NEW ISSUE **(See "Ratings" herein)**

$116,340,000
STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY
RECOVERY ACT BONDS

$64,640,000 SERIES 2010A

$31,075,000 Sub-Series 2010A1 (Tax-Exempt)
$33,565,000 Sub-Series 2010A2 (Federally Taxable – Build America Bonds and Recovery Zone Bonds)

$51,700,000 SERIES 2010B

$30,765,000 Sub-Series 2010B1 (Tax-Exempt)
$20,935,000 Sub-Series 2010B2 (Federally Taxable – Build America Bonds and Recovery Zone Bonds)

Dated: Date of Delivery **Due: As shown on the inside cover pages**

Payment and Security: The bonds of each Series identified above (collectively, the "Series 2010 Bonds") will be special obligations of the State of New York Municipal Bond Bank Agency (the "Agency"), payable solely from and secured by (i) a pledge of the payments to be made by one or more municipalities (each a "Municipality" and, collectively, the "Municipalities") in the State of New York (the "State") on their respective full faith and credit bonds issued to finance or refinance purposes eligible in whole or in part for subsidies under the American Recovery and Reinvestment Act of 2009 (each a "Local ARRA Bond" and, collectively, the "Local ARRA Bonds") purchased by the Agency, and (ii) all funds and accounts (excluding the Arbitrage Rebate Fund and the Subsidy Fund) authorized by the Master Resolution (as defined below) and established by the applicable Series Resolution (as defined below). None of the funds and accounts established under one Series Resolution secures any bond issued under any other Series Resolution. There is no debt service reserve fund securing the Series 2010 Bonds.

Each Municipality is required to sell and deliver its Local ARRA Bonds to the Agency for purchase by the Agency from proceeds of the Applicable Series 2010 Bonds attributable to such purchase. The respective Series 2010 Bonds will be secured by the pledge and assignment to **The Bank of New York Mellon, as Trustee** (the "Trustee") of payments to be made only under the Local ARRA Bonds purchased with proceeds of such Series 2010 Bonds. The principal and redemption price of and interest on the Local ARRA Bonds securing a Series of the Series 2010 Bonds are scheduled to be sufficient to pay, when due, the principal and redemption price of and interest on such Series of the Series 2010 Bonds. Each purchase by the Agency of Local ARRA Bonds from a Municipality will be made pursuant to a Local ARRA Bond Purchase Agreement dated May 1, 2010 between the Agency and the Municipality (each an "Agreement" and, collectively, the "Agreements"). Each Municipality is required under its Agreement to pay certain fees and expenses of the Agency.

Each Municipality will pledge its full faith and credit to payment of the principal of and interest on its Local ARRA Bonds and has the power and is required under State statutes to levy and collect ad valorem taxes without limit as to rate or amount on all taxable property within such Municipality for such payment.

The State of New York Municipal Bond Bank Agency Act (the "Act") provides for the State Comptroller to withhold State Aid due to a Municipality and pay the State Aid to the Agency if and to the extent that the Agency has certified to the State Comptroller that the Municipality has failed to make debt service payments on Local ARRA Bonds when due. The debt service payment dates under the Local ARRA Bonds purchased with proceeds of the Series 2010 Bonds are five days before the payment dates on the Series 2010 Bonds. The Agency does **not** expect that State Aid, if any, withheld by the State Comptroller and paid to the Agency as a result of a debt service payment default under Local ARRA Bonds purchased with proceeds of a Series of Series 2010 Bonds would be available to the Agency to make the corresponding debt service payments on such Series of Series 2010 Bonds when due. See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 BONDS."

Authorization: The Series 2010 Bonds are authorized under the Act and the Agency's Master ARRA Bond Financing Program Recovery Act Bond Resolution adopted November 16, 2009 (the "Master Resolution") and the Agency's Series Resolution adopted April 8, 2010 (the "Series 2010 Resolution").

The Series 2010 Bonds will not be a debt of the State nor will the State be liable thereon. The Agency has no taxing power.

Bond Insurance: The scheduled payment of principal of and interest on certain maturities of the Federally Tax-Exempt Series 2010 Bonds (identified on the inside cover as "Insured Bonds") when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) (the "Insurer" or "AGM").

Description: The Series 2010 Bonds will be issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof except as noted herein. The Series 2010 Bonds will be issued initially as Book-Entry Bonds, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC" or the "Depository"). So long as the Depository is the registered owner of the Series 2010 Bonds, the Trustee and Paying Agent, will pay all principal, Sinking Fund Installments or Redemption Price of, and interest on, the Series 2010 Bonds only to or upon the order of the Depository, and all such payments will be valid and effective to fully satisfy and discharge the Agency's obligations with respect to such principal, Sinking Fund Installments or Redemption Price and interest to the extent of the sum or sums so paid. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. No person other than the Depository will receive a Bond or other instrument evidencing the Agency's obligation to make payments of the principal, Sinking Fund Installments or Redemption Price thereof, and interest thereon. See "PART 3 – THE SERIES 2010 BONDS – Book-Entry Only System" herein.

Redemption: *The Series 2010 Bonds are subject to redemption prior to maturity as more fully described herein.*

Tax Status: In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Sub-Series 2010A1 Bonds and the Sub-Series 2010B1 Bonds (also collectively referred to herein as the "Federally Tax-Exempt Series 2010 Bonds") is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Federally Tax-Exempt Series 2010 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. Bond Counsel expresses no opinion regarding whether such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Sub-Series 2010A2 Bonds and the Sub-Series 2010B2 Bonds (also collectively referred to herein as the "Federally Taxable Series 2010 Bonds") is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is of the opinion that interest on the Federally Tax-Exempt Series 2010 Bonds and the Federally Taxable Series 2010 Bonds is exempt from personal income taxes imposed by the State and any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Federally Tax-Exempt Series 2010 Bonds or the Federally Taxable Series 2010 Bonds. See "PART 10 – TAX MATTERS" herein.

The Series 2010 Bonds are offered when, as and if issued and received by the Underwriters. The offer of the Series 2010 Bonds may be subject to prior sale or may be withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the Agency, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Hiscock & Barclay, LLP, Albany, New York, and Bryant Burgher Jaffe & Roberts LLP, New York, New York, and for each Municipality by its bond counsel as listed in Appendix B hereto. The Agency expects to deliver the Series 2010 Bonds through the facilities of DTC, on or about May 26, 2010.

Jefferies & Company **Goldman, Sachs & Co.**

BofA Merrill Lynch **Loop Capital Markets**
Roosevelt & Cross, Inc. **Siebert Brandford Shank & Co.**

May 14, 2010

STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY
RECOVERY ACT BONDS

$64,640,000 SERIES 2010A

Interest Due: The 15th day of May and November, beginning May 15, 2011

$31,075,000 Sub-Series 2010A1 (Tax-Exempt)

Due May 15	Amount	Interest Rate	Yield	CUSIP[1]
2011	$2,660,000	3.000%	1.000%	64988VCM3
2012	3,845,000	3.000%	1.220%	64988VCN1
2013	3,975,000	3.500%	1.640%	64988VCP6
2014†	4,155,000	4.000%	1.930%	64988VCQ4
2015†	4,295,000	4.000%	2.330%	64988VCR2
2016†	4,445,000	5.000%	2.730%	64988VCS0
2017†	4,635,000	5.000%	3.030%	64988VCT8
2021†	3,065,000	5.000%	3.650%	64988VCU5

$33,565,000 Sub-Series 2010A2 (Federally Taxable – Build America Bonds and Recovery Zone Bonds)

Due May 15	Amount	Interest Rate	Yield	CUSIP[1]
2018	$4,805,000	4.822%	4.822%	64988VDG5
2019	4,920,000	5.022%	5.022%	64988VDH3
2020	4,945,000	5.172%	5.172%	64988VDJ9

$11,730,000 5.822% Term Bond due May 15, 2025, Price 100% CUSIP [1] 64988VDM2
$ 5,485,000 6.406% Term Bond due May 15, 2033, Price 100% CUSIP [1] 64988VDK6
$ 1,680,000 6.056% Term Bond due May 15, 2035, Price 100% CUSIP [1] 64988VDL4

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† Insured Bonds. Insured by Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.)

[1] CUSIP numbers have been assigned by an independent company not affiliated with the Agency and are included solely for the convenience of the holders of the Series 2010 Bonds. Neither the Agency nor the Underwriters are responsible for the selection or uses of these CUSIP numbers and no representation is made to their correctness on the Series 2010 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2010 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2010 Bonds.

$51,700,000 SERIES 2010B

Interest Due: The 15th day of April and October, beginning October 15, 2010

$30,765,000 Sub-Series 2010B1 (Tax-Exempt)

Due April 15	Amount	Interest Rate	Yield	CUSIP[1]
2011	$2,700,000	3.000%	1.040%	64988VCV3
2012	2,595,000	4.000%	1.350%	64988VCW1
2013	2,705,000	4.000%	1.770%	64988VCX9
2014†	2,815,000	4.000%	2.030%	64988VCY7
2015†	2,930,000	4.000%	2.430%	64988VCZ4
2016†	3,050,000	5.000%	2.830%	64988VDA8
2017†	3,205,000	5.000%	3.130%	64988VDB6
2018†	3,370,000	5.000%	3.370%	64988VDC4
2019†	3,540,000	5.000%	3.550%	64988VDD2
2021†	3,855,000	5.000%	3.800%	64988VDF7

$20,935,000 Sub-Series 2010B2 (Federally Taxable – Build America Bonds and Recovery Zone Bonds)

Due April 15	Amount	Interest Rate	Yield	CUSIP[1]
2020	$3,760,000	5.322%	5.322%	64988VDN0

$17,175,000 5.952% Term Bond due April 15, 2025, Price 100% CUSIP [1] 64988VDP5

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† Insured Bonds. Insured by Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.)

[1] CUSIP numbers have been assigned by an independent company not affiliated with the Agency and are included solely for the convenience of the holders of the Series 2010 Bonds. Neither the Agency nor the Underwriters are responsible for the selection or uses of these CUSIP numbers and no representation is made to their correctness on the Series 2010 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2010 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2010 Bonds.

No dealer, broker, salesperson or other person has been authorized by the Agency, the Municipalities, or the Underwriters to give any information or to make any representations with respect to the Series 2010 Bonds or the Local ARRA Bonds from which the Series 2010 Bonds are payable, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by any of the foregoing.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2010 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Certain information in this Official Statement has been supplied or authorized by the Municipalities, DTC and other sources that the Agency and the Underwriters believe are reliable. The Agency does not guarantee the accuracy or completeness of such information, and such information is not to be construed as a representation of the Agency. See "PART 17 – SOURCES OF INFORMATION AND CERTIFICATIONS" of the Official Statement for a description of the various sources of information.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities law, but the Underwriters do not guarantee the accuracy or completeness of such information.

Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM") makes no representation regarding the Series 2010 Bonds or the advisability of investing in the Series 2010 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 BONDS – Bond Insurance on Certain Series 2010 Bonds" and "Appendix G - Specimen Municipal Bond Insurance Policy".

References in this Official Statement to the Act, the Master Resolution, the Series 2010 Resolution, the Agreements and the Local ARRA Bonds do not purport to be complete. Refer to the Act, the Master Resolution, the Series 2010 Resolution, the Agreements and the Local ARRA Bonds for full and complete details of their provisions. Copies of the Act, Master Resolution, the Series 2010 Resolution, the Agreements and the Local ARRA Bonds are on file with the Agency and/or the Trustee.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

Under no circumstances shall the delivery of this Official Statement or any sale made after its delivery create any implication that the affairs of the Agency and the Municipalities have remained unchanged after the date of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2010 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF SUCH BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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STATE OF NEW YORK
MUNICIPAL BOND BANK AGENCY

OFFICIAL STATEMENT RELATING TO

$116,340,000
STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY
RECOVERY ACT BONDS

$64,640,000 SERIES 2010A
$31,075,000 Sub-Series 2010A1 (Tax-Exempt)
$33,565,000 Sub-Series 2010A2 (Federally Taxable – Build America Bonds and Recovery Zone Bonds)

$51,700,000 SERIES 2010B
$30,765,000 Sub-Series 2010B1 (Tax-Exempt)
$20,935,000 Sub-Series 2010B2 (Federally Taxable – Build America Bonds and Recovery Zone Bonds)

PART 1 – INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page, inside cover pages and all appendices, is to provide information about the Agency and the Municipalities in connection with the offering by the Agency of (a) $64,640,000 aggregate principal amount of the Recovery Act Bonds, Series 2010A (the "Series 2010A Bonds"), which series is comprised of $31,075,000 Sub-Series 2010A1 Bonds (Tax-Exempt) and $33,565,000 Sub-Series 2010A2 Bonds (Federally Taxable – Build America Bonds and Recovery Zone Bonds), and (b) $51,700,000 aggregate principal amount of the Recovery Act Bonds, Series 2010B (the "Series 2010B Bonds"), which series is comprised of $30,765,000 Sub-Series 2010B1 Bonds (Tax-Exempt) and $20,935,000 Sub-Series 2010B2 Bonds (Federally Taxable – Build America Bonds and Recovery Zone Bonds). The Series 2010A Bonds and the Series 2010B Bonds are referred to herein collectively as the "Series 2010 Bonds." The Sub-Series 2010A1 Bonds and the Sub-Series 2010B1 Bonds are sometimes referred to herein as the "Federally Tax-Exempt Series 2010 Bonds." The Sub-Series 2010A2 Bonds and the Sub-Series 2010B2 Bonds are sometimes referred to herein as the "Federally Taxable Series 2010 Bonds."

The following is a brief description of certain information concerning the respective Series 2010 Bonds, the Agency and the Municipalities. A more complete description of such information and additional information that may affect decisions to invest in the Series 2010 Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain terms used in this Official Statement are defined in Appendix A hereto. Certain information pertaining to the Municipalities is contained in Appendix B and Appendix C hereto.

Purpose of the Series 2010 Bonds

The Series 2010 Bonds are being issued and the proceeds of each Series will be used to: (i) purchase the Local ARRA Bonds which secure the applicable Series of the Series 2010 Bonds (each an "Applicable Series"), and (ii) pay the Costs of Issuance of the Applicable Series. (See "PART 5 – ESTIMATED SOURCES AND USES OF FUNDS.")

The Municipalities

The Municipalities whose Local ARRA Bonds are being purchased by the Agency with proceeds of the Series 2010 Bonds are as follows:

Series 2010A

County of Allegany
County of Madison
County of Oneida
County of Sullivan

Series 2010B

County of Broome

The principal amount of Local ARRA Bonds of each Municipality that are being purchased with the proceeds of the Series 2010 Bonds, the schedules of the principal requirements and annual debt service for the Local ARRA Bonds of each Municipality and the bond counsel and financial advisor for each Municipality are set forth in Appendix B. The Municipalities are located in different areas of the State, are of varying geographic and demographic size and have varying economic, financial and indebtedness characteristics. See "PART 5 – THE MUNICIPALITIES," "Appendix B – Municipalities and Local ARRA Bonds Purchased with Proceeds of the Series 2010 Bonds" and "Appendix C – Certain Economic and Financial Information on the Municipalities."

Authorization of Issuance

Pursuant to the State of New York Municipal Bond Bank Agency Act (the "Act"), constituting Title 18 of Chapter VIII of the Public Authorities Law, the Agency is authorized to (i) purchase "local ARRA bonds" defined under the Act as bonds issued by municipalities in the State to finance or refinance purposes eligible in whole or in part for subsidies under the American Recovery and Reinvestment Act of 2009 and (ii) issue its "recovery act bonds" as defined in the Act to obtain funds with which to purchase such local ARRA bonds. The Series 2010 Bonds constitute "recovery act bonds" as defined in the Act and the "Local ARRA Bonds" constitute "local ARRA bonds" as defined in the Act.

Each Municipality is required pursuant to its Agreement (as defined below) to issue and deliver its Local ARRA Bonds to the Agency for purchase from proceeds of the Applicable Series of the Series 2010 Bonds. Each Applicable Series will be secured by the pledge and assignment to the Trustee of payments to be made only under the Local ARRA Bonds purchased with proceeds of such Applicable Series. The principal and redemption price of and interest on the Local ARRA Bonds securing an Applicable Series are scheduled to be sufficient to pay, when due, the principal and redemption price of and interest on such Applicable Series. See Appendix B for schedules of the principal payments and debt service schedule for the Local ARRA Bonds of each Municipality and how the payments on the Local ARRA Bonds relate to payment of the principal and Sinking Fund Installments of and interest on the Applicable Series and Sub-Series of the Series 2010 Bonds, the proceeds of which were used to purchase the respective Local ARRA Bonds. A failure by a Municipality to pay debt service on its Local ARRA Bonds when due will result in a shortfall of funds available to the Agency for payments of principal, Sinking Fund Installments and interest on the Applicable Series and Sub-Series of the Series 2010 Bonds until such payment is made by the Municipality to the Agency or the Agency receives payment from the State Comptroller of withheld State Aid, if any. See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 BONDS – Payment of and Security for the Series 2010 Bonds – State Aid Intercept Available Upon Non-Payment of Local ARRA Bonds."

The Local ARRA Bonds will be purchased from proceeds of an Applicable Series pursuant to separate Local ARRA Bond Purchase Agreements dated as of May 1, 2010 between the Agency and each Municipality (the "Agreement" and, collectively, the "Agreements"). Each Municipality also is required under its Agreement to pay certain fees and expenses of the Agency and the Trustee.

Each Municipality will pledge its full faith and credit to the payment of the principal of and interest on its Local ARRA Bonds and has the power and is required under State statutes to levy and collect ad valorem taxes without limit as to rate or amount on all taxable property within the Municipality for such payment.

The Act provides for the State Comptroller to withhold from a Municipality and pay to the Agency State Aid otherwise payable to the Municipality if and to the extent that the Agency has certified to the State Comptroller that the Municipality has failed to make debt service payments on Local ARRA Bonds when due. The debt service payment dates under the Local ARRA Bonds purchased with proceeds of each Series of the Series 2010 Bonds are five days before the payment dates on the Series 2010 Bonds. The Agency does **not** expect that State Aid, if any, withheld by the State Comptroller and paid to the Agency as a result of a debt service payment default under Local ARRA Bonds purchased with proceeds of a Series of Series 2010 Bonds would be available to the Agency to make when due the corresponding debt service payments on the affected Series of Series 2010 Bonds. See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 BONDS."

No Municipality is obligated to make payments on behalf of any other Municipality nor are the payments of any Municipality pledged to secure the obligation of any other Municipality. A failure to make payment by any one Municipality under its Local ARRA Bonds could cause an Event of Default under the Master Resolution with respect to the Applicable Sub-Series secured by such Local ARRA Bonds, but would not cause an Event of Default under the Master Resolution with respect to any other Sub-Series of the Series 2010 Bonds. See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 BONDS."

The Series 2010 Bonds are authorized under the Act and the Agency's Master ARRA Recovery Act Bond Resolution adopted November 16, 2009 (the "Master Resolution") and the Agency's Series Resolution adopted April 8, 2010 (the "Series 2010 Resolution"). See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 BONDS."

The Agency

The Agency is a body corporate and politic constituting a public benefit corporation of the State created by the Act. See "PART 8 – THE AGENCY."

The Series 2010 Bonds

The Series 2010 Bonds will be dated their date of delivery and will bear interest from such date of delivery at the rates and will mature and pay interest on the dates set forth on the inside cover pages of this Official Statement. See "PART 3 – THE SERIES 2010 BONDS – Description of the Series 2010 Bonds."

Bond Insurance on Certain Series 2010 Bonds

The scheduled payment of principal of and interest on certain maturities of the Federally Tax-Exempt Series 2010 Bonds (identified on the inside cover as "Insured Bonds") will be guaranteed under a financial guaranty insurance policy (the "Policy") to be issued concurrently with the delivery of the Insured Bonds by Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) (the "Insurer" or "AGM"). See "PART 2- SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 BONDS – Bond Insurance."

PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 BONDS

Set forth below is a narrative description of certain contractual and statutory provisions relating to the sources of payment and security for the Bonds, including each Series of the Series 2010 Bonds, issued under the Master Resolution. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Master Resolution, the Series 2010 Resolution, the Agreements and the Local ARRA Bonds for a more complete description of such provisions. Copies of the Act, the Master Resolution, the Series 2010 Resolution, each Agreement and the Local ARRA Bonds are on file with the Agency and/or the Trustee. See also "Appendix D – SUMMARY OF CERTAIN PROVISIONS OF THE LOCAL ARRA BOND PURCHASE AGREEMENTS" and "Appendix E – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION" for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of and Security for the Series 2010 Bonds

Payment. Each Series of the Series 2010 Bonds will be special obligations of the Agency. The principal and Redemption Price of and interest on each Applicable Series are payable from the Applicable Revenues pledged to such Series 2010 Bonds. The Applicable Revenues with respect to each Applicable Series of the Series 2010 Bonds include all amounts payable pursuant to the Local ARRA Bonds securing such Applicable Series. The principal and redemption price of and interest on the Local ARRA Bonds securing an Applicable Series are scheduled to be sufficient to pay, when due, the principal of and redemption price of and interest on such Applicable Series. See Appendix B for schedules of the principal payments and debt service schedule for the Local ARRA Bonds of each Municipality and how the payments on the Local ARRA Bonds relate to payment of the principal and Sinking Fund Installments of and interest on the Applicable Sub-Series of the Series 2010 Bonds, the proceeds of which were used to purchase the respective Local ARRA Bonds. Each Municipality has the right to redeem or

defease its Local ARRA Bonds at any time without the consent of the Agency or the Holders of the Series 2010 Bonds. The redemption or the defeasance of the Local ARRA Bonds will result in the defeasance or, if the Applicable Sub-Series of the Series 2010 Bonds are then subject to redemption, in the redemption of a like amount of the Applicable Sub-Series of the Series 2010 Bonds.

Security Under Master Resolution; Pledge of Payments under Local ARRA Bonds. Pursuant to the Master Resolution, proceeds from the sale of an Applicable Series of Bonds, the Applicable Revenues (described below), and all funds authorized under the Master Resolution and pursuant to an Applicable Series Resolution, other than an Applicable Arbitrage Rebate Fund and the Applicable Subsidy Fund, are pledged and assigned to the Trustee as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Applicable Series of Bonds issued thereunder. As used in the Master Resolution, "Revenues" includes both the debt service payable under the Applicable Local ARRA Bonds and State Aid to issuers of the Applicable Local ARRA Bonds that is payable to the Agency to the extent of payment defaults under such Local ARRA Bonds (see "—*State Aid Intercept Available Upon Non-Payment of Local ARRA Bonds*" below).[1]

Each Municipality will pledge its full faith and credit to the payment of the principal of and interest on its Local ARRA Bonds and has the power and is required under State statutes to levy and collect ad valorem taxes without limit as to rate or amount on all taxable property within the Municipality for such payment.

State Aid Intercept Available Upon Non-payment of Local ARRA Bonds. The Act provides for the State Comptroller to withhold State Aid due to a Municipality and pay such State Aid to the Agency if and to the extent that the Agency has certified to the State Comptroller that the Municipality has failed to make debt service payments on Local ARRA Bonds when due. Whether State Aid can be withheld in sufficient amounts and paid to the Agency in sufficient time for the Agency to make payments of debt service on affected Series 2010 Bonds when due will depend on several factors, including (i) the length of the period between the debt service payment dates on Local ARRA Bonds and the debt service payment dates on the corresponding Series of Series 2010 Bonds and (ii) the amount and timing of State Aid payable to the Municipality in default on its Local ARRA Bonds.

The period between the payment dates for Local ARRA Bonds and all Series of Series 2010 Bonds is five days. Therefore, the Agency does **not** expect that State Aid, if any, withheld by the State Comptroller and paid to the Agency as a result of a debt service payment default under Local ARRA Bonds purchased with proceeds of any Series of Series 2010 Bonds would be available to the Agency to make when due the corresponding debt service payments on the affected Series.

Information regarding the amounts of State Aid paid to each of the Municipalities is set forth in Appendices C-1 through C-5, respectively.

The determination of the amount of State Aid, if any, payable to the State's municipalities (including the Municipalities), and the apportionment of such State Aid among municipalities are legislative acts and the State Legislature may amend or repeal the statutes relating to State Aid and the formulas which determine the amount of State Aid payable to the State's municipalities. Such amendments could result in the increase, decrease or elimination of amounts from State Aid payable to the Municipalities and available to be withheld by the State Comptroller and paid to the Agency for payment of debt service on the Series 2010 Bonds in the event, and to the extent, of a payment default by a Municipality on its Local ARRA Bonds. In addition, State Aid payments have been delayed in the past, and may be delayed in the future, by acts of the Governor or other executive branch action. The financial condition of the State may affect the amount of State Aid appropriated by the State Legislature and apportioned to municipalities in the State and may affect the timing of State Aid payments.

Other. The Act provides for the State Comptroller to withhold sales and mortgage recording tax revenues payable to any Municipality that has opted to pledge such Revenues. **However, none of the Municipalities have opted to pledge sales and mortgage recording tax revenues as permitted by the Act.**

[1] "Revenues" also includes "Pledged Revenues" which are comprised of any sales tax or mortgage recording tax revenues pledged by a municipality to secure its bonds. No such pledge has been made by any of Municipalities and, consequently, there are no Pledged Revenues with respect to any Series 2010 Bonds.

No Municipality will be responsible for the payment obligations of any other Municipality nor will the payments made by a Municipality under its Local ARRA Bonds be available to satisfy the obligation of any other Municipality. Similarly, State Aid payments due to a Municipality will not be withheld by the State Comptroller to satisfy the payment obligations of any other Municipality. If a Municipality fails to pay amounts due under its Local ARRA Bonds, the Agency's sole recourse will be against the defaulting Municipality and no other Municipality. Further, upon the occurrence of a failure to make a payment on Local ARRA Bonds, neither the Agency nor the holders of the Series 2010 Bonds will have the right to accelerate the obligation of the defaulting Municipality under its Local ARRA Bonds.

Each Municipality's obligation to pay the amounts due under its Local ARRA Bonds is not subject to any defense (other than payment) or any rights of setoff, recoupment, abatement, counterclaim or deduction. Each Municipality will be without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Agency, the Trustee or the owner of any Bond. The Series 2010 Bonds are **not** secured by any interest in any real property (including the capital facilities and equipment financed or refinanced by any Local ARRA Bonds) of any Municipality.

The Agency has covenanted for the benefit of the Holders of each Series of the Series 2010 Bonds that it will not create or cause to be created any lien or charge prior or equal to that of the Bonds of an Applicable Series on the proceeds from the sale of such Bonds, the Applicable Revenues, or the funds and accounts established hereby and pursuant to the Applicable Series Resolution which are pledged pursuant to the Master Resolution; provided, however, that such covenant will not prevent the Agency from issuing bonds, notes or other obligations under another and separate resolution so long as the charge or the lien created by such resolution is not prior or equal to the charge or lien created by the Master Resolution.

Issuance of Additional Bonds

In addition to the Series 2010 Bonds, the Master Resolution authorizes the issuance of other Series of Bonds for other municipalities and for specified purposes, including to refund Outstanding Bonds issued under the Master Resolution. Each Series of Bonds issued under the Master Resolution will be separately secured by the pledge and assignment of the Applicable Revenues, the Agency's interest in the Applicable Local ARRA Bonds and Pledged Revenues, if any, the proceeds from the sale of such Series of Bonds and all funds and accounts (with the exception of the Arbitrage Rebate Fund and the Subsidy Fund) authorized by the Applicable Series Resolution.

The Series 2010 Bonds comprise the second issue of Bonds under the Master Resolution. The first issue, in the amount of $184,241,949 was issued in December 2009 and involved six other municipalities.

Enforcement Events and Remedies under the Agreements

Under each Agreement, the Agency may pursue the remedies described below upon the occurrence of the following events (each an "Enforcement Event"):

(a) Failure by the Municipality to pay or cause to be paid when due the amounts to be paid under the Local ARRA Bonds;

(b) The Municipality shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or any proceeding shall be instituted by or against the Municipality seeking to adjudicate it as bankrupt or insolvent, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it for any substantial part of its property; or the Municipality shall authorize any of the actions set forth in this paragraph (b);

(c) Failure by the Municipality to pay or to cause to be paid when due any other payment required to be made under an Agreement, which failure continues for a period of thirty (30) days after payment thereof was due, provided that written notice thereof has been given to the Municipality not less than thirty (30) days prior to the due date thereof;

(d) Failure by the Municipality to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in paragraph (a) above, which failure continues for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Municipality by the Agency or such longer period, as is required to cure such default, if by reason of the nature of such failure the same cannot be remedied within such thirty (30) day period and the Municipality has within such thirty (30) day period commenced to take appropriate actions to remedy such failure and is diligently pursuing such actions; or

(e) Any representation or warranty of the Municipality contained in an Agreement was at the time it was made untrue in any material respect.

Whenever any Enforcement Event has happened and is continuing, the Agency may take whatever action at law or in equity may appear to the Agency necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Municipality under an Agreement, including requiring payment to the Trustee of any State Aid otherwise payable to the Municipality by the State as provided in the Memorandum of Understanding by and between the Agency and the State Comptroller with respect to the intercept of State Aid, the exercise of any remedy authorized by Article VIII of the State Constitution with respect to obtaining payment on the Local ARRA Bonds, any other administrative enforcement action and actions for breach of contract.

In no event may the occurrence of an Enforcement Event cause an acceleration of the amounts due under the Local ARRA Bonds or the Series 2010 Bonds.

Default and Remedies under the Master Resolution

The Master Resolution prescribes a list of events that constitute an event of default under the Master Resolution (each an "Event of Default"). Each of the following constitutes an Event of Default under the Master Resolution:

(a) With respect to an Applicable Series of Bonds, payment of the principal, Sinking Fund Installments or Redemption Price of any such Bond is not made by the Agency when the same becomes due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) With respect to an Applicable Series of Bonds, payment of an installment of interest on any such Bond is not be made by the Agency when the same becomes due and payable; or

(c) With respect to an Applicable Series of Bonds designated as "Tax Exempt", the Agency defaults in the due and punctual performance of any covenants, if any, contained in the Series Resolution authorizing the issuance thereof to the effect that the Agency comply with the provisions of the Code applicable to such Bonds necessary to maintain the exclusion of interest thereon from gross income under Section 103 of the Code and not take any action which would adversely affect the exclusion of interest on such Bonds from gross income under Section 103 of the Code and, as a result thereof, the interest on the Bonds of such Series is no longer excludable from gross income under Section 103 of the Code; or

(d) With respect to an Applicable Series of Bonds, the Agency defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Master Resolution or in the Bonds of the Applicable Series or in the Applicable Series Resolution on the part of the Agency to be performed and such default continues for thirty (30) days after written notice specifying such default and requiring same to be remedied has been given to the Agency by the Trustee, which may give such notice in its discretion and must give such notice at the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of such Outstanding Bonds, unless, if such default is not capable of being cured within thirty (30) days, the Agency has commenced to cure such default within said thirty (30) days and diligently prosecutes the cure thereof.

An Event of Default under the Master Resolution in respect of an Applicable Series of Bonds will not in and of itself be or constitute an Event of Default in respect of any other Applicable Series of Bonds.

The Bonds, including the Series 2010 Bonds, are not subject to acceleration upon the occurrence of an Event of Default under the Master Resolution.

Upon the happening and continuance of any Event of Default, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Applicable Series is required to proceed or, in the case of a happening and continuance of an event of default specified in paragraph (c) above, upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Applicable Series, is required to proceed, to protect and enforce its rights and the rights of the Bondholders under the Master Resolution or under the Applicable Series Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained in the Master Resolution or under the Applicable Series Resolution or in aid or execution of any power in the Master Resolution or therein granted, or for an accounting against the Agency as if the Agency were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Master Resolution and under the Applicable Series Resolution the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Agency for principal or interest or otherwise under any of the provisions of the Master Resolution or of the Applicable Series Resolution or of the Applicable Bonds, with interest on overdue payments of the principal of or interest on the Applicable Bonds at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Master Resolution and under the Applicable Series Resolution and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such Bonds, and to recover and enforce judgment or decree against the Agency but solely as provided in the Master Resolution, in the Applicable Series Resolution and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.

Bond Insurance on Certain Series 2010 Bonds

The following information is not complete and reference is made to Appendix G for a specimen of the Policy of AGM.

Bond Insurance Policy

Concurrently with the issuance of the maturities of the Federally Tax-Exempt Series 2010 Bonds identified on the inside cover as "Insured Bonds," Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM") will issue its Municipal Bond Insurance Policy for the Insured Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as Appendix G to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.)

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

On July 1, 2009, AGL acquired the financial guaranty operations of Holdings from Dexia SA ("Dexia"). In connection with such acquisition, Holdings' financial products operations were separated from its financial guaranty operations and retained by Dexia. For more information regarding the acquisition by AGL of the financial guaranty operations of Holdings, see Item 1.01 of the Current Report on Form 8-K filed by AGL with the Securities and Exchange Commission (the "SEC") on July 8, 2009.

Effective November 9, 2009, Financial Security Assurance Inc. changed its name to Assured Guaranty Municipal Corp.

AGM's financial strength is rated "AAA" (negative outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). On February 24, 2010, Fitch, Inc. ("Fitch"), at the request of AGL, withdrew its "AA" (Negative Outlook) insurer financial strength rating of AGM at the then current rating level. Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by AGM. AGM does not guarantee the market price of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Recent Developments

Ratings

In a press release dated February 24, 2010, Fitch announced that, at the request of AGL, it had withdrawn the "AA" (Negative Outlook) insurer financial strength rating of AGM at the then current rating level. Reference is made to the press release, a copy of which is available at www.fitchratings.com, for the complete text of Fitch's comments.

On December 18, 2009, Moody's issued a press release stating that it had affirmed the "Aa3" insurance financial strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody's comments.

On July 1, 2009, S&P published a Research Update in which it affirmed its "AAA" counterparty credit and financial strength ratings on Financial Security Assurance Inc., now known as AGM. At the same time, S&P continued its negative outlook on AGM. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

There can be no assurance as to any further ratings action that Moody's or S&P may take with respect to AGM.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which was filed by AGL with the SEC on March 1, 2010, and AGL's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010, which was filed by AGL with the SEC on May 10, 2010. Effective July 31, 2009, Holdings is no longer subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended (the "Exchange Act").

Capitalization of AGM

At March 31, 2010, AGM's consolidated policyholders' surplus and contingency reserves were approximately $2,220,015,145 and its total net unearned premium reserve was approximately $2,228,912,193 in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) The Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (which was filed by AGL with the SEC on March 1, 2010); and

(ii) The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010 (which was filed by AGL with the SEC on May 10, 2010).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the filing of the last document referred to above and before the termination of the offering of the Insured Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.): 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 BONDS – Bond Insurance on Certain Series 2010 Bonds – *Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.)*" or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

AGM makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 BONDS – Bond Insurance on Certain Series 2010 Bonds".

PART 3 – THE SERIES 2010 BONDS

General

The Series 2010 Bonds will not be a debt of the State of New York nor will the State be liable thereon. The Agency has no taxing power. See "PART 8 – THE AGENCY."

Description of the Series 2010 Bonds

The Series 2010 Bonds will be dated their date of delivery and will bear interest at the rates and mature and pay interest at the times set forth on the inside cover pages of this Official Statement.

The Series 2010 Bonds will be issued as fully registered bonds. The Series 2010 Bonds will be issued in denominations of $5,000 or any integral multiple thereof. The Series 2010 Bonds will be registered in the name of Cede & Co., as nominee of DTC, pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the Series 2010 Bonds will be made in book-entry form, without certificates. If at any time the Series 2010 Bonds cease to be Book Entry Only Bonds, the Series 2010 Bonds will be exchangeable for other fully registered Series 2010 Bonds in any other authorized denominations of the same maturity without charge except the payment of any tax, fee or other governmental charge to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Master Resolution.

So long as the Depository is the registered owner of the Series 2010 Bonds, The Bank of New York Mellon, the Trustee and Paying Agent, will pay all principal, Sinking Fund Installments or Redemption Price of, and interest on, the Series 2010 Bonds only to or upon the order of the Depository, and all such payments will be valid and effective to fully satisfy and discharge the Agency's obligations with respect to such principal, Sinking Fund Installments or Redemption Price and interest to the extent of the sum or sums so paid. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See in this "PART 3 – Book-Entry Only System" and "Appendix E – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION."

Designation of Maturities of Sub-Series 2010A2 Bonds and Sub-Series 2010B2 Bonds as "Build America Bonds" or "Recovery Zone Economic Development Bonds" or a Combination

The Agency intends to make irrevocable elections to treat individual maturities of Sub-Series 2010A2 Bonds and Sub-Series 2010B2 Bonds as either:

(i) "Build America Bonds" under Section 54AA(g) of the Code for which it will receive under Section 6431 of the Code a cash subsidy payment from the United States Treasury equal to thirty-five percent (35%) of the interest payable by the Agency on such maturities; or

(ii) "Recovery Zone Economic Development Bonds" under 1400U-2 of the Code for which it will receive, pursuant to Sections 1400 U-2 and 6431of the Code, a cash subsidy payment from the United States Treasury equal to forty-five percent (45%) of the interest payable by the Agency on the maturities; or

(iii) a combination of such "Build America Bonds" and "Recovery Zone Economic Development Bonds";

all as set forth in Appendix B.

It is expected that any such cash subsidy payments received with respect to Federally Taxable Series 2010 Bonds will be paid to the Municipalities. Such subsidy payments will not constitute Revenues under the Master Resolution, and will not be pledged as security for the Bonds, including the Series 2010 Bonds. See "—Redemption Provisions – *Make Whole Extraordinary Optional Redemption of the Federally Taxable Series 2010 Bonds.*"

Redemption Provisions

The Series 2010 Bonds are subject to optional and mandatory redemption as described below.

Optional Redemption of the Series 2010 Bonds

The Sub-Series 2010A1 Bonds maturing on or before May 15, 2020 and the Sub-Series 2010B1 Bonds maturing on or before April 15, 2020 are not subject to optional redemption prior to maturity.

The Sub-Series 2010A1 Bonds maturing May 15, 2021 are subject to redemption prior to maturity on or after May 15, 2020, at the option of the Agency, as a whole or in part at any time, at a Redemption Price of 100% of the principal amount of the Sub-Series 2010A1 Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date.

The Sub-Series 2010B1 Bonds maturing April 15, 2021 are subject to redemption prior to maturity on or after April 15, 2020, at the option of the Agency, as a whole or in part at any time, at a Redemption Price of 100% of the principal amount of the Sub-Series 2010B1 Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date.

The Sub-Series 2010A2 Bonds maturing May 15, 2033 are subject to redemption prior to maturity on or after May 15, 2020, at the option of the Agency, as a whole or in part at any time, at a Redemption Price of 100% of

the principal amount of such Sub-Series 2010A2 Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date.

The Sub-Series 2010A2 Bonds maturing May 15, 2018 through May 15, 2020, inclusive, May 15, 2025 and May 15, 2035, and the Sub-Series 2010B2 Bonds are subject to redemption in any order of maturity, at the option of the Agency, as a whole or in part at any time, at a redemption price (the "Make Whole Redemption Price") equal to the greater of (i) 100% of the principal amount of such Series 2010 Bonds to be redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on such Series 2010 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2010 Bonds are to be redeemed, discounted to the date on which such Series 2010 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 30 basis points, plus, in each case, accrued and unpaid interest on such Series 2010 Bonds to be redeemed on the redemption date.

Make Whole Extraordinary Optional Redemption of the Federally Taxable Series 2010 Bonds

The Federally Taxable Series 2010 Bonds are subject to redemption at any time prior to their maturity at the option of the Agency, with the consent of the Applicable Municipality, in whole or in part, upon the occurrence of an Extraordinary Event, at a redemption price (the "Extraordinary Optional Redemption Price") equal to the greater of (i) 100% of the principal amount of the Federally Taxable Series 2010 Bonds to be redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Federally Taxable Series 2010 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Federally Taxable Series 2010 Bonds are to be redeemed, discounted to the date on which the Federally Taxable Series 2010 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis points, plus, in each case, accrued and unpaid interest on the Federally Taxable Series 2010 Bonds to be redeemed on the redemption date.

An "Extraordinary Event" will have occurred with respect to the Federally Taxable Series 2010 Bonds if either:

(a) (i) Section 54AA or Section 6431 of the Code (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2010, pertaining to "Build America Bonds") is modified or amended in a manner pursuant to which the Agency's 35% cash subsidy payment from the United States Treasury is reduced or eliminated, or (ii) guidance published by the Internal Revenue Service or the United States Treasury with respect to such Sections imposes one or more substantive new conditions on the receipt of such 35% cash subsidy payments and such condition(s) are unacceptable to the Applicable Municipality; or

(b) (i) Section 54AA or Section 6431 of the Code (as such Sections were amended by Section 1400U-2 of the American Recovery and Reinvestment Act of 2010, pertaining to "Recovery Zone Economic Development Bonds") is modified or amended in a manner pursuant to which the Agency's 45% cash subsidy payment from the United States Treasury is reduced or eliminated, or (ii) guidance published by the Internal Revenue Service or the United States Treasury with respect to such Sections imposes one or more substantive new conditions on the receipt of such 45% cash subsidy payments and such condition(s) are unacceptable to the Applicable Municipality.

Only maturities of the affected Sub-Series which have been designated in whole or in part as "Build America Bonds" will be subject to redemption upon the occurrence of an "Extraordinary Event" described in (a) above. Only maturities of the affected Sub-Series which have been designated in whole or in part as "Recovery Zone Economic Development Bonds" will be subject to redemption upon the occurrence of an "Extraordinary Event" described in (b) above. See Appendix B for designations of maturities of the Federally Taxable Series 2010 Bonds as, in whole or in part, "Build America Bonds" or "Recovery Zone Economic Development Bonds." See "—Designation of Maturities of Sub-Series 2010A2 Bonds and Sub-Series 2010B2 Bonds as 'Build America Bonds' or 'Recovery Zone Economic Development Bonds' or a Combination."

Certain Definitions Applicable to the Make Whole Redemption Price and the Extraordinary Optional Redemption Price

For purpose of determining the Make Whole Redemption Price and the Extraordinary Optional Redemption Price, the following definitions apply:

"Treasury Rate" means, with respect to any redemption date for a particular Sub-series of the Federally Taxable Series 2010 Bonds, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue (defined below), assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price (defined below), as calculated by the Designated Investment Banker (defined below).

"Comparable Treasury Issue" means, with respect to any redemption date for a particular Federally Taxable Series 2010 Bond, the United States Treasury security or securities selected by the Designated Investment Banker that has an actual or interpolated maturity comparable to the remaining average life of such Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the particular Bond to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a particular Sub-Series of the Federally Taxable Series 2010 Bonds, (i) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations (defined below), the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

"Designated Investment Banker" means one of the Reference Treasury Dealers appointed by the Agency.

"Reference Treasury Dealer" means each of the four firms, specified by the Agency from time to time, that are primary United States government securities dealers in The City of New York (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Agency will substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a particular Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 P.M., New York City time, on the date specified in the redemption notice, which date shall be no earlier than four days after the date of the redemption notice and no later than four days preceding such redemption date.

Mandatory Redemption of Series 2010 Bonds

The Sub-Series 2010A2 Bonds maturing on May 15, 2025 are subject to mandatory sinking fund redemption, in part, on May 15 of each of the years and in the respective principal amounts set forth below, at a Redemption Price of 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem the principal amounts of Sub-Series 2010A2 Bonds specified for each of the dates shown below:

Year	Principal Amount
2022	$3,185,000
2023	3,285,000
2024	3,390,000
2025†	1,870,000

† Stated maturity.

The Sub-Series 2010A2 Bonds maturing on May 15, 2033 are subject to mandatory sinking fund redemption, in part, on May 15 of each of the years and in the respective principal amounts set forth below, at a Redemption Price of 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem the principal amounts of Sub-Series 2010A2 Bonds specified for each of the dates shown below:

Year	Principal Amount
2026	$590,000
2027	615,000
2028	640,000
2029	670,000
2030	695,000
2031	725,000
2032	760,000
2033†	790,000

† Stated maturity.

The Sub-Series 2010A2 Bonds maturing on May 15, 2035 are subject to mandatory sinking fund redemption, in part, on May 15 of each of the years and in the respective principal amounts set forth below, at a Redemption Price of 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem the principal amounts of Sub-Series 2010A2 Bonds specified for each of the dates shown below:

Year	Principal Amount
2034	$820,000
2035†	860,000

† Stated maturity.

The Sub-Series 2010B2 Bonds maturing on April 15, 2025 are subject to mandatory sinking fund redemption, in part, on April 15 of each of the years and in the respective principal amounts set forth below, at a Redemption Price of 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem the principal amounts of Sub-Series 2010B2 Bonds specified for each of the dates shown below:

Year	Principal Amount
2022	$4,045,000
2023	4,205,000
2024	4,375,000
2025†	4,550,000

† Stated maturity.

Selection of Federally Tax-Exempt Series 2010 Bonds to Be Redeemed

In the case of redemptions of any of the Federally Tax-Exempt Series 2010 Bonds at the option of the Agency, the Agency will select the Sub-Series and maturities to be redeemed.

If less than all of a maturity of Sub-Series of the Federally Tax-Exempt Series 2010 Bonds are to be redeemed, the Trustee shall assign to each Outstanding Bond of such maturity to be redeemed a distinctive number for each unit of the principal amount of such maturity equal to the lowest denomination in which the Federally Tax-

Exempt Series 2010 Bonds are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to the Bonds of such maturity, as many numbers as, at such unit amount equal to the lowest denomination in which the Federally Tax-Exempt Series 2010 Bonds are authorized to be issued, shall equal the principal amount of such maturity to be redeemed.

Selection of Federally Taxable Series 2010 Bonds to Be Redeemed

If any Sub-Series of Federally Taxable Series 2010 Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of such Sub-Series shall be allocated among the registered owners of such maturity as nearly as practicable in proportion to the principal amounts of such maturity owned by each registered owner, subject to the authorized denominations applicable to the Federally Taxable Series 2010 Bonds. This will be calculated based on the following formula:

$$\frac{\text{(principal amount of maturity to be redeemed) x (principal amount of maturity owned by owner)}}{\text{(principal amount of maturity outstanding)}}$$

If any Sub-Series of Federally Taxable Series 2010 Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the Federally Taxable Series 2010 Bonds, partial redemptions of a maturity will be done in accordance with DTC procedures. It is the Agency's intent that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Agency and the Beneficial Owners be made in accordance with these same proportional provisions. However, the Agency can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such a proportional basis. See, however, "PART 4 – BOOK ENTRY ONLY SYSTEM" herein regarding DTC's practice of determining by lot the amount of the interest of each Direct Participant for partial bond redemptions.

Application of Redemption Amounts to Sinking fund Installments

In the event of any partial redemption of any Series 2010 Bond that is a Term Bond, the principal amount redeemed shall be credited against Sinking Fund Installments as the Agency shall direct so that the remaining Sinking Fund Installments shall be equal to the aggregate principal amount payable under the Applicable Local ARRA Bonds remaining outstanding. See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 BONDS – Payment of and Security for the Series 2010 Bonds – *Payment*."

Notice of Redemption

Any notice of optional redemption of a Sub-Series of the Series 2010 Bonds may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price of such Sub-Series of the Series 2010 Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if any such other event occurs; provided, however, that with respect to any conditional notice given to Bondholders in connection with a Make Whole Extraordinary Optional Redemption of all or a portion of the Federally Taxable Series 2010 Bonds, upon the determination of the Extraordinary Optional Redemption Price by the Designated Investment Banker, such redemption shall only be conditioned upon the issuance of refunding bonds pursuant to a contract of purchase that has been executed in connection therewith. Under the Resolutions, the Trustee is required to provide (i) notice of any rescission or failure to meet any such condition or other such event as promptly as practicable after the failure of such condition or the occurrence of such other event, and (ii) notice of the Extraordinary Optional Redemption Price as promptly as practicable after its determination.

When the Trustee shall have received notice from the Agency that Series 2010 Bonds are to be redeemed, the Trustee shall give notice, in the name of the Agency, of the redemption of such Sub-Series of the Series 2010 Bonds, which notice shall specify the Sub-Series of the Series 2010 Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Sub-Series of the Series 2010 Bonds of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Sub-Series of the Series 2010 Bonds to be redeemed, and in the case of Sub-Series of the Series 2010

Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed.

Such notice shall further state that on the redemption date there shall become due and payable upon each Sub-Series of the Series 2010 Bond or portion thereof to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable on the Sub-Series of the Series 2010 Bonds or portions thereof to be redeemed.

Notice of any redemption shall be mailed by the Trustee, postage prepaid, no more than 45 days and no less than 20 days before the redemption date, to the Owners of any Sub-Series of the Series 2010 Bonds or portions of any Sub-Series of the Series 2010 Bonds which are to be redeemed, at their last address, if any appearing upon the registry books.

Principal and Interest Requirements on the Series 2010 Bonds

The following table sets forth the principal, the interest and the total debt service to be paid on the Series 2010A Bonds. For information on the Local ARRA Bonds payments related to the Series 2010A Bonds and individual Sub-Series, see Appendix B.

Series 2010A
Schedule of Projected Debt Service Repayments

	Series 2010A1 (Tax-Exempt)			Series 2010A2 (Federally Taxable)			Total Series 2010A Bonds		
Maturity	**Principal**	**Interest**	**Total Debt Service**	**Principal**	**Interest**	**Total Debt Service**	**Principal**	**Interest**	**Total Debt Service**
05/15/11	$ 2,660,000	$ 1,240,428	$ 3,900,428	$ -	$ 1,813,409	$ 1,813,409	$ 2,660,000	$ 3,053,838	$ 5,713,838
11/15/11	-	599,863	599,863	-	935,283	935,283	-	1,535,145	1,535,145
05/15/12	3,845,000	599,863	4,444,863	-	935,283	935,283	3,845,000	1,535,145	5,380,145
11/15/12	-	542,188	542,188	-	935,283	935,283	-	1,477,470	1,477,470
05/15/13	3,975,000	542,188	4,517,188	-	935,283	935,283	3,975,000	1,477,470	5,452,470
11/15/13	-	472,625	472,625	-	935,283	935,283	-	1,407,908	1,407,908
05/15/14	4,155,000	472,625	4,627,625	-	935,283	935,283	4,155,000	1,407,908	5,562,908
11/15/14	-	389,525	389,525	-	935,283	935,283	-	1,324,808	1,324,808
05/15/15	4,295,000	389,525	4,684,525	-	935,283	935,283	4,295,000	1,324,808	5,619,808
11/15/15	-	303,625	303,625	-	935,283	935,283	-	1,238,908	1,238,908
05/15/16	4,445,000	303,625	4,748,625	-	935,283	935,283	4,445,000	1,238,908	5,683,908
11/15/16	-	192,500	192,500	-	935,283	935,283	-	1,127,783	1,127,783
05/15/17	4,635,000	192,500	4,827,500	-	935,283	935,283	4,635,000	1,127,783	5,762,783
11/15/17	-	76,625	76,625	-	935,283	935,283	-	1,011,908	1,011,908
05/15/18	-	76,625	76,625	4,805,000	935,283	5,740,283	4,805,000	1,011,908	5,816,908
11/15/18	-	76,625	76,625	-	819,434	819,434	-	896,059	896,059
05/15/19	-	76,625	76,625	4,920,000	819,434	5,739,434	4,920,000	896,059	5,816,059
11/15/19	-	76,625	76,625	-	695,893	695,893	-	772,518	772,518
05/15/20	-	76,625	76,625	4,945,000	695,893	5,640,893	4,945,000	772,518	5,717,518
11/15/20	-	76,625	76,625	-	568,015	568,015	-	644,640	644,640
05/15/21	3,065,000	76,625	3,141,625	-	568,015	568,015	3,065,000	644,640	3,709,640
11/15/21	-	-	-	-	568,015	568,015	-	568,015	568,015
05/15/22	-	-	-	3,185,000	568,015	3,753,015	3,185,000	568,015	3,753,015
11/15/22	-	-	-	-	475,300	475,300	-	475,300	475,300
05/15/23	-	-	-	3,285,000	475,300	3,760,300	3,285,000	475,300	3,760,300
11/15/23	-	-	-	-	379,674	379,674	-	379,674	379,674
05/15/24	-	-	-	3,390,000	379,674	3,769,674	3,390,000	379,674	3,769,674
11/15/24	-	-	-	-	280,991	280,991	-	280,991	280,991
05/15/25	-	-	-	1,870,000	280,991	2,150,991	1,870,000	280,991	2,150,991
11/15/25	-	-	-	-	226,555	226,555	-	226,555	226,555
05/15/26	-	-	-	590,000	226,555	816,555	590,000	226,555	816,555
11/15/26	-	-	-	-	207,657	207,657	-	207,657	207,657
05/15/27	-	-	-	615,000	207,657	822,657	615,000	207,657	822,657
11/15/27	-	-	-	-	187,959	187,959	-	187,959	187,959
05/15/28	-	-	-	640,000	187,959	827,959	640,000	187,959	827,959
11/15/28	-	-	-	-	167,460	167,460	-	167,460	167,460
05/15/29	-	-	-	670,000	167,460	837,460	670,000	167,460	837,460
11/15/29	-	-	-	-	146,000	146,000	-	146,000	146,000
05/15/30	-	-	-	695,000	146,000	841,000	695,000	146,000	841,000
11/15/30	-	-	-	-	123,739	123,739	-	123,739	123,739
05/15/31	-	-	-	725,000	123,739	848,739	725,000	123,739	848,739
11/15/31	-	-	-	-	100,517	100,517	-	100,517	100,517
05/15/32	-	-	-	760,000	100,517	860,517	760,000	100,517	860,517
11/15/32	-	-	-	-	76,174	76,174	-	76,174	76,174
05/15/33	-	-	-	790,000	76,174	866,174	790,000	76,174	866,174
11/15/33	-	-	-	-	50,870	50,870	-	50,870	50,870
05/15/34	-	-	-	820,000	50,870	870,870	820,000	50,870	870,870
11/15/34	-	-	-	-	26,041	26,041	-	26,041	26,041
05/15/35	-	-	-	860,000	26,041	886,041	860,000	26,041	886,041
Total	**$ 31,075,000**	**$ 6,854,078**	**$ 37,929,078**	**$ 33,565,000**	**$ 25,107,952**	**$ 58,672,952**	**$ 64,640,000**	**$ 31,962,031**	**$ 96,602,031**

The following table sets forth the principal, the interest and the total debt service to be paid on the Series 2010B Bonds. For information on the Local ARRA Bonds payments related to the Series 2010B Bonds and individual Sub-Series, see Appendix B.

Series 2010B
Schedule of Projected Debt Service Repayments

	Series 2010B1 (Tax-Exempt)			Series 2010B2 (Federally Taxable)			Total Series 2010B Bonds		
Maturity	**Principal**	**Interest**	**Total Debt Service**	**Principal**	**Interest**	**Total Debt Service**	**Principal**	**Interest**	**Total Debt Service**
10/15/10	$ -	$ 530,439	$ 530,439	$ -	$ 471,968	$ 471,968	$ -	$ 1,002,407	$ 1,002,407
04/15/11	2,700,000	686,900	3,386,900	-	611,182	611,182	2,700,000	1,298,082	3,998,082
10/15/11	-	646,400	646,400	-	611,182	611,182	-	1,257,582	1,257,582
04/15/12	2,595,000	646,400	3,241,400	-	611,182	611,182	2,595,000	1,257,582	3,852,582
10/15/12	-	594,500	594,500	-	611,182	611,182	-	1,205,682	1,205,682
04/15/13	2,705,000	594,500	3,299,500	-	611,182	611,182	2,705,000	1,205,682	3,910,682
10/15/13	-	540,400	540,400	-	611,182	611,182	-	1,151,582	1,151,582
04/15/14	2,815,000	540,400	3,355,400	-	611,182	611,182	2,815,000	1,151,582	3,966,582
10/15/14	-	484,100	484,100	-	611,182	611,182	-	1,095,282	1,095,282
04/15/15	2,930,000	484,100	3,414,100	-	611,182	611,182	2,930,000	1,095,282	4,025,282
10/15/15	-	425,500	425,500	-	611,182	611,182	-	1,036,682	1,036,682
04/15/16	3,050,000	425,500	3,475,500	-	611,182	611,182	3,050,000	1,036,682	4,086,682
10/15/16	-	349,250	349,250	-	611,182	611,182	-	960,432	960,432
04/15/17	3,205,000	349,250	3,554,250	-	611,182	611,182	3,205,000	960,432	4,165,432
10/15/17	-	269,125	269,125	-	611,182	611,182	-	880,307	880,307
04/15/18	3,370,000	269,125	3,639,125	-	611,182	611,182	3,370,000	880,307	4,250,307
10/15/18	-	184,875	184,875	-	611,182	611,182	-	796,057	796,057
04/15/19	3,540,000	184,875	3,724,875	-	611,182	611,182	3,540,000	796,057	4,336,057
10/15/19	-	96,375	96,375	-	611,182	611,182	-	707,557	707,557
04/15/20	-	96,375	96,375	3,760,000	611,182	4,371,182	3,760,000	707,557	4,467,557
10/15/20	-	96,375	96,375	-	511,128	511,128	-	607,503	607,503
04/15/21	3,855,000	96,375	3,951,375	-	511,128	511,128	3,855,000	607,503	4,462,503
10/15/21	-	-	-	-	511,128	511,128	-	511,128	511,128
04/15/22	-	-	-	4,045,000	511,128	4,556,128	4,045,000	511,128	4,556,128
10/15/22	-	-	-	-	390,749	390,749	-	390,749	390,749
04/15/23	-	-	-	4,205,000	390,749	4,595,749	4,205,000	390,749	4,595,749
10/15/23	-	-	-	-	265,608	265,608	-	265,608	265,608
04/15/24	-	-	-	4,375,000	265,608	4,640,608	4,375,000	265,608	4,640,608
10/15/24	-	-	-	-	135,408	135,408	-	135,408	135,408
04/15/25	-	-	-	4,550,000	135,408	4,685,408	4,550,000	135,408	4,685,408
Total	**$ 30,765,000**	**$ 8,591,139**	**$ 39,356,139**	**$ 20,935,000**	**$ 15,712,460**	**$ 36,647,460**	**$ 51,700,000**	**$ 24,303,599**	**$ 76,003,599**

PART 4 – BOOK-ENTRY ONLY SYSTEM

Beneficial ownership interests in the Series 2010 Bonds will be available in book-entry only form. Purchasers of beneficial ownership interests in the Agency's bonds and notes will not receive certificates representing their interests in the securities purchased. Purchasers may hold beneficial interests in the Series 2010 Bonds in the United States through DTC.

Book-Entry Only System

The following information concerning DTC and DTC's book-entry system has been obtained from sources that the Agency and the Underwriters believe to be reliable, but neither the Agency nor the Underwriters take responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2010 Bonds. References to the Series 2010 Bonds under this caption "Book-Entry Only System" shall mean all Series 2010 Bonds, the beneficial interests in which are owned in the United States. The Series 2010 Bonds 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 Series 2010 Bond certificate will be issued for each maturity of each Sub-Series of the Series 2010 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, and 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 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2010 Bond ("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 2010 Bonds 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 the Series 2010 Bonds, except in the event that use of the book-entry system for the Series 2010 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2010 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2010 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2010 Bonds; DTC's records reflect only the identity of the Direct

Participants to whose accounts such Series 2010 Bonds 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 2010 Bonds within a Sub-Series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2010 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2010 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2010 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The Agency and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2010 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2010 Bonds, giving any notice permitted or required to be given to registered owners under the Master Resolution, registering the transfer of the Series 2010 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Agency and the Trustee shall not have any responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2010 Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of the Agency (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2010 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Agency; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

DTC may discontinue providing its service as depository with respect to the Series 2010 Bonds at any time by giving reasonable notice to the Agency and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2010 Bond certificates are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2010 Bond certificates will be printed and delivered to DTC.

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

Each person for whom a Participant acquires an interest in the Series 2010 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER THE AGENCY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2010 BONDS.

So long as Cede & Co. is the registered owner of the Series 2010 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2010 Bonds (other than under the caption "PART 10 — TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2010 Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they will be sent by the Trustee to DTC only.

For every transfer and exchange of Series 2010 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

NEITHER THE AGENCY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT, (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2010 BONDS UNDER THE RESOLUTIONS; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2010 BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2010 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2010 BONDS; OR (VI) ANY OTHER MATTER.

THE AGENCY AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC (WITH RESPECT TO THE SERIES 2010 BONDS) WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2010 BONDS: (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE SERIES 2010 BONDS, (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SERIES 2010 BONDS, OR (3) NOTICES SENT TO DTC OR CEDE & CO, ITS NOMINEE AS THE REGISTERED OWNER OF THE SERIES 2010 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS. THE AGENCY AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS, WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE AGENCY AND THE UNDERWRITERS WILL HAVE NO RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC, OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE SERIES 2010 BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE

RESOLUTIONS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE SERIES 2010 BONDS.

THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT CONCERNING DTC AND ITS BOOK ENTRY SYSTEMS HAS BEEN OBTAINED FROM DTC AND NEITHER THE AGENCY NOR THE UNDERWRITERS MAKE ANY REPRESENTATIONS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

PART 5 – THE MUNICIPALITIES

The principal amounts of the Local ARRA Bonds issued by each Municipality and the financial advisor and bond counsel to each Municipality are listed in Appendix B hereto. Also contained in Appendix B are principal payment schedules and debt service schedules for Local ARRA Bonds, the payments on which will be the source of payments on specific Series and Sub-Series of the Series 2010 Bonds.

Summaries of the constitutional and statutory provisions relating to debt structure and tax and revenue collections which are generally applicable to all municipalities (or designated types of municipalities) in the State are included in this PART 5. Certain financial and economic information for each Municipality is included in Appendix C. Appendix C includes information for accessing through the EMMA System maintained by the Municipal Securities Rulemaking Board the financial statements for each Municipality for the most recent fiscal year for which such financial statements are available. Such financial statements are incorporated herein by reference.

Constitutional Requirements

The New York State Constitution limits the power of municipalities of the State, including the Municipalities, to issue obligations and to contract indebtedness. These constitutional limits have been reflected in State statutes, primarily the Local Finance Law. Such constitutional and statutory limitations, including those described in summary form below, are generally applicable to each Municipality and the Local ARRA Bonds:

Limitation on Purposes of Indebtedness and Pledge of Faith and Credit. The Municipalities may contract indebtedness only for a municipal purpose and each Municipality has pledged its faith and credit for the payment of principal of and interest on its indebtedness. For the payment of principal and interest, the Municipalities have the power and statutory authorization to levy ad valorem taxes on all taxable real property within the respective Municipalities without limitation as to rate or amount.

Subject to certain exceptions, each Municipality may not give or loan any money or property to or in aid of any individual, any private corporation or any private undertaking and may not give or loan its credit to or in aid of any of the foregoing or any public corporation.

Payment and Maturity Limitations. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which it is contracted. No installment may be more than fifty percent in excess of the smallest prior installment, unless the governing body of the Municipality authorizes the issuance of bonds with substantially level or declining annual debt service. The Municipalities are required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Debt Limit. Each Municipality has the power to contract indebtedness for any of its municipal purposes so long as the principal amount thereof, together with any existing debt, shall not exceed 7.0% of the average full valuation of taxable real estate of the Municipality, subject, however, to certain enumerated exceptions, exclusions

and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional (and statutory) method for determining full valuation is by taking assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State officials designated by statute, currently the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such equalization rate shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last five completed assessment rolls and dividing such sum by five.

Statutory Procedure

In general, the State Legislature has authorized the power and procedures for the Municipalities to borrow and incur indebtedness by the enactment of the Local Finance Law subject to the Constitutional provisions described above. The power to spend money, however, generally derives from other law, including the General Municipal Law and for each Municipality that is (i) a county, the County Law, (ii) a city, the General City Law and (iii) a town, the Town Law.

Pursuant to the Local Finance Law, each Municipality authorizes the issuance of bonds by the adoption of a bond resolution or ordinance approved by at least two-thirds of the members of the Finance Board of the Municipality (except resolutions subject to mandatory referendum or a referendum upon petition process, in which case a resolution may be approved by three-fifths of the members of the Finance Board). The Finance Board of each Municipality may delegate to the Municipality's chief fiscal officer the power to authorize and sell bonds and bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that where a bond resolution or ordinance is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the issuance thereof, may be contested only if:

(1) Such obligations are authorized for a purpose for which the Municipalities are not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity is commenced within twenty days after the date of such publication; or

(3) Such obligations are authorized in violation of the provisions of the State Constitution.

The Municipalities have each complied with this procedure with respect to each of the bond resolutions or ordinances authorizing the issuance of the Local ARRA Bonds.

A bond resolution or ordinance for a capital project typically authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (constitutional, statutory and case law) restrictions relating to the period of probable usefulness with respect thereto.

The Local Finance Law also contains provisions providing the Municipalities with power to issue certain other short-term general obligation indebtedness, including revenue and tax anticipation notes and budget notes (See Appendix C – CERTAIN FINANCIAL AND ECONOMIC INFORMATION ON THE MUNICIPALITIES – Outstanding Indebtedness).

Special Provisions Affecting Remedies on Default

State Aid. The Act provides for the State Comptroller to withhold from a municipality and pay to the Agency "State Aid" otherwise payable to the municipality if and to the extent that the Agency has certified to the State Comptroller that the municipality has failed to make debt service payments to the Agency when due. State Aid, as defined in the Act, means all payments and contributions made by the State to and in aid of a municipality as may be provided by law, other than payments of State contributions for old age assistance, family assistance, aid to the blind, aid to the disabled, safety net assistance and local social services administration costs.

Whether State Aid can be withheld in sufficient amounts and paid to the Agency in sufficient time for the Agency to make payments of debt service on affected Series 2010 Bonds when due will depend on several factors, including (i) the length of the period between the debt service payment dates on Local ARRA Bonds and the debt service payment dates on the corresponding Series of Series 2010 Bonds and (ii) the amount and timing of State Aid payable to the Municipality in default on its Local ARRA Bonds.

The period between the payment dates for Local ARRA Bonds and all Series of Series 2010 Bonds is five days. Therefore, the Agency does **not** expect that State Aid, if any, withheld by the State Comptroller and paid to the Agency as a result of a debt service payment default under Local ARRA Bonds purchased with proceeds of any Series of Series 2010 Bonds would be available to the Agency to make when due the corresponding debt service payments on the affected Series.

Information regarding the amounts of State Aid paid to each of the Municipalities is set forth in Appendices C-1 through C-5, respectively.

The determination of the amount of State Aid, if any, payable to the State's municipalities (including the Municipalities), and the apportionment of such State Aid among municipalities are legislative acts and the State Legislature may amend or repeal the statutes relating to State Aid and the formulas which determine the amount of State Aid payable to the State's municipalities. Such amendments could result in the increase, decrease or elimination of amounts from State Aid payable to the Municipalities and available to be withheld by the State Comptroller and paid to the Agency for payment of debt service on the Series 2010 Bonds in the event, and to the extent, of a payment default by a Municipality on its Local ARRA Bonds. In addition, State Aid payments have been delayed in the past, and may be delayed in the future, by acts of the Governor or other executive branch action. The financial condition of the State may affect the amount of State Aid appropriated by the State Legislature and apportioned to Municipalities in the State and may affect the timing of State Aid payments.

In the event that any Municipality fails to make payments on Local ARRA Bonds when due, there is no assurance that the amount of State Aid payable to such Municipality subject to being withheld and paid to the Agency will be sufficient to pay all overdue amounts on the Local ARRA Bonds. There is no debt service reserve fund that secures the Series 2010 Bonds.

No Municipality will be responsible for the payment obligations of any other Municipality nor will the State Aid payable to a Municipality be available to satisfy the obligations of any other Municipality. However, if more than one Series or Sub-Series of Bonds is issued to purchase Local ARRA Bonds issued by a Municipality, the State Aid payable to such Municipality will be available to secure all such Series or Sub-Series of Bonds on a parity basis. See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 BONDS – Issuance of Additional Bonds."

Each Municipality has agreed that it will not create or suffer to be created any pledge or assignment of the State Aid to be apportioned or otherwise payable by the State other than pledges or assignments to secure subsequent Series of Bonds or to secure bonds issued by any agency or instrumentality of the United States of America or the State or any authority, agency or political subdivision thereof, or as otherwise consented to in writing by the Agency.

Other. Section 2 of Article VIII of the State Constitution requires that there be made annually by appropriation by every county, city, town, village or school district for the payment of principal of and interest on all

indebtedness (including the Local ARRA Bonds) and, if at any time the respective appropriating authorities fail to make such appropriations, the Constitution further requires that a sufficient sum be set apart from the first revenues thereafter received and applied to such purposes. The fiscal officer of any county, city, or town, village or school district also may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for such indebtedness.

Under current law, provision is made for contract creditors (including the Agency as the holder of the Local ARRA Bonds delivered pursuant to the Agreement) of a municipality to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to 9.0% per year from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy.

The State has consented that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debts including judicial control over identifiable and unidentifiable creditors.

In recent years, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in municipalities of the State require the exercise by the State of its emergency and police powers to assure the continuation of essential public services.

Financial Factors

Finances of each Municipality are accounted primarily through the general fund of the Municipality. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. The Municipalities derive the bulk of their annual revenues from a tax on real property, sales and use taxes, other taxes and State Aid. See Appendix C for certain financial and economic information for each Municipality.

Real Property Tax Collections. Depending on the municipality, real property taxes are typically due on a fixed date in each year or are payable in installments over the course of a year. Penalties on unpaid taxes vary by Municipality, and generally begin to be imposed a month to six weeks after the taxes are due. Because there is no uniform procedure for tax collection throughout the State, the procedure for tax collection in some Municipalities may vary from the general procedure described above. See Appendix C for a discussion of procedures for collection of real property taxes levied by each Municipality.

Other Tax Revenues. Certain of the Municipalities receive other tax revenues from the collection of local sales and use taxes and mortgage recording taxes.

State Aid. The Municipalities vary widely in the amount of financial assistance they receive from the State as a percentage of their overall revenues. The timing and amount State Aid each Municipality receives is subject to, among other things, the financial well-being of the State and the State's budgetary process.

The State is not constitutionally obligated to maintain or continue State Aid to the Municipalities. No assurance can be given that present State Aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State Aid could have a material adverse effect upon the Municipalities requiring either a counterbalancing increase in revenue from other sources to the extent available, or a curtailment of expenditures.

As of the date of this Official Statement, the State has not yet adopted a budget for the 2010-2011 fiscal year, which was due April 1, 2010. New York State Governor David Paterson and key members of the New York State legislature are currently in the midst of significant budget negotiations aimed at overcoming a projected State budget deficit for the upcoming fiscal year of approximately $9 billion. The final outcomes of any budget agreement cannot be predicted with any certainty at this point. State Aid cuts to municipalities have been proposed and are likely to be adopted in some form. The exact impact of any such cuts on the Municipalities cannot be predicted.

Pension Payments. Substantially all employees of the Municipalities are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; together with ERS, the "Retirement Systems" or the "Common Retirement Fund"). The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after 10 years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976, with less than 10 years service, must contribute 3% of their gross annual salary toward the cost of retirement programs.

In September 2009, the State Comptroller announced that the employer contribution rates for the ERS will rise from 7.4% in 2010 to 11.9% in 2011, and that the similar rates for the PFRS will increase from 15.1% in 2010 to 18.2% in 2011. The increases result from 26.3% negative return on the State Common Retirement Fund in the fiscal year ended March 31, 2009. The employer contribution rates to the ERS for the years 2005 through 2009 were, in order, 12.9%, 11.3%, 10.7%, 9.6% and 8.5%. The employer contribution rates for the PFRS for the years 2005 through 2007 were, in order, 17.6%, 16.3% and 17%.

See Appendix C for a table of payments made by each Municipality to ERS and/or PFRS, as applicable, for the 2006 through 2009 fiscal years and the budgeted amount of such payments to be made to ERS and/or PFRS, as applicable, in the 2010 fiscal year.

While each Municipality is aware of the potential negative impact to its budget from the employer contribution rate increases and will take the appropriate steps to budget accordingly, there can be no assurance that the financial position of one or more Municipalities will not be negatively impacted.

The investment of monies of the Retirement Systems covering the Municipalities' employees, and the establishment of assumptions to guide such investments, is not subject to the direction of the Municipalities. Thus, it is not possible for the Municipalities to predict, control or fully prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between the total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the Municipalities which could affect other budgetary matters. Concerned investors should contact the Retirement Systems' administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

GASB 45 and OPEB. The Municipalities each provide differing levels of post-retirement benefits, primarily healthcare related, to various categories of former employees age 65 or older. These costs, referred to as "other (i.e., non-pension) post-employment benefits" or "OPEB," may be expected to rise substantially in the future. An accounting rule, known as "GASB Statement No. 45" or "GASB 45", promulgated by the Governmental Accounting Standards Board ("GASB") requires governmental entities, such as the Municipalities, to account for

OPEB liabilities in a similar manner to how municipalities account for vested pension benefits. GASB 45 implementation, which was phased in over three years, is now required for all municipalities.

OPEB consist primarily of health care benefits, but may include other benefits such as disability benefits and life insurance. Until now, these benefits generally have been administered on a pay-as-you-go basis and have not been reported as a liability on the financial statements of municipalities. GASB 45 requires municipalities to account for OPEB liabilities much like they already account for pension liabilities by generally adopting and applying to OPEB liabilities the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities have not set aside any funds against this liability.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each municipality. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes to OPEB an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality account for its unfunded accrued liability and compliance in meeting its ARC.

Actuarial Valuation will be required every 2 years for OPEB plans with more than 200 members and every 3 years if there are less than 200 members.

See Appendix C for a discussion of the impact of GASB 45 on each of the Municipalities and the steps being undertaken by each of the Municipalities toward implementation of GASB 45.

Litigation

Except as described in Appendix C hereto, each Municipality represents that there are no suits pending or, to the knowledge of such Municipality, threatened against such Municipality wherein an unfavorable result would have a material adverse effect on the financial condition of such Municipality and any litigation pending is generally of a routine nature which does not affect the right of such Municipality to conduct its business or affect the validity of its obligations.

PART 6 – ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows:

	Series 2010A Bonds	Series 2010B Bonds
Estimated Sources of Funds		
Principal Amount	$64,640,000.00	$51,700,000.00
Net Original Issue Premium	2,524,298.05	2,628,543.95
Total Estimated Sources	$67,164,298.05	$54,328,543.95
Estimated Uses of Funds		
Purchase of Local ARRA Bonds	66,351,962.77	53,714,896.80
Bond Insurance Premium	106,925.67	138,493.39
Costs of Issuance	152,887.23	116,282.77
Underwriter's Discount	552,522.38	358,870.99
Total Estimated Uses	$67,164,298.05	$54,328,543.95

PART 7 – THE PLAN OF FINANCE

A portion of the proceeds of each Series of the Series 2010 Bonds will be used to provide for the purchase by the Agency from the Applicable Municipalities of the Local ARRA Bonds securing such Series. Each of the Applicable Municipalities will use the proceeds received from the purchase of the Local ARRA Bonds by the Agency in accordance with its respective bond ordinance or bond resolution which authorized the issuance of the Local ARRA Bonds. Information regarding the indebtedness of each Municipality is included in Appendix C.

PART 8 – THE AGENCY

The Agency was created in 1972 by the Act and is a corporate governmental agency, constituting a public benefit corporation. The legislation creating the Agency determined the purpose thereof to be, in part, to foster and promote by all reasonable means the provision of adequate capital markets and facilities for borrowing money by its several municipalities for the financing of their public improvements or purposes from proceeds of bonds or notes issued by those municipalities, and to assist those municipalities in fulfilling their needs for improvements by use of creation of indebtedness and to the extent possible to reduce costs of indebtedness to taxpayers and residents of the State and to encourage continued investor interest in the purchase of bonds or notes of municipalities as sound and preferred securities for investment.

The Act further states that it is the policy of the State to provide a means by which certain special program municipalities may receive monies (a) to refund certain property taxes determined to be in excess of State constitutional tax limits or to reimburse such special program municipalities for the prior refunding of such taxes, (b) for the purpose of paying the cost of settling litigation involving the city school districts of such special program municipalities and the teachers' unions thereof and (c) to provide a means by which municipalities in the State can take advantage of the opportunities for borrowing to provide for public improvements afforded by the American Recovery and Reinvestment Act of 2009, thereby resulting in efficiencies and interest rate savings to the municipality.

The membership of the Agency consists of the Comptroller (or a director appointed by the Comptroller), the Secretary of State, the Director of the Budget and the Chairman of the New York State Housing Finance Agency, and three additional directors appointed by the Governor, with the advice and consent of the Senate, at least one of whom must be an elected official of a municipality. The directors appointed by the governor shall serve for the full or unexpired terms of four years each or until their successors have been appointed and qualified. The Agency's present directors and its officers are:

Judd S. Levy—Chairman

Kenneth M. Bialo—Vice Chairman

Robert L. Megna—Director of the Budget of the State of New York

Lorraine Cortes-Vasquez—Secretary of the State of New York

Naomi Bayer—Director

William Myers—Director

Andrew A. SanFilippo—Director

Brian E. Lawlor—President and Chief Executive Officer

Marian A. Zucker—Executive Vice President

George Graham—Senior Vice President

Charles Rosenwald—Senior Vice President, Chief Financial Officer and Chief Operating Officer

Joy F. Willig—Senior Vice President and Counsel

Joanne Hounsell—Senior Vice President

Arlo Chase—Senior Vice President

The Agency's officers and staff also serve in the same capacities for the New York State Housing Finance Agency, the New York State Affordable Housing Corporation, the State of New York Mortgage Agency and the Tobacco Settlement Financing Corporation.

The Agency and its corporate existence shall continue until terminated by law, provided, however, that no such law shall take effect so long as the Agency has bonds, notes or other obligations outstanding. The powers of the Agency, as provided in the Act, are vested in and exercised by no less than a majority of the directors thereof then in office. The Agency may delegate to one or more of its directors, or its officers, agents and employees, such powers and duties as it may deem proper.

The Series 2010 Bonds are the second series of Bonds issued under the Master Resolution. Each Series of Bonds is separately secured. The Agency may issue additional Series of separately secured Bonds in the future.

Other Programs

Debt issued to finance the other Agency programs described under this heading are secured separately from the Bonds.

Special Program Revenue Bonds (City of Buffalo), 2001 Series A have been issued by the Agency for the purpose of providing funds to finance a portion of the cost of settling litigation involving the City of Buffalo Teachers Federation ("Buffalo") in the principal amount of $27,415,000, of which $23,730,000 was outstanding as of March 31, 2010. Annual payments, in an amount sufficient to pay debt service and administrative costs of the Agency, are made by Buffalo pursuant to a special purpose agreement between Buffalo and the Agency. If Buffalo fails to make an annual payment, the Agency has a claim on the next payment of State Aid as is payable to the City School District of the City of Buffalo pursuant to section 2435 and section 2436 of the State of New York Municipal Bond Bank Agency Act. Such bonds are also secured by a policy of municipal bond insurance.

Special School Deficit Program (Enlarged City School District of the City of Troy) Revenue Bonds, 2003 Series A, have been issued by the Agency for the purpose of providing funds to finance liquidation of the projected accumulated deficit in the general fund of the Enlarged City School District of the City of Troy ("Troy"), in the principal amount of $15,260,000, of which $4,975,000 was still outstanding as of March 31, 2010. Annual payments, in an amount sufficient to pay debt service and administrative costs of the Agency, are made by Troy pursuant to a special purpose agreement between Troy and the Agency. If Troy fails to make an annual payment, the Agency has a claim on the next payment of State Aid due to Troy pursuant to section 2435 and section 2436 of the State of New York Municipal Bond Bank Agency Act. Such bonds are also secured by a policy of municipal bond insurance.

Special Program Revenue Bonds (City of Rochester-Refunding), 1998 Series A, have been issued by the Agency for the purpose of providing funds to refund the bonds issued for the purpose of providing funds to reimburse the City of Rochester ("Rochester") for the repayment of property taxes required to be returned to taxpayers by Rochester as a result of certain litigation, in the principal amount of $32,195,000, of which $1,465,000 was outstanding as of March 31, 2010. Annual payments, in an amount sufficient to pay debt service and administrative costs of the Agency, are made by Rochester pursuant to a special program agreement between Rochester and the Agency. If Rochester fails to make an annual payment, the Agency has a claim on the next payment of State Aid due to Rochester or on behalf of Rochester pursuant to section 2432(5) and section 2436(4) of the State of New York Municipal Bond Bank Agency Act. Such bonds are also secured by a policy of municipal bond insurance.

Special School Purpose Revenue Bonds (Prior Year Claims), 2003 Series A and 2003 Series B, have been issued by the Agency for the purpose of providing funds to make payments to special school purpose municipalities

in satisfaction of prior year claims for school aid owed to the following Special School Purpose Municipalities: Ballston Spa Central School District, Niagara Falls City School District, City of Rochester, Enlarged City School District of the City of Troy and the Utica City School District, in the principal amounts of $5,160,000 and $16,535,000 respectively, of which $1,935,000 and $6,490,000 was outstanding as of March 31, 2010. Annual payments, in an amount sufficient to pay debt service and administrative costs of the Agency, are made pursuant to a special program agreement between the municipalities and the Agency. If the municipalities fail to make an annual payment, the Agency has a claim on the next payment of State Aid due to the municipality or on behalf of the municipality pursuant to section 2435 of the State of New York Municipal Bond Bank Agency Act. Such bonds are also secured by a policy of municipal bond insurance.

Special School Purpose Revenue Bonds (Prior Year Claims), 2003 Series C and 2003 Series D, have been issued by the Agency for the purpose of providing funds to make payments to special school purpose municipalities in satisfaction of prior year claims for school aid owed to The City of New York ("New York"), the City of Buffalo ("Buffalo") and Delhi Central School District ("Delhi"), in the principal amounts of $478,365,000 and $11,310,000 respectively, of which $406,145,000 and $4,905,000 was outstanding as of March 31, 2010. Annual payments, in an amount sufficient to pay debt service and administrative costs of the Agency, are made by New York, Buffalo and Delhi, in an amount sufficient to pay debt service and administrative costs of the Agency, pursuant to a special program agreement between New York, Buffalo, Delhi and the Agency. If the municipalities fail to make an annual payment, the Agency has a claim on the next payment of State Aid due to the municipality or on behalf of the municipality pursuant to section 2435 of the State of New York Municipal Bond Bank Agency Act. Such bonds are also secured by a policy of municipal bond insurance.

The bonds and notes issued and to be issued for the foregoing purposes are not and will not be secured by payments made by the Applicable Municipalities or by any funds or accounts established under the Master Resolution for the purpose of securing the Series 2010 Bonds.

In September 2003, the Agency created the MBBA 2003-A Tax Lien Finance Trust (the "Trust") and issued $15.1 million of bonds as part of a tax lien securitization program established by the Agency. Under the program, the Trust purchased delinquent real property tax liens (the "Liens") from four municipalities in New York State. The portfolio of Liens did not perform as anticipated and in June of 2007 the Agency purchased the outstanding principal balance of $8.6 million of such bonds by paying the bondholders approximately $5.3 million. The bondholders released the Agency, the Trust and the other parties to the transaction from any claims arising from owning the bonds, and in 2008 the Agency dissolved the Trust.

PART 9 – NEGOTIABLE INSTRUMENTS

The Series 2010 Bonds shall be negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Master Resolution and in the Series 2010 Bonds.

PART 10 – TAX MATTERS

General

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Federally Tax-Exempt Series 2010 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is of the further opinion that interest on the Federally Tax-Exempt Series 2010 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. Bond Counsel expresses no opinion regarding whether such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is of the opinion that interest on the Federally Taxable Series 2010 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that interest on the Federally Tax-Exempt Series 2010 Bonds and the Federally Taxable Series 2010 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Federally Tax-Exempt Series 2010 Bonds or

the Federally Taxable Series 2010 Bonds. The proposed form of Bond Counsel's opinion is included in this Official Statement as Appendix F.

Federally Tax-Exempt Series 2010 Bonds

To the extent the issue price of any maturity of the Federally Tax-Exempt Series 2010 Bonds is less than the amount to be paid at maturity of such Federally Tax-Exempt Series 2010 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Federally Tax-Exempt Series 2010 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Federally Tax-Exempt Series 2010 Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Federally Tax-Exempt Series 2010 Bonds is the first price at which a substantial amount of such maturity of the Federally Tax-Exempt Series 2010 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Federally Tax-Exempt Series 2010 Bonds accrues daily over the term to maturity of such Federally Tax-Exempt Series 2010 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Federally Tax-Exempt Series 2010 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Federally Tax-Exempt Series 2010 Bonds. Beneficial Owners of the Federally Tax-Exempt Series 2010 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Federally Tax-Exempt Series 2010 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Federally Tax-Exempt Series 2010 Bonds in the original offering to the public at the first price at which a substantial amount of such Federally Tax-Exempt Series 2010 Bonds is sold to the public.

Federally Tax-Exempt Series 2010 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Federally Tax-Exempt Series 2010 Bonds. The Agency and the Municipalities have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Federally Tax-Exempt Series 2010 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Federally Tax-Exempt Series 2010 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Federally Tax-Exempt Series 2010 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Federally Tax-Exempt Series 2010 Bonds may adversely affect the value of, or the tax status of interest on, the Federally Tax-Exempt Series 2010 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Federally Tax-Exempt Series 2010 Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York), the ownership or disposition of, or the accrual or receipt of interest on, the Federally Tax-Exempt Series 2010 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Federally Tax-Exempt Series 2010 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Federally Tax-Exempt Series 2010 Bonds. Prospective purchasers of the Federally Tax-Exempt Series 2010 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax 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 authorities, and represents Bond Counsel's judgment as to the proper treatment of the Federally Tax-Exempt Series 2010 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Agency or the Municipalities, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Agency and the Municipalities have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Federally Tax-Exempt Series 2010 Bonds ends with the issuance of the Federally Tax-Exempt Series 2010 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Agency or the Beneficial Owners regarding the tax-exempt status of the Federally Tax-Exempt Series 2010 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Agency and their 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 Agency legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Federally Tax-Exempt Series 2010 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 Federally Tax-Exempt Series 2010 Bonds, and may cause the Agency, the Municipalities or the Beneficial Owners to incur significant expense.

Federally Taxable Series 2010 Bonds

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Federally Taxable Series 2010 Bonds that acquire their Federally Taxable Series 2010 Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to categories of investors some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Federally Taxable Series 2010 Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a holder. In addition, this summary generally is limited to investors that acquire their Federally Taxable Series 2010 Bonds pursuant to this offering for the issue price that is applicable to such Federally Taxable Series 2010 Bonds (i.e., the price at which a substantial amount of the Federally Taxable Series 2010 Bonds are sold to the public) and who will hold their Federally Taxable Series 2010 Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Federally Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the

administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Federally Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Federally Taxable Series 2010 Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Federally Taxable Series 2010 Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Federally Taxable Series 2010 Bonds (including their status as U.S. Holders or Non-U.S. Holders).

For U.S. Holders

In the event that the stated redemption price at maturity of the Federally Taxable Series 2010 Bonds exceeds the issue price of the Federally Taxable Series 2010 Bonds by more than a de minimis amount (as determined for tax purposes), such excess will constitute original issue discount ("OID") for U.S. federal income tax purposes. The stated redemption price at maturity of a Federally Taxable Bond is the sum of all scheduled amounts payable on the Federally Taxable Bond (other than qualified stated interest). U.S. Holders of Federally Taxable Series 2010 Bonds will be required to include any OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Prospective investors that are not individuals or regular C corporations who are U.S. persons purchasing the Federally Taxable Series 2010 Bonds for investment should consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of the Federally Taxable Series 2010 Bonds.

Disposition of the Federally Taxable Series 2010 Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, defeasance, retirement (including pursuant to an offer by the Agency) or other disposition of a Federally Taxable Bond, will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Federally Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Federally Taxable Bond which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted tax basis in the Federally Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Federally Taxable Bond, increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Federally Taxable Bond, if any, decreased by any payments previously made on such Federally Taxable Bond (other than payments of qualified stated interest), and decreased by any amortized premium, if any. Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder of the Federally Taxable Series 2010 Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Federally Taxable Series 2010 Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Circular 230

Under 31 C.F.R. part 10, the regulations governing practice before the IRS (Circular 230), the Agency and its tax advisors are (or may be) required to inform prospective investors that:

i. any advice contained herein is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer;

ii. any such advice is written to support the promotion or marketing of the Federally Taxable Series 2010 Bonds and the transactions described herein; and

iii. each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

PART 11 – STATE NOT LIABLE ON THE SERIES 2010 BONDS

The Act provides that notes and bonds of the Agency shall not be a debt of the State nor shall the State be liable thereon, nor shall such notes or bonds be payable out of any funds other than those of the Agency pledged therefor. The Master Resolution specifically provides that the Series 2010 Bonds shall not be a debt of the State nor shall the State be liable thereon.

PART 12 – COVENANT BY THE STATE

The Act states that the State pledges and agrees with the holders of the Agency's notes and bonds that the State will not limit or alter the rights vested in the Agency to fulfill the terms of any agreements made with the holders thereof, or in any way impair the rights and remedies of such holders until such bonds and notes together with the interest thereon, with interest 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 met and discharged. Notwithstanding the State's pledges and agreements contained in the Act, nothing in the Act shall be deemed to restrict any right of the State to amend, modify, repeal or otherwise alter (a) any provision of law relating to State Aid, or (b) statutes imposing or relating to taxes or fees, or (c) appropriations relating thereto.

PART 13 – LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2010 Bonds by the Agency are subject to the approval of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the Agency, whose approving opinion will be delivered with the Series 2010 Bonds. The proposed form of Bond Counsel's opinion is set forth in Appendix F.

Certain legal matters will be passed upon for the Underwriters by their co-counsel, Hiscock & Barclay, LLP, Albany, New York and Bryant Burgher Jaffe & Roberts LLP, New York, New York and for each Municipality by its bond counsel as listed in Appendix B hereto.

Bond Counsel also serves as bond counsel to the Municipalities listed in Appendix B – MUNICIPALITIES AND LOCAL ARRA BONDS PURCHASED WITH PROCEEDS OF THE SERIES 2010 BONDS.

There is no pending litigation restraining or enjoining the issuance or delivery of the Series 2010 Bonds or questioning or affecting the validity of the Series 2010 Bonds or the proceedings and authority under which they are to be issued. There is no litigation pending which in any manner questions the right of the Agency to purchase the Local ARRA Bonds in accordance with the provisions of the Act, the Master Resolution, the Series 2010 Resolution and the Agreements.

PART 14 – UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the Series 2010 Bonds from the Agency at an aggregate purchase price of $120,581,448.62, including net original issue premium of $5,152,842.00 and less underwriters' discount of $911,393.37, and to make a public offering of the Series 2010 Bonds at prices that are not in excess of the public offering prices stated on the inside cover pages of this Official Statement.

The Series 2010 Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have designated Jefferies & Company, Inc. as their Representative.

Loop Capital Markets, LLC, one of the underwriters of the Series 2010 Bonds, has entered into an agreement (the "Distribution Agreement") with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings, including the Series 2010 Bonds, at the original issue prices. Pursuant to the

Distribution Agreement, Loop Capital Markets LLC will share a portion of its underwriting compensation with respect to the Series 2010 Bonds with UBS Financial Services Inc.

PART 15 – CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), each Municipality has agreed to file annually with the Electronic Municipal Market Access system (the "EMMA System") maintained by the Municipal Securities Rulemaking Board (the "MSRB") certain operating data and financial information of the type which is included in Appendix C to this Official Statement (the "Annual Information"), together with such Municipality's annual financial statements prepared in accordance with generally accepted accounting principles and audited by an independent firm of certified public accountants in accordance with generally accepted accounting standards. Such filings are to be made on or before 180 days after the end of each fiscal year of such Municipality, commencing with the fiscal year ending on or after December 31, 2009. Such agreement by each of the Municipalities is set forth in a "Continuing Disclosure Agreement" among the Municipality, the Agency and the Trustee and runs for the benefit of the Bondholders of the applicable Series of the Series 2010 Bonds. The MSRB is currently the sole repository for the central filing of electronic disclosure pursuant to Rule 15c2-12.

The Annual Information for each Municipality will consist of the following: (a) operating data and financial information of the type included in Appendix C to this Official Statement (only to the extent that this information is not included in the audited financial statements of such Municipality), together with (b) a narrative explanation, if necessary to avoid misunderstanding, regarding the presentation of financial and operating data concerning such Municipality and in judging the financial and operating condition of such Municipality.

In addition, the Agency has undertaken, for the benefit of the Series 2010 Bondholders, to provide, in electronic form, to the MSRB, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below (the "Notices").

The Notices include notice of any of the following events with respect to the Series 2010 Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Sub-Series 2010A1 Bonds and Sub-Series 2010B1 Bonds; (7) modifications to rights of the Holders of the Series 2010 Bonds; (8) bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2010 Bonds and (11) rating changes. Each Municipality has undertaken to provide to the Agency, in a timely manner, notices similar to the ones described above with respect to its Local ARRA Bonds.

The sole and exclusive remedy for breach or default under a Continuing Disclosure Agreement is an action to compel specific performance of the undertakings of the defaulting Municipality and/or the Agency, and no person, including any Holder and any Beneficial Owner of the Series 2010 Bonds, may recover monetary damages thereunder under any circumstances. The Agency or such defaulting the Municipality may be compelled to comply with their respective obligations under a Continuing Disclosure Agreement (i) in the case of enforcement of their obligations to provide information required thereunder, by any Holder and any Beneficial Owner of Outstanding Series 2010 Bonds or by the Trustee on behalf of the Holders of Outstanding Series 2010 Bonds or (ii) in the case of challenges to the adequacy of the information provided, by the Trustee on behalf of the Holders of Outstanding Series 2010 Bonds. However, the Trustee is not required to take any enforcement action unless so directed by the Holders of not less than 25% in aggregate principal amount of Outstanding Series 2010 Bonds. A breach or default under a Continuing Disclosure Agreement will not constitute an Event of Default under the Master Resolution. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under a Continuing Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, will no longer be required to be provided.

The foregoing undertakings are intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer

can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. Any Continuing Disclosure Agreement, however, may under certain circumstances be amended or modified without the consent of Holders of the Series 2010 Bonds. Copies of all of the Continuing Disclosure Agreements when executed by the parties thereto upon the delivery of the Series 2010 Bonds will be on file at the principal office of the Agency.

Each of the Municipalities has represented that in the previous five years it has complied, in all material respects, with any previous undertakings pursuant to Rule 15c2-12.

PART 16 – RATINGS

With the exception of the Insured Bonds, Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("Standard & Poor's") has assigned a rating of "A+" to the Series 2010A Bonds and "A" to the Series 2010B Bonds. Standard & Poor's is expected to assign a rating of "AAA (negative outlook)" to the Insured Bonds based on the Policy to be issued by the Insurer. Such ratings reflect only the views of such organization and any desired explanation of the significance of such ratings should be obtained from Standard & Poor's at the following address: Standard & Poor's, 55 Water Street, New York, New York 10041. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by Standard & Poor's if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2010 Bonds.

PART 17 – SOURCES OF INFORMATION AND CERTIFICATIONS

Certain information concerning each Municipality and DTC included in this Official Statement has been furnished or reviewed and authorized for use by the Agency by such sources as described below. While the Agency believes that these sources are reliable, the Agency has not independently verified this information and does not guarantee the accuracy or completeness of the information furnished by the respective sources. The Agency is relying on certificates from each source, to be delivered at or prior to the time of delivery of the Series 2010 Bonds, as to the accuracy of such information provided or authorized by it.

Municipalities. The information in "PART 1 – Introduction – The Municipalities", "PART 5 – THE MUNICIPALITIES", on the first page of Appendix B and "Appendix C – CERTAIN FINANCIAL AND ECONOMIC INFORMATION ON THE MUNICIPALITIES" was supplied by each of the Municipalities. The Agency and the Underwriters believe that this information is reliable, but the Agency and the Underwriters make no representations or warranties whatsoever to the accuracy or completeness of this information.

DTC. The information regarding DTC and DTC's book-entry only system has been furnished by DTC. The Agency and the Underwriters believe that this information is reliable, but the Agency and the Underwriters make no representations or warranties whatsoever to the accuracy or completeness of this information.

Insurer. The information regarding the Insurer has been furnished by the Insurer. The Agency and the Underwriters believe that this information is reliable, but the Agency and the Underwriters make no representations or warranties whatsoever to the accuracy or completeness of this information.

Bond Counsel. The information on the cover under the caption "Tax Status", in "PART 10 – TAX MATTERS", and in "Appendix A – DEFINITIONS," "Appendix D – SUMMARY OF CERTAIN PROVISIONS OF THE LOCAL ARRA BOND PURCHASE AGREEMENTS," "Appendix E – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION" and "Appendix F – FORM OF APPROVING OPINION OF BOND COUNSEL" has been provided by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel.

The Agency. The Agency provided the balance of the information in or appended to this Official Statement, except as otherwise specifically noted herein.

The references herein to the Act, other laws of the State, the Master Resolution, the Series 2010 Resolution, the Agreements and the Local ARRA Bonds are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference should be made to each for a full and complete statement of its provisions. The agreements of the Agency with the registered owners of the Series 2010 Bonds are fully set forth in the Master Resolution (including any Supplemental and Series Resolutions thereto), and neither any advertisement of the Series 2010 Bonds nor this Official Statement is to be construed as a contract with the purchasers of the Series 2010 Bonds. So far as any statements are made in this Official Statement involving matters of opinion or an estimate, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Copies of the documents mentioned in this paragraph are on file at the offices of the Agency and the Trustee.

The execution and delivery of this Official Statement by an Authorized Officer have been duly authorized by the Agency.

STATE OF NEW YORK
MUNICIPAL BOND BANK AGENCY

By: /s/ Marian A. Zucker
Executive Vice President

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DEFINITIONS

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CERTAIN DEFINITIONS

The following are definitions of certain of the terms defined herein, or in the Master Resolution or the Agreement and used in this Official Statement.

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

Act means the State of New York Municipal Bond Bank Agency Act, being and constituting Title 18 of Article 8 of the Public Authorities Law of the State of New York.

Additional Security means the available sales tax revenues or mortgage recording tax revenues pledged, if any and to the extent permitted by the Act, by a Municipality to the Agency as additional security for the payment of such Municipality's Local ARRA Bonds pursuant to the Applicable Pledge Agreement.

Agency means the State of New York Municipal Bond Bank Agency, a body corporate and politic constituting a public benefit corporation of the State 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 Agency.

Agency Bonds means the series of bonds of the Agency issued in whole or in part to purchase the Local ARRA Bonds, together with any bonds of the Agency issued to refinance such Agency Bonds.

Applicable means (i) with respect to any Series Resolution, the Series Resolution relating to particular Bonds, (ii) with respect to any Series of Bonds, the Series of Bonds issued under a Series Resolution for a particular Municipality or Municipalities, (iii) with respect to any Agreement, the Agreement entered into by and between a Municipality and the Agency, (iv) with respect to a Municipality, the Municipality for which a Series of Bonds is issued, (v) with respect to any Bond Proceeds Fund, Debt Service Fund, Debt Service Reserve Fund, Arbitrage Rebate Fund, Subsidy Fund or Costs of Issuance Account in a Bond Proceeds Fund, the Fund or Account established in a particular Series Resolution and with respect to a particular Construction Account in a Bond Proceeds Fund, means the Construction Account established and undertaken with respect to each Applicable Municipality, (vi) with respect to a Trustee or Paying Agent, the Trustee or Paying Agent accepting the responsibility to perform the obligations set forth therefor with respect to a particular Series of Bonds, (vii) with respect to a Credit Facility or Liquidity Facility, the Credit Facility or Liquidity Facility, (if any), identified in the Applicable Series Resolution, (viii) with respect to a Bond Series Certificate, such certificate authorized pursuant to an Applicable Series Resolution, (ix) with respect to Revenues and Pledged Revenues, the amounts payable to the Agency on account of a Municipality, (x) with respect to any Additional Security, the additional security, if any, pledged to the Agency in the Applicable Pledge Agreement, (xi) with respect to a Pledge Agreement, the agreement, if any, containing the pledge of Additional Security, (xii) with respect to any Debt Service Reserve Fund Requirement, such requirement established in connection with a Series of Bonds by the Master Resolution or the Applicable Series Resolution, (xiii) with respect to a Reserve Fund Facility or a Facility Provider, a Reserve Fund Facility which constitutes all or any part of the Debt Service Reserve Fund Requirement in connection with an Applicable Series of Bonds or the Facility Provider thereof and (xiv) with respect to bonds of a Municipality, the Local ARRA Bonds issued and delivered to the Agency by a Municipality as required by the Applicable Local ARRA Bond Purchase Agreement.

Appreciated Value means with respect to any Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the Applicable Series Resolution authorizing such Deferred Income Bond or in the Bond Series Certificate relating to such Bond and (ii) as of any date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number

of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Appreciated Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

Arbitrage Rebate Fund means each such fund so designated, created and established by the Applicable Series Resolution.

Authorized Officer means (i) in the case of the Agency, means the Chairman, Executive Director/Chief Executive Officer and any other authorized officer as from time to time may be designated by resolution or by-law to act under the Master Resolution on behalf of the Agency; (ii) in the case of a Municipality, when used with reference to any act or document, means the person identified in the Master Resolution or in the Applicable Agreement as authorized to perform such act or execute such document, and in all other cases means chief financial officer or an officer or employee of a Municipality authorized in a written instrument signed by the chief financial officer; and (iii) in the case of the Trustee, the President, a Vice President, a Corporate Trust Officer, an Assistant Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee.

Basic Debt Service Payment means all amounts payable pursuant to the Applicable Local ARRA Bonds.

Bond or Bonds means any of the bonds of the Agency, including the Series 2010 Bonds authorized and issued pursuant to the Master Resolution and to an Applicable Series Resolution.

Bond Proceeds Account means each such account in a Bond Proceeds Fund so designated, created and established for each Applicable Municipality by the Applicable Series Resolution pursuant to the Master Resolution.

Bond Proceeds Fund means each such fund so designated, created and established by the Applicable Series Resolution pursuant to the Master Resolution.

Bond Counsel means an attorney or a law firm, appointed by the Agency with respect to a particular Series of Bonds, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

Bond Series Certificate means the certificate of an Authorized Officer of the Agency fixing terms, conditions and other details of Bonds of an Applicable Series in accordance with the delegation of power to do so under the Master Resolution or under the Applicable Series Resolution authorizing the issuance of such Bonds.

Bond Year means a period of twelve (12) consecutive months beginning in any calendar year and ending in the succeeding calendar year on the dates stated in the Applicable Series Resolution.

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

Business Day means any day which is not a Saturday, Sunday or a day on which banking institutions chartered by the State or the United States of America are legally authorized to close in The City of New York; **provided, however,** that, with respect to Option Bonds or Variable Interest Rate Bonds of a Series, such term means any day which is not a Saturday, Sunday or a day on which the New York Stock Exchange, banking institutions chartered by the State or the United States of America, the Trustee or the issuer of a Credit Facility or Liquidity Facility for such Bonds are legally authorized to close in The City of New York.

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

Code means the Internal Revenue Code of 1986 and the applicable Treasury regulations promulgated thereunder.

Continuing Disclosure Agreement means the Continuing Disclosure Agreement, dated as of the date of issuance of the Agency Bonds, by and among the Agency, the Trustee and the Applicable Municipality.

Cost or *Costs of Issuance* means the items of expense incurred in connection with the authorization, sale and issuance of an Applicable Series of Bonds, which items of expense will include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a Depository, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of such Bonds, premiums, fees and charges for insurance on Bonds, commitment fees or similar charges of a Remarketing Agent or relating to a Credit Facility or a Liquidity Facility, costs and expenses of refunding such Bonds and other costs, charges and fees, including those of the Agency, in connection with the foregoing.

Credit Facility means an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement, municipal bond insurance policy or other agreement, facility or insurance or guaranty arrangement issued or extended by a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Agency, pursuant to which the Agency is entitled to obtain moneys to pay the principal, purchase price or Redemption Price of Bonds due in accordance with their terms or tendered for purchase or redemption, plus accrued interest thereon to the date of payment, purchase or redemption thereof, in accordance with the Master Resolution and with the Series Resolution authorizing such Bonds or a Bond Series Certificate, whether or not the Agency is in default under the Master Resolution.

Debt Service Fund means the fund so designated, created and established by the Applicable Series Resolution.

Debt Service Reserve Fund means each such fund, if any, so designated, created and established by the Applicable Series Resolution pursuant to the Master Resolution.

Debt Service Reserve Fund Requirement means as of any particular date of computation, which date of computation shall be the first day of the Bond Year, with respect to Bonds of a Series, an amount equal to the lesser of (i) the greatest amount required in the then current or any future calendar year to pay the sum of interest on Outstanding Bonds of such Series payable during such calendar year, and the principal and Sinking Fund Installments of such Outstanding Bonds payable in such calendar year, excluding interest accruing on the Bonds of a Series from the dated date of any such Bonds to the date or dates set forth in the Applicable Series Resolution immediately preceding the first interest payment date, and (ii) an amount equal to ten percent (10%) of the net proceeds of the sale of Bonds of such Series, unless otherwise provided in the Applicable Series Resolution.

Defeasance Security means (a) a Government Obligation of the type described in clauses (i), (ii), (iii) or (iv) of the definition of Government Obligations, (b) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligations and (c) an Exempt Obligation, provided such Exempt Obligation (i) is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (ii) is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption

date specified in the irrevocable instructions referred to in clause (i) above, (iii) as to which the principal of and interest on the direct obligations of the United States of America which have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) above, and (iv) is rated by at least two nationally recognized Rating Agencies in the highest rating category for such Exempt Obligation; **provided, however,** that (1) such term will not include any interest in a unit investment trust or mutual fund or (2) any obligation that is subject to redemption prior to maturity other than at the option of the holder thereof.

Deferred Income Bond means any Bond as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is compounded on each Valuation Date for such Deferred Income Bond, and as to which interest accruing after the Interest Commencement Date is payable semiannually on each Interest Payment Date.

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

Eligible Bank shall mean any (i) bank or trust company organized under the laws of any state of the United States of America (including the Trustee and any of its affiliates), (ii) national banking association, (iii) savings bank or savings and loan association chartered or organized under the laws of any state of the United States of America, or (iv) federal branch or agency established pursuant to the International Banking Act of 1978 or any successor provisions of law, or domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

Exempt Obligation means (i) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Master Resolution, is rated, without regard to qualification of such rating by symbols such as "+" or "–" and numerical notation, no lower than the second highest rating category for such obligation by at least two nationally recognized Rating Agencies, (ii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing and (iii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

Existing Indebtedness means the outstanding bonds or notes, if any, of the Applicable Municipality described in Exhibit B of the Applicable Local ARRA Bond Purchase Agreement, which bonds or notes are to be refinanced in whole or in part with the proceeds of the Applicable Local ARRA Bonds.

Facility Provider means the issuer of a Credit Facility or a Liquidity Facility delivered to the Applicable Trustee pursuant to the Master Resolution.

Federal Agency Obligation means (i) an obligation issued by any federal agency or instrumentality approved by the Agency, (ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by a federal agency approved by the Agency, (iii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing and (iv) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

Fitch means Fitch, Inc., a corporation organized and created under the laws of the State of Delaware and its successors and assigns.

Government Obligation means (i) a direct obligation of the United States of America, (ii) an obligation the principal of and interest on which are fully insured or guaranteed or as to payment of principal and interest by the

United States of America, (iii) an obligation to which the full faith and credit of the United States of America are pledged, (iv) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing and (v) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

Interest Commencement Date means, with respect to any particular Deferred Income Bond, the date prior to the maturity date thereof specified in the Applicable Series Resolution authorizing such Bond or in the Bond Series Certificate relating to such Bond, after which interest accruing on such Bond will be payable on the Interest Payment Date immediately succeeding such Interest Commencement Date and semi-annually thereafter on each Interest Payment Date.

Interest Payment Date means, the date or dates set forth in the Applicable Series Resolution.

Investment Obligations shall mean, to the extent authorized by law and by any applicable resolutions of the Agency for investment of moneys of the Agency at the time of such investment,

(i) (A) Government Obligations, or (B) obligations rated in the highest rating category of the Rating Agency of any state of the United States of America or any political subdivision of such a state, payment of which is secured by an irrevocable pledge of Government Obligations;

(ii) (A) bonds, debentures or other obligations issued by Student Loan Marketing Association, Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Tennessee Valley Authority, the United States Postal Service, Federal Farm Credit System Obligations, Export Import Bank, World Bank, International Bank for Reconstruction and Development and Inter-American Development Bank; or (B) bonds, debentures or other obligations issued by Fannie Mae or by the Federal Home Loan Mortgage Corporation (excluding mortgage securities which are valued greater than par on the portion of unpaid principal or mortgage securities which represent payments of principal only or interest only with respect to the underlying mortgage loans);

(iii) obligations issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(iv) time deposits, certificates of deposit or any other deposit with a bank, trust company, national banking association, savings bank, federal mutual savings bank, savings and loan association, federal savings and loan association or any other institution chartered or licensed by any state or the U.S. Comptroller of the Currency to accept deposits in such state (as used in this definition, "deposits" shall mean obligations evidencing deposit liability which rank at least on a parity with the claims of general creditors in liquidation), which are (a) fully secured by any of the obligations described in (i) above having a market value (exclusive of accrued interest) not less than the uninsured amount of such deposit or (b) (1) unsecured or (2) secured to the extent, if any, required by the Agency and made with an institution whose unsecured debt securities are rated at least the then existing rating on the Bonds (and the highest rating of short-term obligations) by the Rating Agency;

(v) repurchase agreements backed by or related to obligations described in (i) or (ii) above with any institution whose unsecured debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short-term obligations if the investment is a short-term obligation) by the Rating Agency;

(vi) investment agreements, secured or unsecured as required by the Agency, with any institution whose debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short-term obligations if the investment is a short-term obligation) by the Rating Agency;

(vii) direct and general obligations of or obligations unconditionally guaranteed by the State, the payment of the principal of and interest on which the full faith and credit of the State is pledged, and certificates of

participation in obligations of the State which obligation may be subject to annual appropriations, which obligations are rated at least the then existing rating on the Bonds by the Rating Agency;

(viii) direct and general obligations of or obligations guaranteed by any state, municipality or political subdivision or agency thereof, which obligations are rated in either of the two highest rating categories of the Rating Agency;

(ix) bonds, debentures, or other obligations issued by any bank, trust company, national banking association, insurance company, corporation, government or governmental entity (foreign or domestic), provided, that such bonds, debentures or other obligations are (a) payable in any coin or currency of the United States of America which at the time of payment will be legal tender for the payment of public and private debts, and (b) rated in either of the two highest rating categories of the Rating Agency;

(x) commercial paper (having original maturities of not more than 365 days) rated in the highest category of the Rating Agency;

(xi) money market funds which invest in Government Obligations and which funds have been rated in the highest rating category by the Rating Agency; or

(xii) any investments authorized in a Supplemental Resolution authorizing a Series of Bonds rated by the Rating Agency.

Provided, that it is expressly understood that the definition of Investment Obligations shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the Master Resolution by a Supplemental Resolution, thus permitting investments with different characteristics from those permitted which the Agency deems from time to time to be in the interests of the Agency to include as Investment Obligations if at the time of inclusion such inclusion will not, in and of itself, impair, or cause the Bonds to fail to retain, the then existing rating assigned to them by the Rating Agency.

Liquidity Facility means an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement, line of credit or other agreement or arrangement issued or extended by a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a savings bank, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Agency, pursuant to which moneys are to be obtained upon the terms and conditions contained therein for the purchase or redemption of Option Bonds tendered for purchase or redemption in accordance with the terms hereof and of the Applicable Series Resolution authorizing such Bonds or the Applicable Bond Series Certificate relating to such Bonds.

Local ARRA Bond means a municipal bond issued and delivered by a Municipality to the Agency as required by the Applicable Local ARRA Bond Purchase Agreement.

Local ARRA Bond Purchase Agreement means the Local ARRA Bond Purchase Agreement dated as of May 1, 2010 by and between the Agency and the Applicable Municipality.

Maximum Rate means the interest rate per annum identified as such in the Schedule of Additional Provisions attached as Exhibit C to the Local ARRA Bond Purchase Agreement.

Memorandum of Understanding means the Memorandum of Understanding between the Agency and the Comptroller of the State; provided however, that if so required pursuant to the terms of the applicable Series

Resolution, the Memorandum of Understanding shall be among the Agency, the Comptroller of the State and the applicable Municipality.

Municipality or Municipalities means with respect to an Applicable Series of Bonds, each or all of the Municipalities for whose benefit the Agency shall have issued all or a portion of such Series and with whom the Agency shall have executed one or more Agreements.

Municipality Resolution means, collectively, the ordinances and/or resolutions of the Municipality authorizing the execution and delivery of the Applicable Local ARRA Bond Purchase Agreement and the issuance and delivery of the Applicable Local ARRA Bonds.

Moody's means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, or its successors and assigns.

Notice of Terms means a notice setting forth and confirming the definitive principal amounts, maturity dates and interest rates of the Local ARRA Bonds and certain other terms of the Local ARRA Bonds which, to the extent such terms are inconsistent with the parameters set forth in the Applicable Local ARRA Bond Purchase Agreement, will be subject to the approval of the Applicable Municipality.

Option Bond means any Bond which by its terms may be tendered by and at the option of the Holder thereof for redemption by the Agency prior to the stated maturity thereof or for purchase thereof, or the maturity of which may be extended by and at the option of the Holder thereof in accordance with the Series Resolution authorizing such Bonds or the Bond Series Certificate related to such Bonds.

Outstanding, when used in reference to Bonds, means, as of a particular date, all Bonds authenticated and delivered under the Master Resolution and under any Applicable Series Resolution except: (i) any Bond cancelled by the Applicable Trustee at or before such date; (ii) any Bond deemed to have been paid in accordance with the Master Resolution; (iii) any Bond in lieu of or in substitution for which another Bond has been authenticated and delivered pursuant to the Master Resolution; and (iv) Option Bonds tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bonds or the Bond Series Certificate related to such Bonds on the applicable adjustment or conversion date, if interest thereon has been paid through such applicable date and the purchase price thereof has been paid or amounts are available for such payment as provided in the Agreement and in the Series Resolution authorizing such Bonds.

Paying Agent means, with respect to the Bonds of any Series, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions of the Master Resolution or of a Series Resolution, a Bond Series Certificate or any other resolution of the Agency adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents are so appointed.

Permitted Collateral means (i) Government Obligations described in clauses (i), (ii) or (iii) of the definition of Government Obligations, (ii) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligations, (iii) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) is rated in the highest short term rating category by at least one nationally recognized Rating Agency and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least one nationally recognized Rating Agency no lower than in the second highest rating category or (iv) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least $125,000,000 and is rated by Bests Insurance Guide or a nationally recognized Rating Agency in the highest rating category.

Pledge Agreement means the agreement, if any, between the Agency and a Municipality, evidencing the pledge of the Additional Security.

Pledged Revenues means the Additional Security, if any, pledged and assigned by a Municipality to the Agency pursuant to an Applicable Pledge Agreement, if any, to secure the Municipality's obligations under its Local ARRA Bonds described in such Pledge Agreement.

Projects means the project described in Exhibit A to each Local ARRA Bond Purchase Agreement.

Proportionate Share means the proportion that the outstanding principal amount of the Applicable Local ARRA Bonds bears to the outstanding principal amount of the Agency Bonds.

Rating Agency means each of Fitch, Moody's and S&P, in each case, which has assigned a rating to Outstanding Bonds at the request of the Agency, or their respective successors and assigns.

Recovery Act means the American Recovery and Reinvestment Act of 2009.

Redemption Price, when used with respect to a Bond, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption prior to maturity thereof pursuant to the Master Resolution or to the Applicable Series Resolution or Bond Series Certificate.

Refunded Bonds means all or a portion of the Existing Indebtedness which is to be refunded with the proceeds of the Agency Bonds.

Reserve Fund Facility means a surety bond, insurance policy or letter of credit which constitutes any part of a Debt Service Reserve Fund Requirement authorized to be delivered to the Trustee pursuant to the Master Resolution.

Reserve Fund Facility Provider means the issuer of any surety bond, insurance policy or letter of credit which constitutes any part of a Debt Service Reserve Fund as provided in the Master Resolution.

Revenues means (i) the Basic Debt Service Payment, (ii) the Applicable Pledged Revenues, (iii) the State Aid payable to the Applicable Municipality pursuant to Section 2436 of the Act and (iv) the right to receive the same and the proceeds thereof and of such right.

S&P means Standard & Poor's Ratings Services, a division of The McGraw-Hill Corporation, or its successors and assigns.

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

Series Resolution means a resolution of the Agency, including the Series 2010 Resolution, authorizing the issuance of a Series of Bonds adopted by the Agency pursuant to the Master Resolution.

Series 2010 Bond Series Certificate means the Certificate of an authorized officer of the Agency, fixing terms, conditions and other details of the Series 2010 Bonds.

Series 2010 Resolution means the Series Resolution of the Agency authorizing the issuance of the Series 2010 Bonds adopted by the Agency on April 8, 2010.

Sinking Fund Installment means, as of any date of calculation, when used with respect to any Bonds of a Series, other than Option Bonds or Variable Interest Rate Bonds, so long as any such Bonds are Outstanding, the amount of money required hereby or by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating thereto, to be paid on a single future Interest Payment Date for the retirement of any Outstanding Bonds of said Series which mature after said future Interest Payment Date, but does not include any amount payable by the Agency by reason only of the maturity of a Bond, and said future Interest Payment Date is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be Bonds entitled to such Sinking Fund Installment, and when used with respect to Option Bonds or Variable Interest Rate Bonds of a Series, so long as such Bonds are Outstanding, the amount of money required by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series

Certificate relating thereto, to be paid on a single 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 Agency by reason only of the maturity of a Bond, and said future date is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Option Bonds or Variable Rate Interest Bonds of such Series are deemed to be Bonds entitled to such Sinking Fund Installment.

State means the State of New York.

State Aid as defined in the Act, means all payments and contributions made by the State to and in aid of a Municipality as may be provided by law, other than payments of State contributions for old age assistance, family assistance, aid to the blind, aid to the disabled, safety net assistance and local social services administration costs.

State Approvals means the approvals (i) by the State Public Authorities Control Board of the issuance of Agency Bonds and (ii) by the Comptroller of the State of the terms of sale of Local ARRA Bonds, if required.

Subsidy Fund means the fund so designated, created and established pursuant to the Master Resolution.

Supplemental Resolution means any resolution of the Agency amending or supplementing the Master Resolution, any Applicable Series Resolution or any Supplemental Resolution adopted and becoming effective in accordance with the terms and provisions of the Master Resolution.

Tax Certificate means the Tax Certificate concerning certain matters pertaining to the use of proceeds of the Bonds executed by and delivered to the Agency and the Trustee on the date of issuance of the Bonds, including any and all exhibits attached thereto.

Term Bonds means the Bonds so designated in an Applicable Series Resolution or an Applicable Bond Series Certificate and payable from Sinking Fund Installments.

Trustee means the bank or trust company appointed as Trustee for the Bonds pursuant to the Applicable Series Resolution or Applicable Bond Series Certificate and having the duties, responsibilities and rights provided for in the Master Resolution with respect to such Series, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant to the Master Resolution.

Valuation Date means (i) with respect to any Capital Appreciation Bond, the date or dates set forth in the Series Resolution authorizing such Bond or in the Bond Series Certificate relating to such Bond on which specific Accreted Values are assigned to such Capital Appreciation Bond, and (ii) with respect to any Deferred Income Bond, the date or dates prior to the Interest Commencement Date and the Interest Commencement Date set forth in the Series Resolution authorizing such Bond or in the Bond Series Certificate relating to such Bond on which specific Appreciated Values are assigned to such Deferred Income Bond.

Variable Interest Rate means the rate or rates of interest to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds which is or may be varied from time to time in accordance with the method of computing such interest rate or rates specified in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds, which will be based on (i) a percentage or percentages or other function of an objectively determinable interest rate or rates (e.g., a prime lending rate) which may be in effect from time to time or at a particular time or times or (ii) a stated interest rate that may be changed from time to time as provided in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bond; provided, however, that such variable interest rate may be subject to a Maximum Interest Rate and a Minimum Interest Rate and that there may be an initial rate specified, in each case as provided in such Series Resolution or a Bond Series Certificate; provided, further, that such Series Resolution or Bond Series Certificate will also specify either (x) the particular period or periods of time or manner of determining such period or periods of time for which each variable interest rate will remain in effect or (y) the time or times at which any change in such variable interest rate will become effective or the manner of determining such time or times.

Variable Interest Rate Bond means any Bond which bears a Variable Interest Rate; provided, however, that a Bond the interest rate on which has been fixed for the remainder of the term thereof will no longer be a Variable Interest Rate Bond.

MUNICIPALITIES AND LOCAL ARRA BONDS PURCHASED WITH PROCEEDS OF THE SERIES 2010 BONDS

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MUNICIPALITIES AND LOCAL ARRA BONDS PURCHASED WITH PROCEEDS OF THE SERIES 2010 BONDS

Listed below are the Municipalities whose Local ARRA Bonds are being purchased by the Agency with proceeds of the Series 2010 Bonds, their financial advisors, their bond counsel and the principal amount of Local ARRA Bonds being purchased.

Municipality	Financial Advisor	Bond Counsel	Principal Amount of Local ARRA Bonds Purchased with Proceeds of Series 2010A Bonds	Principal Amount of Local ARRA Bonds Purchased with Proceeds of Series 2010B Bonds
Series 2010A:				
County of Allegany	MS	Orrick	$13,715,000	
County of Madison	FA	Orrick	16,390,000	
County of Oneida	FA	Orrick	17,350,000	
County of Sullivan	NYMAC	Orrick	17,185,000	
Series 2010B:				
County of Broome	NYMAC	Orrick		$51,700,000

Abbreviations for Financial Advisor

FA	Fiscal Advisors and Marketing, Inc.
MS	Municipal Solutions
NYMAC	New York Municipal Advisors Corporation

Abbreviations for Bond Counsel

Orrick	Orrick, Herrington & Sutcliffe, LLP

The schedule of the principal requirements for the Local ARRA Bonds of each of County of Allegany, County of Madison, County of Oneida and County of Sullivan, whose Local ARRA Bonds were purchased with proceeds of the Series 2010A Bonds, is as follows:

Schedule of Projected Principal Repayments of Local ARRA Bonds Purchased with Proceeds of Series 2010A Bonds[1]

Maturity (5/10)	Principal Repayments of Local ARRA Bonds Purchased with Proceeds of Series 2010A1 Bonds					Principal Repayments of Local ARRA Bonds Purchased with Proceeds of Series 2010A2 Bonds Designated "Build America Bonds"					Principal Repayments of Local ARRA Bonds Purchased with Proceeds of Series 2010A2 Bonds Designated "Recovery Zone Economic Development Bonds"					Total Principal Repayments of Local AARA Bonds Purchased with Proceeds of Series 2010A Bonds				
	Allegany	Madison	Oneida	Sullivan	Total	Allegany	Madison	Oneida	Sullivan	Total	Allegany	Madison	Oneida	Sullivan	Total	Allegany	Madison	Oneida	Sullivan	Total
2011	$ 330,000	$ 1,380,000	$ -	$ 950,000	$ 2,660,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 330,000	$ 1,380,000	$ -	$ 950,000	$ 2,660,000
2012	340,000	1,425,000	1,100,000	980,000	3,845,000	-	-	-	-	-	-	-	-	-	-	340,000	1,425,000	1,100,000	980,000	3,845,000
2013	350,000	1,465,000	1,150,000	1,010,000	3,975,000	-	-	-	-	-	-	-	-	-	-	350,000	1,465,000	1,150,000	1,010,000	3,975,000
2014	365,000	1,520,000	1,225,000	1,045,000	4,155,000	-	-	-	-	-	-	-	-	-	-	365,000	1,520,000	1,225,000	1,045,000	4,155,000
2015	380,000	1,580,000	1,250,000	1,085,000	4,295,000	-	-	-	-	-	-	-	-	-	-	380,000	1,580,000	1,250,000	1,085,000	4,295,000
2016	395,000	1,645,000	1,275,000	1,130,000	4,445,000	-	-	-	-	-	-	-	-	-	-	395,000	1,645,000	1,275,000	1,130,000	4,445,000
2017	415,000	1,730,000	1,300,000	1,190,000	4,635,000	-	-	-	-	-	-	-	-	-	-	415,000	1,730,000	1,300,000	1,190,000	4,635,000
2018	-	-	-	-	-	435,000	1,820,000	1,300,000	1,250,000	4,805,000	-	-	-	-	-	435,000	1,820,000	1,300,000	1,250,000	4,805,000
2019	-	-	-	-	-	450,000	1,880,000	1,300,000	1,290,000	4,920,000	-	-	-	-	-	450,000	1,880,000	1,300,000	1,290,000	4,920,000
2020	-	-	-	-	-	465,000	920,000	1,200,000	1,335,000	3,920,000	-	1,025,000	-	-	1,025,000	465,000	1,945,000	1,200,000	1,335,000	4,945,000
2021	480,000	-	1,200,000	1,385,000	3,065,000	-	-	-	-	-	-	-	-	-	-	480,000	-	1,200,000	1,385,000	3,065,000
2022	-	-	-	-	-	505,000	-	1,225,000	1,455,000	3,185,000	-	-	-	-	-	505,000	-	1,225,000	1,455,000	3,185,000
2023	-	-	-	-	-	525,000	-	1,250,000	1,510,000	3,285,000	-	-	-	-	-	525,000	-	1,250,000	1,510,000	3,285,000
2024	-	-	-	-	-	545,000	-	1,275,000	760,000	2,580,000	-	-	-	810,000	810,000	545,000	-	1,275,000	1,570,000	3,390,000
2025	-	-	-	-	-	570,000	-	1,300,000	-	1,870,000	-	-	-	-	-	570,000	-	1,300,000	-	1,870,000
2026	-	-	-	-	-	590,000	-	-	-	590,000	-	-	-	-	-	590,000	-	-	-	590,000
2027	-	-	-	-	-	615,000	-	-	-	615,000	-	-	-	-	-	615,000	-	-	-	615,000
2028	-	-	-	-	-	640,000	-	-	-	640,000	-	-	-	-	-	640,000	-	-	-	640,000
2029	-	-	-	-	-	670,000	-	-	-	670,000	-	-	-	-	-	670,000	-	-	-	670,000
2030	-	-	-	-	-	695,000	-	-	-	695,000	-	-	-	-	-	695,000	-	-	-	695,000
2031	-	-	-	-	-	725,000	-	-	-	725,000	-	-	-	-	-	725,000	-	-	-	725,000
2032	-	-	-	-	-	760,000	-	-	-	760,000	-	-	-	-	-	760,000	-	-	-	760,000
2033	-	-	-	-	-	790,000	-	-	-	790,000	-	-	-	-	-	790,000	-	-	-	790,000
2034	-	-	-	-	-	-	-	-	-	-	820,000	-	-	-	820,000	820,000	-	-	-	820,000
2035	-	-	-	-	-	-	-	-	-	-	860,000	-	-	-	860,000	860,000	-	-	-	860,000
Total	**$ 3,055,000**	**$ 10,745,000**	**$ 8,500,000**	**$ 8,775,000**	**$ 31,075,000**	**$ 8,980,000**	**$ 4,620,000**	**$ 8,850,000**	**$ 7,600,000**	**$ 30,050,000**	**$ 1,680,000**	**$ 1,025,000**	**$ -**	**$ 810,000**	**$ 3,515,000**	**$ 13,715,000**	**$ 16,390,000**	**$ 17,350,000**	**$ 17,185,000**	**$ 64,640,000**

[1] Principal payments on Local ARRA Bonds for the Series 2010A Bonds will be paid on May 10 in the years indicated above.

The schedule of the annual debt service for the Local ARRA Bonds of each of County of Allegany, County of Madison, County of Oneida and County of Sullivan, whose Local ARRA Bonds were purchased with proceeds of the Series 2010A Bonds, is as follows:

Schedule of Projected Annual Debt Service of Local ARRA Bonds Purchased with Proceeds of Series 2010A Bonds[1,2]

Period Ending (5/10)	Annual Debt Service of Local ARRA Bonds Purchased with Proceeds of Series 2010A1 Bonds					Annual Debt Service of Local ARRA Bonds Purchased with Proceeds of Series 2010A2 Bonds Designated "Build America Bonds"					Annual Debt Service of Local ARRA Bonds Purchased with Proceeds of Series 2010A2 Bonds Designated "Recovery Zone Economic Development Bonds"					Total Annual Debt Service of Local AARA Bonds Purchased with Proceeds of Series 2010A Bonds				
	Allegany	Madison	Oneida	Sullivan	Total	Allegany	Madison	Oneida	Sullivan	Total	Allegany	Madison	Oneida	Sullivan	Total	Allegany	Madison	Oneida	Sullivan	Total
2011	$ 456,038	$ 1,806,550	$ 359,034	$ 1,311,945	$ 3,933,566	$ 536,833	$ 227,663	$ 478,694	$ 406,522	$ 1,649,712	$ 100,424	$ 52,486	$ -	$ 46,581	$ 199,491	$ 1,093,295	$ 2,086,699	$ 837,728	$ 1,765,047	$ 5,782,769
2012	459,748	1,822,077	1,470,350	1,323,808	5,075,982	553,754	234,838	493,782	419,335	1,701,708	103,589	54,141	-	48,049	205,779	1,117,090	2,111,055	1,964,132	1,791,191	6,983,468
2013	459,174	1,817,759	1,486,140	1,323,330	5,086,402	553,754	234,838	493,782	419,335	1,701,708	103,589	54,141	-	48,049	205,779	1,116,516	2,106,738	1,979,922	1,790,713	6,993,889
2014	461,539	1,819,873	1,519,625	1,321,869	5,122,905	553,754	234,838	493,782	419,335	1,701,708	103,589	54,141	-	48,049	205,779	1,118,881	2,108,851	2,013,407	1,789,252	7,030,391
2015	461,537	1,817,401	1,494,278	1,318,919	5,092,134	553,754	234,838	493,782	419,335	1,701,708	103,589	54,141	-	48,049	205,779	1,118,879	2,106,379	1,988,060	1,786,303	6,999,621
2016	460,919	1,817,463	1,467,903	1,319,326	5,065,610	553,754	234,838	493,782	419,335	1,701,708	103,589	54,141	-	48,049	205,779	1,118,261	2,106,441	1,961,685	1,786,709	6,973,096
2017	460,735	1,818,403	1,427,750	1,321,583	5,028,470	553,754	234,838	493,782	419,335	1,701,708	103,589	54,141	-	48,049	205,779	1,118,077	2,107,382	1,921,532	1,788,966	6,935,957
2018	24,528	-	61,320	70,774	156,622	988,754	2,054,838	1,793,782	1,669,335	6,506,708	103,589	54,141	-	48,049	205,779	1,116,870	2,108,979	1,855,102	1,788,157	6,869,108
2019	24,528	-	61,320	70,774	156,622	982,299	2,025,076	1,729,666	1,647,685	6,384,726	103,589	54,141	-	48,049	205,779	1,110,416	2,079,217	1,790,986	1,766,507	6,747,126
2020	24,528	-	61,320	70,774	156,622	974,205	968,594	1,562,950	1,626,482	5,132,231	103,589	1,079,141	-	48,049	1,230,779	1,102,322	2,047,735	1,624,270	1,745,304	6,519,631
2021	504,528	-	1,261,320	1,455,774	3,221,622	484,644	-	299,566	220,967	1,005,177	103,589	-	-	48,049	151,638	1,092,761	-	1,560,886	1,724,790	4,378,437
2022	-	-	-	-	-	989,644	-	1,524,566	1,675,967	4,190,177	103,589	-	-	48,049	151,638	1,093,233	-	1,524,566	1,724,016	4,341,815
2023	-	-	-	-	-	979,687	-	1,476,899	1,644,656	4,101,243	103,589	-	-	48,049	151,638	1,083,276	-	1,476,899	1,692,706	4,252,881
2024	-	-	-	-	-	968,544	-	1,427,749	805,083	3,201,377	103,589	-	-	858,049	961,638	1,072,133	-	1,427,749	1,663,132	4,163,015
2025	-	-	-	-	-	961,215	-	1,377,116	-	2,338,331	103,589	-	-	-	103,589	1,064,804	-	1,377,116	-	2,441,920
2026	-	-	-	-	-	947,403	-	-	-	947,403	103,589	-	-	-	103,589	1,050,991	-	-	-	1,050,991
2027	-	-	-	-	-	933,958	-	-	-	933,958	103,589	-	-	-	103,589	1,037,547	-	-	-	1,037,547
2028	-	-	-	-	-	918,885	-	-	-	918,885	103,589	-	-	-	103,589	1,022,474	-	-	-	1,022,474
2029	-	-	-	-	-	907,182	-	-	-	907,182	103,589	-	-	-	103,589	1,010,771	-	-	-	1,010,771
2030	-	-	-	-	-	888,525	-	-	-	888,525	103,589	-	-	-	103,589	992,114	-	-	-	992,114
2031	-	-	-	-	-	873,239	-	-	-	873,239	103,589	-	-	-	103,589	976,828	-	-	-	976,828
2032	-	-	-	-	-	860,998	-	-	-	860,998	103,589	-	-	-	103,589	964,587	-	-	-	964,587
2033	-	-	-	-	-	841,476	-	-	-	841,476	103,589	-	-	-	103,589	945,065	-	-	-	945,065
2034	-	-	-	-	-	-	-	-	-	-	923,589	-	-	-	923,589	923,589	-	-	-	923,589
2035	-	-	-	-	-	-	-	-	-	-	913,028	-	-	-	913,028	913,028	-	-	-	913,028
Total	**$ 3,797,800**	**$ 12,719,524**	**$ 10,670,359**	**$ 10,908,871**	**$ 38,096,554**	**$ 18,360,014**	**$ 6,685,202**	**$ 14,633,680**	**$ 12,212,703**	**$ 51,891,599**	**$ 4,215,994**	**$ 1,564,751**	**$ -**	**$ 1,481,221**	**$ 7,261,965**	**$ 26,373,807**	**$ 20,969,477**	**$ 25,304,039**	**$ 24,602,794**	**$ 97,250,118**

[1] Debt Service payments on the Local ARRA Bonds for the Series 2010A Bonds will be paid on May 10 and November 10 in the years indicated above. Interest on the Local ARRA Bonds is payable on May 10 and November 10, principal on the Local ARRA Bonds is payable on May 10.

[2] Payments on the Local ARRA Bonds include annual fees payable to the Agency.

The schedule of the principal requirements for the Local ARRA Bonds of the County of Broome, whose Local ARRA Bonds were purchased with proceeds of the Series 2010B Bonds, is as follows:

Schedule of Projected Principal Repayments of Local ARRA Bonds Purchased with Proceeds of Series 2010B Bonds[1]

Maturity (4/10)	Principal Repayments of Local ARRA Bonds Purchased with Proceeds of Series 2010B1 Bonds		Principal Repayments of Local ARRA Bonds Purchased with Proceeds of Series 2010B2 Bonds Designated "Build America Bonds"		Principal Repayments of Local ARRA Bonds Series 2010B2 Bonds Designated "Recovery Zone Economic Development Bonds"		Total Principal Repayments of Local AARA Bonds Purchased with Proceeds of Series 2010B Bonds	
	Broome	Total	Broome	Total	Broome	Total	Broome	Total
2011	$ 2,700,000	$ 2,700,000	$ -	$ -	$ -	$ -	$ 2,700,000	$ 2,700,000
2012	2,595,000	2,595,000	-	-	-	-	2,595,000	2,595,000
2013	2,705,000	2,705,000	-	-	-	-	2,705,000	2,705,000
2014	2,815,000	2,815,000	-	-	-	-	2,815,000	2,815,000
2015	2,930,000	2,930,000	-	-	-	-	2,930,000	2,930,000
2016	3,050,000	3,050,000	-	-	-	-	3,050,000	3,050,000
2017	3,205,000	3,205,000	-	-	-	-	3,205,000	3,205,000
2018	3,370,000	3,370,000	-	-	-	-	3,370,000	3,370,000
2019	3,540,000	3,540,000	-	-	-	-	3,540,000	3,540,000
2020	-	-	3,760,000	3,760,000	-	-	3,760,000	3,760,000
2021	3,855,000	3,855,000	-	-	-	-	3,855,000	3,855,000
2022	-	-	4,045,000	4,045,000	-	-	4,045,000	4,045,000
2023	-	-	4,205,000	4,205,000	-	-	4,205,000	4,205,000
2024	-	-	4,375,000	4,375,000	-	-	4,375,000	4,375,000
2025	-	-	1,070,000	1,070,000	3,480,000	3,480,000	4,550,000	4,550,000
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-
Total	**$ 30,765,000**	**$ 30,765,000**	**$ 17,455,000**	**$ 17,455,000**	**$ 3,480,000**	**$ 3,480,000**	**$ 51,700,000**	**$ 51,700,000**

[1] Principal payments on Local ARRA Bonds for the Series 2010B Bonds will be paid on April 10 in the years indicated above.

The schedule of the annual debt service for the Local ARRA Bonds of the County of Broome, whose Local ARRA Bonds were purchased with proceeds of the Series 2010B Bonds, is as follows:

Schedule of Projected Annual Debt Service of Local ARRA Bonds Purchased with Proceeds of Series 2010B Bonds[1,2]

Period Ending (4/10)	Annual Debt Service of Local ARRA Bonds Purchased with Proceeds of Series 2010B1 Bonds		Annual Debt Service of Local ARRA Bonds Purchased with Proceeds of Series 2010B2 Bonds Designated "Build America Bonds"		Annual Debt Service of Local ARRA Bonds Purchased with Proceeds of Series 2010B2 Bonds Designated "Recovery Zone Economic Development Bonds"		Total Annual Debt Service of Local AARA Bonds Purchased with Proceeds of Series 2010B Bonds	
	Broome	Total	Broome	Total	Broome	Total	Broome	Total
2011	$ 3,947,327	$ 3,947,327	$ 916,624	$ 916,624	$ 186,932	$ 186,932	$ 5,050,882	$ 5,050,882
2012	3,918,672	3,918,672	1,034,434	1,034,434	210,958	210,958	5,164,063	5,164,063
2013	3,922,017	3,922,017	1,034,434	1,034,434	210,958	210,958	5,167,409	5,167,409
2014	3,920,842	3,920,842	1,034,434	1,034,434	210,958	210,958	5,166,233	5,166,233
2015	3,920,145	3,920,145	1,034,434	1,034,434	210,958	210,958	5,165,537	5,165,537
2016	3,919,722	3,919,722	1,034,434	1,034,434	210,958	210,958	5,165,114	5,165,114
2017	3,918,867	3,918,867	1,034,434	1,034,434	210,958	210,958	5,164,259	5,164,259
2018	3,920,092	3,920,092	1,034,434	1,034,434	210,958	210,958	5,165,483	5,165,483
2019	3,917,885	3,917,885	1,034,434	1,034,434	210,958	210,958	5,163,276	5,163,276
2020	196,991	196,991	4,794,434	4,794,434	210,958	210,958	5,202,382	5,202,382
2021	4,051,991	4,051,991	830,191	830,191	210,958	210,958	5,093,139	5,093,139
2022	-	-	4,875,191	4,875,191	210,958	210,958	5,086,149	5,086,149
2023	-	-	4,789,983	4,789,983	210,958	210,958	5,000,941	5,000,941
2024	-	-	4,705,076	4,705,076	210,958	210,958	4,916,034	4,916,034
2025	-	-	1,134,863	1,134,863	3,690,958	3,690,958	4,825,821	4,825,821
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-
Total	**$ 39,554,548**	**$ 39,554,548**	**$ 30,321,835**	**$ 30,321,835**	**$ 6,620,338**	**$ 6,620,338**	**$ 76,496,721**	**$ 76,496,721**

[1] Debt Service payments on the Local ARRA Bonds for the Series 2010B Bonds will be paid on April 10 and October 10 in the years indicated above. Interest on the Local ARRA Bonds is payable on April 10 and October 10, principal on the Local ARRA Bonds is payable on April 10.

[2] Payments on the Local ARRA Bonds include annual fees payable to the Agency.

The tables below set forth by year the Agency's designation of annual maturities (and Sinking Fund Installments of maturities that are Term Bonds) of the Federally Taxable Series 2010 Bonds, by Sub-Series and in total, between "Build America Bonds" and "Recovery Zone Economic Development Bonds." See "PART 3 – THE SERIES 2010 BONDS – Designation of Maturities of Sub-Series 2010A2 Bonds and Sub-Series 2010B2 Bonds as "Build America Bonds" or "Recovery Zone Economic Development Bonds or a Combination."

Schedule of Designations of Federally Taxable Series 2010 Bonds as "Build America Bonds" or "Recovery Zone Economic Development Bonds"

Maturities and Sinking Fund Installments of Series 2010A2 Bonds Designated as "Build America Bonds" or "Recovery Zone Economic Development Bonds"

Maturity (5/15)	Build America Bonds	Recovery Zone Economic Development Bonds	Total
2011	$ -	$ -	$ -
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	4,805,000	-	4,805,000
2019	4,920,000	-	4,920,000
2020	3,920,000	1,025,000	4,945,000
2021	-	-	-
2022	3,185,000	-	3,185,000
2023	3,285,000	-	3,285,000
2024	2,580,000	810,000	3,390,000
2025	1,870,000	-	1,870,000
2026	590,000	-	590,000
2027	615,000	-	615,000
2028	640,000	-	640,000
2029	670,000	-	670,000
2030	695,000	-	695,000
2031	725,000	-	725,000
2032	760,000	-	760,000
2033	790,000	-	790,000
2034	-	820,000	820,000
2035	-	860,000	860,000
Total	**$ 30,050,000**	**$ 3,515,000**	**$ 33,565,000**

Maturities and Sinking Fund Installments of Series 2010B2 Bonds Designated as "Build America Bonds" or "Recovery Zone Economic Development Bonds"

Maturity (4/15)	Build America Bonds	Recovery Zone Economic Development Bonds	Total
2011	$ -	$ -	$ -
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	3,760,000	-	3,760,000
2021	-	-	-
2022	4,045,000	-	4,045,000
2023	4,205,000	-	4,205,000
2024	4,375,000	-	4,375,000
2025	1,070,000	3,480,000	4,550,000
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
Total	**$ 17,455,000**	**$ 3,480,000**	**$ 20,935,000**

Maturities and Sinking Fund Installments of Federally Taxable Series 2010 Bonds Designated as "Build America Bonds" or "Recovery Zone Economic Development Bonds"

	Build America Bonds	Recovery Zone Economic Development Bonds	Total
	$ -	$ -	$ -
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	4,805,000	-	4,805,000
	4,920,000	-	4,920,000
	7,680,000	1,025,000	8,705,000
	-	-	-
	7,230,000	-	7,230,000
	7,490,000	-	7,490,000
	6,955,000	810,000	7,765,000
	2,940,000	3,480,000	6,420,000
	590,000	-	590,000
	615,000	-	615,000
	640,000	-	640,000
	670,000	-	670,000
	695,000	-	695,000
	725,000	-	725,000
	760,000	-	760,000
	790,000	-	790,000
	-	820,000	820,000
	-	860,000	860,000
	$ 47,505,000	**$ 6,995,000**	**$ 54,500,000**

CERTAIN FINANCIAL AND ECONOMIC INFORMATION ON THE MUNICIPALITIES

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CERTAIN FINANCIAL AND ECONOMIC INFORMATION ON THE MUNICIPALITIES

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County of Broome	Series 2010B	C-5

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APPENDIX C-1
DESCRIPTION OF
COUNTY OF ALLEGANY

There follows in this Appendix C-1 a brief description of the County of Allegany (the "County"), together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and general and specific funds. The information in this section has been obtained from the County and the Agency takes no responsibility for the accuracy thereof.

GENERAL INFORMATION

Description

The County is situated in the western portion of the State. It is bordered on the north by Wyoming and Livingston Counties, on the east by Steuben County, on the west by Cattaraugus County and its southern boundary is the New York State and Pennsylvania border, below which lie both Potter and McKean Counties, Pennsylvania. The County encompasses 1,031 square miles. The nearest metropolitan areas are the City of Buffalo at a distance of 80 miles northwest, the City of Rochester at a distance of 85 miles northeast and the City of Syracuse at a distance of 150 miles northeast.

Police protection in the County is provided mainly by the New York State Police with a new barrack located in Belmont and two separate sub-stations located in the northern and western portion of the County. There are also a total of eleven Town and County police departments. Fire protection is provided by individual volunteer departments in the municipalities.

There are two hospitals in the County, one in Wellsville and the other in Cuba which are privately operated. These facilities together offer 118 acute-care beds, along with detoxification, maternity and geriatric facilities. Jones Memorial Hospital has undergone a major capital project to expand its current facilities and equipment to better meet the health needs of the County and its surrounding areas. This expansion also includes an outpatient rehabilitation unit.

Higher educational opportunities are offered at Alfred University, Alfred State College of Technology and Houghton College.

County residents enjoy the usual commercial services generally found in rural County entities with the Town of Wellsville offering the variety of two shopping centers and a downtown business section.

Tourists are drawn to the area to share in the County's rural heritage and quality of life. Several antique shops and outlets featuring locally made and produced articles such as Amish quilts and furniture, maple syrup, stoneware, and art pottery are located in the County. Bed & Breakfasts in Victorian, Country and Colonial décor provide warm hospitality and fine meals. The area offers endless possibilities to nature lovers, photographers, hunters and anglers. Swimming, golfing, camping, hiking and skiing are just a few of the activities offered amidst the area's pristine lakes and streams and scenic countryside.

The Public Safety Facility opened on August 23, 2006 and houses out-of-County inmates.

Population Trends

	County	New York State	United States
1980	51,742	17,558,072	226,504,825
1990	50,470	17,990,455	249,632,692
2000	49,927	18,976,457	284,968,348
2009	49,157	19,490,297	304,059,724

Source: U.S. Department of Commerce, Bureau of the Census.

Ten Largest Employers

Name	Type	Employees
Dresser-Rand, Inc.	Manufacturing	700
Alfred University	Education	620[1]
Alstom Power, Inc.	Manufacturing	600
Alfred State University	Education	529
Allegany County	Government	453
Jones Memorial Hospital	Medical	405
Allegany ARC	Services for Developmentally Disabled	383
Swain Ski and Snowboard Center	Ski Resort	340[2]
Houghton College	Education	300
Cuba Memorial Hospital	Medical	245

(1) Includes SUNY College of Ceramics
(2) Seasonal Employees

Ten Largest Taxpayers

Name	Type	Full Valuation
National Fuel Gas Corporation	Utility	$81,976,225
Rochester Gas and Electric Corporation	Utility	27,545,793
Dominion Transmission Corporation	Utility	25,804,508
Niagara Mohawk	Utility	16,133,995
Verizon	Utility	12,845,851
NYSEG	Utility	11,838,289
APCH, Inc./Alstom, Inc.	Manufacturing	7,247,400
Riverwalk, Inc.	Commercial	7,043,600
Citizen Telecom	Utility	4,522,537
Great Lakes Cheese Co., Inc.	Manufacturing	4,406,000

The total estimated full valuation of the top **ten (10)** taxpayers represents approximately 11.55% of the tax base of the County.

Form of County Government

The responsibility of government in the County falls upon a 15 member Board of Legislators. This Board is composed of 15 Legislators each derived and elected from five separate districts apportioned in the County based on demographic population. Each legislative term of office is four years and the Board of Legislators annually elect amongst themselves a Chairperson. The County Treasurer is the chief fiscal officer and is elected at large for a four year term of office.

The County Administrator oversees the daily operations of the County and is charged with implementing the policies established by the County Legislature. The County Administrator also serves as the Budget Officer of the County.

Financial Organization

The County Treasurer functions as the chief fiscal officer of the County as provided by Section 2 of the Local Finance Law. In this role, the County Treasurer is responsible for the County's accounting and financial reporting activities. The County Administrator is the County's budget officer and must therefore prepare the annual tentative budget for submission to the Board of Legislators. Budgetary control during the year is the responsibility of the Treasurer. The Board of Legislators, as a whole, serves as the finance board of the County and is responsible for authorizing, by resolution, all material financial transactions such as operating and capital budgets and bonded debt. County finances are operated primarily through the General Fund and Special Revenue Funds. All real

property taxes and most of the other County revenues are credited to these funds. Current operating expenditures are paid from these funds subject to available appropriations. Capital projects and equipment purchases are accounted for in the capital project fund.

Budgetary Procedures

Preparation and final adoption of the County budget is governed by Article 7 of the County Law. Budget forms are sent to appropriate department heads in June. Department heads must submit their departmental budget to the Budget Officer in July. No later than November 15th, the Budget Officer submits a tentative budget to the Board of Legislators. Budget hearings are then held by the Budget Officer with the Board of Legislators attending as a "Committee of the Whole". Once the Committee of the Whole has reviewed the tentative budget and such changes, alternatives and revisions have taken place, then the Clerk of the Board of Legislators causes to be published a notice stating the time, place, and purpose of a public hearing on the tentative budget before final adoption. The tentative budget as changed, altered or revised is adopted by resolution of the Board of Legislators not later than December 20. The budget is not subject to referendum.

Expenditures during the fiscal year may only be made pursuant to appropriations from the General Fund and other special purpose funds established by the County. However, the Board of Legislators during the fiscal year may by resolution make additional appropriations from any unencumbered balance in appropriations, contingent funds or unanticipated revenues and, to a limited extent, by the issuance of budget notes.

Unemployment Rate Statistics

	Year Average				
	2005	**2006**	**2007**	**2008**	**2009**
County	5.9%	5.3%	5.5%	6.5%	8.7%
New York State	5.0%	4.6%	4.5%	5.4%	8.4%

2009-10 Monthly Figures

	2009									2010		
	Apr	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**
County	8.1%	8.5%	9.4%	9.1%	8.8%	7.8%	7.9%	8.1%	8.7%	10.1%	9.8%	9.3%
New York State	7.7%	8.1%	8.6%	8.8%	8.6%	8.7%	8.7%	8.7%	8.8%	9.4%	9.3%	8.8%

County Employees

The number of persons employed by the County, the collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below.

Number of Employees	Bargaining Unit	Contract Expiration Date
65	A.F.S.C.M.E - Sheriff's Association	December 31, 2007[1]
253	A.F.S.C.M.E – General	December 31, 2009[2]
5	N.Y.S.N.A - Nurses Association	December 31, 2007[2]
51	PEF (Public Employee Federation)	October 22, 2007[3]

(1) The remaining 79 employees are not members of a bargaining unit.
(2) Currently under negotiation.
(3) New Union established October 22, 2007; currently under negotiation.

COUNTY INDEBTEDNESS

Debt Limit

The table below sets forth the computation of the debt limit for the County and its debt contracting margin.

Net Debt Contracting Margin
As of April 28, 2010[1]

Average 5-Year Full Valuation of Taxable Real Property	$ 1,607,132.601
Debt Limit	112,499,282
Gross Indebtedness [2]	$ 27,030,000
Less: Exclusions	1,265,000
Total Net Indebtedness	$ 25,765,000
Net Debt Contracting Margin	86,734,282
Percentage of Debt Contracting Power Exhausted	22.90%

(1) The County has not incurred any indebtedness since the date of this table.
(2) Tax Anticipation Notes and Revenue Anticipation Notes are not included in the computation of the statutory debt limit of the County. The County expects to deliver $13,715,000 of its Local ARRA Bonds to the Agency in connection with the financing of a County capital construction project. Such County Bonds, when issued, will constitute Gross Indebtedness of the County and will alter the percentage of debt contracting power exhausted accordingly.

Estimated Overlapping Indebtedness

In addition to the County, the following political subdivisions have the power to issue bonds and notes and to levy taxes or cause taxes to be levied on taxable real property within the County. Estimated indebtedness, comprised of bonds and bond anticipation notes, is listed as of the close of the 2008 fiscal year of the respective municipalities, school districts and fire districts.

Unit	Outstanding Indebtedness	Exclusions [1]	Net Indebtedness
Town(s) (29):	$ 8,994,953	$ 5,566,183[2]	$ 3,428,770
Village(s) (10):	14,293,702	11,941,818[2]	2,351,884
School Districts (19):	210,498,329	195,917,857[3]	14,580,472
Fire Districts (6)	702,826	59,633	643,193
TOTAL	$234,489,810	$213,485,491	$21,004,319

(1) As permitted pursuant to the provisions of the Local Finance Law, including, but not limited to sewer and water debt, advance refunded or defeased bond principal, revenue and tax anticipation notes, reserves for bonded indebtedness and, in the case of certain school district, estimated State building aid.

Debt Ratios

The table below sets forth certain ratios relating to the County's indebtedness, without giving effect to this financing, as of April 28, 2010.

	Amount of Indebtedness	Per Capita[1]	Percentage of Full Valuation[2]
Gross Direct Indebtedness[3]	$ 27,030,000	$ 561.29	1.57%
Net Direct Indebtedness[3]	25,765,000	524.14	1.49%
Gross Direct Plus Net Overlapping Indebtedness[4]	48,034,319	997.45	2.78%
Net Direct Plus Net Overlapping Indebtedness[4]	46,769,319	951.43	2.71%

(1) Based on the County's current estimated population of 49,157.
(2) Based on the County's full value of taxable real estate for 2010 of $1,726,020,849.
(3) See "Debt Statement Summary" herein.
(4) The County's estimated applicable share of net overlapping indebtedness is $214,778,983. (See "Estimated Overlapping Indebtedness" herein.)

Cash Flow Borrowing

The County has not issued Tax Anticipation Notes or Revenue Anticipation Notes within the last five fiscal years and does not expect to issue such notes in the current fiscal year.

Capital Project Plans

The County has no authorized and unissued indebtedness for capital or other purposes other than the issuance of the Bonds.

LITIGATION

The County is subject to lawsuits in the ordinary conduct of its affairs. There are currently pending against the County several lawsuits. The County does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the County.

MATERIAL EVENTS NOTICES

The County is in compliance with all prior undertakings pursuant to Rule 15c2-12.

FINANCIAL FACTORS

General Information

County finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A statement of such revenues and expenditures is contained in the most recent audited financial statements on file with the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") and are incorporated by reference herein. Below are links and base CUSIP numbers which will facilitate obtaining these financial statements:

County of Allegany
URL: http://emma.msrb.org/EA385082-EA302664-EA698328.pdf
Base CUSIP: 017086[(1)]

As reflected in such audited financial statements, the County derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

(1) Links and CUSIP numbers are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2010 Bonds and the Agency makes no representation with respect to such information nor undertakes any responsibility for their accuracy now or at any time in the future.

Real Estate Property Tax Collection Procedure

Taxes are payable during January without penalty. Beginning February 1, and continuing each month until paid, the penalty added to delinquent taxes is one twelfth the rate of interest determined by the State Commissioner of Taxation and Finance. This rate is determined each year by July 15th based on the one-year constant maturity yield index for United States Treasury securities for the quarter-year ending on the immediately preceding June 30th. The rate is effective for a twelve-month period commencing November 1 each year and in no event will be less than twelve per centum per annum. After April 1, a 5% Treasurer's fee is added from February 1 to date of payment. After September 30th an additional $25 advertising fee is added to all uncollected taxes. The County conducts a tax sale after January 15th each year at public auction. Under New York State law, the County is obligated to reimburse the towns, villages and school districts for any uncollected taxes.

Valuations and Tax Levy

The tables below sets forth the assessed and full valuation of taxable real property and the County's real property tax levy for the last five years.

Valuations for Years Ending December 31

	2006	2007	2008	2009	2010
Assessed Valuation:	$1,411,086,206	$1,430,547,351	$1,488,573,909	$1,526,796,379	$1,604,163,777
Full Valuation:	$1,485,510,271	$1,538,222,958	$1,624,903,295	$1,661,005,634	$1,744,794,188

Average Tax Rates Per $1,000 Assessed Valuation for Years Ending December 31

	2006	2007	2008	2009	2010
Assessed Valuation:	$15.39	$15.89	$16.41	$16.62	$16.92
Full Valuation:	$14.62	$14.78	$15.03	$15.28	$15.72

Tax Collection Record

	2005	2006	2007	2008	2009
Total Tax Levy:[(1)]	$39,942,088	$39,451,998	$41,304,911	$43,542,657	$45,119,195
Collected During Year:	95.32%	94.99%	94.26%	92.45%	91.72%
Uncollected December 31st:	$1,728,289	$1,975,200	$2,372,414	$3,288,364	$3,735,340
% Uncollected When Due:	4.68%	5.01%	5.74%	7.55%	8.28%

(1) Includes Special Districts.

State Aid

The County receives financial assistance from the State. The County received State aid equal to approximately 14.94% of its revenues in its 2008 fiscal year and 13.1% of its revenues in its 2009 fiscal year. In its budget for the 2010 fiscal year, approximately 13.75% of the revenues of the County are estimated to be in the form of State aid.

See also "PART 5 – THE MUNICIPALITIES – Financial Factors – *State Aid*."

Status and Financing of Employee Pension Payments

The County's payments to the New York State and Local Employees' Retirement System ("ERS") since the 2006 fiscal year and the budgeted payments for the 2010 fiscal year are as follows:

Year	ERS
2006	$2,232,141
2007	1,978,499
2008	1,929,260
2009	1,397,623
2010 (budgeted)	2,350,000

See also "PART 5 – THE MUNICIPALITIES – Financial Factors – *Pension Payments*."

GASB 45 and OPEB

The County has contracted with Harbridge Consulting Group LLC to calculate its unfunded actuarial accrued liability ("UAAL") for its obligations to past and present employees for post-employment benefits other than pension ("OPEB") present value liability, which was determined to be $124,964,695 at December 31, 2008. The County's annual required contribution ("ARC") for OPEB as of December 31, 2008 was $12,019,856. The actuarial firm's report is available upon request in the Comptroller's office. The aforementioned UAAL and ARC are recognized and disclosed in accordance with GASB 45 standards in the County's 2008 financial statements. After the County's 2008 contribution of $2,128,449, the County has a net OPEB obligation of $9,891,407.

See also "PART 5 – THE MUNICIPALITIES – Financial Factors – *GASB 45 and OPEB*."

Recent Operating Results

Total General Fund Balance at December 31, 2008 was $12,817,966. The un-appropriated unreserved portion was $9,309,397. Preliminary unaudited numbers for year end 2009 show an increase to the General Fund Balance of $5,416,388 and a projected balance of $18,234,384. The un-appropriated unreserved estimated portion is $14,697,331. The 2010 budget contains an appropriation of unreserved fund balance of $700,000.

Principal and Interest Requirements

A schedule of the County's debt service on all outstanding indebtedness, including the Bonds, is presented below.

Fiscal Year Ending December 31	Existing Debt Service	New Debt Service	Total Debt Service
2010	$3,052,364	$ -	$3,052,364
2011	2,967,645	1,481,840	4,449,485
2012	2,976,197	1,111,803	4,088,000
2013	2,896,873	1,110,198	4,007,071
2014	2,395,809	1,111,380	3,507,189
2015	2,283,993	1,111,070	3,395,063
2016	1,913,963	1,108,169	3,022,132
2017	1,606,437	1,107,474	2,713,911
2018	1,606,188	1,106,143	2,712,331
2019	1,609,188	1,098,869	2,708,057
2020	1,610,219	1,090,041	2,700,260
2021	1,609,287	1,080,497	2,689,784
2022	1,606,375	1,078,255	2,684,630
2023	1,606,500	1,067,705	2,674,205
2024	1,609,438	1,055,969	2,665,407
2025	1,609,969	1,047,898	2,657,867
2026	1,608,094	1,031,769	2,639,863
2027	1,608,812	1,017,510	2,626,322
2028	1,606,906	1,001,622	2,608,528
2029	1,607,375	988,943	2,596,318
2030	-	969,471	969,471
2031	-	953,207	953,207
2032	-	939,826	939,826
2033	-	919,327	919,327
2034	-	898,308	898,308
2035	-	886,514	886,514
	$39,391,632	$26,373,807	$65,765,439

APPENDIX C-2
DESCRIPTION OF
COUNTY OF MADISON

There follows in this Appendix C-2 a brief description of the County of Madison (the "County"), together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and general and specific funds. The information in this section has been obtained from the County and the Agency takes no responsibility for the accuracy thereof.

GENERAL INFORMATION

Description

The County is located in the geographical center of New York State. It is located between and approximately 20 miles from the Cities of Syracuse and Utica and covers a land area of 661 square miles. The land development pattern of the County is agricultural and rural in character with 30 percent of the land area used for farming and 42 percent representing forest land.

The County is served by State, County and local police, including State Police stations in Oneida and Morrisville, the County Sheriff in Wampsville, and five local police stations in the City of Oneida, and in the Villages of Canastota, Chittenango, Cazenovia and Hamilton.

Of the 24 fire departments serving the County, the City of Oneida has the only full-time service, and the rest operate with volunteers. All fire departments have communication links with the County Communication Center. All emergency rescue services are integrated into other fire department services.

There are two hospitals located within the County: Oneida Healthcare Center and Community Memorial Hospital in Hamilton. The Central New York Region has additional medical facilities available, including five hospitals in Syracuse. These include Community-General Hospital of Greater Syracuse, Crouse-Irving Hospital, St. Joseph's Hospital Health Center, State University of New York Upstate Medical Center, and Veterans Administration Medical Center. A Burn Care Unit and Pediatric Hematology Clinic are located at the State University of New York Upstate Medical Center.

The New York Thruway (I-90) affords east-west connections, and traverses the County with exits located in and around the County. Interstate 81 is located in Syracuse and parallels the western side of the County, providing north-south connections including a direct crossing into Canada. New York State Routes 5 and 20 also provide east-west access through the County.

The main line of the Consolidated Railroad Corporation (Conrail), crosses the Northern Part of the County, and is used by both freight and passenger trains. There are three freight access points to the mainline in the County. The Syracuse Hancock International Airport in Syracuse provides general aviation and air carrier service. Major port facilities are located an hour away at the City of Oswego on Lake Ontario from which ocean-going ships travel to all ports in the world through the St. Lawrence Seaway. The County is also served by nine trucking firms.

Population Trends

	County	New York State	United States
1980	65,120	17,558,072	226,504,825
1990	69,120	17,990,455	249,632,692
2000	69,441	18,976,457	284,968,348
2008	69,766	19,490,297	304,059,724

Source: U.S. Department of Commerce, Bureau of the Census.

Ten Largest Employers

Name	Type	Employees
Colgate University	Education	857
Oneida Health Care	Hospital	740
Morrisville State College	Education	580
Wal-Mart	Retail	450
ESCO	Manufacturing	386
Briggs & Stratton	Manufacturing	317
Cazenovia College	Education	300
Madison Cortland ARC	Manufacturing	270
Marquardt Switches	Manufacturing	267
Community Memorial Hospital	Hospital	250

Ten Largest Taxpayers

Name	Type	Full Valuation
National Grid	Utility	$ 82,634,826
Tenneco	Utility	25,735,928
Verizon	Utility	14,384,362
New York State Electric & Gas	Utility	13,838,255
Dominion Resources	Utility	12,108,414
Colgate University	Inn/Residential/Vacant Land	11,535,029
Walmart Real Estate	Shopping Center	9,500,000
Glenwood Plaza	Shopping Center	8,751,475
Citizens Telecom	Utility	8,177,507
North Atlantic Development Inc.	Shopping Center	7,217,189

The total estimated full valuation of the top **ten (10)** taxpayers represents approximately 4.96% of the tax base of the County.

Form of County Government

Government of the County is the responsibility of a 19-member Board of Supervisors, elected by the residents of each of the towns within the County, with four members elected by residents of the City of Oneida. One member is selected as Chairman by the members themselves. Seventeen Supervisors are elected to two-year terms; two Supervisors are elected to four-year terms. The County Treasurer is the chief fiscal officer and is elected at large.

Financial Organization

The County Board of Supervisors meets at both regular and special meetings throughout the year. The Board of Supervisors reviews and adopts the annual County budget, levies taxes, reviews and approves any modifications to the budget, and authorizes the incurrence of all indebtedness of the County.

Budgetary Procedures

The Board of Supervisors adopts a budget each year, based on recommendations by the Department heads. After holding a public hearing, said budget is officially adopted by the Board of Supervisors. The Budget is not subject to referendum. Expenditures during the fiscal year may only be made pursuant to appropriations from the General Fund and other special purpose funds established by the County. However, the Board of Supervisors, on the recommendation of the Budget Officer, during the fiscal year may by resolution make additional appropriations from any unencumbered balance in appropriations, contingent funds or unanticipated revenues and, to a limited extent, by the issuance of budget notes.

Unemployment Rate Statistics

	Year Average				
	2005	**2006**	**2007**	**2008**	**2009**
County	5.2%	4.7%	4.7%	5.7%	8.0%
New York State	5.0%	4.6%	4.5%	5.3%	8.4%

2009-10 Monthly Figures

	2009									**2010**		
	Apr	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**
County	7.6%	7.7%	8.1%	7.9%	7.4%	7.4%	7.2%	7.4%	8.4%	9.7%	9.5%	8.7%
New York State	7.7%	8.1%	8.6%	8.8%	8.6%	8.7%	8.7%	8.7%	8.8%	9.4%	9.3%	8.8%

County Employees

The number of persons employed by the County, the collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below.

Number of Employees	Bargaining Unit	Contract Expiration Date
273	C.S.E.A. (White Collar)	December 31, 2010
115	C.S.E.A. (Blue Collar)	December 31, 2010
44	NYS Nurses Association	December 31, 2009[(1)]
27	Madison County Deputy Sheriff PBA	December 31, 2008[(1)]
41	Teamsters Local 182	December 31, 2009[(1)]

(1) Currently under negotiation.

COUNTY INDEBTEDNESS

Debt Limit

The table below sets forth the computation of the debt limit for the County and its debt contracting margin.

Net Debt Contracting Margin
As of April 28, 2010[(1)]

Full Valuation of Taxable Real Property	$	3,521,745,341
Debt Limit		246,522,174
Gross Indebtedness [(2)]	$	350,000
Less: Exclusions		0
Total Net Indebtedness	$	350,000
Net Debt Contracting Margin		246,172,174
Percentage of Debt Contracting Power Exhausted		0.14%

(1) The County has not incurred any indebtedness since the date of this table.
(2) Tax Anticipation Notes and Revenue Anticipation Notes are not included in the computation of the statutory debt limit of the County. The County expects to deliver $16,390,000 of its Local ARRA Bonds to the Agency in connection with the financing of the cost of improvements to the County's Emergency Communication System (E-911) Such County Bonds, when issued, will constitute Gross Indebtedness of the County and will alter the percentage of debt contracting power exhausted accordingly.

Estimated Overlapping Indebtedness

In addition to the County, the following political subdivisions have the power to issue bonds and notes and to levy taxes or cause taxes to be levied on taxable real property within the County. Estimated indebtedness, comprised of bonds and bond anticipation notes, is listed as of the close of the December 31, 2008 fiscal year of the respective municipalities, school districts and fire districts.

Unit	Outstanding Indebtedness	Exclusions[1]	Net Indebtedness
Towns (15):	$ 6,715,607	$ 1,975,987 [2]	$ 4,739,620
Villages (9):	19,693,596	17,655,872 [2]	2,037,724
City (1):	15,068,730	11,500,750 [2]	3,567,980
School Districts (10):	118,563,874	109,719,117 [3]	8,844,757
Fire Districts (10):	738,496	0	738,496
TOTAL	$ 160,780,303	$ 140,851,726	$ 19,928,577

(1) As permitted pursuant to the provisions of the Local Finance Law, including, but not limited to sewer and water debt, advance refunded or defeased bond principal, revenue and tax anticipation notes, reserves for bonded indebtedness and, in the case of certain school district, estimated State building aid.

Debt Ratios

The table below sets forth certain ratios relating to the County's indebtedness, without giving effect to this financing, as of April 28, 2010.

	Amount of Indebtedness	Per Capita[1]	Percentage of Full Valuation[2]
Gross Direct Indebtedness[3]	$ 350,000	$ 5.02	0.009%
Net Direct Indebtedness[3]	350,000	5.02	0.009%
Gross Direct Plus Net Overlapping Indebtedness[4]	29,778,169	426.83	0.80%
Net Direct Plus Net Overlapping Indebtedness[4]	29,778,169	426.83	0.80%

(1) Based on the County's current estimated population of 69,766.
(2) Based on the County's full value of taxable real estate for 2009-10 of $3,911,936,989.
(3) See "Debt Statement Summary" herein.
(4) The County's estimated applicable share of net overlapping indebtedness is $29,428,169. (See "Estimated Overlapping Indebtedness" herein.)

Cash Flow Borrowing

The County has not issued Tax Anticipation Notes or Revenue Anticipation Notes within the last 5 fiscal years and does not expect to issue such notes in the current fiscal year.

Capital Project Plans

The County has no authorized and unissued indebtedness for capital or other purposes other than the issuance of the Bonds.

LITIGATION

Indian Land Claims. The Oneida Indian Nation of New York State, The Oneidas of the Thames, and the Oneida Tribe of Indians of Wisconsin, Inc. vs. The County of Oneida, New York, and The County of Madison, New York was brought in the United States District Court for the Northern District of New York in 1974. This action alleges Indian land claims under the United States Constitution and the Indian Trade and Intercourse Acts regarding approximately 250,000 acres acquired by the State of New York from the Oneida Indian Nation between 1795 and 1846. The claim area constitutes approximately 42%of the County of Madison. In June 1998, the United States intervened in the action on behalf of the Oneidas against the Counties. In September 1998, U.S. District Court Judge

McCurn removed the stay from the litigation (which had been in place since the late 1980's pending settlement negotiations), and established a timetable for litigation to go forward. In December 1998, both the Oneidas and the U.S. sought permission to amend their complaints by adding, as defendants, the State of New York and a class of 20,000 private landowners to the action, seeking damages plus interest computed from the dates of multiple treaties entered into between 1795 and 1846, and seeking possession of the land. On September 25, 2000, Judge McCurn denied the applications to add the private landowners but granted the applications to add the State of New York as a defendant. The case was thereafter transferred to U.S. District Court Judge Lawrence E. Kahn. The plaintiff filed amended complaints adding the State and seeking (1) declaration that the plaintiff tribes had possessory rights to the land claim area; (2) restoration of possession of land to which the defendants claim title; and (3) damages under multiple theories regarding the subject lands which were allegedly wrongfully acquired from the Oneidas. The defendants filed responsive pleadings on January 12, 2001 which asserted various defenses and counterclaims. The New York Brothertown Indian Nation moved to intervene in this case as plaintiffs; and on May 21, 2001, the Court issued a Memorandum-Decision and Order granting their motion. The plaintiffs and plaintiff-intervenors moved to strike and dismiss the defenses and counterclaims which, on March 29, 2002, the Court granted in part and denied in part. Discovery, including expert witness depositions, has been completed. The action was stayed pending final action by the Supreme Court of the United States in the Indian land claim litigation brought by the Cayuga Indian Nation of New York. The Supreme Court denied certiorari in Cayuga. Thereafter, the County filed a motion for summary judgment seeking dismissal of the complaint. On May 21, 2007, Judge Kahn granted the County's motion for summary judgment dismissing the land claim and dismissing the County from the action. The plaintiffs appealed to the United States Court of Appeals for the Second Circuit. Oral argument was heard June 3, 2008.

In addition to the litigation noted above, the County is a defendant in another Indian claim entitled, Stockbridge-Munsee Community, et al. v. New York State, et al. This case was filed in October of 1986, in the United States District Court for the Northern District of New York. It involves a claim by the Stockbridge-Munsee Indian Community to land within the area claimed in Case No. 2 and, in Madison County, located in parts of the towns of Lincoln, Smithfield and Stockbridge and the Village of Munnsville. The issues, in many respects, are similar to those in the Oneida case described above. Proceedings in this case were stayed for many years. On February 7, 2003, the plaintiffs filed motions to lift the stay and to file a supplemental memorandum of law in support of their motion for summary judgment. Subsequently, on August 5, 2004, the plaintiffs filed an amended complaint. The amended complaint does not materially change the nature or amount of the claims against the County. The State of New York and Oneida Indian Nation of New York have filed motions to dismiss the amended complaint. The County's time to answer the amended complaint has been extended until the motions to dismiss have been determined. The action has been stayed pending final determination of the Oneida land claim discussed above.

On December 1, 1999, the County commenced a tax foreclosure action pursuant to state law in New York State Supreme Court with respect to certain properties owned by the Oneida Indian Nation of New York. On March 31, 2000, the New York Oneida filed an answer in the state court action; and on March 30, 2000 it also filed a complaint in the United States District Court for the Northern District of New York seeking to enjoin the County from pursuing the state court action and from taxing its properties or foreclosing on them for nonpayment of taxes. Oneida Indian Nation of New York v. Madison County, New York. The County moved to dismiss the federal action for failure to join indispensable parties. On June 4, 2001, United States District Judge David Hurd denied the County's motion to dismiss and, based on proceedings in a similar case between the City of Sherrill and the Oneida Indian Nation of New York, entered judgment on the pleadings against the County and in favor of the New York Oneidas. The County appealed both of these decisions to the United States Court of Appeals for the Second Circuit. The Second Circuit affirmed the decision in the Sherrill case, but reversed and remanded the decision against the County. The Supreme Court of the United States granted the City of Sherrill's petition for a writ of certiorari and, in a decision dated March 29, 2005, reversed the Second Circuit and remanded the case for further proceedings consistent with its opinion. On October 27, 2005, the District Court granted summary judgment in favor of the Oneida Indian Nation of New York in the Madison County case, and permanently enjoined the County from foreclosing on Oneida Indian National property for nonpayment of real property taxes. The County has appealed to the United States Court of Appeals for the Second Circuit. On April 27, 2010, the United States Court of Appeals for the Second Circuit affirmed the District Court's decision based upon the tribe's sovereign immunity from suit.

On or about July 26, 2005, the Oneida Indian Nation of New York commenced proceedings/actions against the County and other taxing jurisdictions in New York State Supreme Court, Madison County, challenging the tax assessments and the taxability of the properties it owns in Madison County. Oneida Indian Nation of New York, Petitioner/Plaintiff, v. Tanya M. Pifer, as Assessor of the Town of Lenox, et al., Index No.05-1532; Lonnie P.

Stedman, as Assessor of the City of Oneida, et al., Index No. 05-1533; Tanya M. Pifer, as Assessor of the Town of Stockbridge, et al., Index No. 05-1534; Tanya M. Pifer, as Assessor of the Town of Lincoln, et al., Index No. 05-1535; Raymond A. Mann, as Assessor of the Town of Sullivan, et al., Index No. 05-1536;Priscilla J. Suits, as Assessor of the Town of Fenner, et al., Index No. 05-1537; Rhonda M. Weigand, as Assessor of the Town of Smithfield, et al., Index No. 05-1538; Tanya M. Pifer, as Assessor of the Town of Lincoln, Et Al., Index No. 05-1606.The County has moved to dismiss the petitions/complaints. The Oneida Indian Nation moved to discontinue these proceedings/actions without prejudice, and its motion to discontinue was denied June 2, 2006. The Oneida Indian Nation appealed, and the Appellate Division for the Third Department affirmed the denial of the motion to discontinue on August 9, 2007. This litigation is inactive pending decisions by the Second Circuit in the appeals discussed above.

Pursuant to the provisions of Section 10 of the State Law, the Governor of New York has agreed to provide a defense against these actions and has entered into a contract with special counsel for that purpose.

On or about June 19, 2008, the State of New York, Oneida County and the County sued the Secretary of the Interior and other agencies and officials of the United States of America to challenge a Record of Decision issued on or about May 20, 2008 by which the Secretary made a determination to take approximately 4,000 acres in Madison County into trust for the benefit of the Oneida Indian Nation of New York, which has intervened in the action. The litigation is in the early stages. On September 29, 2009, Judge Kahn granted the defendants' motions to dismiss in part and denied plaintiffs' motion for summary judgment. Motions regarding the administrative record, discovery and the defendants' failure to comply with a court order to produce documents pursuant to plaintiffs' Freedom of Information Act requests are pending.

Other Litigation. The County is subject to lawsuits in the ordinary conduct of its affairs. There are currently pending against the County several lawsuits. The County does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the County.

MATERIAL EVENTS NOTICES

The County is in compliance with all prior undertakings pursuant to Rule 15c2-12.

FINANCIAL FACTORS

General Information

County finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A statement of such revenues and expenditures is contained in the most recent audited financial statements on file with the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") and are incorporated by reference herein.

Below are links and base CUSIP numbers which will facilitate obtaining these financial statements:

County of Madison
URL: http://emma.msrb.org/EP337897-EP41317-.pdf
Base CUSIP: 557361[(1)]

As reflected in such audited financial statements, the County derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

(1) Links and CUSIP numbers are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2010 Bonds and the Agency makes no representation with respect to such information nor undertakes any responsibility for their accuracy now or at any time in the future.

Real Estate Property Tax Collection Procedure

The County guarantees the real property tax levies of the towns, villages and school districts (except school district taxes on property located within the City of Oneida) located within the County.

Real property is assessed for taxation by local assessors in each Town and the City of Oneida and is placed on the respective tax rolls.

Each town tax receiver is required to pay to the respective town the full amount levied for town and town special district purposes. The balance of collected taxes is remitted to the County Treasurer. After April 30, uncollected taxes relating to property located outside the City of Oneida, become the responsibility of the County Treasurer. The City of Oneida retains responsibility for collecting County delinquent taxes. The collection of County taxes levied on properties within the City of Oneida are enforced by the City, and the County receives the full amount of such taxes from the City within the year of the levy. The various Villages collect taxes commencing June 1 of each year and return the uncollected portion to the County Treasurer by October 25. On the following January, the uncollected portion, plus appropriate penalties, become part of the County taxes.

The following penalties accrue with respect to delinquent taxes as follows: no penalty if paid within the first 30 days and then 1% per month through October. There is also a flat fee of 5% when returned to the County.

Valuations and Tax Levy

The table below sets forth the assessed and full valuation of taxable real property and the County's real property tax levy for the last five years.

Valuations for Years Ending December 31

	2006	2007	2008	2009	2010
Assessed Valuation:	$2,925,157,927	$3,034,243,773	$3,196,903,015	$3,297,762,286	$3,395,170,113
Full Valuation:	$3,019,985,471	$3,384,166,599	$3,574,754,573	$3,717,883,073	$3,911,936,989

Average Tax Rates Per $1,000 Assessed Valuation for Years Ending December 31

2006	2007	2008	2009	2010
$9.38	$8.30	$7.85	$7.58	$7.38

Tax Collection Record

	2005	2006	2007	2008	2009
Total Tax Levy:	$40,046,728	$40,088,576	$41,063,059	$41,403,007	$42,315,741
Collected During Year:	96.3%	96.1%	95.8%	95.9%	94.8%
Uncollected December 31st:	$1,481,897	$1,549,949	$1,728,006	$1,697,464	2,186,958
% Uncollected When Due:	3.7%	3.9%	4.2%	4.1%	5.2%

State Aid

The County receives financial assistance from the State. The County received State aid equal to approximately 15.6% of its revenues in its 2008 fiscal year and 16.3% of its revenues in its 2009 fiscal year. In its budget for the 2010 fiscal year, approximately 13.6% of the revenues of the County are estimated to be in the form of State aid.

See also "PART 5 – THE MUNICIPALITIES – Financial Factors – *State Aid*."

Status and Financing of Employee Pension Payments

The County's payments to the New York State and Local Employees' Retirement System ("ERS") since the 2006 fiscal year and the budgeted payments for the 2010 fiscal year are as follows:

Year	ERS
2006	$2,249,627
2007	1,982,970
2008	1,948,594
2009	1,785,777
2010 (budgeted)	3,050,342

See also "PART5 – THE MUNICIPALITIES – Financial Factors – *Pension Payments.*"

GASB 45 and OPEB

The County has contracted with Harbridge Consulting Group to calculate its unfunded actuarial accrued liability ("UAAL") for its obligations to past and present employees for post-employment benefits other than pension ("OPEB") present value liability, which was determined to be $97,406,516 at December 31, 2008. The County's annual required contribution ("ARC") for OPEB as of December 31, 2008 is $6,743,086. The actuarial firm's report is available upon request in the Comptroller's office. The aforementioned UAAL and ARC are recognized and disclosed in accordance with GASB 45 standards in the County's 2008 financial statements. The County has not set aside funds toward its OPEB liability.

See also "PART 5 – THE MUNICIPALITIES – Financial Factors – *GASB 45 and OPEB*."

Recent Operating Results

The total unaudited General Fund Balance at December 31, 2009 was $20,117,844. There was a decrease in the General Fund Balance from 2008 to 2009 of $5,068,970. The General Fund Revenues were $86,751,467 and the General Fund Expenditures were $77,737,007. These Revenue and Expenditure amounts do not include interfund transfers/transfer to other funds.

During 2009, budgeted transfers from the General Fund to the Capital Projects Fund amounted to $3,282,662 for the Public Safety Communication Upgrade Project and $800,000 for an Agricultural and Renewable Energy Park. These transfers accounted for the majority of the decrease in General Fund Balance as of December 31, 2009.

Principal and Interest Requirements

A schedule of the County's debt service on all outstanding indebtedness, including the Bonds, is presented below.

Fiscal Year Ending December 31	Existing Debt Service	New Debt Service	Total Debt Service
2010	$355,425	$ -	$355,425
2011	-	2,429,727	2,429,727
2012	-	2,088,897	2,088,897
2013	-	2,080,295	2,080,295
2014	-	2,077,615	2,077,615
2015	-	2,073,910	2,073,910
2016	-	2,064,412	2,064,412
2017	-	2,063,180	2,063,180
2018	-	2,064,098	2,064,098
2019	-	2,030,976	2,030,976
2020	-	1,996,367	1,996,367
	$355,425	$20,969,477	$21,324,902

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APPENDIX C-3
DESCRIPTION OF
COUNTY OF ONEIDA

There follows in this Appendix C-3 a brief description of the County of Oneida (the "County"), together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and general and specific funds. The information in this section has been obtained from the County and the Agency takes no responsibility for the accuracy thereof.

GENERAL INFORMATION

Description

The County is located in central upstate New York, in the area commonly known as the Mohawk Valley. It is situated on the New York State Thruway with the City of Syracuse located approximately 50 miles to the west, and the City of Albany approximately 90 miles to the east.

The County has a land area of 1,227 square miles and has within its boundaries two major urban centers – the Cities of Utica (2008 U.S. Census population of 58,082) and Rome (2008 U.S. Census population of 33,673). The estimated 2008 U.S. Census population for the County was 231,590.

Major highways serving the County are New York State Routes #5, #8, #12, #46, #49 and #69 as well as the New York State Thruway and US #20. Interstate Routes #81 and #87 provide limited access north-south connections via the cities of Syracuse and Albany, a short distance away. CSX provides direct rail services to a variety of Northeastern markets. Amtrak provides rail passenger transportation service from Utica's Union Station. Adirondack Scenic Railroad also uses Union Station for scenic touring of central New York.

Source: Mohawk Valley EDGE (February 2009).

Population Trends

	County	New York State	United States
1980	253,466	17,558,072	226,504,825
1990	250,836	17,990,455	249,632,692
2000	235,469	18,976,457	284,968,348
2008	231,590	19,490,297	304,059,724

Source: U.S. Department of Commerce, Bureau of the Census.

Ten Largest Employers

Name	Type	Employees
Oneida Indian Nation Enterprises	Resort and casino	4,777
Mohawk Valley Network	Medical facilities	3,010
CNY Developmental Services	Not-For-Profit Agency	3,000
NY State Department of Corrections	Correctional Facilities	2,738
St. Elizabeth Medical Center	Medical Facility	1,965
Upstate Cerebral Palsy	Human services/educational	1,900
Metropolitan Life	Life Insurance	1,513
Rome Memorial Hospital	Medical Facility	1,460
Wal-Mart	Distribution Center	1,400
Resource Center for Independent Living	Human services	1,400

Source: Mohawk Valley Economic Development Growth Enterprises Corporation (EDGE) (February 2009).

Ten Largest Taxpayers

Name	Type	Valuation
National Grid (formerly Niagara Mohawk Power Corporation)	Utility	$261,551,719
Sangertown Square LLC	Real Estate/Commercial	84,135,740
Wal-Mart	Warehouse/Commercial	51,523,000
Verizon (formerly Bell Atlantic)	Utility	45,368,169
BG New Hartford LLC	Real Estate/Commercial	37,923,300
Iroquois Gas	Utility	33,427,610
Erie Blvd Hydropower	Utility	30,248,352
Riverside Enterprises LLC	Real Estate/Commercial	28,129,887
Utica Mutual Insurance Company	Insurance	18,704,900
Applewood Community	Manufactured Housing	12,693,890

The total estimated full valuation of the top **ten (10)** taxpayers represents approximately 8.7% of the tax base of the County.

Form of County Government

Under the County Charter, the County is divided into 29 legislative districts with an elected legislator representing each district in the Board of County Legislators. The County Executive and County Comptroller are each elected to a four-year term. The County Executive is the Chief Executive of the County government while the County Comptroller is the Chief Fiscal Officer. The County Clerk, Sheriff, and the District Attorney are constitutional officials and are elected to four-year terms. The Commissioner of Finance, who is appointed by, and serves at the pleasure of the County Executive, is responsible for collection of taxes and other revenues and the custody of all public funds of the County.

Financial Organization

The County Board of Legislators meets at both regular and special meetings throughout the year. The County Board of Legislators reviews and adopts the annual County budget, levies taxes, reviews and approves any modifications to the budget, and authorizes the incurrence of all indebtedness of the County. The County Comptroller is the Chief Fiscal Officer.

Budgetary Procedures

The Board of County Legislators adopts a budget each year, based on recommendations by the County Executive in October. After holding a public hearing, said budget is officially adopted by the Board of County Legislators in November. The Budget is not subject to referendum. Expenditures during the fiscal year may only be made pursuant to appropriations from the General Fund and other special purpose funds established by the County. However, the Board of County Legislators, on the recommendation of the County Executive, during the fiscal year may by resolution make additional appropriations from any unencumbered balance in appropriations, contingent funds or unanticipated revenues and, to a limited extent, by the issuance of budget notes. The fiscal year of the County is the calendar year.

Unemployment Rate Statistics

	Year Average				
	2005	2006	2007	2008	2009
County	4.8%	4.4%	4.3%	5.5%	7.4%
New York State	5.0%	4.6%	4.5%	5.3%	8.4%

2009-10 Monthly Figures

	2009									2010		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
County	7.0%	7.2%	7.5%	7.2%	6.9%	7.1%	7.0%	7.1%	7,4%	8.4%	8.3%	7.7%
New York State	7.7%	8.1%	8.6%	8.8%	8.6%	8.7%	8.7%	8.7%	8.8%	9.4%	9.3%	8.8%

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

County Employees

The number of union personnel employed by the County, the collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below.

Number of Employees	Bargaining Unit	Contract Expiration Date
940	United Public Service Employees' Association Local 424	December 31, 2010
20	Civil Service Employees' Union	December 31, 2012
120	Deputy Sheriff's Police Benevolent Association	December 31, 2010
283	Oneida County Sheriff's Department Employee Local 1249	December 31, 2010

COUNTY INDEBTEDNESS

Debt Limit

The table below sets forth the computation of the debt limit for the County and its debt contracting margin.

Net Debt Contracting Margin
As of April 28, 2010[1]

Full Valuation of Taxable Real Property	$9,236,700,801
Debt Limit	646,569,056
Gross Indebtedness[2]	$125,034,692
Less: Exclusions	12,550,595
Total Net Indebtedness	$112,484,097
Net Debt Contracting Margin	521,534,364
Percentage of Debt Contracting Power Exhausted	17.40%

(1) The County has not incurred any indebtedness since the date of this table.
(2) Tax Anticipation Notes and Revenue Anticipation Notes are not included in the computation of the statutory debt limit of the County. The County expects to deliver $17,350,000 of its Local ARRA Bonds to the Agency in connection with the refunding of $1,040,000 of the County's outstanding bond anticipation notes and the financing of $16,310,000 for various County projects. Such County Bonds, when issued, will constitute Gross Indebtedness of the County and will alter the percentage of debt contracting power exhausted accordingly.

Estimated Overlapping Indebtedness

In addition to the County, the following political subdivisions have the power to issue bonds and notes and to levy taxes or cause taxes to be levied on taxable real property within the County. Estimated indebtedness, comprised of bonds and bond anticipation notes, is listed as of the close of the fiscal year ending December 31, 2008 of the respective municipalities.

Unit	Outstanding Indebtedness	Exclusions [1]	Net Indebtedness
Cities (3):	$113,580,073	$ 27,867,466	$ 85,712,607
Towns (26):	44,472,815	25,133,784	19,339,031
Villages (19):	19,937,865	12,093,477	7,844,388
School Districts (18):	341,252,870	306,103,824	35,149,046
Fire Districts (18):	3,695,600	0	3,695,600
TOTAL	$522,939,223	$371,198,551	$151,740,672

(1) As permitted pursuant to the provisions of the Local Finance Law, including, but not limited to sewer and water debt, advance refunded or defeased bond principal, revenue and tax anticipation notes, reserves for bonded indebtedness and, in the case of certain school district, estimated State building aid.

Debt Ratios

The table below sets forth certain ratios relating to the County's indebtedness, without giving effect to this financing, as of April 28, 2010.

	Amount of Indebtedness	Per Capita[1]	Percentage of Full Valuation[2]
Gross Direct Indebtedness[3]	$125,034,692	$ 539.90	1.14%
Net Direct Indebtedness[3]	112,484,097	485.70	1.03%
Gross Direct Plus Net Overlapping Indebtedness[4]	276,775,364	1,195.11	2.53%
Net Direct Plus Net Overlapping Indebtedness[4]	264,224,769	1,140,92	2.42%

(1) Based on the County's current estimated population of 231,590.
(2) Based on the County's full value of taxable real estate for 2010 of $10,925,980,740.
(3) See "Debt Statement Summary" herein.
(4) The County's estimated applicable share of net overlapping indebtedness is $151,740,672. (See "Estimated Overlapping Indebtedness" herein.)

Cash Flow Borrowing

The County has not issued Tax Anticipation Notes or Revenue Anticipation Notes within the last five fiscal years and does not expect to issue such notes in the current fiscal year.

Capital Project Plans

The County currently has authorized $5.3 million for the Phase 1 and $20.5 million for the Phase 2A rehabilitation/replacement project in and for the Oneida County Sewer District

The County has no authorized and unissued indebtedness for capital or other purposes other than the issuance of the Bonds.

LITIGATION

Indian Land Claims

Oneida Indian Nation of New York, et al. v. County of Oneida New York, et al. (Civil Action No. 70-CV-35). The County was a defendant in an action entitled, Oneida Indian Nation of New York, et al. v. County of Oneida New York, et al. This case was in the court system for over 30 years, having originally been brought in the United States District Court for the Northern District of New York in 1970. The claim sought monetary damages for the trespass by the County on land claimed to be owned by the successors of the Oneida Indian Nation for the years 1968 and 1969. It involved land that was purchased by the State from the Oneida Indian Nation in 1795. The case had an extensive court history culminating in a decision by the United States Supreme Court in March of 1985. That decision affirmed lower court findings to the effect that the 1795 purchase by the State was illegal because of the failure of the State to get permission from the federal government. As a result, a judgment against the County in the amount of $7,635, together with simple interest at the rate of 6% per annum from January 1, 1968, was affirmed.

On August 29, 2002, Judge Neal McCurn, United States District Court, Northern District of New York ruled that the County had acted as a good faith trespasser. The damage amount due from the County was recalculated to be $8,360 plus interest and a judgment was entered accordingly. The County satisfied the judgment with funds furnished by the State. This case is completed and is included here only for historical information.

The Oneida Indian Nation of New York State, et al. v. The County of Oneida New York and the County of Madison, New York (Civil Action No. 74-CV-187). The County of Oneida is a defendant in another Indian land claim entitled, The Oneida Indian Nation of New York State, The Oneidas of the Thames, and the Oneida Tribe of Indians of Wisconsin, Inc. vs. The County of Oneida, New York, and the County of Madison, New York, which was brought in the United States District Court for the Northern District of New York in 1974. This action asserts possessory rights by three Oneida tribes to approximately 250,000 acres acquired by the State from the Oneida Indian Nation between 1795 and 1846. In June, 1998, the United States intervened in the action on behalf of the Oneidas against the Counties. In December, 1998, both the Oneidas and the U. S. sought permission to amend their complaints by adding, as a plaintiff, the Oneida of the Thames, and as defendants, the State and a class of 20,000 private landowners to the action, seeking damages plus interest computed from the dates of multiple treaties entered into between 1795 and 1846, and seeking possession of the land. On September 25, 2000, Judge McCurn denied the applications to add the private landowners and to seek possession but granted the applications to add the Oneida of the Thames as a plaintiff and the State as a defendant. The case was thereafter transferred to U. S. District Court Judge Lawrence E. Kahn. The plaintiffs filed amended complaints adding the State and seeking (1) a declaration that the plaintiff tribes had possessory rights to the land claim area; (2) damages under multiple theories regarding the subject lands which were allegedly wrongfully acquired from the Oneidas. The defendants filed responsive pleadings on January 12, 2001, which asserted various defenses and counterclaims. The New York Brothertown Indian Nation moved to intervene in the case as a plaintiff, and its motion was granted. The plaintiffs and plaintiff-intervenors moved to strike and dismiss the defenses and counterclaims, and those motions were granted in part and denied in part. Discovery was had. In August 2006, defendants moved for summary judgment to dismiss the action. In May 2007, Judge Kahn granted dismissal of all claims against the County, leaving only a monetary claim against the State. Both the plaintiffs and the State have filed appeals, which were argued on June 3, 2008, but the State's assumption of financial liability pursuant to State law §10 would seem to eliminate any adverse potential impact on the County.

Stockbridge-Munsee Community, et al. v. New York State, et al. (Civil Action No. 86-CV-1140). In addition to the litigation noted above, the County is also a defendant in another Indian claim entitled Stockbridge-Munsee Community, et al. v. New York State, et al. This case was filed in October of 1986 in the United States District Court for the Northern District of New York. It involves a claim by the Stockbridge-Munsee Indian Community to land located in parts of the Towns of Augusta and Vernon in Oneida County but not within the area claimed in The Oneida Indian Nation of New York State, et al. v. The County of Oneida, New York and the County of Madison, New York. The issues, in many respects, are similar to those in the Oneida cases described above. The Oneida Indian Nation of New York has intervened in this action, and the Court has pending before it cross-motions to dismiss the complaint and for summary judgment. Because an unfavorable outcome is neither probable nor remote, it is not possible to predict the outcome of this litigation.

Oneida Indian Nation v. Madison County and Oneida County (Civil Action No. 05-6408-CV(L)). The County is currently litigating its right to foreclose upon Oneida Indian Nation properties in the above case. Judge David Hurd ruled against the County in June 2006; an appeal was argued in November 2007 in the Second Circuit Court of Appeals. The District Court decision barring foreclosure was affirmed by the Second Circuit Court of Appeals on April 27, 2010. The county has several possible avenues to seek further review and is currently considering its options.

State of New York v. Salazar (Civil Action No. 6:08-CV-00644 (LEK) (GJD)). On May 20, 2008, the Department of the Interior issued its decision to take 8,833 acres of land in Oneida County as well as some land in Madison County, into trust for the Oneida Indian Nation. New York State and both counties filed the above-entitled suit to overturn that decision. In September 2009, Judge Kahn dismissed some of the County's causes of action; however, most remain and can be appealed. The case is still in its early stages and at this time it is not possible to predict the outcome of this litigation.

It is noted that the trust application may have indirect implications for the County with regard to future tax revenues, if the tribes succeed and thereafter remove land from the tax rolls. (Taxes have not been paid on these lands for many years.) However, the State has for years made impact payments to the County for such loss and it is expected that impact payments would be a part of any eventual outcome of these matters, whether they are terminated by litigation or settlement. It is not possible to predict whether the County will ultimately lose tax revenues as a result of the trust application. For these reasons stated above, it appears unlikely that this case will cause any impact to the County.

Other Litigation. The County is subject to lawsuits in the ordinary conduct of its affairs. There are currently pending against the County several lawsuits. The County does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the County.

MATERIAL EVENTS NOTICES

The County is in compliance with all prior undertakings pursuant to Rule 15c2-12.

FINANCIAL FACTORS

General Information

County finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A statement of such revenues and expenditures is contained in the most recent audited financial statements on file with the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") and are incorporated by reference herein.

Below are links and base CUSIP numbers which will facilitate obtaining these financial statements:

County of Oneida
URL: http://emma.msrb.org/EP291320-EP7986-EP630187.pdf
Base CUSIP: 682454[(1)]

As reflected in such audited financial statements, the County derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

(1) Links and CUSIP numbers are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2010 Bonds and the Agency makes no representation with respect to such information nor undertakes any responsibility for their accuracy now or at any time in the future.

Real Estate Property Tax Collection Procedure

Real Property is assessed for taxation by local assessors in each Town and the Cities of Utica and Rome and is placed on the respective tax rolls. The City of Sherrill is included as part of the Town of Vernon. There is no County Board of Assessors.

Each town tax receiver is required to pay to the respective town the full amount levied for town and town special district purposes. The balance of collected taxes is remitted to the County Commissioner of Finance. After March 31, uncollected County taxes of the cities and uncollected town taxes become the responsibility of the Commissioner of Finance.

From January through March the following penalties accrue with respect to delinquent taxes: no penalty if paid within the first 30 days, 1% penalty if paid during the next 30 days and 1-1/2%, if paid during the next 30 days. After the return of the tax rolls to the County Commissioner of Finance on April 1, delinquent taxes are assessed a flat penalty of 5% and accumulate interest of 10% per annum. The County holds its annual tax sale in December for the current year's taxes.

Taxes for County purposes apportioned to the areas of the County outside the Cities of Utica and Rome are levied together with taxes for town and special district purposes as a single bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County assumes enforcement responsibility for all taxes levied in the towns and special districts and for unpaid County taxes in the Cities of Utica and Rome. Uncollected outside-city school district and village taxes are assumed by the County for enforcement. Any such taxes remaining unpaid at year-end are relevied as County taxes on December 31st.

Valuations and Tax Levy

The table below sets forth the assessed and full valuation of taxable real property and the County's real property tax levy for the last five years.

Valuations for Years Ending December 31

	2006	2007	2008	2009	2010
Assessed Valuation:	$6,458,698,447	$6,573,712,631	$6,808,325,854	$6,914,693,775	$6,928,016,539
Full Valuation:	$7,726,433,675	$8,425,321,912	$9,213,095,499	$9,892,672,178	$10,925,980,740

Average Tax Rates Per $1,000 Assessed Valuation for Years Ending December 31

2006	2007	2008	2009	2010
$8.83	$8.67	$8.79	$9.16	$9.36

Tax Collection Record

	2005	2006	2007	2008	2009
Total Tax Levy:	$56,269,182	$57,011,265	$57,033,557	$59,873,869	$63,364,492
Collected During Year:	92.71%	93.57%	92.64%	92.06%	92.02%
Uncollected December 31st:	$4,103,246	$3,667,868	$4,196,788	$4,751,017	$5,056,486
% Uncollected When Due:	7.29%	6.43%	7.36%	7.94%	7.98%

State Aid

The County receives financial assistance from the State. The County received State aid equal to approximately 18% of its revenues in its 2008 fiscal year and 20% of its revenues in its 2009 fiscal year. In its budget for the 2010 fiscal year, approximately 18% of the revenues of the County are estimated to be in the form of State aid.

See also "PART 5 – THE MUNICIPALITIES – Financial Factors – *State Aid*."

Status and Financing of Employee Pension Payments

The County's expense for the New York State and Local Employees' Retirement System ("ERS") since the 2006 fiscal year and the budgeted payments for the 2010 fiscal year are as follows:

Year	ERS
2006	$ 6.335.377
2007	6,598,423
2008	5,909,119
2009	5,351,103
2010 (budgeted)	6,384,651

See also "PART 5 – THE MUNICIPALITIES – Financial Factors – *Pension Payments.*"

GASB 45 and OPEB

The County contracted with an actuarial firm to calculate its unfunded actuarial accrued liability ("UAAL") for its obligations to past and present employees for post-employment benefits other than pension ("OPEB") present value liability, which was determined to be $48,643,329 at January 1, 2009. The County's annual required contribution ("ARC") for OPEB as of January 1, 2009 is $5,155,922 of which $1,748,322 is estimated to be paid in 2009 as pay as you go expenses to over 500 retired employees. The actuarial firm's report is available upon request in the Comptroller's office. The aforementioned UAAL and ARC are recognized and disclosed per GASB 45 standards in the County's 2008 financial statements. The County has reserved $1,000,000 toward its OPEB liability.

See also "PART 5 – THE MUNICIPALITIES – Financial Factors – *Pension Payments*."

Recent Operating Results

Preliminary unaudited results for 2009 show a budget surplus of $991,922. The County had anticipated an operating deficit of $6.8 million, but is expected to end the year with a deficit of $5.9 million, due primarily to the enhanced Federal Medical Assistance Percentage ("FMAP") funding received as part of the federal economic stimulus plan. The County received $9.2 million of this federal funding in 2009 and expects to receive an additional $8-10 million for 2010, although no guarantee can be made as to the final amount of these funds. This unbudgeted revenue helped offset the 2009 budget shortfall of $5.8 million in sales tax revenues and various reductions in State Aid. When the 2009 budget was prepared, the County rescinded the sales tax cap on gasoline to generate an estimated $3 million in additional revenue for 2009. The significant decline in gas prices that occurred after enacting this legislation negated the expected benefits and contributed to the sales tax budget shortfall. The 2009 sales tax revenue is $108,000 higher than the 2008 revenue.

The 2010 adopted budget includes a 2.16% property tax increase and appropriates $5.5 million of the General Fund balance. Sales tax is budgeted at $85.2 million which is a decrease of $3 million from the 2009 adopted budget. FMAP revenue is conservatively budgeted at $7.6 million. The County is still awaiting New York State's reconciliation of the FMAP funding for April to December of 2009. This reconciliation is expected to generate more revenue for the County as the State has withheld 20% of the estimated payments throughout that time period. No estimate for that additional funding has been included in the 2009 revenue accruals. The County received $456,000 from the reconciliation of October 2008-March 2009 time period which is included in the 2009 revenue total.

The total preliminary, unaudited General Fund Balance at December 31, 2009 was $24,031,806 from $30,007,627 at December 31, 2008. The General Fund Revenues were $321,826,070 and the General Fund Expenditures were $327,801,895.

Principal and Interest Requirements

A schedule of the County's debt service on all outstanding indebtedness is presented below.

Fiscal Year Ending December 31	Existing Debt Service	New Debt Service	Total Debt Service
2010	$19,136,529	$ -	$19,136,529
2011	17,885,336	1,269,794	19,155,130
2012	17,392,098	1,947,027	19,339,125
2013	16,227,724	1,959,165	18,186,889
2014	14,801,880	1,988,233	16,790,113
2015	14,264,653	1,962,372	16,227,025
2016	12,496,006	1,929,108	14,425,114
2017	12,152,915	1,888,317	14,041,232
2018	11,631,218	1,823,044	13,454,262
2019	9,870,341	1,757,628	11,627,969
2020	8,618,449	1,592,578	10,211,027
2021	7,342,955	1,530,226	8,873,181
2022	5,723,543	1,488,233	7,211,776
2023	3,568,235	1,439,824	5,008,059
2024	1,588,305	1,389,933	2,978,238
2025	-	1,338,558	1,338,558
	$172,700,187	$25,304,039	$198,004,226

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APPENDIX C-4
DESCRIPTION OF
COUNTY OF SULLIVAN

There follows in this Appendix C-4 a brief description of the County of Sullivan (the "County"), together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and general and specific funds. The information in this section has been obtained from the County and the Agency takes no responsibility for the accuracy thereof.

GENERAL INFORMATION

Description

The County consists of 1,011 square miles in the southeastern corner of the State bordering the State of Pennsylvania along the Delaware River. The County is approximately 70 miles from New York City. The County is rural in nature with wide open spaces and natural landscapes. Approximately 85% of the County's land is classified as woodlands, wetlands and watershed for the New York City reservoir system. Tourism is an important part of the economy of the County with numerous tourist accommodations offering recreational facilities located in the Catskill Mountain area. Farms are found throughout the County especially in the areas west of Monticello, and play a significant role in the economy of the County. Economic development efforts to diversify the County's economy have met with some success particularly in the areas of financial services and health care.

Population in the County grew rapidly from 40,731 persons in 1950 to 73,966 persons in 2000. The wealth indices for County residents are below State averages largely due to the influence of Metropolitan New York on State wide statistics. However, the indicators of wealth for the County are generally comparable to areas of the State outside the New York City region and exceed many of the State's other rural counties.

The County is served by a network of U.S., State and County highways including U.S. 209 and State 17 (to be designated as Interstate 86). State Route 17 intersects I-84 and I-87 (the State Thruway) at locations in Orange County south of the County. Other State highways in the County are routes: 42, 52, 55 and 97. Air transportation is available at the County airport, which has a 6,300 foot runway with instrument landing capability. Charter service, fuel, training and aircraft maintenance are available at the airport. Commercial airline service is available at Stewart International Airport in Newburgh, New York in Orange County. Access to Conrail freight service is available along the western part of the County.

The County sponsors a two-year community college, Sullivan Community College (the "College") which is a part of the State University of New York system. The College is located in Loch Sheldrake and offers associate degrees in various areas of study. There are various colleges, with undergraduate and graduate programs, located within a 50 mile radius of the County including the State University at New Paltz in adjacent Ulster County. The County contributions to the College for the past five years and budgeted for 2010 are as follows:

Community College Fiscal Year Ended August 31:	County's Contribution Amount
2005	$3,570,000
2006	3,677,000
2007	3,787,413
2008	3,901,035
2009	4,018,066
2010 (Budget)	4,000,000

Electric power is provided by New York State Electric and Gas Company, Consolidated Edison and Central Hudson Gas and Electric Corp. Local telephone service is provided by Verizon and Citizens Telephone Company. County officials are studying ways to provide natural gas service to the County. Waste is no longer disposed of in the County's landfill and it is now exported.

Population Trends

	County	New York State	United States
1980	65,155	17,558,072	226,504,825
1990	69,277	17,990,455	249,632,692
2000	73,966	18,976,457	284,968,348
2008	76,189	19,490,297	304,059,724

Source: U.S. Department of Commerce, Bureau of the Census.

Ten Largest Employers

Name	Type	Employees[1]
Sullivan County	County Government	1,212
Center for Discovery (Sullivan Diagnostic Treatment Center)	Health Care	1,200
US Postal Service	Federal Government	800
Catskill Regional Medical Center	Hospital	760
Monticello Central School District	Public School	758
Sullivan Correctional Facility	Correctional Facility	542
Sullivan County Association for Retarded Children	Housing & Workshops	510
New Hope Community, Inc.	Housing & Workshops	505
Woodbourne Correctional Facility	Correctional Facility	463
Wal-Mart	Retail Store	450

(1) Some employment figures include part-time positions.

Source: County Treasurer's Office.

Ten Largest Taxpayers

Name	Type	Full Valuation
City of New York	Reservoir	$469,906,410
N.Y.S. Electric & Gas	Utility	156,438,631
State of New York	State Lands	64,319,141[1]
Verizon	Utility	55,214,637[1]
Orange and Rockland	Utility	44,216,510
Catskill Development	Racetrack	31,220,153
Mirant	Utility	23,799,807[1]
Kiamesha Concord	Hotel	16,946,565
Kutshers Country Club	Hotel	16,793,893
Wal-Mart Real Estate	Retail	15,444,015

(1) This property is currently in litigation for assessment reduction. The County builds tax claim allowances into their budget.

The total estimated full valuation of the top **ten (10)** taxpayers represents approximately 9.3% of the tax base of the County.

Form of County Government

The County operates under a Charter form of government. The County Legislature is made up of nine individuals, one chosen from each district, established by the Optional Forms of Government Committee, as determined on the basis of population. Each Legislator has one vote representing a separate legislative district. Each Legislator serves a four-year term. The County Manager is the chief executive officer of the County and is appointed. The County Treasurer, elected for a four-year term, is the chief fiscal officer of the County who maintains the fiscal records and is responsible for depositing and disbursing all County funds.

Financial Organization

The County Legislature meets at both regular and special meetings throughout the year. The County Legislature reviews and adopts the annual County budget, levies taxes, reviews and approves any modifications to the budget, and authorizes the incurrence of all indebtedness of the County. The County Manager is the Budget officer and is appointed by the County Legislature. The County Treasurer is the elected chief fiscal officer of the County.

Budget Procedure

Budget forms are sent to appropriate department heads in July. Department heads must submit their departmental budget to the County Manager by September 1. The County Manager prepares a tentative budget that is submitted for review by the County Legislature by November 15. The County Legislature reviews the tentative budget, as may be amended, and a public hearing is held in the month of December. The tentative budget as changed, altered or reviewed is adopted by resolution of the County Legislature by December 20. The budget is not subject to referendum.

Unemployment Rate Statistics

	Year Average				
	2005	2006	2007	2008	2009
County	4.9%	5.2%	5.3%	6.6%	8.7%
New York State	5.0%	4.6%	4.5%	5.3%	8.4%

	2009-10 Monthly Figures											
	2009									2010		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
County	8.3%	8.5%	8.5%	7.9%	7.5%	8.4%	8.5%	8.6%	9.4%	10.3%	10.5%	9.9%
New York State	7.7%	8.1%	8.6%	8.8%	8.6%	8.7%	8.7%	8.7%	8.8%	9.4%	9.3%	8.8%

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

County Employees

The County provides services through approximately 1,137 full-time and part-time employees. Some of these employees are represented by the following collective bargaining units:

Number of Employees	Bargaining Unit	Contract Expiration Date
607	Teamsters (County)	December 31, 2012
144	LIU (DPW)	June 30, 2012
16	Teamsters (DPW-Supervisors)	December 31, 2012
66	NYS Nurses	December 31, 2012
112	CSEA Sheriff Corrections	December 31, 2007(1)
44	SCPBA Sheriff Patrol	December 31, 2007(2)

(1) The County and the union have settled and are in the process of finalizing their agreement.
(2) The contract is in the process of going to arbitration

COUNTY INDEBTEDNESS

Debt Limit

The following table sets forth the computation of the debt limit of the County and its debt contracting margin.

Net Debt Contracting Margin
As of April 28, 2010[1]

Full Valuation of Taxable Real Property	$ 8,575,590,432
Debt Limit	600,291,330
Gross Indebtedness [2]	$ 61,475,000
Less: Exclusions	6,175,000
Total Net Indebtedness	$ 55,300,000
Net Debt Contracting Margin	544,991,330
Percentage of Debt Contracting Power Exhausted	9.21%

(1) The County has not incurred any indebtedness since the date of this table.
(2) Tax Anticipation Notes and Revenue Anticipation Notes are not included in the computation of the statutory net debt limit of the County. The County expects to deliver $17,185,000 of its Local ARRA Bonds to the Agency in connection with the refunding of a portion of the County's outstanding bond anticipation notes that were used in the financing of County capital construction projects. Such County Bonds, when issued, will constitute Gross Indebtedness of the County and will not alter the percentage of debt contracting power exhausted accordingly.

Estimated Overlapping Indebtedness

In addition to the County, the following political subdivisions have the power to issue bonds and notes and to levy taxes or cause taxes to be levied on taxable real property within the County. Estimated indebtedness, comprised of bonds and bond anticipation notes, is listed as of the close of the December 31, 2008 fiscal year of the respective municipalities, school districts and fire districts.

Unit	Outstanding Indebtedness	Exclusions[1]	Net Indebtedness
Towns (15):	$ 37,583,101	$ 14,383,239	$ 23,199,862
Villages (6):	10,688,662	9,342,477	1,346,185
School Districts (10):	112,879,677	0	112,879,677
Fire Districts (35):	12,928,250	1,548,363	11,379,887
TOTAL	$174,079,690	$25,274,079	$148,805,611

(1) As permitted pursuant to the provisions of the Local Finance Law, including, but not limited to sewer and water debt, advance refunded or defeased bond principal, revenue and tax anticipation notes, reserves for bonded indebtedness and, in the case of certain school district, estimated State building aid.

Debt Ratios

The table below sets forth certain ratios relating to the County's indebtedness, without giving effect to the financing, as of April 28, 2010.

	Amount of Indebtedness	Per Capita[1]	Percentage of Full Valuation[2]
Gross Direct Indebtedness[3]	$ 61,475,000	$ 806.88	0.63%
Net Direct Indebtedness[3]	55,300,000	725.99	0.56%
Gross Direct Plus Net Overlapping Indebtedness[4]	210,280,611	2,759.99	2.14%
Net Direct Plus Net Overlapping Indebtedness[4]	204,105,011	2,678.94	2.08%

(4) Based on the County's 2008 estimated population of 76,189.
(5) Based on the County's full value of taxable real estate for 2010 of $9,831,253,939.
(6) See "Debt Statement Summary" herein.
(7) The County's estimated applicable share of net overlapping indebtedness is $174,079,690. (See "Estimated Overlapping Indebtedness" herein.)

Cash Flow Borrowings

The following is a history of the County's Tax Anticipation Note ("TAN") and Revenue Anticipation Note ("RAN") borrowings for the last five years.

Fiscal Year	Amount	Type	Issue Date	Due Date
2009	$8,000,000	TAN	5/14/09	5/14/10

Capital Project Plans

After the issuance of the Bonds, the County will have the following listed authorized but unissued items. The County does not currently have any plans to borrow against these authorizations for the remainder of this fiscal year.

Purpose	Amount
Sullivan County Community College Facility Reconstruction	$ 150,000
Road Reconstruction	500,000
Jail Planning	500,000
Radio Tower Construction	200,000
Sullivan County Community College Facility Reconstruction	200,000
Land Acquisition – Jail	1,175,000
Total	$2,725,000

LITIGATION

The County is subject to a number of lawsuits in the ordinary conduct of its affairs. The County does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the County.

The County may be impacted in numerous pending tax certiorari proceedings, the results of which cannot be determined at this time. In any event, the Local Finance Law authorizes financing any such adverse determinations.

MATERIAL EVENT NOTICES

The County is in compliance with all prior undertakings pursuant to Rule 15c2-12.

FINANCIAL INFORMATION

General Information

County finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A statement of such revenues and expenditures is contained in the most recent audited financial statements on file with the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") and are incorporated by reference herein. Below are links and base CUSIP numbers which will facilitate obtaining these financial statements:

County of Sullivan
URL: http://emma.msrb.org/EP351260-EP50723-.pdf
Base CUSIP: 865270[(1)]

As reflected in such audited financial statements, the County derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

(1) Links and CUSIP numbers are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2010 Bonds and the Agency makes no representation with respect to such information nor undertakes any responsibility for their accuracy now or at any time in the future.

Real Estate Property Tax Collection Procedure

County and town taxes are collected by the respective tax collection officers of towns within the County from January first to April first when settlement is made with the County Treasurer who makes collections thereafter. The towns share of tax levies, which is guaranteed by the County, is paid to Supervisors out of the first moneys received. The County assumes responsibility for and collects any delinquent taxes of the towns in the County. A five percent penalty is added to unpaid items at the time of settlement; thereafter, unpaid items, inclusive of this penalty, bear interest currently at the rate of twelve percent per annum. The rate is determined each year by July 15 based on the one year constant maturity yield index for U.S. Treasury Securities for the quarter-year ending on the immediately preceding June 30. The rate is effective for a twelve-month period commencing August 1 each year and in no event will be less than ten per centum per annum.

The County is also responsible for collecting delinquent school taxes. The delinquent taxes are turned over by the school tax collector of each school district in November (after being collected by the school districts from September 1 through November 1) to the County for collection from November 15 through November 30. The remaining delinquent taxes are then added to the January Town and County tax bill along with an additional seven percent interest added on to the remaining unpaid school tax balance. On April 1, the County pays the school districts in full for any uncollected school district taxes.

Valuations and Tax Levy

The table below sets forth the assessed and full valuation of taxable real property and the County's real property tax levy for the last five years.

Valuations for Years Ending December 31

	2006	2007	2008	2009	2010
Assessed Valuation:[(1)]	$4,630,358,784	$4,770,914,880	$4,971,499,366	$5,097,137,349	$5,124,540,862
Full Valuation:	$6,569,928,302	$7,792,890,057	$9,099,601,495	$9,584,278,371	$9,831,253,939

(1) Assessed valuations are determined by the town governments comprising the County.

Average Tax Rates Per $1,000 Assessed Valuation for Years Ending December 31

2006	2007	2008	2009	2010
$8.94	$9.28	$9.22	$9.79	$9.56

Tax Collection Record

	2005	2006	2007	2008	2009
Total Tax Levy:	$90,073,880	$97,393,925	$103,748,718	$108,571,701	$117,405,820
Collected During Year:	91.6%	93.8%	93.5%	92.2.%	90.4%
Uncollected December 31st:	$7,606,372	$6,022,783	$6,757,769	$8,453,925	$11,304,619
% Uncollected When Due:	8.44%	6.18%	6.51%	7.79%	9.64%

State Aid

The County receives financial assistance from the State. The County received State aid equal to approximately 13.85% of its revenues in its 2008 fiscal year and 11.80% of its revenues in its 2009 fiscal year. In its budget for the 2010 fiscal year, approximately 11.74% of the revenues of the County are estimated to be in the form of State aid.

See also "PART 5 – THE MUNICIPALITIES – Financial Factors – State Aid."

Status and Financing of Employee Pension Payments

The County's payments to the New York State and Local Employees' Retirement System ("ERS") since the 2005 fiscal year and the budgeted payments for the 2010 fiscal years are as follows:

Year	ERS
2006	$5,198,376
2007	4,939,968
2008	4,176,354
2009	3,788,920
2010 (budgeted)	5,899,563

GASB 45 and OPEB

The County has contracted with Harbridge Consulting Group, LLC to calculate its unfunded actuarial accrued liability ("UAAL") for its obligations to past and present employees for post-employment benefits other than pension ("OPEB") present value liability, which was determined to be $197,770,214 at January 1, 2009. The County's annual required contribution ("ARC") for OPEB as of January 1, 2009 is $13,185,922. The actuarial firm's report is available upon request in the Comptroller's office. The aforementioned UAAL and ARC are recognized and disclosed in accordance with GASB 45 standards in the County's 2008 financial statements. The County has not set aside funds toward its OPEB liability.

See also "PART 5 – THE MUNICIPALITIES – Financial Factors – GASB 45 and OPEB."

Recent Operating Results

The Unaudited Unreserved General Fund balance for 2009 is $4,231,130, which is an increase of $2,127,406 from 2008. The Reserved and Designated General Fund Balances decreased $2,509,534 from 2008 to 2009. The County did not appropriate Fund Balance in the 2010 Budget.

Principal and Interest Requirements

A schedule of the County's debt service on all outstanding indebtedness, including the Bonds, is presented below.

Fiscal Year Ending December 31	Existing Debt Service	New Debt Service	Total Debt Service
2010	$6,940,618	$ -	$6,940,618
2011	6,868,726	2,170,643	9,039,369
2012	6,793,175	1,775,952	8,569,127
2013	6,712,975	1,772,483	8,485,458
2014	6,623,649	1,767,777	8,391,426
2015	5,256,605	1,764,006	7,020,611
2016	5.177,310	1,757,838	1,757,838
2017	4,328,612	1,758,562	6,087,174
2018	3,831,077	1,757,332	5,588,409
2019	2,779,206	1,733,406	4,512,612
2020	1,435,925	1,710,047	3,145,972
2021	1,441,530	1,689,403	3,130,933
2022	1,444,555	1,680,861	3,125,416
2023	-	1,647,919	1,647,919
2024	-	1,616,566	1,616,566
	$54,456,653	$24,602,794	$79,059,447

APPENDIX C-5
DESCRIPTION OF
COUNTY OF BROOME

There follows in this Appendix C-5 a brief description of the County of Broome (the "County"), together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and general and specific funds. The information in this section has been obtained from the County and the Agency takes no responsibility for the accuracy thereof.

GENERAL INFORMATION

Description

The County, with a land area of approximately 710 square miles, is situated in the central southern portion of upstate New York commonly referred to as the Southern Tier. The City of Binghamton, the County seat, is situated in the southern portion of the County. The City of Syracuse lies 75 miles to the north thereof, while the Pennsylvania border lies 7 miles to the south. Binghamton is part of a metropolitan area running along the Susquehanna River Valley through the incorporated villages of Johnson City and Endicott and the unincorporated area of Vestal. The County is categorized as an urban county.

Major highways within and in close proximity to the County include U.S. Route 11; Interstate 81 which extends north to Canada and south to Tennessee; Interstate 88 which runs northeast to Albany; Route 17 (the Southern Tier Expressway) which runs east-west and connects with Interstate 87 north of New York City; Interstate 90 near Erie, Pennsylvania; and State Routes 7, 12 and 26. Coach USA/ShortLine, Greyhound Bus Lines, and Shafer's Bus Lines, and provide commercial bus service. The County public transit system provides daily local bus service.

Various national, commuter and regional airlines including Northwest Airlink, United Express, and US Airways Express provide air transportation through the Broome County Airport. Air service is also provided by the Tri-Cities Airport, located in Endicott. Railroads providing freight service to the County include Delaware & Hudson and Norfolk Southern Corporation.

Offices of Charter One, Citizens Bank, JPMorgan Chase Bank, Manufacturers & Traders Trust Company, NBT Bank, Peoples National Bank, Tioga State Bank, and Wilber National Bank provide commercial banking services. Federal Credit Unions & Savings institutions including BCT Federal Credit Union, Empire Federal Credit Union, GHS Federal Credit Union, Horizons Federal Credit Union, SEFCU, UHS Federal Credit Union, Valley Industrial Employees' Federal Credit Union, and Visions Federal Credit Union provide additional banking services to the County.

Electric utility and natural gas services are provided by New York State Electric & Gas Corporation. Local, County and State agencies provide police protection. Fire protection is provided by full-time fire department personnel in the City of Binghamton, and Villages of Johnson City and Endicott and through volunteer departments in other municipalities. Water and sewer facilities and refuse collection are provided by the various local governments within the County. Solid waste management is provided through the County. An outside contract agent processed and marketed the County's residential recyclables at a cost to the County of $32.70 per ton until August 2009 at which point there was a contractually mandated CPI adjusted decrease to $32.44 per ton.

Binghamton University began as Triple Cities College in 1946, joining the State University System in 1950 as Harpur College. In 1965, the campus was formally designated the State University of New York at Binghamton. Today, the University consists of the Harpur College of Arts & Sciences, the School of Education & Human Development, the School of Management, the Decker School of Nursing, and the Thomas J. Watson School of Engineering & Applied Science. Binghamton University had an enrollment of 11,821 undergraduates and 3,505 graduate students for the 2009 fall semester. The University is nationally recognized for its strong academic programs, distinguished faculty, and talented students. Kiplinger's Personal Finance Magazine rated Binghamton University first among the nations Public Universities for out-of-state students and in the top ten for in-state students in its 2009 ranking of the *100 Best Values in Public Colleges*.

Broome Community College is a comprehensive academic institution supervised by the State University of New York, sponsored by the County, and accredited by both professional and educational organizations. The college was chartered as the New York State Institute of Applied Arts and Sciences at Binghamton in 1946 and became Broome Community College in 1971. Broome Community College has an enrollment of 4,234 full-time and 2,391 part-time students, offering 54 degree programs and various certificate programs designed to prepare graduates for immediate employment or transfer to four-year colleges and universities.

Population Trends

	County	New York State	United States
1980	213,648	17,558,072	226,504,825
1990	212,160	17,990,455	249,632,692
2000	200,536	18,976,457	284,968,348
2008	198,018	19,490,297	304,059,724

Source: U.S. Department of Commerce, Bureau of the Census.

Ten Largest Employers

Name	Type	Employees
United Health Services	Private Hospital	3,300
Broome County Government	Government	2,500
Binghamton University	Education	2,300
Our Lady of Lourdes Hospital	Private Hospital	2,300
New York State	Government	2,034
Endicott Interconnect Technologies	Electronics	1,600
BAE Control Systems	Electronics	1,600
IBM Corporation	Computers	1,450
Broome Developmental Center	Education	1,400
New York State Electric and Gas Corporation	Utility	1,100

Ten Largest Taxpayers

Name	Type	Full Valuation
NYS Electric & Gas	Utility	$376,312,374
Huron Real Estate Assoc LLC	Realty	177,359,030
NGE Generation Inc	Utility	66,667,306
Our Lady of Lourdes	Hospital	59,297,010
Oakdale Mall LLC	Realty	58,189,655
United Health Services	Hospital	55,456,243
Verizon	Telecommunications	35,870,642
Town Square Mall Assoc LLC	Realty	32,224,750
Glencott Realty Corp	Realty	30,707,425
Vestal Parkway Plaza LLC	Realty	22,899,375

The total estimated full valuation of the top **ten (10)** taxpayers represents approximately 9.89% of the tax base of the County.

Form of County Government

The County Charter established a 19-member legislature with two-year terms of office and a County Executive elected for a four-year term by popular vote. The County Executive appoints a Deputy County Executive and most department heads, including the Commissioner of Finance. The County Clerk, County Attorney and Sheriff are elected. The County provides services through approximately 2,987 full-time and 190 part-time employees (including employees of the Broome Community College). Eleven collective bargaining units represent

County employees. Broome Community College is empowered to negotiate labor contracts on behalf of the College. The County's Personnel office negotiates all other labor contracts.

Financial Organization

The County Charter designates the Commissioner of Finance as the Chief Fiscal Officer and the Comptroller as the Chief Accounting Officer of the County. It is the responsibility of the Commissioner of Finance to act as the County Treasurer. The Comptroller reviews all transactions and conducts internal audits.

Budgetary Procedures

The County Legislature adopts an annual operating budget, based on recommendations by the County Executive. Following a public hearing, the budget is officially adopted by the County Legislature. The budget is not subject to referendum. The County may only make expenditures during the fiscal year pursuant to appropriations from the General Fund and other special purpose funds established. However, the County Legislature, on the recommendation of the County Executive, may make additional appropriations from any unencumbered balance of appropriations, contingent funds or unanticipated revenues. The County Legislature may also authorize the issuance of budget notes within certain statutory limitations.

Unemployment Rate Statistics

Year Average

	2005	2006	2007	2008	2009
County	4.9%	4.7%	4.5%	5.5%	8.2%
New York State	5.0%	4.6%	4.5%	5.3%	8.4%

2009-10 Monthly Figures

	2009									2010		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
County	7.5%	7.9%	8.3%	8.3%	8.0%	8.3%	8.1%	8.1%	8.5%	9.8%	9.6%	9.0%
New York State	7.7%	8.1%	8.6%	8.8%	8.6%	8.7%	8.7%	8.7%	8.8%	9.4%	9.3%	8.8%

County Employees

The number of persons employed by the County, the collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below.

Number of Employees	Bargaining Unit	Contract Expiration Date
19	CSEA – Library (Unit #6151, Local 804)	December 31, 2010
1,233	CSEA (Unit #6150)	December 31, 2009(1)
	Broome Community College	
120	BCC - CS/NEA	August 31, 2010
50	BCC - Guild	August 31, 2010
526	BCC - Faculty Association	August 31, 2012
151	Broome Administrative & Professional Association	December 31, 2009(1)
95	Amalgamated Transit Union Local #l 145	December 31, 2009(1)
21	AFSCME - Local #1883	December 31, 2009(2)
124	AFSCME - Local #1912	December 31, 2009(2)
158	AFSCME - Local #2012	December 31, 2010
51	Law Enforcement Officers' Association	December 31, 2008(1)

(1) Currently under negotiation.
(2) The County and the union have settled and are in the process of finalizing their agreement.

COUNTY INDEBTEDNESS

Debt Limit

The table below sets forth the computation of the debt limit for the County and its debt contracting margin.

Net Debt Contracting Margin
As of April 28, 2010[1]

Full Valuation of Taxable Real Property	$ 8,070,864,061
Debt Limit	564,960,484
Gross Indebtedness [2]	$ 93,951,100
Less: Exclusions	0
Total Net Indebtedness	$ 93,951,100
Net Debt Contracting Margin	471,009,384
Percentage of Debt Contracting Power Exhausted	16.6%

(1) The County has not incurred any indebtedness since the date of this table.
(2) Tax Anticipation Notes and Revenue Anticipation Notes are not included in the computation of the statutory debt limit of the County. The County expects to deliver $51,700,000 of its Local ARRA Bonds to the Agency in connection with the refunding of $53,710,000 of the County's outstanding bond anticipation notes and financing of County capital construction projects. Such County Bonds, when issued, will constitute Gross Indebtedness of the County and will not alter the percentage of debt contracting power exhausted accordingly.

Estimated Overlapping Indebtedness

In addition to the County, the following political subdivisions have the power to issue bonds and notes and to levy taxes or cause taxes to be levied on taxable real property within the County. Estimated indebtedness, comprised of bonds and bond anticipation notes, is listed as of the close of the 2008 fiscal year of the respective municipalities, school districts and fire districts.

Unit	Outstanding Indebtedness	Exclusions[1]	Net Indebtedness
Towns (16):	$ 52,701,000	$ 29,851,000	$ 22,850,000
Villages (7):	61,255,000	24,114,000	37,141,000
City (1):	129,569,000	59,271,000	70,298,000
School Districts (14):	315,247,000	20,000,000	295,247,000
Fire Districts (8):	1,449,000	194,000	1,255,000
TOTAL	$560,221,000	$133,430,000	$426,791,000

(1) As permitted pursuant to the provisions of the Local Finance Law, including, but not limited to sewer and water debt, advance refunded or defeased bond principal, revenue and tax anticipation notes, reserves for bonded indebtedness and, in the case of certain school district, estimated State building aid.

Debt Ratios

The table below sets forth certain ratios relating to the County's indebtedness, without giving effect to this financing, as of April 28, 2010.

	Amount of Indebtedness	Per Capita[1]	Percentage of Full Valuation[2]
Gross Direct Indebtedness[3]	$ 93,915,000	$ 481.57	0.94%
Net Direct Indebtedness[3]	93,915,000	481.57	0.94%
Gross Direct Plus Net Overlapping Indebtedness[4]	520,706,000	2,670.04	5.21%
Net Direct Plus Net Overlapping Indebtedness[4]	520,706,000	2,670.04	5.21%

(1) Based on the County's current estimated population of 195,018.
(2) Based on the County's full value of taxable real estate for 2010 of $9,997,585,274.
(3) See "Debt Statement Summary" herein.
(4) The County's estimated applicable share of net overlapping indebtedness is $426,791,000. (See "Estimated Overlapping Indebtedness" herein.)

Cash Flow Borrowing

The following is a history of the County's Tax Anticipation Note ("TAN") and Revenue Anticipation Note ("RAN") borrowings for the last five years and does not expect to issue such notes during the current fiscal year.

Fiscal Year	Amount	Type	Issue Date	Due Date
2009	$20,000,000	TAN	12/17/09	3/17/10

Capital Project Plans

After the issuance of the Bonds, the County will have the following listed authorized but unissued items. The County does not currently have any plans to borrow against these authorizations for the remainder of this fiscal year.

Purpose	Amount	Purpose	Amount
Airport Utility Enhancement Project, Phase II	$ 467,000	Otsiningo Picnic Shelter No. 2	$ 40,001
Security Enhancement	17,237	Upgrade Watershed Dam 23 (Savin-2)	750,000
Precision Approach Path Indicator	22,253	Watershed Regulatory Compliance	225,000
Taxiways H & K Improvements	22,312	Courthouse Air Handler Replacement	300,000
Snow Removal Equipment - 2009 CIP	4,930	Systematic Roof Replacement At County	100,000
Hangar Improvements	375,000	Upgrade of Access Control System at Courthouse	200,000
Airport Main Apron Rehabilitation-Construction	4,375,000	Transit Fleet Additions	185,138
Airfield Safety Vehicle	52,630	Intermodal Transit Terminal	1,000,000
Snow Removal Equipment - 2010 CIP	150,000	Parking Lot Enhancements	29,730
Science Building	18,500,000	Maintenance/Storage Facilities Renovations	95,497
Alms Building Demolition	82,000	Purchase of 4 Hybrid Electric Buses	4,051,619
Direct Digital Control	265,000	Partial Landfill Closure	1,284,748
Natural Gas Piping Replacement	250,000	Leachate Treatment Plant Outfall	1,855,000
Portable Command Center for Security	25,000	Landfill Property Acquisition	2,424
Building Renovations	52,230	Construction of Section II & III Closure	1,500,000
Building Reconstruction	58,000	Landfill Equipment	1,354,000
Lester Ave Bridge Reconstruction	102,654	Landfill Equipment - 2010	350,000
Nanticoke Drive Bridge Rehabilitation	550,000	New 380 Bed Facility	55,333,113
Vestal - Endicott Bridge Painting	2,371	Nursing Home Replacement of Equipment / Furnishings	900
Electronic Voting Machines	642,761		
Equipment Replacement	46,229		$ 94,719,777

LITIGATION

Colesville Landfill Claims. The County is responsible for remediation of this Landfill and, together with GAF Corporation, entered into a Consent Agreement with the State providing for the cleanup. The remediation has been substantially completed. There will, however, be long-term maintenance on this landfill for approximately 25 years. Presently anticipated costs are approximately $2.5 million, with GAF Corporation paying half, leaving the County with a residual obligation of $1.25 million. GAF, however, has filed for Chapter 11 protection under the Bankruptcy Act creating greater exposure for the County. A plan for reorganization has been filed and a confirmation hearing has been scheduled. The State has agreed to reimburse the County for 75% of GAF's expenses, and the County has a DEC grant to cover 75% of its expenses.

New York State Department of Environmental Conservation (DEC). The DEC has advised the County it will seek reimbursement of clean-up costs for an environmental spill occurring prior to the time the County had taken possession of a property through a real property tax foreclosure. The County has since sold the property. Apparently there were some minor spills when the owner removed the gas tanks. Although the County is not the primary polluter, it was mandated to foreclose the lien and take title pursuant to Real Property Tax Law. The former owners who were responsible are either bankrupt or potentially insolvent. In the event that the DEC cannot locate them and collect the cost of remediation, it may look to the County for reimbursement. The potential liability is approximately $450,000.

Other Claims. The County has met with a business owner and determined ownership of a drainage ditch behind the building relating to a 2006 flood case. The County will perform routine maintenance on the ditch. Based on the County engineer's report the County has no liability. It appears that in the near future a stipulation of discontinuance will be prepared and filed. Alleged damages are in excess of $1,000,000.

Other Litigation. The County is subject to a number of lawsuits in the ordinary conduct of its affairs. The County is self insured. The County does not believe that such suits individually, or in the aggregate, are likely to have a material adverse effect on the financial condition of the County.

MATERIAL EVENTS NOTICES

The County is in compliance with all prior undertakings pursuant to Rule 15c2-12.

FINANCIAL FACTORS

General Information

County finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A statement of such revenues and expenditures is contained in the most recent audited financial statements on file with the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") and are incorporated by reference herein.

Below are links and base CUSIP numbers which will facilitate obtaining these financial statements:

County of Broome
URL: http://emma.msrb.org/EP329623-EP35423-.pdf
Base CUSIP: 114727[(1)]

As reflected in such audited financial statements, the County derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

(1) Links and CUSIP numbers are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2010 Bonds and the Agency makes no representation with respect to such information nor undertakes any responsibility for their accuracy now or at any time in the future.

Real Estate Property Tax Collection Procedure

The authority for levying taxes for the support of town and county governments and for re-levying unpaid school and village taxes has been delegated by the State Legislature to the governing board of the County through various provisions of the Real Property Tax Law.

Local municipalities assess the value of property within their jurisdictions. These values are used to levy town and county real property taxes. Amounts to be levied are determined from approved budgets of the towns and county.

Unpaid school and village taxes are re-levied on subsequent tax levies. These amounts are accounted for as assets of the County until collected and liabilities until distributed to school districts and villages the April following their return as unpaid.

Taxes are collected in the towns, except for the Towns of Conklin, Dickinson, Kirkwood, and Union from January 1 to a date not later than March 31st, when settlement is made with the Commissioner of Finance. Broome County became the collector for the Town of Union in January 1998, the Town of Dickinson in January 2003, the Town of Conklin in January 2005, the Town of Kirkwood in January 2007, and the Town of Fenton in 2010. The Commissioner of Finance is responsible for collections after settlement. The County also became the collector for the City of Binghamton in 2006. A five-percent penalty is added to unpaid taxes at the time of settlement. The collection on behalf of municipalities is a consolidation of services which the County will continue to expand, adding towns as feasible. This consolidation improves efficiencies of the function and economies of scale.

Unpaid taxes, inclusive of penalties, accrue interest at the rate of twelve percent per annum. Unpaid taxes of the current year are advertised and sold in October. The Commissioner of Finance on behalf of the County purchases them in their entirety, and tax sale certificates are issued for each parcel. If not redeemed within the time prescribed by statute, such certificates are subject to conversion to tax deeds vesting tax title to the County. These tax deeds may be conveyed by sale to third parties.

In 1995, a local law was adopted authorizing the County Director of Real Property Services to enter into installment agreements with property owners providing for the payment of eligible delinquent taxes in installments.

It is the practice of the County to bid in for itself real property liens sold at tax sale in lieu of conducting a public tax sale.

Valuations and Tax Levy

The table below sets forth the assessed and full valuation of taxable real property and the County's real property tax levy for the last five years.

Valuations for Years Ending December 31

	2006	2007	2008	2009	2010
Assessed Valuation:	$4,778,798,579	$4,832,280,231	$4,854,103,043	$4,867,474,485	$5,474,666,923[(2)]
Full Valuation:[(1)]	$6,998,440,370	$7,338,234,403	$8,278,115,070	$7,741,945,191	$9,997,585,274

(1) Full value is derived from municipalities that comprise the County.
(2) The Town of Vestal underwent a major reassessment in 2009.

Average Tax Rates Per $1,000 Valuation for Years Ending December 31

	2006	2007	2008	2009	2010
Assessed Valuation:	$11.15	$11.44	$12.02	$13.03	$11.75
Full Valuation:	$ 7.61	$ 7.54	$ 7.05	$ 8.19	$ 6.43

Tax Collection Record

	2005	2006	2007	2008	2009
Total Tax Levy:	$88,144,935	$91,436,541	$94,634,510	$98,582,457	$102,084,827
Collected During Year:	95.9%	95.0%	91.9%	91.1%	90.0%
Uncollected December 31st:	$3,586,050	$4,562,782	$7,685,026	$8,731,593	$10,190,222
% Uncollected When Due:	4.1%	5.0%	8.1%	8.9%	10.0%

State Aid

The County receives financial assistance from the State. The County received State aid equal to approximately 13.64% of its revenues in its 2008 fiscal year and 13.16% of its revenues in its 2009 fiscal year. In its budget for the 2010 fiscal year, approximately 12.87% of the revenues of the County are estimated to be in the form of State aid.

See also "PART 5 – THE MUNICIPALITIES – Financial Factors – *State Aid*."

Status and Financing of Employee Pension Payments

The County's payments to the New York State and Local Employees' Retirement System ("ERS") since the 2006 fiscal year and the budgeted payments for the 2010 fiscal year are as follows:

Year	ERS
2006	$8,791.000
2007	8,065,000
2008	7,894,000
2009	7,486,000
2010 (budgeted)	9,334,000

See also "PART 5 – THE MUNICIPALITIES – Financial Factors – *Pension Payments*."

GASB 45 and OPEB

The County has contracted with Milliman and Company to calculate its unfunded actuarial accrued liability ("UAAL") for its obligations to past and present employees for post-employment benefits other than pension ("OPEB") present value liability, which was determined to be $40,124,409 at December 31, 2009. The County's annual required contribution ("ARC") for OPEB as of December 31, 2009 is $13,692,933. The actuarial firm's report is available upon request in the Comptroller's office. The aforementioned UAAL and ARC are recognized and disclosed in accordance with GASB 45 standards in the County's 2008 financial statements. The County has not set aside funds toward its OPEB liability.

See also "PART 5 – THE MUNICIPALITIES – Financial Factors – *GASB 45 and OPEB*."

Recent Operating Results

Unaudited 2009 figures show that the General Fund performed close to budget using the amount appropriated for 2009 and leaving an unappropriated General Fund amount of approximately $3.0 million without designated amounts. The audited 2008 unappropriated General Fund balance, including designated amounts, was $ 2.5 million. Total General Fund balance at the end of 2008, including reserves, was $14.3 million and is expected to decrease to about $7 to $9 million at the end of 2009.

Cash borrowing of $20 million dollars for operating purposes was done at the end of 2009. It is expected that a cash borrowing will be required in 2010 but the amount is indeterminate. Budgeted revenue for sales tax, which was a major shortfall item in 2009 and contributed to the need for a cash borrowing, was reduced by $8 million in the 2010 budget. Permanent transfers from the Solid Waste fund of $5 million in 2009 and $2.5 million in 2010 were made to the General Fund.

Principal and Interest Requirements

A schedule of the County's debt service on all outstanding indebtedness (including non-defeased certificates of participation), including the Bonds, is presented below.

Fiscal Year Ending December 31	Existing Debt Service	New Debt Service	Total Debt Service
2010	$7,284,199	$1,024,366	$8,308,565
2011	7,062,615	5,311,048	12,373,663
2012	7,077,312	5,110,736	12,188,048
2013	6,992,614	5,111,821	12,104,435
2014	6,971,621	5,108,385	12,080,006
2015	7,965,270	5,105,325	13,070,595
2016	8,509,540	5,087,186	13,596,726
2017	8,124,875	5,082,371	13,207,246
2018	5,242,775	5,079,380	10,322,155
2019	5,236,294	5,072,829	10,309,123
2020	2,575,788	5,100,261	7,676,049
2021	2,573,988	4,994,644	7,568,632
2022	2,570,756	4,963,545	7,534,301
2023	-	4,873,487	4,873,487
2024	-	4,783,427	4,783,427
2025	-	4,687,911	4,687,911
	$78,187,647	$76,496,721	$154,684,368

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SUMMARY OF CERTAIN PROVISIONS OF THE LOCAL ARRA BOND PURCHASE AGREEMENTS

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SUMMARY OF CERTAIN PROVISIONS OF THE LOCAL ARRA BOND PURCHASE AGREEMENTS

The following is a brief summary of certain provisions of the Local ARRA Bond Purchase Agreements to be executed by each of the Municipalities. Such summary does not purport to be complete and reference is made to the Agreement for full and complete statements of such provisions. Defined terms used in the Agreement have the meanings ascribed to them in Appendix A or in the body of this Official Statement.

Purchase Clauses

(A) Purchase Consummation. Subject to the conditions and in accordance with the terms of the Agreement, the Municipality agrees to sell its Local ARRA Bonds and the Agency agrees to purchase such Local ARRA Bonds, bearing interest at rates not exceeding the Maximum Rate and expected to mature at the times and in the amounts set forth in Exhibit D to the Agreement.

(B) Payment to Trustee. On the dates set forth in the Agreement, the Municipality will deposit or cause to be deposited with the Trustee the full amount of the payment due on the Local ARRA Bonds on such dates, respectively.

(C) Pledge and Assignment. The Municipality acknowledges that a sufficient portion of any and all State Aid to be apportioned or otherwise to be made payable by the State to the Municipality to cover the payments required under the Local ARRA Bonds shall be paid directly to the Trustee as provided in the Act and the Memorandum of Understanding upon notice from the Agency to the Comptroller of the occurrence of certain events. The assignment and pledge of the Additional Security pursuant to the Pledge Agreement, if any, shall be irrevocable and shall continue until the date on which the liabilities of the Agency and the Municipality with respect to the Project have been discharged and the Local ARRA Bonds have been paid or otherwise discharged. The Municipality agrees that it will not create or suffer to be created any pledge or assignment of the Additional Security or State Aid to be apportioned or otherwise payable by the State other than pledges or assignments to secure subsequent Series of Agency Bonds or to secure bonds issued by any agency or instrumentality of the United States of America or the State of New York or any authority, agency or political subdivision thereof, or as otherwise consented to in writing by the Agency.

(Section 3.1)

Other Amounts Payable

(A) The Municipality expressly agrees to pay to the Agency:

(i) Upon the issuance and sale of the Agency Bonds, the Municipality's Proportionate Share (or such other portion thereof as shall be agreed upon by the Municipality and the Agency) of the costs and expenses of the Agency in the preparation, sale and delivery of the Agency Bonds, the preparation and delivery of any legal instruments, closing transcripts and documents necessary in connection therewith and with the Agreement their filing and recording, if required, and all taxes and charges payable in connection with any of the foregoing, all as specified in the Notice of Terms. Such costs are payable from the sources identified in Exhibit C to the Agreement and in the amount specified in the Notice of Terms, subject to the limit set forth in the Agreement

(ii) Other Costs of Issuance payable to consultants and attorneys utilized by the Municipality in connection with the issuance of the Local ARRA Bonds as set forth in the Notice of Terms;

(iii) As such expenses are incurred, the amount of any Agency expenses (including but not limited to investment losses and the reasonable fees and expenses of the Agency, the Trustee, the owners of Agency Bonds, and attorneys, representing any of the foregoing) incurred as a result of the Municipality's failure to make any payment on the Local ARRA Bonds when due or failure to otherwise comply with the terms of the Agreement or the Local ARRA Bonds; and

(iv) In the event that after the date set forth in the Agreement the Municipality does not deliver its Local ARRA Bonds, the fees of the Agency's bond counsel incurred with respect to the transactions contemplated in the Agreement.

(B) Indemnification. To the extent permitted by law, the Municipality agrees to indemnify, defend and hold harmless the Agency and each member, officer and employee of the Agency against any and all liabilities, losses, costs, damages or claims, and will pay any and all judgments or expenses of any and all kinds or nature and however arising, imposed by law, including interest thereon, which it or any of them may sustain, be subject to or be caused to incur by reason of any claim, action, suit, charge or proceeding arising from or out of (1) the negligence, bad faith, willful misconduct, misfeasance or malfeasance committed by any officer or employee of the Municipality in connection with the transaction contemplated hereby or (2) an allegation that an official statement, prospectus, placement memorandum or other offering document prepared in connection with the sale and issuance of the Agency Bonds contained an untrue or misleading statement of a material fact obtained in writing from the Municipality relating to the Municipality, the Local ARRA Bonds or the Project, or omitted to state a material fact relating to the Municipality or the Project necessary in order to make the statements made therein in light of the circumstances under which they were made not misleading; provided, however, that neither the Agency nor a member, officer or employee of the Agency will be released, indemnified or held harmless from any claim for damages, liability, loss, cost, damage, judgment or expense arising out of the gross negligence or willful misconduct of the Agency, such member, officer or employee.

The Agency agrees to give the Municipality prompt notice in writing of the assertion of any claim or the institution of each such suit, action or proceeding and to cooperate with the Municipality in the investigation of such claim and the defense, adjustment, settlement or compromise of any such action or proceeding. The Agency will not settle any such suit, action or proceeding without the prior written consent of counsel to the Municipality.

Except as provided in the following paragraph, the Municipality, at its own cost and expense, will defend any and all suits, actions or proceedings which may be brought or asserted against the Agency, its members, officers or employees for which the Municipality is required to indemnify the Agency or hold the Agency harmless, but this provision will not be deemed to relieve any insurance company which has issued a policy of insurance as may be provided for in the Agreement, or the State's Attorney General as provided in the Public Authorities Law of the State, from its obligation to defend the Municipality, the Agency and any other insured named in such policy of insurance in connection with claims, suits or actions covered by such policy.

The Agency and each member, officer or employee thereof will, at the cost and expense of the Municipality, be entitled to employ separate counsel in any action or proceeding arising out of any alleged act or omission which occurred or is alleged to have occurred while the member, officer or employee was acting within the scope of his or her employment or duties in connection with the issuance of the Agency Bonds or the refinancing or use of the Project, and to conduct the defense thereof, in which (i) the counsel to the Municipality determines, based on his or her investigation and review of the facts and circumstances of the case, that the interests of such person and the interests of the Municipality are in conflict, or in the event such counsel determines that no conflict exists, a court of competent jurisdiction subsequently determines that such person is entitled to employ separate counsel, or (ii) such person may have an available defense which cannot as a matter of law be asserted on behalf of such person by the Municipality or by counsel employed by it, or (iii) such person may be subject to criminal liability, penalty or forfeiture, or (iv) the Municipality has consented to the employment of separate counsel or the counsel retained by the Municipality pursuant to the Agreement is not reasonably acceptable to the Agency; provided, however, that the Municipality will not be liable for attorneys' fees of separate counsel so retained or any other expenses incurred in connection with the defense of an action or proceeding described in clause (iii) of this paragraph, unless the member, officer or employee has prevailed on the merits or such action or proceeding was dismissed or withdrawn, or an adverse judgment was reversed upon appeal, and such action or proceeding may not be recommenced. Attorney's fees of separate counsel retained in accordance with this paragraph will be paid only upon the audit of an appropriate Municipality officer.

(Section 3.2)

Application of Local ARRA Bond Proceeds and Unspent Proceeds

(A) (A) To the extent the proceeds of the Local ARRA Bonds are to be used to pay costs of issuance of Local ARRA Bonds, which shall include the Municipality's Allocable Portion of Costs of Issuance of the Agency Bonds, or any amounts payable to the Agency under the Local ARRA Bond Purchase Agreement, the portion of the proceeds to be so used shall be held on deposit with the Trustee. Amounts so deposited shall be invested and disbursed at the direction of the Agency in accordance with the Master Resolution and the Series Resolution.

(B) To the extent the proceeds of the Local ARRA Bonds are to be used to refinance the Refunded Obligations, the Agency will direct the Trustee to pay the Refunded Obligations or to deposit the portion of the proceeds to be so used in a separate account established with the Bank (not commingled with any other funds of the Municipality) to pay the Refunded Obligations as they become due. Amounts in such account shall be invested as directed by the Municipality in accordance with the General Municipal Law. The Municipality covenants and agrees to pay directly to the paying agent for the Refunded Obligations any principal and/or interest due on the Refunded Obligations on their redemption date in excess of the amount held pursuant to the Local ARRA Bond Purchase Agreement for the payment of the Refunded Obligations.

(C) To the extent that the proceeds of the Local ARRA Bonds are to be used to finance the Project, they will be maintained in a separate account established with the Bank (not commingled with any other funds of the Municipality) pursuant to Section 165.00 of the Local Finance Law and Sections 10 and 11 of the General Municipal Law and maintained in accordance with the provisions of the Tax Certificate. Amounts in such account will be invested as directed by the Municipality in accordance with the General Municipal Law. Disbursements will be made from such account upon delivery to the Bank of a written requisition of the Municipality stating that such disbursement is (1) for payment to the Municipality for the reimbursement of costs of the Project previously paid by the Municipality or (2) for direct payment of Project costs, accompanied by copies of the invoice(s) to be paid.

(D) The Municipality expressly acknowledges and agrees that, with respect to any remaining unspent proceeds of the Refunded Obligations, either (i) such proceeds are required for the completion of the Project and the Municipality will, prior to issuance of the Agency Bonds, unless otherwise directed or agreed to by the Agency, transfer any remaining unspent proceeds of the Refunded Obligations to the account established pursuant to subsection (C) above to be applied in accordance with such subsection or (ii) to the extent that the unspent proceeds of the Refunded Obligations are not needed to complete the Project the Municipality will, unless otherwise directed by the Agency, transfer any remaining unspent proceeds of the Refunded Obligations to the account established pursuant to subsection (B) above to be applied in accordance with such subsection.

(E) The Municipality expressly acknowledges and agrees that the Agency will have the right to obtain and review the records of the Bank relating to accounts established for the Municipality pursuant to the Agreement and hereby authorizes the Bank to deliver copies of such records to the Agency upon request of the Agency. The Municipality covenants and agrees to maintain records with respect to the Project costs for a period of not less than three (3) years subsequent to the maturity or earlier redemption of the Agency Bonds and expressly acknowledges and agrees to provide copies of such records to the Agency upon request.

(Section 3.4)

Effective Date and Term

The date of the Agreement is for reference purposes only and the Agreement will become effective upon the date of execution and delivery of the Agreement, will remain in full force and effect from such date and on such date as all Local ARRA Bonds are paid in full and the Agency Bonds are no longer outstanding and all obligations of the Municipality to the Agency under the Agreement are satisfied; provided, however, that certain obligations of the Municipality shall survive such expiration.

(Section 3.5)

Trustee; Investment of Amounts Held For Municipality

The Municipality authorizes the Trustee to invest, in accordance with instructions of the Agency, amounts that are held by the Trustee for the account of the Municipality in accordance with the provisions of the Master Resolution. The Municipality acknowledges that the Agency and the Trustee will not be liable or responsible for any loss, direct or indirect, resulting from any investment authorized by the Master Resolution and the Agreement or from the redemption, sale or maturity of any such investment as therein authorized or from any depreciation in value of any such investment.

(Section 3.7)

Authorization to Acquire Investments

The Municipality authorizes the Agency to acquire the investments, if any, required by the Agreement, including forward purchase contracts.

(Section 3.9)

Application of Interest Earnings

The Agency agrees that it will cause to be deposited in the Debt Service Fund the interest earned and paid on the investment of moneys in the Debt Service Fund. So long as no event entitling the Agency to enforce the remedies contained in the Agreement has occurred, the Agency will pay to the Municipality annually the Municipality's Allocable Portion of excess amounts in the Debt Service Fund described in the Resolution.

(Section 3.10)

Compliance with Laws and Agreements

(A) Compliance. The Municipality agrees that the Project will at all times during the term of the Local ARRA Bonds be in compliance with applicable federal and State laws and regulations, including, but not limited to, the Recovery Act. The Municipality will at all times construct and operate (or cause to be constructed and operated) the Project, in compliance with all applicable federal, State and local laws, ordinances, rules, regulations (including the Recovery Act) and the Agreement, and with all other applicable laws and regulations to the extent necessary to ensure the availability of the Project for its intended purposes and to ensure the safety of the public.

(B) SEQRA. The Municipality certifies with respect to the Project that it has complied, and agrees to continue to comply, with all requirements of the State Environmental Quality Review Act.

(Section 4.1)

No Warranty Regarding Condition, Suitability or Cost of Project

The Agency makes no warranty, either express or implied, as to the Project, its status as a "qualified economic development purpose" under the Recovery Act, if applicable, or its condition or that it is suitable for the Municipality's purposes or needs, or that the proceeds of the Local ARRA Bonds are sufficient to pay the costs of the Project. Nothing in the Agreement will relieve the Municipality of its responsibility to properly plan, design, build and effectively operate and maintain the Project as required by laws, regulations, permits and good management practices. The Municipality acknowledges and agrees that the Agency or its representatives are not responsible for increased costs resulting from defects in the plans, design drawings and specifications or other Project documents.

(Section 4.2)

Application of Local ARRA Bond Proceeds

The Municipality will apply the proceeds of the Local ARRA Bonds solely as provided in the Agreement.

(Section 5.1)

Tax Covenant

The Municipality covenants that it shall comply with the terms of the Tax Certificate. This provision shall control in case of conflict or ambiguity with any other provision of the Local ARRA Bond Purchase Agreement. Without limiting the generality of the foregoing, the Municipality covenants that it will comply with the instructions and requirements of the Tax Certificate, which is incorporated in the Agreement as if fully set forth therein. The Municipality covenants that it shall not take any action or inaction, nor fail to take any action or permit any action to be taken, if any such action or inaction would (i) adversely affect the federal tax status of the Local ARRA Bonds in the event that such Local ARRA Bonds are intended to satisfy all the requirements necessary to qualify as "Build America Bonds" and "Qualified Bonds" under Code Section 54AA, (ii) adversely affect the federal tax status of the Local ARRA Bonds in the event that such Local ARRA Bonds are intended to satisfy all of the requirements necessary to qualify as "Recovery Zone Economic Development Bonds" under Code Section 1400U-2, and (iii) adversely affect the interest exclusion from gross income for federal income tax purposes on the Local ARRA Bonds assuming the Local ARRA Bonds were issued as bonds the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code. The Municipality (or any related party within the meaning of Treasury Regulation Section 1.150-1(b)) shall not, pursuant to an arrangement, formal or informal, purchase Agency Bonds in an amount related to the amount of any obligation to be acquired from the Municipality by the Agency. The Municipality will, on a timely basis, provide the Agency with all necessary information and funds to the extent required to enable the Agency to comply with any applicable arbitrage and rebate requirements of the Code.

(Section 5.2)

Payment of Local ARRA Bonds

The Municipality covenants and agrees that it will duly and punctually pay or cause to be paid the principal installments or redemption price of its Local ARRA Bonds and the interest thereon, at the dates and places and in the manner stated in such Local ARRA Bonds and in accordance with the section of the Agreement described above under the heading “Purchase Clauses” hereof and that such obligation will not be subject to any defense (other than payment) or any rights of setoff, recoupment, abatement, counterclaim or deduction and will be without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Agency, the Trustee or the owner of any Agency Bond.

(Section 5.3)

Enforcement of Rights and Remedies

The following events shall entitle the Agency to pursue the remedies set forth in the following paragraph: (i) failure by the Municipality to pay or cause to be paid when due the amounts to be paid under the Local ARRA Bonds; or (ii) the Municipality shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or any proceeding shall be instituted by or against the Municipality seeking to adjudicate it a bankrupt or insolvent, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it for any substantial part of its property; or the Municipality shall authorize any of the actions set forth above in this subsection (ii); or (iii) the Municipality fails to pay or to cause to be paid when due any other payment required to be made under the Agreement which failure continues for a period of thirty (30) days after payment thereof was due, provided that written notice thereof shall have been given to the Municipality not less than thirty (30) days prior to the due date thereof; or (iv) the Municipality fails to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in (i), which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Municipality by the Agency or such longer period, as is required to cure such default,

if by reason of the nature of such failure the same cannot be remedied within such thirty (30) day period and the Municipality has within such thirty (30) day period commenced to take appropriate actions to remedy such failure

and is diligently pursuing such actions; or (v) any representation or warranty of the Municipality contained in the Agreement shall have been at the time it was made untrue in any material respect.

(Section 7.1)

Remedies

Whenever any event referred to in the preceding paragraph shall have happened and be continuing, the Agency may take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Municipality under the Agreement, or under the Pledge Agreement, if any, including requiring payment to the Trustee of any State Aid or Additional Security, if any, otherwise payable to the Municipality by the State of New York as provided in the Memorandum of Understanding, the exercise of any remedy authorized by Article VIII of the State Constitution with respect to obtaining payment on the Local ARRA Bonds and any other administrative enforcement action and actions for breach of contract; provided however, that neither the Local ARRA Bonds nor the Agency Bonds are subject to acceleration.

(Section 7.2)

No Remedy Exclusive

No remedy is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and in addition to every other remedy given under the Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any breach of the Agreement shall impair any such right or power or will be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Agency to exercise any remedy reserved to it, it will not be necessary to give any notice, other than such notice as may be expressly required by the Agreement.

(Section 7.3)

Waiver and Non-Waiver

In the event any agreement is breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach under the Agreement. No delay or omission by the Agency to exercise any right or power accruing upon a breach of the Agreement will impair any right or power or will be construed to be a waiver of any such breach nor acquiescence therein.

(Section 7.3)

Amendments, Supplements and Modifications

The Agreement may not be amended, supplemented or modified except by a written instrument executed by the Agency and the Municipality and, if such amendment occurs after the issuance of the Agency Bonds, upon compliance with the provisions of the Master Resolution.

(Section 8.4)

Further Assurances; Disclosure of Financial Information, Operating Data and Other Information

(A) The Municipality will, at the request of the Agency, authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be deemed necessary or desirable by the Agency, for better assuring, conveying, granting, assigning and confirming the

rights, security interests and agreements granted or intended to be granted by the Agreement and the Local ARRA Bonds. The Municipality also agrees to furnish to the Agency such additional information concerning the financial condition of the Municipality as the Agency may from time to time reasonably request.

(B) Without limiting the generality of the foregoing, the Municipality agrees to comply with the terms of the Continuing Disclosure Agreement.

(C) If and so long as the offering of the Agency Bonds continues (a) the Municipality will furnish such information with respect to itself as the Underwriters of the Agency Bonds may from time to time reasonably request and (b) if any event relating to the Municipality occurs as a result of which it is necessary, in the opinion of Bond Counsel to the Agency, General Counsel of the Agency or counsel for such Underwriters, to amend or supplement the Official Statement of the Agency used in connection with the offering of the Agency Bonds in order to make such information not misleading in light of the circumstances then existing, the Municipality will forthwith prepare and furnish to the Agency and the Underwriters such information relating to the Municipality as may be necessary to permit the preparation of an amendment of or supplement to such Official Statement (in form and substance satisfactory to the Bond Counsel to the Agency and counsel for the Underwriters) which will amend or supplement such Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make statements therein, in light of the circumstances then existing, not misleading. Unless the Municipality has been notified to the contrary in writing by the Agency or the Underwriters, the Municipality is entitled to presume that the offering by the Agency and that its obligations under this paragraph have ceased twenty-five (25) days after the date of delivery of the Agency Bonds.

(Section 8.9)

Redemption of Local ARRA Bonds

The Local ARRA Bonds shall be subject to redemption prior to maturity on any date on which Agency Bonds are subject to redemption, in whole or in part (and, if in part, in the order of maturities as shall be determined by the Municipality) in principal amounts of $5,000 or integral multiples thereof, at a redemption price equal to the principal amount of such Local ARRA Bonds to be redeemed, together with (i) the redemption premium payable on the Agency Bonds and (ii) the accrued and unpaid interest on the principal amount to be redeemed to the date fixed for redemption. The Local ARRA Bonds shall also be subject to redemption prior to maturity at any time, in whole or in part (and, if in part, in the order of maturities as shall be determined by the Municipality) in principal amounts of $5,000 or integral multiples thereof, at a redemption price equal to the amount necessary to cause the defeasance of the Allocable Portion of Agency Bonds.

(Exhibit C to the Local ARRA Bond Purchase Agreement)

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SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION

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SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION

The following is a brief summary of certain provisions of the Master Resolution. Such summary does not purport to be complete and reference is made to the Master Resolution for full and complete statements of such provisions. Defined terms used in the Master Resolution have the meanings ascribed to them in Appendix A or in the body of this Official Statement.

The following is a brief summary of certain provisions of the Master Resolution. Such summary does not purport to be complete and reference is made to the Master Resolution for full and complete statements of such provisions. Defined terms used in the Master Resolution have the meanings ascribed to them in Appendix A or in the body of this Official Statement.

Master Resolution and Bonds Constitute Separate Contracts

With respect to each Applicable Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds of an Applicable Series authorized to be issued under the Master Resolution and under the Applicable Series Resolution by those who hold or own the same from time to time, the Master Resolution and the Applicable Series Resolution are deemed to be and constitute a contract among the Agency, the Trustee and the Holders from time to time of such Bonds, and the pledge and assignment made in the Master Resolution and the covenants and agreements set forth to be performed by or on behalf of the Agency are for the equal and ratable benefit, protection and security of the Holders of any and all of such Bonds of an Applicable Series, all of which, regardless of the time or times of their issue or maturity, are of equal rank without preference, priority or distinction of any such Bonds of such Series over any other Bonds except as expressly provided or permitted by the Master Resolution or by the Applicable Series Resolution.

(Section 1.03)

Authorization of Each Series of Bonds

Each Series of Bonds is issued pursuant to the Master Resolution, the applicable Series Resolution and the Act.

The Bonds of the Agency will not be a debt of the State, nor will the State be liable thereon, nor will the Bonds be payable out of any funds other than those of the Agency pledged by the Master Resolution to the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Bonds.

(Section 2.01)

Additional Bonds and Other Obligations

The Agency reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Agency, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, except as provided in the Master Resolution, entitled to a charge or lien or right prior or equal to the charge or lien created by the Master Resolution, or prior or equal to the rights of the Agency and Holders of Bonds.

(Section 2.05)

Authorization of Redemption

Bonds subject to redemption prior to maturity will be redeemable at such times, at such Redemption Prices and upon such terms as may be specified in the Master Resolution or in the Applicable Series Resolution authorizing their issuance or the Applicable Bond Series Certificate.

(Section 4.01)

Redemption at Election or Direction of the Agency

The Series, maturities and principal amounts of the Bonds to be redeemed at the election or direction of the Agency will be determined by the Agency in its sole discretion, subject to any limitations with respect thereto contained in the Master Resolution or in the Series Resolution authorizing such Series or the Applicable Bond Series Certificate. The notice of redemption required by the Master Resolution to be given shall not be given with respect to such Bonds to be redeemed pursuant to this section unless prior to the date such notice is to be given the Agency shall, if money is then due to a Reserve Fund Facility Provider for moneys advanced under a Reserve Fund Facility constituting any part of an Applicable Debt Service Reserve Fund which is then unpaid, including interest due thereon, have obtained the written consent of such Facility Provider.

(Section 4.02)

Selection of Bonds to Be Redeemed

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

(Section 4.04)

Notice of Redemption

Whenever Bonds are to be redeemed, the Trustee will give notice of the redemption of the Bonds in the name of the Agency. Such notice will be given by mailing a copy of such notice not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. Such notice will be sent by first class mail, postage prepaid, to the registered owners of the Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books not more than ten (10) Business Days prior to the date such notice is given. Upon giving such notice, the Trustee will promptly certify to the Agency that it has mailed or caused to be mailed such notice to the registered owners of the Bonds to be redeemed in the manner provided in the Master Resolution. Such certificate will be conclusive evidence that such notice was given in the manner required by the Master Resolution. The failure of any Holder of a Bond to be redeemed to receive such notice will not affect the validity of the proceedings for the redemption of the Bonds.

Any notice of redemption, unless moneys are received by the Trustee prior to giving such notice sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed, may state that such redemption is conditional upon the receipt of such moneys by the Trustee by 1:00 P.M. (New York time) on the date fixed for redemption. If such moneys are not so received said notice will be of no force and effect, the Agency will not redeem such Bonds and the Trustee will give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

(Section 4.05)

Payment of Redeemed Bonds

If, on the redemption date, moneys for the redemption of all Bonds or portions thereof of any like Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, are held by the Trustee and Paying Agent so as to be available therefor on such date and if notice of redemption has been mailed as stated in the Master Resolution, then, from and after the redemption date, interest on the Bonds or portions thereof so called for redemption will cease to accrue and such Bonds will no longer be considered to be Outstanding under the Master Resolution. If such moneys are not so available on the redemption date, such Bonds or portions thereof will continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(Section 4.06)

Pledge of Revenues

The proceeds from the sale of the Bonds, the Applicable Revenues, the Agency's security interest in the Applicable Pledged Revenues, and, all funds established by the Master Resolution, other than the Applicable Arbitrage Rebate Fund and the Applicable Subsidy Fund, are pledged and assigned to the Trustee as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Bonds and as security for the performance of any other obligation of the Agency under the Resolution and under any Series Resolution, all in accordance with the provisions of the Master Resolution and such Series Resolution. The pledge of the Revenues relates only to the Bonds of an Applicable Series authorized by such Series Resolution and no other Series of Bonds and such pledge will not secure any such other Series of Bonds. The pledge is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Bonds, the Revenues, the Agency's security interest in the Applicable Pledged Revenues and the funds and accounts established by the Master Resolution and by the Applicable Series Resolution will immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge will be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Agency irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds are special obligations of the Agency payable solely from and secured by a pledge of the proceeds from the sale of the Bonds, the Revenues, the Agency's security interest in the Applicable Pledged Revenues and the funds and accounts established by the Master Resolution, which are pledged by the Master Resolution as provided in the Master Resolution, which pledge will constitute a first lien thereon. Notwithstanding the foregoing, interest earnings on the Debt Service Fund held by the Trustee and properly allocable to one Municipality may not be used to make up a deficiency caused by the failure of another Municipality to pay its Basic Debt Service Payment.

(Section 5.01)

Establishment of Funds

Unless otherwise provided by the Applicable Series Resolution, the following funds are authorized to be established, held and maintained for each Applicable Series by the Trustee under the Applicable Series Resolution separate from any other funds established and maintained pursuant to any other Series Resolution:

Bond Proceeds Fund;
Debt Service Fund;
Debt Service Reserve Fund;
Subsidy Fund; and
Arbitrage Rebate Fund

Accounts and sub-accounts within each of the foregoing funds may from time to time be established in accordance with an Applicable Series Resolution, an Applicable Bond Series Certificate or upon the direction of the Agency. All moneys at any time deposited in any fund created by the Master Resolution, other than the Applicable Arbitrage Rebate Fund and the Applicable Subsidy Fund, will be held in trust for the benefit of the Holders of the Applicable Series of Bonds, but will nevertheless be disbursed, allocated and applied solely in connection with Applicable Series of Bonds for the uses and purposes provided in the Master Resolution.

(Section 5.02)

Application of Bond Proceeds

Upon the receipt of proceeds from the sale of a Series of Bonds, the Agency will apply such proceeds as specified in the Master Resolution and in the Series Resolution authorizing such Series or in the Bond Series Certificate relating to such Series.

Accrued interest, if any, received upon the delivery of a Series of Bonds will be deposited in the Debt Service Fund unless all or any portion of such amount is to be otherwise applied as specified in the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series.

(Section 5.03)

Application of Moneys in the Bond Proceeds Fund

A separate Bond Proceeds Fund is established by each Series Resolution and separate Bond Proceeds Accounts and Costs of Issuance Accounts are established therein with respect to each Municipality for whose benefit such Series of Bonds is issued. As soon as practicable after the delivery of each Series of Bonds, there will be deposited in the Applicable Bond Proceeds Account and Applicable Costs of Issuance Account the amount required to be deposited therein pursuant to the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series. Except as otherwise provided in the Master Resolution, an Applicable Series Resolution or an Applicable Bond Series Certificate, moneys deposited in the Applicable Bond Proceeds Account shall constitute a portion of the purchase price of the Applicable Local ARRA Bonds and shall be used only to pay the purchase price of such Local ARRA Bonds, and the moneys deposited in the Cost of Issuance Account shall be used only to pay the Costs of Issuance of the Applicable Bonds.

(Section 5.04)

Allocation of Revenues

The Applicable Revenues and any other moneys which, by any of the provisions of the Applicable Agreement, are required to be deposited in the Applicable Debt Service Fund, will upon receipt by the Trustee be deposited to the credit of the appropriate account in the Applicable Debt Service Fund. To the extent not required to pay, (a) the interest becoming due on Outstanding Bonds of the Applicable Series on the next succeeding interest payment date or dates of such Bonds; (b) the principal and Sinking Fund Installments becoming due on the Applicable Series of Outstanding Bonds; and (c) moneys which are required or have been set aside for the redemption of Bonds of the Applicable Series, moneys in the Applicable Debt Service Fund will be paid by the Trustee on or before the business day preceding each Interest Payment Date as follows and in the following order of priority:

First: To reimburse, pro rata, each Reserve Fund Facility Provider, if any, which has issued a Reserve Fund Facility which constitutes any part of the Applicable Debt Service Reserve Fund for moneys advanced thereunder, including interest thereon, in proportion to the respective amounts advanced by each such Reserve Fund Facility Provider;

Second: To the Applicable Debt Service Reserve Fund, the amount, if any, necessary to make the amount on deposit therein equal to the Applicable Debt Service Reserve Fund Requirement; and

Third: to the Agency.

(Section 5.05)

Subsidy Fund

The Applicable Subsidy Fund shall be maintained by the Trustee as a fund separate from any other fund established and maintained under the Master Resolution. The Trustee shall deposit to the Applicable Subsidy Fund any moneys delivered to it by the United States Treasury representing the cash subsidy payments, if any, that the Agency is eligible to receive pursuant to Section 1400U-2 of the Code with respect to Bonds of a Series designated

by the Agency as "Recovery Zone Economic Development Bonds" or Section 54AA of the Code with respect to Bonds of a Series designated by the Agency as "Build America Bonds" in the Applicable Series Resolution.

The Trustee, pursuant to the Applicable Series Resolutions and the written instructions from an Authorized Officer of the Agency delivered upon issuance of the Bonds of such Series, shall pay to the Applicable Municipalities each such Municipality's Allocable Portion of the amounts on deposit in the Applicable Subsidy Fund as so instructed.

(Section 5.06)

Debt Service Fund

The Trustee will on or before the Business Day preceding each Interest Payment Date pay out of the Applicable Debt Service Fund:

(a) the interest due and payable on all Outstanding Bonds of the Applicable Series on such Interest Payment Date;

(b) the principal amount due and payable on all Outstanding Bonds of the Applicable Series on such Interest Payment Date; and

(c) the Sinking Fund Installments or other amounts related to a mandatory redemption, if any, due and payable on all Outstanding Bonds of the Applicable Series on such Interest Payment Date.

The amounts paid out pursuant to (a), (b) and (c) above are irrevocably pledged to and applied to such payments.

Notwithstanding the above, the Agency may, at any time subsequent to the first day of any Bond Year but in no event less than forty-five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with moneys on deposit in the Applicable Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds to be redeemed from such Sinking Fund Installment.

Moneys in the Applicable Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds of the Applicable Series payable during the next succeeding Bond Year, the interest on Outstanding Bonds of the Applicable Series payable on and prior to the next succeeding Interest Payment Date, and the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, will be paid or applied by the Trustee in accordance with the direction of an Authorized Officer of the Agency (i) to the purchase of Outstanding Bonds of the Applicable Series at purchase prices not exceeding the Redemption Price applicable on the next Interest Payment Date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner as an Authorized Officer of the Agency will direct or (ii) to the redemption of Bonds of the Applicable Series as provided in the Master Resolution, at the Redemption Prices specified in the Applicable Series Resolution or Applicable Bond Series Certificate.

With respect to Bonds of a Series for which a Debt Service Reserve Fund has been established, unless otherwise set forth in the Applicable Series Resolution, in the event that on the fourth business day preceding any interest payment date the amount in the Applicable Debt Service Fund shall be less than the amounts, respectively, required for payment of interest on the Outstanding Bonds of the Applicable Series, for the payment of principal of such Outstanding Bonds, for the payment of Sinking Fund Installments of such Outstanding Bonds due and payable on such interest payment date or for the payment of the purchase price or Redemption Price of such Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, the Trustee shall withdraw from the Applicable Debt Service Reserve Fund and deposit to the Applicable Debt Service Fund such amounts as will increase the amount in the Applicable Debt Service Fund to an amount sufficient to make such payments. The Trustee shall notify each Applicable Reserve Fund Facility Provider of a withdrawal from the Applicable Debt Service Reserve Fund.

(Section 5.07)

Debt Service Reserve Fund

The Trustee shall deposit to the credit of the appropriate account in the Applicable Debt Service Reserve Fund such proceeds of the sale of Bonds of the Applicable Series, if any, as shall be prescribed in the Applicable Series Resolution or the Applicable Bond Series Certificate, and any moneys, Government Obligations and Exempt Obligations as are delivered to the Trustee by a Municipality for the purposes of the Applicable Debt Service Reserve Fund.

In lieu of or in substitution for moneys, Government Obligations or Exempt Obligations otherwise required to be deposited in the Debt Service Reserve Fund established for a Series of Bonds issued pursuant to a Series Resolution, the Agency may deposit or cause to be deposited with the Trustee a Reserve Fund Facility for the benefit of the Holders of the Bonds for all or any part of the Applicable Debt Service Reserve Fund Requirement; provided that any such surety bond or insurance policy shall be issued by an insurance company or association duly authorized to do business in the State (i) the claims paying ability of which is rated the highest rating accorded by a nationally recognized insurance rating agency or (ii) obligations insured by a surety bond or an insurance policy issued by such company or association are rated at the time such surety bond or insurance policy is delivered, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, in the highest rating category by Moody's and S&P or, if Outstanding Bonds of the Applicable Series are not rated by Moody's and S&P by whichever of said rating services that then rates Outstanding Bonds; provided, further, that any such letter of credit shall be issued by a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provision of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, the unsecured or uncollateralized long term debt obligations of which, or long term obligations secured or supported by a letter of credit issued by such person, are rated at the time such letter of credit is delivered, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, in at least the second highest rating category by Moody's and S&P or, if Outstanding Bonds of the Applicable Series are not rated by Moody's and S&P by whichever of said rating services that then rates Outstanding Bonds of the Applicable Series.

In addition to the conditions and requirements set forth above, no Reserve Fund Facility shall be deposited in full or partial satisfaction of the Applicable Debt Service Revenue Fund Requirement unless the Trustee shall have received prior to such deposit (i) an opinion of counsel acceptable to the Agency to the effect that such Reserve Fund Facility has been duly authorized, executed and delivered by the Reserve Fund Facility Provider thereof and is valid, binding and enforceable in accordance with its terms and (ii) in the event such Reserve Fund Facility Provider is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Agency.

Each Reserve Fund Facility 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 Applicable Debt Service Reserve Fund and such withdrawal cannot be made without drawing upon such letter of credit or obtaining payment under such surety bond or insurance policy.

In computing the amount on deposit in a Debt Service Reserve Fund, a letter of credit, a surety bond or an insurance policy shall be valued at the amount available to be drawn or payable thereunder on the date of computation.

Moneys held for the credit of an Applicable Debt Service Reserve Fund shall be withdrawn by the Trustee and applied to the payment of interest, principal and Sinking Fund Installments at the times and in the amounts required to comply with the provisions of the Master Resolution provided that no payment under a Reserve Fund Facility shall be sought unless and until moneys are not available in the Applicable Debt Service Reserve Fund and the amount required to be withdrawn from an Applicable Debt Service Reserve Fund pursuant to this paragraph can not be withdrawn therefrom without obtaining payment under such Reserve Fund Facility; provided further, that, if more than one Reserve Fund Facility is held for the credit of an Applicable Debt Service Reserve Fund at the time moneys are to be withdrawn therefrom the Trustee shall obtain payment under each such Reserve Fund Facility pro rata based upon the respective amounts then available to be paid thereunder.

With respect to any demand for payment under any Reserve Fund Facility deposited in the Applicable Debt Service Reserve Fund, the Trustee shall make such demand for payment in accordance with the terms of such Reserve Fund Facility at the earliest time provided therein to assure the availability of moneys on the interest payment date for which such moneys are required.

Moneys and investments held for the credit of the Applicable Debt Service Reserve Fund in excess of the Applicable Debt Service Reserve Fund Requirement shall be withdrawn by the Trustee and deposited, upon direction of the Agency, in the Applicable Arbitrage Rebate Fund, the Applicable Debt Service Fund and the Applicable Bond Proceeds Fund or applied to the redemption of Bonds of the Applicable Series in accordance with such direction.

If, upon a valuation, the value of all moneys, Government Obligations, Exempt Obligations and Reserve Fund Facilities held for the credit of the Applicable Debt Service Reserve Fund is less than the Applicable Debt Service Reserve Fund Requirement, the Applicable Trustee shall immediately notify the Agency, each Applicable Reserve Fund Facility Provider and the Applicable Municipality of such deficiency. Such Municipality shall, as soon as practicable, but in no event later than five (5) days after receipt of such notice, deliver to the Trustee moneys, Government Obligations or Exempt Obligations the value of which is sufficient to increase the amount in the Applicable Debt Service Reserve Fund to the Applicable Debt Service Reserve Fund Requirement.

(Section 5.08)

Arbitrage Rebate Fund

The Arbitrage Rebate Fund will be maintained by the Trustee as a fund separate from any other fund established and maintained under the Master Resolution. The Trustee will deposit to the Applicable Arbitrage Rebate Fund any moneys delivered to it by the Applicable Municipalities for deposit therein and, notwithstanding any other provisions of the Master Resolution, will transfer to the Arbitrage Rebate Fund, in accordance with the directions of an Authorized Officer of the Agency, moneys on deposit in any other funds held by the Trustee under the Master Resolution at such times and in such amounts as will be set forth in such directions. Within the Arbitrage Rebate Fund, the Trustee will maintain such accounts as are required by the Agency in order to comply with the terms and requirements of the Tax Certificate. All money at any time deposited in the Arbitrage Rebate Fund will be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the Treasury Department of the United States of America, and the Agency or the owner of any Bonds will not have any rights in or claim to such money. The Trustee will be deemed conclusively to have complied with the provisions of the Master Resolution concerning the Arbitrage Rebate Fund and with such provisions of the Tax Certificate if it follows the directions of an Authorized Officer of the Agency including supplying all necessary written information in the manner provided in the Tax Certificate and has no liability or responsibility for compliance (except as specifically set forth in the Master Resolution or in the Tax Certificate) or to enforce compliance by the Agency with the terms of the Tax Certificate.

Upon the written direction of the Agency, the Trustee will deposit in the Arbitrage Rebate Fund funds received from the Agency, so that the balance of the amount on deposit thereto will be equal to the Rebate

Requirement. Computations of the Rebate Requirement will be furnished by or on behalf of the Agency in accordance with the Tax Certificate.

The Trustee has no obligation to rebate any amounts required to be rebated pursuant to this section, other than from moneys held in the funds and accounts created under the Master Resolution or from other moneys provided to it by the Agency.

The Trustee will invest all amounts held in the Arbitrage Rebate Fund as provided in written directions of the Agency. The Agency, in issuing such directions, will comply with the restrictions and instructions set forth in the Tax Certificate. Moneys may only be applied from the Arbitrage Rebate Fund as provided under the Master Resolution.

The Trustee, upon the receipt of written instructions and certification of the Rebate Requirement from an Authorized Officer of the Agency, will pay the amount of such Rebate Requirement to the Treasury Department of the United States of America, out of amounts in the Arbitrage Rebate Fund, as so directed.

Notwithstanding any other provisions of the Master Resolution, including in particular the section of the Master Resolution described under the heading "Tax Covenant", the obligation to remit the Rebate Requirement to the United States of America and to comply with all other requirements of the Master Resolution concerning the Arbitrage Rebate Funds, the section of the Master Resolution under the heading "Tax Covenant" and the Tax Certificate will survive the defeasance or payment in full of the Bonds.

(Section 5.09)

Application of Moneys in Certain Funds for Retirement of Bonds

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

(Section 5.10)

Transfer of Investments

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

(Section 5.11)

Computation of Assets of Debt Service Reserve Fund

The Trustee, as promptly as practicable (i) after the end of each calendar month, (ii) upon the request of the Agency, (iii) upon the request of the Applicable Municipality, but not more frequently than once a calendar month, and (iv) at such other times as may be necessary in connection with a withdrawal and deposit made pursuant to the

terms of the Master Resolution, shall compute the value of the assets in the Applicable Debt Service Reserve Fund, in the case of the requirement under (i) above, on the last day of each such month, in the case of a request pursuant to (ii) or (iii) above, at the date of such request, or, in the case of a withdrawal and deposit, at the date of such withdrawal and deposit, and notify the Agency and the Applicable Municipality as to the results of such computation and the amount by which the value of the assets in the Applicable Debt Service Reserve Fund exceeds or is less than the Applicable Debt Service Reserve Fund Requirement

(Section 5.12)

Security for Deposits

All moneys held under the Master Resolution by the Trustee will be continuously and fully secured, for the benefit of the Agency and the Holders of the Applicable Series of Bonds, by direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America of a market value equal at all times to the amount of the deposit so held by the Trustee; 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 will not be necessary for the Trustee or any Paying Agent to give security for the deposit of any moneys with them pursuant to the sections of the Master Resolution described under the headings "Debt Service Fund" and "Defeasance," and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any moneys which will be represented by obligations purchased or other investments made under the provisions of the Master Resolution as an investment of such moneys.

(Section 6.01)

Investment of Funds and Accounts

Moneys held under the Master Resolution by the Trustee, if permitted by law, will, as nearly as may be practicable, be invested by the Trustee, upon direction of the Agency given or confirmed in writing, signed by an Authorized Officer of the Agency (which direction will specify the amount to be invested) in Government Obligations, Exempt Obligations, and, if not inconsistent with the investment guidelines of a Facility Provider or a Rating Agency applicable to funds held under the Master Resolution, any other Investment Obligation; provided, however, that each such investment will permit the moneys so deposited or invested to be available for use at the times at, which the Agency reasonably believes such moneys will be required for the purposes of the Master Resolution; provided, further, that (x) any Permitted Collateral required to secure any Investment Obligation has a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to the amount deposited or invested including interest accrued thereon, (y) the Permitted Collateral will be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Agency, and (z) the Permitted Collateral will be free and clear of claims of any other person.

Investment Obligations purchased as an investment of moneys in any fund or account held by the Trustee under the provisions of the Master Resolution will be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof will be retained in, credited or charged, as the case may be, to such fund or account.

In computing the amount in any fund or account held by the Trustee under the provisions of the Master Resolution, each Investment Obligation will be valued at par or the market value thereof, plus accrued interest, whichever is lower.

(Section 6.02)

Payment of Principal and Interest

The Agency covenants to pay or cause to be paid the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on every Bond of each Series on the date and at the places and in the manner provided in the Bonds according to the true intent and meaning thereof.

(Section 7.01)

Accounts and Audits

The Agency covenants to keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Agency by the Trustee, in which complete and correct entries will be made of its transactions relating to each Series of Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Agency, will be subject to the inspection of the Trustee, the Applicable Municipalities or of any Holder of a Bond or his representative duly authorized in writing. The Trustee will annually prepare a report which will be furnished to the Agency, each Facility Provider, each Credit Facility Issuer and the Applicable Municipalities. Such report will include at least: a statement of all funds and accounts (including investments thereof) held by such Trustee and the Agency pursuant to the provisions of the Master Resolution and of each Applicable Series Resolution; a statement of the Applicable Revenues collected from each Applicable Municipality in connection with the Master Resolution and with each Applicable Series Resolution; a statement that the balance in the Applicable Debt Service Reserve Fund meets the requirements hereof and of the applicable Series Resolution; and complete and correct entries of all transactions relating to an Applicable Series of Bonds. A copy of such report, will, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond of the Applicable Series or any beneficial owner of a Book Entry Bond of the Applicable Series requesting the same.

(Section 7.05)

Creation of Liens

The Agency covenants not to create or cause to be created any lien or charge prior or equal to that of the Bonds of an Applicable Series on the proceeds from the sale of the Bonds, the Applicable Revenues, the Applicable Pledged Revenues or the funds and accounts established by the Master Resolution or by any Applicable Series Resolution which are pledged by the Master Resolution; provided, however, that nothing contained in the Master Resolution will prevent the Agency from issuing bonds, notes or other obligations under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Master Resolution; and provided further, that if the Agency has issued more than one Series of Bonds for the benefit of a Municipality and the Pledged Revenues, if any, and State Aid are insufficient to pay in full all Basic Debt Service Payments then due under all of the Agreements to which such Municipality is a party, then as provided in the Memorandum of Understanding the Comptroller will pay a proportionate share of such State Aid to each Applicable Trustee.

(Section 7.06)

Enforcement of Obligations of the Municipality

Pursuant to the Applicable Agreement and the Applicable Local ARRA Bonds, the Agency covenants to take all legally available action to cause a Municipality to perform fully its obligation to pay Basic Debt Service Payment and other amounts which under the Applicable Agreement are to be paid to the Trustee, in the manner and at the times provided in the Applicable Agreement provided, however, that the Agency may delay, defer or waive enforcement of one or more provisions of said Agreement (other that provisions requiring the payment of moneys to the Trustee for deposit to any fund or account established under the Master Resolution) if the Agency determines such delay, deferment or waiver will not materially adversely affect the interests of the Holders of the Bonds of a Series.

(Section 7.07)

Offices for Payment and Registration of Bonds

The Agency will at all times maintain an office or agency in the State where Bonds may be presented for payment. The Agency may, pursuant to a Supplemental Resolution or a Series Resolution or pursuant to a resolution adopted in accordance with the Master Resolution, designate an additional Paying Agent or Paying Agents where Bonds of the Series authorized thereby or referred to therein may be presented for payment. The Agency will at all times maintain an office or agency in the State where Bonds may be presented for registration, transfer or exchange and the Trustee is appointed by the Master Resolution as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds.

(Section 7.09)

Amendment, Change, Modification or Waiver of Agreement

An Applicable Agreement (and the related Applicable Local ARRA Bonds) may not be amended, changed, modified, altered or terminated so as to materially adversely affect the interest of the Holders of the Outstanding Bonds of the Applicable Series without the prior written consent of the Holders of at least a majority in aggregate principal amount of such Bonds then Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any Applicable Series remain Outstanding, the consent of the Holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds of the Applicable Series under the Master Resolution; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds of such Series the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by the Municipality under the Applicable Agreement that is to be deposited with the Trustee or extend the time of payment thereof. Except as otherwise provided in the Master Resolution, an Agreement may be amended, changed, modified or altered without the consent of the Holders of Outstanding Bonds of the Applicable Series or the Applicable Trustee. Specifically, and without limiting the generality of the foregoing, an Agreement may be amended, changed, modified or altered without the consent of the Trustee and the Holders of Outstanding Bonds of such Series (i) to provide changes in connection with the acquisition, construction, reconstruction, rehabilitation, renovation and improvement or otherwise, the providing, furnishing and equipping of any facilities constituting a part of the Applicable Project or which may be added to such Project; (ii) to provide for the issuance of Bonds of an Applicable Series; or (iii) to cure any ambiguity or correct or supplement any provisions contained in the Applicable Agreement, which may be defective or inconsistent with any other provisions contained Master Resolution or in such Agreement.

An Applicable Series will be deemed to be adversely affected by an amendment, change, modification or alteration of the Agreement if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of an Applicable Series would be adversely effected in any material respect by any amendment, change, modification or alteration, and any such determination will be binding and conclusive on the Agency and all Holders of such Bonds.

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

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

(Section 7.10)

Notice as to Agreement Default

The Agency covenants to notify the Trustee in writing that an "event of default" under the Applicable Agreement, as such term is defined in the Applicable Agreement (including the failure to pay the Applicable Local

ARRA Bonds), has occurred and is continuing, or that which notice is required to be given within five (5) days after the Agency has obtained actual knowledge thereof.

(Section 7.11)

Modification and Amendment without Consent of Holders

The Agency may adopt at any time or from time to time Supplemental Resolutions for any one or more of the following purposes, and any such Supplemental Resolution will become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Agency:

(a) To add additional covenants and agreements of the Agency for the purpose of further securing the payment of the Bonds of an Applicable Series, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Agency contained in the Master Resolution;

(b) To prescribe further limitations and restrictions upon the issuance of Bonds of an Applicable Series and the incurring of indebtedness by the Agency which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

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

(d) To confirm, as further assurance, any pledge under the Master Resolution or under the Applicable Series Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Master Resolution, of the Applicable Revenues, or any pledge of any other moneys, investments thereof or funds;

(e) To modify any of the provisions of the Master Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respects, provided that such modifications will not be effective until after all Bonds of an Applicable Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution will cease to be Outstanding, and all Bonds of an Applicable Series issued under an Applicable Series Resolution will contain a specific reference to the modifications contained in such subsequent resolutions; or

(f) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Master Resolution or to insert such provisions clarifying matters or questions arising under the Master Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent the Master Resolution, as theretofore in effect, or to modify any of the provisions of the Master Resolution or of any previously adopted Applicable Series Resolution or Supplemental Resolution in any other respect, provided that such modification will not adversely affect the interests of the Bondholders of the Applicable Series in any material respect.

(Section 9.02)

Supplemental Resolutions Effective with Consent of Bondholders

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

(Section 9.03)

General Provisions Relating to Series Resolutions and Supplemental Resolutions

The Master Resolution will not be modified or amended in any respect except in accordance with and subject to the provisions of the Master Resolution. Nothing contained in the Master Resolution will affect or limit

the rights or obligations of the Agency to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of the Master Resolution or the right or obligation of the Agency to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in the Master Resolution provided or permitted to be delivered to the Trustee or any Paying Agent.

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

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

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent will become effective without the written consent of the Trustee or Paying Agent affected thereby.

(Section 9.04)

Powers of Amendment

Any modification or amendment of the Master Resolution and of the rights and obligations of the Agency and of the Holders of the Bonds under the Master Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the section of the Master Resolution described below under the heading "Consent of Bondholders", (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds described under this heading. No such modification or amendment will permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or will 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.

(Section 10.01)

Consent of Bondholders

The Agency may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Master Resolution to take effect when and as provided in the Master Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders for their consent thereto in form satisfactory to the Trustee, will promptly after adoption be mailed by the Agency to the Bondholders (but failure to mail such copy and request to any particular Bondholder will not affect the validity of the Supplemental Resolution when consented to as provided in the Master Resolution). Such Supplemental Resolution will not be effective unless and until (i) there has been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds specified in the section of the Master Resolution described above under the heading "Powers of Amendment" and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Agency in accordance with the provisions of the Master Resolution, is authorized or permitted by the Master Resolution, and is valid and binding upon the Agency and enforceable in accordance with its terms, and (ii) a notice

has been mailed as provided in the Master Resolution. Each such consent will 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 will be such as is permitted by the Master Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Master Resolution will be conclusive proof that the consents have been given by the Holders of the Bonds described in the certificate or certificates of the Trustee. Any consent given by a Bondholder will be binding upon the Bondholder giving such consent and, anything in the Master Resolution to the contrary notwithstanding, upon any subsequent Holder of such Bond and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds have filed their consents to the Supplemental Resolution, the Trustee will make and file with the Agency and the Trustee a written statement that such Holders of such required percentages of Bonds have filed such consents. Such written statement will be conclusive that such consents have been so filed. At any time thereafter a notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Agency on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this paragraph, will be given to the Bondholders by the Agency by mailing such notice to the Bondholders and, at the discretion of the Agency, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds have filed their consents to the Supplemental Resolution and the written statement of the Trustee provided for above is filed (but failure to publish such notice will not prevent such Supplemental Resolution from becoming effective and binding as in this paragraph provided). The Agency will file with the Trustee proof of the mailing of such notice, and, if the same has been published, of the publication thereof.

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

(Section 10.02)

Modifications by Unanimous Consent

The terms and provisions of the Master Resolution and the rights and obligations of the Agency and of the Holders of the Bonds may be modified or amended in any respect upon the adoption and filing with the Trustee by the Agency of a copy of a Supplemental Resolution certified by an Authorized Officer of the Agency and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the section of the Master Resolution described above under the heading "Consent of Bondholders," except that no notice to the Bondholders either by mailing or publication will be required.

(Section 10.03)

Consent of Facility Provider

Whenever by the terms of the Master Resolution the consent of any of the Holders of the Bonds to a modification or amendment of the Master Resolution made by a Series Resolution or Supplemental Resolution is required, such modification or amendment will not become effective until the written consent of each Facility Provider has been obtained; provided, however, that the consent of a Facility Provider which has provided a Credit Facility will not be required unless the modification or amendment requires the consent of the Holders of any percentage in principal amount of Outstanding Bonds or of the Holders of any percentage in principal amount of the Bonds of the Series in connection with which such Credit Facility was provided. No modification or amendment of

the Master Resolution which adversely affects a Facility Provider will be made without the written consent thereto of the Facility Provider affected thereby. Notice of the adoption of any such Series Resolution or Supplemental Resolution and of the effectiveness of the modification or amendment made thereby will be given to each Facility Provider by mail at the times and in the manner provided in the Master Resolution with respect to notices thereof required to be given to the Holders of the Bonds. Notice thereof will also be given to each Rating Service as soon as practical after adoption of such Supplemental Resolution and of the effectiveness thereof.

(Section 10.04)

Events of Default

Events of Default under the Master Resolution include: failure by the Agency to pay the principal, Sinking Fund Installments or Redemption Price of any Bond when the same will become due and payable; failure by the Agency to pay an installment of interest on any Bond when the same will become due and payable; the Agency defaults in the due and punctual performance of the tax covenants contained in the Series Resolution and, as a result thereof, the interest on the Bonds of a Series is no longer excludable from gross income under Section 103 of the Code (a "Taxability Default"); and default by the Agency in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Master Resolution or in the Bonds or in any Series Resolution on the part of the Agency to be performed and such default continues for thirty (30) days after written notice specifying such default and requiring same to be remedied has been given to the Agency by the Trustee, which may give such notice in its discretion and must give such notice at the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, unless, if such default is not capable of being cured within thirty (30) days, the Agency has commenced to cure such default within said thirty (30) days and diligently prosecutes the cure thereof.

(Section 11.02)

Enforcement of Remedies

Upon the happening and continuance of any Event of Default specified in the section of the Master Resolution described above under the heading "Events of Default," then and in every such case, the Trustee may proceed, and upon the written request of the Applicable Facility Provider or the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Applicable Series (in each case with the consent of the Facility Provider for such Series) or, in the case of a happening and continuance of a Taxability Default, upon the written request of the Applicable Facility Provider or the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby with the consent of the Facility Provider for such Series, will proceed (upon receiving compensation, expenses and indemnity to its satisfaction), to protect and enforce its rights and the rights of the Bondholders or of such Facility Provider under the Master Resolution or under any Series Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, as the Trustee deems most effectual to protect and enforce such rights.

(Section 11.04)

Limitation of Rights of Individual Bondholders

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

(Section 11.08)

Defeasance

If the Agency pays or causes to be paid to the Holders of Bonds of an Applicable Series the principal, Sinking Fund Installments, if any, or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Master Resolution, and in the Applicable Series Resolution and Bond Series Certificate, then the pledge of the Revenues or other moneys and securities pledged to such Bonds and all other rights granted by the Master Resolution to such Holders of Bonds will be discharged and satisfied.

Notwithstanding any provision of the Master Resolution to the contrary, if any Municipality prepays the amounts due under its Agreement and in accordance therewith pays or causes to be paid its Allocable Portion of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest on the Bonds or portions thereof applicable to such Agreement at the times and in the manner stipulated therein, in the Master Resolution, and in the Applicable Series Resolution and the Applicable Bond Series Certificate, then the pledge of the Revenues or other moneys and securities pledged with respect to such Agreement or any portion thereof and all other rights granted under such Agreement will be discharged and satisfied. In such event, the Trustee will, upon the request of the Agency, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Municipality, and the Agency, and all moneys or other Securities held by it pursuant hereto and to a Series Resolution which are not required for the payment or redemption of its Allocable Portion of the Bonds of such Series to be defeased or any portion thereof not theretofore surrendered for such payment or redemption will be paid or delivered by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of the Agency; second, to each Reserve Fund Facility Provider which has certified to the Trustee and the Agency that moneys advanced under an Applicable Reserve Fund Facility which constitutes any part of the Applicable Debt Service Reserve Fund together with any interest thereon, have not been repaid, pro rata, based upon the respective amounts certified by each such Reserve Fund Facility Provider; third, to the Agency; and, then, the balance thereof to the Municipality. Such moneys or investments so paid or delivered will be released from any trust, pledge, lien, encumbrance or security interest created hereby, by a Series Resolution or by such Agreement.

Bonds for the payment or redemption of which moneys have been set aside and are held in trust by the Trustee (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof will be deemed to have been paid within the meaning and with the effect expressed in the paragraph above. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within a Series will prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the paragraph above if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Agency has given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Master Resolution notice of redemption on said date of such Bonds, (b) there has been deposited with the Trustee either moneys in an amount which will be sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (c)

the Trustee has received the written consent of each Facility Provider which has given written notice to the Trustee and the Agency that amounts advanced under a Credit Facility or Liquidity Facility issued by it or the interest thereon have not been repaid to such Facility Provider, (d) the Trustee shall have received the consent to each deposit of each Reserve Fund Facility Provider which has issued a Reserve Fund Facility which constitutes a part of the Applicable Debt Service Reserve Fund and which has given written notice to the Agency that amounts advanced thereunder or the interest thereon have not been paid to such Reserve Fund Facility Provider and (e) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Agency has given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses appearing on the registration books, a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this paragraph and stating such maturity 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, of and interest on said Bonds. The Agency will give written notice to the Trustee of its selection of the Series and maturity payment of which will be made in accordance with this paragraph. The Trustee will select the Bonds of like Series and maturity payment of which will be made in accordance with the Master Resolution. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this paragraph nor principal or interest payments on any such Defeasance Securities will be withdrawn or used for any purpose other than, and will be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; provided, however, that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, must, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be.

(Section 12.01)

No Recourse under Master Resolution or on the Bonds

All covenants, stipulations, promises, agreements and obligations of the Agency contained in the Master Resolution will be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency and not of any member, officer or employee of the Agency in his individual capacity, and no recourse will be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claims based thereon, on the Master Resolution or on a Series Resolution against any member, officer or employee of the Agency or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Holder of Bonds by the acceptance of the Bonds.

(Section 14.04)

Certain Provisions Relating to Capital Appreciation Bonds and Deferred Income Bonds

For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity or (ii) computing the principal amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to the Agency, the Municipality or the Trustee any notice, consent, request, or demand pursuant to the Master Resolution for any purpose whatsoever, the then current Accreted Value of such Bond will be deemed to be its principal amount. Notwithstanding any other provision of the Master Resolution, the amount payable at any time with respect to the principal of and interest on any Capital Appreciation Bond will not exceed the Accreted Value thereof at such time. For purposes of receiving payment of the Redemption Price or principal of a Capital Appreciation Bond called for redemption prior to maturity, the difference between the Accreted Value of such Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Bond on the date the Bonds of the Series of which it is a part were first issued will be deemed not to be accrued and unpaid interest thereon.

For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed, or (ii) computing the principal amount of Bonds held by the Holder of a Deferred Income Bond in giving to the Agency or the Trustee any notice, consent, request, or demand pursuant to the Master Resolution for any purpose whatsoever, the then current Appreciated Value of such Bond will be deemed to be its principal amount.

Notwithstanding any other provision of the Master Resolution, the amount payable at any time prior to the Interest Commencement Date with respect to the principal of and interest on any Deferred Income Bond will not exceed the Appreciated Value thereof at such time. For purposes of receiving payment prior to the Interest Commencement Date of the Redemption Price or principal of a Deferred Income Bond called for redemption prior to maturity, the difference between the Appreciated Value of such Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Bond on the date the Bonds were first issued will be deemed not to be accrued and unpaid interest thereon.

(Section 14.07)

FORM OF APPROVING OPINION
OF BOND COUNSEL

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Form of Approving Opinion of Bond Counsel

Upon delivery of the Series 2010 Bonds, Orrick, Herrington & Sutcliffe, LLP, Bond Counsel to the Agency, proposes to issue its approving opinion in substantially the following form:

State of New York Municipal Bond Bank Agency
641 Lexington Avenue
New York, New York 10022

Re: $116,340,000 State of New York Municipal Bond Bank Agency
Recovery Act Bonds, Series 2010A and Series 2010B

Ladies and Gentlemen:

We have acted as bond counsel to the State of New York Municipal Bond Bank Agency (the "Agency") in connection with the issuance of $116,340,000 aggregate principal amount of its above-referenced bonds (the "Bonds"), consisting of the Sub-Series 2010A1 Bonds and the Sub-Series 2010B1 Bonds (the "Federally Tax-Exempt Series 2010 Bonds") and the Sub-Series 2010A2 Bonds and the Sub-Series 2010B2 Bonds (the "Federally Taxable Series 2010 Bonds") issued pursuant to the provisions of the State of New York Municipal Bond Bank Agency Act, as amended, constituting Chapter 902 of the Laws of 1972 of New York, as amended (constituting Title 18 of Article 8 of the New York Public Authorities Law), and the Agency's Master ARRA Bond Financing Program Recovery Act Bond Resolution adopted on November 16, 2009 (the "Master Resolution"), and the Series Resolution adopted by the Agency on April 8, 2010 (the "Series 2010 Resolution"). The Master Resolution and the Series 2010 Resolution are herein collectively referred to as the "Resolutions." Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

With respect to the Bonds, the Authority has entered into a Local ARRA Bond Purchase Agreement, dated as of May 1, 2010 (the "Local ARRA Bond Purchase Agreement"), with each of the municipalities identified on Schedule A (collectively, the "Municipalities) providing, among other things, for the sale to the Agency of each Municipality's Local ARRA Bonds. Payments by the Municipalities on the Local ARRA Bonds are structured to be sufficient to pay the principal, sinking fund installments and redemption price of and interest on the Bonds as the same become due.

The Bonds are to mature on the dates and in the years and amounts and interest on the Bonds is payable at the rates and in the amounts set forth in the Bond Series Certificate executed and delivered pursuant to the Resolutions.

The Bonds are to be issued in fully registered form and are payable, subject to redemption prior to maturity, exchangeable, transferable and secured upon such terms and conditions as are contained in the Resolutions and the Bond Series Certificate.

In such connection, we have reviewed the Resolutions, the Local ARRA Bond Purchase Agreement, the Tax Certificate and Agreement of the Agency dated as of the date hereof (the "Tax Certificate"), the Arbitrage and Use of Proceeds Certificate of the Municipalities dated as of the date hereof (the "Arbitrage and Use of Proceeds Certificate"), the bonds of the Municipalities delivered to the Agency in accordance with the Local ARRA Bond Purchase Agreement, opinions of counsel to the Agency, the Trustee and the Municipalities, the opinion of bond counsel to each Municipality, certificates of the Agency, the Trustee, the Municipalities and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in

connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Agency. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and certificates, and of the legal conclusions contained in the opinions, referred to above. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Local ARRA Bond Purchase Agreement, the Tax Certificate and the Arbitrage and Use of Proceeds Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Federally Tax-Exempt Series 2010 Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolutions, the Local ARRA Bond Purchase Agreement, the Tax Certificate, the Arbitrage and Use of Proceeds Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Agency has been duly created and is validly existing as a body corporate and politic constituting a public benefit corporation of the State of New York.

2. The Bonds have been duly and validly authorized to be issued and constitute the valid and binding special obligations of the Agency enforceable in accordance with their terms and the terms of the Master Resolution and the Series 2010 Resolution, will be payable solely from the sources provided therefor in the Master Resolution and the Series 2010 Resolution, and will be entitled to the benefit of the Master Resolution, the Series 2010 Resolution and the Act.

3. The Resolutions are in full force and effect, have been duly adopted by, and constitute the valid and binding obligations of, the Agency, enforceable in accordance with their terms. The Master Resolution and the Series 2010 Resolution create a valid pledge to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Master Resolution and the Series 2010 Resolution, except the Arbitrage Rebate Fund created thereby, subject to the provisions of the Master Resolution and the Series 2010 Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Master Resolution and the Series 2010 Resolution.

4. Each Local ARRA Bond Purchase Agreement has been duly executed and delivered by the Agency and, assuming due execution and delivery thereof by the applicable Municipality, constitutes the valid and binding agreement of the Agency enforceable in accordance with its terms.

5. The Bonds are not a lien or charge upon the funds or property of the Agency except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of New York or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the State of New York, and said State is not liable for the payment thereof.

6. Interest on Federally Tax-Exempt Series 2010 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Federally Tax-Exempt Series 2010 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, however we express no opinion as to whether some or all of the interest on the Federally Tax-Exempt Series 2010 Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on Federally Taxable Series 2010 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Bonds is

exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

Schedule A

County of Allegany
County of Madison
County of Oneida
County of Sullivan
County of Broome

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No.: -N

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.) ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer

which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.) has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.
(FORMERLY KNOWN AS FINANCIAL
SECURITY ASSURANCE INC.)

By _____
Authorized Officer

(212) 826-0100

Form 500NY (5/90)

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