will be issued under and secured by the General Resolution and the Fourteenth Supplemental Resolution.

Reference is made to the General Resolution for complete details of the terms thereof. The following is a brief summary of certain provisions of the General Resolution and should not be considered a full statement thereof.

Authorization of Bonds (*Section 201*)

Bonds may be issued under the General Resolution without limitation as to amount, except as provided in the General Resolution and in the Act. There is created by the General Resolution, in the manner and to the extent provided therein, a continuing pledge and lien to secure the full and final payment of the principal and Redemption Price of, interest on, and Sinking Fund Installments for, all of the Bonds issued pursuant to the General Resolution. The Bonds shall be general obligations of the Authority and are secured by the pledge and assignment effected pursuant to Section 501 of the General Resolution.

The Bonds of the Authority shall not be a debt of either the State or Schenectady County, New York, and neither the State nor Schenectady County, New York shall be liable thereon, nor shall the Bonds be payable out of any funds other than those of the Authority; and such Bonds shall contain on the face thereof a statement to such effect.

Any provision of the Act or of the General Resolution relating to the Sales Tax shall be deemed executory only to the extent of the moneys available to the State in such funds from time to time, and no liability on account thereof shall be incurred by the State beyond moneys available in such funds.

The Bonds may, if and when authorized by the Authority pursuant to a Supplemental Resolution (including a related Certificate of Determination), be issued in one or more Series, and the designation thereof shall include such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the Authority may determine; provided that with respect to any Bond denominated as a note, Capital Lease or other form of obligation, the Authority may denominate such obligation as other than a “Bond”, while such obligation shall otherwise retain its character as a Bond for purposes of the General Resolution. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

General Provisions for Issuance of Bonds (*Section 202*)

The issuance of Bonds of a Series shall be authorized by a Supplemental Resolution (including a related Certificate of Determination) adopted at the time of or subsequent to the adoption of the General Resolution and which shall be subject to the express limitations of the General Resolution. The Bonds of a Series authorized to be issued shall be executed in accordance with the General Resolution and delivered to the Trustee. Such Series of Bonds shall be authenticated by the Trustee from time to time in such amounts as directed by the Authority, and the

Trustee shall deliver such Series of Bonds to or upon the order of the Authority upon receipt of the consideration therefor and upon delivery to the Trustee of:

(1) a copy of the Supplemental Resolution (including a related Certificate of Determination) authorizing such Series, certified by an Authorized Officer, which shall specify the following items (or the manner of determining such items prior to the delivery of the Bonds):

(a) The authorized principal amount (by reference to the amount payable at maturity thereof), designation and Series of such Bonds;

(b) The purposes for which such Series of Bonds is being issued;

(c) The date or dates, and the maturity date or dates and principal amounts of each maturity of the Bonds of such Series, provided that each maturity date shall fall upon an interest Payment Date for such Bonds, and further provided, that such issue dates, maturity dates and any amortization of Principal shall conform with the limitations contained in the provisions of Section 2665 of the Act;

(d) The amount, or the method for determining such amount, and due date of each Sinking Fund Installment, if any, for Bonds of such Series;

(e) The Record Date of Bonds of such Series for which the Record Date is other than the first (1st) day of the calendar month next preceding an Interest Payment Date for such Bonds;

(f) The interest rate or rates (including a zero interest rate or variable interest rate) of the Bonds of such Series, or the manner of determining such interest rate or rates, and the Interest Payment Dates therefor, provided that the Supplemental Resolution shall specify the maximum rate of interest that the Bonds of such Series may bear and the Interest Payment Dates of the Bonds of such Series;

(g) The denomination of, and the manner of dating, numbering and lettering, the Bonds of such Series;

(h) The Paying Agent, if any, and the place or places of payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if any, of and interest on the Bond of such Series;

(i) The redemption provisions, if any, applicable to the Bonds of such Series;

(j) Provisions for time, place and manner of sale or exchange of the Bonds of such Series, including put or tender provisions relating to Bonds;

(k) The form of the Bonds of such Series and the form of the Trustee's certificate of authentication thereon: Except as otherwise provided pursuant to a Supplemental Resolution (including a related Certificate of Determination), all of the Bonds of each Series shall be in fully registered form without coupons;

(1) To the extent applicable, direction to deliver such Series of Bonds in book-entry form;

(m) Directions for the application of the proceeds of the Bonds of such Series;

(n) To the extent applicable, the provisions relating to (1) any Credit Facility, Qualified Fixed Payor Swap, Qualified Fixed Receiver Swap or other similar financial

arrangement entered into in connection with the issuance of the Bonds of such Series and (2) the obligations payable thereunder;

(o) To the extent applicable, provisions relating to Capital Appreciation Bonds; and

(p) Any other provision deemed advisable by an Authorized Officer of the Authority not in conflict with the provisions of the Act, the General Resolution or of the applicable Supplemental Resolution (including a related Certificate of Determination).

An Authorized Officer to whom a Supplemental Resolution has delegated the power to determine any of the foregoing shall execute a Certificate of Determination evidencing such determinations or other actions taken pursuant to such delegation, and such Certificate of Determination shall be conclusive evidence of the determinations or actions of such Authorized Officer as to the matters stated therein;

(2) A Counsel's Opinion to the effect that (a) the Authority has the right and power under the Act to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Authority, is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for the Resolution is required, (b) the Resolution creates the valid pledge and assignment to the payment of the Bonds of the Pledged Property which it purports to create pursuant to Section 501 of the General Resolution, subject to the provisions of the Resolution permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Resolution, and (c) upon the execution and delivery thereof and upon authentication by the Trustee, the Bonds of such Series will be valid, binding, general obligations of the Authority payable as provided in, and enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Act and the Resolution, and such Bonds have been duly and validly authorized and issued in accordance with law, including the Act, as amended to the date of such Counsel's Opinion, and in accordance with the Resolution; provided, however, that such Counsel's Opinion may be qualified to the extent that the enforceability thereof may be limited by bankruptcy, insolvency and similar laws affecting rights and remedies of creditors;

(3) A certificate of an Authorized Officer stating that upon the delivery of the Bonds of such Series, the Authority will not be in default in the performance of any of the terms, provisions or covenants of the Resolution or of any of the Bonds; provided, however, that solely with respect to Refunding Bonds being delivered on original issuance pursuant to Section 204 of the General Resolution, such certificate shall not be a condition to the authentication and delivery of such Refunding Bonds if and to the extent that a certificate of an Authorized Officer is delivered stating that upon the delivery of such Refunding Bonds the Authority is in default in the performance of only the terms, provisions or covenants of the Resolution or of any of the Bonds as specified in such certificate;

(4) A copy of the Certificate of Determination, if any, executed in connection with such Series of Bonds;

(5) To the extent authorized by the Authority pursuant to a Supplemental Resolution (including a related Certificate of Determination), one or more Credit Facilities with respect to any Series of Bonds and any agreements deemed necessary in connection therewith;

(6) To the extent authorized by the Authority pursuant to a Supplemental Resolution (including a related Certificate of Determination), one or more Reserve Fund Credit Facilities and any agreements deemed necessary in connection therewith;

(7) A written order of an Authorized Officer as to the delivery of such Series of Bonds, describing such Bonds to be delivered, designating the purchaser or purchasers to whom such Bonds are to be delivered and stating the consideration for such Bonds;

(8) A certificate of an Authorized Officer setting forth (a) the amount of money, if any, to be deposited into the Debt Service Fund, equal to (1) the amount of capitalized interest funded with the proceeds of the Bonds of such Series, if any, and (2) the sum of the interest on the Bonds of such Series from the date of the Bonds of such Series to the date of delivery thereof, and (b) the amount of money, if any, required to be deposited into the Debt Service Reserve Fund or any debt service reserve fund established in connection with a series of Variable Interest Rate Bonds or Parity Debt so that the amounts therein will be at least equal to the applicable Debt Service Reserve Fund Requirement for all Outstanding Bonds secured by the Debt Service Reserve Fund or such debt service reserve fund established in connection with such Variable Interest Rate Bonds or Parity Debt, as applicable, at the date of such delivery of Bonds of such Series, as evidenced by a certificate of an Authorized Officer;

(9) Any amounts (in the form of cash or Investment Obligations) required to be deposited with the Trustee at the time of issuance and delivery of the Bonds of such Series; and

(10) Such further documents and moneys as are required by the provisions of Sections 203 or 204 of the General Resolution, or Article IX of the General Resolution or any Supplemental Resolution adopted pursuant to Article IX of the General Resolution (including a related Certificate of Determination).

The Authority may authorize by Supplemental Resolution (including a related Certificate of Determination) the issuance of Capital Appreciation Bonds, Variable Interest Rate Bonds, Floater/Inverse Floater Bonds or any other form of Bond or Parity Debt (excluding Existing Parity Debt) not in conflict with the provisions of the General Resolution or of the applicable Supplemental Resolution (including a related Certificate of Determination).

The Authority may authorize by Supplemental Resolution (including a related Certificate of Determination) such other provisions relating to a Series of Bonds as are permitted by Section 205 of the General Resolution.

Special Provisions for Additional Bonds and Bond Anticipation Notes (*Section 203*)

One or more Series of Additional Bonds, or Bond Anticipation Notes in anticipation of such Additional Bonds, may be authenticated and delivered upon original issuance, without limitation hereunder, so long as (1) the aggregate principal amount of Outstanding Bonds and Bond Anticipation Notes, including such Series of Additional Bonds or Bond Anticipation Notes and such other notes or obligations of the Authority required to be taken into account under Section 2665(1) of the Act, does not exceed the limitation thereon set forth in Section 2665(1) of the Act, as amended from time to time (excluding bonds, notes or other obligations issued to refund or repay Outstanding Bonds and Bond Anticipation Notes; provided, however, that upon any such refunding or repayment, the total aggregate principal amount of any Outstanding Bonds, Bond Anticipation Notes, notes and other obligations of the Authority maybe greater than the limitation thereon set forth in Section 2665(1) of the Act, as amended from time to time, only if the present value of the aggregate debt service of the refunding or repayment of bonds, notes or other obligations to be issued shall not exceed the present value of the aggregate debt service of the bonds, notes or other obligations to be so refunded or repaid, as calculated under Section 2665(1) of the Act), and (2) the Series of Additional Bonds, or Bond Anticipation Notes in anticipation of such Additional Bonds, is authenticated and delivered upon original issuance either upon satisfaction of the requirements of paragraphs (1) through (4) of Section 204(A) of the General Resolution, in the case of Refunding Bonds issued to refund Outstanding Bonds, or, upon receipt by the Trustee of the following:

(a) A certificate by an Authorized Officer, as of the date of issuance of any such Series of Bonds or Bond Anticipation Notes, setting forth the total payments made for any twelve (12) consecutive calendar months ended not more than six (6) months prior to the date of such certificate pursuant to Section 2661(9) of the Act;

(b) A certificate by an Authorized Officer setting forth the aggregate amount of Authority Operating Expenses, other than Authority Operating Expenses paid or to be paid from the proceeds of Bonds, as estimated by such Authorized Officer for the current Fiscal Year,

(c) A certificate by an Authorized Officer setting forth the Aggregate Debt Service (including interest on Variable Interest Rate Bonds calculated at the higher of the Maximum Interest Rate and the maximum rate of interest permitted for related Parity Reimbursement Obligations and including amounts payable with respect to the Existing Parity Debt) on all Outstanding Bonds and any additional amounts payable with respect to Parity Debt for each Fiscal Year. The term "Fiscal Year" in the immediately preceding sentence means each Fiscal Year through the final maturity of the Series of Additional Bonds proposed to be issued; and

(d) A certificate by an Authorized Officer stating that the amounts set forth pursuant to paragraph (a) above, after deducting the Authority Operating Expenses set forth pursuant to paragraph (b) above, will be at least 1.25 times such aggregate amount set forth in paragraph (c) above for each Fiscal Year set forth pursuant to said paragraph (c).

Nothing under this caption shall be deemed to limit the issuance of Bond Anticipation Notes issued pursuant to Section 206 to renew Bond Anticipation Notes issued pursuant to such Section, provided such Bond Anticipation notes are in compliance with Section 203 of the General Resolution and the Act.

Refunding Bonds *(Section 204)*

One or more Series of Refunding Bonds may be authenticated and delivered to refund all Outstanding Bonds of one or more Series of Bonds, a portion of a Series of Outstanding Bonds, a portion of a maturity of a Series of Outstanding Bonds or any Subordinated Indebtedness. The Authority may issue Refunding Bonds of a Series in an aggregate principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of Section 204 of the General Resolution and the Supplemental Resolution (including a related Certificate of Determination) authorizing such Series of Refunding Bonds.

In addition to the requirements of Section 202 of the General Resolution, Refunding Bonds issued to refund Outstanding Bonds shall be authenticated and delivered by the Trustee only upon satisfaction of the requirements of Section 203 of the General Resolution and receipt by the Trustee of:

(1) If the Bonds to be refunded are to be redeemed, irrevocable instructions from the Authority to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be redeemed on a Redemption Date specified in such instructions;

(2) Evidence of due publication of the notice provided for in Section 1104 of the General Resolution to the Holders of the Bonds being refunded; and

(3) Moneys or Government Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to comply with the provisions of said Section 1104 of the General Resolution, which moneys or Government Obligations shall be held in trust and used only as provided in said Section.

Refunding Bonds of a Series issued to refund Subordinated Indebtedness shall be authenticated and delivered only upon satisfaction of the requirements of Section 203 of the General Resolution and the receipt by the Trustee (in addition to the documents, securities and moneys required by Section 202 of the General Resolution) of:

(1) A certificate of the trustee then duly appointed or acting under the indenture, resolution or other appropriate instrument securing and authorizing such Subordinated Indebtedness, or of an Authorized Officer if there shall be no such trustee, that (a) provision has been duly made for the redemption or payment at maturity of such Subordinated Indebtedness or other indebtedness in accordance with the terms thereof, (b) the pledge securing such Subordinated Indebtedness or other indebtedness and all other rights granted by such indenture, resolution or instrument shall have been discharged and satisfied, and (c) such trustee or the paying agents for such Subordinated Indebtedness or other indebtedness hold in trust the moneys or securities required to effect such redemption or payment; and

(2) A Counsel's Opinion to the effect that (a) all actions required under the indenture, resolution or other appropriate instrument securing and authorizing such Subordinated Indebtedness or other indebtedness to provide for the redemption or payment of such Subordinated Indebtedness or other indebtedness have been taken, and (b) the pledge securing such Subordinated Indebtedness or other indebtedness and all other rights granted by such indenture, resolution or instrument shall have been discharged and satisfied.

The proceeds, including accrued interest, of Refunding Bonds shall be applied simultaneously with the delivery of such Refunding Bonds in the manner provided in or determined in accordance with the Supplemental Resolution (including a related Certificate of Determination) authorizing such Refunding Bonds.

Credit Facilities; Qualified Fixed Payor Swaps, Qualified Fixed Receiver Swaps and other similar arrangements; Parity Debt (*Section 205*)

The Authority may include such provisions in a Supplemental Resolution (including a related Certificate of Determination) authorizing the issuance of a Series of Bonds secured by a Credit Facility as the Authority deems appropriate, as follows:

(1) So long as the Credit Facility is in full force and effect, and payment on the Credit Facility is not in default and the issuer of the Credit Facility is qualified to do business, and (a) no proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of the issuer of the Credit Facility in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for the issuer of the Credit Facility or for any substantial part of its property or for the winding up or liquidation of the affairs of the issuer of the Credit Facility and such proceeding shall remain undismissed or unstayed and in effect for a period of sixty (60) days or such court shall enter a decree or order granting the relief sought in such proceeding, or (b) the issuer of the Credit Facility shall not have commenced a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall not have consented to the entry of an order for relief in an involuntary case under any such law, or shall not have consented to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for the issuer of the Credit Facility or for any substantial part of its property, or shall not have made a general assignment for the benefit of creditors, or shall not have failed generally to pay its debts as they become due, or shall not have taken any corporate action with respect to any of the foregoing, then, in all such events, the issuer of the Credit Facility shall be deemed to be the sole Holder of the Outstanding Bonds the payment of which such Credit Facility secures when the approval, consent or action of the Bondholders for such Bonds is required or may be exercised under the Resolution including, without limitation, Articles IX and X of the General Resolution, and following a default under Article XI of the General Resolution.

(2) In the event that the principal, Sinking Fund Installments, if any, and Redemption Price, if applicable, and interest due on any Bonds Outstanding shall be paid under the provisions of a Credit Facility, all covenants, agreements and other obligations of the Authority to the Bondholders of such Bonds shall continue to exist and such issuer of the Credit Facility shall be subrogated to the rights of such Bondholders in accordance with the terms of such Credit Facility.

In addition, such Supplemental Resolution (including a related Certificate of Determination) may establish such provisions as are necessary (1) to comply with the provisions of each such Credit Facility, (2) to provide relevant information to the issuer of the Credit Facility, (3) to provide mechanism for paying Principal Installments and interest on such Series of Bonds under the Credit Facility, and (4) to make provision for any events of default not inconsistent with the Act or for additional or improved security required by the issuer of a Credit Facility.

In connection therewith the Authority may enter into such agreements with the issuer of such Credit Facility providing for, inter alia: (1) the payment of fees and expenses to such issuer for the issuance of such Credit Facility, (2) the terms and conditions of such Credit Facility and the Series of Bonds affected thereby, and (3) the security, if any, to be provided for the issuance of such Credit Facility.

The Authority may secure such Credit Facility by an agreement providing for the purchase of the Series of Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the Authority in the applicable Supplemental Resolution (including a related Certificate of Determination). The Authority may also in an agreement with the issuer of such Credit Facility agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility, together with interest thereon (the "Reimbursement Obligation"); provided, however, that no Reimbursement Obligation shall be created until amounts are paid under such Credit Facility. Any such Reimbursement Obligation which may include interest calculated at a rate higher than the interest rate on the related Bond, maybe secured by a pledge of, and a lien on, the Pledged Property on a parity with the lien created by Section 501 of the General Resolution (a "Parity Reimbursement Obligation"), but only to the extent principal amortization requirements with respect to such Reimbursement Obligation are equal to the amortization requirements for such related Bonds, without acceleration. A Parity Reimbursement Obligation shall not be secured by the Debt Service Reserve Fund unless the Bonds to which it relates are so secured. Parity Reimbursement Obligations shall not include any payments of any fees, expenses, indemnification, or other obligations to any such provider, or any payments pursuant to term loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such related Bonds, which payments shall be Subordinated Indebtedness. Parity Reimbursement Obligations may be evidenced by Bonds designated as "Bank Bonds." Any such Parity Reimbursement Obligation shall be deemed to be a part of the Series of Bonds to which the Credit Facility which gave rise to such Parity Reimbursement Obligation relates.

Any such Credit Facility shall be for the benefit of and secure such Series of Bonds or portion thereof as specified in the applicable Supplemental Resolution (including a related Certificate of Determination).

In connection with the issuance of a Series of Bonds or at any time thereafter so long as a Series of Bonds remains Outstanding, the Authority also may enter into Qualified Fixed Payor Swaps, Qualified Fixed Receiver Swaps or, to the extent from time to time permitted pursuant to law, other similar arrangements if the Authority determines that such Qualified Fixed Payer Swaps, Qualified Fixed Receiver Swaps or other similar arrangements will assist the Authority in more effectively managing its interest costs. To the extent provided in a Supplemental Resolution (including a related Certificate of Determination), the Authority's obligation to pay any amount of interest (but not any termination or other fees) under any Qualified Fixed Payer Swap or Qualified Fixed Receiver Swap (a "Parity Swap Obligation") may be secured by a pledge of, and a lien on, the Pledged Property on a parity with the lien created by Section 501, but only to the extent that the timing of the payment of such interest coincides with the payment of interest on the Bonds to which such Parity Swap Obligation relates; provided, however, that no Parity Swap Obligation may be payable from or secured by amounts on deposit in the Debt Service Reserve Fund or any Variable Interest Rate Bond debt service reserve fund. Parity Swap Obligations shall not include any payments of any termination or other fees, expenses, indemnification or other obligations to a counter party, to a Qualified Fixed Payer Swap or Qualified Fixed Receiver Swap, or any payments that represent payment of interest thereunder in advance of the payment of interest on the Bonds to which such Parity Swap Obligation relates, which payments shall be Subordinated Indebtedness.

Notwithstanding any other provision of the General Resolution, the Authority shall provide written notice to Moody's, Standard & Poor's and Fitch (but only to the extent that any such rating agency is then rating the Bonds) at least seven (7) Business Days prior to entering into any Qualified Fixed Payer Swap, Qualified Fixed Receiver Swap or other similar arrangement. The Authority shall submit with such prior written notice the forms of agreements expected to be entered into in connection with such arrangements and shall identify any counter party or guarantor to such arrangement. The Authority shall not enter into any such arrangement if, within such seven-Business-Day period, any such rating agency notifies the Authority in writing that, solely as a result of the Authority's entering into such an arrangement, the rating actually assigned by such rating agency to any Bonds would be adversely affected (without consideration of whether the credit outlook or other expectations of such rating agency would be adversely affected).

Parity Debt shall not be a debt of the State or of Schenectady County, New York and neither the State nor Schenectady County, New York shall be liable thereon, nor shall Parity Debt be payable out of any funds other than those of the Authority pledged therefor pursuant to the Resolution.

Bond Anticipation Notes *(Section 206)*

Whenever the Authority shall have, by Supplemental Resolution (including a related Certificate of Determination), authorized the issuance of a Series of Bonds, the Authority, subject to the provisions of Section 203 of the General Resolution, may by resolution authorize the issuance of Bond Anticipation Notes in anticipation of the issuance of such authorized Series of Bonds, in a principal amount not exceeding the principal amount of the Bonds of such Series so authorized.

The principal of and premium, if any, and interest on such Bond Anticipation Notes and any renewals of such Bond Anticipation Notes shall be payable from any or all of the following sources: (1) the proceeds of any renewals of such Bond Anticipation Notes issued to repay such Bond Anticipation Notes, (2) the proceeds of the sale of the Series of Bonds in anticipation of which such Bond Anticipation Notes are issued, (3) any amounts provided by the Authority expressly for payment of such Bond Anticipation Notes, (4) the proceeds of such Bond Anticipation Notes deposited in any Fund or account under the Resolution, or (5) with respect to interest on Bond Anticipation Notes as Parity Debt all or any Revenues or with respect to principal, or premium, if any, on Bond Anticipation Notes as Subordinates Indebtedness, all or any Revenues. Such proceeds and other amounts set forth in clauses (1), (2), (3) and (4) may be pledged for the payment of the principal of and premium, if any, and interest on such Bond Anticipation Notes and any such pledge shall have priority over any other pledge created by the Resolution. In any case, such Bond Anticipation Notes shall be retired or provision shall be made for their retirement not later than the date of authentication and delivery of the Series of Bonds in anticipation of which they are issued.

The proceeds of the sale of Bond Anticipation Notes other than renewals thereof shall be applied to the purposes for which the Bonds, in anticipation of which such Bond Anticipation Notes were issued, are authorized and shall be deposited in the appropriate Fund or account established for such purposes by resolution of the Authority or, if so provided in the resolution authorizing renewals of Bond Anticipation Notes issued to pay outstanding Bond Anticipation Notes, applied directly to such payment. Interest earned on any amounts on deposit in any Fund or account under the Resolution representing the proceeds of any Bond Anticipation Notes shall be applied in the manner set forth in the resolution authorizing such Bond Anticipation Notes. Bond Anticipation Notes shall not have the benefit of the amounts in the Debt Service Reserve Fund or any debt service reserve fund established in connection with Variable Interest Rate Bonds or Parity Debt.

The Pledge and Assignment Effected by the Resolution *(Section 501)*

The Bonds are general obligations of the Authority payable solely from the Pledged Property and such other funds of the Authority as the Authority may designate or contribute for the purpose of making payments on the Bonds and the Parity Debt. The Pledged Property is pledged by the General Resolution for the payment of the principal and Redemption Price of, interest on, and Sinking Fund Installments for, the Bonds and any Parity Debt, in accordance with their terms and the provisions of the General Resolution, subject only to the provisions of the General Resolution permitting application of the Pledged Property for other purposes. To the extent permitted by law, the Authority pledges, assigns, transfers and sets over to the Trustee, and grants the Trustee a lien on and security interest in, all of the Authority's right, title and interest in all of the Pledged Property in accordance with the terms and provisions of the General Resolution. Such pledge is for the equal and proportionate benefit and security of all and singular the present and future Holders of Bonds and obligees of the Existing Parity Debt and any additional Parity Debt issued under the Resolution, without preference, priority or distinction, except as otherwise provided in the General Resolution, of any one Bond or Parity Debt over any other Bond or Parity Debt, by reason of priority in the issue, sale or negotiation thereof or otherwise. The pledge and lien created by the Resolution for the Bonds and Parity Debt shall be superior in all respects to any pledge or lien now or hereafter created for Subordinated Indebtedness.

The pledge and assignment described in the preceding paragraph shall be valid and binding from and after the date of issuance and delivery of the first Series of Bonds, and the items set forth in such pledge shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof.

Nothing contained under this caption shall be construed as limiting any authority granted to the Authority elsewhere in the Resolution to issue Additional Bonds and Bond Anticipation Notes in accordance with Sections 203 and 206 of the General Resolution and Subordinated Indebtedness, nor shall Section 501 of the General Resolution be deemed a limitation upon the authority of the Authority to issue bonds, notes or other obligations under the Act secured by other income and funds other than the Pledged Property, or to establish other funds or accounts not governed by the General Resolution.

Establishment of Funds (*Section 502*)

The following Funds, which shall be held and administered by the Authority or the Trustee as indicated, are hereby established:

- (1) Revenue Fund, to be held by the Trustee;
- (2) Debt Service Fund, to be held by the Trustee;
- (3) Debt Service Reserve Fund, to be held by the Trustee;
- (4) Subordinated Indebtedness Fund, to be held by the Trustee;
- (5) Rebate Fund, to be held by the Authority; and
- (6) Bond Proceeds Fund, to be held by the Authority.

Accounts and subaccounts within each of the foregoing Funds may from time to time be established in accordance with a Supplemental Resolution (including a related Certificate of Determination) or upon the direction of the Authority. All moneys at any time deposited in any Fund and account created or authorized hereby (other than the Excess Revenues, the Rebate Fund, and, with respect to any Series of Variable Interest Rate Bonds or Parity Debt, the Debt Service Reserve Fund) shall be held in trust by the Authority or Trustee, as appropriate, for the benefit of the Holders of each Series of Bonds and Parity Debt.

The Authority may establish a separate Variable Interest Rate Bond debt service reserve fund pursuant to a Supplemental Resolution (including a related Certificate of Determination) in connection with the authorization and issuance of any one or more Series of Variable Interest Rate Bonds. Any such Variable Interest Rate Bond debt service reserve fund shall not secure Bonds other than the Variable Interest Rate Bonds for which it is established to secure, and no Variable Interest Rate Bond shall be secured by the Debt Service Reserve Fund established pursuant to the provisions summarized under this caption. No payments in connection with a Qualified Fixed Receiver Swap, Qualified Fixed Payer Swap or other similar arrangement may be secured by or payable from such a debt service reserve fund.

The Authority may establish a separate Parity Debt service reserve fund pursuant to a Supplemental Resolution (including a related Certificate of Determination) in connection with the authorization and issuance of any one or more Series of Parity Debt. Any such Parity Debt service reserve fund shall not secure Bonds other than the Parity Debt for which it is established to secure, and no Parity Debt shall be secured by the Debt Service Reserve Fund established pursuant to Section 502 of the General Bond Resolution. No payments in connection with a Qualified Fixed Receiver Swap, Qualified Fixed Payer Swap or other similar arrangement may be secured by or payable from such a debt service reserve fund.

Revenue Fund (*Section 503*)

To effectuate the pledge and assignment made by the Authority pursuant to Section 501 of the General Bond Resolution, the Director of Finance is directed to pay all payments due to the Authority subsequent to the effective date of the General Resolution pursuant to Section 2661(9) of the Act to the Revenue Fund, which is a separate account established by the Authority under the control of the Trustee.

The Authority has pledged and assigned to the Trustee the Pledged Property, including but not limited to the right of the Authority to receive from the Director of Finance all payments due to the Authority subsequent to the effective date of the General Resolution pursuant to Section 2661(9) of the Act. In the event that, notwithstanding the provisions of the General Resolution, any of the Revenues shall be initially received by the Authority instead of the Trustee, there shall be deposited promptly upon receipt by the Authority to the credit of the Revenue Fund all such Revenues.

Payments from Revenue Fund (*Section 504*)

Amounts on deposit in the Revenue Fund shall be applied by the Trustee on or before the times, in the manner and in the amounts specified in the succeeding paragraph; provided, however, that if the amount of any such payment, together with other Pledged Property deposited in the Revenue Fund, is less than the amount necessary to make all payments required by said succeeding paragraph, the amounts on deposit in the Revenue Fund shall be applied in the amounts certified, first, to the Debt Service Fund, second, to the Debt Service Reserve Fund, third, to the debt service reserve fund or funds established in connection with Variable Interest Rate Bonds and Parity Debt, fourth, to the Subordinated Indebtedness Fund, and last, to the Rebate Fund; provided further, that (1) no moneys shall be deposited into the Subordinated Indebtedness Fund unless the Chairperson, in his or her sole and exclusive judgment, which judgment may rely on information furnished by the Trustee, makes a determination in writing that upon such deposit, amounts to be derived from Revenues are expected to be sufficient to meet all requirements through the next succeeding January 15 of the Debt Service Fund, the Debt Service Reserve Fund and any debt service reserve fund established in connection with Variable Interest Rate Bonds and Parity Debt, and (2) if and to the extent the Chairperson does not make such determination, such moneys shall be deposited into the Debt Service Fund; provided further, however, that so long as the total amount held in the Debt Service Fund and, as appropriate, the Debt Service Reserve Fund and the debt service reserve fund or funds established in connection with Variable Interest Rate Bonds and Parity Debt shall be sufficient to fully pay all Outstanding Bonds and Parity Debt (including Principal or applicable Redemption Price of and interest on such Bonds) in accordance with their terms, no deposits shall be required to be made into such Funds or funds.

Subject to the limitation in the preceding paragraph, on the first (1st) day of the second month of each Calendar Quarter commencing with the first Calendar Quarter following the effective date of the General Resolution, or at such later time during each Calendar Quarter commencing with the first Calendar Quarter following the effective date of the General Resolution that a payment of Revenues is actually received by the Authority (the "Deposit Date"), the Revenues on deposit in the Revenue Fund shall be applied by the Trustee as follows:

- (1) Subject to the limitation in Section 505(B) of the General Resolution, there shall be deposited into the Debt Service Fund the Debt Service Fund Requirement; and
- (2) There shall be deposited into the Debt Service Reserve Fund any amounts necessary to make the amount on deposit therein equal to the Debt Service Reserve Fund Requirement; and
- (3) There shall be deposited into any debt service reserve fund established in connection with any Variable Interest Rate Bonds any amounts necessary to make the amount on deposit therein equal to the debt service reserve fund requirement required with respect to such Variable Interest Rate Bonds as set forth in any Supplemental Resolution (including a related Certificate of Determination) authorizing such Variable Interest Rate Bonds; and
- (4) There shall be deposited into any debt service reserve fund established in connection with any Parity Debt any amounts necessary to make the amount on deposit therein equal to the debt service reserve fund requirement required with respect to such Parity Debt as set forth in any Supplemental Resolution (including a related Certificate of Determination) authorizing such Parity Debt; and
- (5) There shall be deposited into the Subordinated Indebtedness Fund one-fourth of the maximum amount of all payments required to be made in respect of Subordinated Indebtedness as set forth in any Supplemental Resolution (including a related Certificate of Determination) authorizing Supplemental

Indebtedness, as such payments shall be due during a period of twelve (12) consecutive months commencing on the Deposit Date; and

(6) There shall be deposited into the Rebate Fund any amounts necessary to make the amount on deposit therein equal to the Rebate Amount; and

(7) If the Revenues on deposit in the Revenue Fund on the Deposit Date shall be greater than the amounts required to be applied pursuant to paragraphs (1)-(6) above, such excess (the "Excess Revenues") shall be paid to the Authority for deposit into its general fund, to be expended by the Authority in its sole and absolute discretion, free and clear of the pledge and lien created by the General Resolution.

Debt Service Fund (*Section 505*)

Except as otherwise provided in any Supplemental Resolution (including a related Certificate of Determination) authorizing the issuance and the terms of any Bonds, on or before the date of original issuance of any Bonds authorized pursuant to the General Resolution that are secured by the Debt Service Fund, the Authority shall, to the extent not otherwise provided for from the proceeds of the sale of such Bonds, deposit into the Debt Service Fund the Debt Service Fund Requirement.

Except as otherwise provided in any Supplemental Resolution (including a related Certificate of Determination) authorizing the issuance and the terms of any Bonds, if, at any time a deposit would be made to the Debt Service Fund, the amount to be deposited, when added to the amount currently on deposit in the Debt Service Fund, would exceed one and one-half (1.5) times the Debt Service Fund Requirement (the "Excess Debt Service Funds"), the Excess Debt Service Funds shall not be deposited into the Debt Service Fund, but shall be paid to the Authority for deposit into its general fund, to be expended by the Authority in its sole and absolute discretion, free and clear of the pledge and lien created by the Resolution.

In addition to the moneys allocated from the Revenue Fund pursuant to Section 504 of the General Resolution, the Trustee shall deposit into the Debt Service Fund such portion of the proceeds of the sale of Bonds of any Series, if any, as shall be prescribed in the Supplemental Resolution (including a related Certificate of Determination) for such Series.

The Trustee shall, on or before each Interest Payment Date, Redemption Date or other payment date, as the case may be, withdraw and pay from the Debt Service Fund:

- (1) The interest due on all Outstanding Bonds on such Interest Payment Date;
- (2) The Principal Installments due on all Outstanding Bonds on such Interest Payment Date;
- (3) The Sinking Fund Installments, if any, due on all Outstanding Bonds on such Interest Payment Date;
- (4) The Redemption Price due on all Outstanding Bonds on any Redemption Date in accordance with Section 510 of the General Resolution; and
- (5) Amounts due with respect to Parity Debt.

The amounts paid out to any Paying Agent pursuant to Section 505 of the General Resolution remain irrevocably pledged until, and shall be, applied to such payments.

In the event that on any such Interest Payment Date, Redemption Date or payment date with respect to Parity Debt, the amount in the Debt Service Fund shall be less than the amounts, respectively, required for payment of interest on the Outstanding Bonds, for the payment of the principal or Redemption Price of Outstanding Bonds, for the payment of Sinking Fund Installments of the Outstanding Bonds of any Series due and payable on such date or for the payment of Parity Debt, the Authority or the Trustee, as the case may be, in the following order of priority,

shall withdraw from the Subordinated Indebtedness Fund and, solely to the extent necessary to make any payment with respect to Bonds and Parity Debt secured by the Debt Service Reserve Fund, from the Debt Service Reserve Fund and deposit (1) to the Debt Service Fund such amounts as will increase the amount in the Debt Service Fund to an amount sufficient to make payment of interest principal or Redemption price of Outstanding Bonds, Sinking Fund Installments, or for the payment of Parity Debt, as the case may be, and (2), solely to the extent necessary to make any payments with respect to Bonds and Parity Debt secured by the Debt Service Reserve Fund, to the Debt Service Reserve Fund such amounts as will increase the amount in the Debt Service Reserve Fund to an amount sufficient to make such payments; provided, however, that with respect to any Variable Interest Rate Bonds or Parity Debt, payments relating to any such Bonds or Parity Debt shall be made first from the debt service reserve fund established in connection with such Variable Interest Rate Bonds or Parity Debt, and second pro rata with all other Bonds or Parity Debt from amounts available from the Subordinated Indebtedness Fund, but shall not be funded from any amounts in the Debt Service Reserve Fund.

In the event of the refunding of any Bonds, the Authority may withdraw from the Debt Service Fund all or any portion of the amounts accumulated therein with respect to the Bonds being refunded and deposit such amounts with the Trustee to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless (1) upon such refunding, the Bonds being refunded shall be deemed to have been paid within the meaning and with the effect provided in Section 1104 of the General Resolution, and (2) the amount remaining in the Debt Service Reserve Fund shall not be less than the Debt Service Reserve Fund Requirement; and provided, further, that, at the time of such withdrawal, there shall exist no deficiency in the Debt Service Fund.

Debt Service Reserve Fund (*Section 506*)

In addition to the moneys allocated from the Revenue Fund pursuant to Section 504 of the General Resolution, the Trustee shall deposit into the Debt Service Reserve Fund such portion of the proceeds of the sale of Bonds of any Series, if any, as shall be prescribed in the Supplemental Resolution (or the Certificate of Determination) for such Series, and any other moneys and investments which may be made available to the Trustee for the purposes of the Debt Service Reserve Fund from any other source or sources in order to increase the amounts on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement.

Unless the Authority shall have otherwise provided sufficient moneys in order to comply with the fourth paragraph appearing under the caption "Debt Service Fund" above, moneys and Investment Obligations held for the credit of the Debt Service Reserve Fund shall be withdrawn from the Debt Service Reserve Fund by the Trustee, deposited to the credit of the Debt Service Fund and applied to the payment of interest, Principal Installments, Sinking Fund Installments and Redemption Price of Bonds, solely to the extent any such payments are secured by the Debt Service Reserve Fund, at the times and in the amounts required to comply with the provisions of the sixth paragraph appearing under the caption "Debt Service Fund" above.

Except as otherwise provided pursuant to the provisions described under this caption, investment income on amounts in the Debt Service Reserve Fund may be transferred to the Debt Service Fund in accordance with the directions of an Authorized Officer; provided that no such transfer shall be made to the extent that a deficiency in the Debt Service Reserve Fund would thereby be created or worsened. If at any time moneys and Investment Obligations on deposit to the credit of the Debt Service Reserve Fund exceed the Debt Service Reserve Fund Requirement, the Trustee shall, upon the direction of an Authorized Officer, withdraw therefrom and deposit such excess amount into any Fund established under the Resolution.

In the event of the refunding of any Bonds, the Authority may withdraw from the Debt Service Reserve Fund all or any portion of the amounts accumulated therein with respect to the Bonds being refunded and deposit such amounts with the Trustee to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless (1) upon such refunding, the Bonds being refunded shall be deemed to have been paid within the meaning and with the effect provided in Section 1104 of the General Resolution, and (2) the amount remaining in the Debt Service Reserve Fund shall not be less than the Debt Service Reserve Fund Requirement; and provided, further, that, at the time of such withdrawal, there shall exist no deficiency in the Debt Service Fund.

Variable Interest Rate Bonds and Parity Debt shall not be secured by the Debt Service Reserve Fund, and no amounts shall be required from the proceeds of Variable Interest Rate Bonds or Parity Debt for deposit in the Debt Service Reserve Fund, and no amounts shall be payable from the Debt Service Reserve Fund to pay amounts due or payable with respect to Variable Interest Rate Bonds or Parity Debt. No payments in connection with a Qualified Fixed Receiver Swap, Qualified Fixed Payor Swap or other similar arrangement may be secured by or payable from the Debt Service Reserve Fund.

In lieu of moneys or Investment Obligations, the Authority may, to the extent permitted by law, deposit or cause to be deposited to or substitute for deposit to the Debt Service Reserve Fund a Reserve Fund Credit Facility for all or any part of the Debt Service Reserve Fund Requirement. Each Reserve Fund Credit Facility deposited to the Debt Service Reserve Fund shall be payable (upon the giving of such notice as may be required thereby) on any date on which moneys are required to be withdrawn from the Debt Service Reserve Fund and such withdrawal cannot be made without drawing upon such Reserve Fund Credit Facility. For this purpose, in computing the amount on deposit in the Debt Service Reserve Fund, a Reserve Fund Credit Facility shall be valued in the amount available to be drawn or payable thereunder on the date of computation.

The Authority may determine by Supplemental Resolution that a Series of Bonds shall not be secured by the Debt Service Reserve Fund, in which case no portion of the proceeds of the sale of such Series of Bonds shall be required to be deposited into the Debt Service Reserve Fund and no amounts shall be withdrawn from the Debt Service Reserve Fund for application to the payment of amounts due or payable with respect to such Bonds.

Subordinated Indebtedness Fund *(Section 507)*

The Trustee shall pay out of the Subordinated Indebtedness Fund all amounts required pursuant to a Supplemental Resolution (including a related Certificate of Determination) for payments in connection with Subordinated Indebtedness.

Subordinated Indebtedness may be issued to finance any lawful corporate purpose of the Authority authorized under the Act. Subordinated Indebtedness may be secured by a pledge of such amounts in the Subordinated Indebtedness Fund as may from time to time be available for the payment thereof and of Revenues; provided, however, that any pledge of Revenues shall be, and shall be expressed to be, subordinate in all respects to the pledge created by the Resolution with respect to the Bonds and Parity Debt.

The Authority shall have the right to covenant with the holders from time to time of Subordinated Indebtedness to add to the conditions, limitations and restrictions under which any Additional Bonds may be issued; provided, however, that the Supplemental Resolution (including a related Certificate of Determination) or indenture or other agreement providing for the issuance of such Subordinated Indebtedness shall not permit the holders of such obligations to declare the same or instruct such holders' trustee to declare the same to be immediately due and give rise to such a declaration unless all Outstanding Bonds shall have been declared immediately due and payable in accordance with Section 1102 of the General Resolution.

Rebate Fund *(Section 508)*

Moneys on deposit in the Rebate Fund shall be applied by the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America in accordance with the provisions of the Arbitrage and Use of Proceeds Certificate, if any, delivered in connection with each Series of Bonds. Moneys which the Authority determines to be in excess of the amount required to be so rebated shall be deposited to the Revenue Fund.

If and to the extent required by the Code or an Arbitrage and Use of Proceeds Certificate, the Authority shall periodically, at such times as may be required to comply with the Code, determine the Rebate Amount with respect to each Series of Bonds and transfer from the Bond Proceeds Fund, and deposit to the Rebate Fund, all or a portion of the Rebate Amount with respect to such Series of Bonds and pay out of the 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.

Bond Proceeds Fund (*Section 509*)

The Authority shall deposit into the Bond Proceeds Fund the proceeds of sale of each Series of Bonds, unless otherwise required to be deposited into and held in the Debt Service Fund, the Debt Service Reserve Fund or any debt service reserve fund established in connection with Variable Interest Rate Bonds to enable the Authority to comply with conditions precedent to the issuance of such Series of Bonds, or unless all or any portion of such amounts are to be otherwise applied as specified in a Supplemental Resolution (including a related Certificate of Determination).

Except as may be otherwise determined by the purposes for which a Series is issued as set forth in the Supplemental Resolution (including a related Certificate of Determination) authorizing such Series, amounts in the Bond Proceeds Fund shall be applied by the Authority from time to time (1) to pay Authorized Financing Costs or to provide for the payment of outstanding Bond Anticipation Notes issued by the Authority from time to time for the purpose of paying such Authorized Financing Costs, and (2) to refund Bonds. Pending any payment referred to in subdivision (1) of the preceding sentence, moneys in the Bond Proceeds Fund allocated to such payment may be invested in Investment Obligations maturing at such time or times as moneys are expected to be needed to make such repayments.

Whenever the Authority shall determine that the amount in the Bond Proceeds Fund is in excess of its requirements for the purposes for which amounts in such Fund may be used as permitted by law and by the General Resolution, such excess amount may be withdrawn therefrom and deposited into the Debt Service Reserve Fund or any debt service reserve fund established in connection with Variable Interest Rate Bonds; provided that if the amounts then on deposit to the credit of the Debt Service Reserve Fund and any debt service reserve funds established in connection with Variable Interest Rate Bonds shall be equal to or in excess of the applicable Debt Service Reserve Fund Requirement or the debt service reserve fund requirement applicable to such Variable Interest Rate Bonds, such excess amount in the Bond Proceeds Fund, upon such withdrawal, shall be deposited into the Revenue Fund. Notwithstanding the foregoing, amounts in the Bond Proceeds Fund may be applied to the payment of Principal Installments and interest on the applicable Series of Bonds and of applicable Parity Reimbursement Obligations when due, and to the extent that other moneys are not available therefor, amounts in the Bond Proceeds Fund shall be applied to the payment of Principal Installments and interest on the Bonds and of applicable Parity Reimbursement Obligations when due.

Investment income on amounts in the Bond Proceeds Fund from proceeds of a Series of Bonds shall be transferred to the Revenue Fund, or, upon the direction of an Authorized Officer, shall be retained in the Bond Proceeds Fund or transferred to any Fund established under the Resolution.

Application of moneys in the Debt Service Fund for Redemption of Bonds and Satisfaction of Sinking Fund Installments (*Section 510*)

Moneys delivered to the Authority, which by the provisions of the Resolution are to be applied for redemption of Bonds, shall upon receipt by the Authority be deposited to the credit of the Debt Service Fund for such purpose to the extent not otherwise provided pursuant to a Supplemental Resolution (including a related Certificate of Determination).

Moneys in the Debt Service Fund to be used for redemption of Bonds of a Series shall be applied by the Authority to the purchase of Outstanding Bonds of such Series at purchase prices not exceeding the Redemption Price applicable on the next Interest Payment Date on which such Bonds are redeemable, plus accrued interest to such date, at such times, at such purchase prices and in such manner as the Authority shall direct.

In satisfaction, in whole or in part, of any Sinking Fund Installment, the Authority may deliver to the Trustee at least forty-five (45) days prior to the date of such Sinking Fund Installment, for cancellation, Bonds acquired by purchase or redemption, except Bonds acquired by purchase or redemption pursuant to the provisions of

the preceding paragraph, of the maturity and interest rate entitled to such Sinking Fund Installment. All Bonds so delivered to the Trustee in satisfaction of a Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate principal amount of such Bonds. Concurrently with such delivery of such Bonds the Authority shall deliver to the Trustee a certificate of an Authorized Officer specifying (1) the principal amount, Series, maturity, interest rate and numbers of the Bonds so delivered, (2) the date and Series of Sinking Fund Installment in satisfaction of which such Bonds are so delivered, (3) the aggregate principal amount of the Bonds so delivered, and (4) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Bonds.

The Trustee shall, in the manner provided in Article IV of the General Resolution, call for redemption, on the date of each Sinking Fund Installment falling due prior to maturity, such principal amount of Bonds of the Series and maturity entitled to such Sinking Fund Installment as is required to exhaust the unsatisfied balance of such Sinking Fund Installment.

Notwithstanding the foregoing, if the amount in the Debt Service Fund at any time (other than moneys required to pay the Redemption Price of any Outstanding Bonds of a Series theretofore called for redemption or to pay the purchase price of such Outstanding Bonds theretofore contracted to be purchased, including in both cases accrued interest on such Bonds to the Redemption Date or purchase date) is sufficient to make provision pursuant to subdivision (B) of Section 1104 of the General Resolution for the payment of such Outstanding Bonds at the maturity or Redemption Date thereof, the Authority may request the Trustee to take such action consistent with subdivision (B) of Section 1104 of the General Resolution as is required thereby to deem certain of such Bonds to have been paid within the meaning of Section 1104 of the General Resolution. The Trustee, upon receipt of such request and irrevocable instructions to the Authority to purchase Government Obligations sufficient to make any deposit required thereby, shall comply with such request.

Payment of Bonds *(Section 601)*

The Authority shall duly and punctually pay or cause to be paid the principal, Sinking Fund Installments, if any, Redemption Price of, and interest on every Bond, at the dates and places and in the manner set forth in the Bonds according to the true intent and meaning thereof.

Creation of Liens *(Section 606)*

The Authority shall not hereafter issue any bonds or other evidences of indebtedness, other than the Bonds and Parity Debt, secured by an equal or prior pledge of all or any part of the Pledged Property, and shall not create or cause to be created any equal or prior lien or charge on the Pledged Property except as provided in the Resolution; provided, however, that nothing contained in the Resolution shall prevent the Authority from issuing (1) after such date as the pledge of the Revenues provided in the Resolution shall be discharged and satisfied as provided in Section 1104 of the General Resolution, evidences of indebtedness payable out of, or secured by a pledge of, Revenues, or (2) Subordinated Indebtedness.

Agreement with the State *(Section 607)*

In accordance with the provisions of Section 2669-a of the Act, the Authority includes in the General Resolution, to the fullest extent enforceable under applicable Federal and State law, the pledge to and agreement made by the State with the holders of any notes or bonds issued by the Authority and secured by a pledge, as set forth in such Section 2669-a of the Act, that the State will not limit or alter the rights and remedies of such holders until such bonds or notes, together with interest thereon, with interest, if any, on any unpaid installments of interest and all costs and expenses in connection with any action or proceedings by or on behalf of such holders, are fully paid and discharged.

Accounts and Reports; Financial Statements; Maintenance of Cash Balance *(Section 608)*

The Authority shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all its transactions relating to all Funds established by the Resolution which shall at all reasonable times be subject to the inspection of the Holders of an aggregate of not less than five percent (5%) in

the principal amount of the Bonds then Outstanding or their representatives duly authorized in writing. The Authority may authorize or permit the Trustee or its duly authorized agents to keep any or all of such books on behalf of the Authority.

Within one hundred twenty (120) days after the close of each Fiscal Year of the Authority, the Authority shall furnish to the Trustee an audited financial statement, including a balance sheet, operating statement and cash flow statement prepared in accordance with generally accepted accounting principles certified by the Authority's Accountant accompanied by the Authority's discussion and analysis of the Fiscal Year's results.

The Authority agrees, in each Fiscal Year, to maintain a cash balance in its general accounts and funds equal to one-half of the maximum amount of Aggregate Debt Service for such Fiscal Year. If any Financial Statement delivered pursuant to the preceding paragraph indicates that the Authority has failed to maintain the cash balance required by the preceding sentence in any Fiscal Year, the Authority agrees to retain the Accountant to make recommendations as to expenses, management and all other strategic, financial and operational issues necessary to increase the Authority's cash balance for subsequent Fiscal Years to at least the cash balance required by the first sentence of this paragraph. The Authority agrees to follow such recommendations to the extent permitted by law. It shall be an Event of Default under the General Resolution if the Authority has not so engaged the Accountant within two months of the issuance of Financial Statements indicating such non-compliance, if the Accountant fails to issue such report within four months of its engagement, or if the Authority fails to comply with the recommendations of the Accountant.

Covenants with Credit Facility Providers *(Section 612)*

The Authority may make such covenants as it may in its sole discretion determine to be appropriate with any provider of a Credit Facility that shall agree to provide a Credit Facility for Bonds of any one or more Series that shall enhance the security or the value of such Bonds. Such covenants may be set forth in or provided for by the applicable Supplemental Resolution and shall be binding on the Authority, the Trustee, the Paying Agents, and all the owners of Bonds the same as if such covenants were set forth in full in the Supplemental Resolution.

Security for Deposits *(Section 701)*

All moneys held on deposit under the General Resolution shall be continuously and fully secured by direct obligations of the United States of America or direct obligations of the State or obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States of America or by the State as to timely payment of principal and interest of a market value or, if authorized by the Act with respect to Capital Appreciation Bonds, of an Amortized Value equal at all times to the amount of the deposit; provided, however, (A) that if the securing of such moneys is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (B) that it shall not be necessary for the Authority, the Trustee or any Paying Agent to give security for the deposit of any moneys with it pursuant to Section 505, Section 508 or Section 1104 of the General Resolution and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on a Series of Bonds or for the payment of amounts due to the United States Treasury pursuant to any Arbitrage and Use of Proceeds Certificate, or for the Authority to give security for any moneys which shall be represented by obligations purchased or other investments made under the provisions of the General Resolution as an investment of such moneys.

Investment of Funds *(Section 702)*

Amounts in the Funds and accounts established or authorized by Section 502 of the General Resolution may be invested only in Investment Obligations. The Trustee shall make such investments in any Funds or accounts held by the Trustee in accordance with any instructions received from an Authorized Officer of the Authority. Except as otherwise provided in the resolution authorizing any series of Bond Anticipation Notes, interest earned by the investment of moneys in each Fund or account under the General Resolution shall be held, deposited or transferred in accordance with Article V of the General Resolution. The Trustee shall have no obligation to invest or reinvest amounts as contemplated by the General Resolution except upon the direction of an Authorized Officer of

the Authority as to specific investments. Any such direction, if not in writing, shall be promptly confirmed in writing.

Investment Obligations on deposit in the Funds and accounts held under the General Resolution shall have maturity dates, or shall be subject to redemption or tender at the option of the Authority or the Trustee on the respective dates specified by an Authorized Officer, as appropriate, which dates shall be on or prior to the respective dates on which the moneys invested therein are payable for the purposes of such Funds and accounts. The Authority, or the Trustee, upon the instructions of an Authorized Officer, shall sell any Investment Obligations held in any Fund or account to the extent required for payments from such Fund or account. The proceeds of such sales, and of all payments at maturity or upon redemption of such investments, shall be held in the applicable Fund or account to the extent required to meet the requirements of such Fund or account. Losses, if any, realized on Investment Obligations held in any Fund or account shall be debited to such Fund or account. In computing the amount of such Funds and accounts, investments shall be valued at par, or if purchased at other than par, shall be valued at Amortized Value. Accrued interest received upon the sale of any Investment Obligation to the extent such amount exceeds any accrued interest paid on the purchase of such Investment Obligation shall be treated as interest earned on such Investment Obligation for purposes of this paragraph.

Trustee; Appointment and Acceptance of Duties *(Section 801)*

The Trustee shall be appointed in the Supplemental Resolution authorizing the issuance of the first Series of Bonds under the General Resolution.

Adoption and Filing of Supplemental Resolutions *(Section 901)*

The Authority may adopt at any time or from time to time a Supplemental Resolution to authorize the issue of the initial Series of Bonds and of additional Series of Bonds or other obligations as provided in Sections 202, 203, 204, 205, and 206 and to prescribe the terms and conditions thereof and any additional terms and conditions upon which such Bonds may be issued and other obligations may be incurred.

Supplemental Resolutions Effective Upon Adoption *(Section 902)*

Notwithstanding any other provisions of the General Resolution, the Authority may adopt, for any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution which, upon adoption thereof and filing with the Trustee, shall be fully effective in accordance with its terms:

(A) To close the Resolution against, or provide limitations and restrictions contained in the Resolution on, the authentication and delivery on original issuance of Bonds or the issuance of other evidences of indebtedness;

(B) To add to the covenants and agreements of the Authority contained in the Resolution other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(C) To add to the limitations or restrictions in the Resolution other limitations or restrictions to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(D) To surrender any right, power or privilege reserved to or conferred upon the Authority by the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution or with the Act;

(E) To confirm, as further assurance, any pledge under, and the subjection to any lien, claim or pledge created or to be created by, the Resolution, or any Supplemental Resolution, of the Pledged Property, including the Revenues or the Funds, and other moneys and securities;

(F) To modify any of the provisions of the Resolution in any respect whatsoever, provided that (1) such modification shall be, and be expressed to be, effective respecting Bonds of any Series being or to be issued only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding and (2) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered on original issuance after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof;

(G) To modify, amend, insert or delete such provisions of the Resolution as in Counsel's Opinion shall be necessary or desirable to ensure the continued federal tax exemption of the interest on any Series of Bonds Outstanding under the Resolution, so long as the Authority determines that such Supplemental Resolution does not materially impair the right, security and interest of the Holders of Outstanding Bonds;

(H) To modify, amend or supplement the Resolution in any manner in order to provide for a Credit Facility, Reserve Fund Credit Facility, Qualified Fixed Payor Swap, Qualified Fixed Receiver Swap or other similar arrangement with respect to any Series of Bonds under the Resolution, so long as the Authority determines that such Supplemental Resolution does not materially impair the right, security and interest of the Holders of Outstanding Bonds;

(I) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution, so long as the Authority determines that such Supplemental Resolution does not materially impair the right, security and interest of the Holders of Outstanding Bonds;

(J) To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect;

(K) To authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Section 202 of the General Resolution and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the General Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

(L) Notwithstanding any other provision of the General Resolution, to the extent authorized by law and to the extent the Authority shall have received a Counsel's Opinion that it will not adversely affect the exclusion of interest from the income of Holders of Bonds for federal income tax purposes for any Bonds issued on a tax-exempt basis, to provide for the delivery of Bonds that are not in registered form; or

(M) Notwithstanding any other provision of the General Resolution, to the extent authorized by law and to the extent that it will not adversely affect the exclusion of interest from the income of holders of Bonds for federal income tax purposes for any Bonds issued on a tax exempt basis, to provide for the delivery of a Series of Bonds or a portion of a Series of Bonds incorporating detachable call options.

Supplemental Resolutions Effective with Consent of Trustee *(Section 903)*

Notwithstanding any other provision of the General Resolution, the Authority may adopt a Supplemental Resolution amending any provision of the General Resolution, effective upon filing with the Authority of a written determination of the Trustee and a Counsel's Opinion that such amendment will not materially impair the rights of any Holder of Bonds.

Supplemental Resolutions Effective with Consent of Bondholders *(Section 909)*

Except as permitted under the preceding three captions, at any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Bondholders, and in accordance with the provisions of Article X of the General Resolution, which Supplemental Resolution, upon adoption and upon compliance with the provisions of said Article X, shall become fully effective in accordance with its terms as provided in said Article X.

General Provisions *(Section 905)*

Nothing in the General Resolution shall affect or limit the right or obligation of the Authority to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 604 of the General Resolution or the right or obligation of the Authority to execute and deliver to the Trustee any instrument which elsewhere in the Resolution it is provided shall be so delivered.

Any Supplemental Resolution referred to and permitted or authorized by Sections 901, 902 and 903 of the General Resolution may be adopted by the Authority without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. Every Supplemental Resolution adopted by the Authority shall be the subject of a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Act and the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms. Such Counsel's Opinion shall be filed with the Secretary of the Authority.

Powers of Amendment *(Section 1002)*

Any modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the General Resolution, (1) by the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, and (2) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, by the Holders of at least a majority in principal amount of the Bonds so affected and 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 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 caption.

No such modification or amendment shall permit 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 Holders of such Bonds, 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, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

For the purposes of this provision, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same materially impairs the rights, security and interest of the Holders of Bonds of such Series, and prior to the issuance of the first Series of Bonds under the General Resolution, no Series shall be deemed affected and no consent of Holders shall be required with respect to any amendments. The Authority may in its discretion determine whether or not, in accordance with the foregoing, Bonds of any particular Series or maturity would be affected by any modification or amendment of the Resolution, and any such determination shall be binding and conclusive on all Holders of Bonds. The Authority shall, prior to making any such determination, receive a Counsel's Opinion as conclusive evidence as to whether the Bonds of a Series or maturity would be so affected by any such modification or amendment thereof.

Consent of Bondholders *(Section 1003)*

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1002 of the General Resolution, to take effect when and as provided in this

caption. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto) together with a request to the Bondholders for their consent thereto shall be mailed by the Authority to such Bondholders (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this caption provided). Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Authority (1) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 1002, and (2) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms. 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 Section 1201. A certificate or certificates by an Authorized Officer or, at such Authorized Officer's election, by the Trustee, filed with the Authority that he has examined such proof and that such proof is sufficient in accordance with the provisions of the General Resolution shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of such Authorized Officer.

Events of Default (*Section 1101*)

Subject to the provisions of the following paragraph, the occurrence of one or more of the following events shall constitute an "Event of Default":

- (1) payment of principal, Sinking Fund Installments, interest or premium on any Bond shall not be made when the same shall have become due, whether at maturity or upon call for redemption or otherwise, which failure to pay shall continue for a period of five (5) Business Days; or
- (2) the Authority shall fail or refuse to deposit in the Debt Service Reserve Fund or any debt service reserve fund established in connection with Variable Interest Rate Bonds or Parity Debt the amounts received by the Authority for deposit in such Funds, respectively; or
- (3) the Trustee shall have withdrawn amounts from the Debt Service Reserve Fund pursuant to Section 506(B) of the General Resolution or amounts from a debt service reserve fund established in connection with Variable Interest Rate Bonds or Parity Debt resulting in a deficiency therein, and the Debt Service Reserve Fund or the debt service reserve fund established in connection with Variable Interest Rate Bonds shall not be restored to the applicable Debt Service Reserve Fund Requirement within twelve (12) months thereafter; or
- (4) the State shall have enacted a moratorium or other similar law affecting payment of the Bonds; or
- (5) the Director of Finance shall fail or refuse to comply with any of the provisions of Section 2661(9) of the Act relating to security for or payment of the Bonds; or
- (6) failure by the Authority to observe any of the covenants, agreements or conditions on its part contained in the Resolution or in the Bonds contained, and failure to remedy the same for a period of thirty (30) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been received by the Authority from the Trustee or by the Authority and the Trustee from the Holders of not less than a majority in aggregate principal amount of Bonds at the time Outstanding; provided that, if such default cannot be corrected within such thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted by the Authority within such period and is diligently pursued until the default is corrected.

Notwithstanding any other provision of the General Resolution, pursuant to Sections 2669-a and 2669-b of the Act, the following events shall not constitute an Event of Default: (1) any action on the part of the State to amend, repeal, modify or otherwise alter any statutes imposing or relating to taxes or fees or appropriations relating thereto; or (2) (a) any action by Schenectady County to repeal the sales and compensating use tax imposed under Section 1210-C of the New York Tax Law, provided Schenectady County imposes sales and use taxes pursuant to

Section 1210 of the New York Tax Law at a rate not less than one-half of one percent (1/2 of 1%) or (b), if such taxes are not imposed under Section 1210-C of the New York Tax Law, to reduce the rate of, amend, modify or otherwise alter any sales and compensating use tax imposed under Sections 1210 of the New York Tax Law to a rate not less than one-half of one percent, or to amend, modify, repeal or otherwise alter other taxes or fees or appropriation relating thereto.

Except as provided above or, to the extent permitted by Section 205 and Article IX of the General Resolution, in a Supplemental Resolution or Certificate of Determination, no default under the Act or any resolution, agreement, or other instrument shall constitute or give rise to an Event of Default under the Resolution.

Remedies (*Section 1102*)

Upon the occurrence and continuance of any Event of Default specified in clause (1) in the first paragraph under the caption "Events of Default" above, the Trustee shall, and upon the occurrence and continuance of any other Event of Default specified in the first paragraph under the caption "Events of Default" above, the Trustee may, and upon written request of the Holders of not less than a majority in aggregate principal amount of such Bonds then Outstanding, shall:

- (1) by mandamus or other suit, action or proceeding at law or in equity enforce all rights of the Holders of Bonds under the Resolution;
- (2) bring suit upon such Bonds;
- (3) by action or suit in equity, require the Authority to account as if it were the trustee of an express trust for the Holders of such Bonds;
- (4) by action or suit in equity, enjoin any acts or things which may be an unlawful violation of the rights of the Holders of such Bonds; or
- (5) declare all such Bonds due and payable, and, if all defaults shall be made good, with the consent of the Holders of not less than a majority in aggregate principal amount of such Bonds then Outstanding, annul such declaration and its consequences. Before declaring the principal of such bonds due and payable, the Trustee shall first give thirty (30) days' notice in writing to the Authority.

The Trustee shall, in addition to the foregoing, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth in the Resolution or incident general representation of the Holders of the Bonds in the enforcement and protection of their rights.

No remedy by the terms of the Resolution conferred upon or reserved to the Trustee or the Holders of the Bonds is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution existing at law or inequity or by statute on or after the date of adoption of the General Resolution.

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 enforcement of any trust under the General Resolution, or any other remedy hereunder or under the Bonds, unless such Holder previously shall have given to the Trustee written notice of an Event of Default as provided in the General Resolution and unless also the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee so to do, after the right to exercise such powers or rights 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 in the General Resolution, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of the Resolution, or to enforce any right hereunder or under the Bonds, except in the manner

provided in the Resolution, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Resolution and for the equal benefit of all Holders of Outstanding Bonds, subject, however, to the provisions of Section 602 of the General Resolution. Nothing in the Resolution or in the Bonds contained shall affect or impair the right of action, which is also absolute and unconditional, of any Holder of any Bond to enforce payment of the principal of and premium, if any, and interest on such Bond at the respective dates of maturity of each of the foregoing and at the places therein expressed

Priority of Payments After Default (*Section 1103*)

In the event that the funds held by the Authority, the Trustee or by the Paying Agents shall be insufficient for the payment of principal, Sinking Fund Installments, if any, or Redemption Price of and interest then due on the Bonds and for payments then due with respect to Parity Debt, such funds (other than funds held for the payment of particular Bonds which have theretofore become due at maturity or by call for redemption and funds which at the time of their deposit into any Fund or account under the Resolution have been designated to be applied solely to the payment of the principal of and premium, if any, and interest on any series of Bond Anticipation Notes, and subject to the provisions governing the application of the Debt Service Reserve Fund and any debt service reserve fund established pursuant to a Supplemental Resolution in connection with Variable Interest Rate Bonds or Parity Debt) and any other moneys received or collected by the Trustee or any Paying Agents, after making provision for the payment of any expenses necessary in the opinion of the Authority to preserve the continuity of the Revenues or otherwise protect the interests of the Holders of the Bonds, and after making provision for the payment of the reasonable charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their duties under the Resolution, shall be applied as follows:

(1) Unless the principal of all of the Bonds shall have become or have been declared due and payable, all such moneys shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due with respect to Bonds or Parity Debt in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, except as to the difference in the respective rates of interest specified in such Bonds and Parity Debt; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds or Parity Reimbursement Obligation which shall have become due whether at maturity or by call for redemption in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(2) If the principal of all of the Bonds shall have become or have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds and Parity Debt without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond or Parity Debt over any other Bond or Parity Debt, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds and Parity Debt.

The provisions of this caption are in all respects subject to the provisions of Section 602 of the General Resolution.

If and when all overdue installments of interest on all Bonds and Parity Debt, together with the reasonable and proper charges and expenses of the Trustee, and all other sums payable by the Authority under the General Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Bonds and Parity Debt which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the Authority, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the

General Resolution or the Bonds or Parity Debt shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall, subject to the terms of any Supplemental Resolution authorizing the issuance of any Subordinated Indebtedness, pay over to the Authority all such Pledged Property then remaining unexpended in the hands of the Trustee (except Pledged Property deposited or pledged, or required by the terms of the General Resolution to be deposited or pledged, with the Trustee), and thereupon the Authority and the Trustee shall be restored, respectively, to their former positions and rights. No such payment over to the Authority by the Trustee or resumption of the application, of Pledged Property as provided in Article V of the General Resolution shall extend to or affect any subsequent default under the General Resolution or impair any right consequent thereon.

Defeasance (*Section 1104*)

If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds then Outstanding, the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, thereof and interest to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Authority, the covenants, agreements and other obligations of the Authority to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Authority shall execute and file with its records relating to the Bonds all such instruments as may be desirable to evidence its election of such option and such discharge and satisfaction, and the Trustee and any Paying Agents, if any, shall pay over or deliver to the Authority all moneys, securities and funds held by them pursuant to the General Resolution which are not required for the payment, or redemption, of Bonds not theretofore surrendered for such payment or redemption or required for payments to Fiduciaries pursuant to Section 805 of the General Resolution.

Bonds for the payment or redemption of which moneys shall have been set aside and shall be held by the Trustee (through deposit by the Authority of funds for such payment or otherwise) at the maturity date or Redemption Date of such Bonds shall be deemed to have been paid within the meaning of Section 1104 of the General Resolution. Any Bonds of any 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 preceding paragraph if (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide to Holders in accordance with Article IV of the General Resolution notice of redemption on said date or dates of such Bonds, (2) there shall have been deposited with the Authority either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Authority at the same time, shall be sufficient 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 as the case may be, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall, subject to the provisions of Section 1307 (a) publish, as soon as practicable, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper a notice to the Holders of such Bonds, and (b) mail by registered or certified mail, postage prepaid, a notice to the Holders of such Bonds, in each case that the deposit required by (2) above has been made and that said Bonds are deemed to have been paid in accordance with Section 1104 of the General Resolution and stating such maturity date or Redemption Date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, on said Bonds. The Authority shall select which Bonds of a Series and which maturity thereof shall be paid in accordance with Section 1104 of the General Resolution in the manner provided in Section 404 of the General Resolution.

Neither Government Obligations or moneys deposited pursuant to Section 1104 of the General Resolution nor principal or interest payments on any such Government Obligations 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, and interest on said Bonds; provided that any moneys received from such principal or interest payments on such Government Obligations so deposited, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such Redemption Date, payment date or maturity date thereof, as the case may be. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, to the extent in excess of the amounts required herein above to pay principal, Sinking Fund Installments, if any, or Redemption

Price, if applicable, of and interest on such Bonds, shall, as realized, be applied as follows: first to the Rebate Fund, the amount, if any, required to be deposited therein; and, then the balance thereof to the Authority, and any such moneys so paid shall be released of any trust, pledge, lien, encumbrance or security interest created hereby. Prior to applying any such excess amounts pursuant to this paragraph or the succeeding paragraph, the Authority shall obtain written confirmation from an independent certified public accountant that the amounts remaining on deposit and held in trust are sufficient to pay the obligations set forth above.

For purposes of determining whether Variable Interest Rate Bonds, other than Floater/Inverse Floater Bonds, shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Government Obligations and moneys, if any, in accordance with the second sentence of subsection (B) of Section 1104, the interest to come due on such Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Government Obligations on deposit with the Trustee for the payment of interest on such Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Bonds in order to satisfy the second sentence of subsection (B) of Section 1104, the Trustee shall, if requested by the Authority, pay, the amount of such excess to the Authority free and clear of any trust, pledge, lien, encumbrance or security interest securing the Bonds or otherwise existing under the Resolution.

Anything in the Resolution to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds have become due and payable either at their stated maturity dates, or earlier Redemption Dates, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee, after the said date when such Bonds became due and payable, shall, at the written request of the Authority, be repaid by the Trustee to the Authority, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Authority for the payment of such Bonds. Before being required to make any such payment to the Authority, the Trustee shall, at the expense of the Authority, subject to the provisions of Section 1307, (1) cause to be published at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, and (2) cause to be mailed postage prepaid to each registered owner of Bonds then Outstanding at his or her address, if any, appearing upon the registry books of the Authority, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30), days after the date of the first publication or mailing of such notice, the balance of such moneys then unclaimed will be returned to the Authority.

Moneys Held for Particular Bonds *(Section 1301)*

The amounts held by the Trustee or any Paying Agent for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto and for the purposes of the General Resolution such principal, Sinking Fund Installments, if any, or Redemption Price of and interest on such Bonds, due after such date thereof, shall no longer be deemed to be Outstanding Bonds.

No Recourse Under Resolution or on the Bonds *(Section 1306)*

All covenants, stipulations, promises, agreements and obligations of the Authority contained in the Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any director, officer or employee of the Authority in his individual capacity, and no recourse shall be had for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price or interest on the Bonds or for any claim based thereon or on the Resolution against any director, officer or employee of the Authority or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Holder of a Bond by the acceptance of such Bonds.

SUMMARY OF THE THIRTEENTH SUPPLEMENTAL RESOLUTION, FOURTEENTH SUPPLEMENTAL RESOLUTION AND FIFTEENTH SUPPLEMENTAL RESOLUTION

The following summarizes certain provisions of each of the Thirteenth Supplemental Resolution, the Fourteenth Supplemental Resolutions and the Fifteenth Supplemental Resolution to which reference is made for the detailed provisions thereof.

Principal Amount, Designation and Series *(Section 201)*

Pursuant to the provisions of the General Resolution, 2019 Notes entitled to the benefit, protection and security of such provisions are authorized to be issued.

Delegation of Authority *(Section 204)*

There is delegated to any Authorized Officer of the Authority, subject to the limitations contained in the applicable Supplemental Resolution and in the General Resolution, the authority to determine certain details with respect to the applicable series of the Notes.

Such Authorized Officer shall execute a Certificate of Determination evidencing determinations or other actions taken pursuant to the authority granted in the applicable Supplemental Resolution or in the General Resolution, and any such Certificate of Determination shall be conclusive evidence of the action or determination of such Authorized Officer as to the matters stated therein.

Continuing Disclosure Agreement *(Section 305)*

There is delegated to each Authorized Officer of the Authority the power to execute and deliver a Continuing Disclosure Agreement between the Authority and the Trustee in connection with the sale and delivery of the 2019 Notes.

Form of Fully Registered Bond and Trustee's Authentication Certificate *(Section 501)*

Manufacturers and Traders Trust Company is appointed as Trustee under the Resolutions. The Trustee shall signify its acceptance of the duties and obligations of the Trustee, subject to the terms and conditions set forth in the Supplemental Resolutions, by executing a certificate accepting the duties of Trustee under the Resolutions.

No Recourse on the 2019 Notes *(Section 601)*

The 2019 Notes shall not be a debt of either the State of New York or the County of Schenectady or any municipality therein, and neither the State of New York nor the County of Schenectady nor any municipality therein shall be liable thereon. The Authority's liability on the 2019 Notes is limited to payment from the sources described in the Resolutions.

No recourse shall be had for the payment of the Principal of or interest on the 2019 Notes or for any claim based thereon or on the Supplemental Resolutions against any member, officer or employee of the Authority or any person executing the 2019 Notes and neither the members of the Authority nor any other person executing the 2019 Notes of the Authority shall be subject to any personal liability or accountability by reason of the issuance thereof, all such liability being expressly waived and released by every Holder of 2019 Notes by the acceptance thereof.

Incorporation of Certificate of Determination *(Section 602)*

The Certificate of Determination shall be in force and effect as if fully set forth in the applicable Supplemental Resolution.

SUMMARY OF THE SIXTEENTH SUPPLEMENTAL RESOLUTION

The following summarizes certain provisions of the Sixteenth Supplemental Resolution to which reference is made for the detailed provisions thereof.

Principal Amount, Designation and Series *(Section 201)*

Pursuant to the provisions of the General Resolution, the Series 2019 Bonds entitled to the benefit, protection and security of such provisions are authorized to be issued.

Delegation of Authority *(Section 204)*

There is delegated to any Authorized Officer of the Authority, subject to the limitations contained in the applicable Supplemental Resolution and in the General Resolution, the authority to determine certain details with respect to the applicable series of the Series 2019 Bonds.

Such Authorized Officer shall execute a Certificate of Determination evidencing determinations or other actions taken pursuant to the authority granted in the applicable Supplemental Resolution or in the General Resolution, and any such Certificate of Determination shall be conclusive evidence of the action or determination of such Authorized Officer as to the matters stated therein.

Additional Determinations *(Section 206)*

To the extent an Authorized Officer of the Authority deems necessary to obtain a Credit Facility or a Reserve Credit Facility or preserve a rating on the Series 2019 Bonds or to obtain a no adverse impact letter relating to the rating on the Series 2019 Bonds, or otherwise give effect to the terms of sale of the Series 2019 Bonds, the Certificate of Determination may include, to the extent reasonable or necessary to provide for the terms of the Series 2019 Bonds as set forth in the Purchase Agreement, additional determinations providing for the interest rates, designation, maturities, terms of redemption and other terms with respect to the Series 2019 Bonds, including, but not limited to, minimum requirements on amounts held in the various Funds (which requirements are not inconsistent with the General Resolution and the applicable Supplemental Resolution) and restrictions on investments of amounts held under the various Funds (which restrictions are not inconsistent with the General Resolution and the applicable Supplemental Resolution).

Continuing Disclosure Agreement *(Section 305)*

There is delegated to each Authorized Officer of the Authority the power to execute and deliver a Continuing Disclosure Agreement between the Authority and the Trustee in connection with the sale and delivery of the Series 2019 Bonds.

Creation of Series 2019 Accounts and Subaccounts *(Section 401)*

There is created in each of the Debt Service Fund, the Debt Service Reserve Fund, the Rebate Fund and the Bond Proceeds Fund an account relating to the Series 2019 Bonds, which shall be designated the "Series 2019 Account" thereof. There shall be deposited into and paid from each such Account any amounts to be deposited into or paid from the related Fund in connection with the applicable series of the Series 2019 Bonds.

There shall be paid from the applicable Series 2019 Account of the Bond Proceeds Fund amounts as determined in the Certificate of Determination.

Disposition of Series 2019 Bond Proceeds *(Section 402 and the Certificate of Determination)*

The proceeds of the sale of the Series 2019 Bonds shall be disposed of as applied, simultaneously with the issuance and delivery of the Series 2019 Bonds, in each case in amounts as determined in the Certificate of Determination, in the following order:

1. in the Debt Service Fund, accrued interest, if any, received on the sale of the Series 2019 Bonds;
2. in the Debt Service Reserve Fund, the amount of money, if any, necessary in order that upon delivery and issuance of the Series 2019 Bonds the amount in the Debt Service Reserve Fund is equal to the Debt Service Reserve Fund Requirement;
3. in the Bond Proceeds Fund, the amount sufficient to pay the Costs of Issuance of the Series 2019 Bonds and any other Authority Expenses in connection with such issuance; provided, however, that any amounts payable to the provider of a Credit Facility securing the Series 2019 Bonds may be paid directly from the Underwriter to such provider in satisfaction of a like amount of the purchase price, upon the direction of the Authority; and
4. in the Bond Proceeds Fund, the balance of such proceeds, exclusive of accrued interest, to refund the portions of the Series 2010A Bonds and the Series 2010B Bonds to be refunded as specified in the Certificate of Determination.

Registration and Transfer of Series 2019 Bonds *(Section 502)*

Except as otherwise provided in the Certificate of Determination delivered in connection with the Series 2019 Bonds, the Series 2019 Bonds shall be initially issued in the form of a separate single authenticated fully registered bond in the amount of each separate stated maturity of the Series 2019 Bonds. Upon initial issuance, the ownership of such Series 2019 Bonds shall be registered, in the registry Books of the Authority kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository.

Form of Fully Registered Bond and Trustee's Authentication Certificate *(Section 501)*

Manufacturers and Traders Trust Company is appointed as Trustee under the Resolutions. The Trustee shall signify its acceptance of the duties and obligations of the Trustee, subject to the terms and conditions set forth in the Supplemental Resolutions, by executing a certificate accepting the duties of Trustee under the Resolutions.

No Recourse on the Series 2019 Bonds *(Section 601)*

The Series 2019 Bonds shall not be a debt of either the State of New York or the County of Schenectady or any municipality therein, and neither the State of New York nor the County of Schenectady nor any municipality therein shall be liable thereon. The Authority's liability on the Series 2019 Bonds is limited to payment from the sources described in the Resolutions.

No recourse shall be had for the payment of the Principal, Sinking Fund Installments or Redemption Price of or interest on the Series 2019 Bonds or for any claim based thereon or on the Supplemental Resolutions against any member, officer or employee of the Authority or any person executing the Series 2019 Bonds and neither the members of the Authority nor any other person executing the Series 2019 Bonds of the Authority shall be subject to any personal liability or accountability by reason of the issuance thereof, all such liability being expressly waived and released by every Holder of Series 2019 Bonds by the acceptance thereof.

Incorporation of Certificate of Determination *(Section 602)*

The Certificate of Determination shall be in force and effect as if fully set forth in the applicable Supplemental Resolution.

FORM OF BOND COUNSEL OPINION – SERIES 2019 BONDS

[Date of Delivery of the 2019 Notes]

Schenectady Metroplex Development Authority
Center City Plaza, 4th Floor
433 State Street
Schenectady, New York 12305

Re: Schenectady Metroplex Development Authority
\$ _____ Bond Anticipation Notes, 2019A
\$ _____ Bond Anticipation Notes, 2019B (Federally Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance on the date hereof by Schenectady Metroplex Development Authority (the “Authority”), a body corporate and politic constituting a public benefit corporation of the State of New York (the “State”) created and existing under and by virtue of the Schenectady Metroplex Development Authority Act, Title 28-B of Article 8 of the Public Authorities Law of the State of New York, as amended (the “Act”), in connection with the issuance of its \$ _____ Bond Anticipation Notes, 2019A (the “2019A Notes”) and its \$ _____ Bond Anticipation Notes, 2019B (Federally Taxable) (the “2019B Notes” and, collectively with the 2019A Notes, the “2019 Notes”). The 2019 Notes are authorized to be issued under (A) the Act, (B) a general bond resolution adopted by the members of the Authority (the “Board”) on December 12, 2001 (the “General Bond Resolution”), (C) the Thirteenth Supplemental Resolution adopted by the Board on November 8, 2017 (the “Thirteenth Supplemental Resolution”), (D) the Fifteenth Supplemental Resolution adopted by the Board on November 13, 2019 (the “Fifteenth Supplemental Resolution”), and (E) a certificate of determination executed by the Chair of the Authority on December 26, 2019 (the “Certificate of Determination”). The 2019B Notes are authorized to be issued under (A) the Act, (B) the General Bond Resolution, (D) the Fourteenth Supplemental Resolution adopted by the Board on November 8, 2017 (the “Fourteenth Supplemental Resolution”), and (E) the Certificate of Determination.

The General Resolution, the Thirteenth Supplemental Resolution, the Fourteenth Supplemental Resolution and the Fifteenth Supplemental Resolution collectively are referred to herein as the “Resolutions”, and the Resolutions and the Certificate of Determination collectively are referred to herein as the “Bond Resolution”. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Resolutions.

Pursuant to the Resolutions, the Authority has appointed Manufacturers and Traders Trust Company to serve as trustee (the “Trustee”) under the Resolutions.

The 2019 Notes are being issued in anticipation of the issuance of Bonds for the purposes specified in the Thirteenth Supplemental Resolution, the Fourteenth Supplemental Resolution and the Fifteenth Supplemental Resolution (collectively, the “Project”).

The 2019 Notes are dated their date of issuance, are issued as fully registered notes without coupons and mature and bear interest as set forth therein and in the Resolutions. The 2019 Notes are not subject to redemption prior to maturity.

We have examined (A) such portions of the Constitution and statutes of the State of New York, (B) such portions of the Internal Revenue Code of 1986, as amended, and the regulations of the United States Treasury Department thereunder (collectively, the “Code”), and (C) such applicable court decisions, regulations and published rulings as we have deemed necessary or relevant for the purposes of the opinions set forth below. We also have examined the 2019 Notes as executed by the Authority and the transcript of proceedings of the Authority relating to the authorization and issuance of the 2019 Notes and related matters (the “Transcript of Proceedings”), which Transcript of Proceedings includes executed counterparts of the Resolutions and a certain Tax Compliance Agreement dated the date hereof and executed by the Authority with respect to the 2019A Notes (the “Tax

Compliance Agreement”).

The Code imposes various requirements that must be met in order that interest on the 2019A Notes be and remain excluded from gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the 2019A Notes and the rebate of certain earnings in respect of such investments to the United States. The Authority and others have made certain representations, certifications of fact, and statements of reasonable expectations and the Authority has given certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2019A Notes from gross income under Section 103 of the Code. Our opinion assumes continuing compliance with such covenants as well as the accuracy and completeness of such representations, certifications of fact, and statements of reasonable expectations.

As to questions of fact material to our opinions, we have relied upon the Transcript of Proceedings of the Authority furnished to us without undertaking to verify the same by independent investigation. In our examination, we have assumed the genuineness of all signatures, the authenticity and completeness of all documents submitted to us as originals and the conformity with the original documents of all documents submitted to us as copies.

Based upon our examination of the foregoing and in reliance upon the matters and subject to the limitations contained in the concluding paragraphs hereof, we are of the opinion under existing law that:

(A) The 2019 Notes have been duly authorized and issued in accordance with the Constitution and the statutes of the State, including the Act, and constitute legal, valid and binding obligations of the Authority enforceable in accordance with their terms, payable from any or all of the following sources: (1) the proceeds of any renewals of such Notes issued to repay such 2019 Notes, (2) the proceeds of the sale of the Bonds in anticipation of which the 2019 Notes are being issued, (3) any amounts provided by the Authority expressly for payment of such 2019 Notes, (4) the proceeds of such 2019 Notes deposited in any Fund or account under the Resolution, or (5) with respect to interest on the 2019 Notes, all or any Revenues. Such proceeds and other amounts set forth in clauses (1), (2), (3) and (4) are pledged for the payment of the principal of, or premium, if any, and interest on such 2019 Notes and such pledge shall have priority over any other pledge created by the Resolutions.

(B) The Resolutions have been duly adopted by the Authority and are valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

(C) Interest on the 2019A Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the 2019A Notes is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code.

In rendering the opinion set forth in Paragraph (C) above, we have assumed the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectation made by the Authority and others, and continuing compliance with, the covenants, representations, warranties, provisions and procedures set forth in the Resolutions and the Tax Compliance Agreement. In the event of the inaccuracy or incompleteness of any of the representations, certifications of fact and statements of reasonable expectations made by the Authority, or the failure by the Authority to comply with the covenants, representations, warranties, provisions and procedures set forth in the Resolutions and the Tax Compliance Agreement, interest on the 2019A Notes could become includable in gross income for federal income tax purposes retroactive to the date of the original execution and delivery of the 2019A Notes, regardless of the date on which the event causing such inclusion occurs. We render no opinion as to the exclusion from gross income of interest on the 2019A Notes for purposes of federal income taxation on or after the date on which any change occurs or action is taken or omitted under the Resolutions and the Tax Compliance Agreement or under any other relevant documents without the advice or approval of, or upon the advice or approval of any bond counsel other than us. Further, although interest on the 2019A Notes is excluded from gross income for purposes of federal income taxation, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a 2019A Note. The tax effect of receipt or accrual of the interest will depend upon the tax status of such holder of a 2019A Note and such holder’s other items of income, deduction or credit.

(D) Interest on the 2019B Notes is not excluded from gross income for federal income tax purposes under Section 103 the Code.

(E) Interest on the 2019 Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

(F) The 2019 Notes do not constitute a debt of the State of New York or of the County of Schenectady, New York, and neither the State of New York nor the County of Schenectady, New York is liable thereon.

We express no opinion regarding any other federal, state or local tax consequences with respect to the 2019 Notes except as provided in paragraphs (C), (D) and (E) above. Our opinion speaks as of the date hereof and does not contain or provide any opinion or assurance regarding the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the IRS. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, the exclusion of interest on the 2019A Notes from gross income for federal income tax purposes.

Any opinion concerning the validity, binding effect or enforceability of any document (A) means that (1) such document constitutes an effective contract under applicable law, (2) such document is not invalid in its entirety under applicable law because of a specific statutory prohibition or public policy, and is not subject in its entirety to a contractual defense under applicable law and (3) subject to the following sentence, some remedy is available under applicable law if the person concerning whom such opinion is given is in material default under such document, but (B) does not mean that (1) any particular remedy is available under applicable law upon such material default or (2) every provision of such document will be upheld or enforced in any or each circumstance by a court applying applicable law. Furthermore, the validity, binding effect or enforceability of any document may be limited to or otherwise affected by (A) any applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar statute, rule, regulation or other law affecting the enforcement of creditors' rights and remedies generally or (B) the unavailability of, or any limitation on the availability of, any particular right or remedy (whether in a proceeding in equity or law) because of the discretion of a court or because of any equitable principle or requirement as to commercial reasonableness, conscionability or good faith.

We express no opinion with respect to (A) title to all or any portion of the Project, (B) the priority of any liens, charges, security interests or encumbrances affecting the Project or any part thereof (or the effectiveness of any remedy which is dependent upon the existence of title to the Project or the priority of any such lien, charge, security interest or encumbrance), (C) any laws, regulations, judgments, permits or orders with respect to zoning, subdivision matters or requirements for the physical commencement and continuance of the construction, reconstruction, installation, occupancy or operation of the Project or with respect to the requirements of filing or recording of any of the documents relating to the issuance of the Bonds, or (D) the laws of any jurisdiction other than the State of New York and other than the securities and the tax laws of the United States of America.

The scope of our engagement has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. We have not been requested to examine and have not examined any documents or information other than specifically hereinabove referred to, and no opinion is expressed as to any other documents or any other information, or the adequacy thereof, which has been or may be supplied to any purchaser of the 2019 Notes.

We have examined an executed 2019A Note and an executed 2019B Note, and in our opinion, the respective forms of said Notes and their execution are regular and proper.

We have rendered this opinion solely for your benefit and this opinion may not be relied upon by, nor copies hereof delivered to, any other person without our prior written approval.

Very truly yours,

FORM OF BOND COUNSEL OPINION – 2019 NOTES

[Date of Delivery of the Series 2019 Bonds]

Schenectady Metroplex Development Authority
Center City Plaza, 4th Floor
433 State Street
Schenectady, New York 12305

Re: Schenectady Metroplex Development Authority
\$_____ General Resolution Refunding Bonds, Series 2019 (Federally Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance on the date hereof by Schenectady Metroplex Development Authority (the “Authority”), a body corporate and politic constituting a public benefit corporation of the State of New York (the “State”) created and existing under and by virtue of the Schenectady Metroplex Development Authority Act, Title 28-B of Article 8 of the Public Authorities Law of the State of New York, as amended (the “Act”), of its \$_____ General Resolution Refunding Bonds, 2019 (Federally Taxable) (the “Bonds”). The Bonds are authorized to be issued under (A) the Act, (B) a general bond resolution adopted by the members of the Authority on December 12, 2001 (the “General Bond Resolution”), (C) a sixteenth supplemental bond resolution adopted by the members of the Authority on November 13, 2019 (the “Sixteenth Supplemental Resolution”), and (D) a certificate of determination executed by the Chairman of the Authority on December 26, 2019 (the “Certificate of Determination”).

The General Resolution and the Sixteenth Supplemental Resolution collectively are referred to herein as the “Resolutions”, and the Resolutions and the Certificate of Determination collectively are referred to herein as the “Bond Resolution”.

Pursuant to the Resolutions, the Authority has appointed Manufacturers and Traders Trust Company to serve as trustee (the “Trustee”) under the Resolutions. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Resolutions.

The Bonds are being issued to refund a portion of the outstanding principal amount of the Authority’s General Resolution Bonds, Series 2010A (Tax-Exempt) and General Resolution Bonds, Series 2010B (Federally Taxable) (collectively, the “Refunded Bonds”), as more fully described in the Sixteenth Supplemental Resolution.

The Bonds are dated their date of issuance, are issued as fully registered bonds without coupons and mature and bear interest as set forth therein and in the Bond Resolution. The Bonds are (A) subject to optional redemption prior to maturity, and (B) acceleration prior to maturity, all as set forth in the Bond Resolution and in the Bonds. As security for the Bonds and any additional bonds and parity debt obligations (including, without limitation, Existing Parity Debt) (collectively, the “Parity Debt”) issued by the Authority pursuant to the terms of the Resolutions, the Authority has, pursuant to Section 501 of the General Bond Resolution, pledged and assigned to the Trustee the Pledged Property, which Pledged Property includes all payments of Sales Tax received by the Authority from the Director of Finance of Schenectady County, New York pursuant to Section 2661(9) of the Act.

We have examined (A) such portions of the Constitution and statutes of the State of New York, and (B) such applicable court decisions, regulations and published rulings as we have deemed necessary or relevant for the purposes of the opinions set forth below. We also have examined the Bonds as executed by the Authority and the transcript of proceedings of the Authority relating to the authorization and issuance of the Bonds and related matters (the “Transcript of Proceedings”), which Transcript of Proceedings includes executed counterparts of the Bond Resolution.

As to questions of fact material to our opinions, we have relied upon the Transcript of Proceedings of the Authority furnished to us without undertaking to verify the same by independent investigation. In our examination,

we have assumed the genuineness of all signatures, the authenticity and completeness of all documents submitted to us as originals and the conformity with the original documents of all documents submitted to us as copies.

Based upon our examination of the foregoing and in reliance upon the matters and subject to the limitations contained in the concluding paragraphs hereof, we are of the opinion under existing law that:

(A) The Bonds have been duly authorized and issued in accordance with the Constitution and the statutes of the State, including the Act, and constitute legal, valid and binding obligations of the Authority enforceable in accordance with their terms, payable, on a parity with all other Parity Debt heretofore and hereafter issued under the Resolutions, from, and secured equally and ratably with such other Parity Debt by, the Pledged Property pledged to the payment thereof by the Resolutions.

(B) The Resolutions have been duly adopted by the Authority and are valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

(C) The Bonds have been duly authorized, executed and delivered by the Authority and, assuming due authentication thereof by the Trustee, are valid and binding obligations of the Authority payable solely from the Pledged Property pledged by the Authority pursuant to the Resolutions and such other funds of the Authority as the Authority may designate or contribute for the purpose of making payments on the Bonds and the Parity Debt.

(D) Interest on the Bonds is not excluded from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

(E) Interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

(F) The Bonds do not constitute a debt of the State of New York or of Schenectady County, New York, and neither the State of New York nor Schenectady County, New York is liable thereon.

We express no opinion regarding any other federal, state or local tax consequences with respect to the Bonds except as provided in paragraphs (D) and (E) above. Our opinion speaks as of the date hereof and does not contain or provide any opinions or assurance regarding the future activities of the Authority or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the Internal Revenue Service. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters.

Any opinion concerning the validity, binding effect or enforceability of any document (A) means that (1) such document constitutes an effective contract under applicable law, (2) such document is not invalid in its entirety under applicable law because of a specific statutory prohibition or public policy, and is not subject in its entirety to a contractual defense under applicable law and (3) subject to the following sentence, some remedy is available under applicable law if the person concerning whom such opinion is given is in material default under such document, but (B) does not mean that (1) any particular remedy is available under applicable law upon such material default or (2) every provision of such document will be upheld or enforced in any or each circumstance by a court applying applicable law. Furthermore, the validity, binding effect or enforceability of any document may be limited to or otherwise affected by (A) any applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar statute, rule, regulation or other law affecting the enforcement of creditors' rights and remedies generally or (B) the unavailability of, or any limitation on the availability of, any particular right or remedy (whether in a proceeding in equity or law) because of the discretion of a court or because of any equitable principle or requirement as to commercial reasonableness, conscionability or good faith.

We express no opinion with respect to (A) title to all or any portion of the projects financed with proceeds of the Refunded Bonds (the "Projects"), (B) the priority of any liens, charges, security interests or encumbrances affecting the Projects or any part thereof (or the effectiveness of any remedy which is dependent upon the existence of title to the Series Projects or the priority of any such lien, charge, security interest or encumbrance), (C) any laws, regulations, judgments, permits or orders with respect to zoning, subdivision matters or requirements for the physical commencement and continuance of the construction, reconstruction, installation, occupancy or operation of

the Projects or with respect to the requirements of filing or recording of any of the documents relating to the issuance of the Bonds, or (D) the laws of any jurisdiction other than the State of New York and other than the securities and the tax laws of the United States of America.

The scope of our engagement has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. We have not been requested to examine and have not examined any documents or information other than specifically hereinabove referred to, and no opinion is expressed as to any other documents or any other information, or the adequacy thereof, which has been or may be supplied to any purchaser of the Bonds.

We have examined an executed Bond, and in our opinion, the form of said Bond and its execution is regular and proper.

We have rendered this opinion solely for your benefit and this opinion may not be relied upon by, nor copies hereof delivered to, any other person without our prior written approval.

Very truly yours,