

SERIAL BONDS

See "RATINGS" herein
AGM INSURED BONDS: (8/1/16-33)
S&P: Insured "AA-" Stable Outlook, Underlying "A+" Stable Outlook
UNINSURED 2014B BONDS: (8/1/15)
S&P: "A+" Stable Outlook
Moody's: "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 Authority (and its successors), interest on the Series 2014A Bonds is excluded from gross income for United States 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 2014A 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 2014A 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. In the opinion of Bond Counsel, interest on the Series 2014B Bonds is not excluded from gross income for United States federal income tax purposes. Bond Counsel is further of the opinion that interest on the Series 2014 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 16 - TAX MATTERS" herein regarding certain other tax considerations.

The Series 2014A Bonds will be designated as or deemed designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$17,470,000

SCHENECTADY METROPLEX DEVELOPMENT AUTHORITY

\$10,030,000 General Resolution Bonds, 2014A (Tax-Exempt)

and

\$7,440,000 General Resolution Bonds, 2014B (Federally Taxable)

CUSIP BASE: 80647N

(collectively referred to herein as the "Series 2014 Bonds")

Dated: January 22, 2014

Due: August 1, 2015-2033

SERIES 2014A MATURITIES

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>
2024	\$ 100,000	3.50%	3.80%	DL1	2026	\$ 960,000	4.00%	4.05%	DQ0	2028	\$ 1,040,000	4.125%	4.24%	DM9
2025	915,000	5.00	3.73	DP2	2027	1,000,000	4.00	4.12	DR8	2029	1,080,000	5.00	4.20	DS6

\$4,935,000 5.50% Term Bond Due August 1, 2033 to yield 4.48%, CUSIP DN7

And

SERIES 2014B MATURITIES

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>
2015	\$ 675,000	0.979%	0.979%	DT4	2019	\$ 725,000	3.215%	3.215%	DX5	2023	\$ 845,000	4.438%	4.438%	EB2
2016	680,000	1.479	1.479	DU1	2020	750,000	3.674	3.674	DY3	2024	780,000	4.588	4.588	EC0
2017	690,000	2.232	2.232	DV9	2021	780,000	3.974	3.974	DZ0					
2018	705,000	2.765	2.765	DW7	2022	810,000	4.188	4.188	EA4					

The scheduled payment of principal of and interest on the Series 2014 Bonds maturing on August 1 in the years 2016 through 2033, inclusive (the "Insured Bonds") when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by ASSURED GUARANTY MUNICIPAL CORP. The Series 2014B Bonds maturing in the year 2015 are uninsured. See "APPENDIX – F – BOND INSURANCE" herein.



The Schenectady Metroplex Development Authority \$10,030,000 General Resolution Bonds, 2014A (the "Series 2014A Bonds") and the \$7,440,000 General Resolution Bonds, 2014B (the "Series 2014B Bonds" and, collectively with the Series 2014A Bonds, the "2014 Bonds") are general obligations of the Schenectady Metroplex Development Authority ("Metroplex" or the "Authority"). The Series 2014A 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 (the "Act"), a general bond resolution adopted by the members of the Board of the Authority on December 12, 2001 (the "General Resolution") and the Ninth Supplemental Bond Resolution adopted on January 16, 2013 and the Tenth Supplemental Bond Resolution adopted on November 27, 2013 (the "Tenth Supplemental Resolution, and together with the Ninth Supplemental Resolution and the General Resolution, the "Resolutions"). The Series 2014B Bonds are issued pursuant to the provisions of the Act, the General Resolution and the Eleventh Supplemental Bond Resolution adopted on November 27, 2013. The Series 2014 Bonds are being issued to finance capital projects and pay the outstanding principal balance of and accrued interest on the Authority's \$5,000,000 Bond Anticipation Notes, 2012, as described herein. See "PART 2 – THE PROJECT" herein.

The Series 2014 Bonds are subject to optional redemption prior to maturity as described under the heading "Redemption Prior to Maturity" in "PART 6 – DESCRIPTION OF THE SERIES 2014 BONDS" herein.

The Series 2014 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 2014 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 2014 Bonds. Interest on the Series 2014 Bonds will be payable on August 1, 2014 and semi-annually thereafter on February 1 and August 1 in each year until maturity. The principal and interest of the Series 2014 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 2014 Bonds, as described herein.

The Series 2014 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 2014 Bonds of Hiscock & Barclay, LLP, Bond Counsel, of 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 2014 Bonds will be available for delivery in New York, New York on or about January 22, 2014.

THE SERIES 2014 BONDS ARE GENERAL OBLIGATIONS OF THE AUTHORITY. THE SERIES 2014 BONDS DO NOT CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK, SCHENECTADY COUNTY, NEW YORK OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF NEW YORK, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK, SCHENECTADY COUNTY, NEW YORK OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF NEW YORK IS PLEDGED TO THE PAYMENT OF THE SERIES 2014 BONDS. THE AUTHORITY HAS NO TAXING POWER.



RBC Capital Markets®

January 9, 2014

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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 2014 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 to investors 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 2014 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKETS. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT
RELATING TO
SCHENECTADY METROPLEX DEVELOPMENT AUTHORITY
\$10,030,000 General Resolution Bonds, 2014A (Tax-Exempt)
and
\$7,440,000 General Resolution Bonds, 2014B (Federally Taxable)
PART 1 – INTRODUCTION

This Official Statement, including the cover page and appendices, sets forth certain information in connection with the issuance by the Schenectady Metroplex Development Authority (“Metroplex” or the “Authority”) of its General Resolution Bonds, 2014A (Tax-Exempt) (the “Series 2014A Bonds”) in the aggregate principal amount of \$10,030,000 and of its General Resolution Bonds, 2014B (Federally Taxable) (the “Series 2014B Bonds”) in the aggregate principal amount of \$7,440,000. The Series 2014A Bonds and the Series 2014B Bonds are collectively referred to as the “Series 2014 Bonds”.

The Authority is a body corporate and politic of the State of New York (the “State”) constituting a public benefit corporation. The Series 2014A Bonds are authorized to be issued pursuant to Section 2655 of Title 28-B of Article 8 of the Public Authorities Law of the State, as amended from time to time (the “Act”), the General Bond Resolution adopted by the members of the Authority on December 12, 2001 (the “General Resolution”), the Ninth Supplemental Bond Resolution adopted by the members of the Board of the Authority on January 16, 2013 (the “Ninth Supplemental Resolution”) and the Tenth Supplemental Bond Resolution adopted by the members of the Authority on November 27, 2013 (the “Tenth Supplemental Resolution”). The Series 2014B Bonds are authorized to be issued pursuant to the Act, the General Resolution and the Eleventh Supplemental Bond Resolution adopted by the members of the Board of the Authority on November 27, 2013 (the “Eleventh Resolution”, and, collectively with the General Resolution, the Ninth Supplemental Resolution and the Tenth Supplemental Resolution, the “Resolutions”).

Sources available to pay debt service on the Series 2014 Bonds, which are general obligations of the Authority, include (1) 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 5 – PAYMENT OF AND SECURITY FOR THE SERIES 2014 BONDS and APPENDIX – D – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS.” The Series 2014 Bonds are not obligations of either the State of New York or the County of Schenectady.

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

PART 2 – THE PROJECTS

The proceeds of the Series 2014A Bonds will be used to finance certain economic development and revitalization projects consisting of the following individual projects: (1) the design, development and implementation of a street enhancement program on State Street from Erie Blvd to N. Church Street for purposes of improving and revitalizing a prominent downtown commercial corridor in the City of Schenectady (the “City”), (2) the design, development and implementation of a downtown infrastructure program consisting of aboveground infrastructure repairs, maintenance and improvements with respect to streetscape facilities, elements and appurtenances including, but not limited to, sidewalks, curbs, handicap ramps, pavers, plantings, furnishings, and other elements from curb to storefront along downtown streets as part of its revitalization program for the downtown area of the City, (3) installation of a permanent raised masonry barrier with decorative fence on top at the centerline median of Washington Avenue that improves and upgrades pedestrian access and vehicular movements in and around the Schenectady County Community College Campus and College Suites, (4) the award of grants that further the Authority’s County Smart Growth Initiative, including a grant to finance a portion of the cost of demolition of two vacant structures of approximately 55,000 square feet structure and 12,000 square feet, respectively, and related site clearing, which buildings are located at 1410 Curry Road in the Town of Rotterdam in contemplation of future commercial development and improvements thereat, a grant to finance the extension of the County bike-hike trail for 1.3 miles west along the north side of Maxon Road, through the Alco site to the Stockade Historic District in the City, and other grants that will support business parks and assist in the redevelopment of underutilized sites throughout the County, and (5) the Authority’s costs of implementation and costs of issuance of the Series 2014A Bonds. The proceeds of the Series 2014A Bonds also will be used to repay the principal of and accrued interest on certain bond anticipation notes issued by the Authority (the “Outstanding Notes”), the proceeds of which were used to make a grant to GEMx Technologies, LLC, a division of General Electric Transportation to finance interior and exterior renovations of Building 66 that is used in the manufacture of batteries,

The proceeds of the Series 2014B Bonds will be used to finance certain economic development and revitalization projects consisting of the following individual projects: (1) the acquisition of real property located on lower State Street between Erie Blvd and Washington Street and site-readiness activities related thereto; (2) acquisition of the former YMCA building; (3) acquisition of, and infrastructure improvements to, Authority parking facilities; and (4) the Authority's costs of implementation and costs of issuance of the Series 2014 Bonds.

PART 3 – SOURCES AND USES OF FUNDS

The proceeds of the Series 2014 Bonds are expected to be used as follows:

<u>Sources</u>	
Par amount of the Series 2014A Bonds	\$ 10,030,000.00
Par amount of the Series 2014B Bonds	7,440,000.00
Net Original Issue (Discount)/Premium	<u>513,847.55</u>
TOTAL SOURCES	\$ 17,983,847.55
<u>Uses</u>	
Payment of Outstanding Notes	\$ 5,000,000.00
Capital Projects	12,050,327.00
Deposit to Debt Service Reserve Fund	700,285.28
Total Underwriter's Discount	62,672.38
Costs of Issuance including Bond Insurance	<u>170,562.89</u>
TOTAL USES	\$ 17,983,847.55

PART 4 – BOOK ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2014 Bonds. The Series 2014 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 2014 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating: AA+. 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.

Purchases of Series 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2014 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 2014 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 2014 Bonds, except in the event that use of the book-entry system for the Series 2014 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014 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 2014 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 2014 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014

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 2014 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 2014 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2014 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-only transfers through DTC (or a successor securities depository). In that event, Series 2014 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that 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 2014 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 2014 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 2014 BONDS.

PART 5 - CERTIFICATED BONDS

DTC may discontinue providing its services with respect to the Series 2014 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 2014A Bonds and the Series 2014B Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof. Principal of the Series 2014 Bonds when due will be payable upon presentation at the principal corporate trust office of the Trustee. Interest on the Series 2014 Bonds will remain payable on August 1, 2014 and semi-annually thereafter on February 1 and August 1 in each year to maturity. Such interest will be payable by check drawn on the Trustee and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the Trustee as of the fifteenth business day of the calendar month preceding each such interest payment date. Series 2014 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 2014 Bonds of the same series and the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the respective Bond Certificate of Determinations of the Chairman of the Authority authorizing the sale of the Series 2014 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 2014 Bonds between the fifteenth business day of the calendar month preceding an interest payment date and such interest payment date.

PART 6 – DESCRIPTION OF THE SERIES 2014 BONDS

The Series 2014 Bonds initially will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for DTC. Principal and premium, if any, and interest on the Series 2014 Bonds will be payable through the Trustee, as paying agent. Purchases of beneficial interests from DTC in the Series 2014A Bonds and Series 2014B Bonds will be made in book-entry-only form in the principal amount of \$5,000 or any integral multiple thereof. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2014 Bonds, the Series 2014 Bonds will be held in the book-entry-only system described below and the principal and premium, if any, and interest on the Series 2014 Bonds will be paid through the facilities of DTC. Beneficial owners of the Series 2014 Bonds will not receive certificates representing their ownership interests in such Series 2014 Bonds, except in the event that use of the book-entry-only system is discontinued. (See “PART 4 - BOOK-ENTRY-ONLY SYSTEM” herein.)

PART 7 - OPTIONAL REDEMPTION

Series 2014A Bonds

General Optional Redemption

The Series 2014A Bonds maturing on or before August 1, 2023 shall not be subject to redemption prior to maturity. The Series 2014A Bonds maturing on or after August 1, 2024 shall be subject to redemption prior to maturity on not less than thirty (30) days notice as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the Authority on August 1, 2023 or on any date thereafter at par (100.0%), plus accrued interest to the date of redemption.

If less than all of the Series 2014A Bonds of any maturity are to be redeemed, the particular Series 2014A 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 2014A 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.

Mandatory Sinking Fund Redemption

The Series 2014A Bond maturing on August 1, 2033 are subject to scheduled mandatory sinking fund redemption prior to maturity commencing August 1, 2030 and on each August 1 thereafter, at a redemption price equal to the principal amount thereat plus accrued interest to the redemption date, without premium in the years and the principal amounts listed below.

<u>Sinking Fund Installment Payment Date</u>	<u>Sinking Fund Installment</u>
2030	\$1,135,000
2031	1,200,000
2032	1,265,000

Series 2014B Bonds

The Series 2014B Bonds are not subject to redemption prior to maturity.

PART 8 – PAYMENT OF AND SECURITY FOR THE BONDS

Sources of Payment

The Series 2014 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 2014 Bonds and the Parity Debt. The lien established under the General Resolution applies to, and was made for, the equal and proportionate benefit of holders of the Bonds issued under the General Resolution and any Parity Debt.

The Pledged Property includes all of the Authority’s right, title and interest in and to the Revenues and Funds (other than the Excess Revenues, the Rebate Fund, and with respect to any 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 4.00% sales and compensating use taxes received by the County will be deposited in the Schenectady Metroplex Development Support Fund (the "Support Fund") held in the custody of the County.

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

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 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.

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

The owners of the 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 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 2014 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 2014 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 2014 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.

For certain periods beginning on the date of issuance of the Authority's General Resolution Bonds, Series 2012 (the "2012 Bonds") (August 30, 2012) until January 7, 2014 the amount on deposit in the Debt Service Reserve Fund was less than the Debt Service Reserve Fund Requirement. The failure to satisfy the Debt Service Reserve Fund Requirement arose from transfers from the Debt Service Reserve Fund to the Debt Service Fund that were not contemplated by the Resolutions. Such transfers were not made as a result of any shortfall in Revenues. Since the date of issuance of the 2012 Bonds, Revenues have been sufficient to pay debt service on all outstanding Authority Bonds. The Authority has put into place procedures to ensure that in the future no funds will be transferred from the Debt Service Reserve Fund except as permitted under the Resolutions. The Trustee has agreed to confirm that any instructions it receives from the Authority with respect to withdrawals of amounts from the Debt Service Reserve Fund comply with the requirements of the Resolutions. On January 7, 2014, the amount on deposit in the Debt Service Reserve Fund was restored to the Debt Service Reserve Fund Requirement.

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

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 Resolutions;

(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 4.00% 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. Beginning on September 1, 1998, an additional 0.50% sales tax was imposed in the County. This additional tax is effective from September 1, 1998 through August 31, 2033.

The following table sets forth the Sales Tax collected by the County for the last ten fiscal years and the budgeted amounts for 2013 and 2014:

<u>Fiscal Year Ending</u> <u>December 31</u>	<u>Amount</u>
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	90,985,636
2013 (Budget)	90,372,000
2014 (Budget)	92,152,000

SOURCE: Annual Reports of the County.

PART 9 – 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 the County, each of whom is appointed by majority vote of the County Legislature. Two of the Board members are nominated by the City of Schenectady - each upon the recommendation of the Mayor and the City Council; one member is nominated by each of three different townships within County; one member is nominated upon the joint recommendation of the supervisors of two townships in the County; one member is nominated by the minority leader of the Schenectady County Legislature; two are nominated by the chairman of the County Legislature; and two are nominated by joint recommendation of the County Legislature. The Board conducts regular monthly meetings that are open to the public pursuant to Article 7 of the New York Public Officers Law, which is New York's version of an "open meetings" law.

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

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 4.00% 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 2014 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. 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 2014 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 2014 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 are as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Sales Tax Revenue	\$ 7,502,018	\$ 7,042,417	\$ 7,226,736	\$ 7,798,305	\$ 8,013,075
Operating Expenses	<u>958,185</u>	<u>894,694</u>	<u>870,220</u>	<u>915,434</u>	<u>958,160</u>
Available to Service Debt	\$ 6,543,833	\$ 6,147,723	\$ 6,356,516	\$ 6,882,871	\$ 7,054,915
Total Debt Service	\$ 3,834,679	\$ 3,838,729	\$ 3,839,304	\$ 4,362,741	\$ 4,361,060
Debt Service Coverage	1.71x	1.60x	1.66x	1.58x	1.62x

The Authority's projected debt service coverage ratio for 2013 and the following 4 years is as follows:

<u>Projected</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Sales Tax Revenue	\$ 8,003,668	\$ 8,163,741	\$ 8,327,016	\$ 8,493,556	\$ 8,663,429
Operating Expenses	<u>993,524</u>	<u>1,056,542</u>	<u>1,077,673</u>	<u>1,099,226</u>	<u>1,121,211</u>
Available to Service Debt	\$ 7,010,144	\$ 7,107,199	\$ 7,249,343	\$ 7,394,330	\$ 7,542,216
Total Debt Service	\$ 4,362,611	\$ 4,237,577	\$ 5,238,036	\$ 5,242,036	\$ 5,248,694
Debt Service Coverage	1.61x	1.68x	1.38x	1.41x	1.44x

Historical Revenues and Expenses

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Sales Tax Revenues	\$ 7,502,018	\$ 7,042,417	\$ 7,226,736	\$ 7,798,305	\$ 8,013,075
Project Revenues	86,753	62,846	24,104	45,574	61,099
Other Revenues	<u>160,235</u>	<u>67,286</u>	<u>106,878</u>	<u>165,119</u>	<u>154,785</u>
<u>Total Revenues</u>	\$ 7,749,006	\$ 7,172,549	\$ 7,357,718	\$ 8,008,998	\$ 8,228,959
Operating Expenses	\$ 958,185	\$ 894,694	\$ 870,220	\$ 915,434	\$ 958,160
Other Expenses	<u>2,407,814</u>	<u>2,432,669</u>	<u>2,485,114</u>	<u>2,499,305</u>	<u>2,218,835</u>
<u>Total Expenses</u>	\$ 3,365,998	\$ 3,327,363	\$ 3,355,334	\$ 3,414,739	\$ 3,176,995
<u>Net Revenues</u>	\$ 4,383,008	\$ 3,845,187	\$ 4,002,384	\$ 4,594,259	\$ 5,051,964

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 2014 BONDS SHALL BE LIABLE PERSONALLY ON THE SERIES 2014 BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF.

PART 10 – THE COUNTY

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

According to the U.S. Census, in 2010 the population of the County was 154,727. The County's estimated population for 2012 was 155,124. 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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Schenectady County	4.2%	4.2%	4.2%	5.1%	7.4%	7.8%	7.6%	7.9%
New York State	5.0%	4.6%	4.6%	5.4%	8.4%	8.6%	8.3%	8.5%

2013 Monthly Figures

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>
Schenectady County	8.6%	8.2%	7.5%	6.8%	6.9%	6.9%	7.0%	6.9%	6.9%	6.5%	6.0%
New York State	9.3%	8.8%	8.0%	7.3%	7.4%	7.6%	7.6%	7.5%	7.4%	7.5%	6.9%

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 2012 Census reports.

	<u>1990</u>	<u>Per Capita Income</u>		<u>Median Family Income</u>		
		<u>2000</u>	<u>2012</u>	<u>1990</u>	<u>2000</u>	<u>2012</u>
County of:						
Schenectady	\$15,378	\$21,992	\$28,326	\$38,793	\$53,670	\$73,042
State of:						
New York	\$16,501	\$23,389	\$32,104	\$39,741	\$51,691	\$69,968

Source: U.S. Census Bureau, 2008-2012 American Community Survey

Larger Taxpayers

The table below sets forth the County's largest real estate taxpayers, based on appraised real property values in 2013.

<u>Name</u>	<u>Type</u>	<u>Estimated Full Valuation</u>
General Electric Company	Industrial	\$ 291,980,123
National Grid/Niagara Mohawk	Public Utility	152,033,574
Golub Corp.	Retail and Commercial	63,473,300
Schenectady International	Industrial	48,400,000
Buffalo-Niskayuna Assoc.	Industrial	37,000,000
Rotterdam Square	Retail Shopping Center	30,000,000
Shady Lane Realty Inc.	Real Estate	22,897,925
Rotterdam Ventures	Commercial	21,520,000
Altamont Avenue	Retail	18,000,000
City of Schenectady	Government	16,347,831
Walmart Stores, Inc.	Retail	15,004,500
Target Corporation	Retail	13,200,000
BN Partners Associates LLC	Retail Outlet	13,200,000
Verizon	Public Utility	12,361,502
		<u>\$ 755,418,755</u> ⁽¹⁾

⁽¹⁾ Represents 7.77% of the 2013 Full Valuation of \$9,716,053,635.

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, Sunnyview Rehabilitation Center and MVP Health Plan provide employment opportunities throughout the County. Golub Corporation, one of the largest private sector employers in the capital region, has its corporation headquarters and distribution facility located in the County. Golub Corporation 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 remained strong in recent years due to orders for electrical generating equipment (turbines) manufactured by the General Electric Company (“GE”) at a large 600 acre plant in the County which employs approximately 4,300 workers. In addition to the steam turbine and generator manufacturing facilities, GE recently completed construction of a \$150 million advanced battery manufacturing plant in the County creating approximately 300+ jobs and located GE’s world renewable energy headquarters in the County creating over 650 jobs. The downtown energy campus is also home to the GE Power and Water Division, one of GE’s largest business units. This division headquarters recently moved to Schenectady from Atlanta. GE has also invested over \$125 million at its Global Research headquarters which is located in the Town of Niskayuna with more than 2,000 engineering jobs.

The Town of Niskayuna is adding new retail development; Mansion Square is approved for 80,000 sq. ft. of retail space. Walmart opened a 40,000 square foot market on November 1, 2013 and has approximately 95 employees.

The first ShopRite supermarket in the Capital District opened in 2011.

Also, the Town of Glenville opened a Lowes in 2010 and a Target 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
- Golub Corporation opened 260,000 square foot corporate headquarters with 800 jobs in Schenectady.
- 2,350 parking spaces including a 5-story garage and 10 surface lots now fully improved or reconstructed.
- 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 exceeded forecast with nearly 800 jobs
- Total cumulative commitments have reached \$155 million to induce projects with total costs of \$540 million

Partial Listing of Larger Employers

<u>Name</u>	<u>Type</u>	<u>Estimated Number of Employees</u>
General Electric Power Systems	Power Systems	6,300 ⁽¹⁾
Ellis Hospital	Health Care	3,395
Golub Corporation/Price Choppers	Food Distribution/Supermarkets	2,789
Knolls Atomic Power Laboratory	Research Laboratory	2,600
New York State OPWDD	Local Government	1,700
Schenectady City School District	Public Education	1,505
County of Schenectady	Local Government	1,300
New York Air National Guard	Military	1,200
MVP Health Plan	Health Maintenance/Insurance	902

⁽¹⁾ Includes all GE facilities within the County.

Source: Schenectady County’s Department of Economic Planning & Development and Schenectady City School District

PART 11 - DEBT SERVICE PAYMENT REQUIREMENTS

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

	Series <u>2005A</u>	Series <u>2005B</u>	Series <u>2006</u>	Series <u>2010A</u>	Series <u>2010B</u>	Series <u>2012</u>	Series <u>2014</u>	Total Debt <u>Service</u>
2014	\$851,453	\$380,599	\$895,579	\$75,169	\$451,774	\$1,165,319	\$386,718	\$4,206,611
2015	852,213	381,606	899,499	74,469	451,340	1,163,319	1,411,606	5,234,052
2016	851,675	382,012	896,974	73,681	450,345	1,165,319	1,409,998	5,230,004
2017	854,675	381,828	898,256	72,719	453,364	1,166,119	1,409,940	5,236,901
2018	851,425	380,888	897,547	76,669	450,602	1,165,719	1,409,540	5,232,390
2019	852,175	379,401	895,470	75,369	452,095	1,164,119	1,410,046	5,228,675
2020	851,675	382,367	897,026	73,969	452,818	1,164,519	1,411,738	5,234,112
2021	853,320	379,513	896,941	77,369	452,740	1,167,269	1,414,183	5,241,335
2022	848,375	381,111	895,215	75,569	450,532	1,162,769	1,413,185	5,226,756
2023	852,105	381,499	895,933	68,769	452,714	1,166,269	1,414,263	5,231,552
2024	853,980	381,044	899,684	71,919	448,980	1,162,269	1,411,761	5,229,637
2025	854,000	379,746	896,187	69,838	449,636	1,166,519	1,407,475	5,223,401
2026	852,165	382,605	895,723	72,756	449,376	1,163,394	1,406,725	5,222,744
2027	848,475	379,340	898,011	70,444	451,380	1,162,969	1,408,325	5,218,944
2028	852,930	380,232	897,770	73,131	452,025		1,408,325	4,064,413
2029				70,588	451,313		1,405,425	1,927,326
2030				68,044	449,242		1,406,425	1,923,711
2031				75,500	450,813		1,409,000	1,935,313
2032				77,250	450,686		1,408,000	1,935,936
2033				<u>78,750</u>	<u>453,862</u>		<u>1,408,425</u>	<u>1,941,037</u>
TOTAL	\$12,780,641	\$5,713,791	\$13,455,815	\$1,471,972	\$9,025,637	\$16,305,891	\$27,171,102	\$85,924,849

Note: The proceeds of the Series 2014 Bonds will redeem \$5,000,000 bond anticipation notes currently outstanding.

PART 12 – 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 BANs, the total payments made pursuant to Section 2661(9) of the Act for any twelve (12) consecutive calendar months ended not more than six (6) months prior to the date of such certificate; (2) the aggregate amount of Authority Operating Expenses, other than Authority Operating Expenses paid or to be paid from the proceeds of BANs, 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 13 – 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 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 2014 Bonds. The Authority has yet to determine whether an insurance policy will be purchased with the Series 2014 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 2014 Bonds when all or some becomes due, any owner of the Series 2014 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 2014 Bonds by the Authority which is recovered by the Authority from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the bond insurer at such time and in such amounts as would have been due absent such prepayment by the Authority unless the bond insurer chooses to pay such amounts at an earlier date.

In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Series 2014 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 2014 Bonds, no assurance is given that such event will not adversely affect the market price of the Series 2014 Bonds or the marketability (liquidity) for the Series 2014 Bonds.

Neither the Authority nor 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 2014 Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

PART 15 – LEGALITY FOR INVESTMENT AND DEPOSIT

The Series 2014 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 2014 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 16 – TAX MATTERS

Series 2014A 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 2014A Bonds is excluded from gross income for United States federal income tax purposes. Bond Counsel is also of the opinion that interest on the Series 2014A 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 2014A 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 2014A Bonds will be and remain excluded from gross income for United States federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Series 2014A 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 2014A Bonds to be included in gross income for purposes of United States federal income tax retroactive to the date of original execution and delivery of the Series 2014A 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 has 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 2014A Bonds for purposes of United States 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 2014A Bonds maturing August 1, 2024 and August 1, 2026 to August 1, 2028 (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 was sold constitutes original issue discount that is excluded from gross income for United States federal income tax purposes to the same extent as interest on the Series 2014A 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 2014A Bonds maturing August 1, 2025, August 1, 2029 and August 1, 2023 (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 United States 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 2014A Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of the Series 2014A Bonds may have collateral United States 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 advisors as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Series 2014A Bonds. Bond Counsel expresses no opinion regarding any such collateral United States federal income tax consequences.

The Series 2014A Bonds will 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 2014A 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 United States federal income tax withheld on behalf of the registered owner of the Series 2014A Bonds and will be allowed as a refund or credit against such owner’s United States federal income tax liability (or the United States federal income tax liability of the beneficial owner of the Series 2014A Bonds, if other than the registered owner).

In the opinion of Bond Counsel, interest on the Series 2014A 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 2014A Bonds for United States federal income tax purposes. It is not binding on the IRS or the courts. Current and future legislative proposals, if enacted into law, administrative actions or court decisions, at either the federal or state level, may cause interest on the Series 2014A Bonds to be subject, directly or indirectly, to United States federal income taxation or to be subjected to state income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2014A Bonds for United States federal or state income tax purposes. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2014A Bonds. For example, proposals have been made that could limit the exclusion from gross income of interest on obligations like the Series 2014A Bonds for taxpayers who are individuals and whose income is subject to higher marginal tax rates or that could otherwise significantly reduce the benefit of the exclusion from gross income of interest on obligations like the Series 2014A Bonds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the United States federal or state income tax treatment of holders of the Series 2014A Bonds may occur. Prospective purchasers of the Series 2014A Bonds should consult their own advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Bond Counsel’s engagement with respect to the Series 2014A Bonds ends with the issuance of the Series 2014A Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Bondholders regarding the tax-exempt status of interest on the Series 2014A 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 2014A 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 2014A Bonds, and may cause the Authority or the Bondholders to incur significant expense.

Series 2014B Bonds

Interest on the Series 2014B Bonds is not excluded from gross income for United States federal income tax purposes under Section 103 of the Code.

This discussion is limited to the tax consequences to the initial beneficial owners of the Series 2014B Bonds who purchase the Series 2014B Bonds in the initial offering at the first price at which a substantial amount of substantially identical Series 2014B Bonds is sold to the general public (except as otherwise specifically noted) and does not address the tax consequences to subsequent purchasers of the Series 2014B Bonds.

The following is a summary of certain material United States federal income tax consequences of purchasing, holding and disposing of the Series 2014B Bonds by beneficial owners of the Series 2014B Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could alter or modify the continued validity of the statements and conclusions set forth herein.

This summary does not discuss all aspects of United States federal income taxation that may be relevant to prospective purchasers of the Series 2014B Bonds. This summary is intended as a general explanatory discussion of the consequences of holding the Series 2014B Bonds generally and does not purport to furnish information in the level of detail or with respect to

the prospective purchaser's specific tax circumstances that would be provided by the purchaser's own tax advisor. For example, except as explicitly provided below, it generally is addressed only to original purchasers of the Series 2014B Bonds that are "U.S. Holders" (as defined below), deals only with Series 2014B Bonds held as capital assets within the meaning of Section 1221 of the Code and does not address tax consequences to holders that may be relevant to persons subject to special rules, such as dealers in securities, currencies or commodities, financial institutions, insurance companies, electing large partnerships, mutual funds, regulated investment companies, real estate investment trusts, FASITs, Subchapter S corporations, persons that hold Series 2014B Bonds as part of a straddle, hedge, integrated or conversion transaction, and persons whose functional currency is not the United States dollar. In addition, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in a holder of Series 2014B Bonds. Prospective purchasers of the Series 2014B Bonds should consult with their own tax advisors regarding the application of United States federal income tax laws, as well as any state, local, foreign or other tax laws, to their particular situation.

As used herein, a "U.S. Holder" is a U.S. Person that is a beneficial owner of a Series 2014B Bond. A "Non-U.S. Holder" is a holder (or beneficial owner) of a Series 2014B Bond that is not a U.S. Person. For these purposes, a "U.S. Person" is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in Treasury regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

Tax Status of Interest on the Series 2014B Bonds

The Series 2014B Bonds will be treated, for United States federal income tax purposes, as a debt instrument. Accordingly, interest on the Series 2014B Bonds will be included in the income of the holder as it is paid (or, if the holder is an accrual method taxpayer, as it is accrued) as interest. The conclusion that the Series 2014B Bonds are indebtedness for United States federal income tax purposes is based on the transaction documents, assuming compliance therewith and the facts and circumstances of the transaction including the maturity date of the Series 2014B Bonds and the revenue sources of the Authority.

Original Issue Discount

If the excess of the stated redemption price at maturity of a Series 2014B Bond over its "issue price" exceeds a specified de minimis amount (as determined for tax purposes), the excess is treated as original issue discount ("OID"). The issue price of the Series 2014B Bonds is the first price at which a substantial amount of substantially identical Series 2014B Bonds is sold to the general public in the initial offering. The issue price of the Series 2014B Bonds is expected to be the amount set forth on the cover page of this Official Statement but is subject to change based on actual sales. U.S. Holders of Series 2014B Bonds generally will be required to include OID in income for United States federal income tax purposes as it accrues, in accordance with the constant yield method based on a compounding interest (which may be before the receipt of cash payments attributable to such income). The amount of OID as accrued in a particular period will be considered to be received ratably on each day of the accrual period and will increase the U.S. Holder's tax basis in such Series 2014B Bond.

Holders of the Series 2014B Bonds that allocate a basis in the Series 2014B Bonds that is greater than the principal amount of the Series 2014B Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under section 171 of the Code.

Market Discount

If a U.S. Holder purchases the Series 2014B Bonds after the initial offering for an amount that is less than the principal amount of the Series 2014B Bonds, and such difference is not considered to be de minimis, then such discount will represent market discount that ultimately will constitute ordinary income (and not capital gain). Further, absent an election to accrue market discount currently, upon a sale or exchange of a Series 2014B Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount Series 2014B Bond that does not exceed the accrued market discount for any taxable year will be deferred.

Premium

If a U.S. Holder purchases a Series 2014B Bond for an amount that is greater than the sum of all amounts payable on the Series 2014B Bond after the purchase date, other than payments of qualified stated interest, such U.S. Holder will be considered to have purchased the Series 2014B Bond with amortizable bond premium equal to the amount of such excess. A U.S. Holder may elect to amortize such premium using a constant yield method over the remaining term of the Series 2014B Bond and may offset interest otherwise required to be included in respect of the Series 2014B Bonds during any taxable year

by the amortized amount of the amortized premium for the taxable year. A U.S. Holder of a Series 2014B Bond is required to reduce such U.S. Holder's basis in such Series 2014B Bond by the amount of amortizable bond premium attributable to each taxable year. This will result in an increase in the gain (or decrease in the loss) to be recognized for United States federal income tax purposes on the sale or disposition of the Series 2014B Bond prior to maturity. Any election to amortize bond premium applies to all taxable debt instruments held by the U.S. Holder on or after the first day of the taxable year to which such election applies and may be revoked only with the consent of the IRS. A U.S. Holder that does not make the election to amortize bond premium will decrease the amount of the gain (or increase the amount of the loss) otherwise recognized on the disposition of such bond by the amount of the bond premium.

If the Series 2014B Bond may be optionally redeemed after the U.S. Holder acquires it at a price in excess of its stated redemption price at maturity, special rules would apply which could result in deferral of the amortization of some bond premium until later in the term of the Series 2014B Bond. Prospective purchasers of the Series 2014B Bonds should consult their own tax advisors regarding the application of the amortizable bond premium rules to their particular situation.

Sale and Exchange of Series 2014B Bonds

Upon a sale or exchange of a Series 2014B Bond, a U.S. Holder generally will recognize gain or loss on the Series 2014B Bonds equal to the difference between the amount realized on the sale or exchange and its adjusted tax basis in such Series 2014B Bond. Such gain or loss generally will be capital gain (although any gain attributable to accrued market discount of the Series 2014B Bond not yet taken into income will be ordinary) if the holder holds the Series 2014B Bond as a capital asset. The adjusted basis of the holder in a Series 2014B Bond without OID will (in general) equal its original purchase price and be decreased by any payments on the Series 2014B Bond, other than qualified stated interest payments, received and by amortizable bond premium taken with respect to such Series 2014B Bonds. In general, if the Series 2014B Bond is held for longer than one year, any gain or loss would be long-term capital gain or loss. The deductibility of capital losses is subject to certain limitations.

Defeasance or significant modification of any Series 2014B Bond may result in a reissuance thereof, in which event a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the U.S. Holder's adjusted tax basis in the Series 2014B Bond. Ownership of the Series 2014B Bonds after a deemed sale or exchange as a result of a defeasance or significant modification may have tax consequences different than those described in this "TAX MATTERS" section and each holder should consult its own tax advisor regarding the consequences to such holder of a defeasance or significant modification of the Series 2014B Bonds.

Medicare Tax

For taxable years beginning after December 31, 2012, a U.S. Holder that is an individual, an estate or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (1) the U. S. Holder's "net investment income" in the case of individuals or "undistributed net investment income" in the case of estates and certain trusts for the relevant taxable year and (2) the excess of the U.S. Holder's adjusted gross income (increased by certain amounts of excluded foreign income) for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual's circumstances). U.S. Holders that are individuals, estates or trusts are urged to consult their own tax advisors regarding the applicability of the Medicare Tax to their income and gain from the Series 2014B Bonds.

State, Local and Foreign Taxes

Beneficial owners of the Series 2014B Bonds may be subject to state, local or foreign taxes with respect to an investment in the Series 2014B Bonds. Prospective purchasers of the Series 2014B Bonds are urged to consult their tax advisors with respect to the state, local and foreign tax consequences of an investment in the Series 2014B Bonds.

Certain United States Federal Income and Estate Tax Consequences to Non-U.S. Holders

This section describes certain United States federal income tax consequences to Non-U.S. Holders.

Subject to the information below under the headings "Backup Withholding" and "FATCA", a Non-U.S. Holder will not be subject to United States federal income tax on payment of principal and interest (including OID, if any) on a Series 2014B Bond provided that such principal and interest (i) is not effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States and (ii) constitutes portfolio interest within the meaning of Section 871(h) of the Code and applicable Treasury regulations, provided such Non-U.S. Holder provides a certification completed in accordance with applicable statutory and regulatory requirements, or an exemption is otherwise established.

Subject to the information below under the headings “Backup Withholding” and “FATCA”, a Non-U.S. Holder will generally not be subject to United States federal income tax or withholding tax on gain recognized on a sale, exchange, redemption or other disposition of a Series 2014B Bond. (Such gain does not include proceeds attributable to accrued but unpaid interest on the Series 2014B Bonds, which will be treated as interest.) A Non-U.S. Holder may, however, be subject to United States federal income tax on such gain if: (1) the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met or (2) the gain is effectively connected with the conduct by the holder of a trade of business in the United States, as provided by applicable United States tax rules (in which case the United States branch profits tax may also apply), unless an applicable tax treaty provides otherwise.

Backup Withholding

The Authority or its paying agent, if any, must report annually to the IRS and to each non-corporate U.S. Holder any interest that is payable to the U.S. Holder, subject to certain exceptions. Backup withholding may apply to U.S. Holders of the Series 2014B Bonds under Section 3406 of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the such U.S. Holder’s United States federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

FATCA

Under Sections 1471 through 1474 of the Code (“FATCA”), foreign financial institutions (which include hedge funds, private equity funds, mutual funds, securitization vehicles and any other investment vehicles regardless of their size) must comply with new certification and information reporting rules with respect to their United States account holders and investors or be subject to withholding tax on United States source payments made to them. Specifically, FATCA requires that foreign financial institutions enter into an agreement with the Treasury to identify accounts held by United States persons or United States-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, unless the foreign financial institution is otherwise exempt from the requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial United States owners or the entity furnishes identifying information with respect to each substantial United States owner.

Failure to comply with FATCA requirements could result in imposition of the 30% withholding tax on payments of United States source interest (including OID) and sale proceeds of debt obligations held by or through a foreign entity. Withholding under FATCA generally will apply to (i) payments of United States source interest (including OID) made after June 30, 2014, (ii) gross proceeds from the sale, exchange or retirement of debt obligations after December 31, 2016, and (iii) certain foreign pass-thru payments no earlier than January 1, 2017. Payments made on and proceeds realized from the disposition of obligations that are outstanding on July 1, 2014 (such as the Series 2014B Bonds) and are not substantially modified after that date are exempt from the withholding provisions of FATCA. Prospective purchasers of the Series 2014B Bonds should consult their own tax advisors regarding FATCA and their particular tax situation.

Memorandum 230

Under 31 C.F.R. part 10, the regulations governing practice before the IRS (Memorandum 230), you are (or may be) required to be informed that:

- Any advice contained herein, including any opinions of counsel referred to herein, is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer;
- Any such advice is written to support the promotion or marketing of the Bonds and the transactions described herein (or in such opinion or other advice); and
- Each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

PART 17 – LITIGATION

There is no pending litigation (i) restraining or enjoining the issuance or delivery of the Series 2014 Bonds or questioning or affecting the validity of the Series 2014 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 18 – RATINGS

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC, ("S&P") is expected to assign its bond rating "AA- (stable outlook)" to the Insured Bonds based upon the issuance by Assured Guaranty Municipal Corp. ("AGM") of its standard form of Municipal Bond Insurance Policy with respect to the Bonds (the "AGM Policy"). The significance of the AGM Policy as well as its terms and conditions can be obtained from Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019 (for information concerning the AGM Policy, see APPENDIX – F hereto). S&P has assigned an underlying rating of "A+" (stable outlook) to the Insured Bonds.

With respect to the uninsured Series 2014B Bonds maturing in the year 2015, S&P has assigned a municipal bond rating of "A+ (stable outlook)."

Moody's has assigned a municipal bond rating of "A1" to the Series 2014 Bonds.

No application was made to any other rating agency for the purpose of obtaining an additional rating on the Series 2014 Bonds. Such ratings reflect only the view of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. There can be no assurance that such ratings will continue for any specified period of time or that such ratings will not be revised downward or withdrawn by the rating agency furnishing the same if, in its judgment, circumstances so warrant.

PART 19 – CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series 2014 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 for the Authority by its counsel, Whiteman Osterman & Hanna LLP, Albany, New York. Certain legal matters will be passed on for the Underwriter by its counsel, Bond, Schoeneck & King, PLLC, Syracuse, New York.

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 2014 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 8 - Payment and Security for the Series 2014 Bonds – Sales Tax and Collection", "Part 9 - The Authority", "Part 10 - The County – Larger Taxpayers, Partial Listing of Larger Employers", "Part 11 - Debt Service Payment Requirements" and "Part 17 - Litigation" and in Appendices A through B and a copy of the audited financial statement (prepared in accordance with generally accepted accounting principles in effect at the time of audit) for the preceding fiscal year, if any; such information, data and audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if audited financial statements are prepared, sixty days following receipt by the Authority of audited financial statements for the preceding fiscal year, but, in no event, not later than the last business day of each such succeeding fiscal year.
- (ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Series 2014 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 2014 Bonds, or other material events affecting the tax status of the Series 2014 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 2014 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 2014 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 2014 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 2014 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 2014 Bonds (including holders of beneficial interests in the Series 2014 Bonds). The right of holders of the Series 2014 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 2014 Bonds nor entitle any holder of the Series 2014 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 2014 Bonds, the Authority has retained Fiscal Advisors and Marketing, Inc., Syracuse, New York as financial advisor (the "Financial Advisor"). The Financial Advisor is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Financial Advisor serves as independent financial advisor to the Authority on matters relating to debt management. The Financial Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Financial Advisor has

provided advice as to the plan of financing and the structuring of the Series 2014 Bonds and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the Authority and other sources of information believed to be reliable. The Financial Advisor has not audited, authenticated, or otherwise verified the information provided by the Authority or the information set forth in this Official Statement or any other information available to the Authority with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Financial Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

PART 22 - UNDERWRITING

The Series 2014 Bonds are being purchased by RBC Capital Markets, LLC (the “Underwriter”) for reoffering to the public. The purchase contract for the Series 2014 Bonds provides that the Underwriter will purchase all of the Series 2014 Bonds, if any are purchased, at a purchase price equal to \$17,921,175.17 (being the par amount of the Series 2014 Bonds plus a net original issue premium of \$513,847.55, less an underwriter’s fee for the transaction of \$62,672.38). The Underwriter is initially offering the Series 2014 Bonds to the public at the public offering yields indicated on the cover page but the Underwriter may offer and sell the Series 2014 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 23 – MISCELLANEOUS

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

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

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

The agreements of the Authority with holders of the Series 2014 Bonds are fully set forth in the Resolutions. Neither any advertisement of the Series 2014 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2014 Bonds.

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

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “APPENDIX - F - BOND INSURANCE AND SPECIMEN POLICY”.

**SCHENECTADY METROPLEX DEVELOPMENT
AUTHORITY**

January 9, 2014

By: _____
**RAY GILLEN
CHAIRMAN**

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

FINANCIAL REPORT

December 31, 2012 and 2011

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