

## BOND PURCHASE AGREEMENT

Schenectady Metroplex Development Authority  
\$13,240,000 General Resolution Refunding Bonds, Series 2012

August 17, 2012

Schenectady Metroplex Development Authority  
433 State Street  
Schenectady, New York 12305

Ladies and Gentlemen:

The undersigned, RBC Capital Markets, LLC (the “*Underwriter*” or “*RBC*”) offers to enter into the following agreement (this “*Agreement*”) with the Schenectady Metroplex Development Authority (the “*Issuer*”) which, upon the Issuer’s written acceptance of this offer, will be binding upon the Issuer and upon the Underwriter. This offer is made subject to the Issuer’s written acceptance hereof on or before 5:00 p.m., New York City time, on August 17, 2012, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Bond Resolution or in the Official Statement (both as defined herein).

1. *Purchase and Sale of the Bonds.* Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriter, all, but not less than all, of the Issuer’s General Resolution Refunding Bonds, Series 2012 in the aggregate principal amount of \$13,240,000 (“*Bonds*”). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the Issuer, but rather is acting solely in its capacity as Underwriter for its own account.

The principal amount of the Bonds to be issued, the dated date therefor, the maturities, sinking fund and optional redemption provisions and interest rates per annum are set forth in Schedule I hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the General Bond Resolution adopted by the members of the Issuer on December 12, 2001 (the “*General Bond Resolution*”) and an Eighth Supplemental Bond Resolution adopted by the members of the Issuer on July 18, 2012 (the “*Supplemental Resolution*” and, together with the General Resolution, the “*Bond Resolution*”).

The purchase price for the Bonds shall be \$14,157,910.41 plus interest accrued on the Bonds from the dated date of the Bonds to the Closing Date (as hereinafter defined). The discount of \$49,289.14 represents an underwriting discount of \$49,289.14, plus premium of \$967,199.55.

2. *Public Offering.* The Underwriter agrees to make a bona fide public offering of all of the Bonds at a price not to exceed the public offering price set forth on the cover of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover of the Official Statement.
3. *The Official Statement.*
  - (a) Attached hereto as Exhibit A is either a draft of the final Official Statement or a copy of the Preliminary Official Statement dated August 9, 2012 (the "*Preliminary Official Statement*"), including the cover page and Appendices thereto, of the Issuer relating to the Bonds. Such draft of the final Official Statement or copy of the Preliminary Official Statement, as amended to reflect the changes marked or otherwise indicated on Exhibit A hereto, is hereinafter called the "*Official Statement*."
  - (b) The Preliminary Official Statement has been prepared by the Issuer for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds. The Issuer hereby represents and warrants that the Preliminary Official Statement was deemed final by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "*Rule*").
  - (c) The Issuer represents that the representatives of the Issuer have reviewed and approved the information in the Official Statement and hereby authorizes the Official Statement to be used by the Underwriter in connection with the public offering and the sale of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the Issuer's acceptance of this Agreement (but, in any event, not later than within seven business days after the Issuer's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the "*MSRB*"). The Issuer hereby confirms that it does not object to the distribution of the Official Statement in electronic form.
  - (d) If, after the date of this Agreement to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to

comply with law, the Issuer will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

- (e) The Underwriter hereby agrees to file the Official Statement with the MSRB pursuant to MSRB Rule G-32 within one (1) business day after receipt from the Authority, but in no event later than the Closing. Unless otherwise notified in writing by the Underwriter, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

4. *Representations, Warranties, and Covenants of the Issuer.* The Issuer hereby represents and warrants to and covenants with the Underwriter that:

- (a) The Issuer is a public benefit corporation of the State of New York (the "*State*") duly created, organized and existing under the laws of the State, specifically Title 28-B of Article 8 of the Public Authorities Law of the State, as amended (the "*Act*"), and has full legal right, power and authority under the Act, and at the date of the Closing will have full legal right, power and authority under the Act and the Bond Resolution (i) to enter into, execute and deliver this Agreement, the Bond Resolution and the Continuing Disclosure Undertaking (the "*Undertaking*") as described in Section 6(i)(3) hereof and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, the Bond Resolution, the Undertaking and the other documents referred to in this clause are hereinafter referred to as the "*Issuer Documents*"), (ii) to sell, issue and deliver the Bonds to the Underwriter as provided herein, and (iii) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions;
- (b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Resolution and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement, and the Issuer Documents and any and all such other agreements and documents as may

be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

- (c) The Issuer Documents constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Bond Resolution and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Resolution and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Bond Resolution will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Bond Resolution;
- (d) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds, the Issuer Documents and the adoption of the Bond Resolution and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Bond Resolution;
- (e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds and the approval of the terms of the Bonds by the New York State Comptroller in accordance with the Act;



- (f) The Bonds conform to the descriptions thereof contained in the Official Statement; the Bond Resolution conforms to the description thereof contained in the Official Statement under the caption APPENDIX D – SUMMARIES OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION AND THE SUPPLEMENTAL RESOLUTIONS and PART 7 – PAYMENT OF AND SECURITY FOR THE BONDS; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the caption PART 2 – AUTHORIZATION AND PLAN OF REFUNDING and the Undertaking conforms to the description thereof contained in the Official Statement under the caption PART 20 – CONTINUING DISCLOSURE UNDERTAKING;
- (g) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer after due inquiry, threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of taxes pledged to the payment of principal of and interest on the Bonds pursuant to the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Bonds, the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes or state income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents;
- (h) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;
- (i) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;
- (j) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated

therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

- (k) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Bond Resolution and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes or state income tax purposes of the interest on the Bonds;
- (l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (A) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;
- (m) The Issuer acknowledges and agrees that: (i) the transaction contemplated by this Agreement is an arm's length, commercial transaction between the Issuer and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter or its affiliates have provided other services or is currently providing other services to the Issuer on other matters); (iii) the only obligations the Underwriter has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (iv) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate;
- (n) The financial statements of, and other financial information regarding the Issuer, in the Official Statement fairly present the financial position and results of the Issuer as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer. Except as disclosed on Exhibit B, the Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer;
- (o) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent,

payable from or secured by any of the revenues or assets which will secure the Bonds without the prior approval of the Underwriter; and

- (p) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein;

5. *Closing.*

- (a) At 10:00 a.m. New York City time, on August 30, 2012, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Underwriter (the "*Closing*"), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Agreement by a certified or bank cashier's check or checks or wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of Bond Counsel, or such other place as shall have been mutually agreed upon by the Issuer and the Underwriter.
- (b) Delivery of the Bonds shall be made to The Depository Trust Company, New York, New York. The Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Bond Resolution, and shall be made available to the Underwriter at least one business day before the Closing for purposes of inspection.

6. *Closing Conditions.* The Underwriter have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

- (a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;
- (b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

- (c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall be in full force and effect in the forms heretofore approved by the Underwriter and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter; and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and Issuer counsel to deliver their respective opinions referred to hereafter;
- (d) At or prior to the Closing, the Bond Resolution shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered and the trustee shall have duly authenticated the Bonds;
- (e) [Reserved];
- (f) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;
- (g) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;
- (h) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Underwriter;
- (i) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:
  - (1) The Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the Issuer by its Chairman, or such other official as may have been agreed to by the Underwriter, and the reports and audits referred to or appearing in the Official Statement;
  - (2) The Bond Resolution with such supplements or amendments as may have been agreed to by the Underwriter;
  - (3) The Undertaking of the Issuer which satisfies the requirements of section (b)(5)(i) of the Rule;
  - (4) The approving opinion of Bond Counsel with respect to the Bonds, in substantially the form attached to the Official Statement;
  - (5) A supplemental opinion of Bond Counsel addressed to the Underwriter, substantially to the effect that:
    - (i) the Bond Resolution has been duly adopted and is in full force and effect;



- (ii) the Bonds are exempted securities under the Securities Act of 1933, as amended (the "*Securities Act*"), and the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*") and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the Securities Act or to qualify the Bond Resolution under the Trust Indenture Act;
  - (iii) the statements and information contained in the Official Statement under the captions PART 1 – INTRODUCTION, PART 2 – AUTHORIZATION AND PLAN OF REFUNDING, PART 7 – PAYMENT OF AND SECURITY FOR THE BONDS (other than the third paragraph and table under the sub-caption "Sales Tax and Collection"), PART 12 – COVENANT BY THE STATE, PART 13 – LEGALITY FOR INVESTMENT AND DEPOSIT, PART 15 – TAX MATTERS, APPENDIX C – DEFINITIONS and APPENDIX D – SUMMARIES OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION AND THE SUPPLEMENTAL RESOLUTION fairly and accurately summarized the matters purported to be summarized therein; and
  - (iv) based on the examinations which they have made as Bond Counsel and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy or completeness of the statements in the Official Statement other than those described in subparagraph (iii) of this subsection above, such counsel has no reason to believe that the Official Statement as of its date and as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical data included in the Official Statement and except for information regarding the Depository and its book-entry system and information regarding the Bond Insurer and the Bond Insurance Policy, in each case as to which no view need be expressed).
- (6) An opinion, dated the date of the Closing and addressed to the Underwriter, of counsel for the Underwriter, to the effect that:
- (i) the Bonds are exempt securities under the Securities Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the Securities Act and the Bond Resolution need not be qualified under the Trust Indenture Act; and
  - (ii) based upon their participation in the preparation of the Official Statement as counsel for the Underwriter and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a

material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding the Depository and its book-entry system and information regarding the Bond Insurance Policy, in each case as to which no view need be expressed);

- (7) An opinion of the Issuer's Counsel, addressed to the Underwriter, to the effect that:
- (i) The Issuer is a public benefit corporation of the State duly created, organized and existing under the laws of the State, specifically the Act, and has full legal right, power and authority under the Act and the Bond Resolution (A) to enter into, execute and deliver the Issuer Documents and all documents required hereunder and thereunder to be executed and delivered by the Issuer, (B) to sell, issue and deliver the Bonds to the Underwriter as provided herein, and (C) to carry out and consummate the transactions contemplated by the Issuer Documents, and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions;
  - (ii) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (A) the adoption of the Bond Resolution and the issuance and sale of the Bonds, (B) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds, the Issuer Documents, and (C) the consummation by it of all other transactions contemplated by the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;
  - (iii) The Bond Resolution was duly and validly adopted by the Issuer and is in full force and effect; the Bond Resolution and all other proceedings of the Issuer pertinent to the validity and enforceability of the Bonds and the receipt of the pledged revenues have been duly and validly adopted or undertaken in compliance with all applicable procedural requirements of the Issuer and in compliance with the laws of the State, including the Act;
  - (iv) The Issuer Documents have been duly authorized, executed and delivered by the Issuer, and assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws and

equitable principles of general application relating to or affecting the enforcement of creditors' rights; and the Bonds, when issued, delivered and paid for, in accordance with the Bond Resolution and this Agreement assuming authentication of the same by the Trustee, will constitute legal, valid and binding special obligations of the Issuer entitled to the benefits of the Bond Resolution and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid;

- (v) The distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the Issuer;
  - (vi) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been obtained;
  - (vii) That Issuer has not been served with a summons in any action and, to counsel's knowledge, there is no litigation pending or threatened in any court, either state or federal, calling into question the creation, organization or existence of the Issuer, the validity of the Bonds or the Issuer Documents, or the authority of the Issuer to issue the Bonds or enter into or perform the Issuer Documents; and
  - (viii) The execution and delivery of the Issuer Documents and compliance by the Issuer with the provisions hereof and thereof, under the circumstances contemplated herein and therein, will not conflict with or constitute on the part of the Issuer a material breach of or a default under any agreement or instrument to which the Issuer is a party, or violate any existing law, administrative regulation, court order, or consent decree to which the Issuer is subject.
- (8) A certificate, dated the date of Closing, of the Issuer to the effect that (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) except as expressly disclosed therein, no litigation or proceeding against it is pending or, to its knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting revenues, including payments on the Bonds, pursuant to

the Bond Resolution, and other income or the anticipated receipt of Pledged Revenues or the levy or collection of the taxes pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (iii) the resolutions of the Issuer authorizing the execution, delivery and/or performance of the Official Statement, the Bonds and Issuer Documents have been duly adopted by the Issuer, are in full force and effect and have not been modified, amended or repealed, and (iv) to the best of its knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

- (9) A certificate of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriter (a) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the Issuer there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;
- (10) Any other certificates and opinions required by the Bond Resolution for the issuance thereunder of the Bonds;
- (11) Evidence satisfactory to the Underwriter that the Bonds have been rated “A+” by Standard & Poor’s and “A1” from Moody’s Investor Service and that such ratings are in effect as of the date of Closing;
- (12) [Reserved];
- (13) [Reserved];
- (14) A copy of the New York State Comptroller’s approval of the terms of sale of the Bonds; and
- (15) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or counsel to the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer’s representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or



satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriter set forth in Sections 4, 7 and 9(c) hereof shall continue in full force and effect.

#### *7. Indemnification.*

- (a) The Issuer will indemnify and hold harmless the Underwriter against any losses, claims, damages or liabilities to which the Underwriter may become subject, under federal securities laws, or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Official Statement or Official Statement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Underwriter for any legal or other expenses reasonably incurred by the Underwriter in connection with investigating or defending any such action or claim; provided, however, that the Issuer shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Preliminary Official Statement or Official Statement or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Issuer by the Underwriter expressly for use therein.
- (b) The Underwriter will indemnify and hold harmless the Issuer against any losses, claims, damages or liabilities to which the Issuer may become subject, under federal securities laws, or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Underwriting section of the Preliminary Official Statement or Official Statement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or omission or alleged omission was made in the Underwriting section of the Preliminary Official Statement or Official Statement or any such amendment or

supplement in reliance upon and in conformity with written information furnished to the Issuer by the Underwriter expressly for use therein; and will reimburse the Issuer for any legal or other expenses reasonably incurred by the Issuer in connection with investigating or defending any such action or claim.

- (c) Promptly after receipt by an indemnified party pursuant to subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party or shall otherwise have an actual or potential conflict in such representation), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses or other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation.
- (d) If the indemnification provided for in this Section is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then the indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Issuer on the one hand and the Underwriter on the other from the offering of the Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then the indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Issuer on the one hand and the Underwriter on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Issuer on the one hand and the Underwriter on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Issuer bear to the total underwriting discounts and commissions received by the Underwriter. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer on the one hand or the Underwriter on the other and the parties' relative intent, knowledge, access to information and opportunity to correct and to prevent such statement or omission. The Issuer and the Underwriter

agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), the Underwriter shall not be required to contribute any amount in excess of the amount by which the total price at which the Bonds were offered to the public exceeds the amount of any damages which the Underwriter have otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged untrue statement or omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

- (e) The obligations of the Issuer under this Section shall be in addition to any liability which the Issuer may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls the Underwriter within the meaning of the Securities Act. The indemnity and contribution agreements contained in this Section and the representations and warranties of the Issuer contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of the Underwriter or any person controlling the Underwriter or by or on behalf of the Issuer, its officers or directors or any other person controlling the Issuer and (iii) acceptance of and payment for any of the Bonds.

8. *Termination.* The Underwriter shall have the right to cancel their obligation to purchase the Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Underwriter, by the occurrence of any of the following:

- (a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the New York State Legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or state income taxation upon revenues or other income of the general character to be derived by the Issuer pursuant to the Bond Resolution, or upon interest received on obligations of the general character of the Bonds or, with respect to state taxation, of the interest on the Bonds as described in the Official Statement, or other action or events



shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or state income tax consequences of any of the transactions contemplated herein;

- (b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act, or that the Bond Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;
- (c) any state Blue Sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;
- (d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;
- (e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriter;
- (f) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon);
- (g) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;
- (h) there shall have occurred any materially adverse change in the affairs or financial condition of the Issuer;



- (i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;
- (j) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement;
- (k) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Issuer's obligations; and
- (l) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

9. *Expenses.*

- (a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds, (ii) the fees and disbursements of Bond Counsel and counsel to the Issuer; (iii) the fees and disbursements of the financial advisor to the Issuer; (iv) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Issuer; and (v) the fees for bond ratings and bond insurance fees or premiums. The Issuer shall also pay for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter which are incidental to implementing this Agreement and the issuance of the Bonds, including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs.
- (b) The Underwriter shall pay (i) the cost of preparation and printing of this Agreement, the Blue Sky Survey and Legal Investment Memorandum; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by it in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriter.
- (c) If this Agreement shall be terminated by the Underwriter because of any failure or refusal on the part of the Issuer to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Issuer shall be unable to perform its obligations under this Agreement, the Issuer will reimburse the Underwriter for all out-of-pocket expenses (including the fees and disbursements of counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Agreement or the offering contemplated hereunder.
- (d) In the event that the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Bonds at the Closing as herein provided, the Underwriter shall pay to the Issuer an amount equal to 1% of the par amount of the Bonds as and for full

liquidated damages for such failure and for any defaults hereunder on the part of the Underwriter and such amount shall constitute a full release and discharge of all claims and damages for such failure and for any and all such defaults, and the Issuer shall have no further action for damages, specific performance or any other legal or equitable relief against the Underwriter.

- (e) The Issuer acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

10. *Notices.* Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing at 433 State Street, Schenectady, New York 12305, Attention: Chairman and any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to RBC, 677 Broadway, Suite 707, Albany, New York 12207, Attention: John J. Puig, Managing Director.
11. *Parties in Interest.* This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.
12. *Effectiveness.* This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.
13. *Choice of Law.* This Agreement shall be governed by and construed in accordance with the law of the State.
14. *Severability.* If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.
15. *Business Day.* For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.
16. *Section Headings.* Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

17. *Counterparts.* This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

[remainder of page left blank intentionally]

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriter. This Agreement shall become a binding agreement between you and the Underwriter when at least the counterpart of this Agreement shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,


RBC CAPITAL MARKETS, LLC

By

Name

Title: Managing Director

Date: August 17, 2012

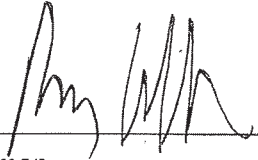
  
\_\_\_\_\_  
John J. Puig



**ACCEPTANCE**

ACCEPTED at 10:03 (a.m./p.m.) New York City time this 17<sup>th</sup> day of August, 2012

By: SCHENECTADY METROPLEX  
DEVELOPMENT AUTHORITY

Name   
Title: Chairman

## SCHEDULE I

### PRINCIPAL AMOUNTS, DATED DATE, MATURITIES, INTEREST RATES, SINKING FUND AND OPTIONAL REDEMPTION TERMS OF THE BONDS

Dated Date: August 30, 2012

Due: September 15, 2012 to 2027

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2012	\$ 290,000	3.000%
2013	530,000	3.000%
2014	675,000	4.000%
2015	700,000	4.000%
2016	730,000	4.000%
2017	760,000	4.000%
2018	790,000	4.000%
2019	820,000	3.000%
2020	845,000	5.000%
2021	890,000	5.000%
2022	930,000	5.000%
2023	980,000	5.000%
2024	1,025,000	3.000%
2025	1,060,000	3.125%
2026	1,090,000	3.250%
2027	1,125,000	3.375%

**EXHIBIT A**

**PRELIMINARY OFFICIAL STATEMENT**

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These Bonds may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

# PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 9, 2012

## REFUNDING ISSUE SERIAL BONDS

## STANDARD & POOR'S RATING: "A+" STABLE OUTLOOK MOODY'S RATING: "A1"

In the opinion of Hiscock & Barclay, LLP, Bond Counsel to the Authority, under existing statutes, regulations, rulings and court decisions and assuming compliance with the covenants described herein and the accuracy of certain representations by the (and its successors), interest on the Series 2012 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that interest on the Series 2012 Bonds is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed under the Code; provided, however, interest on the Series 2012 Bonds owned by corporations will be included in the calculation of adjusted current earnings, a portion of which is an adjustment to corporate alternative minimum taxable income for purposes of calculating the alternative minimum tax imposed on corporations. Bond Counsel is further of the opinion that interest on the Series 2012 Bonds is exempt under existing laws from personal income taxes imposed by the State of New York and its political subdivision (including The City of New York). See "PART 15 - TAX MATTERS" herein regarding certain other tax considerations.

The Series 2012 Bonds will not be designated as or deemed designated as "qualified tax exempt obligations" pursuant to Section 265(b)(3) of the Code.

**\$13,165,000\***

## SCHENECTADY METROPLEX DEVELOPMENT AUTHORITY

### \$13,165,000\* General Resolution Refunding Bonds, 2012

(referred to herein as the "Series 2012 Bonds")

**Dated: Date of Delivery**

**Due: September 15, 2012-2027**

#### MATURITIES

Year	Amount*	Rate	Yield	CSP	Year	Amount*	Rate	Yield	CSP	Year	Amount*	Rate	Yield	CSP
2012	\$ 140,000				2018	\$ 790,000				2024	\$1,050,000			
2013	490,000				2019	820,000				2025	1,100,000			
2014	675,000				2020	860,000				2026	1,135,000			
2015	700,000				2021	905,000				2027	1,060,000			
2016	730,000				2022	950,000								
2017	760,000				2023	1,000,000								

The Schenectady Metroplex Development Authority \$13,165,000\* General Resolution Refunding Bonds, 2012 (the "Series 2012 Bonds") are general obligations of the Schenectady Metroplex Development Authority ("Metroplex" or the "Authority").

The Series 2012 Bonds are issued pursuant to the provisions of Title 28-B of Article 8 of the Public Authorities Law of the State of New York, a General Bond Resolution adopted by the members of the Board of the Authority on the December 21, 2001 (the "General Resolution"), and the Eighth Supplemental Bond Resolution (the "Eighth Supplemental Resolution" and, together with the General Resolution, the "Resolutions") adopted by the members of the Board of the Authority on July 18, 2012 authorizing the issuance of the Series 2012 Bonds. The Series 2012 Bonds are being issued to refund all or a portion of the \$4,975,000 outstanding principal balance of the General Resolution Bonds, Series 2001A dated December 15, 2001 originally issued by the Authority in the aggregate principal amount of \$8,080,000 and all or a portion of the \$10,280,000 outstanding principal balance of the General Resolution Bonds, Series 2004A dated September 10, 2004 originally issued by the Authority in the aggregate principal amount of \$14,000,000 (the "Refunded Bonds"). See "PART 2 – AUTHORIZATION AND PLAN OF REFUNDING" herein.

The Series 2012 Bonds are subject to optional redemption as described in "PART 6 – OPTIONAL REDEMPTION" herein.

The Series 2012 Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2012 Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Series 2012 Bonds. Interest on the Series 2012 Bonds will be payable on September 15, 2012 and semi-annually thereafter on March 15 and September 15 in each year until maturity. The principal and interest of the Series 2012 Bonds are payable directly to DTC by Manufacturers and Traders Trust Company, as trustee (the "Trustee"). DTC will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Series 2012 Bonds, as described herein.

The Series 2012 Bonds are offered when, as and if issued and received by the Underwriter and subject to the receipt of the respective unqualified legal opinion as to the validity of the Series 2012 Bonds of Hiscock & Barclay, LLP, Bond Counsel, Albany, New York. Certain legal matters will be passed on from the Underwriter by its counsel, Bond, Schoeneck, & King, PLLC, Syracuse, New York. Certain legal matters will be passed on from the Authority by its counsel, Whiteman Osterman & Hanna LLP, Albany, New York. Certain legal matters will be passed on for the Trustee by its counsel, Hodgson Russ LLP, Buffalo, New York. It is anticipated that the Series 2012 Bonds will be available for delivery in New York, New York on or about August 30, 2012.



**RBC Capital Markets®**

August \_\_, 2012

\*Preliminary, subject to change.



## TABLE OF CONTENTS

No person has been authorized by the Schenectady Metroplex Development Authority to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Series 2012 Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Schenectady Metroplex Development Authority.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2012 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKETS. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

	<u>Page</u>		<u>Page</u>
PART 1 – INTRODUCTION .....	1	PART 15 – TAX MATTERS SERIES 2012 BONDS .....	16
PART 2 – AUTHORIZATION AND PLAN OF REFUNDING .....	1	PART 16 - LITIGATION .....	17
Authorization and Purpose.....	1	PART 17 – RATINGS.....	17
The Refunding Financial Plan.....	2	PART 18 – UNDERWRITING .....	18
Verification of Mathematical Computation.....	2	PART 19 – CERTAIN LEGAL MATTERS .....	18
PART 3 – SOURCES AND USES OF BOND PROCEEDS.....	3	PART 20 – CONTINUING DISCLOSURE UNDERTAKING .....	18
PART 4 – BOOK ENTRY ONLY SYSTEM.....	3	PART 21 – FINANCIAL ADVISOR .....	19
PART 5 – CERTIFICATED BONDS.....	4	PART 22 – MISCELLANEOUS .....	20
PART 6 – OPTIONAL REDEMPTION.....	5	APPENDIX - A	
PART 7 – PAYMENT OF & SECURITY FOR THE BONDS .....	5	Balance Sheets	
Sources of Payment .....	5	APPENDIX – A1	
Quarterly Payments to the Authority .....	5	Revenues, Expenditures & Changes in Net Assets	
Certain Factors Relating to Moneys and Powers of the Authority		APPENDIX – A2	
and the County .....	6	Statements of Cash Flows	
Debt Service Reserve Fund .....	6	APPENDIX – A3	
Flow of Funds .....	6	Schedules of Project Grants and Commitments	
Events of Default and Acceleration.....	6	APPENDIX - B	
Remedies.....	7	FINANCIAL REPORT – December 31, 2011	
Sales Tax and Collection.....	8	APPENDIX – C	
PART 8 - THE AUTHORITY .....	8	DEFINITIONS	
Sales Tax .....	9	APPENDIX – D – SUMMARIES OF CERTAIN PROVISIONS OF	
Debt Service Coverage Ratio .....	10	THE GENERAL RESOLUTION AND THE SUPPLEMENTAL	
Historical Revenues and Expenses.....	10	RESOLUTIONS	
Board Members .....	10	APPENDIX – E	
PART 9 - THE COUNTY.....	11	FORM OF BOND COUNSEL’S OPINION	
Unemployment Rate Statistics.....	11		
Wealth and Income Indicators .....	11		
Larger Taxpayers .....	12		
Economy .....	12		
Completed Metroplex-Funded Projects .....	13		
Partial Listing of Larger Employers .....	13		
PART 10 – DEBT SERVICE PAYMENT REQUIREMENTS.....	14		
PART 11 – ADDITIONAL INDEBTEDNESS.....	14		
PART 12 – COVENANT BY THE STATE .....	15		
PART 13 – LEGALITY FOR INVESTMENT AND DEPOSIT ..	15		
PART 14 – BOND INSURANCE RISK FACTORS.....	15		

PREPARED WITH THE ASSISTANCE OF  
**FA FISCAL ADVISORS & MARKETING, INC.**  
 CORPORATE HEADQUARTERS  
 120 Walton Street • Suite 600  
 Syracuse NY 13202  
 Ph • 315.752.0051 • Fax • 315.752.0057  
 Internet • <http://www.fiscaladvisors.com>

**OFFICIAL STATEMENT**  
**RELATING TO**  
**SCHENECTADY METROPLEX DEVELOPMENT AUTHORITY**  
**\$13,165,000\* General Resolution Refunding Bonds, 2012**

**PART 1 – INTRODUCTION**

This Official Statement, including the cover page and appendices, sets forth certain information in connection with the issuance by the Schenectady Metroplex Development Authority (“Metroplex” or the “Authority”) of its General Resolution Refunding Bonds, 2012 (the “Series 2012 Bonds”) in the aggregate principal amount of \$13,165,000\*.

The Authority is a body corporate and politic of the State of New York (the “State”) constituting a public benefit corporation. The Series 2012 Bonds are authorized to be issued pursuant to Section 2655 of Title 28-B of Article 8 of the Public Authorities Law of the State, as amended from time to time (the “Act”), General Bond Resolution adopted by the members of the Authority on December 21, 2001 (the “General Resolution”) and the Eighth Supplemental Bond Resolution (the “Eighth Supplemental Resolution” and, together with the General Resolution, the “Resolutions”) adopted by the members of the Board of the Authority on July 18, 2012.

Sources available to pay debt service on the Series 2012 Bonds, which are general obligations of the Authority, include (i) certain sales and compensating use taxes (the “Sales Tax”) within the County of Schenectady (the “County”), but only upon transfer by the County from the Schenectady Metroplex Development Support Fund (held by the County) to Manufacturers and Traders Trust Company, as trustee (the “Trustee”) and (ii) any moneys or securities held in the funds established under the General Resolution (other than the Rebate Fund and except as further provided in the General Resolution). See “PART 7 – PAYMENT OF AND SECURITY FOR THE SERIES 2012 BONDS.” The Series 2012 Bonds are not obligations of either the State of New York or the County of Schenectady.

**PART 2 - AUTHORIZATION AND PLAN OF REFUNDING**

**Authorization and Purpose**

The Series 2012 Bonds are being issued pursuant to the Constitution and statutes of the State the Act, the General Resolution and the Eighth Supplemental Resolution. The Eighth Supplemental Resolution authorizes the refunding of all or a portion of the \$4,975,000 outstanding principal balance of the General Resolution Bonds, Series 2001A dated December 15, 2001 originally issued by the Authority in the aggregate principal amount of \$8,080,000 and all or a portion of the \$10,280,000 outstanding principal balance of the General Resolution Bonds, Series 2004A dated September 10, 2004 originally issued by the Authority in the aggregate principal amount of \$14,000,000 (collectively, the “Refunded Bonds”).

The proceeds of the Series 2012 Bonds are intended to be used to purchase a portfolio of non-callable direct obligations of the United States of America (the “Government Obligations”) and pay certain costs of issuance related to the Series 2012 Bonds. The principal of and investment income on the portfolio of Government Obligations, together with other available cash on deposit in the Escrow Deposit Fund (as hereinafter defined), are expected to be sufficient to pay the maturing principal of, interest on, and redemption premiums of the Refunded Bonds.

\*Preliminary, subject to change.

## The Refunding Financial Plan

The Series 2012 Bonds are being issued to effect the refunding of the Refunded Bonds pursuant to the Authority's Eighth Supplemental Resolution. Proceeds of the Series 2012 Bonds (after payment of the underwriting fee and other costs of issuance related to the Series 2012 Bonds) are to be applied to the purchase of the Government Obligations. The Government Obligations are to be placed in an irrevocable trust fund (the "Escrow Deposit Fund") with Manufacturers and Traders Trust Company (the "Escrow Holder"), pursuant to the terms of a letter of instructions (the "Letter of Instructions") from the Authority to the Escrow Holder. The Letter of Instructions provides that the Government Obligations will mature in amounts and bear interest sufficient, together with any un-invested cash deposited into the Escrow Deposit Fund from proceeds of the Series 2012 Bonds, to meet principal and interest payments and redemption premiums with respect to the Refunded Bonds on the dates such payments are due or, in the case of Refunded Bonds subject to redemption prior to maturity, upon their earliest redemption dates (the "Payment Dates"). Pursuant to the Letter of Instructions, the Escrow Holder is to call for redemption all the then outstanding Refunded Bonds on their respective first permitted redemption date. The owners of the Refunded Bonds will have a first lien on all of the respective cash and securities necessary for the refunding in the Escrow Deposit Fund into which are required to be deposited all investment income on and maturing principal of the Government Obligations, together with the un-invested cash deposit, until the Refunded Bonds have been paid, whereupon the Escrow Contract, given certain conditions precedent, shall terminate.

The Authority is expected to realize, as a result of the issuance of the Series 2012 Bonds, present value debt service savings.

The amounts and maturities of the Refunded Bonds, set forth below, may be changed by the Authority in its sole discretion due to market or other factors considered relevant by the Authority at the time of pricing of the Series 2012 Bonds and no assurance can be given that any particular amount or maturity listed will be refunded.

### **\$8,080,000 Schenectady Metroplex Development Authority, Series 2001A– dated December 15, 2001**

**CUSIP Base: 806479**

<u>Due December 15th</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP No.</u>
TERM 2021	\$ 4,585,000	5.375%	12/15/2012	100.000%	AM3

### **\$14,000,000 Schenectady Metroplex Development Authority, Series 2004– dated September 16, 2004**

**CUSIP Base: 806479**

<u>Due September 15th</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP No.</u>
2014	\$ 670,000	3.625%	09/15/2013	100.000%	AY7
2015	690,000	3.750%	09/15/2013	100.000%	AZ4
2016	720,000	4.250%	09/15/2013	100.000%	BA8
2017	750,000	4.000%	09/15/2013	100.000%	BB6
2018	780,000	4.000%	09/15/2013	100.000%	BC4
2019	810,000	4.000%	09/15/2013	100.000%	BD2
TERM 2021	1,720,000	4.500%	09/15/2013	100.000%	BF7
TERM 2024	2,885,000	4.500%	09/15/2013	100.000%	BE0

## Verification of Mathematical Computations

Causey, Demgen & Moore P.C.'s a firm of independent public accountants, will deliver to the Authority, on or before the settlement date of the Series 2012 Bonds, its attestation report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the Authority and its representatives. Included in the scope of its engagement will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the Government Obligations used to fund the Escrow Deposit Fund to be established by the Escrow Holder to pay, when due, the principal of and interest on the Refunded Bonds; and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Series 2012 Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder.

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

### PART 3 - SOURCES AND USES OF BOND PROCEEDS

Proceeds of the Series 2012 Bonds are to be applied as follows:

<b>Sources:</b>	Par Amount of the Series 2012 Bonds	\$
	Original Issue Premium (Discount)	
	Release from Debt Service Reserve Fund	
	Total	\$
<b>Uses:</b>	Deposit to Escrow Deposit Fund	\$
	Underwriter's Discount	
	Costs of Issuance and Contingency	
	Total	\$

### PART 4 – BOOK ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2012 Bonds. As such, the Series 2012 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 Bond certificate will be issued for each maturity of the Series 2012 Bonds.

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. DTC holds and provides asset servicing for over 3.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 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 2012 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 Series 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 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 2012 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 2012 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2012 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 2012 Bonds within a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series to be redeemed.

Principal and interest payments on the Series 2012 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 in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Authority, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2012 Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

THE AUTHORITY AND THE UNDERWRITER WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (B) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE SERIES 2012 BONDS; (C) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS, (D) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SERIES 2012 BONDS; OR (E) THE SELECTION BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2012 BONDS.

## **PART 5 - CERTIFICATED BONDS**

DTC may discontinue providing its services with respect to the Series 2012 Bonds at any time by giving notice to the Authority and discharging its responsibilities with respect thereto under applicable law, or the Authority may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Series 2012 Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof. Principal of the Series 2012 Bonds when due will be payable upon presentation at the principal corporate trust office of the Trustee. Interest on the Series 2012 Bonds will remain payable on September 15, 2012 and semi-annually thereafter on March 15 and September 15 in each year to maturity. Such interest will be payable by check drawn on the Trustee and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the Trustee as of the last business day of the calendar month preceding each such interest payment date. Series 2012 Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the Trustee for Series 2012 Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the respective Bond Certificate of Determinations of the Chairman of the Authority authorizing the sale of the Series 2012 Bonds and fixing the details thereof and in accordance with the Act and the General Resolution. The Trustee shall not be obligated to make any such transfer or exchange of Series 2012 Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

## **PART 6 - OPTIONAL REDEMPTION**

The Series 2012 Bonds maturing on or before September 15, 2022\* shall not be subject to redemption prior to maturity. The Series 2012 Bonds maturing on or after September 15, 2023\* shall be subject to redemption prior to maturity on not less than thirty (30) days notice as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the Authority on September 15, 2022\* or on any date thereafter at par (100.0%), plus accrued interest to the date of redemption.

If less than all of the Series 2012 Bonds of any maturity are to be redeemed, the particular Series 2012 Bonds of such maturity to be redeemed shall be selected by the Authority by lot in any customary manner of selection as determined by the Chairman of the Authority. Notice of such call for redemption shall be given by mailing such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Series 2012 Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

## **PART 7 – PAYMENT OF AND SECURITY FOR THE SERIES 2012 BONDS**

### **Sources of Payment**

The Series 2012 Bonds are general obligations of the Authority payable from the Pledged Property and such other funds of the Authority as the Authority may designate or contribute for the purpose of making payments on the Series 2012 Bonds, other bonds issued pursuant to the General Resolutions (the Series 2012 Bonds and other bonds issued pursuant to the General Resolution, the “Bonds”) and the Parity Debt. The lien established under the General Resolution applies to, and was made for, the equal and proportionate benefit of holders of the Bonds issued under the General Resolution, including the Series 2012 Bonds, and any Parity Debt.

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

Revenues include all payments to the Authority of Sales Tax pursuant to Section 2661(9) of the Act, any other amounts received from any other source by the Authority and pledged by the Authority as security for the payment of Bonds, and interest received or to be received on moneys or securities held pursuant to the Resolutions. The Act provides that one-half of one percent (0.5%) of the 4.25% sales and compensating use taxes received by the County will be deposited in the Schenectady Metroplex Development Support Fund (the “Support Fund”) held in the custody of the County.

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

### **Quarterly Payments to the Authority**

Seventy percent (70%) of the Sales Tax that is deposited in the Support Fund is required by the Act to be paid by the County to the Authority quarterly on or about the 15th day of the second month of each quarter. The Authority has assigned the right to receive these payments to the Trustee pursuant to the terms of the General Resolution. The balance (30%) of the Sales Tax that is deposited in the Support Fund is transferred to the Schenectady County real property tax abatement and economic development fund; the Authority has no claims to the amounts transferred to the tax abatement and economic development fund.

\*Preliminary, subject to change.

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

The owners of the Bonds, including the Series 2012 Bonds, do not have any lien on Sales Tax until the moneys derived therefrom are paid by the County to the Trustee pursuant to Section 2661(9) of the Act and the terms of the General Resolution. The owners of Bonds, including the Series 2012 Bonds, do not have any lien on the Rebate Fund and any amount of Sales Tax remaining after debt service payments have been made, which excess is paid to the Authority for deposit in its general fund to be expended by the Authority in its sole and absolute discretion, free and clear of the lien and pledge created under the General Resolution. No liability on account thereof will be incurred by the County beyond the moneys available from such sources.

The Authority is a public benefit corporation of the State and not of the County. The Authority has no taxing power. The Series 2012 Bonds do not constitute an enforceable obligation, or a debt, of either the State or the County, and neither the State nor the County is liable thereon. Neither the faith and credit nor the taxing power of the State or the County is pledged to the payment of principal of or interest on the Series 2012 Bonds.

## **Debt Service Reserve Fund**

The General Resolution requires the Debt Service Reserve Fund to be funded at a level not less than the Debt Service Reserve Fund Requirement. The Debt Service Reserve Fund Requirement, as of any date of calculation, is an amount equal to one-half of the maximum annual debt service due on all Outstanding Bonds other than Variable Interest Rate Bonds and Bonds not secured by the Debt Service Reserve Fund. The Series 2012 Bonds will be secured by the Debt Service Reserve Fund.

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

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

## **Flow of Funds**

Under the General Resolution, all Revenues of the Authority are deposited into the Revenue Fund (which is held by the Trustee). Revenues transferred to the Trustee from the Support Fund are required to be applied to the funds and accounts established under the General Resolution on or before the times and in the amounts specified in the General Resolution. If the amount of Revenues transferred to the Trustee, together with other amounts deposited in the Revenue Fund, is less than the amounts required to be applied under the General Resolution, the payment is required to be applied, *first*, to the Debt Service Fund (to be held by the Trustee), *second*, to funds established in connection with Parity Debt, *third*, to the Subordinated Indebtedness Fund (to be held by the Trustee), and *fourth*, to the Rebate Fund (to be held by the Authority). The General Resolution further provides that (i) no moneys may be deposited into the Subordinated Indebtedness Fund unless the Chairperson of the Authority makes a determination in writing that upon such deposit, amounts to be derived from Revenues are expected to be sufficient to meet all requirements through the next succeeding January 15 of the Debt Service Fund, the debt service reserve fund established in connection with the Bonds, Variable Interest Rate Bonds and any Parity Debt, and (ii) if and to the extent the Chairperson of the Authority does not make such determination, such moneys must be deposited into the Debt Service Fund.

## **Events of Default and Acceleration**

The following are events of default under the Resolutions:

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

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

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

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

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

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

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

## **Remedies**

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

(1) by mandamus or other suit, action or proceeding at law or in equity enforce all rights of the Holders of the Bonds under the Resolution;

(2) bring suit upon such Bonds;

(3) by action or suit in equity, require the Authority to account as if it were the trustee of an express trust for the Holders of such Bonds;

(4) by action or suit in equity, enjoin any acts or things which may be an unlawful violation of the rights of the Holders of such Bonds; or

(5) declare all such Bonds due and payable, and, if all defaults shall be made good, with the consent of the Holders of not less than a majority in aggregate principal amount of such Bonds then Outstanding, annul such declaration and its consequences. Before declaring the principal of such bonds due and payable, the Trustee shall first give thirty (30) days' notice in writing to the Authority.

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



## Sales Tax and Collection

Under the State Tax Law, the State collects sales and compensating use taxes on behalf of cities and counties and distributes the proceeds to such localities on a monthly basis.

The Act provides that one-half of one percent (.5%) of the 4.25% sales and compensating use taxes received by the County will be deposited in the Support Fund. The State has no obligation to continue to authorize the imposition of the sales and compensating use tax nor is it obligated to maintain the existence of the Support Fund.

The following table sets forth the Sales Tax collected by the County for the last eighteen fiscal years and budgeted amount for 2012:

<u>Fiscal Year Ending</u> <u>December 31</u>	<u>Amount</u>
1994	\$ 43,439,508
1995	41,559,739
1996	42,617,499
1997	44,355,811
1998*	45,900,782
1999	54,683,932
2000	61,266,648
2001	61,551,810
2002	66,400,746
2003**	70,824,112
2004	75,787,290
2005	78,692,540
2006	81,834,041
2007	80,629,935
2008	82,654,851
2009	80,265,366
2010	82,304,702
2011	88,832,798
2012 (Budgeted)	88,832,247

\* Beginning on September 1, 1998, an additional 0.25% sales tax was imposed in Schenectady County. This additional tax is effective from September 1, 1998 through August 31, 2033. The Act provides that one-half of one percent (.5%) of the 4.25% sales and compensating use taxes received by the County will be deposited in the Authority's Support Fund.

\*\* Effective June 2003 the local sales tax increased by ½%.

SOURCE: Annual Reports of the County.

## PART 8 – THE AUTHORITY

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

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

The Authority is governed by a board of eleven members (the "Board"), all of whom are residents of Schenectady County, each of whom is appointed by majority vote of the Schenectady County Legislature. Two of the Board members are nominated by the City of Schenectady - one each upon the recommendation of the Mayor and the City Council; one member

is nominated by each of three different townships within Schenectady County; one member is nominated upon the joint recommendation of the supervisors of two townships in Schenectady County; one member is nominated by the minority leader of the Schenectady County Legislature; two are nominated by the chairman of the Schenectady County Legislature; and two are nominated by joint recommendation of the Schenectady County Legislature. The Board conducts regular monthly meetings that are open to the public pursuant to Article 7 of the New York Public Officers Law, which is New York's version of an "open meetings" law.

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

The Authority is statutorily entitled to receive, for the period beginning September 1, 1998 and ending August 31, 2033, one half of one percent of the 4.25% sales and compensating use tax levied by Schenectady County, 70% of which accrues to the Authority's general fund, which may be used to support all of its statutorily authorized purposes and powers. All remaining sales tax revenue received by Authority is transferred to the Schenectady County Real Property Tax Abatement and Economic Development Fund. The Authority has a limited obligation to return a portion of its sales tax revenues in the event such revenues exceed statutorily prescribed limits, which are a function of Authority's current liabilities, reserve fund requirements and anticipated project funding requirements.

## **Sales Tax**

The primary source of security for the Series 2012 Bonds will be receipts of the sales tax revenues received by the County for the benefit of the Authority. The generation of revenues from the sales tax is closely related to the amount of economic activity in the County. Sales and use tax receipts, unlike other taxes levied by municipalities, immediately reflect changes in the economic conditions. Additionally, the tax base of taxable items and services subject to State and local sales and use taxes are subject to legislative actions, and have been changed in the past by the State Legislature.

Changes in the tax base against which a sales and use tax is assessed, as well as changes in the rate of such taxes, make projections of future sales tax revenue collections very difficult. No independent projections have been made with respect to the revenues available to pay debt service on the Series 2012 Bonds.

Historical information regarding the sales tax base and sales tax collections of the County is included herein, and while the Authority has no reason to expect that receipts of the sales tax revenues from the County will ever be insufficient to pay its outstanding debt secured by such revenues, it make no representation that, over the term of the Series 2012 Bonds, sales and services within the County will provide sufficient sales tax revenues to pay principal and interest when due.

## Debt Service Coverage Ratio

The Authority has covenanted that sales tax revenues less operating expenses will be equal to at least 1.25x aggregate annual debt service. The Authority's debt service coverage ratio for each of the past 5 fiscal years as well as 5-year projections are as follows:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Sales Tax Revenue	\$ 7,200,227	\$ 7,502,018	\$ 7,042,417	\$ 7,226,736	\$ 7,798,305
Operating Expenses	<u>908,954</u>	<u>958,185</u>	<u>894,694</u>	<u>870,220</u>	<u>915,434</u>
Available to Service Debt	\$ 6,291,273	\$ 6,543,833	\$ 6,147,723	\$ 6,356,516	\$ 6,882,871
Total Debt Service	\$ 3,837,815	\$ 3,834,679	\$ 3,838,729	\$ 3,839,304	\$ 4,362,741
Debt Service Coverage	1.64x	1.71x	1.60x	1.66x	1.58x

The Authority's projected debt service coverage ratio for 2012 and the next 4 years is as follows:

<u>Projected</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Sales Tax Revenue	\$ 7,925,961	\$ 8,124,110	\$ 8,327,213	\$ 8,535,393	\$ 8,748,778
Operating Expenses	<u>961,625</u>	<u>985,666</u>	<u>1,010,307</u>	<u>1,035,565</u>	<u>1,061,454</u>
Available to Service Debt	\$ 6,964,336	\$ 7,138,444	\$ 7,316,906	\$ 7,499,828	\$ 7,687,324
Total Debt Service	\$ 4,362,643	\$ 4,360,604	\$ 3,849,086	\$ 3,857,040	\$ 3,849,800
Debt Service Coverage	1.60x	1.64x	1.90x	1.94x	2.00x

## Historical Revenues and Expenses

The table below summarizes the Authority's revenues and expenses for the 5 past fiscal years:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Sales Tax Revenues	\$ 7,200,227	\$ 7,502,018	\$ 7,042,417	\$ 7,228,855	\$ 7,798,305
Project Revenues	140,764	86,753	62,846	24,104	45,574
Other Revenues	<u>461,089</u>	<u>160,235</u>	<u>67,286</u>	<u>106,878</u>	<u>165,119</u>
<u>Total Revenues</u>	\$ 7,802,080	\$ 7,749,006	\$ 7,172,549	\$ 7,359,838	\$ 8,008,998
Operating Expenses	\$ 908,955	\$ 958,185	\$ 894,694	\$ 870,220	\$ 915,434
Other Expenses	<u>2,518,497</u>	<u>2,407,814</u>	<u>2,432,669</u>	<u>2,485,114</u>	<u>2,499,305</u>
<u>Total Expenses</u>	\$ 3,427,452	\$ 3,365,998	\$ 3,327,363	\$ 3,355,334	\$ 3,414,739
<u>Net Revenues</u>	\$ 4,374,628	\$ 4,383,008	\$ 3,845,187	\$ 4,004,503	\$ 4,594,259

## Board Members

The current members of the Board are as follows:

<u>Name</u>	<u>Occupation</u>
Ray Gillen, Chair	Director of Economic Development, Schenectady County
Bradley G. Lewis, Vice Chair	Professor of Economics, Union College
Robert L. Wall, Treasurer	Former Town Supervisor, Town of Duanesburg
Sharon A. Jordan, Secretary	Director of Operations, City of Schenectady
Edward L. Capovani	Co-founder, Capovani Brothers
William R. Chapman	Chief, Corrections, Program Research, NYS Dept. of Corrections
Neil M. Golub	President and CEO, Golub Corporation
Janet Hutchison	Proprietor, The Open Door Bookstore
John Mallozzi	Partner, Mallozzi's Ballroom Catering
Robert J. Mantello	First V.P., Bricklayers and Allied Craftsmen Local 2
Karen Zalewski-Wildzunas	Vice President, Consumer Banking, First Niagara Bank, N.A.

THE ACT PROVIDES THAT NEITHER THE MEMBERS OF THE BOARD OF THE AUTHORITY NOR ANY PERSON EXECUTING THE SERIES 2012 BONDS SHALL BE LIABLE PERSONALLY ON THE SERIES 2012 BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF.

## PART 9 – THE COUNTY

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

According to the U.S. Census, in 2010 the population of the County was 154,727. The County’s estimated population for 2011 was 155,058. The County has a varied economic base including manufacturing, engineering, research, wholesale distribution outlets, retail shopping centers and office buildings. A substantial portion of the resident population commutes to job sites within the County.

### Unemployment Rate Statistics

	<u>Annual Averages</u>							
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Schenectady County	4.5%	4.2%	4.2%	4.2%	5.1%	7.4%	7.8%	7.5%
State of New York	5.8%	5.0%	4.6%	4.6%	5.4%	8.3%	8.6%	8.2%

	<u>2012 Monthly Figures</u>						
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>July</u>
Schenectady County	8.2%	8.3%	7.7%	7.7%	8.0%	8.3%	N/A
New York State	9.1%	9.2%	8.7%	8.1%	8.6%	9.1%	N/A

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

### Wealth and Income Indicators

Per capita income statistics are available for the County and State. Listed below are select figures from the 1990, 2000 and 2010 Census reports.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
County of:						
Schenectady	15,378	21,992	27,500	38,793	53,670	70,712
State of:						
New York	16,501	23,389	30,948	39,741	51,691	67,405

Source: U.S. Census Bureau, 2006-2010 American Community Survey

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## Larger Taxpayers

The table below sets forth the County's largest real estate taxpayers, based on appraised real property values in 2010.

<u>Name</u>	<u>Type</u>	<u>Estimated Full Valuation</u>
General Electric Company	Industrial	\$ 385,394,984
National Grid	Public Utility	198,789,558
Buffalo-Niskayuna Assoc.	Industrial	52,900,000
Golub Corp.	Supermarkets	50,860,526
Rotterdam Square	Shopping Center	48,947,368
Verizon	Public Utility	46,842,189
Schenectady International	Industrial	34,216,211
Niagara Mohawk	Utility	31,670,619
Rotterdam Ventures	Commercial	29,473,684
Altamont Avenue	Various	28,814,632
Dominion Transmission Co.	Industrial	20,783,133
WalMart Stores, Inc.	Shopping Center	17,536,941
Target Corporation	Shopping Center	16,875,000
Rotterdam Rail LLC	Utility	16,842,105
Home Depot	Retail Outlet	14,334,219
		<u>\$ 994,281,169</u> <sup>(1)</sup>

<sup>(1)</sup> Represents 9.52% of the 2010 Full Valuation of \$10,439,146,457.

## Economy

The County has a retail trading zone of about 500,000 people served by numerous sizeable shopping centers as well as many small to medium size retail businesses and wholesale business establishments and a rebounding downtown. Health care employers such as Ellis Hospital, St. Clare's Hospital, Sunnyview Rehabilitation Center and MVP Health Plan provide employment opportunities throughout the County. Banking facilities such as Trustco, Bank of America and First National Bank of Scotia have either main offices or multiple branches throughout the County. Golub Corporation, the largest private sector employer in the capital region, has its corporation headquarters and distribution facility located in the County. The company operates a large chain of Price Chopper supermarkets throughout the Northeastern United States.

A large number of State employees live in the County, working at agency locations both within the County and in Albany, the State capital located nearby. Government employment gives the areas relative stability compared to many other regions.

Manufacturing jobs have declined in recent years due to fewer orders for electrical generating equipment (turbines) manufactured by the General Electric Company ("GE") at a large 600 acre plant in the County which employees approximately 3,400 workers. The power generation market is expected to rebound due to growing demands for electricity and this should help to stabilize local employment levels as well. GE has invested over \$350 million in the local plant within the past five years. In addition, GE has invested over \$125 million at its Global Research Facility which is located in the Town of Niskayuna.

The Town of Niskayuna is adding new retail development; Mansion Square is approved for 80,000 sq. ft. of retail space and the first ShopRite supermarket in the Capital District recently opened.

Also, the Town of Glenville opened a Lowes in 2010 and Target is anticipated to open in October 2012.



### Completed Metroplex-Funded Projects

- Over 1,200,000 square feet of new and renovated commercial office space since 2000 adding 5,000 +/- workers and students downtown
- Revitalized arts, entertainment and cultural district attracting nearly 1,000,000 people annually to downtown from Proctors Theatre expansion, Bow Tie Cinema, Schenectady Light Opera Company, Greenmarkets, festivals and many new downtown events
- Parking includes 5-story garage and 10 surface lots with 2,200 spaces that have been fully reconstructed.
- Façade programs generated nearly 200 projects, mostly in downtown Schenectady, resulting in \$11 million investment in property improvements
- Alco redevelopment progressing quickly opening 60+ acres of Mohawk Riverfront; hotel office building and residential plans announced
- GE opened \$150 million battery plant using sodium-metal halide technology with 300+ new jobs; the 2009 renewal energy operation exceed forecast with nearly 700 jobs
- Total cumulative commitments have reached \$143.2 million to induce projects with total costs of \$501 million

### Partial Listing of Larger Employers

<u>Name</u>	<u>Type</u>	<u>Estimated Number of Employees</u>
General Electric Power Systems	Home Office Power Systems	6,200
Ellis Hospital	Health Care	3,400
Golub Corporation/Price Choppers	Food Distribution/Supermarkets	2,950
Schenectady City School District	Education	2,790
Knolls Atomic Power Laboratory	Research Laboratory	2,600
Developmental Services	State Gov't Social/Human Resources	1,600
County of Schenectady	Local Government	1,305
New York Air National Guard	Military	1,400
MVP Health Plan	Health Maintenance and Insurance	1,100
New York State Dept. of Transportation	Local Government	890

Source: Schenectady County's Department of Economic Planning & Development, 2010

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## PART 10 - DEBT SERVICE PAYMENT REQUIREMENTS

The following table shows the annual debt service payments for all of the Authority's debt service requirements on the Authority's outstanding Bonds, including the Series 2012 Bonds.

	<u>Series 2001*</u>	<u>Series 2004*</u>	<u>Series 2005A</u>	<u>Series 2005B</u>	<u>Series 2006</u>	<u>Series 2010A</u>	<u>Series 2010B</u>	<u>Series 2012</u>	<u>Total Debt Service</u>
2012	\$655,944	\$1,048,513	\$851,526	\$382,059	\$899,432	\$76,919	\$449,229		
2013	656,444	1,051,987	854,664	378,983	895,415	75,869	451,062		
2014	654,406	1,051,588	851,453	380,599	895,579	75,169	451,774		
2015	656,294	1,047,300	852,213	381,606	899,499	74,469	451,340		
2016	656,838	1,051,425	851,675	382,012	896,974	73,681	450,345		
2017	656,038	1,050,825	854,675	381,828	898,256	72,719	453,364		
2018	653,894	1,050,825	851,425	380,888	897,547	76,669	450,602		
2019	655,406	1,049,625	852,175	379,401	895,470	75,369	452,095		
2020	655,306	1,047,225	851,675	382,367	897,026	73,969	452,818		
2021	658,594	1,049,425	853,320	379,513	896,941	77,369	452,740		
2022		1,049,825	848,375	381,111	895,215	75,569	450,532		
2023		1,048,425	852,105	381,499	895,933	68,769	452,714		
2024		1,050,225	853,980	381,044	899,684	71,919	448,980		
2025			854,000	379,746	896,187	69,838	449,636		
2026			852,165	382,605	895,723	72,756	449,376		
2027			848,475	379,340	898,011	70,444	451,380		
2028			852,930	380,232	897,770	73,131	452,025		
2029						70,588	451,313		
2030						68,044	449,242		
2031						75,500	450,813		
2032						77,250	450,686		
2033						<u>78,750</u>	<u>453,862</u>		
TOTAL	\$6,559,164	\$13,647,213	\$14,486,831	\$6,474,833	\$15,250,662	\$1,624,760	\$9,925,928		

\*Certain maturities will be refunded by the Series 2012 Bonds.

## PART 11 – ADDITIONAL INDEBTEDNESS

*Limitations under the Act.* Pursuant to the Act, the Authority is authorized to issue bonds, notes and other obligations in an amount not to exceed \$75 million, excluding bonds or notes issued to refund or repay bonds or notes theretofore issued to pay the cost of any project; provided, however, that upon any such refunding or repayment the total aggregate principal amount of outstanding bonds or notes may be greater than \$75 million, only if the present value of the aggregate debt service of the refunding or repayment of bonds or notes to be issued shall not exceed the present value of the aggregate debt service of the bonds or notes so to be refunded or repaid, as determined in accordance with Section 2665 of the Act.

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

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

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

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

Subordinated Indebtedness is defined in the General Resolution to mean any evidence of indebtedness payable out of amounts available in the Subordinated Indebtedness Fund established under the General Resolution and may include principal and premium, if any, on BANs and any termination payments under any interest rate swap.

## **PART 12 – COVENANT BY THE STATE**

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

## **PART 13 – LEGALITY FOR INVESTMENT AND DEPOSIT**

The Series 2012 Bonds are legal investments under present provisions of State law in which all public officers and bodies of the State and all municipalities, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees, and other fiduciaries and all other persons whatsoever, who are now authorized or who may become authorized to invest in bonds or other obligations of the State may properly and legally invest funds, including capital, in their control or belonging to them.

The Series 2012 Bonds may be deposited with and may be received by all public officers and bodies of the State and all municipalities for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

## **PART 14 – BOND INSURANCE RISK FACTORS**

The Authority has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Series 2012 Bonds. The Authority has yet to determine whether an insurance policy will be purchased with the Series 2012 Bonds. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Series 2012 Bonds when all or some becomes due, any owner of the Series 2012 Bonds shall have a claim under the applicable Bond Insurance Policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Series 2012 Bonds by the Authority which is recovered by the Authority from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the bond insurer at such time and in such amounts as would have been due absent such prepayment by the Authority unless the bond insurer chooses to pay such amounts at an earlier date.

In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Series 2012 Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the bond insurer becomes obligated to make payments with respect to the Series 2012 Bonds, no assurance is given that such event will not adversely affect the market price of the Series 2012 Bonds or the marketability (liquidity) for the Series 2012 Bonds.

The long-term ratings on the Series 2012 Bonds are dependent in part on the financial strength of the bond insurer and its claim paying ability. The bond insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the bond insurer and of the ratings on the Series 2012 Bonds insured by the bond insurer will not be subject to downgrade and such event could adversely affect the market price of the Series 2012 Bonds or the marketability (liquidity) for the Series 2012 Bonds.

The obligations of the bond insurer are contractual obligations and in an event of default by the bond insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Authority or Underwriter have made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Authority to pay principal and interest on the Series 2012 Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment.

## **PART 15 – TAX MATTERS SERIES 2012 BONDS**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with the covenants, and the accuracy of the representations by the Authority (and its successors), interest on the Series 2012 Bonds is excluded from gross income for federal income tax purposes. Bond Counsel is also of the opinion that interest on the Series 2012 Bonds is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed under the Internal Revenue Code of 1986, as amended (the "Code"); provided, however, interest on the Series 2012 Bonds owned by corporations will be included in the calculation of adjusted current earnings, a portion of which is an adjustment to corporate alternative minimum taxable income for purposes of calculating the alternative minimum tax imposed on corporations.

The Code imposes various requirements that must be met in order that interest on the Series 2012 Bonds will be and remain excluded from gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Series 2012 Bonds and the rebate of certain earnings in respect of such investments to the United States. Failure to comply with the requirements of the Code may cause interest on the Series 2012 Bonds to be included in gross income for purposes of federal income tax retroactive to the date of original execution and delivery of the Series 2012 Bonds, regardless of the date on which the event causing such inclusion occurs. The Authority has covenanted in the Resolutions and Arbitrage and Use of Proceeds Certificate to comply with the requirements of the Code and have made representations in such documents addressing various matters relating to the requirements of the Code. The opinion of Bond Counsel assumes continuing compliance with such covenants as well as the accuracy of such representations made by the Authority (and its successors).

Certain requirements and procedures contained or referred to in the Resolutions and Arbitrage and Use of Proceeds Certificate and other relevant documents may be changed, and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of Bond Counsel. The opinion of Bond Counsel states that no opinion is rendered as to the exclusion from gross income of interest on the Series 2012 Bonds for purposes of federal income taxation on or after the date on which any change occurs or action is taken or omitted under the Resolutions and Arbitrage and Use of Proceeds Certificate or under any other relevant documents without the advice or approval of, or upon the advice or approval of any bond counsel other than Hiscock & Barclay, LLP.

The Series 2012 Bonds maturing \_\_\_\_\_ (the "Discount Bonds") are being sold to the initial purchasers at prices less than the stated principal amounts thereof. The difference between the stated principal amount of the Discount Bonds and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity were sold constitutes original issue discount that is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2012 Bonds. Further, such original issue discount accrues actuarially on a constant yield basis over the term of each Discount Bond and the basis of such Discount Bond acquired at such initial offering price by an initial purchaser of each Discount Bond will be increased by the amount of such accrued discount.

The Series 2012 Bonds maturing \_\_\_\_\_ (the "Premium Bonds") are being sold to the initial purchasers at prices greater than the stated principal amount thereof. The Premium Bonds will be subject to requirements under the Code relating to tax cost reduction associated with the amortization of bond premium and, under certain circumstances, the initial owner of a Premium Bond may realize taxable gain upon disposition of Premium Bonds even though sold or redeemed for an amount less than or equal to such owner's original cost of acquiring Premium Bonds. The amortization requirements may also result in the reduction of the amount of stated interest that an owner of Premium Bonds is treated as having received for federal tax purposes (and an adjustment to basis). Owners of Premium Bonds are advised to consult with their own tax advisors with respect to the tax consequences of owning such Premium Bonds.

Prospective purchasers of the Series 2012 Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of the Series 2012 Bonds may have collateral federal income tax consequences for certain taxpayers, including financial institutions, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisers as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Series 2012 Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

The Series 2012 Bonds will **NOT** be designated as or deemed designated as “qualified tax exempt obligations” pursuant to Section 265(b)(3) of the Code.

Interest paid on tax-exempt obligations is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. Interest on the Series 2012 Bonds may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Series 2012 Bonds and will be allowed as a refund or credit against such owner’s federal income tax liability (or the federal income tax liability of the beneficial owner of the Series 2012 Bonds, if other than the registered owner).

In the opinion of Bond Counsel, interest on the Series 2012 Bonds is exempt, under existing statutes, from personal income taxes imposed by the State of New York and its political subdivision (including The City of New York). See “Appendix E - Form of Bond Counsel Opinion”. The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority and represents Bond Counsel’s judgment as to the proper treatment of the Series 2012 Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS.

Bond Counsel’s engagement with respect to the Series 2012 Bonds ends with the issuance of the Series 2012 Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Bondholders regarding the tax-exempt status of the Series 2012 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the Bondholders, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2012 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 Series 2012 Bonds, and may cause the Authority or the Bondholders to incur significant expense.

## **PART 16 – LITIGATION**

There is no pending litigation (i) restraining or enjoining the issuance or delivery of the Series 2012 Bonds or questioning or affecting the validity of the Series 2012 Bonds or the proceedings and authority under which they are issued, (ii) contesting the creation, organization or existence of the Authority, or the title of the directors or officers of the Authority to their respective offices; or (iii) questioning the right of the Authority to adopt the Resolutions and to pledge the Revenues and funds and other moneys and securities purported to be pledged by the Resolutions in the manner and to the extent provided in the Resolutions.

## **PART 17 – RATINGS**

Standard & Poor’s has assigned their rating of “A+” with a stable outlook to the Series 2012 Bonds.

Moody’s Investor Service has assigned their rating of “A1” to the Series 2012 Bonds.

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



## **PART 18 – UNDERWRITING**

The Series 2012 Bonds are being purchased by RBC Capital Markets LLC (the “Underwriter”) for reoffering to the public. The purchase contract for the Bonds provides that the Underwriter will purchase all of the Series 2012 Bonds, if any are purchased, at a purchase price equal to \$\_\_\_\_\_ (being the par amount of the Series 2012 Bonds less a net original issue discount of \$\_\_\_\_\_ less an underwriter’s discount for the transaction of \$\_\_\_\_\_). The Underwriter is initially offering the Series 2012 Bonds to the public at the public offering yields indicated on the cover page but the Underwriter may offer and sell the Series 2012 Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriter.

## **PART 19 – CERTAIN LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Series 2012 Bonds are subject to the approving legal opinion of Hiscock & Barclay, LLP, Albany, New York, Bond Counsel to the Authority. Bond Counsel’s opinion will be in substantially in the form attached hereto as APPENDIX – E. Certain legal matters will be passed on from the Underwriter by its counsel, Bond, Schoeneck, & King, PLLC, Syracuse, New York. Certain legal matters will be passed on from the Authority by its counsel, Whiteman Osterman & Hanna LLP, Albany, New York. Hodgson Russ LLP, Buffalo, New York has acted as counsel for the Trustee.

## **PART 20 – CONTINUING DISCLOSURE UNDERTAKING**

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”), the Authority has agreed to provide, or cause to be provided,

- (i) to the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during any succeeding fiscal year in which the Series 2012 Bonds are outstanding certain annual financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced under the headings “Part 7 - Payment and Security for the Series 2012 Bonds – Sales Tax and Collection”, “Part 8 - The Authority”, “Part 9 - The County – Larger Taxpayers, Partial Listing of Larger Employers”, “Part 10 - Debt Service Payment Requirements” and “Part 16 - Litigation” and all Appendices and a copy of the audited financial statement (prepared in accordance with generally accepted accounting principles in effect at the time of audit) for the preceding fiscal year, if any; such information, data and audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if audited financial statements are prepared, sixty days following receipt by the Authority of audited financial statements for the preceding fiscal year, but, in no event, not later than the last business day of each such succeeding fiscal year.
- (ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Series 2012 Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
  - (a) principal and interest payment delinquencies;
  - (b) non-payment related defaults, if material;
  - (c) unscheduled draws on debt service reserves reflecting financial difficulties;
  - (d) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (e) substitution of credit or liquidity providers, or their failure to perform;
  - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Series 2012 Bonds, or other material events affecting the tax status of the Series 2012 Bonds;
  - (g) modifications to rights of Bondholders, if material;
  - (h) bond calls, if material, and tender offers;
  - (i) defeasances;
  - (j) release, substitution, or sale of property securing repayment of the Series 2012 Bonds; if material;

- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Authority;
- (m) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Authority may from time to time choose to provide notice of the occurrence of certain other events in addition to those listed above, if the Authority determines that any such other event is material with respect to the Series 2012 Bonds; but the Authority does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

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

With respect to event (d), the Authority does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Series 2012 Bonds.

The Authority reserves the right to terminate its obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the Authority no longer remains an obligated person with respect to the Series 2012 Bonds within the meaning of the Rule. The Authority acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Series 2012 Bonds (including holders of beneficial interests in the Series 2012 Bonds). The right of holders of the Series 2012 Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Authority's obligations under its continuing disclosure undertaking and any failure by the Authority to comply with the provisions of the undertaking will neither be a default with respect to the Series 2012 Bonds nor entitle any holder of the Series 2012 Bonds to recover monetary damages.

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

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

The Authority is in compliance with all prior undertakings pursuant to the Rule.

## **PART 21 – FINANCIAL ADVISOR**

In connection with the authorization and issuance of the Series 2012 Bonds, the Authority has retained Fiscal Advisors and Marketing, Inc., Syracuse, New York as financial advisor (the "Financial Advisor"). The Financial Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

## **PART 22 – MISCELLANEOUS**

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

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

Capitalized terms not defined herein shall have the meaning ascribed to those terms in the General Resolution and the Supplemental Resolution.

The agreements of the Authority with holders of the Series 2012 Bonds are fully set forth in the Resolutions. Neither any advertisement of the Series 2012 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2012 Bonds.

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

**SCHENECTADY METROPLEX DEVELOPMENT AUTHORITY**

**August \_\_, 2012**

**By: \_\_\_\_\_**

## SCHENECTADY METROPLEX DEVELOPMENT AUTHORITY

## Balance Sheets

December 31st

	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	\$ 4,035,817	\$ 2,158,600	\$ 1,396,683
Cash, restricted	372,059	1,146,878	853,670
Accounts receivable	2,955,955	3,897,448	3,580,465
Loans receivable, net	1,024,418	935,998	529,309
Notes receivable, net	-	57,230	58,213
Interest receivable	3,696	2,339	2,204
Bond issuance costs, current portion	81,723	73,254	73,254
Prepaid expenses	46,267	40,540	62,507
TOTAL CURRENT ASSETS	<u>\$ 8,519,935</u>	<u>\$ 8,312,287</u>	<u>\$ 6,556,305</u>
<u>CAPITAL ASSETS, net</u>	31,159	65,738	66,169
<u>OTHER ASSETS</u>			
Loans receivable, long term portion	14,563,623	12,784,049	12,270,343
Notes receivable	550,000	492,770	430,681
Bond issuance costs, net of amortization	1,016,185	1,114,373	1,041,120
Investment reserves, restricted	2,982,126	3,449,888	3,377,748
Total other assets	<u>19,111,934</u>	<u>17,841,080</u>	<u>17,119,892</u>
TOTAL ASSETS	<u>\$ 27,663,028</u>	<u>\$ 26,219,105</u>	<u>\$ 23,742,366</u>
<u>CURRENT LIABILITIES</u>			
Current installments of bonds payable	\$ 1,730,000	\$ 1,930,000	\$ 2,060,000
Bond Anticipation notes payable	6,000,000	-	-
Premium on bonds, new of amortization, current portion	7,932	6,932	6,932
Due to Schenectady County	40,334	42,145	44,038
Accounts payable and accrued interest	188,600	839,511	365,024
Accrued interest	800,873	895,442	826,974
Escrow payable	372,059	1,146,878	1,063,670
Total current liabilities	<u>9,139,798</u>	<u>4,860,908</u>	<u>4,366,638</u>
<u>LONG TERM DEBT</u>			
Bonds payable, long term portion	40,335,000	44,815,000	42,755,000
Due to Schenectady County	1,041,844	999,699	955,661
Premium on sale of bonds, net of amortization, less current portion	97,054	90,121	83,189
Total long-term liabilities	<u>41,473,898</u>	<u>45,904,820</u>	<u>43,793,850</u>
TOTAL LIABILITIES	<u>50,613,696</u>	<u>50,765,728</u>	<u>48,160,488</u>
<u>NET ASSETS</u>			
Investment in Capital Assets	\$ 31,159	\$ 65,738	\$ 66,169
Restricted	2,982,126	3,449,888	3,377,748
Unrestricted	<u>(25,963,953)</u>	<u>(28,062,249)</u>	<u>(27,862,039)</u>
TOTAL NET ASSETS	<u>(22,950,668)</u>	<u>(24,546,623)</u>	<u>(24,418,122)</u>
TOTAL LIABILITIES and NET ASSETS	<u>\$ 27,663,028</u>	<u>\$ 26,219,105</u>	<u>\$ 23,742,366</u>

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

## SCHENECTADY METROPLEX DEVELOPMENT AUTHORITY

## Revenues, Expenditures and Changes in Net Assets

December 31st

	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Operating Revenues</u>			
Sales tax revenues	\$ 7,039,985	\$ 7,226,736	\$ 7,798,305
Other operating income	44,521	85,118	156,467
Total Operating Revenues	<u>\$ 7,084,506</u>	<u>\$ 7,311,854</u>	<u>\$ 7,954,772</u>
<u>Operating Expenses</u>			
Payroll	\$ 431,581	\$ 411,358	425,224
Payroll taxes	36,294	35,434	35,003
Pension plan	27,159	39,750	58,381
Health Insurance	36,601	37,420	38,650
Other Employee benefits	5,084	5,440	5,594
Accounting	55,725	62,525	63,450
Advertising	40,178	14,459	99
Automobile	7,292	7,398	8,714
Consulting	300	12,825	16,267
Depreciation and amortization	12,101	14,530	18,887
Dues and subscriptions	5,067	3,065	3,374
Educational training	728	597	-
Hosting and travel	6,602	5,585	3,514
Insurance	20,180	19,258	17,330
Legal	105,072	85,390	73,746
Office supplies	9,103	13,659	14,950
Postage	3,963	3,444	3,002
Rent	36,332	37,129	54,655
Repairs and maintenance	19,632	23,969	18,934
Resource data	22,381	23,149	33,003
Telephone	13,329	13,927	22,657
Total Operating Expenses	<u>\$ 894,704</u>	<u>\$ 870,311</u>	<u>\$ 915,434</u>
Net Operating Revenues	<u>6,189,802</u>	<u>6,441,543</u>	<u>7,039,338</u>
Other Revenue:			
Investment Earnings	78,056	39,973	49,615
Investment expense	(2,329,646)	(2,381,363)	(2,411,051)
Amortization of bond issuance costs	(81,723)	(89,251)	(73,254)
Debt service fees	(21,300)	(14,500)	(15,000)
Miscellaneous revenue	9,987	7,932	6,932
Total other revenues	<u>(2,344,626)</u>	<u>(2,437,209)</u>	<u>(2,442,758)</u>
Increase in net assets	<u>3,845,176</u>	<u>4,004,334</u>	<u>4,596,580</u>
<u>NET ASSETS</u>			
Net Assets- beginning of year	(20,349,576)	(22,950,668)	(24,546,623)
Project grants and expenditures, net of project grant revenues	<u>(6,446,268)</u>	<u>(5,600,380)</u>	<u>(4,468,079)</u>
Net Assets - end of year	<u>\$ (22,950,668)</u>	<u>\$ (24,546,714)</u>	<u>\$ (24,418,122)</u>

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



## SCHENECTADY METROPLEX DEVELOPMENT AUTHORITY

## Statements of Cash Flows

December 31st

	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>CASH FLOWS (USED) BY OPERATING ACTIVITIES</u>			
Cash received from sales tax revenues	\$ 7,300,194	\$ 6,285,243	\$ 8,115,288
Cash received from other sources	44,521	85,118	156,467
Cash paid to suppliers and other vendors	(350,968)	(331,819)	(361,256)
Cash paid for salaries and employee benefits	(531,635)	(523,871)	(557,258)
	<u>6,462,112</u>	<u>5,514,671</u>	<u>7,353,241</u>
<u>CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING</u>			
Proceeds from bond anticipation note issuance	4,000,000	6,410,000	-
Debt service fees	(21,300)	(14,500)	(15,000)
Bond issuance costs	(32,501)	(178,971)	-
Repayment of bond principal	(1,655,000)	(1,730,000)	(1,930,000)
Repayment of bond anticipation note	-	(6,000,000)	-
Repayment of amounts due to the County of Schenectady	(38,601)	(40,334)	(42,145)
Interest paid	(2,320,553)	(2,286,794)	(2,479,519)
	<u>(67,955)</u>	<u>(3,840,599)</u>	<u>(4,466,664)</u>
<u>CASH FLOWS FROM CAPITAL ACTIVITIES</u>			
Purchase of office furniture and equipment	(18,823)	(49,109)	(19,318)
<u>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</u>			
Change in cash, restricted	68,100	-	210,000
Proceeds (purchase) of investment reserves, restricted, net	89,657	(467,762)	72,140
Issuance of loans receivable	(1,055,420)	(198,864)	(255,494)
Repayment of loans receivable	1,586,898	859,120	940,113
Issuance of note receivable	-	-	-
Repayment of note receivable	-	-	61,106
Investment earnings received	79,803	41,330	49,749
Miscellaneous revenue	4,055	-	-
Project grants and expenditures paid, net of project grant revenues received	(4,943,742)	(3,736,004)	(4,706,790)
	<u>(4,170,649)</u>	<u>(3,502,180)</u>	<u>(3,629,176)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,204,685	(1,877,217)	(761,917)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,831,132</u>	<u>4,035,817</u>	<u>2,158,600</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>4,035,817</u></u>	<u><u>2,158,600</u></u>	<u><u>1,396,683</u></u>
<u>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</u>			
Net operating revenues	\$ 6,189,802	\$ 6,441,634	\$ 7,039,338
Change in prepaid expenses	-	-	(21,967)
Adjustments to reconcile net operating revenues to net cash provided (used) by operating activities	-	-	-
Depreciation and amortization	12,101	14,530	18,887
Change in accounts receivable	260,209	(941,493)	316,983
	<u>6,462,112</u>	<u>5,514,671</u>	<u>7,353,241</u>
<u>SUPPLEMENTAL CASH FLOW INFORMATION</u>			
Noncash project expenditures		\$ 1,231,792	\$ 259,829

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

## SCHENECTADY METROPLEX DEVELOPMENT AUTHORITY

## Schedules of Project Grants and Commitments

December 31st

	<u>2011</u> Project Grants	<u>2012</u> Unspent
<u>PROJECT GRANTS &amp; EXPENDITURES</u>		
3N2, LLC	\$ 85,777	-
AAA Northway Relocation	-	257,000
Alco Redevelopment	5,000	-
Alco Restore NY	-	-
Argo Turboserve Corporation	-	-
Bechtel-JMR NYS Grant	-	-
Broadway Commerce Park - Phase 3	-	-
Capitol Plaza (Rotterdam) Renovation	3,262	12,093
Clinton's Ditch Expansion	906	34,094
Clinton Square	-	-
Cornell's Restaurant	-	-
Countywide Façade Program	49,569	119,984
Detmas Retention	6,000	-
Downtown Ambassador Program	-	-
Downtown Denny's Façade	25,865	-
Downtown Façade Program V	20,839	-
Downtown Special Assessment District	332,738	186,061
Draper School Redevelopment Project	76	54,924
Duanesburg Waste Water Study	17,930	2,070
Ener-G-Rotors	-	-
Franklin Street Redesign Study	-	38,000
Foster Building	1,282,423	34,862
Gateway Plaze Redesign Study	-	22,000
GEMx Advanced Battery	3,436	5,044,640
Jay Street Lighting Project- Phase 1	-	-
Jay Street Lighting Project- Phase 2	-	89,938
162-166 Jay Street Renovation Project	-	22,000
K-Mart Plaza Redevelopment	50,816	179,184
LaSartoria Clothing Store	19,519	481
Lofts at Union Square	96,683	93,317
Marks Property Demolition	-	-
McDonalds Demolition	-	-
M/E Engineering, P.C. Relocation	33,844	75,992
More Perreca's Café	-	-
NY Folklore Society Relocation	5,000	-
Parker Inn	-	-
Parking Infrastructure Program	80,248	417,752
Parking Improvements	34,838	-
Parking Program	1,569,836	-
Parking Remediation	22,582	162,941
Paul Mitchell School	116,775	25,161
Riverstone Manor	-	-
Save Mor Cleaners	2,500	-
Schenectady County Community Business Center IV-VII	-	-
Schenectady Heritage Area Visitor Center	194,470	30,530
Schenectady Light Opera	-	-
Schenectady Museum/Science Center	-	-
Star Advisors	-	-
Stockade View Apartments Façade Project	-	17,599
Stratton Air National Guard Base Support Grant	25,000	10,000
Sweet Temptations	15,000	-
13 State Street Purchase (YMCA)	3,007	2,071,993
Tara Kitchen	20,000	-
Transfinder Corporation Relocation	176,907	233,093
Upper Union Street Façade Programs	89,350	62,582
Upper Union Streetscape	488,932	236,094
414 Union Street Façade	-	35,000
Van Guysling Avenue	55,752	5,899
Professional services and predevelopment costs (a)	403,616	-
	<u>\$ 5,338,496</u>	<u>\$ 9,575,284</u>
 PROJECT GRANT REVENUES	 (870,417)	
 NET PROJECT GRANTS	 <u>\$ 4,468,079</u>	

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